

2025 GENERAL RATE CASE — RESPONSES TO PUBLIC INPUT HEARING QUESTIONS

The discussion below is provided by the Philadelphia Water Department (PWD or Department) in response to various issues raised by customers who attended the general rate case public input hearings on Tuesday, April 22, 2025 and Wednesday, April 23, 2025. References to PWD Statements 2A, 3, 4B and 7 refer to written testimony and schedules filed in the rate proceeding. All Statements can be found at the Rate Board's [website](#).

Stormwater

1. Inquiries were made about stormwater management for residential customers.

PWD Response: The Department established the Rain Check program in 2012 to help residents manage stormwater and contribute to the health of our local rivers and streams. PWD funds this program as a part of the overall plan to (i) improve stormwater management in the City; and (ii) educate Philadelphia residents as to the importance of managing stormwater runoff. Rain Check fits into the mission of the Department to provide high quality drinking water and related services in the City. The Rain Check program is managed by the Philadelphia Horticultural Society. You can find out more about the Rain Check program at: <https://www.pwdraincheck.org/en/>

Rate Increases

2. An inquiry was made about what would happen without any of the requested rate increases.

PWD Response: As explained in the rate filing, without rate relief, the Department's financial results will continue to deteriorate, and financial reserves will be depleted over time. In short, additional revenues are needed to meet day-to-day operating requirements, replenish financial reserves and support its capital program. The Department cannot continue to run a deficit with rates not high enough to meet revenue requirements (as was the case in FY 2024 and estimated for FY 2025) and using limited financial reserves to make up the difference.

Please also be aware that the Department's financial condition is a major concern to rating agencies and investors. It is particularly concerning for FY 2026 and FY 2027, given the Department's needs to meet its bond requirements (e.g., 90% Test, at least 1.2x debt service coverage) in order to finance its sizeable Capital Improvement Program at reasonable cost.

Please see PWD Statement 2A at 13-19 for a more detailed discussion of this issue.

3. Inquiries were made about where to find the justification for the Department's requested rate increases.

PWD Response: Customers and other interested parties can view the [PWD Rates Presentation](#) on the Rate Board's [website](#).

You can also view all of the public documents for the [2025 General Rate Proceeding](#) on the Rate Board's [website](#).

4. Inquiries were made about eliminating inefficiencies within the Department before requesting rate increases.

PWD Response: The Department has implemented operational changes to achieve efficiencies and cost savings for our customers. Specific examples of ongoing operational savings and efficiencies include those realized in connection with our Northeast Water Pollution Control Plant cogeneration facility, and the ongoing implementation of Advanced Metering Infrastructure. Other examples of programs designed to increase efficiency and reduce the number of disruptive emergency main and sewer repairs include the Linear Asset Management Program and Sewer Infrastructure Assessment Program (PWD Exhibit 5 at 22 (PWD Official Statement, Series 2024C Bonds)).

See also, PWD Statement 2A at pages 7 and 10-11 for savings realized by PWD through (i) temporarily lowering SMIP/GARP costs by \$10 million annually in FY 2025 and FY 2026; (ii) completing two recent bond refinancings (realizing \$22 million in net present value savings); (iii) forgoing the issuance of new money revenue bonds in FY 2026 (saving on associated debt service); (iv) applying for and receiving \$183 million in low-interest PennVest loans; and (v) securing \$22 million in federal grants (offsetting the need for additional debt).

5. Inquiries were made concerning the environmental benefits associated with PWD's requested rate increases.

PWD Response: Key components of the PWD request for rate relief are tied to meeting the requirements of (i) the Long Term Control Plan (Green City, Clean Waters Program); (ii) the planned City-wide lead service line replacement initiative; and (iii) other environmental programs (increased PFAS monitoring and sampling) described in PWD testimony. There are significant environmental as well as health and safety benefits associated with each of these initiatives. See, PWD Statement 4B at pages 2-13 for additional details.

6. Inquiries were made about the affordability of the Department's requested rate increases.

PWD Response: The Water Department recognizes that any increase in rates can be a hardship, especially right now. But this increase is necessary to maintain essential services and address the Department's current and planned projects.

When we request higher rates, we only request what we project will be needed in the coming years, and we show our customers why we are requesting these amounts through this public rate-setting process.

Please also be aware that PWD has a robust and comprehensive customer assistance programs which help low-income customers pay their bills, including the Tiered Assistance Program (or TAP), Senior Citizen Discount, and other programs that are designed to assist vulnerable households.

If you are experiencing hardship, we want to help. You can use one application for TAP, the senior discount or other programs available to assist households. These programs are accessible through our website at www.phila.gov/waterbillhelp or by calling (215) 685-6300 Monday through Friday between 8 a.m. and 5 p.m.

See also, peer utility comparisons provided in PWD Statement 2A, Schedule FP-1 at PDF page 82.

Collections

7. Inquiries were made about collecting from customers who already owe substantial amounts to the Water Department.

PWD Response: WRB has several initiatives that focus on enforcing the collection of water debt from high dollar delinquent customers. First, WRB works with the Law Department to send landlords that owe water debt to the Sequestration program. This program involves the court appointing a Sequestrator to collect rents and pay water debt owed out of those rents. Most landlords enter a settlement agree with the Law Department before getting to that point. Secondly, the Law Department files lawsuits against customers who owe substantial water debt on multiple properties to seek payment for all properties at once. Another initiative is the use of collection agencies for delinquent customers.

8. Inquiries were made about foreclosing (or seizing the assets of) customers who already owe substantial amounts to the Water Department.

PWD Response: PWD and WRB do not use foreclosure proceedings against any properties where people are living. The only instances of PWD filing sheriff sale proceedings against a customer owing water debt is in very narrow cases where the property is verified to be vacant, used exclusively for commercial purposes (nonresidential), or for properties that only have stormwater accounts (no meters). Therefore, for purposes of residential customers living in their homes, PWD and WRB do not foreclose against those “customer assets.”

Lead Service Lines

9. Inquiries were made concerning customer-owned lead service lines.

PWD Response: PWD is compiling an inventory of lead service lines pursuant to federal Lead & Copper Rule regulations (as recently revised). A complete inventory is to be completed by December 31, 2034. During the Rate Period, PWD will reach out to customers to inform them of our plans to (i) identify the material composition of customer service lines (lead, galvanized steel, other materials); and (ii) replace lead service lines City-wide by December 31, 2037. See, PWD Statement 4B at pages 7-11.

Senior Citizen Discount

10. Inquiries were made concerning the income threshold for the senior citizen discount.

PWD Response: The income eligibility threshold for the senior citizen discount is proposed to be increased from \$38,800 (currently) to \$41,100 for the Rate Period (FY 2026-2027). Please see PWD Statement 7 at page 60 and Schedule BV-4: WP-6 (Senior Citizen Discount Threshold Adjustment) for more details.

Capital Program

11. An inquiry was made on the necessity of using bonds to support the capital program.

PWD Response: Using revenue bonds to support the Department's capital program is necessary to minimize the impact on PWD rates. The Department supports its capital improvement program with a combination of tax-exempt bond proceeds, low-interest loans, grants and internally generated funds. PWD has applied for and received \$183 million in low-interest PennVest loans in the recent past. It has also secured federal grants in the amount of \$21 million.

The primary support for capital expenditures is provided through revenue bond issuances. Revenue bonds are necessary to finance capital expenditures over-time much like a mortgage. If annual capital program expenditures (hundreds of millions of dollars) were not funded using revenue bonds, a like amount would be funded through service revenues and would result in a significant increase in customer rates.

As stated in the rate filing, the Department plans no additional borrowing in FY 2026; and a \$400 million new money bond issue in FY 2027. A portion of the debt service for the bond issue in FY 2027 will be paid during the Rate Period. Please see PWD Statement 2A, Schedule FP-1 and PWD Statement 3 at pages 8-14.

Fire Hydrants

12. An inquiry was made concerning how PWD and customers work together to address fire hydrant abuse.

PWD Response: PWD is asking customers to report hydrant abuse and/or malfunction by reaching out to our website www.phila.gov/waterbillhelp or by calling (215) 685-6300 Monday through Friday between 8 a.m. and 5 p.m. This request to our customers will also be communicated via email, blogs and social media. Department personnel will also be vigilant and report hydrant abuse when we see it.