

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

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| In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges | Fiscal Years 2024-2025 |
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**MAIN BRIEF OF THE
PHILADELPHIA WATER DEPARTMENT**

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I. INTRODUCTION

The Philadelphia Water Department (“PWD” or “Department”) submits this Brief in support of its proposals, as amended,¹ to increase rates and charges for the recovery of additional revenues for two fiscal years² (FY 2024 and FY 2025³) (collectively, the “Rate Period”).⁴

The Department needs rate relief because:

- Operating revenues will be insufficient to cover the cost of serving PWD customers in the Rate Period.⁵ Rising costs for labor, chemicals, materials, supplies and regulatory compliance, combined with capital program needs will require additional revenue in each fiscal year (“FY”) FY 2024 and FY 2025.⁶ Additional revenues are needed to pay significant increases in operating expenses, since operating costs must be supported by rates and charges consistent with Section 13-101 of the Philadelphia Code (hereinafter, the “Rate Ordinance”).⁷

¹ Amendments were voluntarily made by the Department to the Department’s original proposals in response to certain adjustments recommended by other Participants. Appendices A and B show the impact of those voluntary adjustments.

² The projected test years presented in the rate proceeding are actually based on the fiscal years. The supporting tables and the information provided in Statement 7 are all fiscal year based. The proposals discussed in this Brief exclude revenue loss associated with providing Tiered Assistance Program discounts and TAP Rate Rider Surcharge (“TAP-R” or “TAP Rider”) revenues. *See* PWD Statement 7. Issues related to the excluded issues are covered in a separate proceeding regarding the annual adjustment to the TAP Rate Rider.

³ PWD presents a multi-year rate period consisting of two fully projected future test years (FPFTY). One for the period of July 1, 2023 to June 30, 2024 (“FY 2024”) with proposed rates effective September 1, 2023 and one for the period of July 1, 2024 to June 30, 2025 (“FY 2025”) with proposed rates effective September 1, 2024. *See* PWD Statement 7 at 4-5.

⁴ The Rate Period is part of a larger “Study Period” (from FY 2023 to FY 2028), which is mandated by the City’s financial planning requirements. PWD Statement 7 at 4. Long-term financial planning, which in Philadelphia covers five years, estimates revenues and expenditures over a multi-year period instead of an annual budget’s one-year time frame.

⁵ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

⁶ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

⁷ Schedule FP-1; City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

- The Water and Wastewater Systems (hereafter defined)⁸ require capital investment⁹ that will be supported by rate revenues or from proceeds of bonds and loans (that must be repaid).¹⁰ The FY 2023 to FY 2028 Capital Improvement Program is now 14% higher than previous estimates.¹¹ The upgrades and improvements anticipated by the Capital Improvement Program are reasonable and necessary. Provision of safe and reliable drinking water and adequate treatment of wastewater will be jeopardized without rate relief. Water and wastewater facilities will also be at high risk of failure absent additional resources to support needed maintenance, repair and replacement of aging infrastructure.
- Drawing down cash reserves is not a prudent strategy.¹² The reserves in the “Rate Stabilization Fund” (“RSF”) are now at minimum levels and there is no guarantee they will be adequate to address future challenges without rate relief.¹³ Without additional revenues, PWD would need to substantially draw down (deplete) financial reserves, which would compromise PWD’s ability to respond to future emergencies (such as Hurricane Ida¹⁴). In addition, paying for operating expenses with financial reserves could have negative consequences as credit rating agencies have been clear that drawing RSF reserves below \$120 million will likely result in a downgrade for the Department.
- The benefits of known and available federal funding are already incorporated in the rate filing.¹⁵ To date, PWD has received low-cost loans from Water Infrastructure Finance and Innovation Act (“WIFIA”) and the Pennsylvania Infrastructure Investment Authority (“PennVEST”). While PWD will continue to pursue funding

⁸ The water and wastewater systems (hereinafter the “Water and Wastewater Systems” or collectively, the “System”) are described in PWD Statement 1. The System provides water and wastewater services (which includes stormwater services) to residents and businesses located in the City of Philadelphia (“City” or “Philadelphia”). Based upon the most recent U.S. Bureau estimate, the System services 1.58 million individuals in the City. PWD Statement 1 at 3-5. Additionally, the Water Commissioner is authorized to enter into agreements with municipalities, townships, authorities and entities outside the limits of the City to provide wholesale water and wastewater services. The Department currently has ten wholesale wastewater service contracts and one wholesale water service contract. PWD Exhibit 5 at 23 (Series 2022C Official Statement).

⁹ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

¹⁰ PWD Statement 2A at 23-24; Schedule FP-5 at 5.

¹¹ *See*, PWD Statement 2A, Schedule FP-1.

¹² City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

¹³ *See*, PWD Statement 2A, Schedule FP-1. RSF is currently at \$133 million.

¹⁴ By way of illustration, the remnants of Hurricane Ida (during FY 2022) caused the incurrence of additional expenditures estimated at \$10.0 million in the 2022 Special Rate Proceeding. *See*, <https://www.phila.gov/media/20220124131428/PWD-Statement-No.-1-Direct-Testimony-and-Schedules-of-Melissa-La-Buda.pdf>

¹⁵ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

options that mitigate long-term capital burdens on ratepayers, notable efforts to date have already been included in current projections. There is no guarantee that PWD will receive every source of external funding for which it applies.

The Department is pursuing rate relief in order to ensure the stability of the utility¹⁶ and is proposing annual revenue increases to generate approximately \$80.412 million in FY 2024¹⁷ and an additional \$62.977 million in FY 2025¹⁸ with proposed effective dates of September 1, 2023 and September 1, 2024, respectively.

The Department’s proposed rates and charges — if approved without further modifications and/or adjustments — will impact typical customer bills as follows:

| Customer Type | Current Typical Monthly Bill | Proposed Monthly Bill (Sept. 1, 2023) | Proposed Monthly Bill (Sept. 1, 2024) |
|---|-------------------------------------|--|--|
| Residential (5/8” meter, 450 cubic feet) | \$69.31 | \$77.47 | \$83.92 |
| Senior Citizen with Discount (5/8” meter, 300 cubic feet) | \$42.28 | \$46.71 | \$50.56 |
| Non-Residential (5/8” meter, 600 cubic feet) | \$119.11 | \$131.68 | \$143.61 |

The Department understands that residents and businesses in the City are being hard hit economically by rising prices on everything.¹⁹ With that in mind, the Department emphasizes that

¹⁶ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

¹⁷ Appendix A: Schedule BV-1, Table C-1A, line 4.

¹⁸ Appendix A: Schedule BV-1, Table C-1A, line 5.

¹⁹ PWD Statement 1 at 11.

there is a “safety net” to protect our most vulnerable (residential) customers.²⁰ Specifically, the Department offers a variety of payment assistance options and discounts for eligible customers, including:

- The Tiered Assistance Program (“TAP”). TAP participants are shielded from proposed rate increases as their bills are based on a percentage of household income.
- Discounts to eligible groups, including: Senior Citizens, Hospitals, Schools, Charities, Faith-Based Organizations and Philadelphia Housing Authority.
- Payment agreements and other programs, including the Utility Emergency Services Fund (“UESF”) grant program. UESF provides financial assistance to low-income individuals and families who are facing utility terminations or who have had their utilities shut off.²¹

Other important customer protections put in place by the City in July 2022 are as follows:²²

- Raised the minimum delinquency threshold eligible for shutoff from \$150 to \$1,000.
- Removed certain customers from consideration (i.e., eligibility) for shutoff, including: 1) all TAP customers, 2) TAP applicants, 3) all customers receiving the Senior Citizen discount, and 4) all customers the City could determine received Medicaid and/or homelessness prevention services.

II. BACKGROUND AND PROCEDURAL HISTORY

A. Overview of the Department

The Department is one of the ten operating departments of the City.²³ PWD provides integrated water and wastewater services, including services for sanitary wastewater and

²⁰ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

²¹ <https://uesfacts.org/our-programs/utility-grant-program/>

²² City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

²³ PWD Statement 1 at 2.

stormwater, for accounts and properties in Philadelphia. It also provides water and wastewater services to certain bulk or wholesale customers pursuant to wholesale services contracts.²⁴

Under the Philadelphia Home Rule Charter (“Charter”), the Department is responsible for operating, maintaining, repairing and improving the City’s water and sewage conveyance systems and wastewater treatment plants.²⁵ The Department operates under a dedicated Water Fund established to ensure that the revenues received from our customers are used only for Department purposes.²⁶

PWD’s primary mission is (i) to plan for, operate, and maintain both the infrastructure and organization necessary to purvey high quality drinking water, (ii) to provide an adequate and reliable water supply to meet all household, commercial and community needs, and (iii) to sustain and enhance the region’s watersheds and quality of life by managing wastewater and stormwater effectively.²⁷

B. Order of Proceedings

On January 24, 2023, the Department filed Advance Notice²⁸ of proposed changes in water, sewer, and stormwater rates and related charges to take effect on or about September 1, 2023 and September 1, 2024. On February 23, 2023, the Department filed Formal Notice²⁹ of these proposed changes.

²⁴ PWD Statement 1 at 2.

²⁵ PWD Statement 1 at 2.

²⁶ PWD Statement 1 at 2.

²⁷ PWD Statement 1 at 3.

²⁸ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2023-rate-proceeding/#advance-notice-of-filing>

²⁹ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2023-rate-proceeding/#formal-notice>

To support its proposed rates and charges, PWD presented the direct testimony, schedules and exhibits of the witnesses and panels identified below:

- Randy E. Hayman, the Water Commissioner (PWD Statement 1),³⁰
- The financial panel, PWD Statement 2A,³¹ consists of Lawrence Yangalay (Department’s Acting Deputy Commissioner of Finance), Lawrence Rich (PWD Utility Financial Services Manager) and Patricia Rogalski (PWD Fiscal Analyst Manager). They were joined by the Department’s financial advisors Peter Nissen, the Managing Director of Acacia Financial Group, Inc. and Charles Matthews, a Director of PFM Financial Advisors, LLC who submitted PWD Statement 2B.³²
- The capital panel, PWD Statement 3,³³ consists of Stephen J. Furtek (Department’s General Manager of the Engineering and Construction Division) Vahe Hovsepian (Water Engineering Assistant Manager, Projects Control) and William Dobbins Manager, Facilities and Water & Sewer Sections, in the Design Branch).
- The operations panel, PWD Statement 4,³⁴ consists of Benjamin Jewell (Deputy Commissioner of Operations), Brendan Reilly (Director of Water Operations), Linda Kramer (Manager of Water Treatment) and Stephen Junod (Water Operations Administration Manager).
- Susan Crosby, the Deputy Revenue Commissioner, in charge of the Water Revenue Bureau (PWD Statement 5).³⁵
- The Raftelis Financial Consultants panel (“Raftelis” or “RFC”), PWD Statement 6, consists of Jon Pilkenton Davis, Henrietta Locklear, and Jennifer (Fitts) Tavantzis (PWD Statement 6).³⁶

³⁰ <https://www.phila.gov/media/20230124163833/PWD-Statement-1-Direct-Testimony-and-Schedules-of-the-Water-Commissioner.pdf>

³¹ <https://www.phila.gov/media/20230124163836/PWD-Statement-2A-Direct-Testimony-and-Schedules-of-the-Financial-Panel.pdf>

³² <https://www.phila.gov/media/20230124163834/PWD-Statement-2B-Direct-Testimony-and-Schedules-of-the-Financial-Advisors.pdf>

³³ <https://www.phila.gov/media/20230124163837/PWD-Statement-3-Direct-Testimony-and-Schedules-of-the-Capital-Panel.pdf>

³⁴ <https://www.phila.gov/media/20230124163838/PWD-Statement-4-Direct-Testimony-and-Schedules-of-the-Operations-Panel.pdf>

³⁵ <https://www.phila.gov/media/20230124163839/PWD-Statement-5-Direct-Testimony-and-Schedules-of-the-Water-Revenue-Bureau.pdf>

³⁶ <https://www.phila.gov/media/20230124163840/PWD-Statement-6-Direct-Testimony-and-Schedules-of-Raftelis.pdf>

- The Black & Veatch panel (“Black & Veatch” or “B&V”) consists of Ann Bui, Dave Jagt, and Brian Merritt (PWD Statement 7).³⁷
- The communication and engagement panel, PWD Statement 8,³⁸ consists of Glen Abrams (Deputy Commissioner of Communications and Engagement), Laura Copeland (Assistant Deputy Commissioner for Education, Community Engagement and Government Affairs) and Paul Fugazzotto (Assistant Deputy Commissioner for Communications and Customer Information).

In addition to the above, PWD Exhibits include: PWD Exhibit 1 (Notification of Rate Filing);³⁹ PWD Exhibit 2 (Summary Fact Sheet);⁴⁰ PWD Exhibit 3 (Proposed Rates and Charges);⁴¹ PWD Exhibit 4 (Documents Incorporated by Reference);⁴² PWD Exhibit 5 (Official Statement - Series 2022C);⁴³ PWD Exhibit 6 (Supplemental Financial, Engineering and Other Data, Black & Veatch Workpapers)⁴⁴ and PWD Exhibit 7 (Consent Order and Agreement, June 1, 2011).⁴⁵

Pursuant to the regulations of the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board” or “Board”),⁴⁶ Community Legal Services⁴⁷ (“CLS”) was selected by the Rate

³⁷ <https://www.phila.gov/media/20230124163844/PWD-Statement-7-Direct-Testimony-and-Schedules-of-Black-and-Veatch.pdf>

³⁸ <https://www.phila.gov/media/20230124163846/PWD-Statement-8-Direct-Testimony-and-Schedules-of-the-Communications-and-Engagement-Panel.pdf>

³⁹ <https://www.phila.gov/media/20230124163813/PWD-Exhibit-1-Notification-of-Rate-Filing-1.pdf>

⁴⁰ <https://www.phila.gov/media/20210115161608/PWD-Exhibit-2-Summary-Fact-Sheet.pdf>

⁴¹ <https://www.phila.gov/media/20230124163817/PWD-Exhibit-3-Proposed-Rates-and-Charges-1.pdf>

⁴² <https://www.phila.gov/media/20210115161634/PWD-Exhibit-4-Documents-Incorporated-by-Reference.pdf>

⁴³ <https://www.phila.gov/media/20230124163821/PWD-Exhibit-5-Official-Statement-Series-2022C.pdf>

⁴⁴ <https://www.phila.gov/media/20210115161740/PWD-Exhibit-6-Supporting-Calculations-and-Workpapers-of-Black-and-Veatch.pdf>

⁴⁵ <https://www.phila.gov/media/20210115161805/PWD-Exhibit-7-Consent-Order-and-Agreement-June-1-2011.pdf>

⁴⁶ <https://www.phila.gov/media/20230120160159/WRB-regulations-restated-with-amendments-2022-11-09.pdf>

⁴⁷ While the Rate Board’s budget comes from the Water Fund, supported by customer rates, the Rate Board pays the Public Advocate out of City Council’s appropriations directly to the Rate Board, over which the Water Department has no control. 2021 Rate Determination at 22, n76. The Department also has no control over the Rate Board’s contracts. *Id.*

Board to act as Public Advocate to represent the concerns of residential customers and small commercial users (generally those customers without individually assessed storm water charges) in this general rate proceeding.⁴⁸ The Rate Board appointed Marlane R. Chestnut to act as the Hearing Officer⁴⁹ and retained Amawalk Consulting to provide technical services to the Rate Board.⁵⁰

In addition to the Department and the Public Advocate, participants included the Water Revenue Bureau (“WRB”),⁵¹ PECO Energy Company (“PECO”), the Philadelphia Large Users Group (“Large Users Group” or “PLUG”)⁵² as well as two individual customers: Lance Haver and Michael Skiendzielewski.⁵³

An on-the-record prehearing conference to address preliminary procedural issues was held via teleconferencing software Zoom in this proceeding on March 7, 2023.⁵⁴ All participants to the rate filing were invited by e-mail to participate; in addition, the notice of the prehearing conference and the code to participate were posted on the Rate Board's website.⁵⁵ Participating either *pro se* or through counsel were the Department, the Public Advocate, the Water Revenue Bureau, the Large Users Group, PECO and Mr. Skiendzielewski.⁵⁶ At that prehearing conference, a schedule

⁴⁸ Rate Board Regulations at § I.(n), II.B.2.

⁴⁹ Rate Board Regulations at § I.(n), II.B.1.

⁵⁰ Rate Board Regulations at § I.(n), II.B.3.

⁵¹ The Water Revenue Bureau, which is part of the City’s Department of Revenue, provides all billing and collection functions for charges by the Department.

⁵² The Large Users Group is an *ad hoc* group of large volume customers, receiving water, sewer, and stormwater service from the Department, which are classified as Industrial and Hospital/University customers.

⁵³ The Department, the Advocate, Water Revenue Bureau, PLUG, PECO, Mr. Haver and Mr. Skiendzielewski are collectively referred to as the “Participants.”

⁵⁴ See, Prehearing Conference Order at 1, <https://www.phila.gov/media/20230308091818/PHC-Order-2023-03-07.pdf>

⁵⁵ *Id.*

⁵⁶ *Id.*

was adopted and directives were issued regarding discovery and the holding of hearings.⁵⁷ These determinations were memorialized in a Prehearing Conference Order dated March 7, 2023.⁵⁸

On March 19, 2023, prior to the public hearings, Mr. Haver made a “Motion to Disclose.”⁵⁹ The Motion related to the services provided by the Public Advocate and indicated the need for public explanation of the contractual relations between Community Legal Services and the Rate Board. The Motion was denied on March 20, 2023.⁶⁰ On that same date, Mr. Haver requested an emergency hearing before the Rate Board on his appeal of that denial. Mr. Haver was informed, on March 21, 2023, that the Rate Board’s Regulations and Procedures do not provide for such appeals. At that time, Mr. Haver was also informed that The Sunshine Act would permit the Rate Board to conduct a meeting without public notice only if “called for the purpose of dealing with a real or potential emergency involving a clear and present danger to life or property.”

The Rate Board made its financial spreadsheet model⁶¹ (which is known as the “Simple Model”) available, on March 20, 2023.⁶² At that time, it also provided a booklet containing an overview and instructions on using the Simple Model.⁶³ Participants are not required to use the Simple Model,⁶⁴ but they may use it if they want to demonstrate the overall impact of their proposals on the Department’s proposed rate increase in a way that will make it easier to compare

⁵⁷ Prehearing Conference Order, <https://www.phila.gov/media/20230308091818/PHC-Order-2023-03-07.pdf>

⁵⁸ *Id.*

⁵⁹ <https://www.phila.gov/media/20230321094243/Motion-to-disclose.pdf>

⁶⁰ <https://www.phila.gov/media/20230321094244/Order-Haver-Motion-Disclose-2023-March-20.pdf>

⁶¹ *See*, Rate Board Regulation § I(l.1) (definition of “Model”).

⁶² Rate Board Regulation § II.B.7. The Rate Board commissioned this “Simple Model” because the model utilized by the Water Department was quite complex and did not make it possible for participants or Rate Board members to quickly determine the effect of changes to the Department’s proposed rates or its stated revenue requirements.

⁶³ *See*, PWD Hearing Exhibit 1 at pages 31-40.

⁶⁴ *See*, Rate Board Regulation § II.B.7.

and analyze competing proposals. On March 21, 2023, Mr. Haver objected to the “direction” to use the Simple Model. That objection was denied on March 22, 2023.

Four public input hearings were convened. These hearings were conducted remotely, with the option to participate via Zoom online or telephonically. The Rate Board, the Department and the Public Advocate worked together to ensure that outreach and notice were appropriately provided to the public. In addition to notices and guidelines about participation posted on the various websites (Rate Board, PWD and CLS/Public Advocate) and social media, there were flyers, newspaper notices, blast emails to various groups of customers and interested parties such as community energy agencies and political offices. The above hearings were held (virtually) in the afternoons (3:00 p.m.) and evenings (6:00 p.m.) of March 22 and March 23, 2023. The testimony presented at these hearings, as well as submissions made by customers to the Rate Board through comments, are discussed below in Section II.C of this Brief.

Pursuant to the schedule in the Prehearing Conference Order, participant direct testimony was to be filed on April 12, 2023. On this date, the Public Advocate submitted the direct testimony of Jerome D. Mierzwa (Exeter Associates, Inc., PA Statement 2), and Roger D. Colton (Fisher Sheehan & Colton, PA Statement 3), each with accompanying schedules and/or exhibits. After requesting and being granted a one day extension, the Advocate submitted the direct testimony of Lafayette K. Morgan, Jr. and Jennifer Rogers (Exeter Associates, Inc., PA Statement 1) on April 13, 2023. PLUG submitted the direct testimony of Billie LaConte (J. Pollock, Inc.) with accompanying schedules and/or exhibits. (PLUG Statement 1). Mr. Haver submitted his own direct statement with accompanying schedules and/or exhibits (Haver Statement 1) on his positions. Mr. Skiendzielewski did not submit direct testimony in support of his positions. PECO did not submit direct testimony.

Pursuant to the schedule in the Prehearing Conference Order, as amended, rebuttal testimony was filed and served by the Department on April 26, 2023:

- PWD Rebuttal Statement 1 addressed the testimony of Public Advocate witnesses Mr. Morgan and Ms. Rogers (collectively, the “Exeter Panel”).⁶⁵
- PWD Rebuttal Statement 2 addressed the testimony of Public Advocate witness Mr. Mierzwa.⁶⁶
- PWD Rebuttal Statement 3 addressed the testimony of Public Advocate witness Mr. Colton.⁶⁷
- PWD Rebuttal Statement 4 addressed the testimony of PLUG witness Ms. LaConte.⁶⁸
- PWD Rebuttal Statement 5 addressed the testimony of Mr. Haver.⁶⁹

PLUG submitted the rebuttal testimony of Billie LaConte, J. Pollock, Incorporated, PLUG Rebuttal Statement 1 (PLUG Statement 1-R) which addressed the testimony of Public Advocate witnesses, Mr. Mierzwa and Mr. Colton.

The Public Advocate submitted the rebuttal testimony of the Exeter Panel, Mr. Morgan and Ms. Rogers, (PA Statement 1-R) which addressed the testimony of *pro se* participant Mr. Haver.⁷⁰

Mr. Haver did not submit rebuttal testimony.

Mr. Skiendzielewski did not submit rebuttal testimony.

PECO did not submit rebuttal testimony.

⁶⁵ <https://www.phila.gov/media/20230429143008/PWD-REBUTTAL-STATEMENT-1-MORGAN-AND-ROGERS.pdf>

⁶⁶ <https://www.phila.gov/media/20230429143009/PWD-REBUTTAL-STATEMENT-2-MIERZWA.pdf>

⁶⁷ <https://www.phila.gov/media/20230429143003/PWD-REBUTTAL-STATEMENT-3-COLTON.pdf>

⁶⁸ <https://www.phila.gov/media/20230429143004/PWD-REBUTTAL-STATEMENT-4-LACONTE.pdf>

⁶⁹ <https://www.phila.gov/media/20230429143005/PWD-REBUTTAL-STATEMENT-5-HAVER.pdf>

⁷⁰ <https://www.phila.gov/media/20230429143006/PA-St-1-R-Morgan-Rogers.pdf>

Information exchange (discovery) started in February 2023 and continued through April 27, 2023. In that time period, the Department received and responded (or objected) to more than 440 formal and informal information requests from the certain active participants (Public Advocate, PLUG, Mr. Haver, and Mr. Skiendzielewski).

Regarding the requests from Mr. Skiendzielewski, the Department notes that the requests from Mr. Skiendzielewski were made on Monday, April 24, 2023⁷¹ and on Wednesday, April 26, 2023. The Department responded and objected to those information requests on Friday, April 28, 2023. That same day, Mr. Skiendzielewski challenged the Department's objections. Those challenges were denied by the Hearing Officer on Monday, May 1, 2023.

Regarding the requests from Mr. Haver, the Department notes that Mr. Haver sent information requests to the Department (LH-III) on April 25, 2023. Those requests did not relate to rebuttal testimony, since no rebuttal testimony had been filed at that time. Those requests were efforts to obtain general information and/or were based on the testimony and schedules provided in the Advance Notice. The Department provided responses on May 2, 2023. The responses were due on that date, Mr. Haver claimed, but did not demonstrate, prejudice based on the timing of the Department's responses. The Department also notes that the Public Advocate responded to requests from Mr. Haver. Despite objecting to each of the information requests, the Public Advocate made an effort to provide the requested information.⁷² Mr. Haver challenged the Public Advocate's objections.⁷³ Those challenges were denied by the Hearing Officer on March 26, 2023.

⁷¹ <https://www.phila.gov/media/20230429143753/WRB2023petitionNEW.pdf>

⁷² <https://www.phila.gov/media/20230317170203/PA-Objections-and-Responses-to-LH-I.pdf>
<https://www.phila.gov/media/20230317170159/LH-I-61-PA-Subcontracts.pdf>

⁷³ <https://www.phila.gov/media/20230317170201/Lance-Haver-Objections-to-Public-Advocate-Objections-and-Responses-to-LH-Set-I.pdf>

Virtual technical hearings were held on Tuesday, May 2, 2023 through Friday, May 5, 2023. Each technical hearing was open to the public and advertised consistent with Rate Board regulations. The hearing on May 2nd was limited to procedural and housekeeping issues. Technical review hearings were conducted on May 3rd through May 5th. The Department and the Public Advocate filed a Stipulation regarding certain Sequestration issues during technical hearings on May 4, 2023.

At the conclusion of the technical hearings, certain items including (i) PWD Hearing Exhibit 1 regarding proof of publication of newspaper notices relating to the hearing; (ii) the transcript of the technical hearings; (iii) the transcript (or recording) of City Council's Budget Hearing on April 25, 2023 regarding the Water Department; (iv) the transcript of the May 8, 2023 hearing before the Committee on Transportation and Public Utilities; (v) the Hearing Officer's report; (vi) participant briefs and other submissions to the Hearing Officer and the Rate Board; and (vii) responses to transcript requests were not yet available, but were to be included in the record (and posted on the Rate Board's website) without further order.

Pursuant to the schedule in the Prehearing Conference Order, Main Briefs are due on (or before) Tuesday, May 16, 2023.

Within 120 days of PWD's Formal Notice (Friday, June 23, 2023), 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 and expert testimony.

C. Public Input and Comments

The testimony at the public hearings was transcribed, and the transcripts are available on the Rate Board's website.⁷⁴ Each public hearing was well-attended; 31 customers commented on the proposed increase in rates or asked questions, although there were more observers who did not participate directly. The testimony presented at these hearings is summarized in Appendix C. The Department filed written responses to issues raised in testimony presented at the public input hearings.⁷⁵

The Rate Board also received written comments, and posted them at its website.⁷⁶ The majority of comments focused on ability to pay issues. Some of the written comments questioned the Department's policies and decisions. For example, Mr. Skiendzielewski submitted written public comments that (a) sought to relitigate a customer dispute (which is more than 5 years old);⁷⁷ and, (b) attempted to rehash his right to make an opening statement in a prior General Rate Proceeding.⁷⁸ Mr. Skiendzielewski raised the same or substantially the same issues in 2018 General Rate Proceeding.⁷⁹

⁷⁴ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2023-rate-proceeding/#public-hearings>

⁷⁵ <https://www.phila.gov/media/20230413155908/PWD-Public-Input-Hearing-Responses-APR10.pdf>

⁷⁶ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2023-rate-proceeding/#public-input>

⁷⁷ <https://www.phila.gov/media/20230321193523/M.-Skiendzielewski.pdf>. Those comments by Skiendzielewski are the same as his written comments in the 2016 General Rate proceeding, <https://www.phila.gov/media/20200129105842/Skiendzielewski.Michael-4.5.16.pdf>

⁷⁸ <https://www.phila.gov/media/20230321193522/M.-Skiendzielewski-Memo-Re-Opening-Statements.pdf>

⁷⁹ See, PWD Main Brief (2018) at 76. <https://www.phila.gov/media/20180606113627/PWDBrief-FINAL201806041.pdf>

D. City Council Input and Comments

On February 2, 2023, City Council passed Resolution No. 230061. That Resolution authorized the Committee on Transportation and Public Utilities (“Committee”) to hold hearings to examine (i) the Department’s request to increase water, sewer and stormwater rates and charges for FY 2024 and FY 2025; and (ii) the impact of the proposed rates on the citizens of Philadelphia. That hearing was held on Monday, May 8, 2023.⁸⁰ PWD was informed that the transcript from the Committee hearing is to be forwarded to the Rate Board for inclusion in the record of this proceeding.

On February 14, 2023, fourteen members of City Council sent a letter⁸¹ to the Department asking it to explore other options rather than a rate increase. This letter specifically recommended utilization of the funds that the City received under the American Rescue Plan Act (“ARPA”) to offset the need for rate relief.⁸² The Department did not project that the City would allocate any amounts under ARPA to PWD for FY 2024 or FY 2025.⁸³ So, in response to the February 14th letter, the Department reached out to the City’s Director of Finance to request that funds from ARPA be allocated to the Department.⁸⁴ The Department was verbally informed, by the Director of Finance, that the ARPA funds had already been allocated in the General Fund for other uses.⁸⁵

⁸⁰ Past hearings of the Committee on Transportation and Public Utilities can be viewed at: <https://youtube.com/playlist?list=PLWadQOafxRvfAiSywyO1oJ03nYPORtczx>

⁸¹ <https://www.phila.gov/media/20230315091559/Council-Water-Rate-Letter.pdf>

⁸² *Id.* The City must use its ARPA funding before the December 31, 2024 deadline. <http://phlcouncil.com/wp-content/uploads/2023/03/budget-in-brief-FY2024-proposed.pdf>

⁸³ PWD Statement 2A at 25. The City’s adopted budgets for FY 2022 and FY 2023 did not allocate amounts under ARPA to PWD. Budgeted expenditures (including those supported by ARPA) are being used to support police, fire, health, recreation services. *Id.* The Mayor’s proposed budget for FY 2024 did not include allocating amounts under ARPA to PWD. <https://phlcouncil.com/budget2024/>

⁸⁴ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

⁸⁵ *Id.*

Following the public input hearings, the Department again contacted the Director of Finance to request funds from ARPA or the General Fund be allocated to PWD. The City's Director of Finance responded to our request via correspondence dated April 24, 2023.⁸⁶ That letter confirmed that no such transfers were being proposed by the City; and further indicated that doing so would negatively impact "the ratings of both the General Fund and the Water Fund and could create budget problems for the General Fund."⁸⁷

On March 8, 2023, the Department made an initial presentation to the Committee on Transportation and Public Utilities ("Council Briefing") concerning its request to increase water, sewer and stormwater rates and charges. That briefing provided detailed information about the Department's proposed rates and charges.⁸⁸ A copy of the written presentation from that briefing was posted at the Rate Board's website.⁸⁹ The Department sent additional follow-up information to Council on or about March 27, 2023, which is also to be posted on the Rate Board's website. As stated earlier, this Council Briefing was followed by a formal hearing before the Committee on May 8, 2023.

As of May 16, 2023, the City has not allocated any amounts under ARPA or the General Fund to PWD in the proposed operating budget for FY 2024, which should be final and adopted in June 2023. Beyond its February 14th letter, City Council has not formally and explicitly acted (to the Department's knowledge) to actually allocate funds under ARPA to the Department. Both of the Department's budgets (operating and capital) for FY 2024 are being reviewed by City

⁸⁶ See, PWD Rebuttal Statement 5, Schedule GA-1.

⁸⁷ *Id.*

⁸⁸ <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

⁸⁹ *Id.*

Council. The Budget Hearings for the Department were held on April 25, 2023.⁹⁰ City Council is expected to pass legislation approving the budget before the end of the fiscal year on June 30th.

III. LEGAL STANDARDS AND RATEMAKING METHODOLOGY

A. Legal Standards

The governing legal standards (requirements and covenants) require that the Rate Board establish rates and charges sufficient to meet operating requirements and obligations to investors through creation of a stable revenue stream over a reasonable period of years.

1. The Philadelphia Home Rule Charter

Section 5-800 of the Charter conveys authority to the Department to operate the Water and Wastewater Systems.⁹¹ In addition, Section 5-801 of the Charter establishes that the systems shall be self-sustaining. Specifically, the Charter mandates that rates and charges shall be fixed so as to yield at least an amount equal to operating expenses and debt incurred or about to be incurred by the Department.⁹² The Charter intends that the fixing and regulating of the Department's rates and charges be removed from political pressures.⁹³

⁹⁰ <https://phlcouncil.com/budget2024/> Transfers of funds from ARPA or the General Fund by the City to the Department are discussed between 2:09 and 2:13 of the afternoon session video. That discussion mirrors the content of Schedule GA-1 (attached to PWD Rebuttal Statement 5) from the Office of the Director of Finance.

⁹¹ "Wastewater" or "sewer" services are defined very broadly so as to include stormwater management. *See, e.g.,* Water Commissioner's Rate Determination City of Philadelphia Fiscal Years 2009-2012 (Phase II – Stormwater) dated July 21, 2009; Water Commissioner's Rate Determination City of Philadelphia Fiscal Years 2013-2015 dated December 20, 2012.

⁹² "The standards pursuant to which rates and charges shall be fixed shall be such as to yield to the City at least an amount equal to operating expenses and interest and sinking fund charges on any debt incurred or about to be incurred for water supply, sewage and sewage disposal purposes." Section 5-801 of the Charter. "In computing operating expenses, proportionate charges for all services performed for the Department by all departments, boards or commissions of the City are also included." *Id.*

⁹³ *See*, Annotation to Section 5-801. In November 2012, Philadelphia voters approved an amendment to the 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 replaces the PWD as the entity responsible for setting

Historically, the power to set rates and charges resided with the Water Commissioner. However, pursuant to an amendment of the Charter in 2012, City Council established the Rate Board to fix the Department’s rates and charges. The Rate Board’s rate making authority includes the power to approve or deny any rate increase consistent with the requirements of the Charter, the Philadelphia Code and the 1989 General Ordinance (as amended). The Rate Board does not have the power to direct how the Department provides service.⁹⁴

2. The Rate Ordinance

The Rate Ordinance establishes the following standards for setting the Department’s rates and charges.

- **Just and Reasonable:** The Department’s rates and charges shall be just and reasonable.⁹⁵ This means that rates and charges must (a) provide the PWD with adequate funding for both operating and capital costs (which include, but are not limited to, planned and actual debt service coverage)⁹⁶ and (b) provide for PWD’s financial stability over a reasonable number of years.⁹⁷

water, wastewater and storm water rates. The Rate Ordinance, which is Chapter 13-100 of the Philadelphia Code, became effective January 20, 2014. The Rate Board’s first rate proceeding was completed in 2016.

⁹⁴ See, 2016 Determination of the Department’s Rates and Charges for FY 2017-2018, at 39 and Appendix B. The Law Department also advised that “[u]nder the Charter, only the Law Department has authority to settle delinquent debts, and the Rate Board’s authority for ‘fixing and regulating rates and charges’ does not extend to directing the Revenue and Law Departments in the collection (or abatement) of those amounts. Rather, the Rate Board should set overall rates and charges, taking into account the impact on revenues of the Administration’s abatement policies.”

⁹⁵ See, Philadelphia Code §13-101(4)(d). The phrase “just and reasonable” refers to the reasonableness of the ordained rate or the justness of their application. See, *American Aniline Products, Inc. v. Lock Haven*, 135 A. 726,727 (Pa. 1927). The Pennsylvania Supreme Court has recognized the discretion to set rates within a “zone of reasonableness” through a process, which balances the interests of customers and the interests of a utility. See, *Public Advocate v. Philadelphia Gas Commission*, 674 A.2d 1056 (Pa. 1996); *PUC v. Philadelphia Electric Co.*, 54 Pa.P.U.C. 429, 432 (1980), *aff’d sub nom.*, *U.S. Steel Corp. v. PUC*, 456 A.2d 686 (Pa. Cmwlth. 1983). To be constitutional, rates must remain within that zone of reasonableness. Rates outside of that zone are confiscatory. See, *Permian Basin Area Rate Cases*, 390 U.S. 747, 770 (1968); *Bluefield Water Works improvement Co. v. Public Service Commission*, 262 U.S. 679, 690 (1923).

⁹⁶ See, Philadelphia Code §13-101(4)(a); PWD Statement 2A at 11-12.

⁹⁷ See, Philadelphia Code §13-101(2), (4)(d)

- **Equitably Apportioned:** The Department’s rates and charges shall be equitably apportioned among the various types of consumers.⁹⁸ The costs incurred to provide service are generally responsive to the specific service requirements imposed on the system by its customers.⁹⁹ PWD’s cost of service study recognizes the differences in service/usage between customer types and apportions PWD’s costs to the customer type that causes them.
- **Non-Discriminatory:** The Department’s rates and charges shall be non-discriminatory as to the same type of consumers.¹⁰⁰ This mandate does not prohibit different types of service or different customer types:¹⁰¹ only unreasonable differences as to the same type of consumers are prohibited. Stated otherwise, not all variances in rates are discriminatory.

In addition to the above, the Rate Ordinance requires the Department to develop a comprehensive plan (“Financial Stability Plan” or “Financial Plan”), in which the Department forecasts capital and operating costs and expenses and corresponding revenue requirements.¹⁰² The Financial Plan must: (i) forecast capital and operating costs and expenses and corresponding revenue requirements; (ii) identify the strengths and challenges to the Department’s overall financial status including the Department’s credit ratings, planned and actual debt service coverage, capital and operating reserves and utility service benchmarks; and (iii) compare PWD to similar agencies in peer cities in the United States.¹⁰³ The Department must submit an updated

⁹⁸ See, Philadelphia Code §13-101(4)(c).

⁹⁹ AWWA M-1 at 61.

¹⁰⁰ See, Philadelphia Code §13-101(4)(d).

¹⁰¹ Generally speaking, different rates may be charged to customers which are receiving a different type, grade or class of service. See, e.g., *Carpenter v. PUC*, 15 A.2d 473 (Pa. Super. 1940). Customer types and accompanying rate differences can be justified by various considerations, including the quantity of use, the nature of the use, the time of the use, the pattern of the use, and differences in conditions of service or cost of service. See *Philadelphia Suburban Transportation Co. v. PUC*, 281 A.2d 179, 186 (Pa. Cmwlth. 1971). Differences in the value of service provided to customers can also be a valid basis for rate differentiation. See, e.g., *Zucker v. PUC*, 401 A.2d 1377 (Pa. Cmwlth. 1979); *U.S. Steel Corp. v. PUC*, 390 A.2d 849 (Pa. Cmwlth. 1978).

¹⁰² See, Philadelphia Code §13-101(2); Schedule FP-5 at 2-3.

¹⁰³ See, Philadelphia Code §13-101(2); Schedule FP-5 at 2-3.

Financial Plan to City Council every four years and update the plan prior to proposing revisions in rates and charges.¹⁰⁴

3. The 1989 General Ordinance

The Restated General Water and Wastewater Revenue Bond Ordinance of 1989, as supplemented and amended (“1989 General Ordinance”) contains a number of covenants (collectively, the “rate covenants”) that the City has made with the holders of its water and wastewater revenue bonds (“Bondholders”) concerning the establishment of rates and charges sufficient to support the water and wastewater systems and repay related debt.¹⁰⁵ To ensure compliance with the rate covenants, the 1989 General Ordinance requires that such rates and charges be reviewed at least annually.¹⁰⁶

The three key rate covenants that the City has made to Bondholders contained in the 1989 General Ordinance are related to debt service coverage.¹⁰⁷

First, the City will charge and collect rates and charges in each Fiscal Year sufficient to produce annual net revenues¹⁰⁸ that are at least 1.20 times (1.2x) the debt service requirements for senior debt in such Fiscal Year.¹⁰⁹

¹⁰⁴ See, Philadelphia Code §13-101(2).

¹⁰⁵ PWD Exhibit 5 (Official Statement) at 15-16 (Rate Covenants), 43-45 (Coverage Tests) and Appendix II-A-27.

¹⁰⁶ PWD Exhibit 5 (Official Statement) at 43-45 (Coverage Tests).

¹⁰⁷ Debt service coverage provides ongoing revenues to continue to fund a portion of a systems capital needs with internally generated funds. Adequate coverage also permits reserves to be maintained at levels which can mitigate unforeseen expenses and capital needs or shortfalls in expected revenue. See, Schedule FA-1 (Financial Advisors Memorandum), at 1, 3.

¹⁰⁸ “Net revenues” in any Fiscal Year is defined in the 1989 General Ordinance to include transfers to the Revenue Fund from the Rate Stabilization Fund. For purposes of the third debt service coverage test, coverage is calculated after the exclusion from net revenues of transfers to the Revenue Fund from the Rate Stabilization Fund.

¹⁰⁹ PWD Statement 2A, Schedule FP-1; Schedule FP-5 at 3-4. This rate covenant requires, while any Water and Wastewater Revenue Bonds remain outstanding, the City to establish rents, rates, fees and charges for the

Second, such annual net revenues must also be equal to at least 1.00 times (1.0x) the debt service requirements for all debt related to the systems,¹¹⁰ together with certain other required transfers, such as the Capital Account Deposit described below.

Third, net revenues produced in a Fiscal Year less transfers from the Rate Stabilization Fund in such Fiscal Year (“current net revenues”) must be sufficient to pay for 90% of current senior debt service.¹¹¹ This requirement, often referred to as the “90% test,” is a codification of the fiscally responsible goal to always pay for current debt service from current revenues. Under the 90% test, 100% (or 1.00) means that current revenues are sufficient to pay for the Department’s current debt service. A level higher than 1.00 means that current net revenues are sufficient to not only pay current debt service, but also to pay for other expenses from current net revenues. A level lower than 1.00 means that current net revenues are not sufficient to pay for current debt service.¹¹²

In addition, the 1989 General Ordinance requires an annual deposit into the Capital Account. That deposit is necessary to finance water and wastewater capital improvements. A

use of the Water and Wastewater Systems sufficient to yield Net Revenues in each Fiscal Year at least equal to 1.20 times the Debt Service Requirements for such Fiscal Year (recalculated to exclude principal and interest payments in respect of Subordinated Bonds, of which none exist). *See*, PWD Exhibit 5 (Official Statement) at 15-16 (Rate Covenants), 43-45 (Coverage Tests).

¹¹⁰ PWD Statement 2A, Schedule FP-1; Schedule FP-5 at 3-4. This rate covenant requires that: “Net Revenues must equal at least 100% of: (i) the Debt Service Requirements (including Debt Service Requirements in respect of Subordinated Bonds) payable in such fiscal year; (ii) amounts required to be deposited into the Debt Reserve Account during such fiscal year; (iii) debt service on all General Obligation Bonds issued for the Water and Wastewater Systems payable in such fiscal year; (iv) debt service on Interim Debt payable in such fiscal year; and (v) the Capital Account Deposit Amount for such fiscal year, less amounts transferred from the Residual Fund to the Capital Account during such fiscal year.” *See*, PWD Exhibit 5 (Official Statement) at 15-16 (Rate Covenants), 43-45 (Coverage Tests).

¹¹¹ PWD Statement 2A, Schedule FP-1; Schedule FP-5 at 3-4. This rate covenant requires that “Net Revenues (excluding amounts transferred from the Rate Stabilization Fund into the Revenue Fund during, or as of the end of, such fiscal year) must equal at least equal to 90% of the Debt Service Requirements (excluding debt service on any Subordinated Bonds) payable in such fiscal year.” *See*, PWD Exhibit 5 (Official Statement) at 15-16 (Rate Covenants), 43-45 (Coverage Tests).

¹¹² PWD Statement 2A at 18-19.

deposit of one percent (1%) of net investment in capital is the legal minimum. This provides a minimum level of “Pay-Go” Financing, which is discussed in Section III.B.2.a of this Brief.

B. Ratemaking Methodology

1. Ratemaking Practices and Industry Standards

The Department’s proposed rates and charges must be developed in accordance with sound utility ratemaking practices and consistent with the current industry standards.¹¹³ The Department uses cash basis accounting.¹¹⁴ Under the “cash flow” method, rates are set by determining the appropriate levels of cash, debt service coverage and other financial metrics necessary to enable the utility to pay its bills and maintain access to the capital markets at reasonable rates.¹¹⁵

In this proceeding, the Department is proposing rates and charges for two (distinct) fully forecasted fiscal years: FY 2024 and FY 2025.¹¹⁶ The forecasts or projections were developed in the same manner as in the two previous general rate proceedings before the Rate Board.¹¹⁷ Forecasts or projections are required, since City Council has not approved budgets for the Rate Period (and the Study Period) before the commencement of this rate proceeding. For each fiscal

¹¹³ See, PWD Statement 2A, Schedule FP-5 at 2-3; PWD Statement 7 at 6.

¹¹⁴ PWD Statement 2A, Schedule FP-5 at 5-6.

¹¹⁵ PWD Statement 2A, Schedule FP-5 at 5-6.

¹¹⁶ PWD Statement 7 at 4-5.

¹¹⁷ PWD Statement 2A at 19; PWD Statement 7 at 48.

year, the Department has two budgets, the operating budget and the capital budget.¹¹⁸ Both of these budgets are annually approved by City Council.¹¹⁹

Projections were made for the Department’s revenues and revenue requirements for each fiscal year of the Rate Period.¹²⁰ The Department’s day-to-day operations, with minor exceptions, are entirely funded from rates and charges to customers.¹²¹ “Without adequate cash, the Department will not be able to pay its bills when they are due. That could result in failing to satisfy financial metrics or a violation of the covenants.”¹²²

A cost of service study was performed, by Black & Veatch, to provide the basis for designing a rate schedule that allows the Department to recover costs from its customers equitably.¹²³ As a part of that analysis, the costs of providing service to various customer types are matched with their associated service demands.¹²⁴ This was done in reliance upon general ratemaking principles and industry standards, including the AWWA’s “Principles of Water Rates, Fees, and Charges Manual of Water Supply Practices M1” (the “AWWA Manual” or the

¹¹⁸ See, PWD Statement 2A, Schedule FP-5 at 8-9. The segregation satisfies a Charter requirement to separately lay out what will be consumed in a short period of time (operations budget), and what will be a more long-term investment (capital budget). The operating budget covers the ongoing spending needs of the Department, purchases of equipment and construction with life of less than five years, and the interest and principal on debt used to finance the capital budget. The capital budget covers spending for purchases of land and major construction items with useful life of more than five years. The capital budget is supplemented by a capital program which shows projects planned for the next six years.

¹¹⁹ See, PWD Statement 2A, Schedule FP-5 at 8-9.

¹²⁰ The “revenue requirement” is the total amount of money the utility needs to receive from retail ratepayers in order to cover its costs. “It is important to understand that if the Board approves a proposed downward adjustment to the revenue requirements that does not mean that the Board has set the revenue requirement below the cost to the Department (or lower than its target for financial stability). Rather, it means that the Board is persuaded by the participant offering the adjustment that the expenses in the [FPPTY(s)] will be lower [than the Department’s projections].” 2018 Rate Determination at 38.

¹²¹ PWD Statement 2A, Schedule FP-5 at 6.

¹²² PWD Statement 2A at 14; Schedule FP-5 at 6.

¹²³ PWD Statement 7 at 7-9.

¹²⁴ PWD Statement 7 at 7-9.

“M1 Manual”);¹²⁵ and the Water Environment Federation’s (“WEF”) “Financing and Charges for Wastewater Systems,” Manual of Practice M27 (MoP 27); and, WEF’s “User Fee Funded Stormwater Programs.”

2. Financial Metrics

In determining just and reasonable rate levels for the Department, the Rate Board must consider the PWD’s enumerated goals and financial metrics (collectively, “financial metrics”). The financial metrics are designed to satisfy (or exceed) legal requirements, discussed above, and to maintain the Department’s current credit ratings.¹²⁶ “Credit ratings are a critical component in determining the cost of debt as the ratings signal the Department’s ability and willingness to meet financial obligations, notably including the repayment of its debt in full and on time. A downgrade of the credit ratings would result in an increase in the Department’s borrowing costs and necessitate higher rates over time.”¹²⁷

The key financial metrics enumerated in the PWD Financial Plan include (a) Cash Reserves; (b) Debt Service Coverage for Senior Debt; and (c) Capital Funding from Current Revenues (Pay-Go Financing) — all of which are summarized below.

a. Cash Reserves

Maintaining adequate cash reserves (liquidity) is a standard element of financial planning and ratemaking for municipal utilities.¹²⁸ Adequate cash reserves allow systems to contribute to increasing capital projects, mitigate system disruptions, and fund unexpected operating expenses.

¹²⁵ Philadelphia Code §13-101(4)(b)(ii); PWD Statement 7 at 6.

¹²⁶ *See*, PWD Statement 2A at 17.

¹²⁷ PWD Statement 2A at 17.

¹²⁸ PWD Statement 2A at 14.

The Department's goal is to maintain liquidity by managing to a \$135 million balance in the Rate Stabilization Fund and \$15 million balance in the Residual Fund (RF).¹²⁹ That goal is consistent with the target levels adopted by the Rate Board (in 2018).¹³⁰ The rating agencies give credit to the Department for balances in both funds in calculating liquidity levels. As noted previously, over-reliance on the RSF (e.g., drawing down RSF reserves below \$120 million) will likely result in a downgrade for the Department.¹³¹

The Department relies upon withdrawals from the Rate Stabilization Fund to cover annual expenditures when revenues are less than projected or when expenses are higher than projected. The RSF is, therefore, critical to the Department's overall financial strength, both in consideration of the Department's credit rating by all three rating agencies that rate the Department and for actual protection in the event of unforeseen capital or operating requirements. The purpose of the Rate Stabilization Fund is to maintain liquidity in the Water and Wastewater Funds in satisfaction of financial covenants and to otherwise sustain the financial health and operation of the utility.

An additional (smaller) level of financial protection is provided by the Residual Fund, which may be used to pay Operating Expenses or debt service, or for almost any other purpose in support of the System. As the PWD's Funds are a closed system, the Residual Fund is the last Fund into which revenues may flow.

Regarding emergency capital expenditures, the only sources available are the Residual Fund and the Capital Account,¹³² and not the Rate Stabilization Fund.

¹²⁹ PWD Statement 2A at 12-14; PWD Statement 2B at 3.

¹³⁰ 2018 Rate Determination at 38.

¹³¹ PWD Statement 2, Schedule FP-1; PWD Statement 2B at 4-5.

¹³² The Capital Account holds Project Revenues accumulated over time primarily to pay capital expenditures, though such moneys may be used for certain other purposes. Amounts deposited in the Capital Account may

b. Debt Service Coverage for Senior Debt

Debt service coverage is simply cash flow that is used to support the system by funding certain activities such as capital projects. Adequate debt service coverage provides for cash funding for the capital program and maintains reserves at levels that can mitigate unforeseen expenses and capital needs or dips in expected revenue.

The Department’s goal is 1.30 times as the debt service coverage ratio target for senior debt. That goal, 1.3 times coverage, is consistent with the target set by the Rate Board (in 2018).¹³³ That targeted level is just above the minimum legal requirement for debt service coverage (which is 1.20 times coverage of senior debt service requirements, including contributions from the Rate Stabilization Fund). The difference between 1.20 times coverage and 1.30 times coverage is called the “margin.” This margin, which is also referred to as coverage or internally generated funds, is a municipal utility’s only real alternative to issuing debt to fund capital program costs. Stated otherwise, coverage above the legal minimum results in stronger liquidity and will ultimately allow for increased pay-go financing.

c. Capital Funding from Current Revenues (Pay-Go Financing)

Pay-go financing is a means of funding capital needs with current revenues. Such cash funding is mathematically necessary to improve debt service coverage to industry standards and is just and reasonable as a principle of both finance and ratemaking. By reducing borrowing needs, pay-go financing reduces costs that customers will have to bear over the life of the typical 30-year

be applied to (i) payments for the cost of renewals, replacements and improvements to the System; (ii) payments into the Sinking Fund or into the Subordinated Bond Fund to cure a deficiency in one of the foregoing; or (iii) the purchase of Bonds if a Consulting Engineer first has certified to the City that amounts remaining on deposit in the Capital Account following the proposed purchase of Bonds will be sufficient to pay, the cost of renewals, replacements and improvements to the System projected to be payable during such Fiscal Year. PWD Statement 2A, Memorandum from Bond Counsel (Schedule FP-2).

¹³³ See, 2018 Rate Determination at 23.

bond. Stated differently, pay-go funding lessens PWD's dependence on borrowing money for capital improvements. Similarly situated utility systems that fund significant portions of their capital programs with annual revenues, are better able to manage their debt without significantly burdening future ratepayers.

The Department's goal is to fund at least 20% of the Department's capital program from current revenues. This goal will be achieved over time and is consistent with the target set by the Rate Board (in 2018).¹³⁴

3. Other Relevant Factors

In addition to the financial metrics discussed above, in fixing rates the Rate Board must consider all relevant information presented including, but not limited to, peer utility practices, best management practices and projected impacts on customer bills.¹³⁵ To this end, the fourth section of the Financial Plan provides a peer utility review¹³⁶ including a comparison of credit ratings, financial metrics for revenue and debt, debt service coverage, reserve levels, debt to revenue ratios, affordability and asset conditions.¹³⁷

¹³⁴ PWD Statement 2A at 12-13; Schedule FP-1.

¹³⁵ Philadelphia Code §13-101(4)(b)(i); PWD Statement 2A at 12; Schedule FA-1 (Financial Plan).

¹³⁶ The Department is required to compare itself with similar agencies in peer cities in the United States. Philadelphia Code, Section 13-101(2).

¹³⁷ PWD Statement 2A at 12; Schedule FA-1 (Financial Plan).

IV. FINANCIAL PLANNING

A. The Financial Plan and Metrics for the Rate Period

1. Updated Financial Plan; Schedule FP-1

The Department updated its Financial Plan prior to initiating this rate proceeding.¹³⁸ The PWD Financial Plan can be found at Schedule FP-1 and is designed to specifically comply with all of the legal standards (discussed above) and to maintain the Department's current credit rating.¹³⁹

For the Rate Period, the Financial Plan calls for the following financial metrics:

- **Cash Reserves:** PWD is deferring its cash reserve goal of \$150 million for combined RSF and Residual Fund balances for FY 2024 and FY 2025.¹⁴⁰

PWD is projecting to maintain less than \$135 million in the RSF and to maintain \$15 million in the Residual Fund.¹⁴¹ The projections reflect the Department's intent to maintain the lower RSF balance during the Rate Period and to restore the RSF to \$135 million over time,¹⁴² starting in FY 2026. During the Rate Period, PWD will maintain cash reserves in the RSF and Residual Fund to provide some ability to absorb unexpected costs should they arise.¹⁴³

- **Debt Service Coverage (for Senior Debt):** The Department maintains the goal of 1.30 times debt service coverage for revenue bonds.

PWD is, however, requesting that proposed rates be established based on senior debt service coverage of (at least) 1.25 times for the Rate Period, which is below

¹³⁸ PWD Statement 2A at 11; Schedule FA-1.

¹³⁹ PWD Statement 2A at 17. The Department's proposals satisfy the rate covenants, including the 90% Test. *See*, Schedule BV-1, Table C-2, lines 4-6.

¹⁴⁰ PWD Statement 2A at 15, 20-21, Schedule FP-1 (Financial Policies, Cash Reserves).

¹⁴¹ *Id.*; Schedule BV-1, Table C-1, lines 39 and 42; Schedule BV-1, Table C-2, line 3.

¹⁴² PWD Statement 2A, Schedule FP-1 (Financial Policies, Cash Reserves).

¹⁴³ PWD Statement 2A at 10; Schedule FP-1.

the above-stated target of 1.30 times.¹⁴⁴ The Department projects that it will achieve debt service coverage ratios of (at least) 1.30 times beginning in FY 2026.¹⁴⁵

- **Capital Funding from Current Revenues:** Over the next few years, PWD is not projected to meet its goal of funding at least 20% of its capital program from current revenues.¹⁴⁶ Debt service coverage must increase to provide for increased transfers to the Capital Account, over time, to achieve the 20% goal.¹⁴⁷

For the Rate Period, the Financial Plan also calls for the following:

- **Debt Issuance:** PWD's goal is to relieve cash flow pressure and better align debt payments, over the lifetime of assets, through strategic debt amortization.¹⁴⁸ PWD has applied for and continues to pursue federally supported funding sources in order to support critical infrastructure upgrades.¹⁴⁹ Low-interest loans are part of PWD's long-term strategy and result in lower overall borrowing costs for capital projects.¹⁵⁰

The PWD expects to finance its Capital Improvement Program during the Rate Period with projected long term debt issuances totaling more than \$970 million, revolving commercial paper program of \$200 million, current revenues (i.e. coverage), and possibly alternate sources of funding, including loans or grants.¹⁵¹

- **Capital Account Deposit:** The Capital Account Deposit is held at the 1% level.¹⁵²

The Department submits that financial planning and metrics described above (and in Schedule FP-1) are reasonable targets for the Rate Period.¹⁵³

¹⁴⁴ PWD Statement 2A at 15-16.

¹⁴⁵ PWD Statement 2A, Schedule FP-1.

¹⁴⁶ PWD Statement 2A at 15; Schedule FP-1; Schedule BV-1, Table C-2, lines 12-14.

¹⁴⁷ PWD Statement 2A at 15; Schedule FP-1

¹⁴⁸ PWD Statement 2A, Schedule FP-1.

¹⁴⁹ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

¹⁵⁰ Schedule FP-1; City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

¹⁵¹ PWD Statement 2A at 23-24.

¹⁵² PWD Statement 7 at 29, 31-33; Schedule BV-1, Table C-1, line 29.

¹⁵³ PWD Statement 2A, Schedule FP-1; PWD Statement 2B at 3, Schedule FA-1.

2. Debt Service Coverage for FY 2024 and FY 2025

Debt service coverage provides ongoing revenues to continue to fund a portion of a systems capital needs with internally generated funds. Adequate coverage also permits reserves to be maintained at levels which can mitigate unforeseen expenses and capital needs or shortfalls in expected revenue.¹⁵⁴

Using the Department's interim goal of (at least) 1.25 times senior debt coverage to set rates in this proceeding shows a reasonable commitment of working toward the targeted goal of 1.30 times coverage and of having adequate funds to mitigate unforeseen expenses or shortfalls in expected revenue.¹⁵⁵

The Public Advocate is indirectly challenging the Department's interim goal of (at least) 1.25 times for debt service coverage for both FY 2024 and FY 2025. More specifically, it appears to recommend (without explanation) that an interim target of 1.22 times be used for FY 2024 and 1.23 times be used for FY 2025.¹⁵⁶

The Department's interim target of 1.25 times is reasonable. It represents a balance above the required minimum (1.20 times) and is below the established target (1.30 times). Given that the Department must move towards (or beyond) the target, the Department's interim goal of (at least) 1.25 times is more reasonable than the Public Advocate's projected 1.22/1.23 times because the Public Advocate's interim goal (a) provides less funds for cash funding capital projects or maintaining reserves to mitigate unforeseen expenses or shortfalls in expected revenue; and (b)

¹⁵⁴ See, Schedule FA-1 (Financial Advisors Memorandum), at 1, 3.

¹⁵⁵ See, PWD Statement 2B, Schedule FA-1 at 4, 13; PA Rebuttal Statement 1 at 4-5.

¹⁵⁶ PA Statement 1 (Schedule LM_JR-1, at 1).

creates a larger gap to be made-up in future rate proceedings to return to the targeted coverage of 1.30 times.

As alluded to above, the Public Advocate offers no rationale or explanation for its adjustment to debt service coverage.¹⁵⁷ The Advocate appears to merely allow the debt service coverage to “fall out” from their analysis. To maintain the Department’s objective to meet a 1.25 times senior debt service coverage, the Cash Funded Capital Ratio should be increased to reflect the appropriate level of cash funding required to support the 1.25 times senior debt service coverage objective.¹⁵⁸

Debt service coverage clearly has an impact on overall revenue requirements to be recovered via rates and charges. The Advocate’s adjustment (whether intentional or not) is summarized in Appendix D and the table below.

| Public Advocate Adjustment Debt Service Coverage (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Line 34x | (\$8,729) | (\$8,543) |

It is important to note that to target a specific level of debt service coverage using the Simple Model, the Cash Funded Capital Ratio under the “Capital Account Deposit Calculation-

¹⁵⁷ See, PWD Rebuttal Statement 1 at 3-5. Moreover, the Exeter Panel failed to identify their adjustment to debt service coverage in response to PWD-I-1. This omission appears to imply that the Advocate is unconcerned with managing to a specific debt service coverage target. See also, PWD Hearing Exhibit 1 at page 2.

¹⁵⁸ Mr. Haver questioned the need for debt service coverage at 1.20 times for loans from the federal or state government (such as WIFIA or PennVEST). The Financial Advisors indicated that such loans are “senior debt” under the 1989 General Ordinance and that the required minimum coverage for senior debt is 1.20 times. See, Tr. 191-192 [May 3, 2023].

User” section of the tab entitled “C-7, 8, 9 CIP — Debt Service” must be adjusted accordingly. The Exeter Panel did not take this step leading to an adjustment by happenstance. So, while we disagree with the Advocate’s adjustment,¹⁵⁹ it is critical to recognize that all adjustments to revenue requirements adopted by the Rate Board must be input in the Simple Model to be accurately reflected in the final Rate Determination.

B. Adequacy of Revenues Under Existing Rates

1. Existing Rate Levels Are Insufficient for FY 2024 - 2025

The Department’s existing rates and charges (which were established in the 2021 rate case for FY 2023 and reduced in the 2022 Special Rate Proceeding) are no longer sufficient. A complete denial of rate relief in this proceeding would place the Department in an extremely precarious financial position.

The Department needs higher rates (increased revenues) so that it will have additional cash-in-hand to pay its bills when they are due and to maintain efficient access to the capital markets at reasonable cost.¹⁶⁰ The record demonstrates that the Department needs additional revenues to address unavoidable increases in operating costs in several areas and to continue to achieve the financial metrics necessary to maintain its current favorable bond rating and to continue infrastructure improvements.¹⁶¹ Operating costs are projected to increase by \$73.3 million from FY 2023 to FY 2024 and to increase by another \$82.2 million from FY 2024 to FY 2025.¹⁶²

¹⁵⁹ The Public Advocate is likely to argue that the Department should target lower coverage and rely on optimistic results to achieve higher coverage. The Department’s test year revenue requirements reflect a \$5 million reduction in each year to the SMIP/GARP budget, a key source of greened acres. If actual results allow, the Department will direct funds to this key area. (See PWD Statement 7 at 23 lines 16 to 22).

¹⁶⁰ PWD Statement 2A at 11; PWD Statement 7 at 20-23.

¹⁶¹ PWD Statement 2A at 7-10, 22-24; PWD Statement 7 at 37-39.

¹⁶² PWD Statement 2, Schedule FP-1.

2. Without Sufficient Rate Relief, the Department Will Not Satisfy Required Financial Metrics in the Rate Period

Continuing at its current level of rates is unsustainable.¹⁶³ The Department explained that, without sufficient rate relief, the Department will not satisfy the 90% test in FY 2024 or in FY 2025 and could deplete the RSF balance by the end of FY 2025.¹⁶⁴ Neither outcome is auspicious (favorable) for PWD or its customers. The first outcome (violation of the 90% test) would trigger a default under the Bonds. The second outcome (depletion of RSF) would trigger a downgrade of the Department's rating and/or outlook.¹⁶⁵

Despite to the foregoing, Mr. Haver contends that the Department should withdraw the requested increases (consistent with the request from City Council).¹⁶⁶ In other words, Mr. Haver contends that the *status quo* of existing rates can be maintained.¹⁶⁷ His contention, which is based on the premise that the Department can rely on cash balances during the Rate Period, is flawed.

Mr. Haver wrongly assumes that the Department can make withdrawals from the cash balances (the RSF and/or RF) during the Rate Period without consequences. That is not true. The credit rating agencies have been clear that over-reliance on RSF reserves will likely trigger a rating downgrade.¹⁶⁸ Notably, under Mr. Haver's proposal, the RSF would be depleted in FY 2025. That means the Department would have virtually no flexibility to respond to future emergencies (such as Hurricane Ida). This would be financial Armageddon.

¹⁶³ PWD Statement 2A; PWD Statement 7.

¹⁶⁴ PWD Statement 2A at 6; PWD Statement 7.

¹⁶⁵ PWD Statement 2A; PWD Schedule FP-1; Schedule FP-3; PWD Statement 2B.

¹⁶⁶ Haver Statement 1 at 9 (Q13).

¹⁶⁷ *Id.*; *See*, Haver Statement 1 at 1 (Q1-5).

¹⁶⁸ PWD Statement 2A, Schedule FP-1; PWD Statement 2B at 4-5.

Mr. Haver also wrongly assumes that outperformance or costs savings or both are sufficient to cover any increased costs in the Rate Period. Nothing in the record shows that outperformance or cost savings could realistically cover the increased expenses projected for FY 2024 and FY 2025.

In essence, Mr. Haver would not permit the recovery of sufficient revenues to pay the Department's increased costs and expenses. This is contrary to the intention of the Charter and Rate Ordinance that the Water and Wastewater Systems should be self-sustaining. It is also confiscatory toward the Department, since it would not even allow the Rate Period to reflect additional rate recovery for the increased costs already experienced by the Department in FY 2023.

The speed and severity of price increases in FY 2023 is much higher than anticipated in the 2021 General Rate Proceeding.¹⁶⁹ In fact, the Department is experiencing price increases in FY 2023 that are higher than generally reported inflation rates.¹⁷⁰ Those increased costs (in FY 2023) are demonstrated, and supported, by the City's FY 2023 mid-year transfer ordinance which increased the Department's budget to cover escalating costs.¹⁷¹ The Department is looking at more than \$19 million overall in increased expenses in FY 2023.¹⁷² To the extent necessary, a portion of that overall amount will be addressed by the anticipated withdrawal of funds from the RSF.¹⁷³

Mr. Haver implies that there should be no increase in rates because the Department has failed to meet (or exceed) certain levels of performance (that he alone believes to be suitable). That is not an appropriate standard for denial of a rate increase filed by the Department.

¹⁶⁹ PWD Statement 4 at 3-4.

¹⁷⁰ PWD Statement 4 at 3-4.

¹⁷¹ PWD Statement 2A at 9-10.

¹⁷² PWD Statement 2A at 9-10.

¹⁷³ *Id*; *See*, PWD Statement 7, Schedule BV-1, Table C-1 and C-1A.

In 2016, the Rate Board asked the Law Department for its advice regarding the scope of Board authority to take such actions.¹⁷⁴ The Law Department advised, *inter alia*, that: (a) the governing legal standards constrain the Rate Board to fix and regulate rates and charges to meet operating requirements and obligations with a stable revenue stream over a reasonable number of years; (b) the Rate Board does not have the power to direct how the Water Department (and WRB) provides service; and (c) applicable law does not give the Rate Board the authority to grant conditional rate increases.¹⁷⁵

In view of the foregoing, PWD submits that Mr. Haver's recommendations (e.g., tied to unspecified performance or other metrics) run counter to Rate Ordinance requirements (summarized above) and basic common sense. PWD needs a reasonable amount of rate relief to sustain its operations.

V. ADDITIONAL REVENUES; REVENUE REQUIREMENTS

The Department's revenue requirements (and the corresponding rates and charges) are set by determining the appropriate levels of cash, debt service coverage and other financial metrics necessary to enable PWD to pay its bills and maintain efficient access to the capital markets at reasonable rates. Since the last rate proceeding, PWD has reduced costs where it was possible to do so. However, PWD needs additional revenues to address unavoidable increases in operating costs in several areas and to continue to achieve the financial metrics necessary to maintain its current favorable bond rating and to continue its infrastructure improvement efforts.

¹⁷⁴ 2016 Determination of Water Department Rates and Charges for FY 2017-2018 at 39-40 and Appendix B.

¹⁷⁵ *Id.* If services generally provided by the Water Department are so inferior or such an abuse of its discretion that it cannot be said to be reasonable to charge what the Water Department is requesting, then the Rate Board may set lower rates on that basis. No such showing has been made by Mr. Haver, the Public Advocate, PLUG or Mr. Skiendzielewski.

The range of rate increase recommended by the Participants can be summarized as follows:

| Participant Proposals for Additional Revenues (Dollars in Thousands) | | | | |
|--|------------|------------------------|-------------|--------------|
| | PWD | Public Advocate | PLUG | HAYER |
| Incremental Additional Revenues | | | | |
| FY 2024 | \$80,412 | \$47,147 | Not stated | Zero |
| FY 2025 | \$62,977 | \$45,410 | Not stated | Zero |
| Total Additional Revenues | | | | |
| FY 2024 | \$80,412 | \$47,147 | Not stated | Zero |
| FY 2025 | \$162,131 | \$103,563 | Not stated | Zero |

Stated otherwise, the Public Advocate recommended adjustments that would **reduce** the Department’s proposed rate increase by \$33.265 million in FY 2024 and by \$58.567 million in FY 2025. The Public Advocate’s proposed reductions are listed in Appendix D hereto.

Mr. Haver, while not recommending any increase, stated that the requested increase is above the reported level of inflation (7%). Black & Veatch explained that the Water Department’s experience has been above the reported inflation levels, and the projections for the Rate Period are consistent with the Department’s experience and were escalated based on indices accepted by the industry.

The Department’s proposed additional revenues (incremental additional revenues for FY 2024 and FY 2025) will give PWD the full opportunity to maintain its financial health. The Department’s analysis shows that an incremental increase of \$47.147 million in FY 2024 and

\$45.410 million in FY 2025 would help, but not fully ensure PWD’s ability to maintain its financial health. That being said, at the additional incremental revenues recommended by the Public Advocate, PWD would be underfunded¹⁷⁶ and could have increasing difficulty in keeping its financial health above the minimum standards, if there are unanticipated challenges in the FY 2024 (or FY 2025). Therefore, PWD continues to believe that the requested rates are necessary, reasonable, and required to sustain its operations. PWD’s requested additional revenues should be approved and the below-described adjustments by the other Participants should be denied.

A. [Exeter Panel] Operating Revenues

Black & Veatch, on behalf of the Department, made projections of Water and Wastewater System operating revenues under existing base rates (excluding the TAP-R surcharge).¹⁷⁷ These projections appear in Table C-1A, on the line for “Total Service Revenue, Existing Rates.”

Black & Veatch projected water and wastewater gross billings for each fiscal year of the Study Period based upon applying the existing rate schedules for FY 2023 (effective September 1, 2023). The same methodology was used in the 2021 General Rate Proceeding.¹⁷⁸

In contrast, the Exeter Panel, on behalf of the Public Advocate, recommends that projected sales volumes per account (water customer) should be based on a three-year average covering FY 2020, FY 2021 and FY 2022.¹⁷⁹ It argues that the use of a single year, as proposed

¹⁷⁶ See, PWD Rebuttal Statement 1 at 3.

¹⁷⁷ PWD Statement 7 at 11-18.

¹⁷⁸ <https://www.phila.gov/media/20210216172716/PWD-Statement-No.-7A-Direct-Testimony-And-Schedules-of-Black-and-Veatch-Supplemented-as-of-Formal-Filing.pdf>

¹⁷⁹ PA Statement 1 at 16. See, Appendix D to this brief.

by PWD, is too short a period to develop the normalized volume for the Rate Period.¹⁸⁰ That recommendation is summarized in Appendix D and in the table below:

| Public Advocate Adjustment Total Service Revenues, Existing Rates (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Line 3a | (\$5,610) | (\$5,871) |

The Department disagrees with the Public Advocate’s recommendation. More specifically, PWD maintains that the approach recommended by the Advocate defies the trend of decreasing use per customer account observed over the last five years.¹⁸¹ In fact, applying the Advocate’s proposed adjustment results in total sales levels that the Department has not seen since FY 2018, most notably for Residential and Commercial customers.¹⁸² This means that using a three-year average (as recommended by the Public Advocate) resets the usage to reflect demand levels from prior years, resulting in an overly optimistic projection of billed volumes, billings and revenues.¹⁸³

The Rate Board should reject the Advocate’s recommendation to establish projected billed water volumes based on a three-year average. As demonstrated in PWD Rebuttal Statement 1, this proposed approach ignores the longer-term trend of reduced volumes observed

¹⁸⁰ PA Statement 1 at 16.

¹⁸¹ PWD Rebuttal Statement 1 at 5.

¹⁸² PWD Rebuttal Statement 1 at 5-6.

¹⁸³ PWD Rebuttal Statement 1 at 6-7.

over the past five years.¹⁸⁴ Utilization of the Advocate’s approach would actually offset the demonstrated long-term usage trends and produce an overly optimistic projection for water sales volumes, billings, and revenues.

In addition, the Advocate’s recommendation ignores the anticipated reduction in billed water volume due to Vicinity Energy’s (“Vicinity”) construction of their own water treatment facility. Historically, Vicinity has consistently been one of the Department’s Top 10 customers.¹⁸⁵ This status will now change with the operation of the new facility which is expected to reduce billed annual water volumes by 90,000 cubic feet.¹⁸⁶ As noted in the record, Vicinity has completed construction of its new facility and it is now operational.¹⁸⁷

B. [Exeter Panel] Capital Improvement Program Budget (Inflation Factor & Carry-Forward)

Planned projects are required to replace aging infrastructure, make necessary additions/improvements, and undertake repairs to increase operational efficiency.¹⁸⁸ Table C-7 provides a summary of the Department’s Capital Improvement Program (“CIP”) for FY 2023 to FY 2028. This table specifically sets forth CIP projected expenditures (in columns) by fiscal year. FY 2023 reflects the adopted FY 2023 budget. FY 2024 through FY 2028 reflect the proposed FY 2024 budget which is presented in FY 2024 dollars. The capital program is approved on an annual basis, so with each annual approval the initial budget year dollars are adjusted for inflation. The revenue requirements include inflation when calculating future capital

¹⁸⁴ PWD Rebuttal Statement 1 at 5-6.

¹⁸⁵ *See*, PWD Exhibit 5 at 24.

¹⁸⁶ *See*, PWD Statement 7 at 14-15.

¹⁸⁷ PWD Response to PA-IV-1.

¹⁸⁸ *See*, PWD Statement 3 and 4; PWD Rebuttal Statement 1 at 10.

program expenditures. This is shown on line 11 of Table C-7. There is an inflation adjustment for FY 2025 to FY 2028. The anticipated roll-forward of annual budget appropriations is shown on line 13 of Table C-7.

On behalf of the Public Advocate, the Exeter Panel makes two recommendations. First, it recommends removing the inflation escalation related to FY 2025 projects.¹⁸⁹ Second, it recommends changes to the carry-forward adjustments to supposedly normalize the annual amount rolled over to a future year.¹⁹⁰

The Advocate’s recommendations are summarized in Appendix D and in the table below:

| Public Advocate Adjustments to Capital Improvement Program (CIP) (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| CIP Removed the inflation escalation related to the FY 2025 projects | \$0 | (\$30,188) |
| CIP Use an average of the amounts to be rolled over from prior years into FY 2024 and FY 2025 (which actually eliminate carry-forward amounts altogether). | (\$82,940) | (\$56,614) |

¹⁸⁹ PA Statement 1 at 16-17. *See*, Schedule BV-1, Table C-7, line 11; PWD Rebuttal Statement 1 at 7. Please note that although the Exeter Panel proposed to remove the inflation for FY 2025, the exhibit tables attached to PA Statement 1 continue to reflect the FY 2025 inflation adjustments proposed by the Department (Schedule LM_JR-4 Page 1 of 4, line 11). *See*, PWD Rebuttal Statement 1 at 8.

¹⁹⁰ PA Statement 1 at 17. *See*, Schedule BV-1, Table C-7, line 13; PWD Rebuttal Statement 1 at 7. Please note that, although the Exeter Panel proposes to adjust the carry-forward adjustments, their exhibit tables continue to reflect the projected carry-forward amounts proposed by the Department (Schedule LM_JR-4 Page 1 of 4, line 13). *See*, PWD Rebuttal Statement 1 at 10.

| | | |
|--|------------|------------|
| Total Schedule LM_JR-4, Line 17a | (\$82,940) | (\$86,802) |
| <p>Note: The above-described adjustments to the CIP do not have a direct impact on the revenue requirement. The above-described adjustments reduce the bond issue amount, which impacts debt service (Schedule LM_JR-1, Line 22a), as shown in the next row.</p> | | |
| Public Advocate Schedule LM_JR-1, Line 22a Reduced bond issue amounts for <u>both</u> of the above adjustments to the CIP | (\$3,092) | (\$8,088) |

Regarding the first recommendation, the Department disagrees with the Public Advocate’s recommendation to remove the inflation escalation for FY 2025.¹⁹¹ As a practical matter, PWD’s FY 2025 CIP Budget was established based on the proposed FY 2024 to FY 2029 CIP and is presented in FY 2024 dollars. The CIP Budget does not capture any additional inflation, which is likely to occur between now and when the final version of the FY 2025 CIP is adopted. In view of the above, it is appropriate for rate-making purposes, to include an inflation adjustment in the cost-of-service analysis for FY 2025, so that the CIP financing will be sufficient during the Rate Period. The Advocate’s recommendation (zero adjustment) is wrong for this primary reason.

¹⁹¹ PWD Rebuttal Statement 1 at 8.

The Advocate’s recommendation to remove the inflation factor is also inconsistent with prior rate proceedings.¹⁹² That is, in prior proceedings, the use of an inflation factor for the CIP budget for the years beyond the adopted or proposed CIP budget year was unassailed. The Rate Board has also approved this adjustment in prior proceedings.

Regarding the second recommendation, the Department also disagrees with the Public Advocate’s proposed changes to the carry-forward adjustments.¹⁹³ The carry-forward reflected in the Department’s rate filing was established to support the funding of the capital program. A detailed list of projects was provided that support the projected CIP budget.¹⁹⁴ Although the Exeter Panel states that they “used an average of the amounts to be rolled over from prior years into FY 2024 and FY 2025,” their actual adjustments completely eliminated the \$82,940,000 and \$56,614,000 carry-forward adjustments in FY 2024 and FY 2025. This means that adopting Advocate’s recommendation, as presented, would result in insufficient funding for the planned projects in the capital program. For example, by eliminating the Department’s \$82,940,000 carry-forward adjustment in FY 2024, the Exeter Panel has also removed a portion of the Department’s planned spending associated with the PennVEST supported Baxter Clearwell Basin project.¹⁹⁵

The Department disagrees with the (implicit or explicit) changes to the projected capital expenses proposed by the Advocate.¹⁹⁶ Both the inflation and carry-forward recommendations are unsupported by the record and plainly in error. The annual appropriations that are proposed to be adjusted (or eliminated) by the Advocate provide the authority to execute contracts with vendors

¹⁹² PWD Rebuttal Statement 1 at 8.

¹⁹³ PWD Rebuttal Statement 1 at 8-12.

¹⁹⁴ PWD Rebuttal Statement 1 at 8-9.

¹⁹⁵ *See*, PWD Rebuttal Statement 1 at 9-12; PWD Response to PA-VIII-8.

¹⁹⁶ PWD Rebuttal Statement 1 at 10-11.

for design and construction services associated with the Department's capital program. The estimate of project expenditures reflects the spending or draw down of the Department's outstanding encumbrances associated with the design and construction contracts. These budgeted expenditures are critical to support the capital program. Please also note that any adjustment to the annual budget appropriations would not be reflected as a 1:1 adjustment to the project expenses in the same year, as the budget funds projects of various durations. In reality, reducing the budgeted appropriations in FY 2024 would result in reductions to project expenditures from FY 2024 to 2028 (based on assumed project durations of 2-5 years). Finally, please recognize that the Advocate does not provide any support for either of its proposed adjustments to capital program spending.

Consistent with the above, the Department recommends that the Rate Board reject the Public Advocate's proposed reduction in FY 2025 capital spending tied to its inflation factor adjustment (eliminating the inflation factor for that year) which is unsupported by the record and inconsistent with prior proceedings. In addition, the Board should reject the Advocate's carry-forward adjustments which eliminate the carry-forward amounts altogether, as presented in the Exeter exhibits.¹⁹⁷

C. [Exeter Panel] Escalation Factors

Escalation factors are applied to the expenses in the test year¹⁹⁸ (FY 2023) to project expenses (for each of the respective cost categories) for FY 2024 and FY 2025.

¹⁹⁷ Please note that even if the Advocate's adjustments are corrected in its brief, the proposed reductions are over-stated and, if adopted, will hamstring the Department's capital program by denying PWD sufficient resources to proceed with planned capital projects.

¹⁹⁸ This is a modified test year, since it is based on the Department's budget for FY 2023 and the Department's historical actual experience in FY 2020 to FY 2023.

Black & Veatch utilizes escalation factors for the various cost categories identified in the FY 2023 budget based upon the Department’s historical experience and recognized cost indices. These escalation factors are applied to the projected FY 2023 expenses (for each of the respective cost categories) beginning in FY 2024. Escalation factors used in projecting operating and maintenance (O&M) expenses are discussed in the Cost of Service Report (Schedule BV-2)¹⁹⁹ and further information is provided in the white paper entitled: “Inflation and Cost Escalation Pressures” (Schedule BV-4: WP-1).²⁰⁰

For certain categories (described below), the Exeter Panel, on behalf of the Public Advocate, is recommending the use of the March 22, 2023 Federal Open Market Committee (“FOMC”) Core Personal Consumption Expenditures (“PCE”) median inflation projections for Calendar Years 2024 and 2025 of 2.6% and 2.1%, respectively.²⁰¹

The Advocate’s recommendations are summarized as shown in Appendix D and in the table below:

¹⁹⁹ See, PWD Statement 7, Schedule BV-2 at pages 1-15 to 1-17.

²⁰⁰ See, PWD Statement 7 at 20.

²⁰¹ See, PA Statement 1 at 19-21.

Public Advocate Adjustments — Escalation Factors
Operating Expenses
(Dollars in Thousands)

| Adjustment | FY 2024 | FY 2025 |
|---|----------------|----------------|
| <p>Schedule LM_JR-3, Line 7a</p> <p>Class 200 – Other: Utilize the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Services</p> | (\$7,765) | (\$15,606) |
| <p>Schedule LM_JR-3, Line 10a</p> <p>Class 300 - Other: Utilize the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Materials and Supplies</p> | (\$1,298) | (\$2,570) |
| <p>Schedule LM_JR-3, Line 9a</p> <p>Class 307 – Chemicals: Utilize the core PCE inflation projections from FOMC (2.1% in FY 2025) for Chemical Costs</p> | \$0 | (\$11,442) |
| <p>Schedule LM_JR-3, Line 12a</p> <p>Class 400 – Equipment: Utilized the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Equipment</p> | (\$323) | (\$757) |

| | | |
|--|----------------|----------------|
| <p>Schedule LM_JR-3, Line 13a</p> <p>Class 800 – Transfers: Utilize the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Transfers</p> | <p>(\$323)</p> | <p>(\$640)</p> |
|--|----------------|----------------|

Please note that the Department disagrees with the Advocate’s use of the PCE as an appropriate measure of inflation for purposes of this proceeding. PWD believes that the PCE recommendations offered by the Advocate should be rejected, and the factors proposed by the Department should be accepted, for the following reasons:

First, the recommendation to use the PCE should be rejected because the PCE is not the best predictor of the level of inflation facing the Department.²⁰² The PCE is produced by the FOMC which is a part of the Federal Reserve System.²⁰³ The FOMC members are comprised of 7 Federal Reserve Board Members and 12 Federal Reserve Bank Presidents, assuming there are no vacancies.²⁰⁴ The PCE is essentially a survey provided by FOMC members (related to a number of economic areas including inflation and core inflation) without attribution.²⁰⁵ The PCE is based upon, among other things, each FOMC member’s assessment of appropriate monetary policy.²⁰⁶

²⁰² PWD Rebuttal Statement 1 at 11-12.

²⁰³ Tr. 109 [May 4, 2023]. Transcript references are to the 2023 General Rate Case, Technical Hearings unless otherwise indicated.

²⁰⁴ Tr. 109 [May 4, 2023].

²⁰⁵ *See*, Tr. 109-110 [May 4, 2023].

²⁰⁶ *See*, Ben S. Bernanke, “Federal Reserve economic projections: What are they good for?” Brookings (Monday, November 28, 2016), <https://www.brookings.edu/blog/ben-bernanke/2016/11/28/federal-reserve-economic-projections/>

Please note that the Federal Reserve has historically targeted an inflationary rate in the 2-3% range, and this practice continues to be reflected in their released reports. PWD maintains that using an index of inflation (PCE projection of 2.6% and 2.1% for FY 2024 and FY 2025, respectively) that is, at its core, tied to monetary policy and reflects the optimism of the Federal Reserve to manage inflation, is not indicative of reality (actual levels of inflation facing PWD during FY 2024 and FY 2025). The PCE indicates where the Federal Reserve would like the inflation level to be over time.²⁰⁷

Second, the recommendation to use the PCE should be rejected because the PCE should not be broadly applied to the identified cost categories.²⁰⁸ Using one index to measure cost impacts for such diverse cost classes (e.g., chemicals, equipment, services, materials and supplies) is inappropriate and does not reflect the Department's actual experience. Each cost area has unique factors to consider.²⁰⁹ For example, with chemical costs, escalation factors will be driven by market conditions and input (chemical contract) costs. Equipment costs will be driven by market conditions (manufacturing capacity) as well as input materials costs. Other forces, such as the cost of labor, healthcare costs, labor availability, etc., will drive service costs.

Third, using the escalation factors proposed by Black & Veatch, on behalf of the Department, is reasonable. PWD has proposed a 2-year rate request. As prices fluctuate year to year, changes in costs during the Rate Period should be anticipated and evaluated based upon a combination of recent experience, contract negotiations, and/or reasonable indices of inflation for the category of costs being evaluated. In the instant context, PWD utilizes the Consumer Price

²⁰⁷ *Id.*; PWD Rebuttal Statement 1 at 12.

²⁰⁸ PWD Rebuttal Statement 1 at 12-13.

²⁰⁹ PWD Rebuttal Statement 1 at 13-15.

Index (“CPI”) for services and the Producer Price Index (“PPI”) for materials and supplies, and equipment, as these cost categories are varied and separate indices of inflation are needed to accurately reflect anticipated changes in costs. A full discussion of inflationary trends is presented in PWD Statement 7, Schedule BV-4: WP-1.

PWD’s approach to deriving escalation factors in this case is also consistent with past rate proceedings. The Advocate’s position, however, has changed over the years, ranging from use of a Gross Domestic Product Index Blue Chip indicator (2016 Rate Proceeding) to using all PWD experience (2018 Rate Proceeding) to CPI data (2021 Rate Proceeding). Please note that, if PWD were to follow the Advocate’s position from the last rate proceeding, the resulting escalation factors would be considerably higher. In contrast, the Department’s more balanced approach realistically projects inflation by cost category in full recognition that inflationary pressure is a significant variable determining PWD future costs. To be sure, the Federal Reserve is some distance away from reaching its inflation targets of 2-3 percent. The forecast inflation rates utilized by the Advocate (2.6% and 2.1% in FY 2024 and FY 2025, respectively) significantly understate current inflation and are unlikely to capture the changes in specific cost categories during the Rate Period.

Fourth, there are additional concerns with the Advocate’s recommended broad use of PCE for projected expenses regarding services and transfers.²¹⁰ That is, the Advocate’s recommendation does not correspond with the Department’s experience. PWD has several large-scale service-related contracts tied to overall CPI for all consumers. The PCE should not be applied to escalate service costs, as CPI is referenced directly in certain major service contracts. Per these service-related contracts, actual escalation of costs will be based upon the CPI and not the PCE projected

²¹⁰ PWD Rebuttal Statement 1 at 15-16.

core inflation. Services generally are also more reasonably escalated using the CPI. And use of CPI, in this context, is consistent with the Board's Rate Determinations in prior proceedings. Similarly, transfer costs largely capture services and support from other departments within the City. As with services, the same logic should apply to establishing escalation factors here.

Fifth, there are still more concerns with the Advocate's recommended use of the PCE for projected purchase of chemicals and equipment in the Rate Period.²¹¹ Use of the PCE is inappropriate to apply as an escalation factor for chemicals and equipment in this rate proceeding. That is, the escalation factors utilized by the Advocate are unlikely to track increases in these cost categories. The Advocate's witnesses even acknowledge that they could find no specific indices of inflation for this cost category.²¹² Their failure to find an appropriate inflation figure does not alleviate the need to evaluate different, specific escalation factors for critical cost components (like chemicals and equipment) in operating and maintaining this water utility. Given the Water Department's recent experience with both Chemicals and Equipment contracts, as discussed in PWD Statement 4, a forecasted figure for core inflation is unlikely to capture the specific cost pressures for these areas or reflect specific market conditions.

Like most utilities, PWD sees pricing and contracts for these vendors annually. Price increases will tend to lag with each contract renewal, meaning PWD's exposure to longer-term inflationary pressures may not diminish in the near term. PPI is a better predictor and market-specific indicator of where prices may head in the immediate 12 to 24 months for the Water Department. Given that PPI is a leading indicator for future chemical and equipment expenses, it

²¹¹ PWD Rebuttal Statement 1 at 16-17.

²¹² PWD Rebuttal Statement 1 at 16, citing, PA Statement 1 at 20 Lines 17 to 18 ("We have used the general inflation rate projections because we were unable to obtain a projected inflation rate that is specific to chemical costs."); PA Statement 1 at 21 Lines 10 to 12 ("We have used the general inflation rate projections because we were unable to obtain a projected inflation rate that is specific to equipment").

is, in fact, a reasonable predictor of future costs for chemicals and equipment. The PCE has no relationship to these cost areas.²¹³

D. [Exeter Panel] Construction Fund Balance

The beginning balance of the construction fund for FY 2023 is shown in Table C-8, Line 7. The original balance for FY 2023 was \$523,680,000. That amount was updated for FY 2023 to \$532,342,560.²¹⁴

The Exeter Panel, on behalf the Public Advocate, recommends that the beginning balance for FY 2023 be updated.²¹⁵ That recommendation is summarized as shown in Appendix D and in the table below:

| Public Advocate Adjustment Construction Fund Balance (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| PA Statement 1 at 21 | (\$8,662) | (\$8,662) |
| Note: The above-described adjustments to the Construction Fund beginning balance do not impact PWD’s revenue requirements. | | |

²¹³ PWD Hearing Exhibit 1 at pages 14-15

²¹⁴ PWD Response to PA-X-5.

²¹⁵ Please note that, although the Exeter Panel proposes adjusting the construction fund beginning balance for FY 2023, their exhibit tables continue to reflect the construction fund balance reflected in the Department’s rate filing. *See*, PWD Rebuttal Statement 1 at 17.

The Department accepts the proposal to update the construction fund FY 2023 beginning balance to reflect the final FY 2022 ending balance.²¹⁶ Please note that this update does not directly impact the overall projected CIP financing that the Department recommends in this proceeding.²¹⁷

E. [Exeter Panel] Debt Interest Rate

The revenue requirement includes projections related to future borrowing. Specifically, these projections are in connection with (i) bond interest rates and (ii) the sizing of future bond transactions. Both are addressed in this section of the brief.

The Advocate proposes adjustments in connection with bond interest rates and the sizing of planned bond issuances during the Rate Period. Its recommendation related to bond interest rates is summarized as shown in Appendix D and in the table below:

| Public Advocate Adjustment Debt Service, Bond Interest Rate (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Line 22a | (\$1,917) | (\$3,748) |
| Note: Section V.B of this Brief, if accepted, adjusts the debt service based on proposed adjustments to the size of the bond issuance. | | |

1. Bond Interest Rates

The debt service associated with the projected revenue bond issuances is estimated based on a 30-year amortization schedule, an annual interest rate of 5.5% for both FY 2024 and FY 2025,

²¹⁶ PWD Rebuttal Statement 1 at 17.

²¹⁷ PWD Rebuttal Statement 1 at 17; PWD Response to PWD-I-1.

and an annual interest rate of 6.0% for FY 2026 through FY 2028.²¹⁸ The projected debt service for each proposed bond issue (FY 2024 through FY 2028) reflects interest-only payments for the first year of the bond amortization.²¹⁹

The Exeter Panel, on behalf of the Public Advocate, recommends using a 5.0% interest rate for FY 2024 and FY 2025 bond issuances.²²⁰ The Advocate maintains that it is speculative to assume that interest rates will grow at the pace the Department has projected (5.5%).²²¹ As explained below, PWD believes that its projections are reasonably aligned with expected market conditions.

For clarification, please also note that the Advocate is mistaken in stating that PWD projected revenue bond interest rates of 5.5% for FY 2024 and 6.0% for FY 2025.²²² The Department projects 5.5% bond interest rates in both years.

The Department disagrees with the recommendation of the Public Advocate as it reasonably believes that there will likely be an uptick in future bond interest rates (bringing it to 5.5%). PWD projects an increase in the assumed interest rates for revenue bond borrowings from the 2022 Special Rate Proceeding to the 2023 General Rate Proceeding of between 0.5% and 1.0% is reasonable in comparison to the actual increase of comparable tax-exempt interest rates of more than 2.0% over the same period.

As explained in PWD Rebuttal testimony, the rationale for the anticipated increase in bond interest rates is as follows:

²¹⁸ PWD Statement 7 at 28.

²¹⁹ PWD Statement 7 at 28.

²²⁰ PA Statement 1 at 21-22.

²²¹ PWD Rebuttal Statement 1 at 19.

²²² *See*, PA Statement 1 at 21.

- “[Interest] rates have risen significantly in the past 15 months. The rate on the 30-year US Treasury Bond has risen from 2.12% in January 2022 to 3.72% in April 2023 (1.60% increase). Long-term tax-exempt municipal bond rates as reported by Municipal Market Data on TM3 for “A” rated entities have risen from 1.81% to 3.97% (2.16% increase) in the same period.”²²³
- “Please recall that with respect to interest rates assumed for revenue bond borrowings in the 2022 Special Rate Proceeding (PWD Statement No. 3), PWD, in consultation with its financial advisors, utilized borrowing rates of 4.0% for the FY 2023 borrowing, 4.5% for the FY 2024 borrowing, and 5.0% for the FY 2025 – FY 2027 borrowings.”²²⁴
- “For the calculations contained in the 2023 General Rate Proceeding, PWD assumed interest rates, again in consultation with its financial advisors, for revenue bond borrowings of 5.5% for the FY 2024 borrowing (a 1.0% increase from the 2022 Special Rate Proceeding), 5.5% for the FY 2025 borrowing (a 0.5% increase from the 2022 Special Rate Proceeding), and 6.0% for the FY 2026 – FY 2027 borrowings (a 1.0 % increase from the 2022 Special Rate Proceeding).”²²⁵

2. Bond Issuance Sizing

In addition, the Department disagrees with the recommended adjustment by the Exeter Panel, on behalf of the Advocate, related to the sizing of future revenue bond issuances.²²⁶ The Advocate’s witnesses conflate this adjustment with its bond interest rate adjustment, but each adjustment merits a separate discussion as both have significant implications for PWD’s capital program.

That is, as noted in Section V, Capital Improvement Program, the Advocate proposes reductions to the CIP funding by eliminating the FY 2025 CIP inflation adjustment and the budget carry-forward adjustments in FY 2024 and FY 2025. Based on these proposed adjustments to the

²²³ PWD Rebuttal Statement 1 at 18.

²²⁴ PWD Rebuttal Statement 1 at 18-19.

²²⁵ PWD Rebuttal Statement 1 at 19.

²²⁶ PWD Rebuttal Statement 1 at 20.

CIP budget appropriations, it also proposes reductions to annual capital spending and projected bond issues in FY 2024 and FY 2025.

As already discussed, capital budget appropriations provide funding for the design and construction of projects with durations of 2 to 5 years. As such, the proposed 1:1 reduction of the capital budget and resulting capital expenditures overstates the impact of the Advocate’s proposed budget adjustments (i.e., mathematical exaggeration with no evidentiary support). Compounding this error, the Advocate uses the reduction as a basis to downsize bond issuances in FY 2024 and FY 2025. As noted in Section V.B (Capital Improvement Program Budget) above, these adjustments effectively derail spending for necessary capital projects and should be rejected.

F. [Exeter Panel] Non-Operating Income: Interest Income

Non-operating Income of the Water Department consists primarily of interest earnings on the amounts within certain funds and accounts. Schedule BV-1, Table C-3 contains projections of interest income on balances held by those funds and accounts.

The Department used a 1% interest rate in calculating said projections. The same rate was used in the 2021 General Rate Proceeding. The Exeter Panel, on behalf of the Public Advocate, recommends the use of 1.5% interest rate. The Advocate argues that the recommended increase recognizes rising interest rates for funds held by institutions. Its recommendation is summarized as shown in Appendix D and in the table below:

| Public Advocate Adjustment Non-Operating Income, Interest Income (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Lines 14a and 15a | (\$1,821) | (\$1,999) |

The Department disagrees with this recommendation of the Exeter Panel.²²⁷ As detailed in response to PA-IX-7, the 1.0% interest rate is consistent with the assumption for interest income and debt service reserve interest income rates in recent rate proceedings. The annual interest earnings are adjusted to reflect the market value of investments which in FY 2022 resulted in negligible interest earnings. In other words, PWD's projected interest income is not solely based upon simple interest earnings, as Exeter assumes. Rather, same reflect the market performance of various investments. While interest rates have increased as a result of the Federal Reserve's recent actions, PWD's earnings on fund balances will be influenced by overall market performance and not simply treasury notes.

Please also note that the Department's 1.0% interest earnings rate assumption is actually optimistic relative its actual interest earnings in FY 2022. For example, the FY 2022 interest earnings of \$575,643 recognized on the Debt Service Reserve represents the average interest rate of 0.3% based on the FY 2021 end-of-year balance of \$193,105,446.²²⁸

Based upon the foregoing, the PWD recommendation is reasonable and should be accepted. The Advocate's recommended adjustment is solely premised on the recent federal interest rate adjustments and does not acknowledge the market performance of various investments and the potential impact of market valuation.²²⁹

²²⁷ PWD Rebuttal Statement 1 at 20-21.

²²⁸ PWD Rebuttal Statement 1 at 20-21.

²²⁹ Please note that the projection of interest income is based on the interest rate assumption and the projected fund balances are based on the projection of system revenue and revenue requirements. Therefore, if the Rate Board accepts any of the Advocate's recommendations with regard to revenue or revenue requirements, the adjustments adopted by the Rate Board should also reflect a corresponding adjustment to interest earnings. The adjustment to projected interest earnings would be appropriate and necessary to reflect the overall impact of any proposed revenue and revenue requirement adjustments. The Simple Rate Model does not automatically adjust projected interest earnings. Rather, it relies on inputs from users to reflect this adjustment. *See*, Tr. 119-120 [May 4, 2023].

G. [Exeter Panel] Adjustments for Mr. Colton Proposals

The Exeter Panel, on behalf the Public Advocate, presents seven adjustments to incorporate the proposals made by Mr. Colton.²³⁰ Two adjustments are related to TAP enrollment. One adjustment is related to municipal liens. Three adjustments are related to the implementation of “new” program elements. And one final adjustment is related to the UESF program. Please note that although the Exeter Panel included a table setting forth Mr. Colton’s adjustments in PA Statement 1 at 23, they did not independently evaluate these adjustments.²³¹ As discussed below, the Department recommends that the Rate Board reject Mr. Colton’s proposals.

1. Collectability of TAP Billings

The Department disagrees with the Mr. Colton’s recommendation to increase revenues under existing rates by \$3,988,498 for the improved collection of TAP billings.²³² That recommendation is summarized as shown in Appendix D and in the below table:

| Public Advocate Adjustment Collectability of TAP Billings: Non-Operating Income, Other Operating Income (Dollars in Thousands) | | |
|---|------------------|------------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Line 12a | (\$3,988) | (\$3,988) |

²³⁰ PA Statement 1 at 23; See, PA Statement 3 at 5, 9, 83-84, 91, 93-94.

²³¹ PWD Hearing Exhibit 1 at page 4.

²³² PWD Rebuttal Statement 1 at 21-22.

It is the Department's position that this adjustment, as adopted by the Exeter Panel (PA Statement 1 at 23), should be rejected. As discussed in PWD Rebuttal Statement 3, the improved collection of TAP billings suggested by Mr. Colton and adopted here by the Exeter Panel are 1) overstated and 2) any "improved collections" under TAP bills associated with TAP customers is already reflected in the collection factors utilized in this proceeding.

PWD maintains that the Advocate's recommended adjustment for the collectability of TAP Revenue should be rejected as overstated for the following reasons:²³³

First, Mr. Colton uses an incorrect premise.²³⁴ That is, although he recognizes that a portion of low-income bills is included in the Collectability Factors used to project future system revenues, his adjustment is based on the total projected FY 2024 TAP participation of 16,479, which assumes that the Collectability Factors used to project system revenues do not reflect any level of TAP participation billing. This is incorrect. The Collectability Factors are based on the average collections of system billings experienced during FY 2020 to FY 2021 (PWD Statement 7 at 14, Schedule BV-2 at 1-13 and 1-14), which reflect the average TAP enrollment of 15,036. If an adjustment is made for the collectability of TAP Revenue, it should only reflect the increase above the average participation reflected in the system Collectability Factors used to project system revenues to avoid double counting the associated revenue.

Second, Mr. Colton fails to recognize the use of multi-year Collectability Factors.²³⁵ The basis of Mr. Colton's adjustment is limited to the difference in the billing year collection factor for FY 2022. However, the Collectability Factors used to project system collections encompasses a longer period. If an adjustment is made for the collectability of TAP Revenue, the adjustment

²³³ PWD Rebuttal Statement 3 at 11-14.

²³⁴ PWD Rebuttal Statement 3 at 11-12.

²³⁵ PWD Rebuttal Statement 3 at 12.

for the Collectability Factor should reflect the average during FY 2020 to FY 2022 to be consistent with the basis of the system Collectability Factors used to project system revenues.

Third, Mr. Colton uses an unreasonable estimate of TAP billings. Mr. Colton projects the estimated TAP customer billings based on an estimated TAP customer bill prior to TAP credits under the proposed FY 2024 rates net of the average TAP credit included in the 2024 TAP-R reconciliation. The average TAP credit included in the 2024 TAP-R reconciliation is based on the average TAP billings during January 2022 to December 2022 which reflect the FY 2022 and FY 2023 rate schedules. Using Mr. Colton’s approach assumes that the increase due to the 2024 proposed rates will increase the TAP customer bill. However, this is not the case, since the TAP customer bill is based on a percentage of the TAP Customer’s income. So, Mr. Colton’s adjustment is erroneous as presented and should be rejected.²³⁶

2. Collectability of TAP-R Revenue

The Exeter Panel (together with Mr. Colton) recommend that revenues under existing rates be increased due to the (alleged) improved collection of TAP credits. That recommendation is summarized as shown in Appendix D and in the table below:

| Public Advocate Adjustment Collectability of TAP Revenue: Non-Operating Income, Other Operating Income (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-1, Line 12a | (\$4,927) | (\$4,927) |

²³⁶ Assuming *arguendo* that the Rate Board decides an adjustment should be made for the collectability of TAP Revenue in any event, PWD proposes, in the alternative, that the TAP Customer Bill prior to Credits be based on the existing rates so as to provide a more reasonable estimate of the TAP Billings. This would result in a *de minimus* adjustment of \$215,744 for FY 2024 and FY 2025. See, PWD Rebuttal Statement 3 at 14.

The Department disagrees with Mr. Colton's recommendation to increase revenues under existing rates by \$4,926,821 for the improved collection of TAP credits.²³⁷ As discussed in PWD Rebuttal Statement 3 at Section VI (Collectability of TAP-R Revenue), recovery of TAP credits (i.e., discounts) is addressed via the TAP-R surcharge and subject to a separate proceeding before the Rate Board.²³⁸ TAP credits (discounts) are a part of the Settlement agreed upon with the Public Advocate and the Water Department. TAP discounts are not included as a revenue requirement in base rates and should be handled accordingly. TAP-R revenues and TAP discounts are only presented in Table C-1B, to allow the derivation and presentation of the overall financial performance. As noted in PWD Statement 7, Table C-1A is the basis for determining base rate revenue requirements. Any adjustments to TAP discounts and TAP-R revenues are the subject of the TAP-R rate reconciliation proceeding. Therefore, Mr. Colton's suggested adjustment, as adopted by the Exeter Panel,²³⁹ should be rejected.

In addition, Mr. Colton's suggested adjustment is erroneous and overstated for the following reasons:

First, the collectability of TAP-R Revenue is an existing factor in the TAP Rider.²⁴⁰ Per Section 10 of the Department's Rate and Charges, the TAP-R surcharge rates recover the lost revenue related to TAP, or the TAP Credits. Revenue associated with TAP-R billings should only be used to recover TAP Credits. In addition, the formula established for the annual reconciliation of the recovery of TAP Credits via TAP-R revenue is very straightforward

²³⁷ PWD Rebuttal Statement 1 at 22.

²³⁸ PWD Statement 3 at 15.

²³⁹ *See*, PA Statement 1 at 23.

²⁴⁰ PWD Rebuttal Statement 3 at 15.

(simple) and, for example, does not reflect adjustments such as reductions for lost revenue associated with discounted billings for TAP-R billings to Senior Citizens, Charities, Universities, and the Philadelphia Housing Authority. In this context, PWD submits it would be inappropriate to make an adjustment in TAP-R Billings above those already recognized in the Collectability Factors used to project system revenues.

Second, the TAP-R formula was updated to align with proposed rates and charges. The Advocate did not contest this update or the system-wide collection factors. The system-wide collection factors are currently reflected in the Collectability Factors used in the TAP Rider.²⁴¹ The system-wide factors are applied to both TAP-R Revenues and TAP Discounts to determine the reconciliation requirement (i.e., the amount of under or over recovery) in establishing TAP-R rates. In addition, please note that the net revenue requirement for the FY 2024 TAP-R will be lower than that in FY 2020 to FY 2022 TAP-R (assuming Settlement is approved). In light of the above, the level of actual TAP-R billings will be less than those reflected in the Collectability Factors — so for this reason as well, no adjustment is necessary.

Third, Mr. Colton fails to recognize the use of multi-year Collectability Factors.²⁴² The basis of Mr. Colton's adjustment is limited to the difference in the billing year collection factor for FY 2022. However, the Collectability Factors used to project system revenues are based on the average multi-year payment pattern (billing year, billing year +1, and billing year +2) during FY 2020 to FY 2022. PWD submits that when properly considered, no adjustment for the collectability of TAP-R revenues is warranted.

²⁴¹ PWD Rebuttal Statement 3 at 15-16.

²⁴² PWD Rebuttal Statement 3 at 16-18.

3. Collection of Court Filing Fee for Municipal Liens

The Exeter Panel (together with Mr. Colton) recommend that the filing fees for TAP customers be removed. That recommendation is summarized as shown in Appendix D and in the below table:

| Public Advocate Adjustment — Lien Filing Fee O&M Adjustment; Class 200 - Other (Dollars in Thousands) | | |
|---|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-3, Line 7a | (\$565) | (\$565) |

The Department disagrees with Mr. Colton’s recommendation to decrease operating expenses by \$564,795 so as to remove projected lien filing fees. As discussed in PWD Rebuttal Statement 3 Section XII (Municipal Liens), lien fees are a necessary expense to maintain compliance with the Municipal Claims and Tax Lien Act. As such, the lien fees are a legitimate expense of the Department, which should be reflected in its annual revenue requirement. Additional reasons for rejecting this proposal are discussed in Section VIII.A of this Brief.

4. Expansion of Water Conservation Efforts; LICAP

The Exeter Panel (together with Mr. Colton) recommend that the Department (a) fund the low-income water conservation assistance program (“LICAP”) for PGW/PECO Low-Income Usage Reduction Program (“LIURP”) Customers; and (b) fund LICAP for TAP Customers. Those recommendations are summarized as shown in Appendix D and in the below table:

| Public Advocate Adjustments Water Conservation Efforts, LICAP O&M Adjustment; Class 200 - Other (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-3, Line 7a Fund LICAP for PGW/PECO LIURP Customers | \$1,130 | \$1,130 |
| Schedule LM_JR-3, Line 7a Fund LICAP for TAP Customers | \$600 | \$600 |

The Department disagrees with Mr. Colton’s recommendation to increase operating expenses by \$1,129,500 to fund LICAP for PGW/PECO LIURP customers.²⁴³ As discussed in PWD Rebuttal Statement 3 Section IX (Water Conservation), this recommendation is already in place.²⁴⁴ Additional operating expenses do not need to be directed toward this effort. Additional reasons for rejecting this proposal (based upon the requirements of the 1989 General Ordinance) are stated in Section VIII.C of this Brief.

The Department also disagrees with Mr. Colton’s recommendation to increase operating expenses by \$600,000 to fund LICAP for TAP customers.²⁴⁵ As discussed in PWD Rebuttal Statement 3 Section IX (Water Conservation), this program is already in place. Additional operating expenses do not need to be directed toward this effort. Additional reasons for rejecting both of the above-described proposals are discussed in Sections VIII.C and VIII.D of this Brief.

²⁴³ PWD Rebuttal Statement 1 at 25.

²⁴⁴ PWD Rebuttal Statement 3 at 26.

²⁴⁵ PWD Rebuttal Statement 1 at 25.

5. Implementation of an Internal Plumbing Program

The Exeter Panel (together with Mr. Colton) recommend that the Department create a PILOT Internal Plumbing Repair Program. That recommendation may be summarized as follows:

| Public Advocate Adjustment PILOT Internal Plumbing Program O&M Adjustment; Class 200 - Other (Dollars in Thousands) | | |
|---|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-3, Line 7a | \$2,156 | \$2,156 |

The Department disagrees with Mr. Colton’s recommendation that the Department spend an additional \$2,156,250 in each year of the Rate Period to implement a pilot interior plumbing repair program.²⁴⁶ As stated in PWD Rebuttal Statement 3 Section X (Interior Plumbing Repair Program), a pilot interior plumbing program, as recommended by Mr. Colton, would be duplicative of existing efforts of other City and non-profit agencies. Therefore, we recommend the Rate Board not approve this recommendation.

Additional reasons for rejecting this proposal are stated in Sections VIII.C and VIII.E of this Brief.

²⁴⁶ PWD Rebuttal Statement 1 at 25-26.

6. Expansion of Support for UESF

The Exeter Panel (together with Mr. Colton) recommend that the Department expand support for the Utility Emergency Services Fund (“UESF”). This recommendation is summarized in Appendix D and the table below:

| Public Advocate Adjustment Expanded Support for UESF O&M Adjustment; Class 200 - Other (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-3, Line 7a | \$3,000 | \$3,000 |

The Department disagrees with Mr. Colton’s recommendation that the Department spend an additional \$3,000,000 in each year of the rate period to match emergency hardship grants provided through the UESF.²⁴⁷ PWD already provides funding to UESF together with other local utilities (PECO and PGW). Any increased funding should be the upshot of discussions with UESF and the other participating utilities and reflect a shared responsibility for emergency services. As stated in PWD Rebuttal Statement 3 at XI. Expanded Support for UESF, this recommendation must be explored with PWD’s sister utilities. Therefore, this adjustment should be rejected by the Rate Board at this time.

Additional reasons for rejecting this proposal are stated in Sections VIII.C and VIII.F of this Brief.

²⁴⁷ PWD Rebuttal Statement 1 at 26.

H. [Haver] External Funding

Mr. Haver maintains that every effort should be made to secure external funding before requesting rate relief. Mr. Haver is critical of the Department's efforts to obtain external funding. He is specifically critical of the Department's efforts to secure ARPA funds from the City.²⁴⁸

The Department disagrees with Mr. Haver's criticisms for the following reasons:

Money from the City

The City received funds under ARPA.²⁴⁹ For FY 2024, the City has about \$391 million in ARPA funds allocated for General Fund purposes.²⁵⁰ For FY 2025, the City projects to have about \$449 million in ARPA funds allocated for General Fund purposes.²⁵¹ The City has indicated that it is using the ARPA funds each year through Fiscal Year 2025 to support long-term investments in the safety, health and well-being of all Philadelphians.²⁵²

The Department has reached out to the City Administration to seek additional support from ARPA or other sources. Those efforts are described in Section II.D of this Brief. As explained, the City has plainly indicated that ARPA funds are already allocated in the General Fund for other purposes. PWD has also reached out to federal and state agencies seeking support for its capital program. Specifically, the Department has sought out federal assistance and has received low interest loans for \$500 million. As noted in the record, PWD gratefully acknowledges these loans, but emphasizes the requirement to repay them.

²⁴⁸ Haver Statement 1 at 10 (Q16).

²⁴⁹ <https://www.phila.gov/2022-11-03-what-the-american-rescue-plan-means-for-philadelphia/>

²⁵⁰ <https://www.phila.gov/2022-11-03-what-the-american-rescue-plan-means-for-philadelphia/>

²⁵¹ <https://www.phila.gov/2022-11-03-what-the-american-rescue-plan-means-for-philadelphia/>

²⁵² <https://www.phila.gov/2022-11-03-what-the-american-rescue-plan-means-for-philadelphia/>

The Department recommends that no adjustment be made by the Rate Board regarding the receipt of ARPA funds from the City, since from all that we know at this date, the receipt of such funds will not be forthcoming.

Beyond the ARPA funds, Mr. Haver has suggested that the funds from the City's General Fund be transferred from the City to the Department. That suggestion runs counter to the City's Charter, which provides (in part) that the Department should be fully funded by PWD customers,²⁵³ not by tax revenues. That suggestion was also rejected by City's Director of Finance in correspondence to the Department dated April 24, 2023.²⁵⁴ The aforesaid correspondence clearly indicated that "Providing General Fund support for the Water Fund would be seen as a credit negative by rating agencies and investors. It would be seen as an indication that the Water Fund is unable to support itself."²⁵⁵

The Department recommends that no adjustment be made by the Rate Board regarding the receipt of General Fund revenues from the City, since the receipt of such funds is neither known nor certain.

Infrastructure Loans and Grants

The Department emphasizes that it is engaged in other efforts to secure funding from external sources to ease the burden of increased rates on our customers wherever possible. PWD has applied for and continues to pursue state and federal supported low-interest loans to support

²⁵³ Charter at Section 5-801.

²⁵⁴ See, PWD Rebuttal Statement 5 (Schedule GA-1).

²⁵⁵ PWD Rebuttal Statement 5 (Schedule GA-1).

critical infrastructure upgrades.²⁵⁶ The financial impact of loans is long-term, resulting in lower overall borrowing costs for capital projects.²⁵⁷ Loans are not incremental revenue. New loans add incremental expenses to the aggregate debt service and debt service coverage requirement of the Department.

For example, 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.

The Department recommends that no adjustment be made by the Rate Board regarding loans, since the benefits associated with the recently announced loans are already reflected in the Department’s rate filing and the receipt of future loans is neither known nor certain.

In addition to loans, PWD has actively pursued grants.²⁵⁸ There is no guarantee that PWD will receive approval for grants that are pending approval or in-progress. The Department recommends that no adjustment be made by the Rate Board regarding grants, since the benefits associated with grants (to the extent known) are already reflected in the Department’s rate filing and the receipt of future grants is neither known nor certain.

²⁵⁶ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

²⁵⁷ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf>

²⁵⁸ City Council Rate Update (March 2023), <https://www.phila.gov/media/20230324162200/City-Council-Briefing-March-2023.pdf> The Department does not qualify for grant funding through PennVEST. *Id.*

Mr. Haver focused on a potential change that would increase the opportunities for the Department to receive grants from PennVEST. That potential change is speculative at this time. Regardless of the Department’s level of optimism, the potential change requires actions by others and there is no guarantee that such changes will be made within the Rate Period and/or that grants would be received within the Rate Period.²⁵⁹

I. [Haver] Office Renovations

The Department’s revenue requirements do not include *pro forma* expenses for office renovations planned for the Rate Period. Renovations were made to offices at 1101 Market Street (Jefferson Center) in FY 2023 at the expected cost of approximately \$830,000 (with a 5% contingency fee).²⁶⁰ There are no anticipated costs for office improvements to be made in FY 2024 (\$0) and in FY 2025 (\$0) at 1101 Market Street.

Mr. Haver argues that projected revenue requirements for the Rate Period should be reduced because he objects to the way dollars were spent in prior fiscal years. Specifically, Mr. Haver is critical of the managerial decision to improve the Department’s office space and believes that such renovations were unnecessary.²⁶¹ Mr. Haver also objects to past expenditures of the Department for office “renovations” — in their entirety.

The Department submits that no adjustment is warranted in this context, as expenses incurred were outside the Rate Period. In any event, the incurred expenses were reasonable and prudent, since its office space needed to be updated. It should also be noted that PWD is in a

²⁵⁹ Also as discussed above, the Rate Ordinance requires the Rate Board to establish rates and charges sufficient to fund budgeted operating expense and annual debt service obligations from current revenues and to comply with rate covenants and the debt service reserve requirements. Rates cannot be reasonably set based upon Mr. Haver’s optimistic view that external funding may be secured in the future.

²⁶⁰ Discovery Requests from Haver to PWD, LH-II-2.

²⁶¹ *See*, Discovery Requests from Haver to PWD, LH-II-2 to LH-II-6.

long-term lease for its office space at 1101 Market Street (through 2032).²⁶² The rate of that lease is also favorable to PWD and ratepayers.²⁶³

In addition, the Department notes that the Rate Board does not, and should not, act as a “super board” of directors and second guess the Department’s management in the manner of a Monday morning quarterback.²⁶⁴ The Rate Board is not authorized to intercede with respect to spending decisions²⁶⁵ and does not “disallow” any expenses.²⁶⁶ But, that is what Mr. Haver is seeking. Mr. Haver seems to be arguing that the “renovation” expenses should not have been incurred in the first place. That is different than arguing that the Department’s planned expenditures in the next two rate years should be lower than the Department’s projections (assuming there were renovation expenses to be removed). Mr. Haver’s recommendation should be rejected.

J. [Haver] Cost Savings and Efficiencies

Mr. Haver is critical of the Department’s managerial decisions. Mr. Haver believes that the Department has not done enough to reduce costs for the Rate Period.²⁶⁷ He argues that the Department’s expenses in the Rate Period should be lower — each by unspecified amounts — if the Department would (1) reduce its operating budget through (a series of) unidentified budget

²⁶² PWD Rebuttal Statement 5 at 7; Discovery Requests from Haver to PWD, LH-II-4.

²⁶³ PWD Rebuttal Statement 5 at 7.

²⁶⁴ *See, e.g., Bell Telephone Co. of Pa. v. Driscoll*, 343 Pa. 109, 21 A.2d 912 (1941).

²⁶⁵ The Rate Board approves a revenue requirement and associated rates that covers the level of revenues required by the Department under the Home Rule Charter, the Rate Ordinance, and the General Bond Ordinance. *See*, 2016 Rate Determination at 14-15; 2018 Rate Determination at 38.

²⁶⁶ *See*, 2016 Rate Determination at 14-15; 2018 Rate Determination at 38.

²⁶⁷ Haver Statement 1 at 9 (Q13), 10 (Q16), 11 (Q18).

cuts;²⁶⁸ (2) combine services with Philadelphia Gas Works (“PGW”);²⁶⁹ (3) use cost saving “innovations,”²⁷⁰ such as implementing time-of-use rates for water usage; (4) lower the cost of purchasing supplies;²⁷¹ (5) lower costs (rent) by moving its offices to a new location(s);²⁷² (6) use infrastructure to generate electricity;²⁷³ (7) use a (non-existent) public bank located in Philadelphia;²⁷⁴ and, (8) use consultants located in Philadelphia.²⁷⁵

The Department opposes Mr. Haver’s recommendation for a number of reasons. First, Mr. Haver (indirectly) suggests that “cost-saving” programs or measures should be implemented by the Department. His recommendations, however, are generalized and without record support. To be sure, any “cost-saving” programs or measures must be implemented by the Department without impacting the Department’s ability to provide safe and reliable service.²⁷⁶ Certain costs, such as those related to chemical purchases, energy costs (electricity and natural gas), personnel (labor) and materials, are increasing significantly and cannot be readily reduced as he suggests.²⁷⁷ In the aggregate, such “non-discretionary” costs represent roughly 80% of the Department’s budgeted operating costs for the Department’s water and wastewater treatment facilities.²⁷⁸

²⁶⁸ *Id.*; *See*, Discovery Requests from Haver to PWD, LH-II-7 to LH-II-9.

²⁶⁹ Haver Statement 1 at 9 (Q13); *See*, Discovery Requests from Haver to PWD, LH-II-9 to LH-II-10.

²⁷⁰ *See*, Discovery Requests from Haver to PWD, LH-II-13 to LH-II-15.

²⁷¹ Haver Statement 1 at 9 (Q13); *See*, Discovery Requests from Haver to PWD, LH-II-11 to LH-II-13.

²⁷² Haver Statement 1 at 9 (Q13).

²⁷³ *See*, Discovery Requests from Haver to PWD, LH-II-16 to LH-II-19.

²⁷⁴ Haver Statement 1 at 2 (Q5), 11 (Q18).

²⁷⁵ *See*, Discovery Requests from Haver to PWD, LH-II-22 to LH-II-26.

²⁷⁶ PWD Statement 2A at 9-10.

²⁷⁷ PWD Statement 2A, Schedule FP-1; PWD Statement 4 at 9-12.

²⁷⁸ PWD Statement 4 at 9.

Second, the Department has cost control protocols in place as a part of its budgeting process. 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.²⁷⁹

Third, PWD has 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).

Fourth, as noted in PWD Statement 4, the Department has implemented operational changes to achieve efficiencies and cost savings for our customers.²⁸⁰ 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.²⁸¹ Taken together, PWD is already implementing cost savings wherever possible and will explore future opportunities for cost savings when definitively presented and evaluated. Mr. Haver's generalized recommendations offer no reasonable basis for an adjustment to revenue requirements in this proceeding.

²⁷⁹ See, PWD Response to PA-III-4.

²⁸⁰ PWD Statement 4 at 20-21.

²⁸¹ PWD Exhibit 5 at 39-40 (PWD Official Statement, Series 2022C Bonds).

Budget Cuts

Nothing about this “cost saving” measure is known or certain. The Rate Board sets revenue requirements for the Department and approves the Department’s rates and charges. The Rate Board does not have oversight over the Department’s spending or budgets. City Council has oversight of the Department’s budgets. The Department, like all other City departments, submits a proposed operating budget.²⁸² The Department also updates its Capital Improvement Program and capital budget annually as part of its annual budget process.²⁸³ Both the operating budget and the capital budget are subject to review and approval by City Council.

Cooperation with PGW

Mr. Haver has suggested that greater cooperation with Philadelphia Gas Works may yield operational savings. The Department is open to collaboration and cooperation. Philadelphia Facilities Management Corporation (PFMC) oversees the operations of the PGW. Mr. Haver has also proposed sharing of confidential customer information collected by PGW with the Department. Such efforts would require approvals from others, including (but not limited to) the Pennsylvania Public Utility Commission. That being said, nothing about this “cost saving” measure is known or certain. Mr. Haver did not support his belief (in the record) with any financial, accounting and engineering data or expert testimony. Nothing was done to show that any amount of cost-savings could be achieved within the Rate Period.

²⁸² PWD Statement 2A, Schedule FP-5 at 8-9.

²⁸³ PWD Statement 2A, Schedule FP-5 at 9.

Innovation

Mr. Haver advocates for innovative cost-savings measures. Specifically, he questioned the Department's ability to use time-of-use rates for water service. Nothing about this "cost saving" measure is known or certain.

Despite Mr. Haver's criticism, the Department not only confirmed that it is open to innovation, but provided recent RFPs designed to achieve operational savings and efficiencies, as described below.²⁸⁴

- In FY 2023, the Planning and Research Unit issued an RFP for applied research services. One of the goals of this contract is to "investigate emerging and non-standard technologies to meet the ever-changing needs of the department." Some of the tasks currently being conducted under the contract include an evaluation of the collection system that could allow for potential chemical savings, research into emerging technologies for ammonia removal at PWD's wastewater treatment plants (up to 60% capital cost savings over conventional treatment methods), and to evaluate data management systems that could help to optimize chemical usage.
- In FY 2023, the Planning and Research Unit also issued an RFP for energy consulting services. This contract explicitly requests support for "the development and implementation of energy efficiency projects that reduce... utility costs" and to "support the promotion of energy conservation and efficiency within Department facilities."
- In FY 2023, the Planning and Research Unit issued an RFI for Renewable Natural Gas Development at Wastewater Pollution Control Plants. The purpose of this RFI was to canvass the industry for "information from manufacturers, research institutions, utilities, and other relevant organizations regarding their technology solutions, business models, and implementation best practices" for renewable natural gas projects, which could save the department money in the long run.
- In FY 2023, PWD issued an RFP for the purchase of a Drinking Water Treatment Pilot Plant. This pilot system will allow PWD to evaluate and research different treatment strategies, with one goal being a reduction in chemical usage at the water treatment plants.

²⁸⁴ See, PWD Response to LH-II-15.

- In FY 2023, PWD submitted a DOE grant with only a 20% match to pilot a new form of biosolids treatment that would save well over 50% of the current process energy usage.

Beyond the above-described efforts, it is unclear what additional “innovation” Mr. Haver believes should be used to reduce costs. Mr. Haver provided no detailed explanation or evidentiary support for his position. Further, nothing was provided of record to show the amount of cost-savings that could be achieved within the Rate Period for any “innovations” Mr. Haver had in mind. Based upon the foregoing, Mr. Haver’s recommendation should be rejected.

Procurement and Consultants

Mr. Haver questioned the use of a buying cooperative. He was informed that procurement is governed by the Home Rule Charter.²⁸⁵ As stated in the record, the Department does not control procurement of goods and services. The City’s Procurement Department has oversight over the cost of purchasing supplies and services.²⁸⁶ The Procurement Department manages and acquires goods and services for the City, including the Department, using a fair, open, and cost-effective process.²⁸⁷

Mr. Haver questioned the use of natural gas by the Department. Mr. Haver asserts that the Department could buy gas (on the wholesale market) and PGW could store such gas for the Department until it was needed. That assertion is not supported by the tariffed services offered by PGW.²⁸⁸ Nor is it supported by any cost analysis by Mr. Haver.

²⁸⁵ See, PWD Response to LH-II-12.

²⁸⁶ Cooperative procurement is governed by the Home Rule Charter, Section 8-200, and requires the participation of the Procurement Commissioner and Director of Finance; also, local bidding is governed by Section 17-109 of the Philadelphia Code and requires the participation of the Procurement Commissioner.

²⁸⁷ <https://www.phila.gov/departments/procurement-department/>

²⁸⁸ PGW Gas Service Tariff, <https://www.pgworks.com/customer-care/your-business/tariffs>

Mr. Haver also questioned whether the costs of issuing bonds could be lowered if the Department used bond “insurance” or a “back-stop.” He was informed that bond insurance was not likely to decrease the cost of debt given the Department’s current credit rating. He was also informed that the use of a “back-stop” was not appropriate, given the Department’s revenue-backed bonds or likely to reduce the cost of debt if the “back-stop” was not of higher credit rating than the Department.

Mr. Haver further questioned the costs incurred by customers to process electronic bill payment. Mr. Haver inquired about the surcharges paid by customers to a vendor providing the online bill payment service (through the Department’s website). He was informed that the vendor sets the fee for its service, and none of that fee is received by the Department. The Department also discussed other methods of payment available to customers. Mr. Haver also inquired about the costs of processing payments received by mail. He was told that the costs of processing mail were paid by the Department and WRB.

Mr. Haver generally complains that the Department has failed to use its resources to help create local jobs. Please note that as of March 27, 2023, there were 2114 employees at PWD.²⁸⁹ The wages and salaries of approximately 200 employees in the Water Revenue Bureau are also funded by the Department.²⁹⁰

Mr. Haver also testified that the Department failed to use the “rate stabilization fund” to help create local jobs.²⁹¹ That is not the purpose of that fund, however. The Rate Stabilization Fund was established pursuant to the 1989 General Ordinance. The purpose of the RSF is to maintain finance reserves to be drawn down in financial emergencies (like Hurricane Ida) and to

²⁸⁹ See, PWD Response to LH-II-1.

²⁹⁰ PWD Exhibit 5 (Official Statement) at 23.

²⁹¹ Haver Statement 1 at 9 (Q13).

offset future deficits (and corresponding rate increase requirements) in the Water Fund.²⁹²

“Maintaining adequate cash reserves (in funds such as the RSF and Residual Funds) is a standard element of financial planning for municipal utilities. Such reserves allow the municipal utility to deal with contingencies and help it to demonstrate the financial stability necessary to achieve and maintain a good credit rating.”²⁹³

Mr. Haver questioned past spending by the Department. Specifically, Mr. Haver made inquiries regarding (a) the FY 2023 Mid-Year Transfer Ordinance; (b) the FY 2022 deposit of \$15 million into the RSF; and, (c) reimbursements to the General Fund by the Water Fund. He was informed that (a) the aforesaid ordinance (despite the nomenclature) did not transfer money from the General Fund to the Water Fund. The subject ordinance authorized additional expenditures from the Water Fund in excess of the amount approved in the Department’s original Council-approved budget; (b) that the deposit was made in accordance with the “water fall” and supported the debt service coverage levels of the Department and that \$15 million was being used in FY 2023 to offset the increased costs experienced in FY 2023; and, (c) that certain parts of the City provide services to the Department and the Department pays (the General Fund) for those services. In similar fashion, the Department provides water, wastewater and stormwater services to the City and the City (General Fund) pays the Department for those services.

Mr. Haver also argued in this proceeding that the City, as the owner of the assets used by the Department, should bear the burden of paying for certain costs incurred by the Department. Such costs include (1) the costs related to non-revenue (or lost) water; (2) the costs for mistakes or malfeasance; (3) costs for bad debt; (4) costs for back-billing (due to estimated bills that were

²⁹² PWD Exhibit 5, at Notes to Financial Statements, p. 14.

²⁹³ PWD Statement 2A at 14; Schedule FP-1 (Peer Utility Comparison).

paid); (5) the costs for stormwater service; and (6) the costs for customer assistance programs, including TAP. Please note that Mr. Haver's position runs counter to the Charter's intention that the water and wastewater systems should be self-sustaining as well as industry standards used for rate-making, billing and collections.

Office Space

Mr. Haver also appears to believe that costs would be lower, if the Department moved its offices from 1101 Market Street (Jefferson Center). However, he did not support that belief (in the record) with any financial, accounting and engineering data or expert testimony. Mr. Haver did not include a comparison of lease amounts for comparable space. Nor did Mr. Haver examine the moving costs or take into account the effects an office move on PWD's customers. Nothing about this "cost saving" measure is known or certain. As noted in the record, the Department has a long-term lease for office space at 1101 Market Street (Jefferson Center) at favorable terms for PWD and its customers. This is another example of an unsupported recommendation advanced by Mr. Haver. This recommendation should be rejected.

Generating Electricity

Mr. Haver also believes that there are cost savings to be realized in connection with electricity purchasing. However, there is nothing about Mr. Haver's "cost saving" measure presented in this record. The record does demonstrate that the Department produces a significant portion of its energy needs (realizing savings for customers).²⁹⁴ Moreover, PWD has installed a

²⁹⁴ Fifty percent of the Department's energy needs are provided by purchased electricity. Natural gas accounts for another quarter of the energy used by the Department. See, <https://water.phila.gov/sustainability/energy/>

solar array at the Southeast Water Pollution Control Plant's to further address its energy needs (as of May 2011 and continuing to date). Also, biogas created from anaerobic digestion of waste sludge at two of the Department's wastewater treatment facilities is used for energy needs at those treatment plants, including heating and electricity generation at PWD's cogeneration facility. Beyond those efforts, it is unclear what "infrastructure" Mr. Haver believes should be used to generate electricity. This is another unsupported recommendation by Mr. Haver that should be rejected.

Investment and Banking

Mr. Haver also recommends that PWD use a public bank for RSF deposits. As noted in this proceeding, the Department does not control investment and banking decisions. Those decisions are made by the City Treasurer's office.²⁹⁵ Pursuant to the provisions of Section 6-300 of the Charter, the City Treasurer is authorized to deposit City funds in the banks or institutions as authorized in Chapter 19-201 of the Philadelphia Code.²⁹⁶

In addition, the Exeter Panel notes that PWD cannot borrow from a public bank in Philadelphia because no such bank exists.²⁹⁷ As background, the City commissioned a "Public Bank Feasibility Study" which was produced in September 2020. Until the City creates a public bank and such bank is adequately capitalized to provide loans to PWD, there is no potential for PWD to borrow from a public bank.

Consistent with the foregoing, the Department submits that the Rate Board should not direct the Department to implement any of the above-described "cost-saving" programs or

²⁹⁵ <https://www.phila.gov/departments/city-treasurers-office/>

²⁹⁶ <https://www.phila.gov/departments/city-treasurers-office/investments-and-banking/>

²⁹⁷ PA Statement 1-R at 3.

measures as same are unsupported. Moreover, the Rate Board does not have oversight of the Department's operations and the Rate Board does not have the power to direct how the Department provides service,²⁹⁸ as noted previously. Nor does the Rate Board have continued oversight of the Department's actual spending under the Council-approved budgets.

K. [Haver] Water Intensive Industries in Philadelphia

Mr. Haver argues that the Department's revenues in the Rate Period should be higher (or the cost per unit lower) — by an unspecified amount — if the Department had recruited “water intensive” industries to Philadelphia.²⁹⁹ It was noted that capacity exists within the system to produce and sell more water. But Mr. Haver does not explain what the Department could **do on its own**, given its approved rates and rate structure,³⁰⁰ to recruit (or attract) water intensive industries to Philadelphia.

As noted in the record, Philadelphia's Department of Commerce works to (among other things) attract businesses to the City.³⁰¹ In addition, the Philadelphia Industrial Development Corporation (“PIDC”) is Philadelphia's public-private economic development corporation. PIDC

²⁹⁸ See, 2016 Determination of the Department's Rates and Charges for FY 2017-2018, at 39 and Appendix B. 45. The Law Department also advised that “[u]nder the Charter, only the Law Department has authority to settle delinquent debts, and the Rate Board's authority for ‘fixing and regulating rates and charges’ does not extend to directing the Revenue and Law Departments in the collection (or abatement) of those amounts. Rather, the Rate Board should set overall rates and charges, taking into account the impact on revenues of the Administration's abatement policies.” 2016 Determination of the Department's Rates and Charges for FY 2017-2018, at 39 and Appendix B.

²⁹⁹ Haver Statement 1 at 9 (Q13); See, Discovery Requests from Haver to PWD, LH-II-20 to LH-II-21.

³⁰⁰ The Charter together with Section 13-100 establishes open and transparent processes and procedures for rate-setting. They further provide that authority for setting the aforesaid rates and charges (including special rates) resides with the Rate Board, not PWD. This means that PWD is not empowered to fix rates for service within the City by negotiation or contracts with individual customers. Special rates require authorization from City Council. Examples of special rates currently authorized by City Council and the Rate Board include discounted service for public and private schools, institutions of purely public charity and places used for actual public worship. Special rates and charges have also been established for community gardens and the Philadelphia Housing Authority. Special rates could be requested in a special rate proceeding or as part of a general rate proceeding before the Rate Board, as noted in the Rate Board's regulations.

³⁰¹ <https://www.phila.gov/departments/departments-of-commerce/>

works to attract, manage, and invest public and private resources in the clients, communities, and markets that energize Philadelphia's economy.³⁰²

The Department submits that Mr. Haver's recommended adjustments should not be approved by the Rate Board. It is not appropriate to make an adjustment to the Department's revenues or revenue requirements based the recruitment of water intensive industries to Philadelphia. The Department submits that such an adjustment is speculative and, therefore, unacceptable for purposes of this rate proceeding. At this time, there is no way of knowing the timing or usage of such industries. Simply put, there is no factual basis or estimates upon which the Department (or the Rate Board) can, with a reasonable degree of accuracy, project the timing and usage of such customers in the Rate Period.

In addition, the Department notes that the Rate Board should not direct the Department to do more to attract "water intensive industry" to Philadelphia. The Rate Board does not have oversight of the Department's operations, as noted. The mission of the Department should not be enlarged to mandate that PWD attract businesses to Philadelphia, since that mission is already part of the work of the City's Commerce Department and PIDC.

L. [Exeter Panel] Liquidated Encumbrances

Schedule LM_JR-3 for the Exeter Panel shows an adjustment to liquidated encumbrances. That adjustment is not explained in PA Statement 1. Nor is it shown in the Public Advocate's response to PWD- I-1.³⁰³ Nevertheless, that recommendation may be summarized as shown in Appendix D and in the below table:

³⁰² <https://www.pidcphila.com/who-we-are>

³⁰³ See also, PWD Hearing Exhibit 1 at page 2.

| Public Advocate Adjustment O&M Adjustment; Liquidated Encumbrances (Dollars in Thousands) | | |
|--|----------------|----------------|
| Adjustment | FY 2024 | FY 2025 |
| Schedule LM_JR-3, Line 15a | \$208 | \$3,290 |

The Department submits said adjustments should not be made by the Rate Board, since the basis for the recommendation is unclear. However, if the Rate Board accepts any adjustments to Services (Class 200) and Materials and Supplies (Class 300) expenses of the Water Department, the adjustments to the system revenue requirements adopted by the Rate Board should also reflect the corresponding adjustments to liquidated encumbrances. The adjustment to projected liquidated encumbrances would be appropriate and necessary to reflect the overall impact of any proposed Class 200 and Class 300 related adjustments. Note that the Simple Rate Model provided by the Rate Board does not automatically adjust projected liquidated encumbrances but relies on inputs from users to reflect this adjustment.³⁰⁴

VI. COST OF SERVICE AND RATE DESIGN

A. [Mierzwa and LaConte] Water: Capacity Factors

For the water Cost of Service Study, Black & Veatch used the Base/Extra-Capacity cost allocation method outlined in AWWA’s Rate Manual. This approach reflects the fact that engineers size and design the water source of supply, treatment, pumping and transmission and

³⁰⁴ Tr. 119-121 [May 4, 2023].

distribution facilities to handle the annual usage and potential maximum day and maximum hour demands of the PWD's water customer base. Accordingly, in sizing the PWD water system, the design criteria recognize the "anticipated" annual usage and maximum demands placed on the water system.

The Cost of Service Study in this proceeding uses reasonable estimates of customer type maximum day and maximum hour extra capacity factors consistent with historical experience and prior cost of service studies. As such, the Cost of Service Study results provide a reasonable basis to determine the distribution of the proposed revenue increases in this proceeding.

Mr. Mierzwa on behalf of the Public Advocate

Mr. Mierzwa, on behalf of the Public Advocate, recommends a revised water Cost of Service Study,³⁰⁵ including adjustments to the customer type maximum day and maximum hour extra capacity factors.³⁰⁶

The Department disagrees with Mr. Mierzwa's revised water Cost of Service Study³⁰⁷ and with his recommendations on the capacity factors. Regarding capacity factors, Mr. Mierzwa's recommendations are based on a misapplication of the AWWA methodology.³⁰⁸ Specifically, Mr. Mierzwa (1) does not establish his analysis on the flow data from the year of system historical peak demand, and (2) fails to recognize that there are variations between the customer class specific weekly and hourly usage adjustment factors reflected in the PWD Cost of

³⁰⁵ PA Statement 2 at 16-18.

³⁰⁶ PA Statement 2 at 13-14.

³⁰⁷ PA Rebuttal Statement 2 at 7.

³⁰⁸ PWD Rebuttal Statement 2 at 2-4.

Service Study and those derived from example (generic) calculations in the AWWA Manual M-1. These generic calculations do not capture the unique circumstances of the PWD system.

One telling example of PWD's unique circumstances is the fact that it does not experience seasonal peaking to the extent of other utility systems because its urban customer base does not have summer usage peaks tied to irrigation usage. Since the system has a lower maximum day peaking factor, it experiences more diversity in hourly usage adjustments compared to the examples provided in the AWWA Manual.

It should also be noted that the AWWA Manual provides the following cautionary guidance as to the use of information in Appendix A, "Care must be taken to recognize the usage characteristics of each utility's customers; the assumptions in this appendix are for illustrative purposes only." Mr. Mierzwa ignores this guidance in applying generic calculations from the Manual in making his recommendations regarding customer class extra capacity factors.

The Department notes that Ms. LaConte, on behalf of PLUG, raised similar concerns regarding Mr. Mierzwa's revised water Cost of Service Study and with respect to his recommendations on capacity factors.³⁰⁹

Based on the foregoing and the other examples in PWD Rebuttal Statement 2, the Department does not believe that the water Cost of Service Study should be revised to reflect customer class specific extra capacity factors, as recommended by Mr. Mierzwa.³¹⁰ Simply put, the Advocate's recommendation to modify customer class specific extra capacity factors is the result of a methodologically flawed analysis and is unfounded — it should be rejected.

³⁰⁹ PLUG Rebuttal Statement 1R at 11.

³¹⁰ *See*, PWD Rebuttal Statement 2 at 2-4.

Ms. LaConte on Behalf of PLUG

Ms. LaConte on behalf of PLUG raised concerns regarding the capacity factor analysis in the Department's water Cost of Service Study.³¹¹ Ms. LaConte indicated that the capacity factor analysis was based on 2018 billing data and requested that intervenors be provided with more recent actual maximum day and maximum hour factor data.

The Department submits that the allocations to large customers are reasonable and disagrees with the concern expressed by Ms. LaConte.

The Department is in the process of implementing Advanced Metering Infrastructure (AMI) which will provide the Department with the capability to analyze the customer billing information to establish estimates of actual maximum day and maximum hour demand factors by customer type. This effort will take some time as the Department completes the implementation of AMI, establishes the data processes to develop this information, and validates customer classification data to affirm its accuracy. As stated, this information is not available for use in this Rate Proceeding.

The Department's current metering does not provide the data or ability to establish estimates of actual maximum day and maximum hour demand factors. In the absence of the available data to provide the actual maximum day and maximum hour demand factors, the methodology outlined in Appendix A of the AWWA Manual M-1: Principles of Water Rates, Fees, and Charges was utilized to estimate the customer demand factors. As outlined in Appendix A, the data necessary for the analysis should be based on the data from the year with the highest ratio of system maximum day to average day demands over the recent five years. During the development of the water Cost of Service Study in support of the 2021 general rate

³¹¹ PLUG Statement 1 at 3-4, 5.

proceeding, the system demand operating data was reviewed and it was determined that FY 2018 represented the year with the higher ratio of system maximum day to average day demands based on the recent five years prior to that study. However, during the development of the customer peaking factor analysis, a high-level review of the FY 2018 monthly billing data by customer type revealed that the maximum month for some customer types was impacted by a change in the number of bills issued during the monthly billing period, which resulted in overstating the maximum month to average day ratio of the corresponding customer types¹. Therefore, PWD did not feel it appropriate to use FY 2018 in the context of the peaking factor analysis. Given the data issues coupled with the fact that the historical peak maximum day to average day ratio of 1.40 utilized in the peaking factor analysis supporting the prior rate proceeding was consistent with the FY 2018 system peak maximum day to average day ratio of 1.39, we felt it was appropriate to continue to use the historical analysis.

In fact, during the 2021 general rate proceeding, the witness for PLUG submitted testimony in support of the Department's use of the capacity factors reflected in the water Cost of Service Study in lieu of the capacity factors proposed by the Public Advocate's witness based on the average of the 2019 and 2020 data. During the development of the current water Cost of Service Study, the system maximum day data for the recent two years was reviewed and it was determined that FY 2018 remained the highest ratio of maximum day to average day demand. As such, we continued to utilize the capacity factor analysis from the 2018 general rate proceeding.

Please note that although Ms. LaConte initially raised concerns regarding the capacity factor analysis in the Department's water Cost of Service Study, as stated above, she subsequently submitted rebuttal testimony critical of Mr. Mierzwa's revised Cost of Service

Study and with his capacity factor recommendations. Ms. LaConte recommended that the capacity factors used in the Department's water Cost of Service Study be maintained.

B. [Mierzwa] Water: Fire Protection Service Allocation

The fire protection service base and extra capacity demands reflected in the water Cost of Service Study are consistent with previous cost of service studies and adopted rates.

Mr. Mierzwa, on behalf of the Public Advocate, recommends a revised water Cost of Service Study³¹² by including that base (average day) volumes should be included in the allocation of costs to public and private fire protection service.³¹³

The Department disagrees with Mr. Mierzwa's revised water Cost of Service Study³¹⁴ and with his recommendations on fire protection service allocations.³¹⁵

The current estimate of the Total Test Year Water Use for Public and Private Fire Protection reflects the correct units of service and is consistent with the methodology presented in the AWWA Manual of Water Supply Practices – M1, Seventh Edition, Principles of Water Rates, Fees, and Charges. The following references to the AWWA's M1 Manual support the methodology used in the PWD Cost of Service Study:

- **Page 75** – “Fire protection service has characteristics that are markedly different from other types of water service. The service provided is principally of a standby nature - that is, readiness to deliver relatively large quantities of water for short periods of time at any of a large number of points in the water distribution system.”
- **Page 76** – “The total annual volume of water used for fire service is usually negligible, at least in relation to that of other classes; however, peak requirements for fire service can be quite significant. The Insurance Services Office (ISO) periodically defines desired rates of flow for fire service, which is a good source of maximum-capacity requirements

³¹² PA Statement 2 at 16-18.

³¹³ PA Statement 2 at 3, 15.

³¹⁴ PA Rebuttal Statement 2 at 7.

³¹⁵ PA Rebuttal Statement 2 at 4-7.

for fire service. These data must be applied judiciously to achieve practical cost allocations.”

This methodological approach is further evident on Page 77 of the M1 Manual as shown in Table III.2-1 “Units of service – Base-extra capacity method (test year).” Here the Units of Service for Fire Protection presented in Line 5 do not include units of service for the Base Units of Service (Annual Use or Average Rate); Only “Maximum-Day Units” and “Maximum-Hour Units” are presented for Fire Protection.

Please note that consistent with AWWA methodology, the Total Test Year Water Use units presented in Table 4-4 of Schedule BV-2 reflect the estimated billed volume for the metered Private Fire accounts in recognition of the volume charge revenue received from these accounts. Increasing the Total Test Year Water Use units to reflect an estimate of unmetered annual water use for fire protection (basically, standby service) would be inconsistent with the methodology reflected in AWWA’s M1 Manual. It bears emphasis that Mr. Mierzwa suggested no cost of service basis why we should depart from this established methodology. We believe that Mr. Mierzwa’s recommendation, in this context, is mistaken and that his recommendation should be rejected.

In addition, while the Department does not agree that an adjustment to the annual private fire protection annual usage is necessary, it should be noted that Mr. Mierzwa’s recommendation for the private fire annual usage is not consistent with the recommendations of the Exeter Panel (Lafayette K. Morgan, Jr. and Jennifer L. Rogers). Mr. Mierzwa’s proposed annual usage based on the three-year average of the historical private fire annual usage during FY 2020 to FY 2022 does not recognize the uncontested volume escalation factor for private fire protection relied upon and recognized in the basis of the Exeter Panel’s adjustments to revenue under existing rates presented in Schedules LM_JR-1 and LM_JR-2.

It also appears that in Mr. Mierzwa's proposed cost of service analysis (presented in Table 1 of his testimony), he did not adjust the Maximum Day Extra Capacities to reflect his proposed adjustments to the Base (average day) demands. To replicate the revised cost of service presented in Table 1 of Mr. Mierzwa's testimony, both the Base and Maximum Day demands of the Fire Protection services would have to be adjusted as proposed, although Mr. Mierzwa did not suggest any revisions to the Private and Public Fire Protection Maximum Day demands. In order to maintain the basis of the Private and Public Maximum Day demand, the proposed adjustment to the base demand would need to be subtracted from the Maximum Day Extra Capacity demand.³¹⁶

In view of the foregoing, the Department does not believe that the PWD Cost of Service Study should be revised to include the base (average day) volumes in the allocation of costs to public and private fire protection service.

C. [Mierzwa and LaConte] Water: Cost Allocation/Revenue Distribution

The Department's proposed cost allocation and rate design are consistent with industry best practices and are premised upon cost causation. PWD specifically uses the base-extra capacity method to allocate costs to the various customer types. This methodology is widely recognized in the industry and is endorsed in the AWWA Rate Manual.

The water and wastewater Cost of Service Studies consist of essentially three components (1) the determination of the cost of service to be recovered from charges for water and wastewater service; (2) the allocation of cost of service to functional cost components which

³¹⁶ Assuming *arguendo* that the Rate Board decides that an adjustment should be made to include base cost component units of service and cost allocations for fire protection services, as recommended by the Advocate — this should result in a *de minimus* adjustment as provided in the Department's response to PA-XIV-1.

recognizes the system characteristics; and (3) the distribution of functionalized cost of service components to customer type.

Public Advocate Recommendations

Mr. Mierzwa, on behalf of the Public Advocate, recommends a revised distribution of the revenue increase for FY 2024 and FY 2025.³¹⁷ The primary basis of Mr. Mierzwa's proposed modifications to the allocations are based on his revisions to customer type peaking factors and fire protection demands.

The Department disagrees with the proposed adjustments, since the Department disagrees with Mr. Mierzwa's proposed adjustments to retail customer maximum day and maximum hour extra capacity factors (Section VI.A of this Brief) and fire protection base and maximum day demands (Section VI.B of this Brief).

In addition, Mr. Mierzwa does not provide the proposed rate in his schedule that this distribution of revenues is based on. It appears that the distribution of "Proposed Rates" revenues may be based on his revised Cost of Service Study results with reductions to specific customer types (Industrial, Hand Billed, Philadelphia Housing Authority and Private Fire Protection) based on gradualism offset by an increase in the Residential customers. It should be noted that with the Department's current rate structure, where one rate schedule is applied to all customer types, some of these class specific adjustments may not be achievable.

Regarding FY 2025, Mr. Mierzwa proposes to apply the overall system average percentage increase to establish the FY 2025 proposed rate schedule. This approach is not consistent with prior rate proceedings, where the proposed rate schedules for all test years are

³¹⁷ PA Statement 2 at 20-22.

based on the Cost of Service analysis for each test year. PWD submits that Mr. Mierzwa's recommendations should be rejected.

PLUG Recommendations

Ms. LaConte, on behalf of PLUG, raised concerns regarding the allocation of costs to large customers.³¹⁸ Ms. LaConte indicated that the increase for users with large meters (1" and above) are higher (ranging from 12% to 15.5% in fiscal year 2024) than those for customers with smaller meters and lower usage (ranging from 4.8% to 14.9%) and requested more recent usage data.

The Department submits that the allocations to large customers are reasonable and disagrees with the concern expressed by Ms. LaConte.

The primary drivers for the larger bill increases for larger meter sizes and higher volumes are the following:

- **Proposed Increase to the Water Service Charges.**

The proposed increase in the water meter charges is due to the increased investment in meter equipment to reflect the ongoing investment in Advanced Meter Infrastructure, which results in a higher allocation of costs to the meter cost component. The increases for larger meter sizes are the result of the increasing equivalent meter ratios for those meter sizes. As discussed in Schedule BV-2, the equivalent meter ratios are used as the basis for establishing the units of service for the meter cost component in the Cost of Service Study.

Please note that in the 2018 general rate proceeding, the larger meter sizes benefited from the retirement of the meter plant investment. The retirement of meter investment decreased allocation of costs to the meter cost component. At that time, the larger decreases for larger meter sizes were the result of the application of the increasing equivalent meter ratios reflected in the units of service. The equivalent meter ratios compound both increases and decreases in costs, as applicable, during the respective cost of service studies.

³¹⁸ PLUG Statement 1 at 4-5.

- **Proposed Increase to the Water and Sanitary Sewer Quantity Charges.**

In general, the requested increases in both the water and sanitary sewer quantity charges are primarily driven by the increase in chemical and power costs. The higher increases in the proposed quantity charges, relative to the service charges, result in higher increases in the bills for higher volume customers.

Note that the proposed water quantity charge increases presented in the formal notice ranged from 22.7% for the lowest usage block to 19.1% for the highest usage block. In consideration of the proposed water volume charges alone, these proposed increases would result in slightly lower relative increases for higher volume customers due to the lower increase for the larger rate blocks. Note that the continued use of the estimated customer peaking factors from the prior rate proceeding would contribute to a more stable cost distribution between the rate blocks. The driver for the slightly higher increase in the lower usage block is increase in the allocations to the extra maximum hour demand component as a result of the higher systemwide peak hour demand experienced in FY 2021.

The combined impacts of these drivers result in higher bills for customers with larger meter sizes and higher usage.

D. [Exeter Panel] Stormwater: Rate Design

The Exeter Panel, on behalf of the Public Advocate, argues for a shift in the cost responsibility for stormwater from PWD to the City.³¹⁹ As noted in the record, all properties in the City of Philadelphia are assessed a monthly stormwater charge.³²⁰ This fee recovers the cost the City incurs for managing stormwater. The amount charged for stormwater on a monthly bill depends on the type of property. Property types are based on an individual property's use and not on its zoning classification. PWD gets property use information from the Office of Property Assessment (OPA).

³¹⁹ PA Statement 1 at 6-9.

³²⁰ <https://water.phila.gov/stormwater/billing/>

The Department disagrees with the policy recommendations of the Exeter Panel concerning stormwater cost recovery for the reasons stated in PWD Rebuttal Statement 1, Section XI (Stormwater).³²¹ The Department's disagreements with this recommendation are listed below:

First, PWD disagrees with the Exeter Panel recommendation for a change in stormwater cost recovery. Here, the Exeter Panel appears to be recommending a broad policy change for stormwater cost recovery. If that is the case, then a more comprehensive discussion is required involving the City Administration and City Council. This Rate Proceeding is not the appropriate forum for this broader discussion and decision-making regarding this policy recommendation.

As noted in the record, however, if the Public Advocate is advocating that outside support (either in the form of outside revenues or direct investments) be provided to aid in addressing the requirements of the Consent Order Agreement ("COA"), such support would be welcome. The Department has vigorously pursued alternative funding sources from state and federal grants and low interest loans and welcomes any outside support which could be leveraged to mitigate some of these costs to our customers. PWD acknowledges the significant cost of these programs and investments to its customers and the potential impact it may have now and in the future.

Second, the policy recommendation ignores the history of the current stormwater charges. Section 6.1.1 Stormwater Services Background of Schedule BV-2, provides a brief overview of the long history behind PWD's current stormwater charges. The Exeter Panel's recommendations ignore that long history. Specifically, the Exeter Panel's policy recommendation ignores the fact that PWD's stormwater costs are already recovered via a parcel area-based fee, consisting of a gross area (GA) and impervious area (IA) components. This basis

³²¹ See, PWD Rebuttal Statement 1 at 27-35.

of cost recovery was established after an extended evaluation process (over several years) involving affected stakeholders.

Third, the Exeter Panel's recommendations are an obvious departure from cost-of-service principles. Shifting responsibility for the revenue requirements to the City assumes that the General Fund can absorb portions of the stormwater cost recovery (for areas such as streets/sidewalks) without adversely impacting other General Fund services. Further, the basis for recovering those costs from the General Fund would primarily impact the same population (or a portion thereof) the Water Department serves via increased property tax, or other taxation means, which may impact the business and residents of the City in other ways.

Fourth, the Exeter Panel appears to confuse the billing mechanism with the basis of billing. While PWD's stormwater charges appear on customer's bills, these fees are based upon the previously mentioned parcel-area based methodology employed by the Department. In PWD's case, the basis and rate methodology underlying PWD's stormwater charges are appropriate and in alignment with broader industry standards.

The Exeter Panel's arguments appear to be based on the premise (and in a number of instances seem to imply) that stormwater costs are recovered via water charges or from water customers. As detailed in the previous response, stormwater charges are determined via the detailed allocation process, which separates sanitary sewer and stormwater costs from the system's overall wastewater costs as described in Sections 6 through 8 of Schedule BV-2.

Fifth, the Department acknowledges that other jurisdictions have varied approaches to stormwater cost recovery and use a variety of billing mechanism to collect those fees (or assessments). The fact that a different jurisdiction or community uses an approach that varies from Philadelphia does not mean that a change is needed in the way that the PWD recovers

stormwater costs. For any stormwater fee, the revenue requirements are primarily based upon the agency delivering the services and responsible for maintaining the associated assets, and the scope/extent of those services.

Please recall that there was an extensive cost-of-service-based discussion related to stormwater cost recovery before the transition to a parcel area based system for stormwater rates well over a decade ago. That discussion involved the City, City Council and all affected stakeholders. A similar discussion should precede any future changes in connection with stormwater cost recovery.

E. [Mierzwa] Stormwater: Allocation of SMIP/GARP Credits

The Department did not propose changes in the approach to the allocation of stormwater costs nor the stormwater rate structure design. Please also note that the stormwater cost allocation/rate design approach, utilized in the rate filing, is consistent with that approved in prior rate determinations and associated cost of service studies. As further discussed in Statement 7, in accordance with the 2021 Rate Determination, PWD is in the process of evaluating both alternative residential rate structure designs and cost recovery approaches for stormwater credits (including those resulting from the Stormwater Management Incentive Program (“SMIP”)/Greened Acre Retrofit Program Grants Program (“GARP”)) as it relates to stormwater rates and charges. PWD was able to conduct two stakeholder meetings prior the current filing. As indicated in the Monthly Reports provided to the Rate Board pursuant to the FY 2022-2023 Rate Determination as well as summarized in the response to PA-IV-27, any proposed rate structure changes require both upgrades to the supporting billing systems and additional discussions with stakeholders.

Mr. Mierzwa, on behalf of the Public Advocate, recommends modification of the existing stormwater rates to provide “a more equitable sharing of the costs associated with the PWD’s SMIP/GARP Program.”³²²

As explained below, Mr. Mierzwa’s stormwater recommendations are not ripe for consideration at this time and should be rejected in this proceeding. That being said, consistent with the below discussion and PWD Rebuttal Statement 2, the Department is willing to continue to evaluate the recovery of SMIP/GARP credits as part of a discussion — with a broader range of stakeholders — of the design and recovery of costs related to the stormwater credits and incentives programs.

Mr. Mierzwa’s stormwater recommendations, while well meaning, will produce unintended results. That is, by establishing stormwater rates based upon the average of rates developed with and without credits, as he suggests, the resulting rates will not recover the stormwater cost of service. This is because non-residential customer bills are calculated based upon their billing units after accounting for credits (i.e., reducing their billable impervious area [IA] and gross area [GA] square footage). So, if Mr. Mierzwa’s recommendation is adopted, a revenue shortfall is the obvious result. Please note that Mr. Mierzwa acknowledged that his rates would not recover the stormwater revenue requirements. This is a fundamental problem with his analysis.³²³

Mr. Mierzwa’s stormwater proposal, as described in his testimony, is also not limited to credits resulting from SMIP/GARP projects. The billing determinants presented under Item (2) “Rate Design (No SMIP/GARP Credits)” in Schedule JDM-2 are based upon 2,415,380 IA

³²² PA Statement 2 at 26.

³²³ See, PA Response to PWD-II-5. Please also note that Mr. Mierzwa did not correct this error in his analysis.

billing units (i.e., per 500 sf). The IA billing units in Item 1 “Current Rate Design (SMIP/GARP Credits),” which are used in establishing the initial stormwater unit costs, are 2,342,647 IA billing units (per 500 sf), which account for all IA credits. The difference between the IA billing units in items 1 and 2 is 72,733 IA billing units. Converted to square feet, the adjustment in IA billing associated with Item 2 utilized in Mr. Mierzwa’s proposal is 36,366,500.

As provided in response to PA-VIII-19, the total projected IA credits associated with SMIP/GARP projects for FY 2024, are projected to be 25,683,000 square feet. Mr. Mierzwa’s proposal adjusts the IA billing units by more than this amount, which would not limit his suggested adjustment to only credits resulting from SMIP/GARP projects.³²⁴ So, in addition to the revenue shortfall alluded to above — if the underlying intent of Mr. Mierzwa’s recommendation is to shift the impacts of stormwater credits resulting only from SMIP/GARP grants to Non-Residential Stormwater Customers — including all credits, discounts and appeals impacts in the analysis — his recommendation overstated.

Mr. Mierzwa’s recommendation also runs counter to the prior Rate Determinations and current policy that costs related to SMIP/GARP grants are borne by all wastewater customers as they facilitate the Department’s efforts to reach compliance milestones under the Long Term Control Plan Consent Order Agreement . Similarly, based upon the original program premise, credits are recovered from all customers, as the entire system benefits from private stormwater management efforts (that meet stormwater management program criteria).

Alternatively, if Mr. Mierzwa’s intent is to avoid a revenue shortfall, the credits associated with SMIP/GARP (as well as other IA credits) would need to be reduced from the current levels provided to these customers. This is not clearly stated in his testimony. It is

³²⁴ Based upon the record in this proceeding, it is unclear what Mr. Mierzwa’s proposal is based upon.

important to note that the SMIP/GARP program continues to play a critical role in meeting the City's Greened Acre goals and accounts for approximately 36% of the overall cumulative greened acres from FY 2011 through FY 2023. Owners of properties with stormwater management practices ("SMPs") resulting from SMIP/GARP grants, enter into long-term O&M agreements with the Water Department and are responsible the ongoing maintenance of the facility for the useful life of the SMP or 45 years (whichever is longer). In addition to aiding the City in meeting Greened Acre goals, this approach also provides a financial benefit to all PWD customers, as the property owner is responsible for long-term O&M of the SMP not the Water Department.

In summary, changes to the stormwater credits provided to existing customers would certainly require outreach and discussion with both current and future grant program participants. Despite the disagreement with Mr. Mierzwa's specific recommendations at this time, the Department is willing to continue to engage in a comprehensive discussion of potential changes as to stormwater cost recovery. As noted earlier, PWD was only able to hold a limited set of stakeholder meetings prior to the current proceeding and was not positioned to propose and support a change to the recovery of stormwater credits at this time. That said, the Department intends to engage with a broader set of stakeholders to continue its evaluation of potential changes to the stormwater rate structure and associated cost recovery approaches. We believe that it is premature to implement changes in stormwater rate structure. Additional time is needed to evaluate proposed changes in a meaningful way and allow for them to be explored together with other changes to the Department's overall rate structure.

F. [Mierzwa] Stormwater, Residential: Charges by Building Type

Mr. Mierzwa, on behalf of the Public Advocate, recommends that the Department modify the residential rate design to provide for changes based on residential building type.³²⁵

Recognizing that such changes cannot be made for this proceeding, Mr. Mierzwa states that his recommendation should occur in the future when the necessary upgrades to its billing system are completed.

PWD maintains that the current rate structure is appropriate and consistent with industry standards. Uniform Flat Fees remain the most common residential rate structure based upon Black & Veatch's 2021 Stormwater Utility Survey. In the instant context, residential customers are billed consistently under the existing rate structure, with an approach thoroughly vetted in the Citizens Advisory Committee process convened over a decade ago with all affected stakeholder groups. Stormwater rates are established holistically across the City regardless of location, sewershed or service type (combined versus separate sewer service). Therefore, costs are recovered equally from all residential customers at this time.

The Department does not believe a sufficient record has been presented to make a rate design change in this proceeding. Adopting Mr. Mierzwa's recommendation would dictate a significant change without examining all reasonable alternatives. This should not be done. As noted in the prior response and as detailed in PWD Statement 7, PWD is not in a position to recommend, endorse or support a specific residential rate structure change at this time. With limited stakeholder engagement prior to this proceeding, the Department has not identified a preferred alternative residential rate structure.

³²⁵ PA Statement 2 at 26, 28-29.

Black & Veatch has explained that Mr. Mierzwa's recommendation is one potential option. It may or may not be the preferred alternative residential rate structure for Philadelphia. As noted in the November 2022 Monthly Report provided to the Rate Board, establishing rates by building type is one potential option. As described on pages 22 to 25 of the report, another potential option is to establish tiers for the GA and IA components. A tiered based approach would more readily recognize the differences in residential property characteristics by creating tiers for each charge component. Creating rates by building type would still result in customers on the low and high end of the distribution of each respective building type. The above referenced Monthly Report identifies examples of both small and large Row and Single-Family Residential homes. The small single family home example has similar characteristics to the small row home example and the large row home has characteristics more similar to the large single-family home (when compared to the small row home). These types of impacts are to be expected within any rate structure, unless properties are billed individually, as are non-residential customers.³²⁶ A careful evaluation should precede any change in rate structure.

Both the Establishing Rates by Building Type and Establishing GA and IA Tiered Rate options retain the underlying rate structure, meaning both retain the existing GA and IA components. One alternative that was not explored, as it would impact the non-residential rate structure as well, is whether or not the GA component should be retained. Most utilities only include IA in establishing their stormwater rates and charges, therefore, with any review of the existing rate structure, consideration should be given to the GA component and its use should be reaffirmed with stakeholders.

³²⁶ Needless to say, an individual billing approach would be administratively untenable and unduly expensive for 465,000 residential accounts.

The Department does not agree with Mr. Mierzwa’s specific recommended changes to the stormwater rate design (i.e. billing based upon building type) at this time. We do agree with Mr. Mierzwa in that any change should only be implemented once the necessary billing system upgrades are in place to enable an updated rate structure. The Department also acknowledges his recommendation that a “phase-in” be considered to “provide for gradualism and avoid rate shock,” and would add that this approach should be considered with any potential stormwater rate structure change.

G. [Mierzwa] Stormwater, Residential: Discount/Credit for Rain Barrels

Mr. Mierzwa recommends that PWD evaluate whether a rate discount (of 20%) should be provided to residential customers that agree to have PWD install a rain barrel on their property.³²⁷

The Department is willing to evaluate potential residential discounts and credits in context of a broader ongoing review of the stormwater rate structure as stated in response to the previous question. That said, we do not agree with Mr. Mierzwa’s recommendation at this time, in this proceeding, for the reasons stated in PWD Rebuttal Statement 2.³²⁸

Simply put, residential practices such as rain barrels do not offer an equivalent level of stormwater management offered by SMPs designed to meet with Water Department’s stormwater management requirements as defined under Chapter 6 of PWD’s regulations (note – this design requirement is also used for the development of SMIP/GARP funded projects).

³²⁷ PA Statement 2 at 26, 29-30.

³²⁸ PWD Rebuttal Statement 2 at 16-19.

Moreover, residential practices cannot currently be counted toward the greened acre goals. At present, such a discount would apply to roughly one-percent of residential customers (4,411 rain barrels installed to date) and would require participants to empty rain barrels between storm events. The Department notes that the administrative costs of offering and overseeing such a discount program to residential customers might be more than the overall level of discounts provided under such a program.

The Public Advocate cites Ferguson, Pennsylvania as an example of a service territory where a rain barrel credit program has been implemented. The Department contends that Philadelphia is different than Ferguson, Pennsylvania; and that Ferguson's rain barrel credit program is not directly applicable to Philadelphia. Ferguson, Pennsylvania is a small community with a population of 19,284 people according to the July 2021 U.S. Census Bureau estimate.³²⁹ The entirety of Ferguson is served by a municipal separate storm sewer system (MS4). In FY 2023, Ferguson's stormwater costs are expected to be \$1.45 million.³³⁰ In comparison, PWD's stormwater cost of service in FY 2024 is projected to be \$202 million overall. Under Ferguson's credit program, in order to be eligible for the full 20% credit, rain barrels must be attached to each downspout.³³¹ If rain barrels are attached to half of the downspouts, only half the credit amount (i.e. 10% credit) is offered. A single rain barrel installation for a home with one or more downspouts will not result in the full credit offered under their program. Customers must also apply for credit, as it is not automatically administered.

The above-comparison shows that the scope and scale of Ferguson and PWD's stormwater programs and fees are markedly different. Therefore, Ferguson's approach may not

³²⁹ PWD Rebuttal Statement 2 at 18.

³³⁰ PWD Rebuttal Statement 2 at 18.

³³¹ PWD Rebuttal Statement 2 at 18-19.

be applicable in context of the City of Philadelphia. Further, we acknowledge that a number of stormwater utilities (and user fee funded programs) across the country offer residential credits and discounts.

To be clear, any residential stormwater discount program is likely to be purely a policy decision (outside of the Rate Board’s jurisdiction) and will not count toward compliance requirements as currently defined under the COA. Offering such a discount would have both administrative cost and cost of service impacts. As stated earlier, PWD is willing to explore residential credit and/or discount policies in context of the overall stormwater rate structure with input from stakeholders. PWD asks that the Rate Board reserve decisions concerning rate structure changes for the future.

VII. AFFORDABILITY AND TIERED ASSISTANCE PROGRAM

A. Affordability

Affordability is an ongoing concern, given the poverty rate in the City.³³² Under the Rate Ordinance, the Rate Board may consider the projected impacts on customer rates.³³³ To this end, the third section of the Financial Plan includes an affordability comparison.³³⁴ That section indicates that the proposed rates and charges fall below the affordability threshold recommended by industry standards.³³⁵

The Public Advocate observes that regular bill rates and charges are not affordable for many residential customers. The Public Advocate concluded that the Department’s rates are

³³² See, PWD Statement 2A, Schedule FP-3 (Fitch Report, dated August 1, 2022, at page 3; S&P Report, dated July 28, 2022, at page 3).

³³³ Rate Ordinance at §13-101(4)(b)(.1).

³³⁴ PWD Statement 2A at 12.

³³⁵ PWD Statement 2A, Schedule FP-1.

driving unaffordability deeper in Philadelphia and spreading unaffordability more broadly throughout the City as well.³³⁶ The Public Advocate further concluded that TAP will not protect PWD’s low-income customer population from the harms of the rate hikes requested in this proceeding.³³⁷

Mr. Haver also argues, based on public input and comments,³³⁸ that the proposed rates and charges are not affordable for many residential customers.

The Department submits that affordability concerns do not justify negating — either in whole or in part — the proposed rates and charges. The proposed rates and charges are cost-justified, since they are based on the Department’s projected costs for providing service. The level of rate relief proposed reflects the Water Department’s efforts to navigate customer affordability concerns in the near term while working towards regaining financial stability over the longer term.³³⁹

At the same time, the Department is always working to increase enrollment in its affordability program, TAP. PWD notes that TAP participants are shielded from proposed rate increases as their bills are based on a percentage of household income. The Department agrees with Mr. Colton that substantial protection is provided to TAP participants, who pay fixed water bills calculated on the basis of household income, rather than on the basis of cost-of-service billing (the remainder of the bill for TAP participants is subsidized by other customers). Bills for TAP participants will not increase due to the proposed rate increases.

³³⁶ PA Statement 1 at 10-14.

³³⁷ PA Statement 1 at 14-27.

³³⁸ Mr. Haver as a *pro se* participant, Mr. Haver can only represent himself. He cannot represent the interests of others. Mr. Haver did not describe the impact of the proposed rates and charges on himself (or his household).

³³⁹ PWD Statement 7, Schedule BV-2 at § 1.3.6.

PWD and WRB have been working to find ways to increase TAP participation. As noted in the record, PWD and WRB entered into data sharing agreements with the Commonwealth and other City departments and agencies to pre-qualify low-income households for TAP enrollment. In the near term, these new initiatives will facilitate an increase in TAP participation for households that have already demonstrated income eligibility under other low-income assistance programs.

B. [Colton Adjustment] TAP Enrollment and Participation

1. Unique Participants

Mr. Colton understates the number of TAP participants and other households receiving comparable assistance in his testimony. As of February 20, 2023, the number of unique customers who had been TAP participants was 28,578.³⁴⁰ Please note that the Senior Citizen Discount program, which is separate from TAP, represents an additional population of approximately 21,000 customers.³⁴¹ Taken together the City provides financial assistance for over 48,000 customers. This number is expected to grow in the near term with the institution of programmatic pre-qualification of Low-Income Household Water Assistance Program (“LIHWAP”) eligible households into TAP. TAP participation will expand even further as planned cooperation with other City agencies allows for additional pre-qualification of income eligible customers into TAP without those customers having to submit TAP applications.

In the instant context, Mr. Colton significantly overstates the potential number of PWD customers eligible for TAP in stating, “PWD serves roughly 170,000 customers with income at

³⁴⁰ PWD Rebuttal Statement 3 at 5. Mr. Colton suggest that this number is 52,794. That is not correct and Mr. Colton’s figure is not appropriately used as the basis for discussing retention concerns. *Id.*

³⁴¹ PWD Rebuttal Statement 3 at 5.

or below 150% of the Poverty Level.”³⁴² This is approximately 40% of the entire residential customer base. In the 2016 general rate case, Raftelis projected 56,000 income eligible customers for TAP, the City has used an estimate of 60,000. Use of inflated eligibility by Mr. Colton incorrectly characterizes TAP participation. As noted in this record, TAP participation actually compares favorably with participation rates of other assistance programs in the water and wastewater industry.³⁴³

2. Increasing TAP Enrollment and Participation

PWD and WRB are collaborating across City departments and with the Commonwealth to pre-qualify eligible households for TAP.

The Owner-Occupied Real Estate Tax Payment Agreement (“OOPA”) has similar eligibility requirements as TAP, making cross-enrollment possible in the future. Unfortunately, the OOPA application process was not previously designed in a way to easily share that data across systems. The Revenue Department underwent a two-year upgrade and conversion of its taxpayer and customer data to a new accounting and billing system. OOPA agreements are administered through this system, so the City worked with developers to establish a data connection to make enrollment from OOPA into TAP possible. However, the conversion process was not able to replicate the existing flow of information, so enrollment from OOPA into TAP will continue to require a degree of manual review and approval until the development is completed.

Similarly, the City is continuing development of data-sharing processes with the Office of Integrated Data for Evidence & Action (“IDEA”) to prequalify eligible customers into TAP

³⁴² PA Statement 3 at 10.

³⁴³ PWD Rebuttal Statement 3 at 5.

based on other City administrative data that verifies eligibility. The process involves coordination between various departments including the Mayor's Office, Health Department, Water Department, and Revenue Department. Necessary data-sharing agreements have been approved by the Law Department and the various departments are working on the technological and operational aspects needed for a pre-qualification program of this size. The City estimates that this program should be underway by the end of fiscal year 2024.

Contrary to Mr. Colton's assertion, Philadelphia Gas Works ("PGW") is not an entity housed within a City department, but instead is an independent company governed by the Pennsylvania Utility Commission. Therefore, any data-sharing and auto-enrollment initiatives would have to be at the agreement of PGW and comply with any restrictions on data-sharing currently in place by the Pennsylvania Utility Commission.

LIHWAP is administered by the Commonwealth of Pennsylvania, with which the City has executed an agreement and engaged in development work over the past year to design and implement a pre-qualification program for TAP. The LIHWAP pre-qualification program will allow income eligible customers to enter TAP without having to submit TAP applications.

The process with the Commonwealth has taken longer than expected, but earlier this year, the parties finalized a data-sharing agreement and began to share data for use in the program. Preparation in various areas is underway to realize LIHWAP to TAP pre-qualification, including technology changes, staff training, and communications materials. The City estimates that all necessary processes will be completed in this calendar year to enroll the first group of prequalified LIHWAP customers into TAP.

In addition to collaboration with other Commonwealth and City agencies to pre-qualify low-income households for TAP, the Department has taken several steps to make it easier to

document eligibility for TAP. More specifically, the Department has changed its internal review policies to reduce burdens on TAP applicants. Prior to April 1, 2023, the customer assistance program required customers to submit two proofs of residency, and one proof of income per household member with income with their Customer Assistance Program (CAP) application. In some cases, one proof would require two documents, and some documents were required to be dated in the last 6 months. In consideration of concerns regarding the complicated and numerous requirements, the Department adjusted its review policy to allow fewer and older documents to be submitted. As of April 2023, customers only need to submit proof of residency in addition to proof of income. Only one copy of any document is required, and all documents may be dated within the last 12 months. Written materials – the customer service application, regulations, and guidance materials – are currently being updated to reflect the change in policy.

3. Recertification: Use of Text-Based Messaging Systems

Mr. Colton recommends that the Department should implement a text-based system of reminding TAP participants of the need to recertify as well as a text-based system for allowing customers to submit necessary recertification documents.³⁴⁴

The Department disagrees with these recommendations. The Department has opted not to implement a text-based approach to reminding customers of the need to recertify for several reasons. First, the Department did implement an email-based approach to reminding customers of the need to recertify and found it to have a very low success rate. At present, a customer that needs to recertify receives a paper copy of the application and an email notification. Second, text messaging requires customers to opt-in and may be associated with fees and charges customers are not anticipating and do not desire. Third, a successful campaign relies on high-quality mobile

³⁴⁴ PWD Rebuttal Statement 3 at 9-10.

phone number data. The quality of the phone number data, and whether the phone numbers are mobile phones, is unknown. Fourth, the recertification timeframe has been extended to three years, so focusing effort on changes related to recertification reminders is not among the highest priorities for the Department.

The Department is concerned that a text-based recertification system would have many of the same challenges as the e-mail based approach referred to above and is not practical for broad based application at this time. Significant effort and expense would need to be put toward programming, testing, and ongoing technical support, in addition to training for Department representatives to provide support to customers, auditing, and communication with customers.

Given the impracticality of a text-based recertification system described above, monthly reporting with regard to same would be an inefficient use of the Department's resources.

C. [Colton Proposal] TAP Reports

Mr. Colton recommends that the Department be required to track collections data on a monthly basis, by the end of calendar year 2023, by zip code to allow PWD (as well as the Rate Board and other stakeholders) to review the reasonableness of its customer service and collection performance.

The Department disagrees with Mr. Colton's reporting recommendations. PWD and WRB already engage in various types of reporting and data tracking to evaluate its processes and accomplishments.

Mr. Colton fails to consider how instituting various new reporting requirements in and of themselves increase costs to the Department. Mr. Colton recommends over twenty new data points be added to a monthly zip code report. Weeks, if not months of staff time and development resources would have to be diverted away from current processes to create the

coding needed for these various reports. Although Mr. Colton believes that reporting should be the responsibility of the Department and not fall on the rate-payers, the City budget process is constrained. These types of initiatives are categorized as a Class 200 expense, which is part of PWD's operating budget that is funded by rates and charges. Therefore, any additional reporting requirements by PWD and WRB would not be in the best interest of the rate-payers. For PWD to operate at its most cost-efficient and keep rates as low as possible, it should refrain from the expenditures that would be needed to design and implement technology changes required to institute new reporting. This is especially important at the current time when the water accounting and billing system known as Basis2 is going through infrastructure and software upgrades. All non-urgent enhancements were previously and continue to be on hold until the upgrades take place in the coming months.

D. [Colton Proposal] TAP Arrearage Forgiveness

Mr. Colton makes three recommendations regarding TAP arrearage forgiveness. He recommends that the Department (i) provide retroactive ratable arrearage forgiveness to all future TAP enrollees who were prior TAP participants bringing preprogram arrears into the program, and who made payments during the period September 2020 through June 2022; (ii) refund, either as a bill credit or as a cash payment to the customer, at the customer's discretion, all dollars of payments made by the customer toward pre-program arrearages that should, under the regulation, have been ratably, retroactively, forgiven; and (iii) provide, for the period July 2022 to present, an account-specific auditing of occupant TAP participants and that the cost of an audit should be borne by PWD and should not be charged to ratepayers.

The Department asserts that the forgiveness of pre-program arrears is currently taking place in accordance with the City's Regulations and disagrees with Mr. Colton's criticisms for the following reasons:

Pre-Program Arrears and Arrears Eligible for Forgiveness

First and foremost, Mr. Colton has provided no specific example of arrearage forgiveness not operating as required by PWD Regulations, but instead only makes broad assumptions based on his own interpretation of data. Notably, the Department specifically requested that Mr. Colton provide a single example of a customer not receiving ratable forgiveness as they should have, and he indicated that he could not.³⁴⁵ There is no factual support for his recommendation.

Mr. Colton tries to establish his position with tables and graphs, but no concrete facts. He compares the number of customers receiving arrearage forgiveness in a given month to several other metrics.³⁴⁶ In this context, Mr. Colton discusses the high percentage of pre-program arrears of new enrollees, and compares the number of customers receiving forgiveness in a given month with the number of participants.³⁴⁷ As described in response to PA-I-56, pre-program arrears are defined as an account balance, at the time of approval greater than \$0, as recorded from Basis2 at the time of initial enrollment. Note that this excludes any balances that were in dispute or bankruptcy at the time of approval, as these are not protected through the same mechanism as other TAP principal balances. Historically, TAP enrollees at the time of enrollment have had a wide range of debt. Though some customers have had significant debt, approximately 1/5 of all-time TAP approvals have been associated with an account balance at the time of approval of less

³⁴⁵ See, PA Response to PWD-III-30.

³⁴⁶ PA Statement 3 at 58-63.

³⁴⁷ PA Statement 3 at 58-59.

than or equal to \$100, as demonstrated in the “TAP Approval by FPL and Arrears” report.³⁴⁸ A TAP customer’s pre-TAP arrears may simply be the most recent bill issued, but not yet paid.

It bears reiteration that TAP arrearage forgiveness operates as required by PWD Regulations and as described below. Within this framework, there are a variety of circumstances that might influence whether a customer receives forgiveness in a particular month. The following scenarios explain why customers may not receive forgiveness on the bill following a full TAP payment:

- Upon initial enrollment in TAP, customers did not have arrears eligible for forgiveness.
- Customers have received full forgiveness already, as they have paid more than 24 full TAP bills.
- Customers paid their pre-TAP arrears (in some cases, one bill) since enrolling in TAP.
- Customers had arrears paid by a LIHWAP grant or other forms of credit.
- Customers had bankruptcies discharged.
- Customers had a dispute resolved in their favor.
- Debt is in dispute. (Debt that is in a dispute status is not eligible for forgiveness until the dispute is resolved.)

The maximum amount of debt eligible for forgiveness is determined when a customer is enrolled in TAP for the first time. This amount is the sum of all unpaid transactions through the date of initial enrollment, including debt in bankruptcy and dispute, but excluding penalties and lien fees. Penalties are eligible for lump-sum forgiveness after 24 full months of TAP payments.

³⁴⁸ See, PWD Response to PA-I-25.

Effective September 2020, TAP has included the “TAP Pause,” whereby customers may leave the program and re-enter without losing their progress toward arrearage forgiveness. Ratable forgiveness for principal debt became effective July 1, 2022, at which time, customers participating in TAP at that time received retroactive lump sum forgiveness (on June 26, 2022) for TAP bills previously paid. Customers that continued to participate in TAP beyond that date, earned additional forgiveness (1/24 of eligible pre-TAP principal debt) for each TAP bill payment.

For customers who were not enrolled in TAP on June 24, 2022, but had been enrolled between September 2020 and June 2022, (and therefore have their forgiveness counter paused), their first TAP bill payment after re-enrollment in TAP will trigger retroactive principal arrearage forgiveness in the amount of (1/24) times total TAP bills paid prior to June 2022 plus the one additional TAP bill. Then, like other TAP customers, they will receive additional forgiveness (1/24 of eligible pre-TAP principal debt) for each TAP bill payment. Customers may receive forgiveness up to the maximum amount established for their account. The foregoing description is to inform the Rate Board as to how TAP arrearage forgiveness actually works. Mr. Colton could offer no facts to indicate that his articulated concerns were substantiated.

Refund/Credit Customer Payments Toward Pre-Program Arrears

Because there is no evidence to support Mr. Colton’s assertion that some TAP customers are not receiving ratable arrearage forgiveness as they are entitled, no refunds or credits should be approved as a part of his recommendation.

Provide Account Specific Auditing

Mr. Colton recommends that the Department provide the Rate Board an account-specific auditing of TAP participants by month starting on July 1, 2022 and ending June 30, 2023 that reports for each account in order to audit arrearage forgiveness. However, the City already is providing monthly reports to the Rate Board regarding various real time data points relating to TAP, including forgiveness data. To the extent that Mr. Colton is recommending that the City provide account-specific data to include customer names, addresses, and financial information, such disclosure of personal customer level information is not only against general City policy that seeks to guard and respect information submitted on assistance applications, this type of disclosure is also prohibited by state and federal privacy laws governing protection of personal financial and residency information. Because of the foregoing and the fact that there is no evidence to support Mr. Colton's assertion that some TAP customers are not receiving ratable arrearage forgiveness as they should, no account-specific audit should be approved as a part of his recommendation.

Earned Forgiveness and Occupant Accounts

Mr. Colton asserts that TAP participants with occupant accounts have been denied earned forgiveness, but fails to provide a specific example.

Mr. Colton makes broad assumptions without evidence to show that arrearage forgiveness is not working as it should. Mr. Colton points out that PWD Regulations Section 206.1 was updated in July 2022 to include the definition of "Pre-TAP Arrears" to be "for owners and occupants, the sum of all unpaid service, usage, and stormwater charges at the property,

calculated at the time of first enrollment in TAP; or, for tenants, the sum of all unpaid service, usage, and stormwater charges at the property accruing during the period the tenant has been responsible to pay for water service pursuant to the terms of their lease, calculated at the time of first enrollment in TAP.” By raising this issue, he misses the important legal distinction between these groups of customers. Because occupant customers have a legal right to own the property where they live, they take on responsibility similar to that of property owners, which includes assuming liability for all past debt. Therefore, when an occupant customer enters TAP, all past water debt associated with the property becomes the occupant customer’s pre-TAP arrears for purposes of protection and forgiveness. On the contrary, tenant customers are temporary residents of a property and therefore are not liable for past debt incurred by the landlord and/or past tenants. For this reason, when a tenant customer enters TAP, their pre-TAP arrears amount is only calculated based on debt incurred during their lease. In rare instances, the Law Department has acquiesced to requests from Community Legal Services to bypass the regulations and transfer all past debt from an owner to a tenant’s account. In these instances, the principal liability becomes part of the tenant customer’s pre-TAP arrears which receive monthly forgiveness, and any penalty amounts remain separate, and only are forgiven after twenty-four full TAP payments per PWD Regulations Section 206.7.

Mr. Colton’s above-described concerns are speculative. It bears emphasis that he did not provide any evidence (not one example) of issues with forgiveness tied to a particular account to demonstrate that an actual problem exists. Mr. Colton’s recommendations regarding arrearage forgiveness should be rejected.

VIII. CUSTOMER SERVICE ISSUES

A. [Colton Adjustment] Collection of Court Filing Fee for Municipal Liens

The Philadelphia Courts collect a fee when a municipal claim (lien) is filed against a property.³⁴⁹ By law, that “filing” fee becomes a part of the municipal claim (lien).³⁵⁰

The Public Advocate recommends that \$564,795 in expenses be disallowed because that amount (6,176 x \$91.45) is related to expenses associated with TAP lien fees.

The Department disagrees with the recommendation that said expenses be disallowed. To remain in compliance with the Municipal Claims and Tax Lien Act, the City automatically files liens with the First Judicial District every quarter when the water debt reaches a threshold of \$1,000 and is more than 90 days old. The lien fees are set by the court and added to the customer’s account. Contrary to Mr. Colton’s testimony, these lien fees are never included in the calculation of a TAP Bill required monthly payment amount. So, although the lien fees appear on the monthly bill along with other charges that are not required to be paid throughout the duration of TAP participation, Mr. Colton incorrectly suggests that lien fees increase a TAP customer’s required monthly payment. In fact, Mr. Colton concedes this important distinction between an amount that increases a monthly TAP payment with a “charge set forth on the TAP bill” in response to discovery request PWD-III-43. If the City failed to file these liens while the customer was in TAP and the customer then sold their home or had to file bankruptcy, the water debt would be left unsecured. The City takes no enforcement action on any liens filed against TAP customers while they remain in TAP, and again Mr. Colton concedes that he has no specific examples to provide of TAP customers ever facing enforcement efforts by the City related to

³⁴⁹ <https://www.courts.phila.gov/pdf/prothyfees.pdf>

³⁵⁰ *See*, 53 P.S. § 7101 (definitions, “municipal claim” and “charges, expenses, and fees”).

their liens (See response to discovery request PWD-III-45). Mr. Colton simply cannot explain his rationale that liens equate to enforcement action by the City. In fact, once the underlying debt that makes up the lien is paid or forgiven due to TAP, the liens are then automatically satisfied or vacated, respectively, and therefore have no future effect on the property or customer.

The expenses are reasonable, and the Department requests that the Rate Board deny Mr. Colton's recommendation to disallow TAP lien fees in this proceeding. The lien fees are a necessary expense set by the First Judicial District to maintain compliance with the Municipal Claims and Tax Lien Act. As such, the lien fees are a legitimate expense of the Department which should be reflected in its annual revenue requirement.

B. [Colton Proposal] Preclusion of Municipal Liens on TAP Participants

The Public Advocate recommends that the Department (A) should adopt a low-income "lien blocker" for TAP participants; and (B) declare that pre-program arrearages that have been frozen pursuant to TAP, and made eligible for forgiveness, are not claims that are "due" to the City and are not considered "unpaid" so long as the customer remains a participant in TAP.

The Department disagrees with these recommendations.

First, the City's policy on liens is beyond the Rate Board's limited jurisdiction. The City established its lien policy in conjunction with its collaboration with the First Judicial District and as implemented by the City's Law Department. That policy cannot be changed by the Rate Board, WRB or by PWD.

Second, as stated above, the City takes no enforcement action on any liens filed against TAP customers while they remain on TAP. Once the underlying debt that makes up the lien is paid or forgiven due to TAP, the liens are then satisfied or vacated, respectively, and therefore have no future effect on the property or customer. However, until the TAP customer completes

their twenty-four full TAP Bill payments, the pre-TAP arrears and associated penalty amounts on their account remain debt that is due to the City, albeit protected debt, but debt nonetheless that is considered unpaid until the Customer completes all required TAP payments.

Based on the foregoing, this recommendation should be rejected.

C. [Colton Proposal] Earmarking of Late Payment Charges

The Philadelphia Code requires the Department to charge specified late payment charges on delinquent bills.³⁵¹ Under the 1989 General Ordinance, the late payment charges are Project Revenues that support the revenue bonds issued by the Department. This means that the late payment charges must be disbursed or transferred under the “flow of funds” (often described as a waterfall) in the same manner as other Project Revenues.³⁵²

The Public Advocate recommends that the late payment charges be earmarked (dedicated) to specific operating expenses (uses and programs).

The Department disagrees with the recommendation from the Public Advocate that the Department set aside revenues from late payment charges for specific purposes.³⁵³

The establishment of a dedicated fund is in conflict with the 1989 General Ordinance. There is nothing in the 1989 General Ordinance that contemplates or permits the creation of a special fund or the setting aside of revenues in favor of certain operating expenses over others. The 1989 General Ordinance provides that as Project Revenues come in, if they are not used for Operating Expenses, they go next to pay debt service, and then on to the next bucket in the flow

³⁵¹ Philadelphia Code, Section 19-1606(2).

³⁵² PWD Statement 2A, Schedule FP-2 at 9.

³⁵³ PWD Rebuttal Statement 1 at 23-24.

of funds.³⁵⁴ That is what Bondholders contracted for when they purchased the City’s water and wastewater revenue bonds; and it is what the City has represented in its bond disclosure would happen. The City cannot change those rules after the fact. This recommendation should be rejected.

The Department notes that Ms. LaConte, on behalf of PLUG, also raised concerns regarding Mr. Colton’s proposed earmarking or reallocation of Late Payment Charges and recommended that PWD continue its current practice.³⁵⁵

D. [Colton Adjustment] Expansion of Water Conservation Efforts

PWD anticipates funding water conservation programs through rates. The Department projects spending \$750,000 on water conservation efforts in each year of the Rate Period.³⁵⁶

The Public Advocate recommends that the Department spend more than \$750,000 on water conservation in FY 2024 and FY 2025. The Public Advocate did not make a specific dollar recommendation. Instead, the Public Advocate recommended that the Department “submit a two year inflation-adjusted LICAP budget, supported by documentation from PWD’s LICAP contractor, for FY 2024, FY 2025 and FY 2026.”³⁵⁷

In addition, the Public Advocate is proposing that the Department spend an additional \$1,729,500 in the Rate Period.³⁵⁸ Specifically, for FY 2024 and FY 2025, the Public Advocate recommends that the Department (a) spend an additional \$1,129,500 to fund the Department’s

³⁵⁴ PWD Statement 2A, Schedule FP-2 at 9.

³⁵⁵ PLUG Rebuttal Statement 1-R at 15-16.

³⁵⁶ See, PA Statement 3 at 82.

³⁵⁷ PA Statement 3 at 82.

³⁵⁸ PA Statement 1 at 23.

LICAP for PGW's and/or PECO's LIURP customers; **and** (b) spend an additional \$600,000 to fund the Department's LICAP for TAP customers.

1. New LICAP Budget

The Department disagrees with Mr. Colton's specific recommendations concerning establishing a new LICAP budget for FY 2024 and FY 2025 funded with earmarked PWD late charge revenues.³⁵⁹ Regarding LICAP, the Department requests the Rate Board reject this request because a similar program is already in place and the 1989 General Ordinance restrictions, discussed in Section VIII.C of this Brief.

That being said, the Department agrees that conservation resources should continue to be directed to low-income customers under proposed revenue requirements. Please note that TAP participants accept water conservation measures as a condition of enrollment (CAP Application Part 2, Customer Responsibilities). PWD sends contact information for TAP-enrolled customers to its LICAP contractor (CMC Energy) for scheduling. Non-TAP customers can also be referred to LICAP through Neighborhood Energy Centers (NEC). These centers help customers save on utility bills and apply for assistance. Using FY 2022 to illustrate, TAP customers received 1,411 Audits, and 13 referrals came from NECs. NECs are part of the support network for low-income Philadelphians (as well as other constituencies).

2. LIURP Funding

The Department disagrees with Mr. Colton's specific recommendation concerning funding a water conservation component to LIURP jobs using a portion of earmarked late payment charges revenues.³⁶⁰ However, PWD concurs that resources should continue to be

³⁵⁹ PWD Rebuttal Statement 3 at 26.

³⁶⁰ PWD Rebuttal Statement 3 at 27.

directed to LIURP customers under proposed revenue requirements. PWD has been working with CMC Energy (PWD contractor) to identify LIURP customers who might benefit from water conservation measures. Technicians in the field who identify opportunities for LICAP covered measures refer these customers to the LICAP queue. A technician's observation of a leaking toilet or faucet would initiate a referral to PWD LICAP. In addition, LIURP customers may initiate a referral by expressing their interest in water conservation. In FY 2022, the first year of this cross-program effort, there were 728 audits resulting from LIURP referrals. PWD values this opportunity to serve low-income customers from sister utilities.

In summary, with respect to both of the Advocate's water conservation program recommendations discussed above, the Department requests the Rate Board reject same because the PWD already has similar programs in place and the 1989 General Ordinance restrictions, discussed in Section VIII.C of this Brief.

E. [Colton Adjustment] Implementation of an Internal Plumbing Program

The Public Advocate recommends that the Department implement a new program that will cost an additional \$2,156,250 in each year of the Rate Period.³⁶¹ This new program would be a pilot low-income plumbing repair program to address high water consumption occurring as a result of the need for interior plumbing repairs for eligible residential low-income customers who cannot afford the cost of such repairs benefits those customers by lowering their overall cost of water service.³⁶²

³⁶¹ PA Statement 1 at 23.

³⁶² PA Statement 3 at 87.

The Department submits that a new pilot program is unneeded as a program of this type would duplicate the efforts (programs) of other City and non-profit agencies serving low-income customers. These programs include (but are not limited to)³⁶³ the following:

- The Basic Systems Repair Program (“BSRP”) provides free repairs to correct electrical, plumbing, heating, limited structural and carpentry, and roofing emergencies in eligible owner-occupied homes in Philadelphia.
- Restore, Repair, Renew is an initiative of the City of Philadelphia to help local homeowners access low-interest loans to invest in their properties. Loans can fund a range of home repairs that focus on health, safety, weatherization, accessibility, and quality of life.
- The Philadelphia Corporation for Aging PCA’s Senior Housing Assistance Repair Program (“SHARP”) provides minor repairs and modifications to make homes safer and more secure for income-eligible Philadelphia homeowners.

In light of the above existing resources provided by the City and non-profit agencies, PWD believes there is no need to approve additional funding for a new pilot program as Mr. Colton recommends. In view of the above and the 1989 General Ordinance restrictions, discussed in Section VIII.C of this Brief, the Department requests that this recommendation be rejected.

F. [Colton Adjustment] Expansion of support for UESF

The Public Advocate recommends that the Department spend an additional \$3,000,000, in each year of the Rate Period, to match emergency hardship grants provided through UESF. More specifically, the Advocate proposes that additional funding for UESF be derived using a portion of earmarked late payment charge revenues.³⁶⁴ The Department requests the Rate Board

³⁶³ This is not a comprehensive list. There are many options for homeowners to insure their internal plumbing at a reasonable cost. PWD Rebuttal Statement 3 at 29.

³⁶⁴ PWD Rebuttal Statement 3 at 29-30.

reject this request because similar program is already in place and the 1989 General Ordinance restrictions, discussed in Section VIII.C of this Brief.

By way of background, since the inception of the UESF in 1983, the Department, has contributed one-third (1/3) of UESF operating costs, along with our sister utilities, PECO and PGW, to sustain the UESF utility grant program.

In addition, each utility matches the UESF grants received and credits customer accounts. PWD matches UESF grants up to \$1,500/account. In FY 2023, PWD contributed \$500,000 to UESF, where almost \$274,000 went toward operating costs and the balance was utilized for housing stabilization services to low-income PWD customers. In FY 2022, PWD matching customer credits totaled over \$409,000.

In summary, within the last decade PWD has provided matching credit assistance to 5,946 customers in an aggregate amount exceeding \$1.9 million. It bears emphasis that contributions to UESF are interconnected with PECO and PGW, any additional contributions to UESF would greatly impact the Department's sister utilities and would require further negotiation and discussion. This recommendation should be rejected.

G. [Colton Proposal] Sequestration Practices

The Department of Revenue is responsible for collecting taxes, water charges and other payments that support the City and School District of Philadelphia.³⁶⁵

For rental properties with outstanding tax debts and water sewer charges, the City of Philadelphia has the right to request a court-appointed "sequestrator" to collect rent, manage a

³⁶⁵ <https://www.phila.gov/2019-08-12-anne-whitcombe-answers-7-questions-about-sequestration/>

property, and pay its expenses until any debts to the City are paid off.³⁶⁶ This legal remedy is sought through the City’s Sequestration Program that targets properties with rental income, including commercial mixed-use, tenant-occupied and multi-unit properties.

Mr. Colton, on behalf of the Public Advocate, expressed concern that Sequestration is being used against non-rental (i.e., homeowner-occupied and family member occupied) properties. The Department notes that Mr. Colton’s entire recommendation on the Sequestration program is based on anecdotal examples described at one of the public input hearings by Roxane Crowley, attorney in the Consumer Housing Unit at Philadelphia Legal Assistance. As the Department reported in rebuttal testimony, all situations identified were examined by the Department and those situations not suitable for the Sequestration program were removed from that program.³⁶⁷

The Department disagrees with Mr. Colton’s recommendation that PWD should retain an outside auditor to review all low-income households that have been TAP participants at some point on and after July 1, 2022, and that auditor should review each TAP participant who was an occupant at the time the participant enrolled in TAP.

As the Hearing Officer is aware, the City and the Advocate negotiated a stipulation to address this issue as set forth below:

Stipulation Between the City and Public Advocate Concerning Sequestration Issues

1. Occupant Customers and Sequestration:

- The City acknowledges that due to pending upgrades to the Water Revenue Bureau’s (WRB) billing system, the process of transferring balances from owner

³⁶⁶ <https://www.phila.gov/services/payments-assistance-taxes/resolve-judgments-liens-and-debts/prevent-sequestration-of-your-property-due-to-unpaid-debts/>

³⁶⁷ PWD Rebuttal Statement 3 at 33-34.

accounts to occupant accounts when the occupant accounts are created remains a manual process.

- The City and the Public Advocate agree that efforts are underway to ensure such transfers occur in a timely fashion.
- Regarding an active Sequestration proceeding, the City and the Public Advocate agree that upon the City learning that a property is occupied by a resident who has ownership interest and does not pay rent, the proceeding will be promptly discontinued. If the resident is approved for an occupant account, the City will make all efforts to timely effectuate any balance transfers applicable from the owner account to the occupant account. In the event the occupant customer is approved for TAP, earned arrearage forgiveness will be effectuated as applicable.

2. Tenant Customers and TAP:

- City acknowledges that due to pending upgrades to WRB's billing system, the process of transferring balances accumulated during a tenant's leasehold into pre-TAP arrears upon a tenant's entrance into the TAP program remains a manual process.
- The City and the Public Advocate agree that efforts are underway to ensure such transfers occur in a timely fashion.
- Regarding an active Sequestration proceeding, the City and the Public Advocate agree that upon the City learning that a property owner has been approved for TAP, the proceeding will be promptly discontinued and the City will make all efforts to timely effectuate any balance transfers applicable into the tenant's account and effectuate earned arrearage forgiveness as applicable.

The City and the Advocate will continue to discuss the most feasible way to review accounts in Sequestration and identify improvements to the process. In view of the above, PWD requests that the Rate Board approve the Stipulation and take no further action concerning Mr. Colton's recommendations in connection with Sequestration issues.

H. [Colton Proposal] Compliance with 2021 Settlement Agreement

The Public Advocate recommends that the Department spend an unspecified amount of money to develop and implement a "Customer Education and Outreach Plan." Initially, this Plan

would require the Department to analyze hundreds of census tracts in the City for race, poverty, and TAP participation.

The Department has already reported its various activities in connection TAP customer education and outreach in its Monthly Reports to the Rate Board (posted at the Rate Board's website) and discovery responses provided in this proceeding.³⁶⁸ There is no need for yet another outreach plan at this time. The Department should be given time to see results of the (above-described) collaboration across City departments and with the Commonwealth to pre-qualify eligible households before it embarks on another outreach plan.

IX. OTHER ISSUES

A. Housekeeping Changes

Other than the changes shown in the proposed rates and charges (PWD Exhibit 3), the Department did not propose any material language changes.³⁶⁹

The non-rate changes shown in PWD Exhibit 3 should be permitted to go into effect, as they are reasonable. Moreover, none of the non-rate changes shown in PWD Exhibit 3 were contested by the active participants at the technical hearing or in their testimony before the Rate Board. None of the active participants proposed language or housekeeping changes at the technical hearing or in their testimony before the Rate Board.

B. Miscellaneous Fees and Charges

The Department proposed updates to its miscellaneous fees and charges, as summarized in Schedule BV-3 and as discussed in PWD Statement 7. The proposed miscellaneous fees and

³⁶⁸ See, PWD Responses to PA-XII-1 through 5.

³⁶⁹ PWD Statement 2A at 26; PWD Exhibit 3.

charges detailed in Tables M-1 and M-2, in Schedule BV-3. Additional information regarding these proposed updates can be found in PWD Exhibit 3, Section 6.

The updated miscellaneous fees and charges should be permitted to go into effect, as they are reasonable and were uncontroverted in this record. None of the miscellaneous fees and charges were contested by the active participants at the technical hearing or in their testimony before the Rate Board.

C. Lance Haver

The Rate Board has limited jurisdiction.³⁷⁰ That jurisdiction is limited to “fixing and regulating rates and charges.”³⁷¹ The Board’s jurisdiction does not include authority to investigate, administer or enforce public integrity laws or ethical codes. The refusal to recognize this fact constitutes a determined effort to ignore reality.

Bias and Integrity

Mr. Haver is “angry and fed up with” constant water rate increases.³⁷² He does not believe that the Rate Broad has open and transparent processes. Specifically, Mr. Haver has expressed concerns over the alleged bias of witnesses, the Public Advocate and the Hearing Officer.³⁷³

³⁷⁰ The Rate Board’s jurisdiction is discussed more fully in the Department’s Brief in the 2021 General Rate Proceeding. <https://www.phila.gov/media/20210513093206/Brief-May-11-2021.pdf>.

³⁷¹ *See*, Philadelphia Code §13-101(3).

³⁷² Tr. 12 [March 22, 2023 at 3:00 p.m.] General Rate Proceeding Public Hearing

³⁷³ Haver Statement 1 at 3-8 (Q8-Q12), 10-11 (Q16-18).

Outreach

Mr. Haver questions the level of participation at public input hearings. He posits a “one-size, fits all” approach that would require a specific number of participants at a public input hearing to demonstrate that outreach was “successful” or “acceptable.” The assumption is wrong. Event attendance is an outcome. A “low” participation level at an event does not necessarily imply lack of outreach or lack of knowledge of the event. “Low” participation could imply the informed choice not to participate in the event or a lack of interest in the proceeding. For example, a customer may have chosen to submit written comments as opposed to appearing at a public input hearing. In addition, it should be noted that ratepayers may be more willing to participate in a public input proceeding where the applicable rates are being increased — as opposed to being decreased, as was the case in the 2023 TAP proceeding.

Management Decisions

Mr. Haver implies that the Department is not “well-run,” since the Department (a) does not have in place an economic incentive for management or employees to generate savings (or increase productivity) – beyond the existing performance review measures; (b) has not communicated with other City departments (such as the Revenue Department and the Procurement Department), City Council and the Mayor as promptly and/or in ways that are satisfactory to Mr. Haver; and, (c) has not undergone an outside audit of management, operations or finances for a number of years.

The Department submits that Mr. Haver’s concerns are unfounded as the Department is well managed and its performance can be judged by high quality drinking water and the round the clock services it provides to maintain, repair and improve the Water and Wastewater systems so

we can better serve our customers. Mr. Haver's recommendations should be rejected by the Rate Board, since this process is limited to "setting" water, wastewater, and storm water rates and the above policy recommendations are beyond the limited jurisdiction of the Rate Board.

D. Michael Skiendzielewski

Mr. Skiendzielewski is not entitled to any relief by the Rate Board, since he provided no basis for the Rate Board to make a decision for adjusting the Department's revenue requirements for the Rate Period. Mr. Skiendzielewski (a) broadly asserts that the Department's decisions and conduct impact the setting of rates; and, (b) implies the future changes to the Department's decisions and conduct would negate, in whole or in part, the Department's need for increased revenues in the Rate Period.³⁷⁴ Specifically, Mr. Skiendzielewski appears to be challenging how the Department makes decisions (responsibility for replacements/repairs of laterals) and performs tasks (excavations) on a day-to-day basis. Mr. Skiendzielewski's recommendations are wholly unsupported and speculative and should be rejected.

X. CONCLUSION

For all of the reasons stated in this Brief (together with the facts and information contained in the record), the Department requests that the Hearing Officer recommend, and that the Rate Board take, the following actions:

- (1) approve, without further modifications and/or adjustments, the Department's proposed rates and charges;
- (2) find that the proposed rates and charges set forth in the attached schedules are supported by the record, are in compliance with the Rate Ordinance and other applicable

³⁷⁴ Mr. Skiendzielewski did not explain his positions either in written testimony or public comments. As noted above, he also did not file written testimony. Mr. Skiendzielewski's written public comments consist of documents from prior rate proceedings and numerous emails that are not of record.

requirements and therefore should be permitted to be placed in effect for service rendered on and after September 1, 2023, and September 1, 2024, consistent with the terms and conditions contained in the Formal Notice, as amended by the Department;

(3) permit the Philadelphia Water Department to place into effect the uncontested tariff changes together with changes in miscellaneous fees and charges;

(4) reject any remaining issues, proposals, modifications and/or adjustments by the other participants that are not contained in the Formal Notice (as amended by the Department), except as otherwise directed; and

(5) direct the Department to prepare and submit regulations to include rates and charges and other issues consistent with Formal Notice, as amended by the Department, and the foregoing discussion.

Respectfully submitted,

/s/ Andre C. Dasent

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Date: May 16, 2023

Counsel for Philadelphia Water Department

APPENDICES

- A. Tables C-1 and C-1A
- B. PWD Exhibit 3- PWD Rates and Charges FY 2024 and FY 2025
(plain and black-lined).
- C. Summary of Public Input Hearings
- D. Summary of Public Advocate Adjustments

Table C-1 and Table C-1A

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

| Line No. | Description | Fiscal Year Ending June 30, | | | | | |
|---------------------------|--|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| OPERATING REVENUE | | | | | | | |
| 1 | Water Service - Existing Rates | 299,168 | 301,672 | 304,366 | 307,210 | 306,806 | 306,047 |
| 2 | Wastewater Service - Existing Rates | 480,288 | 485,480 | 488,027 | 489,953 | 489,257 | 479,344 |
| 3 | Total Service Revenue - Existing Rates | 779,455 | 787,152 | 792,393 | 797,163 | 796,063 | 785,392 |
| | Additional Service Revenue Required | | | | | | |
| | Percent | | | | | | |
| | Months | | | | | | |
| | Year | Increase | Effective | | | | |
| 4 | FY 2024 | 11.02% | 10 | 72,392 | 87,966 | 88,000 | 87,829 |
| 5 | FY 2025 | 8.77% | 10 | | 62,977 | 77,619 | 77,512 |
| 6 | FY 2026 | 12.66% | 10 | | | 99,472 | 121,709 |
| 7 | FY 2027 | 7.98% | 10 | | | | 70,520 |
| 8 | FY 2028 | 8.98% | 10 | | | | 84,516 |
| 9 | Total Additional Service Revenue Required | - | 72,392 | 150,942 | 265,091 | 357,570 | 452,760 |
| 10 | Total Water & Wastewater Service Revenue | 779,455 | 859,544 | 943,335 | 1,062,254 | 1,153,634 | 1,238,152 |
| | Other Income (a) | | | | | | |
| 11 | Other Operating Revenue | 20,247 | 19,226 | 26,661 | 26,719 | 26,694 | 26,668 |
| 12 | Debt Reserve Account Interest Income | - | - | - | - | - | - |
| 13 | Operating Fund Interest Income | 1,882 | 1,982 | 2,023 | 2,192 | 2,271 | 2,331 |
| 14 | Rate Stabilization Interest Income | 1,365 | 1,339 | 1,336 | 1,360 | 1,423 | 1,497 |
| 15 | Total Revenues | 802,949 | 882,092 | 973,356 | 1,092,525 | 1,184,022 | 1,268,648 |
| OPERATING EXPENSES | | | | | | | |
| 16 | Total Operating Expenses | (564,671) | (611,326) | (654,537) | (690,172) | (720,118) | (752,972) |
| NET REVENUES | | | | | | | |
| 17 | Transfer From/(To) Rate Stabilization Fund | 1,229 | 4,136 | 124 | (5,473) | (7,318) | (7,509) |
| 18 | NET REVENUES AFTER OPERATIONS | 239,507 | 274,902 | 318,943 | 396,880 | 456,586 | 508,167 |
| DEBT SERVICE | | | | | | | |
| | Senior Debt Service | | | | | | |
| | Revenue Bonds | | | | | | |
| 19 | Outstanding Bonds | (187,747) | (185,847) | (183,090) | (183,088) | (183,091) | (166,318) |
| 20 | PENNVEST Loans | (10,935) | (12,031) | (16,329) | (23,721) | (29,283) | (32,313) |
| 21 | Projected Future Bonds | - | (21,083) | (53,880) | (92,771) | (129,341) | (175,213) |
| 22 | Commercial Paper | (900) | (900) | (900) | (900) | (900) | (900) |
| 23 | WIFIA | - | (17) | (956) | (4,812) | (8,532) | (16,153) |
| 24 | Total Senior Debt Service | (199,582) | (219,878) | (255,154) | (305,292) | (351,146) | (390,897) |
| 25 | TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24) | 1.20 x | 1.25 x | 1.25 x | 1.30 x | 1.30 x | 1.30 x |
| 26 | Subordinate Debt Service | - | - | - | - | - | - |
| 27 | Transfer to Escrow | - | - | - | - | - | - |
| 28 | Total Debt Service on Bonds | (199,582) | (219,878) | (255,154) | (305,292) | (351,146) | (390,897) |
| 29 | CAPITAL ACCOUNT DEPOSIT | (23,383) | (24,295) | (25,242) | (26,226) | (27,249) | (28,312) |
| 30 | TOTAL COVERAGE (L18/(L24+L26+L29)) | 1.07 x | 1.12 x | 1.13 x | 1.19 x | 1.20 x | 1.21 x |
| 31 | End of Year Revenue Fund Balance | 16,542 | 30,729 | 38,547 | 65,361 | 78,191 | 88,958 |

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

| Line No. | Description | Fiscal Year Ending June 30, | | | | | |
|--------------------------------|---|-----------------------------|----------|----------|----------|----------|----------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| RESIDUAL FUND | | | | | | | |
| 32 | Beginning of Year Balance | 16,102 | 15,095 | 15,079 | 15,078 | 15,047 | 15,025 |
| 33 | Interest Income | 155 | 150 | 150 | 150 | 150 | 149 |
| | Plus: | | | | | | |
| 34 | End of Year Revenue Fund Balance | 16,542 | 30,729 | 38,547 | 65,361 | 78,191 | 88,958 |
| 35 | Deposit for Transfer to City General Fund (b) | 1,945 | 1,999 | 2,026 | 2,084 | 2,149 | 2,192 |
| | Less: | | | | | | |
| 36 | Transfer to Construction Fund | (16,600) | (29,800) | (34,400) | (58,150) | (72,800) | (86,100) |
| 37 | Transfer to City General Fund | (1,945) | (1,999) | (2,026) | (2,084) | (2,149) | (2,192) |
| 38 | Transfer to Debt Reserve Account | (1,105) | (1,096) | (4,298) | (7,392) | (5,562) | (3,030) |
| 39 | End of Year Balance | 15,095 | 15,079 | 15,078 | 15,047 | 15,025 | 15,002 |
| RATE STABILIZATION FUND | | | | | | | |
| 40 | Beginning of Year Balance (c) | 138,989 | 137,760 | 133,625 | 133,501 | 138,974 | 146,291 |
| 41 | Deposit From/(To) Revenue Fund | (1,229) | (4,136) | (124) | 5,473 | 7,318 | 7,509 |
| 42 | End of Year Balance | 137,760 | 133,625 | 133,501 | 138,974 | 146,291 | 153,800 |

(a) Includes other operating and nonoperating income, including interest income on funds and accounts transferable to the Revenue Fund and reflects projected contra revenue credits for Affordability Program Discounts (TAP Costs).

(b) Transfer of interest earnings from the Debt Reserve Account to the Residual Fund as shown in Line 35 to satisfy the requirements for the transfer to the City General Fund shown on Line 37.

(c) FY 2023 beginning balance is estimated based on preliminary FY 2022 results.

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

| Line No. | Description | Fiscal Year Ending June 30, | | | | | |
|---------------------------|--|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| OPERATING REVENUE | | | | | | | |
| 1 | Water Service - Existing Rates | 294,038 | 296,093 | 298,680 | 301,466 | 301,071 | 300,328 |
| 2 | Wastewater Service - Existing Rates | 472,292 | 476,637 | 478,997 | 480,829 | 480,147 | 470,259 |
| 3 | Total Service Revenue - Existing Rates | 766,330 | 772,731 | 777,677 | 782,295 | 781,218 | 770,587 |
| | Additional Service Revenue Required | | | | | | |
| | Percent | | | | | | |
| | Months | | | | | | |
| | Year | Increase | Effective | | | | |
| 4 | FY 2024 | 12.75% | 10 | 80,412 | 99,154 | 99,743 | 99,605 |
| 5 | FY 2025 | 8.80% | 10 | | 62,977 | 77,619 | 77,512 |
| 6 | FY 2026 | 12.70% | 10 | | | 99,472 | 121,709 |
| 7 | FY 2027 | 8.00% | 10 | | | | 70,520 |
| 8 | FY 2028 | 9.00% | 10 | | | | 84,516 |
| 9 | Total Additional Service Revenue Required | - | 80,412 | 162,131 | 276,834 | 369,346 | 464,504 |
| 10 | Total Water & Wastewater Service Revenue | 766,330 | 853,142 | 939,807 | 1,059,129 | 1,150,564 | 1,235,091 |
| | Other Income (a) | | | | | | |
| 11 | Other Operating Revenue | 29,601 | 29,664 | 29,713 | 29,771 | 29,746 | 29,720 |
| 12 | Debt Reserve Account Interest Income | - | - | - | - | - | - |
| 13 | Operating Fund Interest Income | 1,882 | 1,982 | 2,023 | 2,192 | 2,271 | 2,331 |
| 14 | Rate Stabilization Interest Income | 1,365 | 1,339 | 1,336 | 1,360 | 1,423 | 1,497 |
| 15 | Total Revenues | 799,178 | 886,128 | 972,880 | 1,092,452 | 1,184,004 | 1,268,639 |
| OPERATING EXPENSES | | | | | | | |
| 16 | Total Operating Expenses | (564,671) | (611,326) | (654,537) | (690,172) | (720,118) | (752,972) |
| NET REVENUES | | | | | | | |
| 17 | Transfer From/(To) Rate Stabilization Fund | 5,000 | 100 | 600 | (5,400) | (7,300) | (7,500) |
| 18 | NET REVENUES AFTER OPERATIONS | 239,507 | 274,902 | 318,943 | 396,880 | 456,586 | 508,167 |
| DEBT SERVICE | | | | | | | |
| | Senior Debt Service | | | | | | |
| | Revenue Bonds | | | | | | |
| 19 | Outstanding Bonds | (187,747) | (185,847) | (183,090) | (183,088) | (183,091) | (166,318) |
| 20 | PENNVEST Loans | (10,935) | (12,031) | (16,329) | (23,721) | (29,283) | (32,313) |
| 21 | Projected Future Bonds | - | (21,083) | (53,880) | (92,771) | (129,341) | (175,213) |
| 22 | Commercial Paper | (900) | (900) | (900) | (900) | (900) | (900) |
| 23 | WIFIA | - | (17) | (956) | (4,812) | (8,532) | (16,153) |
| 24 | Total Senior Debt Service | (199,582) | (219,878) | (255,154) | (305,292) | (351,146) | (390,897) |
| 25 | TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24) | 1.20 x | 1.25 x | 1.25 x | 1.30 x | 1.30 x | 1.30 x |
| 26 | Subordinate Debt Service | - | - | - | - | - | - |
| 27 | Transfer to Escrow | - | - | - | - | - | - |
| 28 | Total Debt Service on Bonds | (199,582) | (219,878) | (255,154) | (305,292) | (351,146) | (390,897) |
| 29 | CAPITAL ACCOUNT DEPOSIT | (23,383) | (24,295) | (25,242) | (26,226) | (27,249) | (28,312) |
| 30 | TOTAL COVERAGE (L18/(L24+L26+L29)) | 1.07 x | 1.12 x | 1.13 x | 1.19 x | 1.20 x | 1.21 x |
| 31 | End of Year Revenue Fund Balance | 16,542 | 30,729 | 38,547 | 65,361 | 78,191 | 88,958 |

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

Appendix B

**PWD Exhibit 3 - PWD Proposed Rates and Charges
(FY 2024 and FY 2025)**

Effective: September 1, 2023

PHILADELPHIA WATER DEPARTMENT**RATES AND CHARGES**

Effective: September 1, 2023.

1.0 DEFINITIONS.

(a) **Condominium Properties:** Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

(b) **Customer:** An owner, Tenant or occupant who by operation of law or agreement is responsible for payment of the charges for water/sewer/stormwater service at a Residential, Non-residential or Condominium Property.

(c) **Department:** The Philadelphia Water Department is the operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(d) **Dwelling Unit:** A single unit within a building providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

(e) **Home Rule Charter:** The Philadelphia Home Rule Charter, as codified in Pennsylvania First Class City Home Rule Act, April 21, 1949 P.L. 665, 351 Pa. Code §1-100 et seq.

(f) **Mcf:** Thousand cubic feet. The quantity charges in Sections 2, 3, 9 and 10 are expressed in Mcf.

1 Mcf = 1,000 cubic feet = 7,480 gallons

(g) **Municipal Stormwater System:** City owned and maintained real property, infrastructure or natural feature used and/or constructed for purposes of transporting, conveying, retaining, detaining, or discharging stormwater runoff.

(h) **Non-residential Property:** Real estate which cannot be classified as either Residential or Condominium. Real estate used exclusively as a cemetery shall not be considered Non-residential property.

(i) **Philadelphia Code:** The body of laws and regulations enacted by the Philadelphia City Council.

(j) Philadelphia Department of Records: An operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(k) Property: Any parcel of real estate identified in the records of the Philadelphia Department of Records.

(l) Property Owner: The owner of the particular parcel of real estate identified in the records of the Philadelphia Department of Records, or the grantee in a land transfer of record.

(m) Residential Property: Real estate used exclusively for residential purposes with at least one and no more than four Dwelling Units and which cannot be classified as Condominium Property. Property adjacent to Residential Property owned and utilized exclusively by the Residential Property owner for residential uses. Upon proof submitted to the Department, said properties shall be deemed by the Department to form one Residential parcel comprised of the Property and the Residential Property.

(n) Stormwater Management Practice (SMP): Any man-made structure that is designed and constructed to detain, infiltrate, or otherwise control stormwater runoff quality, rate, or quantity.

(o) Surface Discharge: The discharge of stormwater runoff from a property to an adjacent surface water body, without the use of City infrastructure.

(p) Undeveloped Property: Property classified by the Board of Revision of Taxes as SB, SC, SI, SR, or SS; Undeveloped refers to the status of the property as having no structures and is not related to whether the property has ever been developed.

(q) Water Commissioner: The Water Commissioner of the City of Philadelphia who performs the duties and obligations as set forth in the Philadelphia Home Rule Charter and the Philadelphia Code.

(r) Utility Plan: A plan that shows water, sewer, and/or stormwater connections and sizes, utility locations, and impacts to rights-of-way, the approval of which is required under the Administrative Code Section A-305.2.1.6.

1.1 Conformity with Existing Law.

Nothing contained herein shall be deemed to overrule or annul any existing provisions of the Home Rule Charter or the Philadelphia Code.

1.2 Severability.

If any provision, paragraph, word or sections herein is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words and sections shall not be affected and shall continue in full force and effect.

2.0 WATER CHARGES

Charges for water service supplied by the City of Philadelphia shall be effective on September 1, 2023, as follows:

2.1 General Customers.

Charges for the supplying of water shall be determined and billed as follows:

(a) Charges and billing in general.

(1) Water charges shall consist of a service charge and quantity charge.

(2) A service charge shall be billed monthly.

(3) As set forth in Section 2.1(b), the type and size of the meter shall determine the service charge.

(4) In addition, there shall be a quantity charge as provided herein for water used in a monthly billing cycle, either as metered or as estimated.

(5) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be the period between the dates of scheduled metered readings, actual or estimated.

(b) Monthly service charges.

(1) Effective September 1, 2023 and thereafter, the monthly service charge for the various types and sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
| 5/8 | R | \$5.30 |
| 3/4 | Z | 5.81 |
| 1 | Q | 7.27 |
| 1 -1/2 | P | 10.28 |
| 2 | X | 14.65 |
| 3 | O | 23.99 |
| 4 | W | 42.84 |
| 6 | N | 81.39 |
| 8 | V | 125.10 |
| 10 | E | 182.51 |
| 12 | T | 306.82 |

Residential Fire Sprinkler System Meters

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
| 3/4 | Z | 9.47 |
| 1 | Q | 10.93 |
| 1 -1/2 | P | 13.94 |
| 2 | X | 18.31 |

(c) Quantity charges

In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge set forth below to all water use. In addition, the quantity charge will also include a Tiered Assistance Program (TAP) Rate Rider Surcharge, as set forth in Section 10.

(1) Effective September 1, 2023 and thereafter, the quantity charge portion of each bill shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons.

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|----------------------------|----------------------|-----------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$61.14 | \$0.21 | \$61.35 |
| Next 98 Mcf (2.1 to 100 Mcf) | 54.93 | 0.21 | 55.14 |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 42.55 | 0.21 | 42.76 |
| Over 2,000 Mcf | 41.40 | 0.21 | 41.61 |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(d) Temporary Transitional Provisions: Some special customers whose charges are now based on meter size may find that they are in fact 'over-metered' - their metered service is too large for their actual requirements and results in excessive bills. They may apply for a downward revision in the size of their meters. After the approval of the Department, the revision of plumbing arrangements and the installation of smaller meter, the lower charge by meter size shall apply.

3.0 SEWER CHARGES

Charges for sewer service supplied by the City of Philadelphia shall be effective on September 1, 2023, as follows:

3.1 General Customers.

(a) All customers discharging wastewater into the City's wastewater system shall pay sewer charges as set forth in Section 3.3. In addition to the charges set forth in Section 3.3, all customers discharging wastewater whose pollutant content is greater than the pollutant content of Normal Wastewater, as defined below in Section 3.1(b), shall pay an additional surcharge as set forth in Section 3.4.

(b) Normal Wastewater subject to the regular sewer charges set forth in Section 3.3 is that wastewater which contains 250 milligrams per liter or less of five day biochemical oxygen demand (BOD₅) and 350 milligrams or less per liter or less of suspended solids (SS).

(c) Wastewater subject to the surcharge set forth in Section 3.4 is that wastewater which contains either more than 250 milligrams per liter of BOD₅ or more than 350 milligrams per liter of SS, or both.

3.2 Charges.

(a) Sewer charges shall consist of a service charge and a quantity charge.

(b) A service charge shall be billed monthly.

(c) As set forth in Section 3.3(a), the size of the meter shall determine the service charge.

(d) In addition, as set forth in Section 3.3(b), there shall be a quantity charge for sewer service in a monthly billing cycle, either as metered or as estimated.

(e) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be between the dates of scheduled metered readings, actual or estimated. Quantity charges imposed shall be based on the water usage of the Property served.

3.3 Regular Sewer Charges.

(a) Monthly service charges shall be determined and billed as follows:

(1) Effective September 1, 2023 and thereafter, the monthly service charge for the various sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
|-------------|-------------|---------------|

| | | |
|--------|---|--------|
| 5/8 | R | \$7.54 |
| 3/4 | Z | 9.62 |
| 1 | Q | 14.10 |
| 1 -1/2 | P | 24.80 |
| 2 | X | 38.25 |
| 3 | O | 68.97 |
| 4 | W | 117.21 |
| 6 | N | 231.03 |
| 8 | V | 365.58 |
| 10 | E | 527.64 |
| 12 | T | 959.14 |

Residential Fire Sprinkler System Meters

Size Code Charge

| | | |
|--------|---|------|
| 3/4 | Z | 7.54 |
| 1 | Q | 7.54 |
| 1 -1/2 | P | 7.54 |
| 2 | X | 7.54 |

(b) Quantity charge

In addition to the service charge, the quantity charge portion of each sewer bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

1 Mcf = 1,000 Cubic Feet = 7,480 gallons

(1) Effective September 1, 2023 and thereafter, the quantity charge shall be:

| | | |
|---------------------------|-----------------------|----------------------------|
| <u>Base Charge</u> | <u>TAP-R</u> | <u>Total Charge</u> |
| <u>Per Mcf</u> | <u>Per Mcf</u> | <u>Per Mcf</u> |
| \$39.61 | \$0.34 | \$39.95 |

3.4 Surcharge.

(a) Effective September 1, 2023 and thereafter, the surcharge for wastewater by definition in excess of Normal Wastewater shall be fixed at forty-four and three tenths cents (\$0.443) per pound of pollutants received into the wastewater system in excess of 250 milligrams

per liter of BOD₅ and forty-five and two tenths cents (\$0.452) per pound of pollutants received into the wastewater system in excess of 350 milligrams per liter of SS.

(b) The BOD₅ and SS of wastewater shall be determined from samples taken on the Customer's Property at any period or time and of such duration and in such manner as the Department may prescribe or at any place mutually agreed upon between the Customer and the Department. With prior written approval of the Department, the results of routine sampling and analyses by the Customer may be used in determining the amount of the surcharge.

(c) If, in the Department's judgment, sampling of wastewater is neither feasible nor practical, the Department, for billing purposes, may base BOD₅ and SS of the wastewater on sampling results for similar discharge and/or values obtained from technical literature.

(d) Customers discharging wastewater subject to the surcharge shall, as prescribed by the Department:

(1) Install and maintain such facilities for sampling and measuring the wastewater discharged from their properties; and

(2) Maintain such records and information deemed necessary for the determination of the surcharge.

(e) Customers, as required from time to time, shall file with the Department responses to a questionnaire establishing or revising pertinent information on the quantity of flow and the quality of wastewater and other data deemed necessary for the determination of the surcharge.

(f) Measurements, tests and analyses of the characteristics of wastewater subject to surcharge shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(g) The surcharge shall be applied to the total wastewater discharged less any portion excluded by the Department.

3.5 Sewer Credits.

Pursuant to Section 13-101(6) of the Philadelphia Code, the method of crediting water users' sewer bills for City water used but not discharged into the wastewater disposal system shall be as follows.

(a) Eligibility. Where commercial and industrial facilities that use City water do not discharge all of such water into the wastewater system, the quantity of such water may be excluded in determining the proper sewer charge, provided that:

- (1) at least 5% of water used, or
- (2) 225,000 cubic feet per year, whichever is less, is not discharged into the wastewater system.
- (b) Determination of the Amount of Exclusion. To determine the amount of such exclusion the Customer shall install a meter or measuring device satisfactory to the Department provided that, if in the opinion of the Department, it is not feasible to install a meter or measuring device, some other satisfactory method of measuring (“credit factor”) may be designated by the Department on application of the Customer.
- (c) Fee for Application. When the Customer applies to the Department for a determination on the quantity of water to be excluded by some method other than metering of the sewer, or re-applies for a revised method measuring a larger quantity of water to be excluded, there shall be charge of eight hundred and twenty dollars (\$820) for the review of such application.
- (d) Effective Date of Credits and Approved Credit Factors. Credits on a water user’s sewer bills for quantities of water used but not discharged into the wastewater disposal system shall be effective from the submission date of an approved application. In order to be reviewed for approval, applications shall be complete, submitted on forms provided by the Department and shall be accompanied by a check payable to the City of Philadelphia in the amount required in Section 3.5(c). No credits shall be made retroactively.
- (e) Review of Approved Credit Factors. The Department reserves the right to review approved credit factors. Customers may, from time to time, be required to submit current water use and sewer discharge information. Customers may also be required to submit new applications for the credit factor. Failure to comply with the Department’s requests for information or new applications may result in termination of the Customer’s credit factor.
- (f) Failure to Inform the Department of Increased Sewer Use. Customers with credit factors who fail to inform the Department of increased discharges to the wastewater system shall be subject to the imposition of the full charges for sewer use based on total water usage from the most recent application date, with applicable interest. In addition, the Department may impose a fine of three hundred and eighty-five dollars (\$385) for each billing period from the application date.

4.0 STORMWATER MANAGEMENT SERVICE CHARGES

Charges for Stormwater Management Services (SWMS) supplied by the City of Philadelphia shall be effective September 1, 2023 as follows:

4.1 Charges.

All properties within the City shall be billed a SWMS charge.

4.2 Residential Properties.

All Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Effective September 1, 2023 and thereafter all Residential Properties shall be charged the rates listed below:

| <u>SWMS</u> | <u>Billing & Collection</u> |
|-------------|---------------------------------|
| \$17.09 | \$1.95 |

(b) Residential Properties which do not have sewer service and which also have previously been charged only for water service shall be charged the rates shown above at 4.2 (a).

4.3 Non-Residential Properties.

Non-Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Non-residential Properties shall be charged based on the Gross Area (GA) of the Property and the Impervious Area (IA) of the Property.

(1) GA includes all of the Property area within the legally described boundaries except streets, medians, and sidewalks in the public right-of-way and railroad tracks and station platforms in the railroad right-of-way.

(2) IA includes surfaces which are compacted or covered with material that restricts infiltration of water, including semi-pervious surfaces such as compacted clay, most conventionally hard-scaped surfaces such as streets, driveways, roofs, sidewalks, parking lots, attached and detached structures, and other similar surfaces.

(i) For Non-residential Properties with less than 5,000 square feet GA, the IA shall be estimated as a percentage of GA.

(A) For Undeveloped Property as defined in Section 1.0, the IA shall be 25% of the GA.

(B) For other Properties, the IA shall be 85% of the GA.

(3) In determining the GA Factor and IA Factor of a Property for the SWMS charge, the Department shall use increments of 500 square feet rounding up to the next highest increment.

(4) Calculating the Monthly SWMS charge. The monthly SWMS charge for each Non-residential Property is calculated by:

(i) dividing the GA in square feet by 500 and rounding up to the next whole unit to determine the GA Factor, then multiplying the GA Factor by the GA Rate to determine the GA charge;

(ii) dividing the IA in square feet by 500 and rounding up to the next whole unit to determine the IA Factor, then multiplying the IA Factor by the IA Rate to determine the IA charge;

(iii) the addition of the GA charge and the IA Charge equals the SWMS charge; and

(iv) the addition of the SWMS charge and the Billing and Collection charge together equals the total monthly stormwater charge.

(5) Rates for GA, IA and Billing and Collection.

(i) Effective September 1, 2023 and thereafter, the Rates shall be as follows:

| <u>GA</u> (\$/500 s.f.) | <u>IA</u> (\$/500 s.f.) | <u>Billing & Collection</u> |
|----------------------------|----------------------------|---------------------------------|
| 0.799 | 5.842 | \$2.53 |

(6) Minimum Monthly Charges. Non-residential Properties shall be subject to a minimum monthly charge. If the monthly charge calculated in Section 4.3(a)(4) is less than the monthly charges listed below then the monthly charges below shall be billed to the Property.

| <u>SWMS</u> | <u>Billing & Collection</u> |
|-------------|---------------------------------|
| \$17.09 | \$2.53 |

(7) Adjustment Appeal Procedure.

(i) Customers may appeal the GA and/or IA calculations, property classification, or charge distribution of their property.

(ii) Adjustments shall be made using forms and procedures as defined by the Credits and Adjustment Appeals Manual and sent to:

Philadelphia Water Department
SWMS Charge Appeals
1101 Market Street
4th Floor
Philadelphia, PA 19107-2994

(iii) Adjustments to the GA and/or IA determination are separate and distinct from the billing review procedures established by Section 19-1702 of the Philadelphia Code.

(iv) The grounds supporting the adjustment shall be stated in writing, and include any exhibits, such as photographs, drawings or maps, site plans, and affidavits that support the claim. In addition, a land survey prepared by a registered surveyor shall be attached showing all Dwelling Units, total property area, type of surface material and impervious area, as appropriate, and any other information requested in writing by the Department. The Department may waive the submission of a land survey, if the Department determines that the survey is not necessary to make a determination on the appeal.

(v) The Customer filing the appeal is solely responsible to demonstrate, by clear and convincing evidence, that the GA and/or IA square footage information used by the Department, from which the adjustment appeal is being taken, is erroneous.

(vi) The filing of a notice of an adjustment appeal shall not stay the imposition, calculation or duty to pay the SWMS charge.

(vii) If the adjustment appeal results in a revised GA and/or IA calculation, correction of property classification, correction of parcel identification, or revisions to the default charge allocation, then the adjusted SWMS Charge will be effective from the date of receipt of the Adjustment Appeals Application; except that the Department may authorize WRB to credit accounts for adjustments to the GA and/or IA calculation for a period not to exceed three years prior to receipt of the Adjustment Appeals Application if the Customer filing the appeal demonstrates, by clear and convincing evidence, that it was eligible for and qualified to receive the adjustment during the three year period prior to the receipt of the Adjustment Appeals Application was incorrect.

(8) Multiple Accounts Serving One Property. Where there are multiple water accounts on a single Property, the entire SWMS charge of that Property shall be divided

equally among the accounts. Each account shall also be billed a Billing and Collection charge. Property Owners shall have the opportunity to request an alternative allocation of the SWMS Charge.

4.4 Condominium Properties.

(a) Condominium Properties shall be charged SWMS and Billing and Collection charges on the same terms as Non-residential Properties under Section 4.3, but shall be billed as follows:

(1) Condominium Properties with a single water meter account shall be billed such that the entire SWMS charge of the condominium complex property plus a Billing and Collection Charge are billed to that single account.

(2) Condominium Properties with individual water meter accounts for each unit shall be billed such that the entire SWMS charge of the condominium complex property shall be divided and billed equally to each individual account. In addition, each account shall be billed a Billing and Collection Charge.

(3) Condominium Properties with more than one water meter, but without individual water meters for each unit, shall be billed such that the entire SWMS charge of the condominium complex property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection Charge. The Condominium Owner's Association shall have the opportunity to request an alternative allocation of the SWMS charge.

4.5 SWMS Credits

(a) Eligibility.

(1) Accounts on Non-residential and Condominium properties must be current to be eligible for credits.

(2) The Customer shall make the Property available for inspection by the Department and provide all necessary documentation for purposes of verifying the appropriateness of a SWMS credit(s).

(3) The Customer shall fulfill credit requirements, as described in Section 4.5(c) below, in accordance with the maintenance guidelines as prescribed by the Department, including any and all inspection and reporting obligations.

(b) Classes of Credits. There are three classes of credits: IA Credit, GA Credit, and NPDES Credit. The IA Credit provides a reduction to the IA Charge; the GA Credit provides a reduction to GA Charge; and the NPDES Credit provides reduction to the total SWMS Charge. A Property may be approved for credits from each of the three classes;

however, if the resulting SWMS Charge after the application of any credits is less than the Non-residential minimum monthly charge, then the minimum monthly charge will apply.

(c) Credit Requirements.

(1) IA Credit. IA Credit is available for the portion of IA on a property where stormwater runoff is managed (IA Managed). IA Managed is achieved as follows:

(i) For areas of the property that meet the requirements of the following Impervious Area Reductions (IAR), as described in the Stormwater Credits and Adjustment Appeals Manual, a direct reduction in the billable IA may be applied:

- (A) Rooftop disconnection,
- (B) Pavement disconnection, or
- (C) Tree canopy coverage.

(ii) For Properties with PWD-approved Stormwater Management Practices constructed per Chapter 6 of the Department's regulations, the customer must demonstrate compliance with the regulations, including management of the first 1.5 inches of runoff and any and all required reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iii) For properties with PWD-approved Stormwater Management Practices, including those constructed with Department stormwater grant funds, the customer must demonstrate management of the first 1.5" of runoff and SMP compliance per the approved record drawing and any and all reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iv) The Department may approve a Property for IA credit for Non-Surface Water Discharges under the credit requirements in effect before September 1, 2021, if the Department receives a credit application for that Property on or before September 1, 2021. Such Properties property receiving credit under the credit requirements in effect before September 1, 2021 may continue to receive the credit under those requirements until the credit expires. Upon expiration of the credit, the current or future Property Owners of such Properties may renew the credit under the credit requirements in effect before September 1, 2021 by submitting a renewal application(s) in accordance with Subsection 4.5(f)(4) unless and until this section is modified.¹

(v) For Surface Discharges, the Customer must demonstrate that a portion or all of the impervious area discharges directly to a surface water body.

¹ Prior to September 1, 2021, Customers of Properties with non-Surface Discharges were required to demonstrate management of the first inch of stormwater runoff in one of the three following ways: (1) infiltration, (2) detention and slow release, and/or (3) routing through an approved volume -reducing SMP.

(2) GA Credit.

(i) Impervious area only. Impervious area shall receive a GA credit based on the criteria defined in Section 4.5(c)(1)(ii), (iii), (iv) and (v) herein.

(ii) Open Space area only. Open Space area is non-impervious area and is calculated as GA minus IA. The Customer must demonstrate a Natural Resource Conservation Service Curve Number (NRCS-CN) below a certain value as described in the Credits and Adjustment Appeals Manual.

(3) National Pollutant Discharge Elimination System (NPDES) Credit. The Customer must demonstrate the property is subject to and in compliance with a NPDES Permit for industrial stormwater discharge activities.

(d) Credit Maximum.

(1) IA Credit Maximum. IA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% IA Credit for the IA Managed.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% IA credit for the IA Managed.

(2) GA Credit Maximum. GA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% GA Credit.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% GA credit.

(3) NPDES Credit Maximum. Eligible properties shall receive a maximum of 7% NPDES credit as described in the Credit and Adjustment Appeals Manual.

(e) Application of Credits

The application of the three classes of credits in calculating a property's monthly SWMS charge shall be described in the Credits and Adjustment Appeals Manual.

(f) Administration of Credits.

(1) A Customer shall apply for credits using application forms and submitting the required documentation as defined in the Credits and Adjustment Appeals Manual.

(2) Any engineering or other costs incurred in completing the application shall be borne by the Customer.

(3) Credits shall be effective upon receipt of a complete application.

(4) All credits shall expire four (4) years from the effective date of the credit. A Customer may renew credits by submitting a renewal application, documentation required by the Department as defined in the Credits and Adjustment Appeals Manual, and paying a renewal fee of two hundred and eighty dollars (\$280).

(g) Termination of Credits.

(1) The Department may review any approved credit at any time to verify its continued applicability. Customers may from time to time be asked to submit documentation and/or grant access to the Property receiving the credit. Failure to comply with such requests may result in the termination of the credit(s).

(2) The Customer's failure to meet credit requirements or comply with inspection and reporting obligations, in accordance with Section 4.5(a)(3), shall result in a suspension or revocation of all affected credits pursuant to the procedures issued by the Department.

(h) The Department may, at its sole discretion, issue stormwater credits to individual parcels where stormwater management is being implemented on a shared, collective basis by an organization representing different parcel owners within a defined geographic area.

5.0 BILLING FOR WATER, SEWER AND STORMWATER SERVICE

5.1 Billing.

(a) Estimated Usage and Billing. When an accurate meter reading cannot be obtained at the time of a scheduled meter reading or when necessary for administrative purposes, the quantity of water used may be estimated for billing purposes. Estimated usage will be based upon actual meter readings from prior cycles or by such other fair and reasonable methods as shall be approved by the Water Commissioner. Where the water usage is estimated because of inability to read the meter, any necessary corrections shall be made at the time of the next actual meter reading, or when appropriate.

(b) Charges to be Combined. At the discretion of the Water Commissioner, each bill may combine in one amount the service charge and any quantity charges for water, sewer and stormwater, if applicable.

(c) Bills Due and Payable. All bills are due and payable when rendered.

(d) Penalties for Late Payments.

(1) If current water, sewer, and stormwater bills are not paid within thirty (30) days from the date indicated on the bill, a penalty of five percent (5%) shall be imposed.

(2) An additional penalty of one half of one percent (0.5%) shall be imposed and added to water, sewer, and stormwater bills, and their penalties, on the due date of the bill of each succeeding cycle, except that a period of thirty (30) days shall elapse before the first additional penalty is imposed.

(3) If any water, sewer, and stormwater bill remains unpaid for two cycles after the bill has been rendered, the Revenue Department shall serve a notice of termination upon the delinquent Property Owner and, if the charge, with penalties thereon, is not paid within ten (10) days after such service of notice, the Department, in its discretion, may suspend water service to the Property until the charge with penalties is paid. Penalties for late payment are set by ordinance, not by regulation, and any amendments to the current ordinance shall apply as provided therein.

(e) Balance Due. Each bill shall include any balances due for bills issued from October 1, 2000, including penalties.

(f) Changes in Meter Size. When a change in meter size is made, the charge for the new meter size shall become effective on the date of such change.

(g) Unmetered Customers.

(1) Unmetered Customers shall be billed the same charges established for metered Customers. The water and sewer service charges will be determined by the size of the meter which would be installed for an equivalent service at a similar property. The SWMS charges will be determined based on Section 4.0. The Revenue Department shall estimate the quantity of water used and bill accordingly using the applicable water and sewer quantity charges.

(2) Where unmetered wastewater is discharged to the sewer system without adequate sewer metering, the Department reserves the right to bill the amount of flow based upon its engineering judgment of a reasonable estimate of unmetered usage.

(h) Unoccupied Property.

The billing of unoccupied Properties for water and sewer shall be discontinued only on issuance of a Discontinuance of Water permit. Nothing in this Section shall relieve a Property Owner of his responsibility for maintaining a service line unless a Discontinuance of Water permit has been secured. Under no circumstances will the stormwater service charge be terminated.

(i) Extraordinary Uses or Appliances.

In the event that extraordinary or peculiar uses or appliances, in the opinion of the Water Commissioner, warrant a special charge not provided herein, such charges shall be as fixed by the Water Commissioner in writing.

5.2 Special Customers.

The water, sewer and stormwater management service charges established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq. shall be applied to all general Customers, except the following groups of special Customers:

(a) GROUP I

(1) Public and private schools which provide instruction up to or below the twelfth grade but not beyond that grade, and excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(2) Institutions of “purely public charity”, as defined by Pennsylvania law, except universities and colleges and excluding service to any separate or adjoining facilities or structures not used exclusively for the principal purpose of the charity.

(3) Places used for actual religious worship.

(b) GROUP II

(1) Residences of eligible senior citizens provided that the senior citizen shall:

(i) Make application for such reduction to the Revenue Department within the first billing period for which reduction is sought; and

(ii) Submit satisfactory proof that the applicant is 65 years of age or older and that he or she makes payment directly to the City for water, sewer, and stormwater service to his or her residence which is located in the City of Philadelphia; and

(iii) Submit satisfactory proof to the Revenue Department that the applicant does not exceed the household income limitation of \$38,800 per year established by the Department. The above income limitation shall apply to those applying for this discount subsequent to June 30, 1982.

(iv) Effective with each subsequent general rate change in the water/sewer/stormwater charges, the Department shall adjust the Senior Citizen Income Limitation using the latest Consumer Price Index data available, as defined in the Philadelphia Code at Section 19-1901.

(c) GROUP III

(1) Universities and colleges, excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(d) GROUP IV

(1) Public housing properties of the Philadelphia Housing Authority.

(e) GROUP V

(1) Group V Customers are Customers enrolled in the Income-Based Water Revenue Assistance Program (IWRAP) described in Section 19-1605 of the Philadelphia Code after the Water Revenue Bureau begins to issue IWRAP bills. Monthly bills for a Customer enrolled in IWRAP will be determined based on the Customer's family size and household income and will be charged in lieu of the service, usage and stormwater charges established in Sections 2.0 et seq., 3.0 et seq. and 4.0 et seq. for general Customers. Group V Customers will pay a percentage of his/her household income depending on where that Customer falls within the Federal Poverty Guidelines (FPL), subject to a minimum bill amount of \$12 per month.

(2) For determining the amount of service, usage and stormwater charges on monthly bills, Group V Customers will be defined according to three income tiers as follows:

(i) Group V-A. Group V Customers whose gross household income has been verified as being from 0% of FPL and up to and including 50% of FPL

(ii) Group V-B. Group V Customers whose gross household income has been verified as being greater than 50% of FPL and up to and including 100% of FPL.

(iii) Group V-C. Group V Customers whose gross household income has been verified as being greater than 100% of FPL and up to and including 150% of FPL.

(f) GROUP VI

(1) Customers with parcels eligible for a discount from the stormwater management service charge as a qualified Community Garden pursuant to Section 19-1603 of the Philadelphia Code and regulations promulgated by the Water Department under that Section.

(g) GROUP VII

(1) All unoccupied properties of the Philadelphia Land Bank.

(h) Charges for Special Customers

(1) As of September 1, 2021, the charges to Groups I, II, and III of special Customers listed above shall be seventy-five percent (75%) of the charges as established

in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges. The charges to Group IV Customers shall be ninety-five percent (95%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges.

(2) Group V Customers enrolled in IWRAP after the Water Revenue Bureau begins to issue IWRAP bills will be responsible for paying the following charges for service, usage and stormwater charges, or \$12 per month, whichever is greater:

(i) Group V-A: 2.0% of household income.

(ii) Group V-B: 2.5% of household income.

(iii) Group V-C: 3% of household income.

(3) Group VI: Effective with bills issued on or after January 1, 2017, Group VI special Customers will receive a 100% discount on the stormwater management service charges for parcels classified by the Department as Community Gardens upon approval of an application for a discount consistent with Section 19-1603 of the Philadelphia Code and regulations promulgated by the Department under that Section.

(4) Group VII: Effective with bills issued on or after September 1, 2018, Group VII special Customers are fully exempt from all water, sewer and stormwater management rates and charges.

(i) All of these special Customers shall meter all water connections and they shall be subject to all provisions herein not inconsistent with Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq.

(j) All special Customers are subject at any time to review as to their special charges by the Department or the Water Revenue Bureau and may be required to furnish adequate evidence supporting the continuance of such charges to the Department or the Water Revenue Bureau upon written notice to do so. Failure to furnish such evidence shall be sufficient ground for denial or termination of such special charges.

(k) Special charges may be granted subject to the Department's review and approval of the size of the meter installed.

(l) When the special use for which the special charge is granted ceases, the special charge ceases and the charges for general Customers shall apply thereafter.

(m) When any vacant or unoccupied premises are acquired by the City, charges for water and sewer, including charges relating to storm water management and disposal, shall terminate on the date that such premises are acquired.

(n) When any property is acquired or held by the Philadelphia Housing Development Corporation or acquired or held by the City or the Redevelopment Authority pursuant to Chapters 16-400 or 16-500 of the Philadelphia Code, charges for water and sewer, including charges relating to storm water management and disposal, shall be abated.

5.3 Eligibility for Charity Rates and Charges.

(a) Organizations seeking the Charity Rates and Charges must submit an application to the Department. Applicants must use forms provided by the Department, and submitted applications must be completed to the satisfaction of the Department.

(b) Applications must be made in the name of the organization seeking the Charity Rates and Charges. All accounts for which an organization is requesting the Charity Rates and Charges must be in the identical name as that on the application.

(c) Any account for a Property for which the Charity Rates and Charges are sought must be current and remain in good standing with no service violations or violations of the requirements of § 17-107(12) (“Recipients of Financial Assistance”) applicable to properties that benefit from financial assistance in connection with the receipt of charity rates and charges to maintain eligibility for any discounts issued herein. Any breach of this condition shall result in the loss of eligibility for the discount.

(d) To be eligible for water and sewer Charity Rates and Charges, the Property must not have any outstanding Department or Plumbing Code violations; the Property must have an operating water meter that is in compliance with current Department specifications, and the property must have a current water meter reading. If the property is receiving stormwater service only, the above provision regarding metering shall not apply. To be eligible for SWMS Charity Rates and Charges, the Property must not have any outstanding Department violations. Applicant must be either an owner of the Property or a Tenant of the property for which the SWMS charge is assessed.

(e) Charity Rates and Charges shall be charged to the eligible organization from the application date of an approved application. No retroactive reductions from the General Customer rates and charges will be permitted.

5.4 Account Review.

The Department, from time to time, may review the status of organizations receiving Charity Rates and Charges.

During this review, eligible organizations may be required to submit new applications.

5.5 Suspension of Charity Rates and Charges (Groups I and III)

(a) Organizations that have been approved for Charity Rates and Charges must make timely payments on accounts in order to remain eligible for these discounted rates and charges.

(b) An organization that fails to make on-time payments for two (2) consecutive billing cycles shall be suspended from the Charity Rates and Charges, and shall be required to pay the same rate(s) as the General Customer rates and charges for all services. The suspension period shall remain in effect for a minimum of one (1) year.

(c) Reinstatement of the Charity Rates and Charges will not occur until a full year of on-time payments has been made. Suspended organizations must then submit an application as described in Section 5.3. Charity Rates and Charges will not be retroactive for the period of suspension.

(d) Customers shall be informed by first class mail of the suspension of the Charity Rates and Charges.

5.6 Hearing.

Organizations that have been denied eligibility or have been suspended from the Charity Rates and Charges may request an informal hearing.

5.7 No Waiver.

Nothing herein shall limit the Department on its own findings or at the request of another City agency from suspending Charity Rates and Charges from organizations which have violated City law or regulations and thereby under such City law or regulations have forfeited such privileges as the Charity Rates and Charges.

6.0 MISCELLANEOUS WATER CHARGES

Charges for miscellaneous water services supplied by the City of Philadelphia shall become effective September 1, 2023 as follows:

6.1 Meter Test Charges.

(a) A Customer may apply to the Department for a test of the accuracy of the registration of a water meter (Meter Test). At the Customer's request, the Department shall notify the Customer of the time and place of the test so that the Customer may be present.

(b) In testing, meters may be removed from the line and replaced by a tested meter. If removed, the meter shall be tested at the Department's Meter Shop. Meters may also be tested and recalibrated in place without removal and replacement.

(c) All meters shall be removed, replaced, tested or calibrated during the Department's regular business hours (9:00 a.m. to 4:45 p.m.).

(d) A Customer may request a Meter Test to be performed outside the regular business hours of the Department under the following conditions:

(1) the Department has staff available and agrees to a time outside the regular business hours of the Department; and,

(2) the Customer agrees to pay the overtime and added expenses, whether the meter passes or fails the test.

(e) If the register on the meter is found upon testing to be registering within two percent (2%) of the actual volume of water passing through the meter, or registering in favor of the Customer, the Customer will be assessed a Meter Test Charge as follows:

| <u>Meter Size</u> | <u>Charge</u> |
|---------------------------|---------------|
| 5/8" | \$130 |
| 1", 1-1/2", 2" | \$180 |
| 3", 4", 6", 8", 10", 12" | \$390 |
| ----- | |
| Field Tests, 3" and above | \$390 |

(plus any charges and/or expenses incurred for work performed outside the regular hours of business, if requested by the Customer).

(f) If the meter is found upon testing to be registering in excess of 102% of the actual volume of water passing through the meter, the Customer shall not be assessed a Meter Test charge as provided for in subsection (e); and, WRB shall review the billing history of the tested meter for a period not to exceed three years on the basis of the corrected registration and revise it as necessary.

(g) The Department will, at the request of a Customer, test his or her meter at no charge once every twenty years. Additional tests are subject to the charges listed in Section 6.1(e).

6.2 Charges for Furnishing and Installation of Water Meters.

The charges for furnishing and installing water meters are as follows.

(a) For work which involves the furnishing and setting of a water meter and meter interface unit (MIU), the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
|-------------------|---------------|

| | |
|-------------------|--------|
| 5/8" | \$225 |
| 3/4 RFSS | 415 |
| 1" | 375 |
| 1" RFSS | 470 |
| 1 1/2" | 835 |
| 1 1/2" RFSS | 785 |
| 2" | 1,010 |
| 2" RFSS | 1,020 |
| 3" Compound | 3,320 |
| 3" Turbine | 1,825 |
| 3" Fire Series | 3,645 |
| 4" Compound | 3,900 |
| 4" Turbine | 2,635 |
| 4" Fire Series | 4,505 |
| 4" Fire Assembly | 6,085 |
| 6" Compound | 6,445 |
| 6" Turbine | 4,955 |
| 6" Fire Series | 5,965 |
| 6" Fire Assembly | 8,690 |
| 8" Turbine | 5,885 |
| 8" Fire Series | 7,550 |
| 8" Fire Assembly | 12,285 |
| 10" Turbine | 8,540 |
| 10" Fire Series | 9,300 |
| 10" Fire Assembly | 17,745 |
| 12" Turbine | 9,045 |
| 12" Fire Series | 10,455 |
| 12" Fire Assembly | 18,905 |

(b) For work which involves only the furnishing and setting of an MIU, the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
| 5/8" | \$ 75 |
| 3/4" RFSS | 75 |
| 1" | 120 |
| 1" RFSS | 120 |
| 1 1/2" | 120 |
| 1 1/2" RFSS | 120 |
| 2" | 120 |
| 2" RFSS | 120 |
| 3" Compound | 310 |
| 3" Turbine | 310 |
| 4" Compound | 310 |
| 4" Turbine | 310 |

| | |
|-------------|-----|
| 6" Compound | 310 |
| 6" Turbine | 310 |
| 8" | 310 |
| 10" | 310 |

(c) If extraordinary work is required in connection with the installation of a water meter or the replacement of a damaged meter, additional charges shall be computed using actual salaries and materials expended, plus applicable overhead costs.

(d) The Property Owner shall be responsible for safeguarding the meter and seals and shall pay for necessary repairs and replacements due to his/her failure to provide adequate protection to the meter and seals from theft, vandalism, freezing, tampering or other damage. The Property Owner shall also be responsible for the repair and maintenance of the plumbing accessory to the meter, such as inoperable valves, weakened service pipes and fittings, etc. and shall provide and pay for such plumbing, repair and maintenance as City metering needs may require.

6.3 Tampering of Meter.

(a) In the event that an investigation indicates that tampering of a meter has occurred, the following charges to the Customer shall be assessed:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
| 5/8" or 3/4" | \$ 80 |
| 1", 1½", 2" | 130 |
| 3" and larger | 340 |

6.4 Shut-Off and Restoration of Water Service.

(a) If the Department is required to visit a Property to shut off service for non-payment; and, payment is tendered at the time of the shut-off, a charge of seventy-five dollars (\$75) will be assessed, with the exception stated in Section 6.4(e).

(b) A seventy-five dollar (\$75) charge will be assessed if shut-off of the water service is required as a result of non-compliance with a Notice of Defect and/or metering non-compliance.

(c) After termination of water service for non-payment or violation of service requirements, restoration of water service will not be made until the following charges have been paid in full or payment arrangements satisfactory to the Revenue Department have been made.

(1) Where the only work required is operating the service valve:

(i) service lines 2" and smaller.....\$75

with the exception stated in Section 6.4(e)

- (ii) service lines larger than 2”\$355
- (2) Where the curb stop is obstructed, the access box missing or otherwise requires excavation\$700
- (3) Where the curb stop is inoperable and a new curb stop must be installed...\$730
- (4) Where the curb stop is obstructed, the access box missing, or otherwise requires excavation, and replacement of footway paving is required.....\$710
- (5) Where the curb stop is inoperable and a new curb box must be installed and replacement of footway paving is required.....\$740
- (6) Where excavation and shut-off of the ferrule at the water main is required\$1,450

(d) If the Department is required to remove concrete footway paving in order to perform the shut-off and/or restoration, the footway will be replaced by the Department and the preceding charges applied unless proof has been provided to the Department that some other qualified person will replace the paving.

(e) A charge of \$12 will be assessed if a Customer is enrolled in IWRAP and the Department is required to visit the Property to:

- (1) shut off service for non-payment; and, payment is tendered at the time of the shut-off; or
- (2) restore water service after termination of water service for non-payment or violation of service requirements.

6.5 Pumping of Properties.

The following charges shall apply for the pumping of water from properties when the condition requiring such service is not caused by the Department.

(a) Occupied Properties

(1) Pumping of water from occupied Properties may be done at the Property Owner's request and expense.

(2) Pumping of other Properties due to the failure of a Property Owner's piping may be performed by the Department and be charged to the Property Owner of the Property at which the failure occurred.

(3) Charges for pumping shall be calculated at actual salaries and materials expended, plus applicable overhead costs.

(b) Unoccupied Properties

The Department may, at its sole and exclusive discretion, pump water from unoccupied properties if it is determined that a serious condition exists. The charges for pumping shall be as specified in Section 6.5(a).

6.6 Charges for Water Main Shutdown.

(a) The Department of Licenses and Inspections shall issue permits for the temporary shutdown of a water main to allow a registered plumber to make immediate repairs to a broken water service and to avoid the necessity of opening the street.

(b) Permits shall be issued after:

(1) Certification by the Department that the shutdown will not seriously inconvenience other Customers; and

(2) The applicant has paid a three hundred and fifteen dollar (\$315) service charge.

(c) In an emergency or when responsibility for a leak is in doubt, the Department may make the shutdown before the permit is obtained. If the Department determines that the leak was not the Department's responsibility, the owner shall obtain a permit and pay the above stated service charge and any other costs incurred by the Department in conducting the emergency shut down.

6.7 Water Connection Charges.

(a) Permits. Permits for connections to the City's water supply system shall be issued by the Water Permit section of the Department of Licenses and Inspections.

(b) Ferrule Connections.

(1) Connections between 3/4 inch and two inches (2") in diameter shall be made by a ferrule installed by the Department. The owner, at his own expense, shall excavate for the connection, install all piping and appurtenances after the ferrule and fill the excavation. The owner thereafter shall be responsible for maintaining this piping and appurtenance.

(2) The charges for such ferrule connections, with the exception stated in Section 6.7(b)(3), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| ¾" | \$185 |
| 1" | 210 |
| 1½" | 250 |
| 2" | 320 |

(3) The charges for such ferrule connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| ¾" | \$210 |
| 1" | 235 |
| 1½" | 275 |
| 2" | 340 |

(c) Valve Connections. Connections three inches (3") and larger shall be made by a valve installed by the Department. This valve installation shall include, but shall not necessarily be limited to, the connection to the main, the valve, valve box, necessary piping after the valve from the main in the street to one foot inside the curb, backfill and repaving. The Department shall thereafter be responsible for maintaining this valve and piping, unless the associated meter has been reduced at the Property Owner's request to a two inch (2") or smaller meter, in which case the Property Owner shall be responsible for valve and piping maintenance.

(1) The charges for valve connections shall, with the exceptions stated in Section 6.7(c)(2), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| 3" & 4" | \$ 12,725 |
| 6" & 8" | 13,590 |
| 10" & 12" | 16,230 |

(2) The charge for such valve connections, when the work is performed at the Customer's request is during other than normal work hours or the work is performed in an area designated by the Streets Department as a special work zone, shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
|-------------|---------------|

| | |
|-----------|-----------|
| 3" & 4" | \$ 14,720 |
| 6" & 8" | 15,580 |
| 10" & 12" | 18,225 |

(d) Attachment to a Transmission Main

(1) There shall be no connection to a transmission main without Department approval. Such approval shall be requested by application forms and procedures issued by the Department.

(2) Where a connection is made to a water main larger than 12 inches in diameter, with the exceptions stated in Sections 6.7(d)(3)&(4), the charges will be a follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|-----------|
| 16" | \$ 20,690 |
| 20" | 22,845 |
| 24" | 25,145 |
| 30" | 37,330 |
| 36" | 44,250 |

SLEEVE 6" & 8"

MAIN

| | |
|-----|----------|
| 16" | \$20,905 |
| 20" | 22,560 |
| 24" | 25,145 |
| 30" | 39,320 |
| 36" | 48,835 |

SLEEVE 10" & 12"

MAIN

| | |
|-----|----------|
| 16" | \$20,980 |
| 20" | 22,920 |
| 24" | 25,145 |
| 30" | 39,955 |
| 36" | 51,545 |

(3) The charges for such connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), or

the work performed is in an area designated by the Streets Department as a special work zone, shall be as follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|----------|
| 16" | \$23,185 |
| 20" | 25,335 |
| 24" | 27,635 |
| 30" | 39,820 |
| 36" | 46,740 |

SLEEVE 6" & 8"

MAIN

| | |
|-----|----------|
| 16" | \$23,400 |
| 20" | 25,050 |
| 24" | 27,635 |
| 30" | 41,810 |
| 36" | 51,325 |

SLEEVE 10" & 12"

MAIN

| | |
|-----|----------|
| 16" | \$23,470 |
| 20" | 25,410 |
| 24" | 27,635 |
| 30" | 42,445 |
| 36" | 54,035 |

(4) Where a connection is made to a water main 48" or larger in diameter, the charge will be that for a connection to a 36" main, stated above in Sections 6.7(d)(2) or (3), plus an additional charge representing the difference between the current cost of a 36" sleeve and the cost of the larger sleeve. The additional charge shall be paid before any permit can be issued as prescribed below in Section 6.11.

(e) Should police assistance for traffic control be required for a ferrule or valve connection, the Customer shall pay the required fee to the Police Department.

6.8 Discontinuance of Water.

Except as otherwise provided, no Customer shall be relieved of the obligation to pay water and sewer charges unless a permit for the discontinuance of water and sewer has been obtained from the Department of Licenses and Inspections pursuant to the provisions of Philadelphia Code section 19-1601. When a permit is granted to discontinue water and sewer service, charges shall terminate on the date of removal of the meter by the Department. The charge for a permit for discontinuance of water is one hundred dollars (\$100), regardless of service size. A validly issued permit to discontinue water and sewer does not terminate the obligation to pay for stormwater management services.

6.9 Hydrant Permits.

(a) A permit shall be obtained from the Water Permit section of the Department of Licenses and Inspections before a hydrant can be used. The permit shall contain the terms and conditions that are required of the Customer in order for the Customer to use the hydrant.

(b) The costs for obtaining a permit shall be as follows.

- (1) One Week Permit for use of standard pressure hydrant.....\$ 1,205
- (2) Six Month Permit for use of standard pressure hydrant.....\$ 6,295

6.10 Flow Tests.

When a Customer requests the Department to conduct a flow test on a fire hydrant to determine the volume and residual pressure available on a domestic or fire connection, or at a specific location, the charge shall be five hundred and seventy dollars (\$570) for each flow test.

6.11 Water Service Line Investigations and/or Inspections

When a Customer or a duly authorized representative of a Customer requests the Department to conduct an investigation to locate and/or to inspect the water service line at a specific location, the charge shall be one hundred and thirty dollars (\$130) for each investigation or inspection. The charge shall be assessed regardless of the result of the investigation or inspection.

6.12 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

7.0 MISCELLANEOUS SEWER CHARGES

Charges for miscellaneous sewer services supplied by the City of Philadelphia shall be effective September 1, 2023, as follows.

7.1 Sewer Charges for Groundwater.

(a) Sewer charges for groundwater discharged to the City's sewer system shall be as follows:

(1) Effective September 1, 2023 and thereafter, the rate shall be \$13.87 per 1,000 cubic feet.

(b) To determine the quantity of such discharged groundwater, the Customer shall install a meter or measuring device satisfactory to the Department. If, in the opinion of the Department, it is not feasible to install a meter or measuring device, the Department may designate some other method of measuring or estimating the quantity of discharged groundwater.

7.2 Charges for Wastewater Service.

(a) The charge for sanitary type wastewater delivered to any of the City's Water Pollution Control Plants shall be as follows.

(1) Effective September 1, 2023 and thereafter, the rate shall be \$64.94 per 1,000 gallons.

(b) Where accurate quantities of wastewater delivered cannot be determined, such quantities shall be estimated for billing purposes by such fair and reasonable methods as shall be approved by the Water Commissioner.

(c) The locations, times, delivery procedures and exact nature of the pollution characteristics of the delivered wastewater shall be determined by the Department.

(d) From time to time, Customers shall be required to file with the Department a questionnaire establishing or revising information on the quantity and quality of wastewater delivered and other pertinent data deemed necessary by the Department. Failure to furnish such information shall be sufficient grounds for denial or termination of delivery privileges.

(e) Measurements, tests and analyses of the characteristics of delivered wastewater shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(f) If any bill for the above services shall remain unpaid for more than sixty (60) days from date rendered, the Department may refuse acceptance of additional wastewater until all unpaid balances, with late charges, are paid in full.

7.3 Wastewater Discharge Permit.

All Industrial Users contributing wastewater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand seven hundred and forty-five dollars (\$2,745).

7.4 Groundwater Discharge Permit.

All Industrial Users contributing groundwater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations contained in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand seven hundred and forty-five dollars (\$2,745).

7.5 Manhole Pump-out Permit

(a) Any non-domestic User discharging wastewater from underground structures to the City's sewer system must obtain a manhole pump-out permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand eight hundred and sixty-five dollars (\$2,865).

(b) In the event a User requests discharge locations in the City's separate sewer areas under this permit, the City may assess additional fees for any work associated with the review of this request and the identification of the discharge locations.

7.6 Trucked or Hauled Wastewater Permit

Any person trucking or hauling wastewater to the POTW must first obtain a septage discharge permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit shall be one thousand five hundred and sixty dollars (\$1,560).

7.7 PHOTOGRAPHIC & VIDEO INSPECTION

When a Customer or a duly authorized representative of a Customer requests the Department to conduct a photographic or video inspection of a private sewer line at a specific location, the charge shall be two hundred and seventy five dollars (\$275) for each photographic or video inspection. The charge shall be assessed regardless of the result of the photographic or video inspection.

7.8 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

8.0 MISCELLANEOUS PLAN REVIEW AND INSPECTION CHARGES

8.1 Stormwater Plan Review and Inspection Fees.

All Development plans submitted to the Department under Chapter 6 of the Department's regulations for stormwater management approvals shall be subject to a plan review fee.

(a) Fees.

(1) A fee of one thousand four hundred and ninety dollars (\$1,490) shall be due upon submission of the Conceptual Stormwater Management Plan for review.

(2) A fee of one hundred and seventy dollars (\$170) per hour of review time shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(i) Review time shall be based on the City's tabulation of actual hours expended by Department employees or consultants reviewing the plans associated with a particular development project for compliance with Chapter 6 of the Department's regulations.

(3) A fee of three hundred and seventy-five dollars (\$375) for the final inspection of a development project to confirm compliance with Chapter 6 of the Department's regulations shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(b) Refund of fees. The Department shall refund any fees specified above if a plan submittal is not approved or denied within 21 days for conceptual site plans and within 45 days for technical site plans.

8.2 Stormwater Management Fee in Lieu.

The fee in lieu shall be calculated as follows:

(a) For an exemption to only the Water Quality Requirement of Chapter 6 of the Department's regulations the fee in lieu shall be thirty-six dollars (\$36.00) per square foot based on the total Directly Connected Impervious Area within the limit of Earth Disturbance.

8.3 Utility Plan Review Fees.

All Utility Plans submitted to the Department to receive building permit approval in accordance with Administrative Code Section A-305.2.1.6 shall be subject to a plan review fee.

(a) A fee of three hundred and ten dollars (\$310) shall be due upon submission of the Utility Plan for review.

9.0 FIRE SERVICE CONNECTIONS

Fire service connection charges shall consist of a monthly service charge and a quantity charge and shall be effective September 1, 2023, as follows.

9.1 Charges.

(a) Monthly Service Charges.

(1) The monthly service charges for the furnishing of water for the purpose of fire protection effective September 1, 2023 and thereafter, shall be as follows:

| <u>Connection Size</u> | <u>Service Charge</u> |
|------------------------|-----------------------|
| Up through 4-inch | \$ 29.04 |
| 6-inch | 53.81 |
| 8-inch | 80.97 |
| 10-inch | 119.07 |
| 12-inch | 188.23 |

(b) The City may permit fire service connections to its water system outside the City of Philadelphia only in properties contiguous to the City where in the opinion of the Water Commissioner water service for fire protection may be furnished without interference with water service to properties within the City.

(c) Pipe connections to the Philadelphia water system, meters and other service requirements shall be in accordance with the standard fire service requirements of the Department.

(d) Quantity Charges.

(1) In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

Effective September 1, 2023 and thereafter, the quantity charge shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|----------------------------|----------------------|-----------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$61.14 | \$0.21 | \$61.35 |
| Next 98 Mcf (2.1 to 100 Mcf) | 54.93 | 0.21 | 55.14 |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 42.55 | 0.21 | 42.76 |
| Over 2,000 Mcf | 41.40 | 0.21 | 41.61 |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(e) The provisions in this Section apply to all fire service connections.

9.2 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

10.0 PROVISIONS FOR RECOVERY OF THE TIERED ASSISTANCE PROGRAM (TAP) COSTS

The lost revenue related to TAP (the “TAP Costs”) will be recovered via a separate TAP Rate Rider Surcharge Rate (TAP-R), which would be added to the water, fire service and sewer quantity charge rate schedules. This TAP-R shall be increased or decreased for the next rate period to reflect changes in TAP costs, and will be calculated and reconciled on an annual basis in the manner set forth below.

10.1 Computation of the TAP-R

(a) The TAP-R Equation

The TAP-R shall be computed to the nearest one-hundredth of a dollar per MCF (\$0.01/MCF) in accordance with the formula set forth below:

$$\text{TAP-R} = \frac{(C) - (E + I)}{S}$$

The TAP-R so computed, shall be applied as an adder to the water, fire service connection and sewer quantity charge base rate schedules set forth for water in Section 2.1 (c); sewer in Section 3.3 (b); and fire service in Section 9.1 (d), of these Rates and Charges. As a result, the TAP-R shall consist of two sub-components:

- (1) A “Water TAP-R” added to the water and fire service quantity “base rate” (\$/MCF); and
- (2) A “Sewer TAP-R” added to the sewer quantity “base rate” (\$/MCF).

During the rate periods that TAP-R is effective, to recover the TAP Costs through Water TAP-R and the Sewer TAP-R respectively, the total TAP Costs determined for a given rate period will be apportioned between water and wastewater utilities based on the proportion of water and wastewater net revenue requirement respectively to total net revenue requirement. The percent allocation of TAP Costs between water and wastewater utilities will be as follows:

- (i) Water TAP Cost Allocation: 42%
- (ii) Sewer TAP Cost Allocation: 58%

(b) Definitions

In computing the TAP-R pursuant to the formula above, the following definitions shall apply:

- (1) **TAP-R** - TAP Rate Rider Surcharge Rate (\$/MCF).
- (2) **C** – Cost in dollars of the estimated TAP Billing Loss for the projected period.
- (3) **E** - The net over or under collection of the TAP-R surcharge amount for the Most Recent Period. The net over or under collection will be calculated by comparing the actual TAP Revenue Loss (resulting from discounts provided to TAP Customers) with the actual TAP-R surcharge amounts billed to Non-TAP Customers. Both the TAP Revenue Loss and the TAP-R billings, that are determined for the rate periods, will be adjusted for collections by applying the Department’s system-wide collection factor of 96.99%.
- (4) **I** - Interest on any over or under recovery of the TAP-R for the Most Recent Period. Interest will be computed on a monthly basis using a simple annual interest rate. The interest rate will be based upon the yield to maturity of a particular date of United States Treasury securities with a constant maturity for a 1-year Treasury

as compiled and published in the Federal Reserve Statistical Release H.15 (519) for the United States Treasury¹, as it exists each year as of the first day of the month, preceding the month of the annual reconciliation submission to the Rate Board.

- (5) **S** - Projected sales in MCF for Non-TAP customers.
- (6) **Most Recent Period** – The Current Fiscal Year and/or the period for which TAP-R reconciliation is performed.
- (7) **Next Rate Period** – The fiscal year and/or the period that immediately follows the Most Recent Period, and in which the TAP-R is effective.

10.2 Filing with the Philadelphia Water, Sewer and Storm Water Rate Board

The Water Department shall initiate the annual TAP Rate Rider Reconciliation by filing an advance notice with the Philadelphia Water, Sewer and Storm Water Rate Board (the “Rate Board”) and City Council in accordance with the procedures and standards established by the Rate Board through its regulations.

10.3 TAP-R Surcharge Rates

(a) Water TAP-R

The Water TAP-R portion of each water bill is determined by applying the Water TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 2023 and thereafter, the Water TAP-R surcharge shall be \$0.21 per Mcf as determined by the annual reconciliation filing.

(b) Sewer TAP-R

The Sewer TAP-R portion of each sewer bill is determined by applying the Sewer TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 2023 and thereafter, the Sewer TAP-R surcharge shall be \$0.34 per Mcf as determined by the annual reconciliation filing.

¹ Currently available at <https://www.federalreserve.gov/releases/h15/>.

Effective: September 1, 202~~2~~3**PHILADELPHIA WATER DEPARTMENT****RATES AND CHARGES**Effective: September 1, 202~~2~~3.**1.0 DEFINITIONS.**

(a) **Condominium Properties:** Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

(b) **Customer:** An owner, Tenant or occupant who by operation of law or agreement is responsible for payment of the charges for water/sewer/stormwater service at a Residential, Non-residential or Condominium Property.

(c) **Department:** The Philadelphia Water Department is the operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(d) **Dwelling Unit:** A single unit within a building providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

(e) **Home Rule Charter:** The Philadelphia Home Rule Charter, as codified in Pennsylvania First Class City Home Rule Act, April 21, 1949 P.L. 665, 351 Pa. Code §1-100 et seq.

(f) **Mcf:** Thousand cubic feet. The quantity charges in Sections 2, 3, 9 and 10 are expressed in Mcf.

1 Mcf = 1,000 cubic feet = 7,480 gallons

(g) **Municipal Stormwater System:** City owned and maintained real property, infrastructure or natural feature used and/or constructed for purposes of transporting, conveying, retaining, detaining, or discharging stormwater runoff.

(h) **Non-residential Property:** Real estate which cannot be classified as either Residential or Condominium. Real estate used exclusively as a cemetery shall not be considered Non-residential property.

(i) **Philadelphia Code:** The body of laws and regulations enacted by the Philadelphia City Council.

(j) Philadelphia Department of Records: An operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(k) Property: Any parcel of real estate identified in the records of the Philadelphia Department of Records.

(l) Property Owner: The owner of the particular parcel of real estate identified in the records of the Philadelphia Department of Records, or the grantee in a land transfer of record.

(m) Residential Property: Real estate used exclusively for residential purposes with at least one and no more than four Dwelling Units and which cannot be classified as Condominium Property. Property adjacent to Residential Property owned and utilized exclusively by the Residential Property owner for residential uses. Upon proof submitted to the Department, said properties shall be deemed by the Department to form one Residential parcel comprised of the Property and the Residential Property.

(n) Stormwater Management Practice (SMP): Any man-made structure that is designed and constructed to detain, infiltrate, or otherwise control stormwater runoff quality, rate, or quantity.

(o) Surface Discharge: The discharge of stormwater runoff from a property to an adjacent surface water body, without the use of City infrastructure.

(p) Undeveloped Property: Property classified by the Board of Revision of Taxes as SB, SC, SI, SR, or SS; Undeveloped refers to the status of the property as having no structures and is not related to whether the property has ever been developed.

(q) Water Commissioner: The Water Commissioner of the City of Philadelphia who performs the duties and obligations as set forth in the Philadelphia Home Rule Charter and the Philadelphia Code.

~~(r) Utility Plan: In accordance with the City of Philadelphia Administrative Code Section A-305.2.1.6, the Department's PWD approval is required to confirm water and sewer availability before a building permit may be issued. Applicants seeking PWD approval for water and sewer availability or who are seeking connection to the Department's water main and/or public sewer must submit a Utility Plan to the PWD Department in accordance with the Department PWD regulations and requirements. A plan that shows water, sewer, and/or stormwater connections and sizes, utility locations, and impacts to rights-of-way, the approval of which is required under the Administrative Code Section A-305.2.1.6. drafted in accordance with Department requirements.~~

1.1 Conformity with Existing Law.

Nothing contained herein shall be deemed to overrule or annul any existing provisions of the Home Rule Charter or the Philadelphia Code.

1.2 Severability.

If any provision, paragraph, word or sections herein is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words and sections shall not be affected and shall continue in full force and effect.

2.0 WATER CHARGES

Charges for water service supplied by the City of Philadelphia shall be effective on September 1, 202~~2~~3, as follows:

2.1 General Customers.

Charges for the supplying of water shall be determined and billed as follows:

(a) Charges and billing in general.

(1) Water charges shall consist of a service charge and quantity charge.

(2) A service charge shall be billed monthly.

(3) As set forth in Section 2.1(b), the type and size of the meter shall determine the service charge.

(4) In addition, there shall be a quantity charge as provided herein for water used in a monthly billing cycle, either as metered or as estimated.

(5) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be the period between the dates of scheduled metered readings, actual or estimated.

(b) Monthly service charges.

(1) Effective September 1, 202~~2~~3 and thereafter, the monthly service charge for the various types and sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|----------------------------------|
| 5/8 | R | \$4.975. <u>30</u> |
| 3/4 | Z | 5.375.8 <u>1</u> |

| | | |
|--------|---|--------------------------------|
| 1 | Q | <u>6.577.2</u> <u>7</u> |
| 1 -1/2 | P | <u>8.9610.</u> <u>28</u> |
| 2 | X | <u>12.591</u> <u>4.65</u> |
| 3 | O | <u>20.202</u> <u>3.99</u> |
| 4 | W | <u>36.454</u> <u>2.84</u> |
| 6 | N | <u>68.708</u> <u>1.39</u> |
| 8 | V | <u>104.91</u> <u>125.10</u> |
| 10 | E | <u>153.42</u> <u>182.51</u> |
| 12 | T | <u>253.19</u> <u>306.82</u> |

Residential Fire Sprinkler System Meters

Size Code Charge

| | | |
|--------|---|------------------------------|
| 3/4 | Z | <u>7.229.4</u> <u>7</u> |
| 1 | Q | <u>8.4210.</u> <u>93</u> |
| 1 -1/2 | P | <u>10.811</u> <u>3.94</u> |
| 2 | X | <u>14.441</u> <u>8.31</u> |

(c) Quantity charges

In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge set forth below to all water use. In addition, the quantity charge will also include a Tiered Assistance Program (TAP) Rate Rider Surcharge, as set forth in Section 10.

(1) Effective September 1, 202~~2~~³ and thereafter, the quantity charge portion of each bill shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons.

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|----------------------------|----------------------|-----------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$ <u>48.9661.14</u> | \$ <u>1.030.21</u> | \$ <u>49.9961.35</u> |
| Next 98 Mcf (2.1 to 100 Mcf) | <u>44.9954.93</u> | <u>1.030.21</u> | <u>46.0255.14</u> |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | <u>34.8542.55</u> | <u>1.030.21</u> | <u>35.8842.76</u> |
| Over 2,000 Mcf | <u>33.9141.40</u> | <u>1.030.21</u> | <u>34.9441.61</u> |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(d) Temporary Transitional Provisions: Some special customers whose charges are now based on meter size may find that they are in fact 'over-metered' - their metered service is too large for their actual requirements and results in excessive bills. They may apply for a downward revision in the size of their meters. After the approval of the Department, the revision of plumbing arrangements and the installation of smaller meter, the lower charge by meter size shall apply.

3.0 SEWER CHARGES

Charges for sewer service supplied by the City of Philadelphia shall be effective on September 1, 202~~2~~³, as follows:

3.1 General Customers.

(a) All customers discharging wastewater into the City's wastewater system shall pay sewer charges as set forth in Section 3.3. In addition to the charges set forth in Section 3.3, all customers discharging wastewater whose pollutant content is greater than the pollutant content of Normal Wastewater, as defined below in Section 3.1(b), shall pay an additional surcharge as set forth in Section 3.4.

(b) Normal Wastewater subject to the regular sewer charges set forth in Section 3.3 is that wastewater which contains 250 milligrams per liter or less of five day biochemical oxygen demand (BOD₅) and 350 milligrams or less per liter or less of suspended solids (SS).

(c) Wastewater subject to the surcharge set forth in Section 3.4 is that wastewater which contains either more than 250 milligrams per liter of BOD₅ or more than 350 milligrams per liter of SS, or both.

3.2 Charges.

(a) Sewer charges shall consist of a service charge and a quantity charge.

(b) A service charge shall be billed monthly.

(c) As set forth in Section 3.3(a), the size of the meter shall determine the service charge.

(d) In addition, as set forth in Section 3.3(b), there shall be a quantity charge for sewer service in a monthly billing cycle, either as metered or as estimated.

(e) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be between the dates of scheduled metered readings, actual or estimated. Quantity charges imposed shall be based on the water usage of the Property served.

3.3 Regular Sewer Charges.

(a) Monthly service charges shall be determined and billed as follows:

(1) Effective September 1, 202~~2~~³ and thereafter, the monthly service charge for the various sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------------------------|
| 5/8 | R | \$7.50 <u>7.54</u> |
| 3/4 | Z | 9.57 <u>9.62</u> |
| 1 | Q | 14.05 <u>14.10</u> |
| 1 -1/2 | P | 24.75 <u>24.80</u> |
| 2 | X | 38.19 <u>38.25</u> |
| 3 | O | 68.87 <u>68.97</u> |
| 4 | W | 117.03 <u>117.21</u> |
| 6 | N | 230.71 <u>231.03</u> |
| 8 | V | 365.13 <u>365.58</u> |

| | | |
|----|---|-------------------------------|
| 10 | E | 526.96 <u>527.</u> |
| | | <u>64</u> |
| 12 | T | 958.27 <u>959.</u> |
| | | <u>14</u> |

Residential Fire Sprinkler System Meters

Size Code Charge

| | | |
|--------|---|----------------------------|
| 3/4 | Z | 7.50 <u>7.5</u> |
| | | <u>4</u> |
| 1 | Q | 7.50 <u>7.5</u> |
| | | <u>4</u> |
| 1 -1/2 | P | 7.50 <u>7.5</u> |
| | | <u>4</u> |
| 2 | X | 7.50 <u>7.5</u> |
| | | <u>4</u> |

(b) Quantity charge

In addition to the service charge, the quantity charge portion of each sewer bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

1 Mcf = 1,000 Cubic Feet = 7,480 gallons

(1) Effective September 1, 202~~2~~3 and thereafter, the quantity charge shall be:

| <u>Base Charge</u> | <u>TAP-R</u> | <u>Total Charge</u> |
|-----------------------------------|---------------------------------|-----------------------------------|
| <u>Per Mcf</u> | <u>Per Mcf</u> | <u>Per Mcf</u> |
| \$34.57 <u>\$39.61</u> | \$1.63 <u>\$0.34</u> | \$36.20 <u>\$39.95</u> |

3.4 Surcharge.

(a) Effective September 1, 202~~2~~3 and thereafter, the surcharge for wastewater by definition in excess of Normal Wastewater shall be fixed at ~~thirty-nine and one forty-four~~ and three tenths cents (~~\$0.3914~~43) per pound of pollutants received into the wastewater system in excess of 250 milligrams per liter of BOD₅ and ~~forty-five~~ sixtwo tenths cents (~~\$0.4064~~52) per pound of pollutants received into the wastewater system in excess of 350 milligrams per liter of SS.

(b) The BOD₅ and SS of wastewater shall be determined from samples taken on the Customer's Property at any period or time and of such duration and in such manner as the Department may prescribe or at any place mutually agreed upon between the Customer and the Department. -With prior written approval of the Department, the results of routine sampling and analyses by the Customer may be used in determining the amount of the surcharge.

(c) If, in the Department's judgment, sampling of wastewater is neither feasible nor practical, the Department, for billing purposes, may base BOD₅ and SS of the wastewater on sampling results for similar discharge and/or values obtained from technical literature.

(d) Customers discharging wastewater subject to the surcharge shall, as prescribed by the Department:

(1) Install and maintain such facilities for sampling and measuring the wastewater discharged from their properties; and

(2) Maintain such records and information deemed necessary for the determination of the surcharge.

(e) Customers, as required from time to time, shall file with the Department responses to a questionnaire establishing or revising pertinent information on the quantity of flow and the quality of wastewater and other data deemed necessary for the determination of the surcharge.

(f) Measurements, tests and analyses of the characteristics of wastewater subject to surcharge shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(g) The surcharge shall be applied to the total wastewater discharged less any portion excluded by the Department.

3.5 Sewer Credits.

Pursuant to Section 13-101(6) of the Philadelphia Code, the method of crediting water users' sewer bills for City water used but not discharged into the wastewater disposal system shall be as follows.

(a) Eligibility. Where commercial and industrial facilities that use City water do not discharge all of such water into the wastewater system, the quantity of such water may be excluded in determining the proper sewer charge, provided that:

(1) at least 5% of water used, or

(2) 225,000 cubic feet per year, whichever is less, is not discharged into the wastewater system.

(b) Determination of the Amount of Exclusion. To determine the amount of such exclusion the Customer shall install a meter or measuring device satisfactory to the Department provided that, if in the opinion of the Department, it is not feasible to install a meter or measuring device, some other satisfactory method of measuring (“credit factor”) may be designated by the Department on application of the Customer.

(c) Fee for Application. When the Customer applies to the Department for a determination on the quantity of water to be excluded by some method other than metering of the sewer, or re-applies for a revised method measuring a larger quantity of water to be excluded, there shall be charge of ~~five hundred and eighty five~~ eight hundred and twenty dollars (~~\$585~~820) for the review of such application.

(d) Effective Date of Credits and Approved Credit Factors. Credits on a water user’s sewer bills for quantities of water used but not discharged into the wastewater disposal system shall be effective from the submission date of an approved application. In order to be reviewed for approval, applications shall be complete, submitted on forms provided by the Department and shall be accompanied by a check payable to the City of Philadelphia in the amount required in Section 3.5(c). No credits shall be made retroactively.

(e) Review of Approved Credit Factors. The Department reserves the right to review approved credit factors. Customers may, from time to time, be required to submit current water use and sewer discharge information. Customers may also be required to submit new applications for the credit factor. Failure to comply with the Department’s requests for information or new applications may result in termination of the Customer’s credit factor.

(f) Failure to Inform the Department of Increased Sewer Use. Customers with credit factors who fail to inform the Department of increased discharges to the wastewater system shall be subject to the imposition of the full charges for sewer use based on total water usage from the most recent application date, with applicable interest. In addition, the Department may impose a fine of ~~two hundred and seventy five~~ three hundred and eighty-five dollars (~~\$275~~385) for each billing period from the application date.

4.0 STORMWATER MANAGEMENT SERVICE CHARGES

Charges for Stormwater Management Services (SWMS) supplied by the City of Philadelphia shall be effective September 1, 202~~2~~3 as follows:

4.1 Charges.

All properties within the City shall be billed a SWMS charge.

4.2 Residential Properties.

All Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Effective September 1, 202~~2~~³ and thereafter all Residential Properties shall be charged the rates listed below:

| <u>SWMS</u> | <u>Billing & Collection</u> |
|---------------------------------|---------------------------------|
| \$16.17 <u>17.09</u> | \$1.88 <u>1.95</u> |

(b) Residential Properties which do not have sewer service and which also have previously been charged only for water service shall be charged the rates shown above at 4.2 (a).

4.3 Non-Residential Properties.

Non-Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Non-residential Properties shall be charged based on the Gross Area (GA) of the Property and the Impervious Area (IA) of the Property.

(1) GA includes all of the Property area within the legally described boundaries except streets, medians, and sidewalks in the public right-of-way and railroad tracks and station platforms in the railroad right-of-way.

(2) IA includes surfaces which are compacted or covered with material that restricts infiltration of water, including semi-pervious surfaces such as compacted clay, most conventionally hard-scaped surfaces such as streets, driveways, roofs, sidewalks, parking lots, attached and detached structures, and other similar surfaces.

(i) For Non-residential Properties with less than 5,000 square feet GA, the IA shall be estimated as a percentage of GA.

(A) For Undeveloped Property as defined in Section 1.0, the IA shall be 25% of the GA.

(B) For other Properties, the IA shall be 85% of the GA.

(3) In determining the GA Factor and IA Factor of a Property for the SWMS charge, the Department shall use increments of 500 square feet rounding up to the next highest increment.

(4) Calculating the Monthly SWMS charge. The monthly SWMS charge for each Non-residential Property is calculated by:

(i) dividing the GA in square feet by 500 and rounding up to the next whole unit to determine the GA Factor, then multiplying the GA Factor by the GA Rate to determine the GA charge;

(ii) dividing the IA in square feet by 500 and rounding up to the next whole unit to determine the IA Factor, then multiplying the IA Factor by the IA Rate to determine the IA charge;

(iii) the addition of the GA charge and the IA Charge equals the SWMS charge; and

(iv) the addition of the SWMS charge and the Billing and Collection charge together equals the total monthly stormwater charge.

(5) Rates for GA, IA and Billing and Collection.

(i) Effective September 1, 202~~2~~³ and thereafter, the Rates shall be as follows:

| <u>GA</u> (\$/500 s.f.) | <u>IA</u> (\$/500 s.f.) | <u>Billing & Collection</u> |
|----------------------------------|-----------------------------------|-----------------------------------|
| 0. 778 ⁷⁹⁹ | 5.492 ^{5.842} | \$2.442 ^{.53} |

(6) Minimum Monthly Charges. Non-residential Properties shall be subject to a minimum monthly charge. If the monthly charge calculated in Section 4.3(a)(4) is less than the monthly charges listed below then the monthly charges below shall be billed to the Property.

| <u>SWMS</u> | <u>Billing & Collection</u> |
|-------------------------------------|-----------------------------------|
| \$16.17 ^{17.09} | \$2.442 ^{.53} |

(7) Adjustment Appeal Procedure.

(i) Customers may appeal the GA and/or IA calculations, property classification, or charge distribution of their property.

(ii) Adjustments shall be made using forms and procedures as defined by the Credits and Adjustment Appeals Manual and sent to:

Philadelphia Water Department
SWMS Charge Appeals
1101 Market Street
4th Floor
Philadelphia, PA 19107-2994

(iii) Adjustments to the GA and/or IA determination are separate and distinct from the billing review procedures established by Section 19-1702 of the Philadelphia Code.

(iv) The grounds supporting the adjustment shall be stated in writing, and include any exhibits, such as photographs, drawings or maps, site plans, and affidavits that support the claim. In addition, a land survey prepared by a registered surveyor shall be attached showing all Dwelling Units, total property area, type of surface material and impervious area, as appropriate, and any other information requested in writing by the Department. The Department may waive the submission of a land survey, if the Department determines that the survey is not necessary to make a determination on the appeal.

(v) The Customer filing the appeal is solely responsible to demonstrate, by clear and convincing evidence, that the GA and/or IA square footage information used by the Department, from which the adjustment appeal is being taken, is erroneous.

(vi) The filing of a notice of an adjustment appeal shall not stay the imposition, calculation or duty to pay the SWMS charge.

(vii) If the adjustment appeal results in a revised GA and/or IA calculation, correction of property classification, correction of parcel identification, or revisions to the default charge allocation, then the adjusted SWMS Charge will be effective from the date of receipt of the Adjustment Appeals Application; except that the Department may authorize WRB to credit accounts for adjustments to the GA and/or IA calculation for a period not to exceed three years prior to receipt of the Adjustment Appeals Application if the Customer filing the appeal demonstrates, by clear and convincing evidence, that it was eligible for and qualified to receive the adjustment during the three year period prior to the receipt of the Adjustment Appeals Application was incorrect.

(8) Multiple Accounts Serving One Property. Where there are multiple water accounts on a single Property, the entire SWMS charge of that Property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection charge. Property Owners shall have the opportunity to request an alternative allocation of the SWMS Charge.

4.4 Condominium Properties.

(a) Condominium Properties shall be charged SWMS and Billing and Collection charges on the same terms as Non-residential Properties under Section 4.3, but shall be billed as follows:

(1) Condominium Properties with a single water meter account shall be billed such that the entire SWMS charge of the condominium complex property plus a Billing and Collection Charge are billed to that single account.

(2) Condominium Properties with individual water meter accounts for each unit shall be billed such that the entire SWMS charge of the condominium complex property shall be divided and billed equally to each individual account. In addition, each account shall be billed a Billing and Collection Charge.

(3) Condominium Properties with more than one water meter, but without individual water meters for each unit, shall be billed such that the entire SWMS charge of the condominium complex property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection Charge. The Condominium Owner's Association shall have the opportunity to request an alternative allocation of the SWMS charge.

4.5 SWMS Credits

(a) Eligibility.

(1) Accounts on Non-residential and Condominium properties must be current to be eligible for credits.

(2) The Customer shall make the Property available for inspection by the Department and provide all necessary documentation for purposes of verifying the appropriateness of a SWMS credit(s).

(3) The Customer shall fulfill credit requirements, as described in Section 4.5(c) below, in accordance with the maintenance guidelines as prescribed by the Department, including any and all inspection and reporting obligations.

(b) Classes of Credits. There are three classes of credits: IA Credit, GA Credit, and NPDES Credit. The IA Credit provides a reduction to the IA Charge; the GA Credit provides a reduction to GA Charge; and the NPDES Credit provides reduction to the total SWMS Charge. A Property may be approved for credits from each of the three classes; however, if the resulting SWMS Charge after the application of any credits is less than the Non-residential minimum monthly charge, then the minimum monthly charge will apply.

(c) Credit Requirements.

(1) IA Credit. IA Credit is available for the portion of IA on a property where stormwater runoff is managed (IA Managed). IA Managed is achieved as follows:

(i) For areas of the property that meet the requirements of the following Impervious Area Reductions (IAR), as described in the Stormwater Credits and Adjustment Appeals Manual, a direct reduction in the billable IA may be applied:

- (A) Rooftop disconnection,
- (B) Pavement disconnection, or
- (C) Tree canopy coverage.

(ii) For Properties with PWD-approved Stormwater Management Practices constructed per Chapter 6 of the Department's regulations, the customer must demonstrate compliance with the regulations, including management of the first 1.5 inches of runoff and any and all required reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iii) For properties with PWD-approved Stormwater Management Practices, including those constructed with Department stormwater grant funds, the customer must demonstrate management of the first 1.5" of runoff and SMP compliance per the approved record drawing and any and all reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iv) The Department may approve a Property for IA credit for Non-Surface Water Discharges under the credit requirements in effect before September 1, 2021, if the Department receives a credit application for that Property on or before September 1, 2021. Such Properties property receiving credit under the credit requirements in effect before September 1, 2021 may continue to receive the credit under those requirements until the credit expires. Upon expiration of the credit, the current or future Property Owners of such Properties may renew the credit under the credit requirements in effect before September 1, 2021 by submitting a renewal application(s) in accordance with Subsection 4.5(f)(4) unless and until this section is modified.¹

(v) For Surface Discharges, the Customer must demonstrate that a portion or all of the impervious area discharges directly to a surface water body.

(2) GA Credit.

(i) Impervious area only. Impervious area shall receive a GA credit based on the criteria defined in Section 4.5(c)(1)(ii), (iii), (iv) and (v) herein.

¹ Prior to September 1, 2021, Customers of Properties with non-Surface Discharges were required to demonstrate management of the first inch of stormwater runoff in one of the three following ways: (1) infiltration, (2) detention and slow release, and/or (3) routing through an approved volume -reducing SMP.

(ii) Open Space area only. Open Space area is non-impervious area and is calculated as GA minus IA. The Customer must demonstrate a Natural Resource Conservation Service Curve Number (NRCS-CN) below a certain value as described in the Credits and Adjustment Appeals Manual.

(3) National Pollutant Discharge Elimination System (NPDES) Credit. The Customer must demonstrate the property is subject to and in compliance with a NPDES Permit for industrial stormwater discharge activities.

(d) Credit Maximum.

(1) IA Credit Maximum. IA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% IA Credit for the IA Managed.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% IA credit for the IA Managed.

(2) GA Credit Maximum. GA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% GA Credit.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% GA credit.

(3) NPDES Credit Maximum. Eligible properties shall receive a maximum of 7% NPDES credit as described in the Credit and Adjustment Appeals Manual.

(e) Application of Credits

The application of the three classes of credits in calculating a property's monthly SWMS charge shall be described in the Credits and Adjustment Appeals Manual.

(f) Administration of Credits.

(1) A Customer shall apply for credits using application forms and submitting the required documentation as defined in the Credits and Adjustment Appeals Manual.

(2) Any engineering or other costs incurred in completing the application shall be borne by the Customer.

(3) Credits shall be effective upon receipt of a complete application.

(4) All credits shall expire four (4) years from the effective date of the credit. A Customer may renew credits by submitting a renewal application, documentation required by the Department as defined in the Credits and Adjustment Appeals Manual, and paying a renewal fee of two hundred and eighty dollars (~~\$200~~280).

(g) Termination of Credits.

(1) The Department may review any approved credit at any time to verify its continued applicability. Customers may from time to time be asked to submit documentation and/or grant access to the Property receiving the credit. Failure to comply with such requests may result in the termination of the credit(s).

(2) The Customer's failure to meet credit requirements or comply with inspection and reporting obligations, in accordance with Section 4.5(a)(3), shall result in a suspension or revocation of all affected credits pursuant to the procedures issued by the Department.

(h) The Department may, at its sole discretion, issue stormwater credits to individual parcels where stormwater management is being implemented on a shared, collective basis by an organization representing different parcel owners within a defined geographic area.

5.0 BILLING FOR WATER, SEWER AND STORMWATER SERVICE

5.1 Billing.

(a) Estimated Usage and Billing. When an accurate meter reading cannot be obtained at the time of a scheduled meter reading or when necessary for administrative purposes, the quantity of water used may be estimated for billing purposes. Estimated usage will be based upon actual meter readings from prior cycles or by such other fair and reasonable methods as shall be approved by the Water Commissioner. Where the water usage is estimated because of inability to read the meter, any necessary corrections shall be made at the time of the next actual meter reading, or when appropriate.

(b) Charges to be Combined. At the discretion of the Water Commissioner, each bill may combine in one amount the service charge and any quantity charges for water, sewer and stormwater, if applicable.

(c) Bills Due and Payable. All bills are due and payable when rendered.

(d) Penalties for Late Payments.

(1) If current water, sewer, and stormwater bills are not paid within thirty (30) days from the date indicated on the bill, a penalty of five percent (5%) shall be imposed.

(2) An additional penalty of one half of one percent (0.5%) shall be imposed and added to water, sewer, and stormwater bills, and their penalties, on the due date of the bill

of each succeeding cycle, except that a period of thirty (30) days shall elapse before the first additional penalty is imposed.

(3) If any water, sewer, and stormwater bill remains unpaid for two cycles after the bill has been rendered, the Revenue Department shall serve a notice of termination upon the delinquent Property Owner and, if the charge, with penalties thereon, is not paid within ten (10) days after such service of notice, the Department, in its discretion, may suspend water service to the Property until the charge with penalties is paid. Penalties for late payment are set by ordinance, not by regulation, and any amendments to the current ordinance shall apply as provided therein.

(e) Balance Due. Each bill shall include any balances due for bills issued from October 1, 2000, including penalties.

(f) Changes in Meter Size. When a change in meter size is made, the charge for the new meter size shall become effective on the date of such change.

(g) Unmetered Customers.

(1) Unmetered Customers shall be billed the same charges established for metered Customers. The water and sewer service charges will be determined by the size of the meter which would be installed for an equivalent service at a similar property. The SWMS charges will be determined based on Section 4.0. The Revenue Department shall estimate the quantity of water used and bill accordingly using the applicable water and sewer quantity charges.

(2) Where unmetered wastewater is discharged to the sewer system without adequate sewer metering, the Department reserves the right to bill the amount of flow based upon its engineering judgment of a reasonable estimate of unmetered usage.

(h) Unoccupied Property.

The billing of unoccupied Properties for water and sewer shall be discontinued only on issuance of a Discontinuance of Water permit. Nothing in this Section shall relieve a Property Owner of his responsibility for maintaining a service line unless a Discontinuance of Water permit has been secured. Under no circumstances will the stormwater service charge be terminated.

(i) Extraordinary Uses or Appliances.

In the event that extraordinary or peculiar uses or appliances, in the opinion of the Water Commissioner, warrant a special charge not provided herein, such charges shall be as fixed by the Water Commissioner in writing.

5.2 Special Customers.

The water, sewer and stormwater management service charges established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq. shall be applied to all general Customers, except the following groups of special Customers:

(a) GROUP I

(1) Public and private schools which provide instruction up to or below the twelfth grade but not beyond that grade, and excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(2) Institutions of “purely public charity”, as defined by Pennsylvania law, except universities and colleges and excluding service to any separate or adjoining facilities or structures not used exclusively for the principal purpose of the charity.

(3) Places used for actual religious worship.

(b) GROUP II

(1) Residences of eligible senior citizens provided that the senior citizen shall:

(i) Make application for such reduction to the Revenue Department within the first billing period for which reduction is sought; and

(ii) Submit satisfactory proof that the applicant is 65 years of age or older and that he or she makes payment directly to the City for water, sewer, and stormwater service to his or her residence which is located in the City of Philadelphia; and

(iii) Submit satisfactory proof to the Revenue Department that the applicant does not exceed the household income limitation of ~~\$33,300~~\$38,800 per year established by the Department. The above income limitation shall apply to those applying for this discount subsequent to June 30, 1982.

(iv) Effective with each subsequent general rate change in the water/sewer/stormwater charges, the Department shall adjust the Senior Citizen Income Limitation using the latest Consumer Price Index data available, as defined in the Philadelphia Code at Section 19-1901.

(c) GROUP III

(1) Universities and colleges, excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(d) GROUP IV

(1) Public housing properties of the Philadelphia Housing Authority.

(e) GROUP V

(1) Group V Customers are Customers enrolled in the Income-Based Water Revenue Assistance Program (IWRAP) described in Section 19-1605 of the Philadelphia Code after the Water Revenue Bureau begins to issue IWRAP bills. Monthly bills for a Customer enrolled in IWRAP will be determined based on the Customer's family size and household income and will be charged in lieu of the service, usage and stormwater charges established in Sections 2.0 et seq., 3.0 et seq. and 4.0 et seq. for general Customers. Group V Customers will pay a percentage of his/her household income depending on where that Customer falls within the Federal Poverty Guidelines (FPL), subject to a minimum bill amount of \$12 per month.

(2) For determining the amount of service, usage and stormwater charges on monthly bills, Group V Customers will be defined according to three income tiers as follows:

(i) Group V-A. Group V Customers whose gross household income has been verified as being from 0% of FPL and up to and including 50% of FPL

(ii) Group V-B. Group V Customers whose gross household income has been verified as being greater than 50% of FPL and up to and including 100% of FPL.

(iii) Group V-C. Group V Customers whose gross household income has been verified as being greater than 100% of FPL and up to and including 150% of FPL.

(f) GROUP VI

(1) Customers with parcels eligible for a discount from the stormwater management service charge as a qualified Community Garden pursuant to Section 19-1603 of the Philadelphia Code and regulations promulgated by the Water Department under that Section.

(g) GROUP VII

(1) All unoccupied properties of the Philadelphia Land Bank.

(h) Charges for Special Customers

(1) As of September 1, 2021, the charges to Groups I, II, and III of special Customers listed above shall be seventy-five percent (75%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges. The charges to Group IV Customers shall be ninety-five percent (95%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges.

(2) Group V Customers enrolled in IWRAP after the Water Revenue Bureau begins to issue IWRAP bills will be responsible for paying the following charges for service, usage and stormwater charges, or \$12 per month, whichever is greater:

(i) Group V-A: 2.0% of household income.

(ii) Group V-B: 2.5% of household income.

(iii) Group V-C: 3% of household income.

(3) Group VI: Effective with bills issued on or after January 1, 2017, Group VI special Customers will receive a 100% discount on the stormwater management service charges for parcels classified by the Department as Community Gardens upon approval of an application for a discount consistent with Section 19-1603 of the Philadelphia Code and regulations promulgated by the Department under that Section.

(4) Group VII: Effective with bills issued on or after September 1, 2018, Group VII special Customers are fully exempt from all water, sewer and stormwater management rates and charges.

(i) All of these special Customers shall meter all water connections and they shall be subject to all provisions herein not inconsistent with Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq.

(j) All special Customers are subject at any time to review as to their special charges by the Department or the Water Revenue Bureau and may be required to furnish adequate evidence supporting the continuance of such charges to the Department or the Water Revenue Bureau upon written notice to do so. Failure to furnish such evidence shall be sufficient ground for denial or termination of such special charges.

(k) Special charges may be granted subject to the Department's review and approval of the size of the meter installed.

(l) When the special use for which the special charge is granted ceases, the special charge ceases and the charges for general Customers shall apply thereafter.

(m) When any vacant or unoccupied premises are acquired by the City, charges for water and sewer, including charges relating to storm water management and disposal, shall terminate on the date that such premises are acquired.

(n) When any property is acquired or held by the Philadelphia Housing Development Corporation or acquired or held by the City or the Redevelopment Authority pursuant to Chapters 16-400 or 16-500 of the Philadelphia Code, charges for water and sewer, including charges relating to storm water management and disposal, shall be abated.

5.3 Eligibility for Charity Rates and Charges.

(a) Organizations seeking the Charity Rates and Charges must submit an application to the Department. Applicants must use forms provided by the Department, and submitted applications must be completed to the satisfaction of the Department.

(b) Applications must be made in the name of the organization seeking the Charity Rates and Charges. All accounts for which an organization is requesting the Charity Rates and Charges must be in the identical name as that on the application.

(c) Any account for a Property for which the Charity Rates and Charges are sought must be current and remain in good standing with no service violations or violations of the requirements of § 17-107(12) (“Recipients of Financial Assistance”) applicable to properties that benefit from financial assistance in connection with the receipt of charity rates and charges to maintain eligibility for any discounts issued herein. Any breach of this condition shall result in the loss of eligibility for the discount.

(d) To be eligible for water and sewer Charity Rates and Charges, the Property must not have any outstanding Department or Plumbing Code violations; the Property must have an operating water meter that is in compliance with current Department specifications, and the property must have a current water meter reading. If the property is receiving stormwater service only, the above provision regarding metering shall not apply. To be eligible for SWMS Charity Rates and Charges, the Property must not have any outstanding Department violations. Applicant must be either an owner of the Property or a Tenant of the property for which the SWMS charge is assessed.

(e) Charity Rates and Charges shall be charged to the eligible organization from the application date of an approved application. No retroactive reductions from the General Customer rates and charges will be permitted.

5.4 Account Review.

The Department, from time to time, may review the status of organizations receiving Charity Rates and Charges.

During this review, eligible organizations may be required to submit new applications.

5.5 Suspension of Charity Rates and Charges (Groups I and III)

(a) Organizations that have been approved for Charity Rates and Charges must make timely payments on accounts in order to remain eligible for these discounted rates and charges.

(b) An organization that fails to make on-time payments for two (2) consecutive billing cycles shall be suspended from the Charity Rates and Charges, and shall be required to pay the same rate(s) as the General Customer rates and charges for all services. The suspension period shall remain in effect for a minimum of one (1) year.

(c) Reinstatement of the Charity Rates and Charges will not occur until a full year of on-time payments has been made. Suspended organizations must then submit an application as described in Section 5.3. Charity Rates and Charges will not be retroactive for the period of suspension.

(d) Customers shall be informed by first class mail of the suspension of the Charity Rates and Charges.

5.6 Hearing.

Organizations that have been denied eligibility or have been suspended from the Charity Rates and Charges may request an informal hearing.

5.7 No Waiver.

Nothing herein shall limit the Department on its own findings or at the request of another City agency from suspending Charity Rates and Charges from organizations which have violated City law or regulations and thereby under such City law or regulations have forfeited such privileges as the Charity Rates and Charges.

6.0 MISCELLANEOUS WATER CHARGES

Charges for miscellaneous water services supplied by the City of Philadelphia shall become effective September 1, 202~~2~~³ as follows:

6.1 Meter Test Charges.

(a) A Customer may apply to the Department for a test of the accuracy of the registration of a water meter (Meter Test). At the Customer's request, the Department shall notify the Customer of the time and place of the test so that the Customer may be present.

(b) In testing, meters may be removed from the line and replaced by a tested meter. If removed, the meter shall be tested at the Department's Meter Shop. Meters may also be tested and recalibrated in place without removal and replacement.

(c) All meters shall be removed, replaced, tested or calibrated during the Department's regular business hours (9:00 a.m. to 4:45 p.m.).

(d) A Customer may request a Meter Test to be performed outside the regular business hours of the Department under the following conditions:

(1) the Department has staff available and agrees to a time outside the regular business hours of the Department; and,

(2) the Customer agrees to pay the overtime and added expenses, whether the meter passes or fails the test.

(e) If the register on the meter is found upon testing to be registering within two percent (2%) of the actual volume of water passing through the meter, or registering in favor of the Customer, the Customer will be assessed a Meter Test Charge as follows:

| <u>Meter Size</u> | <u>Charge</u> |
|---------------------------|-----------------------------|
| 5/8" | \$210 <u>130</u> |
| 1", 1-1/2", 2" | \$280 <u>180</u> |
| 3", 4", 6", 8", 10", 12" | \$640 <u>390</u> |
| ----- | |
| Field Tests, 3" and above | \$640 <u>390</u> |

(plus any charges and/or expenses incurred for work performed outside the regular hours of business, if requested by the Customer).

(f) If the meter is found upon testing to be registering in excess of 102% of the actual volume of water passing through the meter, the Customer shall not be assessed a Meter Test charge as provided for in subsection (e); and, WRB shall review the billing history of the tested meter for a period not to exceed three years on the basis of the corrected registration and revise it as necessary.

(g) The Department will, at the request of a Customer, test his or her meter at no charge once every twenty years. Additional tests are subject to the charges listed in Section 6.1(e).

6.2 Charges for Furnishing and Installation of Water Meters.

The charges for furnishing and installing water meters are as follows.

(a) For work which involves the furnishing and setting of a water meter and meter interface unit (MIU), the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|-----------------------------|
| 5/8" | \$255 <u>225</u> |
| ¾ RFSS | 435 <u>415</u> |
| 1" | 430 <u>375</u> |
| 1" RFSS | 520 <u>470</u> |
| 1 1/2" | 805 <u>835</u> |
| 1 1/2" RFSS | 750 <u>785</u> |
| 2" | 905 <u>1,010</u> |

| | |
|-------------------|---------------------|
| 2" RFSS | <u>9701,020</u> |
| 3" Compound | <u>2,3703,320</u> |
| 3" Turbine | <u>1,4851,825</u> |
| 3" Fire Series | <u>3,3703,645</u> |
| 4" Compound | <u>2,7853,900</u> |
| 4" Turbine | <u>2,5252,635</u> |
| 4" Fire Series | <u>3,6604,505</u> |
| 4" Fire Assembly | <u>6,0156,085</u> |
| 6" Compound | <u>4,8156,445</u> |
| 6" Turbine | <u>4,0654,955</u> |
| 6" Fire Series | <u>5,3105,965</u> |
| 6" Fire Assembly | <u>7,9158,690</u> |
| 8" Turbine | <u>5,4455,885</u> |
| 8" Fire Series | <u>6,0807,550</u> |
| 8" Fire Assembly | <u>11,13512,285</u> |
| 10" Turbine | <u>7,7858,540</u> |
| 10" Fire Series | <u>8,5159,300</u> |
| 10" Fire Assembly | <u>15,30017,745</u> |
| 12" Turbine | <u>7,9009,045</u> |
| 12" Fire Series | <u>8,70510,455</u> |
| 12" Fire Assembly | <u>16,17018,905</u> |

(b) For work which involves only the furnishing and setting of an MIU, the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|-----------------|
| 5/8" | \$ <u>10575</u> |
| 3/4" RFSS | <u>10575</u> |
| 1" | <u>190120</u> |
| 1 " RFSS | <u>190120</u> |
| 1 1/2" | <u>190120</u> |
| 1 1/2" RFSS | <u>190120</u> |
| 2" | <u>190120</u> |
| 2" RFSS | <u>190120</u> |
| 3" Compound | <u>515310</u> |
| 3" Turbine | <u>515310</u> |
| 4" Compound | <u>515310</u> |
| 4" Turbine | <u>515310</u> |
| 6" Compound | <u>515310</u> |
| 6" Turbine | <u>515310</u> |
| 8" | <u>515310</u> |
| 10" | <u>515310</u> |

(c) If extraordinary work is required in connection with the installation of a water meter or the replacement of a damaged meter, additional charges shall be computed using actual salaries and materials expended, plus applicable overhead costs.

(d) The Property Owner shall be responsible for safeguarding the meter and seals and shall pay for necessary repairs and replacements due to his/her failure to provide adequate protection to the meter and seals from theft, vandalism, freezing, tampering or other damage. The Property Owner shall also be responsible for the repair and maintenance of the plumbing accessory to the meter, such as inoperable valves, weakened service pipes and fittings, etc. and shall provide and pay for such plumbing, repair and maintenance as City metering needs may require.

6.3 Tampering of Meter.

(a) In the event that an investigation indicates that tampering of a meter has occurred, the following charges to the Customer shall be assessed:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|----------------------|
| 5/8”or 3/4” | \$ 120 80 |
| 1”, 1½”, 2” | 210 130 |
| 3” and larger | 570 340 |

6.4 Shut-Off and Restoration of Water Service.

(a) If the Department is required to visit a Property to shut off service for non-payment; and, payment is tendered at the time of the shut-off, a charge of ~~one hundred and fiveseventy-five~~ -dollars (~~\$10575~~) will be assessed, with the exception stated in Section 6.4(e).

(b) A ~~one hundred and five-seventy-five~~ dollar (~~\$10575~~) charge will be assessed if shut-off of the water service is required as a result of non-compliance with a Notice of Defect and/or metering non-compliance.

(c) After termination of water service for non-payment or violation of service requirements, restoration of water service will not be made until the following charges have been paid in full or payment arrangements satisfactory to the Revenue Department have been made.

(1) Where the only work required is operating the service valve:

(i) service lines 2” and smaller.....~~\$105~~75
with the exception stated in Section 6.4(e)

(ii) service lines larger than 2”~~\$395~~355

(2) Where the curb stop is obstructed, the access box missing or otherwise requires excavation\$905700

(3) Where the curb stop is inoperable and a new curb stop must be installed\$950730

(4) Where the curb stop is obstructed, the access box missing, or otherwise requires excavation, and replacement of footway paving is required.....\$905710

(5) Where the curb stop is inoperable and a new curb box must be installed and replacement of footway paving is required.....\$950740

(6) Where excavation and shut-off of the ferrule at the water main is required\$2,165,450

(d) If the Department is required to remove concrete footway paving in order to perform the shut-off and/or restoration, the footway will be replaced by the Department and the preceding charges applied unless proof has been provided to the Department that some other qualified person will replace the paving.

(e) A charge of \$12 will be assessed if a Customer is enrolled in IWRAP and the Department is required to visit the Property to:

(1) shut off service for non-payment; and, payment is tendered at the time of the shut-off; or

(2) restore water service after termination of water service for non-payment or violation of service requirements.

6.5 Pumping of Properties.

The following charges shall apply for the pumping of water from properties when the condition requiring such service is not caused by the Department.

(a) Occupied Properties

(1) Pumping of water from occupied Properties may be done at the Property Owner's request and expense.

(2) Pumping of other Properties due to the failure of a Property Owner’s piping may be performed by the Department and be charged to the Property Owner of the Property at which the failure occurred.

(3) Charges for pumping shall be calculated at actual salaries and materials expended, plus applicable overhead costs.

(b) Unoccupied Properties

The Department may, at its sole and exclusive discretion, pump water from unoccupied properties if it is determined that a serious condition exists. The charges for pumping shall be as specified in Section 6.5(a).

6.6 Charges for Water Main Shutdown.

(a) The Department of Licenses and Inspections shall issue permits for the temporary shutdown of a water main to allow a registered plumber to make immediate repairs to a broken water service and to avoid the necessity of opening the street.

(b) Permits shall be issued after:

(1) Certification by the Department that the shutdown will not seriously inconvenience other Customers; and

(2) The applicant has paid a ~~two hundred and twenty-five~~ three hundred and fifteen dollar (\$~~225~~315) service charge.

(c) In an emergency or when responsibility for a leak is in doubt, the Department may make the shutdown before the permit is obtained. If the Department determines that the leak was not the Department's responsibility, the owner shall obtain a permit and pay the above stated service charge and any other costs incurred by the Department in conducting the emergency shut down.

6.7 Water Connection Charges.

(a) Permits. Permits for connections to the City's water supply system shall be issued by the Water Permit section of the Department of Licenses and Inspections.

(b) Ferrule Connections.

(1) Connections between 3/4 inch and two inches (2") in diameter shall be made by a ferrule installed by the Department. The owner, at his own expense, shall excavate for the connection, install all piping and appurtenances after the ferrule and fill the excavation. The owner thereafter shall be responsible for maintaining this piping and appurtenance.

(2) The charges for such ferrule connections, with the exception stated in Section 6.7(b)(3), shall be as follows:

Size Charge

| | |
|-----|------------------------------|
| ¾" | \$ 235 <u>185</u> |
| 1" | 255 <u>210</u> |
| 1½" | 285 <u>250</u> |
| 2" | 340 <u>320</u> |

(3) The charges for such ferrule connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), shall be as follows:

Size Charge

| | |
|-----|------------------------------|
| ¾" | \$ 255 <u>210</u> |
| 1" | 275 <u>235</u> |
| 1½" | 310 <u>275</u> |
| 2" | 360 <u>340</u> |

(c) Valve Connections. Connections three inches (3") and larger shall be made by a valve installed by the Department. This valve installation shall include, but shall not necessarily be limited to, the connection to the main, the valve, valve box, necessary piping after the valve from the main in the street to one foot inside the curb, backfill and repaving. The Department shall thereafter be responsible for maintaining this valve and piping, unless the associated meter has been reduced at the Property Owner's request to a two inch (2") or smaller meter, in which case the Property Owner shall be responsible for valve and piping maintenance.

(1) The charges for valve connections shall, with the exceptions stated in Section 6.7(c)(2), shall be as follows:

Size Charge

| | |
|-----------|------------------------------------|
| 3" & 4" | \$ 15,670 <u>12,725</u> |
| 6" & 8" | 16,010 <u>13,590</u> |
| 10" & 12" | 18,970 <u>16,230</u> |

(2) The charge for such valve connections, when the work is performed at the Customer's request is during other than normal work hours or the work is performed in an area designated by the Streets Department as a special work zone, shall be as follows:

Size Charge

| | |
|-----------|------------------------------------|
| 3" & 4" | \$ 17,380 <u>14,720</u> |
| 6" & 8" | 17,720 <u>15,580</u> |
| 10" & 12" | 20,895 <u>18,225</u> |

(d) Attachment to a Transmission Main

(1) There shall be no connection to a transmission main without Department approval. Such approval shall be requested by application forms and procedures issued by the Department.

(2) Where a connection is made to a water main larger than 12 inches in diameter, with the exceptions stated in Sections 6.7(d)(3)&(4), the charges will be a follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 23,965 <u>20,690</u> |
| 20" | 25,465 <u>22,845</u> |
| 24" | 27,065 <u>25,145</u> |
| 30" | 36,740 <u>37,330</u> |
| 36" | 41,905 <u>44,250</u> |

SLEEVE 6" & 8"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 24,165 <u>20,905</u> |
| 20" | 25,365 <u>22,560</u> |
| 24" | 27,065 <u>25,145</u> |
| 30" | 38,225 <u>39,320</u> |
| 36" | 45,325 <u>48,835</u> |

SLEEVE 10" & 12"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 24,165 <u>20,980</u> |
| 20" | 25,665 <u>22,920</u> |
| 24" | 27,165 <u>25,145</u> |
| 30" | 38,700 <u>39,955</u> |
| 36" | 47,345 <u>51,545</u> |

(3) The charges for such connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), or the work performed is in an area designated by the Streets Department as a special work zone, shall be as follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|----------------------------|
| 16" | \$26,100 23,185 |
| 20" | 27,600 25,335 |
| 24" | 29,200 27,635 |
| 30" | 38,880 39,820 |
| 36" | 44,040 46,740 |

SLEEVE 6" & 8"

MAIN

| | |
|-----|----------------------------|
| 16" | \$26,300 23,400 |
| 20" | 27,500 25,050 |
| 24" | 29,200 27,635 |
| 30" | 40,360 41,810 |
| 36" | 47,460 51,325 |

SLEEVE 10" & 12"

MAIN

| | |
|-----|----------------------------|
| 16" | \$26,300 23,470 |
| 20" | 27,800 25,410 |
| 24" | 29,300 27,635 |
| 30" | 40,835 42,445 |
| 36" | 49,480 54,035 |

(4) Where a connection is made to a water main 48" or larger in diameter, the charge will be that for a connection to a 36" main, stated above in Sections 6.7(d)(2) or (3), plus an additional charge representing the difference between the current cost of a 36" sleeve and the cost of the larger sleeve. The additional charge shall be paid before any permit can be issued as prescribed below in Section 6.11.

(e) Should police assistance for traffic control be required for a ferrule or valve connection, the Customer shall pay the required fee to the Police Department.

6.8 Discontinuance of Water.

Except as otherwise provided, no Customer shall be relieved of the obligation to pay water and sewer charges unless a permit for the discontinuance of water and sewer has been obtained from the Department of Licenses and Inspections pursuant to the provisions of Philadelphia Code section 19-1601. When a permit is granted to discontinue water and sewer service, charges shall terminate on the date of removal of the meter by the Department. The charge for a permit for discontinuance of water is one hundred dollars

(\$100), regardless of service size. A validly issued permit to discontinue water and sewer does not terminate the obligation to pay for stormwater management services.

6.9 Hydrant Permits.

(a) A permit shall be obtained from the Water Permit section of the Department of Licenses and Inspections before a hydrant can be used. The permit shall contain the terms and conditions that are required of the Customer in order for the Customer to use the hydrant.

(b) The costs for obtaining a permit shall be as follows.

- (1) One Week Permit for use of standard pressure hydrant.....\$ ~~860~~1,205
- (2) Six Month Permit for use of standard pressure hydrant.....\$ ~~4,495~~6,295

6.10 Flow Tests.

When a Customer requests the Department to conduct a flow test on a fire hydrant to determine the volume and residual pressure available on a domestic or fire connection, or at a specific location, the charge shall be ~~nine hundred and thirty five~~ hundred and seventy dollars (~~\$930~~570) for each flow test.

6.11 Water Service Line Investigations and/or Inspections

When a Customer or a duly authorized representative of a Customer requests the Department to conduct an investigation to locate and/or to inspect the water service line at a specific location, the charge shall be ~~ninety one hundred and thirty~~ dollars (\$90~~130)~~ for each investigation or inspection. The charge shall be assessed regardless of the result of the investigation or inspection.

6.12 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

7.0 MISCELLANEOUS SEWER CHARGES

Charges for miscellaneous sewer services supplied by the City of Philadelphia shall be effective September 1, 202~~2~~3, as follows.

7.1 Sewer Charges for Groundwater.

(a) Sewer charges for groundwater discharged to the City's sewer system shall be as follows:

(1) Effective September 1, 202~~2~~3 and thereafter, the rate shall be \$~~12.58~~13.87 per 1,000 cubic feet.

(b) To determine the quantity of such discharged groundwater, the Customer shall install a meter or measuring device satisfactory to the Department. If, in the opinion of the Department, it is not feasible to install a meter or measuring device, the Department may designate some other method of measuring or estimating the quantity of discharged groundwater.

7.2 Charges for Wastewater Service.

(a) The charge for sanitary type wastewater delivered to any of the City's Water Pollution Control Plants shall be as follows.

(1) Effective September 1, 202~~2~~3 and thereafter, the rate shall be \$~~57.82~~64.94 per 1,000 gallons.

(b) Where accurate quantities of wastewater delivered cannot be determined, such quantities shall be estimated for billing purposes by such fair and reasonable methods as shall be approved by the Water Commissioner.

(c) The locations, times, delivery procedures and exact nature of the pollution characteristics of the delivered wastewater shall be determined by the Department.

(d) From time to time, Customers shall be required to file with the Department a questionnaire establishing or revising information on the quantity and quality of wastewater delivered and other pertinent data deemed necessary by the Department. Failure to furnish such information shall be sufficient grounds for denial or termination of delivery privileges.

(e) Measurements, tests and analyses of the characteristics of delivered wastewater shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(f) If any bill for the above services shall remain unpaid for more than sixty (60) days from date rendered, the Department may refuse acceptance of additional wastewater until all unpaid balances, with late charges, are paid in full.

7.3 Wastewater Discharge Permit.

All Industrial Users contributing wastewater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is ~~one thousand nine hundred and sixty-two thousand seven hundred and forty-five~~ one thousand nine hundred and sixty-two thousand seven hundred and forty-five dollars (~~\$1,9602,745~~).

7.4 Groundwater Discharge Permit.

All Industrial Users contributing groundwater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations contained in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is ~~one thousand nine hundred and sixty-two thousand seven hundred and forty-five~~ one thousand nine hundred and sixty-two thousand seven hundred and forty-five dollars (~~\$1,9602,745~~).

7.5 Manhole Pump-out Permit

(a) Any non-domestic User discharging wastewater from underground structures to the City's sewer system must obtain a manhole pump-out permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is ~~three thousand eight hundred and forty-five two thousand eight hundred and sixty-five~~ three thousand eight hundred and forty-five two thousand eight hundred and sixty-five dollars (~~\$3,8452,865~~).

(b) In the event a User requests discharge locations in the City's separate sewer areas under this permit, the City may assess additional fees for any work associated with the review of this request and the identification of the discharge locations.

7.6 Trucked or Hauled Wastewater Permit

Any person trucking or hauling wastewater to the POTW must first obtain a septage discharge permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit shall be ~~two thousand three hundred and fifty-five one thousand five hundred and sixty~~ two thousand three hundred and fifty-five one thousand five hundred and sixty dollars (~~\$2,3551,560~~).

7.7 PHOTOGRAPHIC & VIDEO INSPECTION

When a Customer or a duly authorized representative of a Customer requests the Department to conduct a photographic or video inspection of a private sewer line at a specific location, the charge shall be two hundred and seventy five dollars (\$275) for each photographic or video inspection. The charge shall be assessed regardless of the result of the photographic or video inspection.

7.8 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by

current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

8.0 MISCELLANEOUS ~~STORMWATER MANAGEMENT AND PLAN REVIEW AND INSPECTION~~ CHARGES

8.1 Stormwater Plan Review and Inspection Fees.

All Development plans submitted to the Department under Chapter 6 of the Department's regulations for stormwater management approvals shall be subject to a plan review fee.

(a) Fees.

(1) A ~~Stormwater Plan Submission~~ fee of ~~one thousand one hundred and fifteen~~one thousand four hundred and ninety -dollars (~~\$1,115~~\$1,490) shall be due ~~prior to issuance upon submission of the~~ Conceptual Stormwater Management Plan ~~approval for review~~.

(2) ~~A fee of sixty five dollars (\$65) shall be due upon submission of a post construction stormwater management plan, including a technical site plan, for review. An additional~~ fee of one hundred and ~~twenty seven~~ seventy dollars (~~\$120~~\$170) per hour of review time shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(i) Review time shall be based on the City's tabulation of actual hours expended by Department employees or consultants reviewing the plans associated with a particular development ~~or redevelopment~~ project for compliance with Chapter 6 of the Department's regulations.

~~(ii)~~

~~(3)~~

~~(3) -An additional fee of three hundred and seventy-five~~twenty dollars (~~\$320~~\$75) for the final inspection of a particular development project to confirm for compliance with Chapter 6 of the Department's regulations shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(b) Refund of fees. The Department shall refund any fees specified above if a plan submittal is not approved or denied within 21 days for conceptual site plans and within 45 days for technical site plans.

8.2 Stormwater Management Fee in Lieu.

The fee in lieu shall be calculated as follows:

~~(a)~~ For an exemption to only the Water Quality Requirement of Chapter 6 of the Department's regulations the fee in lieu shall be thirty-~~one~~six dollars (~~\$31.00~~\$36.00) per

square foot based on the total Directly Connected Impervious Area within the limit of Earth Disturbance.

8.3 Utility Plan Review Fees.

All Utility Plans submitted to the Department to receive building permit approval in accordance with Administrative Code Section A-305.2.1.6 for approval shall be subject to a plan review fee.

(a) A fee of three hundred and ten dollars (\$310) shall be due upon submission of the Utility Plan for review.

9.0 FIRE SERVICE CONNECTIONS

Fire service connection charges shall consist of a monthly service charge and a quantity charge and shall be effective September 1, 202~~2~~3, as follows.

9.1 Charges.

(a) Monthly Service Charges.

(1) The monthly service charges for the furnishing of water for the purpose of fire protection effective September 1, 202~~2~~3 and thereafter, shall be as follows:

| <u>Connection Size</u> | <u>Service Charge</u> |
|------------------------|----------------------------------|
| Up through 4-inch | \$ 22.90 <u>29.04</u> |
| 6-inch | 41.63 <u>53.81</u> |
| 8-inch | 61.58 <u>80.97</u> |
| 10-inch | 91.13 <u>119.07</u> |
| 12-inch | 136.73 <u>188.23</u> |

(b) The City may permit fire service connections to its water system outside the City of Philadelphia only in properties contiguous to the City where in the opinion of the Water Commissioner water service for fire protection may be furnished without interference with water service to properties within the City.

(c) Pipe connections to the Philadelphia water system, meters and other service requirements shall be in accordance with the standard fire service requirements of the Department.

(d) Quantity Charges.

(1) In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge rate shown below to all water use. In

addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

Effective September 1, 202~~2~~3 and thereafter, the quantity charge shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|-----------------------------------|---------------------------------|-----------------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$48.96 <u>\$61.14</u> | \$1.03 <u>\$0.21</u> | \$49.99 <u>\$61.35</u> |
| Next 98 Mcf (2.1 to 100 Mcf) | 44.99 <u>54.93</u> | 1.03 <u>0.21</u> | 46.02 <u>55.14</u> |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 34.85 <u>42.55</u> | 1.03 <u>0.21</u> | 35.88 <u>42.76</u> |
| Over 2,000 Mcf | 33.91 <u>41.40</u> | 1.03 <u>0.21</u> | 34.94 <u>41.61</u> |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(e) The provisions in this Section apply to all fire service connections.

9.2 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

10.0 PROVISIONS FOR RECOVERY OF THE TIERED ASSISTANCE PROGRAM (TAP) COSTS

The lost revenue related to TAP (the “TAP Costs”) will be recovered via a separate TAP Rate Rider Surcharge Rate (TAP-R), which would be added to the water, fire service and sewer quantity charge rate schedules. This TAP-R shall be increased or decreased for the next rate period to reflect changes in TAP costs, and will be calculated and reconciled on an annual basis in the manner set forth below.

10.1 Computation of the TAP-R

(a) The TAP-R Equation

The TAP-R shall be computed to the nearest one-hundredth of a dollar per MCF (\$0.01/MCF) in accordance with the formula set forth below:

$$\text{TAP-R} = \frac{(C) - (E + I)}{S}$$

The TAP-R so computed, shall be applied as an adder to the water, fire service connection and sewer quantity charge base rate schedules set forth for water in Section 2.1 (c); sewer in Section 3.3 (b); and fire service in Section 9.1 (d), of these Rates and Charges. As a result, the TAP-R shall consist of two sub-components:

- (1) A “Water TAP-R” added to the water and fire service quantity “base rate” (\$/MCF); and
- (2) A “Sewer TAP-R” added to the sewer quantity “base rate” (\$/MCF).

During the rate periods that TAP-R is effective, to recover the TAP Costs through Water TAP-R and the Sewer TAP-R respectively, the total TAP Costs determined for a given rate period will be apportioned between water and wastewater utilities based on the proportion of water and wastewater net revenue requirement respectively to total net revenue requirement. The percent allocation of TAP Costs between water and wastewater utilities will be as follows:

- (i) Water TAP Cost Allocation: ~~40%~~42%
- (ii) Sewer TAP Cost Allocation: ~~60%~~58%

(b) Definitions

In computing the TAP-R pursuant to the formula above, the following definitions shall apply:

- (1) **TAP-R** - TAP Rate Rider Surcharge Rate (\$/MCF).
- (2) **C** – Cost in dollars of the estimated TAP Billing Loss for the projected period.
- (3) **E** - The net over or under collection of the TAP-R surcharge amount for the Most Recent Period. The net over or under collection will be calculated by comparing the actual TAP Revenue Loss (resulting from discounts provided to TAP Customers) with the actual TAP-R surcharge amounts billed to Non-TAP Customers. Both the TAP Revenue Loss and the TAP-R billings, that are

determined for the rate periods, will be adjusted for collections by applying the Department's system-wide collection factor of 97.3296.99%.

- (4) **I - Interest** on any over or under recovery of the TAP-R for the Most Recent Period. Interest will be computed on a monthly basis using a simple annual interest rate. The interest rate will be based upon the yield to maturity of a particular date of United States Treasury securities with a constant maturity for a 1-year Treasury as compiled and published in the Federal Reserve Statistical Release H.15 (519) for the United States Treasury¹, as it exists each year as of the first day of the month, preceding the month of the annual reconciliation submission to the Rate Board.
- (5) **S - Projected sales** in MCF for Non-TAP customers.
- (6) **Most Recent Period** – The Current Fiscal Year and/or the period for which TAP-R reconciliation is performed.
- (7) **Next Rate Period** – The fiscal year and/or the period that immediately follows the Most Recent Period, and in which the TAP-R is effective.

10.2 Filing with the Philadelphia Water, Sewer and Storm Water Rate Board

The Water Department shall initiate the annual TAP Rate Rider Reconciliation by filing an advance notice with the Philadelphia Water, Sewer and Storm Water Rate Board (the “Rate Board”) and City Council in accordance with the procedures and standards established by the Rate Board through its regulations.

10.3 TAP-R Surcharge Rates

(a) Water TAP-R

The Water TAP-R portion of each water bill is determined by applying the Water TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 20223 and thereafter, the Water TAP-R surcharge shall be \$~~1.030~~.21 per Mcf as determined by the annual reconciliation filing.

(b) Sewer TAP-R

¹ Currently available at <https://www.federalreserve.gov/releases/h15/>.

The Sewer TAP-R portion of each sewer bill is determined by applying the Sewer TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 202~~23~~ and thereafter, the Sewer TAP-R surcharge shall be \$~~1.63~~0.34 per Mcf as determined by the annual reconciliation filing.

Effective: September 1, 2024

PHILADELPHIA WATER DEPARTMENT**RATES AND CHARGES**

Effective: September 1, 2024.

1.0 DEFINITIONS.

(a) **Condominium Properties:** Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

(b) **Customer:** An owner, Tenant or occupant who by operation of law or agreement is responsible for payment of the charges for water/sewer/stormwater service at a Residential, Non-residential or Condominium Property.

(c) **Department:** The Philadelphia Water Department is the operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(d) **Dwelling Unit:** A single unit within a building providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

(e) **Home Rule Charter:** The Philadelphia Home Rule Charter, as codified in Pennsylvania First Class City Home Rule Act, April 21, 1949 P.L. 665, 351 Pa. Code §1-100 et seq.

(f) **Mcf:** Thousand cubic feet. The quantity charges in Sections 2, 3, 9 and 10 are expressed in Mcf.

1 Mcf = 1,000 cubic feet = 7,480 gallons

(g) **Municipal Stormwater System:** City owned and maintained real property, infrastructure or natural feature used and/or constructed for purposes of transporting, conveying, retaining, detaining, or discharging stormwater runoff.

(h) **Non-residential Property:** Real estate which cannot be classified as either Residential or Condominium. Real estate used exclusively as a cemetery shall not be considered Non-residential property.

(i) **Philadelphia Code:** The body of laws and regulations enacted by the Philadelphia City Council.

(j) Philadelphia Department of Records: An operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(k) Property: Any parcel of real estate identified in the records of the Philadelphia Department of Records.

(l) Property Owner: The owner of the particular parcel of real estate identified in the records of the Philadelphia Department of Records, or the grantee in a land transfer of record.

(m) Residential Property: Real estate used exclusively for residential purposes with at least one and no more than four Dwelling Units and which cannot be classified as Condominium Property. Property adjacent to Residential Property owned and utilized exclusively by the Residential Property owner for residential uses. Upon proof submitted to the Department, said properties shall be deemed by the Department to form one Residential parcel comprised of the Property and the Residential Property.

(n) Stormwater Management Practice (SMP): Any man-made structure that is designed and constructed to detain, infiltrate, or otherwise control stormwater runoff quality, rate, or quantity.

(o) Surface Discharge: The discharge of stormwater runoff from a property to an adjacent surface water body, without the use of City infrastructure.

(p) Undeveloped Property: Property classified by the Board of Revision of Taxes as SB, SC, SI, SR, or SS; Undeveloped refers to the status of the property as having no structures and is not related to whether the property has ever been developed.

(q) Water Commissioner: The Water Commissioner of the City of Philadelphia who performs the duties and obligations as set forth in the Philadelphia Home Rule Charter and the Philadelphia Code.

(r) Utility Plan: A plan that shows water, sewer, and/or stormwater connections and sizes, utility locations, and impacts to rights-of-way, the approval of which is required under the Administrative Code Section A-305.2.1.6.

1.1 Conformity with Existing Law.

Nothing contained herein shall be deemed to overrule or annul any existing provisions of the Home Rule Charter or the Philadelphia Code.

1.2 Severability.

If any provision, paragraph, word or sections herein is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words and sections shall not be affected and shall continue in full force and effect.

2.0 WATER CHARGES

Charges for water service supplied by the City of Philadelphia shall be effective on September 1, 2024, as follows:

2.1 General Customers.

Charges for the supplying of water shall be determined and billed as follows:

(a) Charges and billing in general.

(1) Water charges shall consist of a service charge and quantity charge.

(2) A service charge shall be billed monthly.

(3) As set forth in Section 2.1(b), the type and size of the meter shall determine the service charge.

(4) In addition, there shall be a quantity charge as provided herein for water used in a monthly billing cycle, either as metered or as estimated.

(5) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be the period between the dates of scheduled metered readings, actual or estimated.

(b) Monthly service charges.

(1) Effective September 1, 2024 and thereafter, the monthly service charge for the various types and sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
| 5/8 | R | \$5.42 |
| 3/4 | Z | 5.96 |
| 1 | Q | 7.49 |
| 1 -1/2 | P | 10.67 |
| 2 | X | 15.25 |
| 3 | O | 25.10 |
| 4 | W | 44.71 |
| 6 | N | 85.12 |
| 8 | V | 131.01 |
| 10 | E | 191.01 |
| 12 | T | 322.40 |

Residential Fire Sprinkler System Meters

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
| 3/4 | Z | 9.65 |
| 1 | Q | 11.18 |
| 1 -1/2 | P | 14.36 |
| 2 | X | 18.94 |

(c) Quantity charges

In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge set forth below to all water use. In addition, the quantity charge will also include a Tiered Assistance Program (TAP) Rate Rider Surcharge, as set forth in Section 10.

(1) Effective September 1, 2024 and thereafter, the quantity charge portion of each bill shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons.

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|----------------------------|----------------------|-----------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$66.42 | \$0.21 | \$66.63 |
| Next 98 Mcf (2.1 to 100 Mcf) | 59.72 | 0.21 | 59.93 |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 46.27 | 0.21 | 46.48 |
| Over 2,000 Mcf | 45.03 | 0.21 | 45.24 |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(d) Temporary Transitional Provisions: Some special customers whose charges are now based on meter size may find that they are in fact 'over-metered' - their metered service is too large for their actual requirements and results in excessive bills. They may apply for a downward revision in the size of their meters. After the approval of the Department, the revision of plumbing arrangements and the installation of smaller meter, the lower charge by meter size shall apply.

3.0 SEWER CHARGES

Charges for sewer service supplied by the City of Philadelphia shall be effective on September 1, 2024, as follows:

3.1 General Customers.

(a) All customers discharging wastewater into the City's wastewater system shall pay sewer charges as set forth in Section 3.3. In addition to the charges set forth in Section 3.3, all customers discharging wastewater whose pollutant content is greater than the pollutant content of Normal Wastewater, as defined below in Section 3.1(b), shall pay an additional surcharge as set forth in Section 3.4.

(b) Normal Wastewater subject to the regular sewer charges set forth in Section 3.3 is that wastewater which contains 250 milligrams per liter or less of five day biochemical oxygen demand (BOD₅) and 350 milligrams or less per liter or less of suspended solids (SS).

(c) Wastewater subject to the surcharge set forth in Section 3.4 is that wastewater which contains either more than 250 milligrams per liter of BOD₅ or more than 350 milligrams per liter of SS, or both.

3.2 Charges.

(a) Sewer charges shall consist of a service charge and a quantity charge.

(b) A service charge shall be billed monthly.

(c) As set forth in Section 3.3(a), the size of the meter shall determine the service charge.

(d) In addition, as set forth in Section 3.3(b), there shall be a quantity charge for sewer service in a monthly billing cycle, either as metered or as estimated.

(e) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be between the dates of scheduled metered readings, actual or estimated. Quantity charges imposed shall be based on the water usage of the Property served.

3.3 Regular Sewer Charges.

(a) Monthly service charges shall be determined and billed as follows:

(1) Effective September 1, 2024 and thereafter, the monthly service charge for the various sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|---------------|
|-------------|-------------|---------------|

| | | |
|--------|---|----------|
| 5/8 | R | \$7.98 |
| 3/4 | Z | 10.19 |
| 1 | Q | 15.00 |
| 1 -1/2 | P | 26.47 |
| 2 | X | 40.87 |
| 3 | O | 73.78 |
| 4 | W | 125.31 |
| 6 | N | 247.10 |
| 8 | V | 391.12 |
| 10 | E | 564.44 |
| 12 | T | 1,026.89 |

Residential Fire Sprinkler System Meters

Size Code Charge

| | | |
|--------|---|------|
| 3/4 | Z | 7.98 |
| 1 | Q | 7.98 |
| 1 -1/2 | P | 7.98 |
| 2 | X | 7.98 |

(b) Quantity charge

In addition to the service charge, the quantity charge portion of each sewer bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

1 Mcf = 1,000 Cubic Feet = 7,480 gallons

(1) Effective September 1, 2024 and thereafter, the quantity charge shall be:

| | | |
|---------------------------|-----------------------|----------------------------|
| <u>Base Charge</u> | <u>TAP-R</u> | <u>Total Charge</u> |
| <u>Per Mcf</u> | <u>Per Mcf</u> | <u>Per Mcf</u> |
| \$43.09 | \$0.34 | \$43.43 |

3.4 Surcharge.

(a) Effective September 1, 2024 and thereafter, the surcharge for wastewater by definition in excess of Normal Wastewater shall be fixed at forty-seven cents (\$0.470) per pound of pollutants received into the wastewater system in excess of 250 milligrams per liter of

BOD₅ and forty-eight and two tenths cents (\$0.482) per pound of pollutants received into the wastewater system in excess of 350 milligrams per liter of SS.

(b) The BOD₅ and SS of wastewater shall be determined from samples taken on the Customer's Property at any period or time and of such duration and in such manner as the Department may prescribe or at any place mutually agreed upon between the Customer and the Department. With prior written approval of the Department, the results of routine sampling and analyses by the Customer may be used in determining the amount of the surcharge.

(c) If, in the Department's judgment, sampling of wastewater is neither feasible nor practical, the Department, for billing purposes, may base BOD₅ and SS of the wastewater on sampling results for similar discharge and/or values obtained from technical literature.

(d) Customers discharging wastewater subject to the surcharge shall, as prescribed by the Department:

(1) Install and maintain such facilities for sampling and measuring the wastewater discharged from their properties; and

(2) Maintain such records and information deemed necessary for the determination of the surcharge.

(e) Customers, as required from time to time, shall file with the Department responses to a questionnaire establishing or revising pertinent information on the quantity of flow and the quality of wastewater and other data deemed necessary for the determination of the surcharge.

(f) Measurements, tests and analyses of the characteristics of wastewater subject to surcharge shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(g) The surcharge shall be applied to the total wastewater discharged less any portion excluded by the Department.

3.5 Sewer Credits.

Pursuant to Section 13-101(6) of the Philadelphia Code, the method of crediting water users' sewer bills for City water used but not discharged into the wastewater disposal system shall be as follows.

(a) Eligibility. Where commercial and industrial facilities that use City water do not discharge all of such water into the wastewater system, the quantity of such water may be excluded in determining the proper sewer charge, provided that:

- (1) at least 5% of water used, or
- (2) 225,000 cubic feet per year, whichever is less, is not discharged into the wastewater system.
- (b) Determination of the Amount of Exclusion. To determine the amount of such exclusion the Customer shall install a meter or measuring device satisfactory to the Department provided that, if in the opinion of the Department, it is not feasible to install a meter or measuring device, some other satisfactory method of measuring (“credit factor”) may be designated by the Department on application of the Customer.
- (c) Fee for Application. When the Customer applies to the Department for a determination on the quantity of water to be excluded by some method other than metering of the sewer, or re-applies for a revised method measuring a larger quantity of water to be excluded, there shall be charge of one thousand one hundred and fifty dollars (\$1,150) for the review of such application.
- (d) Effective Date of Credits and Approved Credit Factors. Credits on a water user’s sewer bills for quantities of water used but not discharged into the wastewater disposal system shall be effective from the submission date of an approved application. In order to be reviewed for approval, applications shall be complete, submitted on forms provided by the Department and shall be accompanied by a check payable to the City of Philadelphia in the amount required in Section 3.5(c). No credits shall be made retroactively.
- (e) Review of Approved Credit Factors. The Department reserves the right to review approved credit factors. Customers may, from time to time, be required to submit current water use and sewer discharge information. Customers may also be required to submit new applications for the credit factor. Failure to comply with the Department’s requests for information or new applications may result in termination of the Customer’s credit factor.
- (f) Failure to Inform the Department of Increased Sewer Use. Customers with credit factors who fail to inform the Department of increased discharges to the wastewater system shall be subject to the imposition of the full charges for sewer use based on total water usage from the most recent application date, with applicable interest. In addition, the Department may impose a fine of five hundred and forty dollars (\$540) for each billing period from the application date.

4.0 STORMWATER MANAGEMENT SERVICE CHARGES

Charges for Stormwater Management Services (SWMS) supplied by the City of Philadelphia shall be effective September 1, 2024 as follows:

4.1 Charges.

All properties within the City shall be billed a SWMS charge.

4.2 Residential Properties.

All Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Effective September 1, 2024 and thereafter all Residential Properties shall be charged the rates listed below:

| <u>SWMS</u> | <u>Billing & Collection</u> |
|-------------|---------------------------------|
| \$18.96 | \$2.04 |

(b) Residential Properties which do not have sewer service and which also have previously been charged only for water service shall be charged the rates shown above at 4.2 (a).

4.3 Non-Residential Properties.

Non-Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Non-residential Properties shall be charged based on the Gross Area (GA) of the Property and the Impervious Area (IA) of the Property.

(1) GA includes all of the Property area within the legally described boundaries except streets, medians, and sidewalks in the public right-of-way and railroad tracks and station platforms in the railroad right-of-way.

(2) IA includes surfaces which are compacted or covered with material that restricts infiltration of water, including semi-pervious surfaces such as compacted clay, most conventionally hard-scaped surfaces such as streets, driveways, roofs, sidewalks, parking lots, attached and detached structures, and other similar surfaces.

(i) For Non-residential Properties with less than 5,000 square feet GA, the IA shall be estimated as a percentage of GA.

(A) For Undeveloped Property as defined in Section 1.0, the IA shall be 25% of the GA.

(B) For other Properties, the IA shall be 85% of the GA.

(3) In determining the GA Factor and IA Factor of a Property for the SWMS charge, the Department shall use increments of 500 square feet rounding up to the next highest increment.

(4) Calculating the Monthly SWMS charge. The monthly SWMS charge for each Non-residential Property is calculated by:

(i) dividing the GA in square feet by 500 and rounding up to the next whole unit to determine the GA Factor, then multiplying the GA Factor by the GA Rate to determine the GA charge;

(ii) dividing the IA in square feet by 500 and rounding up to the next whole unit to determine the IA Factor, then multiplying the IA Factor by the IA Rate to determine the IA charge;

(iii) the addition of the GA charge and the IA Charge equals the SWMS charge; and

(iv) the addition of the SWMS charge and the Billing and Collection charge together equals the total monthly stormwater charge.

(5) Rates for GA, IA and Billing and Collection.

(i) Effective September 1, 2024 and thereafter, the Rates shall be as follows:

| <u>GA</u> (\$/500 s.f.) | <u>IA</u> (\$/500 s.f.) | <u>Billing & Collection</u> |
|----------------------------|----------------------------|---------------------------------|
| 0.884 | 6.475 | \$2.65 |

(6) Minimum Monthly Charges. Non-residential Properties shall be subject to a minimum monthly charge. If the monthly charge calculated in Section 4.3(a)(4) is less than the monthly charges listed below then the monthly charges below shall be billed to the Property.

| <u>SWMS</u> | <u>Billing & Collection</u> |
|-------------|---------------------------------|
| \$18.96 | \$2.65 |

(7) Adjustment Appeal Procedure.

(i) Customers may appeal the GA and/or IA calculations, property classification, or charge distribution of their property.

(ii) Adjustments shall be made using forms and procedures as defined by the Credits and Adjustment Appeals Manual and sent to:

Philadelphia Water Department
SWMS Charge Appeals
1101 Market Street
4th Floor
Philadelphia, PA 19107-2994

(iii) Adjustments to the GA and/or IA determination are separate and distinct from the billing review procedures established by Section 19-1702 of the Philadelphia Code.

(iv) The grounds supporting the adjustment shall be stated in writing, and include any exhibits, such as photographs, drawings or maps, site plans, and affidavits that support the claim. In addition, a land survey prepared by a registered surveyor shall be attached showing all Dwelling Units, total property area, type of surface material and impervious area, as appropriate, and any other information requested in writing by the Department. The Department may waive the submission of a land survey, if the Department determines that the survey is not necessary to make a determination on the appeal.

(v) The Customer filing the appeal is solely responsible to demonstrate, by clear and convincing evidence, that the GA and/or IA square footage information used by the Department, from which the adjustment appeal is being taken, is erroneous.

(vi) The filing of a notice of an adjustment appeal shall not stay the imposition, calculation or duty to pay the SWMS charge.

(vii) If the adjustment appeal results in a revised GA and/or IA calculation, correction of property classification, correction of parcel identification, or revisions to the default charge allocation, then the adjusted SWMS Charge will be effective from the date of receipt of the Adjustment Appeals Application; except that the Department may authorize WRB to credit accounts for adjustments to the GA and/or IA calculation for a period not to exceed three years prior to receipt of the Adjustment Appeals Application if the Customer filing the appeal demonstrates, by clear and convincing evidence, that it was eligible for and qualified to receive the adjustment during the three year period prior to the receipt of the Adjustment Appeals Application was incorrect.

(8) Multiple Accounts Serving One Property. Where there are multiple water accounts on a single Property, the entire SWMS charge of that Property shall be divided

equally among the accounts. Each account shall also be billed a Billing and Collection charge. Property Owners shall have the opportunity to request an alternative allocation of the SWMS Charge.

4.4 Condominium Properties.

(a) Condominium Properties shall be charged SWMS and Billing and Collection charges on the same terms as Non-residential Properties under Section 4.3, but shall be billed as follows:

(1) Condominium Properties with a single water meter account shall be billed such that the entire SWMS charge of the condominium complex property plus a Billing and Collection Charge are billed to that single account.

(2) Condominium Properties with individual water meter accounts for each unit shall be billed such that the entire SWMS charge of the condominium complex property shall be divided and billed equally to each individual account. In addition, each account shall be billed a Billing and Collection Charge.

(3) Condominium Properties with more than one water meter, but without individual water meters for each unit, shall be billed such that the entire SWMS charge of the condominium complex property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection Charge. The Condominium Owner's Association shall have the opportunity to request an alternative allocation of the SWMS charge.

4.5 SWMS Credits

(a) Eligibility.

(1) Accounts on Non-residential and Condominium properties must be current to be eligible for credits.

(2) The Customer shall make the Property available for inspection by the Department and provide all necessary documentation for purposes of verifying the appropriateness of a SWMS credit(s).

(3) The Customer shall fulfill credit requirements, as described in Section 4.5(c) below, in accordance with the maintenance guidelines as prescribed by the Department, including any and all inspection and reporting obligations.

(b) Classes of Credits. There are three classes of credits: IA Credit, GA Credit, and NPDES Credit. The IA Credit provides a reduction to the IA Charge; the GA Credit provides a reduction to GA Charge; and the NPDES Credit provides reduction to the total SWMS Charge. A Property may be approved for credits from each of the three classes;

however, if the resulting SWMS Charge after the application of any credits is less than the Non-residential minimum monthly charge, then the minimum monthly charge will apply.

(c) Credit Requirements.

(1) IA Credit. IA Credit is available for the portion of IA on a property where stormwater runoff is managed (IA Managed). IA Managed is achieved as follows:

(i) For areas of the property that meet the requirements of the following Impervious Area Reductions (IAR), as described in the Stormwater Credits and Adjustment Appeals Manual, a direct reduction in the billable IA may be applied:

- (A) Rooftop disconnection,
- (B) Pavement disconnection, or
- (C) Tree canopy coverage.

(ii) For Properties with PWD-approved Stormwater Management Practices constructed per Chapter 6 of the Department's regulations, the customer must demonstrate compliance with the regulations, including management of the first 1.5 inches of runoff and any and all required reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iii) For properties with PWD-approved Stormwater Management Practices, including those constructed with Department stormwater grant funds, the customer must demonstrate management of the first 1.5" of runoff and SMP compliance per the approved record drawing and any and all reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iv) The Department may approve a Property for IA credit for Non-Surface Water Discharges under the credit requirements in effect before September 1, 2021, if the Department receives a credit application for that Property on or before September 1, 2021. Such Properties property receiving credit under the credit requirements in effect before September 1, 2021 may continue to receive the credit under those requirements until the credit expires. Upon expiration of the credit, the current or future Property Owners of such Properties may renew the credit under the credit requirements in effect before September 1, 2021 by submitting a renewal application(s) in accordance with Subsection 4.5(f)(4) unless and until this section is modified.¹

(v) For Surface Discharges, the Customer must demonstrate that a portion or all of the impervious area discharges directly to a surface water body.

¹ Prior to September 1, 2021, Customers of Properties with non-Surface Discharges were required to demonstrate management of the first inch of stormwater runoff in one of the three following ways: (1) infiltration, (2) detention and slow release, and/or (3) routing through an approved volume -reducing SMP.

(2) GA Credit.

(i) Impervious area only. Impervious area shall receive a GA credit based on the criteria defined in Section 4.5(c)(1)(ii), (iii), (iv) and (v) herein.

(ii) Open Space area only. Open Space area is non-impervious area and is calculated as GA minus IA. The Customer must demonstrate a Natural Resource Conservation Service Curve Number (NRCS-CN) below a certain value as described in the Credits and Adjustment Appeals Manual.

(3) National Pollutant Discharge Elimination System (NPDES) Credit. The Customer must demonstrate the property is subject to and in compliance with a NPDES Permit for industrial stormwater discharge activities.

(d) Credit Maximum.

(1) IA Credit Maximum. IA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% IA Credit for the IA Managed.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% IA credit for the IA Managed.

(2) GA Credit Maximum. GA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% GA Credit.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% GA credit.

(3) NPDES Credit Maximum. Eligible properties shall receive a maximum of 7% NPDES credit as described in the Credit and Adjustment Appeals Manual.

(e) Application of Credits

The application of the three classes of credits in calculating a property's monthly SWMS charge shall be described in the Credits and Adjustment Appeals Manual.

(f) Administration of Credits.

(1) A Customer shall apply for credits using application forms and submitting the required documentation as defined in the Credits and Adjustment Appeals Manual.

(2) Any engineering or other costs incurred in completing the application shall be borne by the Customer.

(3) Credits shall be effective upon receipt of a complete application.

(4) All credits shall expire four (4) years from the effective date of the credit. A Customer may renew credits by submitting a renewal application, documentation required by the Department as defined in the Credits and Adjustment Appeals Manual, and paying a renewal fee of three hundred and ninety-five dollars (\$395).

(g) Termination of Credits.

(1) The Department may review any approved credit at any time to verify its continued applicability. Customers may from time to time be asked to submit documentation and/or grant access to the Property receiving the credit. Failure to comply with such requests may result in the termination of the credit(s).

(2) The Customer's failure to meet credit requirements or comply with inspection and reporting obligations, in accordance with Section 4.5(a)(3), shall result in a suspension or revocation of all affected credits pursuant to the procedures issued by the Department.

(h) The Department may, at its sole discretion, issue stormwater credits to individual parcels where stormwater management is being implemented on a shared, collective basis by an organization representing different parcel owners within a defined geographic area.

5.0 BILLING FOR WATER, SEWER AND STORMWATER SERVICE

5.1 Billing.

(a) Estimated Usage and Billing. When an accurate meter reading cannot be obtained at the time of a scheduled meter reading or when necessary for administrative purposes, the quantity of water used may be estimated for billing purposes. Estimated usage will be based upon actual meter readings from prior cycles or by such other fair and reasonable methods as shall be approved by the Water Commissioner. Where the water usage is estimated because of inability to read the meter, any necessary corrections shall be made at the time of the next actual meter reading, or when appropriate.

(b) Charges to be Combined. At the discretion of the Water Commissioner, each bill may combine in one amount the service charge and any quantity charges for water, sewer and stormwater, if applicable.

(c) Bills Due and Payable. All bills are due and payable when rendered.

(d) Penalties for Late Payments.

(1) If current water, sewer, and stormwater bills are not paid within thirty (30) days from the date indicated on the bill, a penalty of five percent (5%) shall be imposed.

(2) An additional penalty of one half of one percent (0.5%) shall be imposed and added to water, sewer, and stormwater bills, and their penalties, on the due date of the bill of each succeeding cycle, except that a period of thirty (30) days shall elapse before the first additional penalty is imposed.

(3) If any water, sewer, and stormwater bill remains unpaid for two cycles after the bill has been rendered, the Revenue Department shall serve a notice of termination upon the delinquent Property Owner and, if the charge, with penalties thereon, is not paid within ten (10) days after such service of notice, the Department, in its discretion, may suspend water service to the Property until the charge with penalties is paid. Penalties for late payment are set by ordinance, not by regulation, and any amendments to the current ordinance shall apply as provided therein.

(e) Balance Due. Each bill shall include any balances due for bills issued from October 1, 2000, including penalties.

(f) Changes in Meter Size. When a change in meter size is made, the charge for the new meter size shall become effective on the date of such change.

(g) Unmetered Customers.

(1) Unmetered Customers shall be billed the same charges established for metered Customers. The water and sewer service charges will be determined by the size of the meter which would be installed for an equivalent service at a similar property. The SWMS charges will be determined based on Section 4.0. The Revenue Department shall estimate the quantity of water used and bill accordingly using the applicable water and sewer quantity charges.

(2) Where unmetered wastewater is discharged to the sewer system without adequate sewer metering, the Department reserves the right to bill the amount of flow based upon its engineering judgment of a reasonable estimate of unmetered usage.

(h) Unoccupied Property.

The billing of unoccupied Properties for water and sewer shall be discontinued only on issuance of a Discontinuance of Water permit. Nothing in this Section shall relieve a Property Owner of his responsibility for maintaining a service line unless a Discontinuance of Water permit has been secured. Under no circumstances will the stormwater service charge be terminated.

(i) Extraordinary Uses or Appliances.

In the event that extraordinary or peculiar uses or appliances, in the opinion of the Water Commissioner, warrant a special charge not provided herein, such charges shall be as fixed by the Water Commissioner in writing.

5.2 Special Customers.

The water, sewer and stormwater management service charges established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq. shall be applied to all general Customers, except the following groups of special Customers:

(a) GROUP I

(1) Public and private schools which provide instruction up to or below the twelfth grade but not beyond that grade, and excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(2) Institutions of “purely public charity”, as defined by Pennsylvania law, except universities and colleges and excluding service to any separate or adjoining facilities or structures not used exclusively for the principal purpose of the charity.

(3) Places used for actual religious worship.

(b) GROUP II

(1) Residences of eligible senior citizens provided that the senior citizen shall:

(i) Make application for such reduction to the Revenue Department within the first billing period for which reduction is sought; and

(ii) Submit satisfactory proof that the applicant is 65 years of age or older and that he or she makes payment directly to the City for water, sewer, and stormwater service to his or her residence which is located in the City of Philadelphia; and

(iii) Submit satisfactory proof to the Revenue Department that the applicant does not exceed the household income limitation of \$38,800 per year established by the Department. The above income limitation shall apply to those applying for this discount subsequent to June 30, 1982.

(iv) Effective with each subsequent general rate change in the water/sewer/stormwater charges, the Department shall adjust the Senior Citizen Income Limitation using the latest Consumer Price Index data available, as defined in the Philadelphia Code at Section 19-1901.

(c) GROUP III

(1) Universities and colleges, excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(d) GROUP IV

(1) Public housing properties of the Philadelphia Housing Authority.

(e) GROUP V

(1) Group V Customers are Customers enrolled in the Income-Based Water Revenue Assistance Program (IWRAP) described in Section 19-1605 of the Philadelphia Code after the Water Revenue Bureau begins to issue IWRAP bills. Monthly bills for a Customer enrolled in IWRAP will be determined based on the Customer's family size and household income and will be charged in lieu of the service, usage and stormwater charges established in Sections 2.0 et seq., 3.0 et seq. and 4.0 et seq. for general Customers. Group V Customers will pay a percentage of his/her household income depending on where that Customer falls within the Federal Poverty Guidelines (FPL), subject to a minimum bill amount of \$12 per month.

(2) For determining the amount of service, usage and stormwater charges on monthly bills, Group V Customers will be defined according to three income tiers as follows:

(i) Group V-A. Group V Customers whose gross household income has been verified as being from 0% of FPL and up to and including 50% of FPL

(ii) Group V-B. Group V Customers whose gross household income has been verified as being greater than 50% of FPL and up to and including 100% of FPL.

(iii) Group V-C. Group V Customers whose gross household income has been verified as being greater than 100% of FPL and up to and including 150% of FPL.

(f) GROUP VI

(1) Customers with parcels eligible for a discount from the stormwater management service charge as a qualified Community Garden pursuant to Section 19-1603 of the Philadelphia Code and regulations promulgated by the Water Department under that Section.

(g) GROUP VII

(1) All unoccupied properties of the Philadelphia Land Bank.

(h) Charges for Special Customers

(1) As of September 1, 2021, the charges to Groups I, II, and III of special Customers listed above shall be seventy-five percent (75%) of the charges as established

in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges. The charges to Group IV Customers shall be ninety-five percent (95%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges.

(2) Group V Customers enrolled in IWRAP after the Water Revenue Bureau begins to issue IWRAP bills will be responsible for paying the following charges for service, usage and stormwater charges, or \$12 per month, whichever is greater:

(i) Group V-A: 2.0% of household income.

(ii) Group V-B: 2.5% of household income.

(iii) Group V-C: 3% of household income.

(3) Group VI: Effective with bills issued on or after January 1, 2017, Group VI special Customers will receive a 100% discount on the stormwater management service charges for parcels classified by the Department as Community Gardens upon approval of an application for a discount consistent with Section 19-1603 of the Philadelphia Code and regulations promulgated by the Department under that Section.

(4) Group VII: Effective with bills issued on or after September 1, 2018, Group VII special Customers are fully exempt from all water, sewer and stormwater management rates and charges.

(i) All of these special Customers shall meter all water connections and they shall be subject to all provisions herein not inconsistent with Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq.

(j) All special Customers are subject at any time to review as to their special charges by the Department or the Water Revenue Bureau and may be required to furnish adequate evidence supporting the continuance of such charges to the Department or the Water Revenue Bureau upon written notice to do so. Failure to furnish such evidence shall be sufficient ground for denial or termination of such special charges.

(k) Special charges may be granted subject to the Department's review and approval of the size of the meter installed.

(l) When the special use for which the special charge is granted ceases, the special charge ceases and the charges for general Customers shall apply thereafter.

(m) When any vacant or unoccupied premises are acquired by the City, charges for water and sewer, including charges relating to storm water management and disposal, shall terminate on the date that such premises are acquired.

(n) When any property is acquired or held by the Philadelphia Housing Development Corporation or acquired or held by the City or the Redevelopment Authority pursuant to Chapters 16-400 or 16-500 of the Philadelphia Code, charges for water and sewer, including charges relating to storm water management and disposal, shall be abated.

5.3 Eligibility for Charity Rates and Charges.

(a) Organizations seeking the Charity Rates and Charges must submit an application to the Department. Applicants must use forms provided by the Department, and submitted applications must be completed to the satisfaction of the Department.

(b) Applications must be made in the name of the organization seeking the Charity Rates and Charges. All accounts for which an organization is requesting the Charity Rates and Charges must be in the identical name as that on the application.

(c) Any account for a Property for which the Charity Rates and Charges are sought must be current and remain in good standing with no service violations or violations of the requirements of § 17-107(12) (“Recipients of Financial Assistance”) applicable to properties that benefit from financial assistance in connection with the receipt of charity rates and charges to maintain eligibility for any discounts issued herein. Any breach of this condition shall result in the loss of eligibility for the discount.

(d) To be eligible for water and sewer Charity Rates and Charges, the Property must not have any outstanding Department or Plumbing Code violations; the Property must have an operating water meter that is in compliance with current Department specifications, and the property must have a current water meter reading. If the property is receiving stormwater service only, the above provision regarding metering shall not apply. To be eligible for SWMS Charity Rates and Charges, the Property must not have any outstanding Department violations. Applicant must be either an owner of the Property or a Tenant of the property for which the SWMS charge is assessed.

(e) Charity Rates and Charges shall be charged to the eligible organization from the application date of an approved application. No retroactive reductions from the General Customer rates and charges will be permitted.

5.4 Account Review.

The Department, from time to time, may review the status of organizations receiving Charity Rates and Charges.

During this review, eligible organizations may be required to submit new applications.

5.5 Suspension of Charity Rates and Charges (Groups I and III)

(a) Organizations that have been approved for Charity Rates and Charges must make timely payments on accounts in order to remain eligible for these discounted rates and charges.

(b) An organization that fails to make on-time payments for two (2) consecutive billing cycles shall be suspended from the Charity Rates and Charges, and shall be required to pay the same rate(s) as the General Customer rates and charges for all services. The suspension period shall remain in effect for a minimum of one (1) year.

(c) Reinstatement of the Charity Rates and Charges will not occur until a full year of on-time payments has been made. Suspended organizations must then submit an application as described in Section 5.3. Charity Rates and Charges will not be retroactive for the period of suspension.

(d) Customers shall be informed by first class mail of the suspension of the Charity Rates and Charges.

5.6 Hearing.

Organizations that have been denied eligibility or have been suspended from the Charity Rates and Charges may request an informal hearing.

5.7 No Waiver.

Nothing herein shall limit the Department on its own findings or at the request of another City agency from suspending Charity Rates and Charges from organizations which have violated City law or regulations and thereby under such City law or regulations have forfeited such privileges as the Charity Rates and Charges.

6.0 MISCELLANEOUS WATER CHARGES

Charges for miscellaneous water services supplied by the City of Philadelphia shall become effective September 1, 2024 as follows:

6.1 Meter Test Charges.

(a) A Customer may apply to the Department for a test of the accuracy of the registration of a water meter (Meter Test). At the Customer's request, the Department shall notify the Customer of the time and place of the test so that the Customer may be present.

(b) In testing, meters may be removed from the line and replaced by a tested meter. If removed, the meter shall be tested at the Department's Meter Shop. Meters may also be tested and recalibrated in place without removal and replacement.

(c) All meters shall be removed, replaced, tested or calibrated during the Department's regular business hours (9:00 a.m. to 4:45 p.m.).

(d) A Customer may request a Meter Test to be performed outside the regular business hours of the Department under the following conditions:

(1) the Department has staff available and agrees to a time outside the regular business hours of the Department; and,

(2) the Customer agrees to pay the overtime and added expenses, whether the meter passes or fails the test.

(e) If the register on the meter is found upon testing to be registering within two percent (2%) of the actual volume of water passing through the meter, or registering in favor of the Customer, the Customer will be assessed a Meter Test Charge as follows:

| <u>Meter Size</u> | <u>Charge</u> |
|---------------------------|---------------|
| 5/8" | \$140 |
| 1", 1-1/2", 2" | \$190 |
| 3", 4", 6", 8", 10", 12" | \$400 |
| ----- | |
| Field Tests, 3" and above | \$400 |

(plus any charges and/or expenses incurred for work performed outside the regular hours of business, if requested by the Customer).

(f) If the meter is found upon testing to be registering in excess of 102% of the actual volume of water passing through the meter, the Customer shall not be assessed a Meter Test charge as provided for in subsection (e); and, WRB shall review the billing history of the tested meter for a period not to exceed three years on the basis of the corrected registration and revise it as necessary.

(g) The Department will, at the request of a Customer, test his or her meter at no charge once every twenty years. Additional tests are subject to the charges listed in Section 6.1(e).

6.2 Charges for Furnishing and Installation of Water Meters.

The charges for furnishing and installing water meters are as follows.

(a) For work which involves the furnishing and setting of a water meter and meter interface unit (MIU), the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
|-------------------|---------------|

| | |
|-------------------|--------|
| 5/8" | \$230 |
| 3/4 RFSS | 435 |
| 1" | 395 |
| 1" RFSS | 490 |
| 1 1/2" | 875 |
| 1 1/2" RFSS | 825 |
| 2" | 1,055 |
| 2" RFSS | 1,070 |
| 3" Compound | 3,485 |
| 3" Turbine | 1,910 |
| 3" Fire Series | 3,820 |
| 4" Compound | 4,830 |
| 4" Turbine | 2,760 |
| 4" Fire Series | 4,725 |
| 4" Fire Assembly | 6,385 |
| 6" Compound | 6,760 |
| 6" Turbine | 5,200 |
| 6" Fire Series | 6,255 |
| 6" Fire Assembly | 9,120 |
| 8" Turbine | 6,175 |
| 8" Fire Series | 7,925 |
| 8" Fire Assembly | 12,890 |
| 10" Turbine | 8,960 |
| 10" Fire Series | 9,760 |
| 10" Fire Assembly | 18,630 |
| 12" Turbine | 9,490 |
| 12" Fire Series | 10,975 |
| 12" Fire Assembly | 19,845 |

(b) For work which involves only the furnishing and setting of an MIU, the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
| 5/8" | \$ 75 |
| 3/4" RFSS | 75 |
| 1" | 125 |
| 1" RFSS | 125 |
| 1 1/2" | 125 |
| 1 1/2" RFSS | 125 |
| 2" | 125 |
| 2" RFSS | 125 |
| 3" Compound | 320 |
| 3" Turbine | 320 |
| 4" Compound | 320 |
| 4" Turbine | 320 |

| | |
|-------------|-----|
| 6" Compound | 320 |
| 6" Turbine | 320 |
| 8" | 320 |
| 10" | 320 |

(c) If extraordinary work is required in connection with the installation of a water meter or the replacement of a damaged meter, additional charges shall be computed using actual salaries and materials expended, plus applicable overhead costs.

(d) The Property Owner shall be responsible for safeguarding the meter and seals and shall pay for necessary repairs and replacements due to his/her failure to provide adequate protection to the meter and seals from theft, vandalism, freezing, tampering or other damage. The Property Owner shall also be responsible for the repair and maintenance of the plumbing accessory to the meter, such as inoperable valves, weakened service pipes and fittings, etc. and shall provide and pay for such plumbing, repair and maintenance as City metering needs may require.

6.3 Tampering of Meter.

(a) In the event that an investigation indicates that tampering of a meter has occurred, the following charges to the Customer shall be assessed:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------|
| 5/8" or 3/4" | \$ 90 |
| 1", 1½", 2" | 140 |
| 3" and larger | 350 |

6.4 Shut-Off and Restoration of Water Service.

(a) If the Department is required to visit a Property to shut off service for non-payment; and, payment is tendered at the time of the shut-off, a charge of seventy-five dollars (\$75) will be assessed, with the exception stated in Section 6.4(e).

(b) A seventy-five dollar (\$75) charge will be assessed if shut-off of the water service is required as a result of non-compliance with a Notice of Defect and/or metering non-compliance.

(c) After termination of water service for non-payment or violation of service requirements, restoration of water service will not be made until the following charges have been paid in full or payment arrangements satisfactory to the Revenue Department have been made.

(1) Where the only work required is operating the service valve:

(i) service lines 2" and smaller.....\$75

with the exception stated in Section 6.4(e)

- (ii) service lines larger than 2”\$370
- (2) Where the curb stop is obstructed, the access box missing or otherwise requires excavation\$725
- (3) Where the curb stop is inoperable and a new curb stop must be installed...\$765
- (4) Where the curb stop is obstructed, the access box missing, or otherwise requires excavation, and replacement of footway paving is required.....\$735
- (5) Where the curb stop is inoperable and a new curb box must be installed and replacement of footway paving is required.....\$775
- (6) Where excavation and shut-off of the ferrule at the water main is required\$1,505

(d) If the Department is required to remove concrete footway paving in order to perform the shut-off and/or restoration, the footway will be replaced by the Department and the preceding charges applied unless proof has been provided to the Department that some other qualified person will replace the paving.

(e) A charge of \$12 will be assessed if a Customer is enrolled in IWRAP and the Department is required to visit the Property to:

- (1) shut off service for non-payment; and, payment is tendered at the time of the shut-off; or
- (2) restore water service after termination of water service for non-payment or violation of service requirements.

6.5 Pumping of Properties.

The following charges shall apply for the pumping of water from properties when the condition requiring such service is not caused by the Department.

(a) Occupied Properties

(1) Pumping of water from occupied Properties may be done at the Property Owner's request and expense.

(2) Pumping of other Properties due to the failure of a Property Owner's piping may be performed by the Department and be charged to the Property Owner of the Property at which the failure occurred.

(3) Charges for pumping shall be calculated at actual salaries and materials expended, plus applicable overhead costs.

(b) Unoccupied Properties

The Department may, at its sole and exclusive discretion, pump water from unoccupied properties if it is determined that a serious condition exists. The charges for pumping shall be as specified in Section 6.5(a).

6.6 Charges for Water Main Shutdown.

(a) The Department of Licenses and Inspections shall issue permits for the temporary shutdown of a water main to allow a registered plumber to make immediate repairs to a broken water service and to avoid the necessity of opening the street.

(b) Permits shall be issued after:

(1) Certification by the Department that the shutdown will not seriously inconvenience other Customers; and

(2) The applicant has paid a three hundred and sixty dollar (\$360) service charge.

(c) In an emergency or when responsibility for a leak is in doubt, the Department may make the shutdown before the permit is obtained. If the Department determines that the leak was not the Department's responsibility, the owner shall obtain a permit and pay the above stated service charge and any other costs incurred by the Department in conducting the emergency shut down.

6.7 Water Connection Charges.

(a) Permits. Permits for connections to the City's water supply system shall be issued by the Water Permit section of the Department of Licenses and Inspections.

(b) Ferrule Connections.

(1) Connections between 3/4 inch and two inches (2") in diameter shall be made by a ferrule installed by the Department. The owner, at his own expense, shall excavate for the connection, install all piping and appurtenances after the ferrule and fill the excavation. The owner thereafter shall be responsible for maintaining this piping and appurtenance.

(2) The charges for such ferrule connections, with the exception stated in Section 6.7(b)(3), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| ¾" | \$190 |
| 1" | 220 |
| 1½" | 265 |
| 2" | 335 |

(3) The charges for such ferrule connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| ¾" | \$215 |
| 1" | 245 |
| 1½" | 290 |
| 2" | 360 |

(c) Valve Connections. Connections three inches (3") and larger shall be made by a valve installed by the Department. This valve installation shall include, but shall not necessarily be limited to, the connection to the main, the valve, valve box, necessary piping after the valve from the main in the street to one foot inside the curb, backfill and repaving. The Department shall thereafter be responsible for maintaining this valve and piping, unless the associated meter has been reduced at the Property Owner's request to a two inch (2") or smaller meter, in which case the Property Owner shall be responsible for valve and piping maintenance.

(1) The charges for valve connections shall, with the exceptions stated in Section 6.7(c)(2), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
| 3" & 4" | \$13,235 |
| 6" & 8" | 14,160 |
| 10" & 12" | 16,990 |

(2) The charge for such valve connections, when the work is performed at the Customer's request is during other than normal work hours or the work is performed in an area designated by the Streets Department as a special work zone, shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------|
|-------------|---------------|

| | |
|-----------|----------|
| 3" & 4" | \$15,290 |
| 6" & 8" | 16,215 |
| 10" & 12" | 19,040 |

(d) Attachment to a Transmission Main

(1) There shall be no connection to a transmission main without Department approval. Such approval shall be requested by application forms and procedures issued by the Department.

(2) Where a connection is made to a water main larger than 12 inches in diameter, with the exceptions stated in Sections 6.7(d)(3)&(4), the charges will be a follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|----------|
| 16" | \$21,665 |
| 20" | 23,970 |
| 24" | 26,430 |
| 30" | 39,465 |
| 36" | 46,870 |

SLEEVE 6" & 8"

MAIN

| | |
|-----|----------|
| 16" | \$21,895 |
| 20" | 23,660 |
| 24" | 26,430 |
| 30" | 41,595 |
| 36" | 51,775 |

SLEEVE 10" & 12"

MAIN

| | |
|-----|----------|
| 16" | \$21,970 |
| 20" | 24,045 |
| 24" | 26,430 |
| 30" | 42,275 |
| 36" | 54,680 |

(3) The charges for such connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), or

the work performed is in an area designated by the Streets Department as a special work zone, shall be as follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|----------|
| 16" | \$24,230 |
| 20" | 26,535 |
| 24" | 28,995 |
| 30" | 42,030 |
| 36" | 49,440 |

SLEEVE 6" & 8"

MAIN

| | |
|-----|----------|
| 16" | \$24,460 |
| 20" | 26,230 |
| 24" | 28,995 |
| 30" | 44,160 |
| 36" | 54,345 |

SLEEVE 10" & 12"

MAIN

| | |
|-----|----------|
| 16" | \$24,540 |
| 20" | 26,615 |
| 24" | 28,995 |
| 30" | 44,845 |
| 36" | 57,245 |

(4) Where a connection is made to a water main 48" or larger in diameter, the charge will be that for a connection to a 36" main, stated above in Sections 6.7(d)(2) or (3), plus an additional charge representing the difference between the current cost of a 36" sleeve and the cost of the larger sleeve. The additional charge shall be paid before any permit can be issued as prescribed below in Section 6.11.

(e) Should police assistance for traffic control be required for a ferrule or valve connection, the Customer shall pay the required fee to the Police Department.

6.8 Discontinuance of Water.

Except as otherwise provided, no Customer shall be relieved of the obligation to pay water and sewer charges unless a permit for the discontinuance of water and sewer has been obtained from the Department of Licenses and Inspections pursuant to the provisions of Philadelphia Code section 19-1601. When a permit is granted to discontinue water and sewer service, charges shall terminate on the date of removal of the meter by the Department. The charge for a permit for discontinuance of water is one hundred dollars (\$100), regardless of service size. A validly issued permit to discontinue water and sewer does not terminate the obligation to pay for stormwater management services.

6.9 Hydrant Permits.

(a) A permit shall be obtained from the Water Permit section of the Department of Licenses and Inspections before a hydrant can be used. The permit shall contain the terms and conditions that are required of the Customer in order for the Customer to use the hydrant.

(b) The costs for obtaining a permit shall be as follows.

- (1) One Week Permit for use of standard pressure hydrant.....\$ 1,690
- (2) Six Month Permit for use of standard pressure hydrant.....\$ 8,815

6.10 Flow Tests.

When a Customer requests the Department to conduct a flow test on a fire hydrant to determine the volume and residual pressure available on a domestic or fire connection, or at a specific location, the charge shall be five hundred and eighty-five dollars (\$585) for each flow test.

6.11 Water Service Line Investigations and/or Inspections

When a Customer or a duly authorized representative of a Customer requests the Department to conduct an investigation to locate and/or to inspect the water service line at a specific location, the charge shall be one hundred and forty dollars (\$140) for each investigation or inspection. The charge shall be assessed regardless of the result of the investigation or inspection.

6.12 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

7.0 MISCELLANEOUS SEWER CHARGES

Charges for miscellaneous sewer services supplied by the City of Philadelphia shall be effective September 1, 2024, as follows.

7.1 Sewer Charges for Groundwater.

(a) Sewer charges for groundwater discharged to the City's sewer system shall be as follows:

(1) Effective September 1, 2024 and thereafter, the rate shall be \$15.27 per 1,000 cubic feet.

(b) To determine the quantity of such discharged groundwater, the Customer shall install a meter or measuring device satisfactory to the Department. If, in the opinion of the Department, it is not feasible to install a meter or measuring device, the Department may designate some other method of measuring or estimating the quantity of discharged groundwater.

7.2 Charges for Wastewater Service.

(a) The charge for sanitary type wastewater delivered to any of the City's Water Pollution Control Plants shall be as follows.

(1) Effective September 1, 2024 and thereafter, the rate shall be \$69.07 per 1,000 gallons.

(b) Where accurate quantities of wastewater delivered cannot be determined, such quantities shall be estimated for billing purposes by such fair and reasonable methods as shall be approved by the Water Commissioner.

(c) The locations, times, delivery procedures and exact nature of the pollution characteristics of the delivered wastewater shall be determined by the Department.

(d) From time to time, Customers shall be required to file with the Department a questionnaire establishing or revising information on the quantity and quality of wastewater delivered and other pertinent data deemed necessary by the Department. Failure to furnish such information shall be sufficient grounds for denial or termination of delivery privileges.

(e) Measurements, tests and analyses of the characteristics of delivered wastewater shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(f) If any bill for the above services shall remain unpaid for more than sixty (60) days from date rendered, the Department may refuse acceptance of additional wastewater until all unpaid balances, with late charges, are paid in full.

7.3 Wastewater Discharge Permit.

All Industrial Users contributing wastewater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is three thousand eight hundred and forty-five dollars (\$3,845).

7.4 Groundwater Discharge Permit.

All Industrial Users contributing groundwater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations contained in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand eight hundred and sixty dollars (\$2,860).

7.5 Manhole Pump-out Permit

(a) Any non-domestic User discharging wastewater from underground structures to the City's sewer system must obtain a manhole pump-out permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand nine hundred and fifty dollars (\$2,950).

(b) In the event a User requests discharge locations in the City's separate sewer areas under this permit, the City may assess additional fees for any work associated with the review of this request and the identification of the discharge locations.

7.6 Trucked or Hauled Wastewater Permit

Any person trucking or hauling wastewater to the POTW must first obtain a septage discharge permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit shall be one thousand six hundred and ten dollars (\$1,610).

7.7 PHOTOGRAPHIC & VIDEO INSPECTION

When a Customer or a duly authorized representative of a Customer requests the Department to conduct a photographic or video inspection of a private sewer line at a specific location, the charge shall be two hundred and seventy five dollars (\$275) for each photographic or video inspection. The charge shall be assessed regardless of the result of the photographic or video inspection.

7.8 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

8.0 MISCELLANEOUS PLAN REVIEW AND INSPECTION CHARGES

8.1 Stormwater Plan Review and Inspection Fees.

All Development plans submitted to the Department under Chapter 6 of the Department's regulations for stormwater management approvals shall be subject to a plan review fee.

(a) Fees.

(1) A fee of one thousand five hundred and fifteen dollars (\$1,515) shall be due upon submission of the Conceptual Stormwater Management Plan for review.

(2) A fee of two hundred and twenty-five dollars (\$225) per hour of review time shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(i) Review time shall be based on the City's tabulation of actual hours expended by Department employees or consultants reviewing the plans associated with a particular development project for compliance with Chapter 6 of the Department's regulations.

(3) A fee of three hundred and eighty-five dollars (\$385) for the final inspection of a development project to confirm compliance with Chapter 6 of the Department's regulations shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(b) Refund of fees. The Department shall refund any fees specified above if a plan submittal is not approved or denied within 21 days for conceptual site plans and within 45 days for technical site plans.

8.2 Stormwater Management Fee in Lieu.

The fee in lieu shall be calculated as follows:

(a) For an exemption to only the Water Quality Requirement of Chapter 6 of the Department's regulations the fee in lieu shall be thirty-six dollars (\$36.00) per square foot based on the total Directly Connected Impervious Area within the limit of Earth Disturbance.

8.3 Utility Plan Review Fees.

All Utility Plans submitted to the Department to receive building permit approval in accordance with Administrative Code Section A-305.2.1.6 shall be subject to a plan review fee.

(a) A fee of three hundred and twenty dollars (\$320) shall be due upon submission of the Utility Plan for review.

9.0 FIRE SERVICE CONNECTIONS

Fire service connection charges shall consist of a monthly service charge and a quantity charge and shall be effective September 1, 2024, as follows.

9.1 Charges.

(a) Monthly Service Charges.

(1) The monthly service charges for the furnishing of water for the purpose of fire protection effective September 1, 2024 and thereafter, shall be as follows:

| <u>Connection Size</u> | <u>Service Charge</u> |
|------------------------|-----------------------|
| Up through 4-inch | \$ 29.34 |
| 6-inch | 54.38 |
| 8-inch | 81.81 |
| 10-inch | 120.32 |
| 12-inch | 190.21 |

(b) The City may permit fire service connections to its water system outside the City of Philadelphia only in properties contiguous to the City where in the opinion of the Water Commissioner water service for fire protection may be furnished without interference with water service to properties within the City.

(c) Pipe connections to the Philadelphia water system, meters and other service requirements shall be in accordance with the standard fire service requirements of the Department.

(d) Quantity Charges.

(1) In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

Effective September 1, 2024 and thereafter, the quantity charge shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons

| <u>Monthly Water Usage</u> | <u>Base Charge</u> <u>Per Mcf</u> | <u>TAP-R</u> <u>Per Mcf</u> | <u>Total Charge</u> <u>Per Mcf</u> |
|--|--------------------------------------|--------------------------------|---------------------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$66.42 | \$0.21 | \$66.63 |
| Next 98 Mcf (2.1 to 100 Mcf) | 59.72 | 0.21 | 59.93 |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 46.27 | 0.21 | 46.48 |
| Over 2,000 Mcf | 45.03 | 0.21 | 45.24 |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(e) The provisions in this Section apply to all fire service connections.

9.2 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

10.0 PROVISIONS FOR RECOVERY OF THE TIERED ASSISTANCE PROGRAM (TAP) COSTS

The lost revenue related to TAP (the “TAP Costs”) will be recovered via a separate TAP Rate Rider Surcharge Rate (TAP-R), which would be added to the water, fire service and sewer quantity charge rate schedules. This TAP-R shall be increased or decreased for the next rate period to reflect changes in TAP costs, and will be calculated and reconciled on an annual basis in the manner set forth below.

10.1 Computation of the TAP-R

(a) The TAP-R Equation

The TAP-R shall be computed to the nearest one-hundredth of a dollar per MCF (\$0.01/MCF) in accordance with the formula set forth below:

$$\text{TAP-R} = \frac{(C) - (E + I)}{S}$$

The TAP-R so computed, shall be applied as an adder to the water, fire service connection and sewer quantity charge base rate schedules set forth for water in Section 2.1 (c); sewer in Section 3.3 (b); and fire service in Section 9.1 (d), of these Rates and Charges. As a result, the TAP-R shall consist of two sub-components:

- (1) A “Water TAP-R” added to the water and fire service quantity “base rate” (\$/MCF); and
- (2) A “Sewer TAP-R” added to the sewer quantity “base rate” (\$/MCF).

During the rate periods that TAP-R is effective, to recover the TAP Costs through Water TAP-R and the Sewer TAP-R respectively, the total TAP Costs determined for a given rate period will be apportioned between water and wastewater utilities based on the proportion of water and wastewater net revenue requirement respectively to total net revenue requirement. The percent allocation of TAP Costs between water and wastewater utilities will be as follows:

- (i) Water TAP Cost Allocation: 42%
- (ii) Sewer TAP Cost Allocation: 58%

(b) Definitions

In computing the TAP-R pursuant to the formula above, the following definitions shall apply:

- (1) **TAP-R** - TAP Rate Rider Surcharge Rate (\$/MCF).
- (2) **C** – Cost in dollars of the estimated TAP Billing Loss for the projected period.
- (3) **E** - The net over or under collection of the TAP-R surcharge amount for the Most Recent Period. The net over or under collection will be calculated by comparing the actual TAP Revenue Loss (resulting from discounts provided to TAP Customers) with the actual TAP-R surcharge amounts billed to Non-TAP Customers. Both the TAP Revenue Loss and the TAP-R billings, that are determined for the rate periods, will be adjusted for collections by applying the Department’s system-wide collection factor of 96.99%.
- (4) **I** - Interest on any over or under recovery of the TAP-R for the Most Recent Period. Interest will be computed on a monthly basis using a simple annual interest rate. The interest rate will be based upon the yield to maturity of a particular date of United States Treasury securities with a constant maturity for a 1-year Treasury

as compiled and published in the Federal Reserve Statistical Release H.15 (519) for the United States Treasury¹, as it exists each year as of the first day of the month, preceding the month of the annual reconciliation submission to the Rate Board.

- (5) **S** - Projected sales in MCF for Non-TAP customers.
- (6) **Most Recent Period** – The Current Fiscal Year and/or the period for which TAP-R reconciliation is performed.
- (7) **Next Rate Period** – The fiscal year and/or the period that immediately follows the Most Recent Period, and in which the TAP-R is effective.

10.2 Filing with the Philadelphia Water, Sewer and Storm Water Rate Board

The Water Department shall initiate the annual TAP Rate Rider Reconciliation by filing an advance notice with the Philadelphia Water, Sewer and Storm Water Rate Board (the “Rate Board”) and City Council in accordance with the procedures and standards established by the Rate Board through its regulations.

10.3 TAP-R Surcharge Rates

(a) Water TAP-R

The Water TAP-R portion of each water bill is determined by applying the Water TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 2023 and thereafter, the Water TAP-R surcharge shall be \$0.21 per Mcf as determined by the annual reconciliation filing.

(b) Sewer TAP-R

The Sewer TAP-R portion of each sewer bill is determined by applying the Sewer TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

- (1) Effective September 1, 2023 and thereafter, the Sewer TAP-R surcharge shall be \$0.34 per Mcf as determined by the annual reconciliation filing.

¹ Currently available at <https://www.federalreserve.gov/releases/h15/>.

Effective: September 1, 202~~3~~4**PHILADELPHIA WATER DEPARTMENT****RATES AND CHARGES**Effective: September 1, 202~~3~~4.**1.0 DEFINITIONS.**

(a) Condominium Properties: Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

(b) Customer: An owner, Tenant or occupant who by operation of law or agreement is responsible for payment of the charges for water/sewer/stormwater service at a Residential, Non-residential or Condominium Property.

(c) Department: The Philadelphia Water Department is the operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(d) Dwelling Unit: A single unit within a building providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

(e) Home Rule Charter: The Philadelphia Home Rule Charter, as codified in Pennsylvania First Class City Home Rule Act, April 21, 1949 P.L. 665, 351 Pa. Code §1-100 et seq.

(f) Mcf: Thousand cubic feet. The quantity charges in Sections 2, 3, 9 and 10 are expressed in Mcf.

1 Mcf = 1,000 cubic feet = 7,480 gallons

(g) Municipal Stormwater System: City owned and maintained real property, infrastructure or natural feature used and/or constructed for purposes of transporting, conveying, retaining, detaining, or discharging stormwater runoff.

(h) Non-residential Property: Real estate which cannot be classified as either Residential or Condominium. Real estate used exclusively as a cemetery shall not be considered Non-residential property.

(i) Philadelphia Code: The body of laws and regulations enacted by the Philadelphia City Council.

(j) Philadelphia Department of Records: An operating department of the City of Philadelphia with the duties, powers and obligations set forth in the Home Rule Charter and the Philadelphia Code.

(k) Property: Any parcel of real estate identified in the records of the Philadelphia Department of Records.

(l) Property Owner: The owner of the particular parcel of real estate identified in the records of the Philadelphia Department of Records, or the grantee in a land transfer of record.

(m) Residential Property: Real estate used exclusively for residential purposes with at least one and no more than four Dwelling Units and which cannot be classified as Condominium Property. Property adjacent to Residential Property owned and utilized exclusively by the Residential Property owner for residential uses. Upon proof submitted to the Department, said properties shall be deemed by the Department to form one Residential parcel comprised of the Property and the Residential Property.

(n) Stormwater Management Practice (SMP): Any man-made structure that is designed and constructed to detain, infiltrate, or otherwise control stormwater runoff quality, rate, or quantity.

(o) Surface Discharge: The discharge of stormwater runoff from a property to an adjacent surface water body, without the use of City infrastructure.

(p) Undeveloped Property: Property classified by the Board of Revision of Taxes as SB, SC, SI, SR, or SS; Undeveloped refers to the status of the property as having no structures and is not related to whether the property has ever been developed.

(q) Water Commissioner: The Water Commissioner of the City of Philadelphia who performs the duties and obligations as set forth in the Philadelphia Home Rule Charter and the Philadelphia Code.

(r) Utility Plan: A plan that shows water, sewer, and/or stormwater connections and sizes, utility locations, and impacts to rights-of-way, the approval of which is required under the Administrative Code Section A-305.2.1.6.

1.1 Conformity with Existing Law.

Nothing contained herein shall be deemed to overrule or annul any existing provisions of the Home Rule Charter or the Philadelphia Code.

1.2 Severability.

If any provision, paragraph, word or sections herein is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words and sections shall not be affected and shall continue in full force and effect.

2.0 WATER CHARGES

Charges for water service supplied by the City of Philadelphia shall be effective on September 1, 202~~34~~, as follows:

2.1 General Customers.

Charges for the supplying of water shall be determined and billed as follows:

(a) Charges and billing in general.

(1) Water charges shall consist of a service charge and quantity charge.

(2) A service charge shall be billed monthly.

(3) As set forth in Section 2.1(b), the type and size of the meter shall determine the service charge.

(4) In addition, there shall be a quantity charge as provided herein for water used in a monthly billing cycle, either as metered or as estimated.

(5) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be the period between the dates of scheduled metered readings, actual or estimated.

(b) Monthly service charges.

(1) Effective September 1, 202~~34~~ and thereafter, the monthly service charge for the various types and sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|----------------------------------|
| 5/8 | R | \$5.305. <u>42</u> |
| 3/4 | Z | 5.815.9 <u>6</u> |
| 1 | Q | 7.277.4 <u>9</u> |
| 1 -1/2 | P | 10.281 <u>0.67</u> |

| | | |
|----|---|-------------------|
| 2 | X | 14.651 |
| | | <u>5.25</u> |
| 3 | O | 23.992 |
| | | <u>5.10</u> |
| 4 | W | 42.844 |
| | | <u>4.71</u> |
| 6 | N | 81.398 |
| | | <u>5.12</u> |
| 8 | V | 125.10 |
| | | <u>131.01</u> |
| 10 | E | 182.51 |
| | | <u>191.01</u> |
| 12 | T | 306.82 |
| | | <u>322.40</u> |

Residential Fire Sprinkler System Meters

Size Code Charge

| | | |
|--------|---|--------------------|
| 3/4 | Z | 9.479.6 |
| | | <u>5</u> |
| 1 | Q | 10.931 |
| | | <u>1.18</u> |
| 1 -1/2 | P | 13.941 |
| | | <u>4.36</u> |
| 2 | X | 18.311 |
| | | <u>8.94</u> |

(c) Quantity charges

In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge set forth below to all water use. In addition, the quantity charge will also include a Tiered Assistance Program (TAP) Rate Rider Surcharge, as set forth in Section 10.

(1) Effective September 1, 2023~~4~~ and thereafter, the quantity charge portion of each bill shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons.

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|--|---------------------------------|----------------------|---------------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$61.14 <u>66.42</u> | \$0.21 | \$61.35 <u>66.63</u> |
| Next 98 Mcf (2.1 to 100 Mcf) | 54.93 <u>59.72</u> | 0.21 | 55.14 <u>59.93</u> |
| Next 1,900 Mcf (100.1 to 2,000 Mcf) | 42.55 <u>46.27</u> | 0.21 | 42.76 <u>46.48</u> |
| Over 2,000 Mcf | 41.40 <u>45.03</u> | 0.21 | 41.61 <u>45.24</u> |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(d) Temporary Transitional Provisions: Some special customers whose charges are now based on meter size may find that they are in fact 'over-metered' - their metered service is too large for their actual requirements and results in excessive bills. They may apply for a downward revision in the size of their meters. After the approval of the Department, the revision of plumbing arrangements and the installation of smaller meter, the lower charge by meter size shall apply.

3.0 SEWER CHARGES

Charges for sewer service supplied by the City of Philadelphia shall be effective on September 1, 2023~~4~~, as follows:

3.1 General Customers.

(a) All customers discharging wastewater into the City's wastewater system shall pay sewer charges as set forth in Section 3.3. In addition to the charges set forth in Section 3.3, all customers discharging wastewater whose pollutant content is greater than the pollutant content of Normal Wastewater, as defined below in Section 3.1(b), shall pay an additional surcharge as set forth in Section 3.4.

(b) Normal Wastewater subject to the regular sewer charges set forth in Section 3.3 is that wastewater which contains 250 milligrams per liter or less of five day biochemical oxygen demand (BOD₅) and 350 milligrams or less per liter or less of suspended solids (SS).

(c) Wastewater subject to the surcharge set forth in Section 3.4 is that wastewater which contains either more than 250 milligrams per liter of BOD₅ or more than 350 milligrams per liter of SS, or both.

3.2 Charges.

- (a) Sewer charges shall consist of a service charge and a quantity charge.
- (b) A service charge shall be billed monthly.
- (c) As set forth in Section 3.3(a), the size of the meter shall determine the service charge.
- (d) In addition, as set forth in Section 3.3(b), there shall be a quantity charge for sewer service in a monthly billing cycle, either as metered or as estimated.
- (e) Quantity charges shall be billed for monthly cycles as provided herein. The cycle shall be between the dates of scheduled metered readings, actual or estimated. Quantity charges imposed shall be based on the water usage of the Property served.

3.3 Regular Sewer Charges.

- (a) Monthly service charges shall be determined and billed as follows:

(1) Effective September 1, 202~~3~~⁴ and thereafter, the monthly service charge for the various sizes of meters shall be as follows:

| <u>Size</u> | <u>Code</u> | <u>Charge</u> |
|-------------|-------------|-----------------------------------|
| 5/8 | R | 7.54 <u>7.98</u> |
| 3/4 | Z | 9.62 <u>10.19</u> |
| 1 | Q | 14.10 <u>15.00</u> |
| 1 -1/2 | P | 24.80 <u>26.47</u> |
| 2 | X | 38.25 <u>40.87</u> |
| 3 | O | 68.97 <u>73.78</u> |
| 4 | W | 117.21 <u>125.31</u> |
| 6 | N | 231.03 <u>247.10</u> |
| 8 | V | 365.58 <u>391.12</u> |
| 10 | E | 527.64 <u>564.44</u> |
| 12 | T | 959.14 <u>1,026.89</u> |

Residential Fire Sprinkler System Meters
Size Code Charge

| | | |
|--------|---|----------------|
| 3/4 | Z | <u>7.547.9</u> |
| | | <u>8</u> |
| 1 | Q | <u>7.547.9</u> |
| | | <u>8</u> |
| 1 -1/2 | P | <u>7.547.9</u> |
| | | <u>8</u> |
| 2 | X | <u>7.547.9</u> |
| | | <u>8</u> |

(b) Quantity charge

In addition to the service charge, the quantity charge portion of each sewer bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

1 Mcf = 1,000 Cubic Feet = 7,480 gallons

(1) Effective September 1, 202~~3~~4 and thereafter, the quantity charge shall be:

| <u>Base Charge</u> <u>Per Mcf</u> | <u>TAP-R</u> <u>Per Mcf</u> | <u>Total Charge</u> <u>Per Mcf</u> |
|--------------------------------------|--------------------------------|---------------------------------------|
| \$39.61 <u>43.09</u> | \$0.34 | \$39.95 <u>43.43</u> |

3.4 Surcharge.

(a) Effective September 1, 202~~3~~4 and thereafter, the surcharge for wastewater by definition in excess of Normal Wastewater shall be fixed at forty ~~four seven and three tenths~~ cents (\$0.~~443~~470) per pound of pollutants received into the wastewater system in excess of 250 milligrams per liter of BOD₅ and forty ~~five eight~~ and two tenths cents (\$0.~~452~~482) per pound of pollutants received into the wastewater system in excess of 350 milligrams per liter of SS.

(b) The BOD₅ and SS of wastewater shall be determined from samples taken on the Customer's Property at any period or time and of such duration and in such manner as the Department may prescribe or at any place mutually agreed upon between the Customer and the Department. With prior written approval of the Department, the results of routine sampling and analyses by the Customer may be used in determining the amount of the surcharge.

(c) If, in the Department's judgment, sampling of wastewater is neither feasible nor practical, the Department, for billing purposes, may base BOD₅ and SS of the wastewater on sampling results for similar discharge and/or values obtained from technical literature.

(d) Customers discharging wastewater subject to the surcharge shall, as prescribed by the Department:

(1) Install and maintain such facilities for sampling and measuring the wastewater discharged from their properties; and

(2) Maintain such records and information deemed necessary for the determination of the surcharge.

(e) Customers, as required from time to time, shall file with the Department responses to a questionnaire establishing or revising pertinent information on the quantity of flow and the quality of wastewater and other data deemed necessary for the determination of the surcharge.

(f) Measurements, tests and analyses of the characteristics of wastewater subject to surcharge shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(g) The surcharge shall be applied to the total wastewater discharged less any portion excluded by the Department.

3.5 Sewer Credits.

Pursuant to Section 13-101(6) of the Philadelphia Code, the method of crediting water users' sewer bills for City water used but not discharged into the wastewater disposal system shall be as follows.

(a) Eligibility. Where commercial and industrial facilities that use City water do not discharge all of such water into the wastewater system, the quantity of such water may be excluded in determining the proper sewer charge, provided that:

(1) at least 5% of water used, or

(2) 225,000 cubic feet per year, whichever is less, is not discharged into the wastewater system.

(b) Determination of the Amount of Exclusion. To determine the amount of such exclusion the Customer shall install a meter or measuring device satisfactory to the Department provided that, if in the opinion of the Department, it is not feasible to install a

meter or measuring device, some other satisfactory method of measuring (“credit factor”) may be designated by the Department on application of the Customer.

(c) Fee for Application. When the Customer applies to the Department for a determination on the quantity of water to be excluded by some method other than metering of the sewer, or re-applies for a revised method measuring a larger quantity of water to be excluded, there shall be charge of ~~one thousand one~~eight hundred and ~~twenty~~fifty dollars (~~\$8201,150~~) for the review of such application.

(d) Effective Date of Credits and Approved Credit Factors. Credits on a water user’s sewer bills for quantities of water used but not discharged into the wastewater disposal system shall be effective from the submission date of an approved application. In order to be reviewed for approval, applications shall be complete, submitted on forms provided by the Department and shall be accompanied by a check payable to the City of Philadelphia in the amount required in Section 3.5(c). No credits shall be made retroactively.

(e) Review of Approved Credit Factors. The Department reserves the right to review approved credit factors. Customers may, from time to time, be required to submit current water use and sewer discharge information. Customers may also be required to submit new applications for the credit factor. Failure to comply with the Department’s requests for information or new applications may result in termination of the Customer’s credit factor.

(f) Failure to Inform the Department of Increased Sewer Use. Customers with credit factors who fail to inform the Department of increased discharges to the wastewater system shall be subject to the imposition of the full charges for sewer use based on total water usage from the most recent application date, with applicable interest. In addition, the Department may impose a fine of ~~three~~five hundred and ~~eighty~~five~~forty dollars (~~\$385540~~) for each billing period from the application date.~~

4.0 STORMWATER MANAGEMENT SERVICE CHARGES

Charges for Stormwater Management Services (SWMS) supplied by the City of Philadelphia shall be effective September 1, 202~~3~~4 as follows:

4.1 Charges.

All properties within the City shall be billed a SWMS charge.

4.2 Residential Properties.

All Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Effective September 1, 202~~3~~4 and thereafter all Residential Properties shall be charged the rates listed below:

SWMSBilling & Collection~~\$17.09~~18.96~~\$1.95~~2.04

(b) Residential Properties which do not have sewer service and which also have previously been charged only for water service shall be charged the rates shown above at 4.2 (a).

4.3 Non-Residential Properties.

Non-Residential Properties shall be charged a monthly SWMS charge and a monthly Billing and Collection charge as follows:

(a) Non-residential Properties shall be charged based on the Gross Area (GA) of the Property and the Impervious Area (IA) of the Property.

(1) GA includes all of the Property area within the legally described boundaries except streets, medians, and sidewalks in the public right-of-way and railroad tracks and station platforms in the railroad right-of-way.

(2) IA includes surfaces which are compacted or covered with material that restricts infiltration of water, including semi-pervious surfaces such as compacted clay, most conventionally hard-scaped surfaces such as streets, driveways, roofs, sidewalks, parking lots, attached and detached structures, and other similar surfaces.

(i) For Non-residential Properties with less than 5,000 square feet GA, the IA shall be estimated as a percentage of GA.

(A) For Undeveloped Property as defined in Section 1.0, the IA shall be 25% of the GA.

(B) For other Properties, the IA shall be 85% of the GA.

(3) In determining the GA Factor and IA Factor of a Property for the SWMS charge, the Department shall use increments of 500 square feet rounding up to the next highest increment.

(4) Calculating the Monthly SWMS charge. The monthly SWMS charge for each Non-residential Property is calculated by:

(i) dividing the GA in square feet by 500 and rounding up to the next whole unit to determine the GA Factor, then multiplying the GA Factor by the GA Rate to determine the GA charge;

(ii) dividing the IA in square feet by 500 and rounding up to the next whole unit to determine the IA Factor, then multiplying the IA Factor by the IA Rate to determine the IA charge;

(iii) the addition of the GA charge and the IA Charge equals the SWMS charge; and

(iv) the addition of the SWMS charge and the Billing and Collection charge together equals the total monthly stormwater charge.

(5) Rates for GA, IA and Billing and Collection.

(i) Effective September 1, 202~~3~~4 and thereafter, the Rates shall be as follows:

| <u>GA</u> (\$/500 s.f.) | <u>IA</u> (\$/500 s.f.) | <u>Billing & Collection</u> |
|------------------------------|-------------------------------|---------------------------------|
| 0. 799 <u>884</u> | 5.842 <u>6.475</u> | \$2.53 <u>2.65</u> |

(6) Minimum Monthly Charges. Non-residential Properties shall be subject to a minimum monthly charge. If the monthly charge calculated in Section 4.3(a)(4) is less than the monthly charges listed below then the monthly charges below shall be billed to the Property.

| <u>SWMS</u> | <u>Billing & Collection</u> |
|---------------------------------|---------------------------------|
| \$17.09 <u>18.96</u> | \$2.53 <u>2.65</u> |

(7) Adjustment Appeal Procedure.

(i) Customers may appeal the GA and/or IA calculations, property classification, or charge distribution of their property.

(ii) Adjustments shall be made using forms and procedures as defined by the Credits and Adjustment Appeals Manual and sent to:

Philadelphia Water Department
 SWMS Charge Appeals
 1101 Market Street
 4th Floor

Philadelphia, PA 19107-2994

(iii) Adjustments to the GA and/or IA determination are separate and distinct from the billing review procedures established by Section 19-1702 of the Philadelphia Code.

(iv) The grounds supporting the adjustment shall be stated in writing, and include any exhibits, such as photographs, drawings or maps, site plans, and affidavits that support the claim. In addition, a land survey prepared by a registered surveyor shall be attached showing all Dwelling Units, total property area, type of surface material and impervious area, as appropriate, and any other information requested in writing by the Department. The Department may waive the submission of a land survey, if the Department determines that the survey is not necessary to make a determination on the appeal.

(v) The Customer filing the appeal is solely responsible to demonstrate, by clear and convincing evidence, that the GA and/or IA square footage information used by the Department, from which the adjustment appeal is being taken, is erroneous.

(vi) The filing of a notice of an adjustment appeal shall not stay the imposition, calculation or duty to pay the SWMS charge.

(vii) If the adjustment appeal results in a revised GA and/or IA calculation, correction of property classification, correction of parcel identification, or revisions to the default charge allocation, then the adjusted SWMS Charge will be effective from the date of receipt of the Adjustment Appeals Application; except that the Department may authorize WRB to credit accounts for adjustments to the GA and/or IA calculation for a period not to exceed three years prior to receipt of the Adjustment Appeals Application if the Customer filing the appeal demonstrates, by clear and convincing evidence, that it was eligible for and qualified to receive the adjustment during the three year period prior to the receipt of the Adjustment Appeals Application was incorrect.

(8) Multiple Accounts Serving One Property. Where there are multiple water accounts on a single Property, the entire SWMS charge of that Property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection charge. Property Owners shall have the opportunity to request an alternative allocation of the SWMS Charge.

4.4 Condominium Properties.

(a) Condominium Properties shall be charged SWMS and Billing and Collection charges on the same terms as Non-residential Properties under Section 4.3, but shall be billed as follows:

(1) Condominium Properties with a single water meter account shall be billed such that the entire SWMS charge of the condominium complex property plus a Billing and Collection Charge are billed to that single account.

(2) Condominium Properties with individual water meter accounts for each unit shall be billed such that the entire SWMS charge of the condominium complex property shall be divided and billed equally to each individual account. In addition, each account shall be billed a Billing and Collection Charge.

(3) Condominium Properties with more than one water meter, but without individual water meters for each unit, shall be billed such that the entire SWMS charge of the condominium complex property shall be divided equally among the accounts. Each account shall also be billed a Billing and Collection Charge. The Condominium Owner's Association shall have the opportunity to request an alternative allocation of the SWMS charge.

4.5 SWMS Credits

(a) Eligibility.

(1) Accounts on Non-residential and Condominium properties must be current to be eligible for credits.

(2) The Customer shall make the Property available for inspection by the Department and provide all necessary documentation for purposes of verifying the appropriateness of a SWMS credit(s).

(3) The Customer shall fulfill credit requirements, as described in Section 4.5(c) below, in accordance with the maintenance guidelines as prescribed by the Department, including any and all inspection and reporting obligations.

(b) Classes of Credits. There are three classes of credits: IA Credit, GA Credit, and NPDES Credit. The IA Credit provides a reduction to the IA Charge; the GA Credit provides a reduction to GA Charge; and the NPDES Credit provides reduction to the total SWMS Charge. A Property may be approved for credits from each of the three classes; however, if the resulting SWMS Charge after the application of any credits is less than the Non-residential minimum monthly charge, then the minimum monthly charge will apply.

(c) Credit Requirements.

(1) IA Credit. IA Credit is available for the portion of IA on a property where stormwater runoff is managed (IA Managed). IA Managed is achieved as follows:

(i) For areas of the property that meet the requirements of the following Impervious Area Reductions (IAR), as described in the Stormwater Credits and Adjustment Appeals Manual, a direct reduction in the billable IA may be applied:

- (A) Rooftop disconnection,
- (B) Pavement disconnection, or
- (C) Tree canopy coverage.

(ii) For Properties with PWD-approved Stormwater Management Practices constructed per Chapter 6 of the Department's regulations, the customer must demonstrate compliance with the regulations, including management of the first 1.5 inches of runoff and any and all required reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iii) For properties with PWD-approved Stormwater Management Practices, including those constructed with Department stormwater grant funds, the customer must demonstrate management of the first 1.5" of runoff and SMP compliance per the approved record drawing and any and all reporting, inspection and maintenance activities, except as otherwise provided in 4.5(c)(1)(iv).

(iv) The Department may approve a Property for IA credit for Non-Surface Water Discharges under the credit requirements in effect before September 1, 2021, if the Department receives a credit application for that Property on or before September 1, 2021. Such Properties property receiving credit under the credit requirements in effect before September 1, 2021 may continue to receive the credit under those requirements until the credit expires. Upon expiration of the credit, the current or future Property Owners of such Properties may renew the credit under the credit requirements in effect before September 1, 2021 by submitting a renewal application(s) in accordance with Subsection 4.5(f)(4) unless and until this section is modified.¹

(v) For Surface Discharges, the Customer must demonstrate that a portion or all of the impervious area discharges directly to a surface water body.

(2) GA Credit.

(i) Impervious area only. Impervious area shall receive a GA credit based on the criteria defined in Section 4.5(c)(1)(ii), (iii), (iv) and (v) herein.

(ii) Open Space area only. Open Space area is non-impervious area and is calculated as GA minus IA. The Customer must demonstrate a Natural Resource Conservation Service Curve Number (NRCS-CN) below a certain value as described in the Credits and Adjustment Appeals Manual.

¹ Prior to September 1, 2021, Customers of Properties with non-Surface Discharges were required to demonstrate management of the first inch of stormwater runoff in one of the three following ways: (1) infiltration, (2) detention and slow release, and/or (3) routing through an approved volume -reducing SMP.

(3) National Pollutant Discharge Elimination System (NPDES) Credit. The Customer must demonstrate the property is subject to and in compliance with a NPDES Permit for industrial stormwater discharge activities.

(d) Credit Maximum.

(1) IA Credit Maximum. IA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% IA Credit for the IA Managed.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% IA credit for the IA Managed.

(2) GA Credit Maximum. GA Credit maximums shall apply as follows:

(i) All Non-residential and Condominium properties are eligible for a maximum of 80% GA Credit.

(ii) A Non-residential or Condominium property with Surface Discharge is eligible for a maximum of 90% GA credit.

(3) NPDES Credit Maximum. Eligible properties shall receive a maximum of 7% NPDES credit as described in the Credit and Adjustment Appeals Manual.

(e) Application of Credits

The application of the three classes of credits in calculating a property's monthly SWMS charge shall be described in the Credits and Adjustment Appeals Manual.

(f) Administration of Credits.

(1) A Customer shall apply for credits using application forms and submitting the required documentation as defined in the Credits and Adjustment Appeals Manual.

(2) Any engineering or other costs incurred in completing the application shall be borne by the Customer.

(3) Credits shall be effective upon receipt of a complete application.

(4) All credits shall expire four (4) years from the effective date of the credit. A Customer may renew credits by submitting a renewal application, documentation required by the Department as defined in the Credits and Adjustment Appeals Manual, and paying a renewal fee of ~~two-three~~ hundred and ~~eighty-ninety-five~~ dollars (~~\$280395~~).

(g) Termination of Credits.

(1) The Department may review any approved credit at any time to verify its continued applicability. Customers may from time to time be asked to submit documentation and/or grant access to the Property receiving the credit. Failure to comply with such requests may result in the termination of the credit(s).

(2) The Customer's failure to meet credit requirements or comply with inspection and reporting obligations, in accordance with Section 4.5(a)(3), shall result in a suspension or revocation of all affected credits pursuant to the procedures issued by the Department.

(h) The Department may, at its sole discretion, issue stormwater credits to individual parcels where stormwater management is being implemented on a shared, collective basis by an organization representing different parcel owners within a defined geographic area.

5.0 BILLING FOR WATER, SEWER AND STORMWATER SERVICE

5.1 Billing.

(a) Estimated Usage and Billing. When an accurate meter reading cannot be obtained at the time of a scheduled meter reading or when necessary for administrative purposes, the quantity of water used may be estimated for billing purposes. Estimated usage will be based upon actual meter readings from prior cycles or by such other fair and reasonable methods as shall be approved by the Water Commissioner. Where the water usage is estimated because of inability to read the meter, any necessary corrections shall be made at the time of the next actual meter reading, or when appropriate.

(b) Charges to be Combined. At the discretion of the Water Commissioner, each bill may combine in one amount the service charge and any quantity charges for water, sewer and stormwater, if applicable.

(c) Bills Due and Payable. All bills are due and payable when rendered.

(d) Penalties for Late Payments.

(1) If current water, sewer, and stormwater bills are not paid within thirty (30) days from the date indicated on the bill, a penalty of five percent (5%) shall be imposed.

(2) An additional penalty of one half of one percent (0.5%) shall be imposed and added to water, sewer, and stormwater bills, and their penalties, on the due date of the bill of each succeeding cycle, except that a period of thirty (30) days shall elapse before the first additional penalty is imposed.

(3) If any water, sewer, and stormwater bill remains unpaid for two cycles after the bill has been rendered, the Revenue Department shall serve a notice of termination upon

the delinquent Property Owner and, if the charge, with penalties thereon, is not paid within ten (10) days after such service of notice, the Department, in its discretion, may suspend water service to the Property until the charge with penalties is paid. Penalties for late payment are set by ordinance, not by regulation, and any amendments to the current ordinance shall apply as provided therein.

(e) Balance Due. Each bill shall include any balances due for bills issued from October 1, 2000, including penalties.

(f) Changes in Meter Size. When a change in meter size is made, the charge for the new meter size shall become effective on the date of such change.

(g) Unmetered Customers.

(1) Unmetered Customers shall be billed the same charges established for metered Customers. The water and sewer service charges will be determined by the size of the meter which would be installed for an equivalent service at a similar property. The SWMS charges will be determined based on Section 4.0. The Revenue Department shall estimate the quantity of water used and bill accordingly using the applicable water and sewer quantity charges.

(2) Where unmetered wastewater is discharged to the sewer system without adequate sewer metering, the Department reserves the right to bill the amount of flow based upon its engineering judgment of a reasonable estimate of unmetered usage.

(h) Unoccupied Property.

The billing of unoccupied Properties for water and sewer shall be discontinued only on issuance of a Discontinuance of Water permit. Nothing in this Section shall relieve a Property Owner of his responsibility for maintaining a service line unless a Discontinuance of Water permit has been secured. Under no circumstances will the stormwater service charge be terminated.

(i) Extraordinary Uses or Appliances.

In the event that extraordinary or peculiar uses or appliances, in the opinion of the Water Commissioner, warrant a special charge not provided herein, such charges shall be as fixed by the Water Commissioner in writing.

5.2 Special Customers.

The water, sewer and stormwater management service charges established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq. shall be applied to all general Customers, except the following groups of special Customers:

(a) GROUP I

(1) Public and private schools which provide instruction up to or below the twelfth grade but not beyond that grade, and excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(2) Institutions of “purely public charity”, as defined by Pennsylvania law, except universities and colleges and excluding service to any separate or adjoining facilities or structures not used exclusively for the principal purpose of the charity.

(3) Places used for actual religious worship.

(b) GROUP II

(1) Residences of eligible senior citizens provided that the senior citizen shall:

(i) Make application for such reduction to the Revenue Department within the first billing period for which reduction is sought; and

(ii) Submit satisfactory proof that the applicant is 65 years of age or older and that he or she makes payment directly to the City for water, sewer, and stormwater service to his or her residence which is located in the City of Philadelphia; and

(iii) Submit satisfactory proof to the Revenue Department that the applicant does not exceed the household income limitation of \$38,800 per year established by the Department. The above income limitation shall apply to those applying for this discount subsequent to June 30, 1982.

(iv) Effective with each subsequent general rate change in the water/sewer/stormwater charges, the Department shall adjust the Senior Citizen Income Limitation using the latest Consumer Price Index data available, as defined in the Philadelphia Code at Section 19-1901.

(c) GROUP III

(1) Universities and colleges, excluding service to any separate or adjoining facilities or structures not used exclusively for educational or instructional purposes.

(d) GROUP IV

(1) Public housing properties of the Philadelphia Housing Authority.

(e) GROUP V

(1) Group V Customers are Customers enrolled in the Income-Based Water Revenue Assistance Program (IWRAP) described in Section 19-1605 of the Philadelphia Code after

the Water Revenue Bureau begins to issue IWRAP bills. Monthly bills for a Customer enrolled in IWRAP will be determined based on the Customer's family size and household income and will be charged in lieu of the service, usage and stormwater charges established in Sections 2.0 et seq., 3.0 et seq. and 4.0 et seq. for general Customers. Group V Customers will pay a percentage of his/her household income depending on where that Customer falls within the Federal Poverty Guidelines (FPL), subject to a minimum bill amount of \$12 per month.

(2) For determining the amount of service, usage and stormwater charges on monthly bills, Group V Customers will be defined according to three income tiers as follows:

(i) Group V-A. Group V Customers whose gross household income has been verified as being from 0% of FPL and up to and including 50% of FPL

(ii) Group V-B. Group V Customers whose gross household income has been verified as being greater than 50% of FPL and up to and including 100% of FPL.

(iii) Group V-C. Group V Customers whose gross household income has been verified as being greater than 100% of FPL and up to and including 150% of FPL.

(f) GROUP VI

(1) Customers with parcels eligible for a discount from the stormwater management service charge as a qualified Community Garden pursuant to Section 19-1603 of the Philadelphia Code and regulations promulgated by the Water Department under that Section.

(g) GROUP VII

(1) All unoccupied properties of the Philadelphia Land Bank.

(h) Charges for Special Customers

(1) As of September 1, 2021, the charges to Groups I, II, and III of special Customers listed above shall be seventy-five percent (75%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges. The charges to Group IV Customers shall be ninety-five percent (95%) of the charges as established in Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq., including both the water and sewer service and quantity charges, and the SWMS charges.

(2) Group V Customers enrolled in IWRAP after the Water Revenue Bureau begins to issue IWRAP bills will be responsible for paying the following charges for service, usage and stormwater charges, or \$12 per month, whichever is greater:

(i) Group V-A: 2.0% of household income.

(ii) Group V-B: 2.5% of household income.

(iii) Group V-C: 3% of household income.

(3) Group VI: Effective with bills issued on or after January 1, 2017, Group VI special Customers will receive a 100% discount on the stormwater management service charges for parcels classified by the Department as Community Gardens upon approval of an application for a discount consistent with Section 19-1603 of the Philadelphia Code and regulations promulgated by the Department under that Section.

(4) Group VII: Effective with bills issued on or after September 1, 2018, Group VII special Customers are fully exempt from all water, sewer and stormwater management rates and charges.

(i) All of these special Customers shall meter all water connections and they shall be subject to all provisions herein not inconsistent with Sections 2.0 et seq., 3.0 et seq., and 4.0 et seq.

(j) All special Customers are subject at any time to review as to their special charges by the Department or the Water Revenue Bureau and may be required to furnish adequate evidence supporting the continuance of such charges to the Department or the Water Revenue Bureau upon written notice to do so. Failure to furnish such evidence shall be sufficient ground for denial or termination of such special charges.

(k) Special charges may be granted subject to the Department's review and approval of the size of the meter installed.

(l) When the special use for which the special charge is granted ceases, the special charge ceases and the charges for general Customers shall apply thereafter.

(m) When any vacant or unoccupied premises are acquired by the City, charges for water and sewer, including charges relating to storm water management and disposal, shall terminate on the date that such premises are acquired.

(n) When any property is acquired or held by the Philadelphia Housing Development Corporation or acquired or held by the City or the Redevelopment Authority pursuant to Chapters 16-400 or 16-500 of the Philadelphia Code, charges for water and sewer, including charges relating to storm water management and disposal, shall be abated.

5.3 Eligibility for Charity Rates and Charges.

(a) Organizations seeking the Charity Rates and Charges must submit an application to the Department. Applicants must use forms provided by the Department, and submitted applications must be completed to the satisfaction of the Department.

(b) Applications must be made in the name of the organization seeking the Charity Rates and Charges. All accounts for which an organization is requesting the Charity Rates and Charges must be in the identical name as that on the application.

(c) Any account for a Property for which the Charity Rates and Charges are sought must be current and remain in good standing with no service violations or violations of the requirements of § 17-107(12) (“Recipients of Financial Assistance”) applicable to properties that benefit from financial assistance in connection with the receipt of charity rates and charges to maintain eligibility for any discounts issued herein. Any breach of this condition shall result in the loss of eligibility for the discount.

(d) To be eligible for water and sewer Charity Rates and Charges, the Property must not have any outstanding Department or Plumbing Code violations; the Property must have an operating water meter that is in compliance with current Department specifications, and the property must have a current water meter reading. If the property is receiving stormwater service only, the above provision regarding metering shall not apply. To be eligible for SWMS Charity Rates and Charges, the Property must not have any outstanding Department violations. Applicant must be either an owner of the Property or a Tenant of the property for which the SWMS charge is assessed.

(e) Charity Rates and Charges shall be charged to the eligible organization from the application date of an approved application. No retroactive reductions from the General Customer rates and charges will be permitted.

5.4 Account Review.

The Department, from time to time, may review the status of organizations receiving Charity Rates and Charges.

During this review, eligible organizations may be required to submit new applications.

5.5 Suspension of Charity Rates and Charges (Groups I and III)

(a) Organizations that have been approved for Charity Rates and Charges must make timely payments on accounts in order to remain eligible for these discounted rates and charges.

(b) An organization that fails to make on-time payments for two (2) consecutive billing cycles shall be suspended from the Charity Rates and Charges, and shall be required to pay the same rate(s) as the General Customer rates and charges for all services. The suspension period shall remain in effect for a minimum of one (1) year.

(c) Reinstatement of the Charity Rates and Charges will not occur until a full year of on-time payments has been made. Suspended organizations must then submit an application as described in Section 5.3. Charity Rates and Charges will not be retroactive for the period of suspension.

(d) Customers shall be informed by first class mail of the suspension of the Charity Rates and Charges.

5.6 Hearing.

Organizations that have been denied eligibility or have been suspended from the Charity Rates and Charges may request an informal hearing.

5.7 No Waiver.

Nothing herein shall limit the Department on its own findings or at the request of another City agency from suspending Charity Rates and Charges from organizations which have violated City law or regulations and thereby under such City law or regulations have forfeited such privileges as the Charity Rates and Charges.

6.0 MISCELLANEOUS WATER CHARGES

Charges for miscellaneous water services supplied by the City of Philadelphia shall become effective September 1, 202~~3~~⁴ as follows:

6.1 Meter Test Charges.

(a) A Customer may apply to the Department for a test of the accuracy of the registration of a water meter (Meter Test). At the Customer's request, the Department shall notify the Customer of the time and place of the test so that the Customer may be present.

(b) In testing, meters may be removed from the line and replaced by a tested meter. If removed, the meter shall be tested at the Department's Meter Shop. Meters may also be tested and recalibrated in place without removal and replacement.

(c) All meters shall be removed, replaced, tested or calibrated during the Department's regular business hours (9:00 a.m. to 4:45 p.m.).

(d) A Customer may request a Meter Test to be performed outside the regular business hours of the Department under the following conditions:

(1) the Department has staff available and agrees to a time outside the regular business hours of the Department; and,

(2) the Customer agrees to pay the overtime and added expenses, whether the meter passes or fails the test.

(e) If the register on the meter is found upon testing to be registering within two percent (2%) of the actual volume of water passing through the meter, or registering in favor of the Customer, the Customer will be assessed a Meter Test Charge as follows:

| <u>Meter Size</u> | <u>Charge</u> |
|---------------------------|-----------------------------|
| 5/8" | \$130 <u>140</u> |
| 1", 1-1/2", 2" | \$180 <u>190</u> |
| 3", 4", 6", 8", 10", 12" | \$390 <u>400</u> |
| ----- | |
| Field Tests, 3" and above | \$390 <u>400</u> |

(plus any charges and/or expenses incurred for work performed outside the regular hours of business, if requested by the Customer).

(f) If the meter is found upon testing to be registering in excess of 102% of the actual volume of water passing through the meter, the Customer shall not be assessed a Meter Test charge as provided for in subsection (e); and, WRB shall review the billing history of the tested meter for a period not to exceed three years on the basis of the corrected registration and revise it as necessary.

(g) The Department will, at the request of a Customer, test his or her meter at no charge once every twenty years. Additional tests are subject to the charges listed in Section 6.1(e).

6.2 Charges for Furnishing and Installation of Water Meters.

The charges for furnishing and installing water meters are as follows.

(a) For work which involves the furnishing and setting of a water meter and meter interface unit (MIU), the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|-------------------------------|
| 5/8" | \$225 <u>230</u> |
| ¾ RFSS | 415 <u>435</u> |
| 1" | 375 <u>395</u> |
| 1" RFSS | 470 <u>490</u> |
| 1 1/2" | 835 <u>875</u> |
| 1 1/2" RFSS | 785 <u>825</u> |
| 2" | 1,010 <u>1,055</u> |
| 2" RFSS | 1,020 <u>1,070</u> |
| 3" Compound | 3,320 <u>3,485</u> |
| 3" Turbine | 1,825 <u>1,910</u> |
| 3" Fire Series | 3,645 <u>3,820</u> |
| 4" Compound | 3,900 <u>4,830</u> |
| 4" Turbine | 2,635 <u>2,760</u> |

| | |
|-------------------|---------------------------------|
| 4" Fire Series | 4,505 <u>4,725</u> |
| 4" Fire Assembly | 6,085 <u>6,385</u> |
| 6" Compound | 6,445 <u>6,760</u> |
| 6" Turbine | 4,955 <u>5,200</u> |
| 6" Fire Series | 5,965 <u>6,255</u> |
| 6" Fire Assembly | 8,690 <u>9,120</u> |
| 8" Turbine | 5,885 <u>6,175</u> |
| 8" Fire Series | 7,550 <u>7,925</u> |
| 8" Fire Assembly | 12,285 <u>12,890</u> |
| 10" Turbine | 8,540 <u>8,960</u> |
| 10" Fire Series | 9,300 <u>9,760</u> |
| 10" Fire Assembly | 17,745 <u>18,630</u> |
| 12" Turbine | 9,045 <u>9,490</u> |
| 12" Fire Series | 10,455 <u>10,975</u> |
| 12" Fire Assembly | 18,905 <u>19,845</u> |

(b) For work which involves only the furnishing and setting of an MIU, the following charges are hereby established:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|---------------------------|
| 5/8" | \$ 75 |
| 3/4" RFSS | 75 |
| 1" | 120 <u>125</u> |
| 1" RFSS | 120 <u>125</u> |
| 1 1/2" | 120 <u>125</u> |
| 1 1/2" RFSS | 120 <u>125</u> |
| 2" | 120 <u>125</u> |
| 2" RFSS | 120 <u>125</u> |
| 3" Compound | 310 <u>320</u> |
| 3" Turbine | 310 <u>320</u> |
| 4" Compound | 310 <u>320</u> |
| 4" Turbine | 310 <u>320</u> |
| 6" Compound | 310 <u>320</u> |
| 6" Turbine | 310 <u>320</u> |
| 8" | 310 <u>320</u> |
| 10" | 310 <u>320</u> |

(c) If extraordinary work is required in connection with the installation of a water meter or the replacement of a damaged meter, additional charges shall be computed using actual salaries and materials expended, plus applicable overhead costs.

(d) The Property Owner shall be responsible for safeguarding the meter and seals and shall pay for necessary repairs and replacements due to his/her failure to provide adequate protection to the meter and seals from theft, vandalism, freezing, tampering or other damage. The Property Owner shall also be responsible for the repair and maintenance of

the plumbing accessory to the meter, such as inoperable valves, weakened service pipes and fittings, etc. and shall provide and pay for such plumbing, repair and maintenance as City metering needs may require.

6.3 Tampering of Meter.

(a) In the event that an investigation indicates that tampering of a meter has occurred, the following charges to the Customer shall be assessed:

| <u>Meter Size</u> | <u>Charge</u> |
|-------------------|----------------------------|
| 5/8" or 3/4" | \$ 80 <u>90</u> |
| 1", 1½", 2" | 130 <u>140</u> |
| 3" and larger | 340 <u>350</u> |

6.4 Shut-Off and Restoration of Water Service.

(a) If the Department is required to visit a Property to shut off service for non-payment; and, payment is tendered at the time of the shut-off, a charge of seventy-five dollars (\$75) will be assessed, with the exception stated in Section 6.4(e).

(b) A seventy-five dollar (\$75) charge will be assessed if shut-off of the water service is required as a result of non-compliance with a Notice of Defect and/or metering non-compliance.

(c) After termination of water service for non-payment or violation of service requirements, restoration of water service will not be made until the following charges have been paid in full or payment arrangements satisfactory to the Revenue Department have been made.

(1) Where the only work required is operating the service valve:

(i) service lines 2" and smaller.....\$75
with the exception stated in Section 6.4(e)

(ii) service lines larger than 2".....~~\$355~~\$370

(2) Where the curb stop is obstructed, the access box missing or otherwise requires excavation~~\$700~~\$725

(3) Where the curb stop is inoperable and a new curb stop must be installed
~~\$730~~\$765

(4) Where the curb stop is obstructed, the access box missing, or otherwise requires excavation, and replacement of footway paving is required.....\$710735

(5) Where the curb stop is inoperable and a new curb box must be installed and replacement of footway paving is required.....\$740775

(6) Where excavation and shut-off of the ferrule at the water main is required\$1,4501,505

(d) If the Department is required to remove concrete footway paving in order to perform the shut-off and/or restoration, the footway will be replaced by the Department and the preceding charges applied unless proof has been provided to the Department that some other qualified person will replace the paving.

(e) A charge of \$12 will be assessed if a Customer is enrolled in IWRAP and the Department is required to visit the Property to:

(1) shut off service for non-payment; and, payment is tendered at the time of the shut-off; or

(2) restore water service after termination of water service for non-payment or violation of service requirements.

6.5 Pumping of Properties.

The following charges shall apply for the pumping of water from properties when the condition requiring such service is not caused by the Department.

(a) Occupied Properties

(1) Pumping of water from occupied Properties may be done at the Property Owner's request and expense.

(2) Pumping of other Properties due to the failure of a Property Owner's piping may be performed by the Department and be charged to the Property Owner of the Property at which the failure occurred.

(3) Charges for pumping shall be calculated at actual salaries and materials expended, plus applicable overhead costs.

(b) Unoccupied Properties

The Department may, at its sole and exclusive discretion, pump water from unoccupied properties if it is determined that a serious condition exists. The charges for pumping shall be as specified in Section 6.5(a).

6.6 Charges for Water Main Shutdown.

(a) The Department of Licenses and Inspections shall issue permits for the temporary shutdown of a water main to allow a registered plumber to make immediate repairs to a broken water service and to avoid the necessity of opening the street.

(b) Permits shall be issued after:

(1) Certification by the Department that the shutdown will not seriously inconvenience other Customers; and

(2) The applicant has paid a three hundred and ~~fifteen-sixty~~ dollar (~~\$315360~~) service charge.

(c) In an emergency or when responsibility for a leak is in doubt, the Department may make the shutdown before the permit is obtained. If the Department determines that the leak was not the Department's responsibility, the owner shall obtain a permit and pay the above stated service charge and any other costs incurred by the Department in conducting the emergency shut down.

6.7 Water Connection Charges.

(a) Permits. Permits for connections to the City's water supply system shall be issued by the Water Permit section of the Department of Licenses and Inspections.

(b) Ferrule Connections.

(1) Connections between 3/4 inch and two inches (2") in diameter shall be made by a ferrule installed by the Department. The owner, at his own expense, shall excavate for the connection, install all piping and appurtenances after the ferrule and fill the excavation. The owner thereafter shall be responsible for maintaining this piping and appurtenance.

(2) The charges for such ferrule connections, with the exception stated in Section 6.7(b)(3), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|---------------------|
| 3/4" | \$185190 |
| 1" | 210220 |
| 1 1/2" | 250265 |
| 2" | 320335 |

(3) The charges for such ferrule connections, when the work performed at the Customer’s request is not during the Department’s regular business hours (9:00 a.m. to 4:45 p.m.), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|-----------------------------|
| ¾” | \$210 <u>215</u> |
| 1” | 235 <u>245</u> |
| 1½” | 275 <u>290</u> |
| 2” | 340 <u>360</u> |

(c) Valve Connections. Connections three inches (3”) and larger shall be made by a valve installed by the Department. This valve installation shall include, but shall not necessarily be limited to, the connection to the main, the valve, valve box, necessary piping after the valve from the main in the street to one foot inside the curb, backfill and repaving. The Department shall thereafter be responsible for maintaining this valve and piping, unless the associated meter has been reduced at the Property Owner’s request to a two inch (2”) or smaller meter, in which case the Property Owner shall be responsible for valve and piping maintenance.

(1) The charges for valve connections shall, with the exceptions stated in Section 6.7(c)(2), shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|-----------------------------------|
| 3" & 4" | \$12,725 <u>13,235</u> |
| 6" & 8" | 13,590 <u>14,160</u> |
| 10" & 12" | 16,230 <u>16,990</u> |

(2) The charge for such valve connections, when the work is performed at the Customer’s request is during other than normal work hours or the work is performed in an area designated by the Streets Department as a special work zone, shall be as follows:

| <u>Size</u> | <u>Charge</u> |
|-------------|-----------------------------------|
| 3" & 4" | \$14,720 <u>15,290</u> |
| 6" & 8" | 15,580 <u>16,215</u> |
| 10" & 12" | 18,225 <u>19,040</u> |

(d) Attachment to a Transmission Main

(1) There shall be no connection to a transmission main without Department approval. Such approval shall be requested by application forms and procedures issued by the Department.

(2) Where a connection is made to a water main larger than 12 inches in diameter, with the exceptions stated in Sections 6.7(d)(3)&(4), the charges will be a follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 20,690 <u>21,665</u> |
| 20" | 22,845 <u>23,970</u> |
| 24" | 25,145 <u>26,430</u> |
| 30" | 37,330 <u>39,465</u> |
| 36" | 44,250 <u>46,870</u> |

SLEEVE 6" & 8"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 20,905 <u>21,895</u> |
| 20" | 22,560 <u>23,660</u> |
| 24" | 25,145 <u>26,430</u> |
| 30" | 39,320 <u>41,595</u> |
| 36" | 48,835 <u>51,775</u> |

SLEEVE 10" & 12"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 20,980 <u>21,970</u> |
| 20" | 22,920 <u>24,045</u> |
| 24" | 25,145 <u>26,430</u> |
| 30" | 39,955 <u>42,275</u> |
| 36" | 51,545 <u>54,680</u> |

(3) The charges for such connections, when the work performed at the Customer's request is not during the Department's regular business hours (9:00 a.m. to 4:45 p.m.), or the work performed is in an area designated by the Streets Department as a special work zone, shall be as follows:

SLEEVE 3" & 4"

MAIN

| | |
|-----|------------------------------------|
| 16" | \$ 23,185 <u>24,230</u> |
| 20" | 25,335 <u>26,535</u> |
| 24" | 27,635 <u>28,995</u> |

| | |
|-----|---------------------|
| 30" | <u>39,82042,030</u> |
| 36" | <u>46,74049,440</u> |

SLEEVE 6" & 8"

MAIN

| | |
|-----|-----------------------------------|
| 16" | \$23,400 <u>24,460</u> |
| 20" | 25,050 <u>26,230</u> |
| 24" | 27,635 <u>28,995</u> |
| 30" | 41,810 <u>44,160</u> |
| 36" | 51,325 <u>54,345</u> |

SLEEVE 10" & 12"

MAIN

| | |
|-----|-----------------------------------|
| 16" | \$23,470 <u>24,540</u> |
| 20" | 25,410 <u>26,615</u> |
| 24" | 27,635 <u>28,995</u> |
| 30" | 42,445 <u>44,845</u> |
| 36" | 54,035 <u>57,245</u> |

(4) Where a connection is made to a water main 48" or larger in diameter, the charge will be that for a connection to a 36" main, stated above in Sections 6.7(d)(2) or (3), plus an additional charge representing the difference between the current cost of a 36" sleeve and the cost of the larger sleeve. The additional charge shall be paid before any permit can be issued as prescribed below in Section 6.11.

(e) Should police assistance for traffic control be required for a ferrule or valve connection, the Customer shall pay the required fee to the Police Department.

6.8 Discontinuance of Water.

Except as otherwise provided, no Customer shall be relieved of the obligation to pay water and sewer charges unless a permit for the discontinuance of water and sewer has been obtained from the Department of Licenses and Inspections pursuant to the provisions of Philadelphia Code section 19-1601. When a permit is granted to discontinue water and sewer service, charges shall terminate on the date of removal of the meter by the Department. The charge for a permit for discontinuance of water is one hundred dollars (\$100), regardless of service size. A validly issued permit to discontinue water and sewer does not terminate the obligation to pay for stormwater management services.

6.9 Hydrant Permits.

(a) A permit shall be obtained from the Water Permit section of the Department of Licenses and Inspections before a hydrant can be used. The permit shall contain the terms and conditions that are required of the Customer in order for the Customer to use the hydrant.

(b) The costs for obtaining a permit shall be as follows.

(1) One Week Permit for use of standard pressure hydrant.....\$ ~~1,205~~1,690

(2) Six Month Permit for use of standard pressure hydrant.....\$ ~~6,295~~8,815

6.10 Flow Tests.

When a Customer requests the Department to conduct a flow test on a fire hydrant to determine the volume and residual pressure available on a domestic or fire connection, or at a specific location, the charge shall be five hundred and ~~seventy-eighty-five~~ dollars (~~\$570~~585) for each flow test.

6.11 Water Service Line Investigations and/or Inspections

When a Customer or a duly authorized representative of a Customer requests the Department to conduct an investigation to locate and/or to inspect the water service line at a specific location, the charge shall be one hundred and ~~thirty-forty~~ dollars (~~\$130~~140) for each investigation or inspection. The charge shall be assessed regardless of the result of the investigation or inspection.

6.12 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

7.0 MISCELLANEOUS SEWER CHARGES

Charges for miscellaneous sewer services supplied by the City of Philadelphia shall be effective September 1, 202~~3~~4, as follows.

7.1 Sewer Charges for Groundwater.

(a) Sewer charges for groundwater discharged to the City's sewer system shall be as follows:

(1) Effective September 1, 202~~3~~4 and thereafter, the rate shall be \$~~13.87~~15.27 per 1,000 cubic feet.

(b) To determine the quantity of such discharged groundwater, the Customer shall install a meter or measuring device satisfactory to the Department. If, in the opinion of the Department, it is not feasible to install a meter or measuring device, the Department may designate some other method of measuring or estimating the quantity of discharged groundwater.

7.2 Charges for Wastewater Service.

(a) The charge for sanitary type wastewater delivered to any of the City's Water Pollution Control Plants shall be as follows.

(1) Effective September 1, 202~~3~~4 and thereafter, the rate shall be \$~~64.94~~69.07 per 1,000 gallons.

(b) Where accurate quantities of wastewater delivered cannot be determined, such quantities shall be estimated for billing purposes by such fair and reasonable methods as shall be approved by the Water Commissioner.

(c) The locations, times, delivery procedures and exact nature of the pollution characteristics of the delivered wastewater shall be determined by the Department.

(d) From time to time, Customers shall be required to file with the Department a questionnaire establishing or revising information on the quantity and quality of wastewater delivered and other pertinent data deemed necessary by the Department. Failure to furnish such information shall be sufficient grounds for denial or termination of delivery privileges.

(e) Measurements, tests and analyses of the characteristics of delivered wastewater shall be determined in accordance with the latest edition of *Standard Methods for the Examination of Water and Wastewater*, published jointly by the American Public Health Association, the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

(f) If any bill for the above services shall remain unpaid for more than sixty (60) days from date rendered, the Department may refuse acceptance of additional wastewater until all unpaid balances, with late charges, are paid in full.

7.3 Wastewater Discharge Permit.

All Industrial Users contributing wastewater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is ~~two-three~~ thousand ~~seven-eight~~ hundred and forty-five dollars (\$~~2,7453,845~~).

7.4 Groundwater Discharge Permit.

All Industrial Users contributing groundwater to the City's sewer system must obtain a permit from the Department pursuant to the Wastewater Control Regulations contained in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand ~~seven-eight~~ hundred and ~~forty-five-sixty~~ dollars (~~\$2,745~~2,860).

7.5 Manhole Pump-out Permit

(a) Any non-domestic User discharging wastewater from underground structures to the City's sewer system must obtain a manhole pump-out permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit is two thousand ~~eight-nine~~ hundred and ~~sixty-five-fifty~~ dollars (~~\$2,865~~2,950).

(b) In the event a User requests discharge locations in the City's separate sewer areas under this permit, the City may assess additional fees for any work associated with the review of this request and the identification of the discharge locations.

7.6 Trucked or Hauled Wastewater Permit

Any person trucking or hauling wastewater to the POTW must first obtain a septage discharge permit from the Department pursuant to the Wastewater Control Regulations in Chapter 5 of the Department's regulations. The fee for each new or renewal permit shall be one thousand ~~five-six~~ hundred and ~~sixty-ten~~ dollars (~~\$1,560~~1,610).

7.7 PHOTOGRAPHIC & VIDEO INSPECTION

When a Customer or a duly authorized representative of a Customer requests the Department to conduct a photographic or video inspection of a private sewer line at a specific location, the charge shall be two hundred and seventy five dollars (\$275) for each photographic or video inspection. The charge shall be assessed regardless of the result of the photographic or video inspection.

7.8 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

8.0 MISCELLANEOUS PLAN REVIEW AND INSPECTION CHARGES

8.1 Stormwater Plan Review and Inspection Fees.

All Development plans submitted to the Department under Chapter 6 of the Department's regulations for stormwater management approvals shall be subject to a plan review fee.

(a) Fees.

(1) A fee of one thousand ~~four~~five hundred and ~~ninety~~fifteen dollars (~~\$1,490~~1,515) shall be due upon submission of the Conceptual Stormwater Management Plan for review.

(2) A fee of ~~one~~two hundred and ~~seventy~~twenty-five dollars (~~\$170~~225) per hour of review time shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(i) Review time shall be based on the City's tabulation of actual hours expended by Department employees or consultants reviewing the plans associated with a particular development project for compliance with Chapter 6 of the Department's regulations.

(3) A fee of three hundred and ~~eighty-five~~seventy-five dollars (~~\$375~~385) for the final inspection of a development project to confirm compliance with Chapter 6 of the Department's regulations shall be due prior to issuance of the Post-Construction Stormwater Management Plan approval.

(b) Refund of fees. The Department shall refund any fees specified above if a plan submittal is not approved or denied within 21 days for conceptual site plans and within 45 days for technical site plans.

8.2 Stormwater Management Fee in Lieu.

The fee in lieu shall be calculated as follows:

(a) For an exemption to only the Water Quality Requirement of Chapter 6 of the Department's regulations the fee in lieu shall be thirty-six dollars (\$36.00) per square foot based on the total Directly Connected Impervious Area within the limit of Earth Disturbance.

8.3 Utility Plan Review Fees.

All Utility Plans submitted to the Department to receive building permit approval in accordance with Administrative Code Section A-305.2.1.6 shall be subject to a plan review fee.

(a) A fee of three hundred and ~~ten~~twenty dollars (~~\$310~~320) shall be due upon submission of the Utility Plan for review.

9.0 FIRE SERVICE CONNECTIONS

Fire service connection charges shall consist of a monthly service charge and a quantity charge and shall be effective September 1, 2023~~4~~, as follows.

9.1 Charges.

(a) Monthly Service Charges.

(1) The monthly service charges for the furnishing of water for the purpose of fire protection effective September 1, 2023~~4~~ and thereafter, shall be as follows:

| <u>Connection Size</u> | <u>Service Charge</u> |
|------------------------|----------------------------------|
| Up through 4-inch | \$ 29.04 <u>29.34</u> |
| 6-inch | 53.81 <u>54.38</u> |
| 8-inch | 80.97 <u>81.81</u> |
| 10-inch | 119.07 <u>120.32</u> |
| 12-inch | 188.23 <u>190.21</u> |

(b) The City may permit fire service connections to its water system outside the City of Philadelphia only in properties contiguous to the City where in the opinion of the Water Commissioner water service for fire protection may be furnished without interference with water service to properties within the City.

(c) Pipe connections to the Philadelphia water system, meters and other service requirements shall be in accordance with the standard fire service requirements of the Department.

(d) Quantity Charges.

(1) In addition to the service charge, the quantity charge portion of each bill is determined by applying the quantity charge rate shown below to all water use. In addition, the quantity charge will also include a TAP Rate Rider Surcharge, as set forth in Section 10.

Effective September 1, 2023~~4~~ and thereafter, the quantity charge shall be as follows:

1 Mcf = 1,000 cubic feet = 7,480 gallons

| <u>Monthly Water Usage</u> | <u>Base Charge Per Mcf</u> | <u>TAP-R Per Mcf</u> | <u>Total Charge Per Mcf</u> |
|----------------------------|-----------------------------------|----------------------|-----------------------------------|
| First 2 Mcf (0 to 2 Mcf) | \$61.14 <u>\$66.42</u> | \$0.21 | \$61.35 <u>\$66.63</u> |
| Next 98 Mcf | 54.93 <u>59.72</u> | 0.21 | 55.14 <u>59.93</u> |

| | | | |
|-----------------------------|--------------------------|-------------|--------------------------|
| (2.1 to 100 Mcf) | | | |
| Next 1,900 Mcf | <u>42.5546.27</u> | 0.21 | <u>42.7646.48</u> |
| (100.1 to 2,000 Mcf) | | | |
| Over 2,000 Mcf | <u>41.4045.03</u> | 0.21 | <u>41.6145.24</u> |

Note: Actual TAP-R rates are subject to Annual Reconciliation and the determination of the Rate Board.

(e) The provisions in this Section apply to all fire service connections.

9.2 Payment.

All billings for the above services are due and payable when rendered, unless stated otherwise herein, and are subject to such penalties for late payment as is prescribed by current ordinance or as may be amended. Payments for permits shall be made in full prior to any permit being issued.

10.0 PROVISIONS FOR RECOVERY OF THE TIERED ASSISTANCE PROGRAM (TAP) COSTS

The lost revenue related to TAP (the “TAP Costs”) will be recovered via a separate TAP Rate Rider Surcharge Rate (TAP-R), which would be added to the water, fire service and sewer quantity charge rate schedules. This TAP-R shall be increased or decreased for the next rate period to reflect changes in TAP costs, and will be calculated and reconciled on an annual basis in the manner set forth below.

10.1 Computation of the TAP-R

(a) The TAP-R Equation

The TAP-R shall be computed to the nearest one-hundredth of a dollar per MCF (\$0.01/MCF) in accordance with the formula set forth below:

$$\text{TAP-R} = \frac{(C) - (E + I)}{S}$$

The TAP-R so computed, shall be applied as an adder to the water, fire service connection and sewer quantity charge base rate schedules set forth for water in Section 2.1 (c); sewer in Section 3.3 (b); and fire service in Section 9.1 (d), of these Rates and Charges. As a result, the TAP-R shall consist of two sub-components:

- (1) A “Water TAP-R” added to the water and fire service quantity “base rate” (\$/MCF); and

(2) A “Sewer TAP-R” added to the sewer quantity “base rate” (\$/MCF).

During the rate periods that TAP-R is effective, to recover the TAP Costs through Water TAP-R and the Sewer TAP-R respectively, the total TAP Costs determined for a given rate period will be apportioned between water and wastewater utilities based on the proportion of water and wastewater net revenue requirement respectively to total net revenue requirement. The percent allocation of TAP Costs between water and wastewater utilities will be as follows:

- (i) Water TAP Cost Allocation: 42%
- (ii) Sewer TAP Cost Allocation: 58%

(b) Definitions

In computing the TAP-R pursuant to the formula above, the following definitions shall apply:

- (1) **TAP-R** - TAP Rate Rider Surcharge Rate (\$/MCF).
- (2) **C** – Cost in dollars of the estimated TAP Billing Loss for the projected period.
- (3) **E** - The net over or under collection of the TAP-R surcharge amount for the Most Recent Period. The net over or under collection will be calculated by comparing the actual TAP Revenue Loss (resulting from discounts provided to TAP Customers) with the actual TAP-R surcharge amounts billed to Non-TAP Customers. Both the TAP Revenue Loss and the TAP-R billings, that are determined for the rate periods, will be adjusted for collections by applying the Department’s system-wide collection factor of 96.99%.
- (4) **I** - Interest on any over or under recovery of the TAP-R for the Most Recent Period. Interest will be computed on a monthly basis using a simple annual interest rate. The interest rate will be based upon the yield to maturity of a particular date of United States Treasury securities with a constant maturity for a 1-year Treasury as compiled and published in the Federal Reserve Statistical Release H.15 (519) for the United States Treasury¹, as it exists each year as of the first day of the month, preceding the month of the annual reconciliation submission to the Rate Board.
- (5) **S** - Projected sales in MCF for Non-TAP customers.

¹ Currently available at <https://www.federalreserve.gov/releases/h15/>.

(6) **Most Recent Period** – The Current Fiscal Year and/or the period for which TAP-R reconciliation is performed.

(7) **Next Rate Period** – The fiscal year and/or the period that immediately follows the Most Recent Period, and in which the TAP-R is effective.

10.2 Filing with the Philadelphia Water, Sewer and Storm Water Rate Board

The Water Department shall initiate the annual TAP Rate Rider Reconciliation by filing an advance notice with the Philadelphia Water, Sewer and Storm Water Rate Board (the “Rate Board”) and City Council in accordance with the procedures and standards established by the Rate Board through its regulations.

10.3 TAP-R Surcharge Rates

(a) Water TAP-R

The Water TAP-R portion of each water bill is determined by applying the Water TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

(1) Effective September 1, 2023 and thereafter, the Water TAP-R surcharge shall be \$0.21 per Mcf as determined by the annual reconciliation filing.

(b) Sewer TAP-R

The Sewer TAP-R portion of each sewer bill is determined by applying the Sewer TAP-R surcharge rate shown below to all water use.

| |
|--|
| 1 Mcf = 1,000 Cubic Feet = 7,480 gallons |
|--|

(1) Effective September 1, 2023 and thereafter, the Sewer TAP-R surcharge shall be \$0.34 per Mcf as determined by the annual reconciliation filing.

Summary of Public Input Hearings

**Philadelphia Water Department
2023 Rate Proceeding
Rate Period: FY 2024 and FY 2025**

Summary of Public Input Hearings

Public Input Hearing Held March 22, 2023 at 3:00 p.m.

Hearing Officer Marlene Chestnut
Stephen Liang, Legal Assistant, City of Philadelphia
Andre Dasent, Counsel for PWD
Glen Abrams, Public Affairs Department of PWD
Robert W. Ballenger, Community Legal Services, Inc. (Public Advocate)
Lance Haver, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD
- Robert W. Ballenger made an opening statement for the Public Advocate
- Lance Haver made an opening statement

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|--|---|
| Roxanne Crowley — on behalf of: Philadelphia Legal Assistance | Commented on collection efforts related to TAP Participants and expressed concern regarding the practice of sequestration of non-rental properties due to unpaid water sewer charges |
| | <i>PWD indicated that it would reach out to further understand the problem</i> |
| Adam Nagel — on behalf of: PennFuture | Indicated that the City should allocate funds that the City received from the American Rescue Plan Act (ARPA) to PWD Believes that proposed rate increase is the wrong approach, given the potential for ARPA funds |
| Lola Muhmmad | Expressed concern over landlord ratepayers passing on information and increased rates to renters. Renters may not see the bills. Questioned the rate increase in light of the recently announced federal dollars and rate increases by other utilities |
| | <i>PWD indicated that it would reach out to further understand the problem being faced by renters (with landlord ratepayers)</i> |
| | <i>The Public Advocate indicated that it was concerned about renters, and is looking for ways (over time) to deal with this issue</i> |
| Tyrone Webb | Questioned the need for a rate increase, given inflation and COVID |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs</i> |

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|-------------------------|--|
| Joi Neal | Expressed concern on the impact of the proposed rate increase on senior citizens (parents), especially given food insecurity and rate increases by other utilities |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs</i> |
| Quincin Terry | Indicated that current rates are not affordable and expressed concern on the impact of the proposed rate increase |
| Ikiea Price | Expressed concern on the impact of the proposed rate increase on her circumstances |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs</i> |
| Krisshorna Walker | Questioned the amount of bills for zero usage |
| | Inquired about the residency of Rate Board members |

Public Input Hearing Held March 22, 2023 at 6:00 p.m.

Hearing Officer Marlene Chestnut

Stephen Liang, Legal Assistant, City of Philadelphia

Andre Dasent, Counsel for PWD

Carl R. Shultz, Counsel for PWD

Sarah C. Stoner, Counsel for PWD

Glen Abrams, Public Affairs Department of PWD

Robert W. Ballenger, Community Legal Services, Inc. (Public Advocate)

Kinteshia Scott, Community Legal Services, Inc. (Public Advocate)

Joline Price, Community Legal Services, Inc. (Public Advocate)

Lance Haver, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD
- Robert W. Ballenger made an opening statement for the Public Advocate
- Lance Haver made an opening statement

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|-------------------------|--|
| Patrick Fizz | Expressed concern on the impact of the proposed rate increase on his circumstances, as a new homeowner |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs</i> |
| Alice Wright | Expressed concern on the impact of the proposed rate increase on her circumstances, as a senior citizen. Mentioned food security issues. |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs</i> |
| Constance Thompson | Questioned PWD's efforts to collect unpaid water rates |

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|------------------------------------|---|
| | Expressed concern on the impact of the proposed rate increase on senior citizens |
| Sherri Brown | Questioned the rate increase in light of the recently announced loans to the PWD and other federal dollars |
| Anthony Jones | Questioned how PWD will use the proposed rate increase |
| Jemrah Johnson | Questioned the lack of assistance programs for younger customers |
| Hazel Patterson | Expressed concern on the impact of the proposed rate increase on her circumstances, as a senior citizen. Complained about being back-billed for actual usage after her meter was replaced. |
| | <i>PWD indicated that it would investigate this customer's situation and eligibility for water assistance programs</i> |
| Patrick Fizz (Repeat Commenter) | Questioned the impact of public input on proposed rates and charges |
| Charlene Langston | Questioned the income threshold for the senior citizen discount. |

Public Input Hearing Held March 23, 2023 at 3:00 p.m.

Hearing Officer Marlene Chestnut

Stephen Liang, Legal Assistant, City of Philadelphia

Andre Dasent, Counsel for PWD

Carl R. Shultz, Counsel for PWD

Glen Abrams, Public Affairs Department of PWD

Robert W. Ballenger, Community Legal Services, Inc. (Public Advocate)

Joline Price, Community Legal Services, Inc. (Public Advocate)

Lance Haver, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD
- Joline Price made an opening statement for the Public Advocate
- Lance Haver made an opening statement

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|-------------------------|--|
| Tammy Woods | Questioned the existence of rates and charges for stormwater, and that those rates and charges should be eliminated because it is not a usage-based charge. |
| Harvey Chanin | Expressed concern over rate increases by all utilities on the quality of life of low-income children and their families, given the poverty rate and inflation in Philadelphia Believes that black and Latino families have their water service terminated at a disproportionate rate, since 2012. |

| Commenter | Summary of Public Input |
|-----------------------------------|---|
| | <p>Expressed concern that pandemic-based assistance programs have or will end.</p> <p>Indicated that economic hardships lead to poor health for children</p> <p>Indicated that PWD always outperforms its projections, rather than using the money it should have saved it unanticipated net revenues</p> <p>Questioned why the City is not helping PWD by allocating ARPA funds to PWD to prevent the need for rate increases</p> <p>Indicated that participation rates in PWD’s assistance programs have not gone up enough. Questions what the City is doing to help.</p> |
| Qiana Shedrick | <p>Indicated that there are more than 50,000 water customers eligible for shutoff.</p> <p>Questioned the prior increase in the restoration fee, since customers who have unpaid water bills cannot be expected to pay even half of the higher restoration fee</p> <p>Questioned if PWD has requested more state and federal funding, so that customers can receive grants to help them pay their unpaid water bills</p> <p>Indicated that the PWD offices are being renovated. Questioned if there were internal budget cuts to cover the cost of the renovations</p> <p>Questioned the timing of the rate increase, given inflation being experienced by the residents of Philadelphia</p> |
| | <i>PWD indicated that it give details on the renovations at its office</i> |
| John Mosser | <p>Questioned the need to renovate the PWD offices</p> <p>Indicated that the preliminary statements of the participants were too long.</p> <p>Indicated that PWD should “live within its means,” and questioned what PWD is doing to live within its budget.</p> |
| | <i>PWD (again) indicated that it give details on the renovations at its office.</i> |
| Tammy Woods (Repeat Commenter) | Asked the Hearing Officer to identify herself |
| Usman Razak | Questioned if water quality would improve, indicated that home “self-tests” have indicated that water from his tap is not safe to drink |

| Commenter | Summary of Public Input |
|------------------|--|
| | <i>PWD indicated that it would investigate this customer's situation and water quality</i> |

Public Input Hearing Held March 23, 2023 at 6:00 p.m.

Hearing Officer Marlene Chestnut

Stephen Liang, Legal Assistant, City of Philadelphia

Andre Dasent, Counsel for PWD

Sarah C. Stoner, Counsel for PWD

Glen Abrams, Public Affairs Department of PWD

Robert W. Ballenger, Community Legal Services, Inc. (Public Advocate)

Joline Price, Community Legal Services, Inc. (Public Advocate)

Lance Haver, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD
- Joline Price made an opening statement for the Public Advocate
- Lance Haver made an opening statement

| Commenter | Summary of Public Input |
|---|--|
| Katherine Lupton | <p>Expressed concern on the impact of the proposed rate increase on senior citizens, given inflation and cost of living.</p> <p>Indicated that Philadelphia is the poorest, largest city.</p> <p>Understands that City has flexibility to allocate funds from the American Rescue Plan Act (ARPA) to PWD. Why can't Department demand ARPA money from City?</p> <p>Expressed concern because City taxes are increasing, and City services are decreasing.</p> |
| Terrence Chambers — on behalf of: Workers' Benefit Council | <p>Opposes the rate increase</p> <p>Indicated that many in Philadelphia are facing hardships, due to job insecurity, job loss, and the ending of pandemic-based assistance benefits/programs.</p> <p>Demand to end all water shut-offs for households at or below 300% of Federal Poverty Level (FPL) or in their entirety.</p> <p>Demand to limit percentage of income based rates be capped at 6% for households at or below 300% of FPL. Extend above 300% if they can show financial hardship.</p> <p>Demand clean water for everyday use.</p> |

| <u>Commenter</u> | <u>Summary of Public Input</u> |
|-------------------------|--|
| Laverne Friend | <p>Opposes the rate increase</p> <p>Referenced three sources of funding that should be available to PWD</p> <p>Questioned if the Water Department is being sold and was advised by Hearing Officer Marlene Chestnut that it is not being sold</p> |
| Aquanetta Harrison | <p>Opposes the rate increase</p> <p>Cited concerns regarding cost of water bills considering her conservation efforts</p> <p>Expressed irritation regarding requirement to replace water meter</p> |
| | <i>PWD offered to discuss information regarding eligibility requirements for customer assistance programs with her directly</i> |
| Angela Christine Foster | <p>Endorsed demands of Workers' Benefit Council</p> <p>Cited PWD rate increases in past ten years</p> <p>Expressed concern on the impact of the proposed rate increase on her circumstances and the impacts on special needs children, those with medical conditions, and others in need</p> <p>Questioned why there is a rate increase request when the population in Philadelphia is growing</p> |
| | <i>PWD indicated that it would investigate this customer's eligibility for water assistance programs and discuss with her directly</i> |
| Keith Jackson | <p>Opposes the rate increase</p> <p>Asked what measures the City has taken to evaluate strategic partnerships or alternative strategies to curb costs</p> <p>Wants Department to seek out external funds</p> |
| Freida Williams | <p>Asked for clarification regarding deadline for testimony and written public comment</p> <p>Puzzled and insulted by requested rate increase</p> <p>Inquired about the date of the last rate increase, percentage of the last rate increase and amount of last rate increase</p> <p>Asked whether the water department has a surplus</p> <p>Expressed desire for evaluation of cost cutting measures before rate relief granted</p> |

| Commenter | Summary of Public Input |
|--|--|
| | Hearing Officer Marlene Chestnut offered for the Public Advocate to connect with Ms. Williams to discuss how the Public Advocate is scrutinizing the Water Department's filing |
| Kate Stoler | Opposes rate increase and has concern for elderly neighbors Stormwater management does not appear to be taken care of in Kensington; cited concerns with water in basement and expense already paid to install own stormwater management system |
| | <i>PWD offered to discuss management of stormwater with Ms. Stoler</i> |
| Marcia Garfield | Reiterated points made by Ms. Williams |
| | Asked PWD to use its resources wisely and examine cost savings |
| Antonia Batts— on behalf of: Workers' Benefit Council | Opposes rate increase |

Summary of Public Advocate Adjustments

| Adjustments | FY 2024 | FY 2025 | Summary Category |
|--|------------|------------|------------------|
| | (\$1,000) | (\$1,000) | |
| 1 Revised calculation of the sales volume per account (water customers) to reflect a three-year average | (\$5,610) | (\$5,871) | Rev |
| 2 CIP - removed the inflation escalation related to FY 2025 projects | \$0 | (\$30,188) | Excluded |
| 3 CIP - used an average of the amounts to be rolled over from prior years into FY 2024 and FY 2025 | (\$82,940) | (\$56,614) | Excluded |
| 4 Utilized the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Services | (\$7,765) | (\$15,606) | 200 |
| 5 Utilized the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Materials and Supplies | (\$1,298) | (\$2,570) | 300 |
| 6 Utilized the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Transfers | (\$323) | (\$640) | 800 |
| 7 Utilized the core PCE inflation projections from FOMC (2.1% in FY 2025) for Chemical Costs | \$0 | (\$11,442) | 307 |
| 8 Utilized the core PCE inflation projections from FOMC (2.6% in FY 2024, 2.1% in FY 2025) for Equipment | (\$323) | (\$757) | 400 |
| 9 Updated the Construction Fund's beginning balance consistent with new information from PWD | (\$8,662) | (\$8,662) | Excluded |
| 10a 0.5% Decrease from PWD Proposal of 5.5% / Increased the bond interest rate by 1.0% from the rate experienced in FY 2023 (5.0%) | (\$1,917) | (\$3,748) | DS |
| 10b Reduced Bond Issue Amount | (\$3,092) | (\$8,088) | DS |
| 11 Recognized a .50% (50 basis points) increase in the interest paid on funds held by PWD | (\$1,821) | (\$1,999) | Int Inc |
| 12 Improved Collection of TAP Billings (Increase revenues under existing rates) | (\$3,988) | (\$3,988) | Other Rev |
| 13 Improved Collection of TAP Credits (Increase revenues under existing rates) | (\$4,927) | (\$4,927) | Other Rev |
| 14 Remove Lien Filing Fees for TAP (O&M adjustment) | (\$565) | (\$565) | 200 |
| 15 Fund LICAP for PGW/PECO LIURP Customers (O&M adjustment) | \$1,130 | \$1,130 | 200 |
| 16 Fund LICAP for TAP Customers (O&M adjustment) | \$600 | \$600 | 200 |
| 17 PILOT Internal Plumbing Repair Program (O&M adjustment) | \$2,156 | \$2,156 | 200 |
| 18 Increase UESF Funding (O&M adjustment) | \$3,000 | \$3,000 | 200 |
| 19 Liquidated Encumbrances (Schedule LM_JR-3, Line 15a) | \$208 | \$3,290 | Liq Enc |
| 20 Debt Service Coverage (Schedule LM_JR-1, Line 34x) - Decrease from PWD proposed 1.25 to 1.22 (FY 24) and 1.23 (FY 25) | (\$8,729) | (\$8,543) | DS Coverage |

| | | | | |
|----|------------------|-------------|-------------|----------|
| 21 | Total | (\$124,867) | (\$154,032) | |
| 22 | Excluded | (\$91,602) | (\$95,464) | Excluded |
| 23 | Adjustment Total | (\$33,264) | (\$58,567) | |