



May 23, 2025

Via Email

Marlane R. Chestnut
Hearing Officer
Philadelphia Water, Sewer and Storm Water Rate Board
c/o Philadelphia Law Department
1515 Arch St., 17th Fl.
Philadelphia, PA 19102

RE: Philadelphia Water Department 2025 TAP-R Reconciliation Proceeding

Dear Hearing Officer Chestnut,

Kindly accept this letter in lieu of a Reply Brief in the above-captioned matter. In light of the stipulations reached, and upon review of the Main Brief of the Philadelphia Water Department (PWD), the Public Advocate reiterates its position, set forth in its Main Brief, that the Philadelphia Water, Sewer and Storm Water Rate Board (Board) should set TAP-R rates, effective September 1, 2025, utilizing an average discount of \$48.95, average TAP participation of 58,796, and average TAP participant usage of 647.¹ These are the assumptions set forth in PWD Hearing Exhibit 2 (column 3) to derive illustrative rates of \$3.44/mcf for water and \$5.02/mcf for sewer. These rates require one minor adjustment, discussed below.

PWD recognizes that, among the various scenarios developed over the course of this proceeding to project TAP-R rates, the methodology reflected in PWD Hearing Exhibit 2 (column 3), which relies upon the use of twelve months of actual data, is reasonable. PWD identifies this as its “tertiary” position and refers to it as a “low end,”² but it is in fact the “middle” proposal between the various positions advanced in this proceeding. PWD acknowledges the reasonableness of this approach,³ which relies upon the most recent twelve-months’ actual data to project TAP-R rates.⁴ As set forth in more detail in the Public Advocate’s Main Brief, this approach accounts for the seasonal fluctuation in usage and TAP discounts. Indeed, usage and discounts are significantly and consistently lower in the majority of months omitted by PWD’s preferred proposal.⁵ Failure to account for this variation by using a seven-month period, as submitted by PWD, would overstate TAP-R discounts producing excessive rates.

¹ PA M.B. at 4-9.

² PWD M.B. at 1, 25-26.

³ PWD M.B. at 1, n. 3, 23 (describing the twelve-month average as a “middle ground between the Advocate and PWD”), 29 (“the 12-month average of the most-recent data is far more reasonable....”), 34 (twelve-month average usage acknowledged as reasonable).

⁴ PWD M.B. at 23, 29

⁵ PA M.B. at 6-8



Moreover, as discussed in the Public Advocate's Main Brief, use of seven months of data for discounts and usage is inconsistent with the agreed-upon TAP-R methodology, endorsed by the Board in its 2018 General Rate Proceeding.⁶ PWD's contentions that only data from the most recent rate period should be utilized⁷ and that future participation should be based on a single months' data⁸ fundamentally depart from the approved methodology for TAP-R and are totally inconsistent with the methodology PWD has itself proposed in each of the last two reconciliation proceedings.⁹

The Public Advocate notes that PWD must still recalculate the resulting TAP-R rates in order to utilize the water and sewer allocation stipulated to by PWD and the Public Advocate. That allocation is not reflected in Hearing Exhibit 2 (column 3).¹⁰ Accordingly, the Hearing Officer Report should require PWD to recalculate TAP-R rates to reflect the updated allocation. Furthermore, PWD should be required to circulate the workpapers utilized to produce the resulting rates so that participants may confirm or identify any potential errors prior to the Board's final action.

For the reasons set forth herein, and in the Public Advocate's Main Brief, TAP-R rates should be projected using the most recent twelve-months' data available, as there is no dispute that this methodology is reasonable.

Respectfully submitted,

/s/ Robert W. Ballenger
Robert W. Ballenger, Esq.
For the Public Advocate

⁶ See PA M.B. at 4, n. 7.

⁷ PWD M.B. at 31,

⁸ PA M.B. at 4.

⁹ See PA M.B.

¹⁰ See PWD M.B. at 3, 38-41.