

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

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges	Fiscal Years 2026-2027
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**MAIN BRIEF OF THE
PHILADELPHIA WATER DEPARTMENT**

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I. INTRODUCTION

The Philadelphia Water Department (“PWD” or “Department”) filed for increases in rates in order to ensure the stability of the utility.¹ This Brief supports the Department’s proposed rates and charges, as amended by the Partial Settlement between Department and the Public Advocate (“Advocate” or “PA”) (collectively, the “Joint Petitioners”), to increase rates and charges for the recovery of additional revenues for two fiscal years,² FY 2026 and FY 2027³ (collectively, the “Rate Period”).⁴ This Brief also responds to the issues not resolved by the Partial Settlement.

The Department and the Advocate reached an agreement as to the incremental increase in base rate revenues for each fiscal year of the Rate Period. That agreement was memorialized in the “Partial Settlement” filed with the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board” or “Board”). In addition to the incremental increase in base rate revenues,⁵ the Department and Advocate also reached agreement on other issues raised by the Advocate.⁶ If

¹ PWD Schedule 2A at 11. The Department efforts are summarized in Schedule FP-1 and more specifically addressed in Schedule FP-8.

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 (“TAP”) discounts and TAP Rate Rider Surcharge (“TAP-R” or “TAP Rider”) revenues. *See*, PWD Statement 7. These 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, 2025 to June 30, 2026 (“FY 2026”) with proposed rates effective September 1, 2025 and one for the period of July 1, 2026 to June 30, 2027 (“FY 2027”) with proposed rates effective September 1, 2026. *See*, PWD Statement 7 at 5-6.

⁴ The Rate Period is part of a larger “Study Period” (from FY 2025 to FY 2030), which is mandated by the City’s financial planning requirements. PWD Statement 7 at 4, 10. Longer 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 Partial Settlement at ¶ 12.A.

⁶ Partial Settlement at ¶ 12.A.

they did not explicitly agree on an issue, the Advocate agreed to withdraw its recommendations without prejudice.⁷ The remaining (non-resolved) issues were reserved for litigation.

Consistent with the Partial Settlement,⁸ the Department is proposing annual incremental revenue increases of approximately **\$60.920** million (Table C-1A, line 4) effective on September 1, 2025 for FY 2026 and an additional **\$54.000** million (line 5) effective on September 1, 2026 for FY 2027. They are reasonable reductions from the Department's original request. For FY 2026, the Partial Settlement increases rates (Table C-1A, Line 4) by \$60.920 million, which is reduced from the Department's original request of \$73.630 million for FY 2026. For FY 2027, the Partial Settlement increases rates (Table C-1A, Line 5) by \$54.000 million, which is reduced from the Department's original request of \$58.858 million in FY 2027.

The Department prioritizes keeping water rates affordable for all.⁹ With that in mind, the Department emphasizes that there is a "safety net" to protect our most vulnerable (residential) customers. Specifically, the Department offers a variety of payment assistance options and discounts for eligible customers, including:

- The Tiered Assistance Program ("TAP").¹⁰ TAP participants are shielded from proposed rate increases as their bills are based on a percentage of household income. Customers enrolled in TAP will not spend more on bills from the Department, since they will continue to receive a consistent bill from the Department that is based upon a percentage of their household income.

⁷ Partial Settlement at ¶ 12.B.

⁸ The Department's supporting documentation for the black box settlement is provided in Appendix A.

⁹ PWD Statement 1 at 3.

¹⁰ PWD Statement 5.

- Discounts to eligible groups,¹¹ 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.¹² UESF provides financial assistance to low-income individuals and families who are facing utility terminations or who have had their utilities shut off.¹³

Other important customer protections include the following:

- The minimum delinquency threshold eligible for shutoff is \$1,000.¹⁴ For the typical customer currently, that is over 11 months of service.
- Established Raise Your Hand program to protect certain vulnerable households (e.g., those who identify themselves as vulnerable with seniors, young children or infirm members whose service is either subject to shutoff or actually shut off).

II. BACKGROUND AND PROCEDURAL HISTORY

A. Overview of the Department

The Department is an operating department of the City.¹⁵ PWD provides integrated water and wastewater services, including services for sanitary wastewater and 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.¹⁶

Under the Philadelphia Home Rule Charter (“Charter”), the Department is responsible for operating, maintaining, repairing and improving the City’s water and sewage conveyance

¹¹ PWD Statement 5. Schedule SMC-2 shows proposed changes to the Charity Rate Regulations.

¹² PWD Statement 5.

¹³ <https://uesfacts.org/our-programs/utility-grant-program/>

¹⁴ PWD Statement 5 at 14.

¹⁵ PWD Statement 1 at 2.

¹⁶ PWD Statement 1 at 2. The Department currently has ten wholesale wastewater service contracts and one wholesale water service contract. PWD Exhibit 5 at 30.

systems and wastewater treatment plants.¹⁷ The Department operates under a dedicated Water Fund established to ensure that the revenues received from our customers are used only for Department purposes.¹⁸

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.¹⁹

B. Order of Proceedings

On February 18, 2025, the Department filed its [Advance Notice](#) with Philadelphia City Council (“City Council”) and the Rate Board communicating the Department’s proposed changes in water, sewer, and stormwater rates and related charges to take effect on September 1, 2025 (for FY 2026) and on September 1, 2026 (for FY 2027). On March 31, 2025, the Department filed its [Formal Notice](#)²⁰ with the Rate Board and the Department of Records of these proposed changes in rates and charges.

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

¹⁷ PWD Statement 1 at 2.

¹⁸ PWD Statement 1 at 2.

¹⁹ PWD Statement 1 at 2-3.

²⁰ A updated [filing index with links](#) was posted at the Rate Board’s website.

- PWD Statement 1 is by the Water Commissioner, Randy E. Hayman. The Commissioner’s direct testimony was [amended](#). The Commissioner’s [resume](#) is attached to his original testimony.
- The financial panel, [PWD Statement 2A](#), consists of Lawrence Yangalay (Department’s Deputy Commissioner of Finance), Lawrence Rich (Assistant Deputy Commissioner of Finance) and Patricia Rogalski (PWD Fiscal Analyst Manager). They were joined at the technical hearings 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](#).
- The capital panel, [PWD Statement 3](#), consists of Stephen J. Furtek (General Manager of the Engineering and Construction Division), Vahe Hovsepian (Water Engineering Assistant Manager, Projects Control Unit), Matthew Fulmer (Capital Program Manager) and William Dobbins (Manager, Facilities and Water & Sewer Sections, in the Design Branch).
- The operations panel, [PWD Statement 4A](#),²¹ consists of Benjamin Jewell (First Deputy Commissioner), Brendan Reilly (Assistant Deputy Commissioner of Field Operations), Linda Kramer (Manager of Water Treatment) and Stephen Junod (Water Operations Administration Manager).
- Marc Cammarata, the Deputy Water Commissioner for Planning and Environmental Services for the Philadelphia Water Department ([PWD Statement 4B](#)).
- The panel from the Water Revenue Bureau, [PWD Statement 5](#),²² consists of Susan M. Crosby (Deputy Revenue Commissioner for Water) and Lakisha Gaymon-Foreman (Manager of the Customer Assistance Programs Division within the WRB).
- The Raftelis Financial Consultants panel (“Raftelis” or “RFC”) consists of Jon Pilkenton Davis, Henrietta Locklear, and Jennifer (Fitts) Tavantzis ([PWD Statement 6](#)).

²¹ [Schedule BR-1](#) (March 2025) replaced in its entirety Brendan Reilly’s prior resume of February 2025 to reflect his new position and responsibilities.

²² [Schedule SMC-2](#) (March 2025) replaced in their entirety the proposed regulations of February 2025 to reflect various changes for style and clarity.

- The Black & Veatch panel (“Black & Veatch” or “B&V”) consists of Ann Bui, Dave Jagt, Brian Merritt, and David Sayers ([PWD Statement 7](#)).²³
- The communication and engagement panel, [PWD Statement 8](#), 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); [PWD Exhibit 2](#) (Summary Fact Sheet); PWD Exhibit 3²⁴ (Proposed Rates and Charges); [PWD Exhibit 4](#) (Documents Incorporated by Reference); [PWD Exhibit 5](#) (Official Statement - Series 2024C); [PWD Exhibit 6](#)²⁵ (Supplemental Financial, Engineering and Other Data, Black & Veatch Workpapers) and [PWD Exhibit 7](#) (Consent Order and Agreement, June 1, 2011).

Pursuant to the [regulations](#) of the Rate Board, Community Legal Services²⁶ (“CLS”) was selected by the Rate Board to act as the 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.²⁷ The Rate Board appointed Marlane R.

²³ An [additional table](#) was added to Appendix A in March 2025. [Appendix H – Table 1](#) (March 2025) replaces the prior Appendix H – Table 1. A typographical error was corrected in an [errata](#) in May 2025.

²⁴ PWD Exhibit 3 consists of four documents: [PWD Exhibit 3A](#) - Proposed Rates and Charges for FY 2026 (Clean); [PWD Exhibit 3B](#) - Proposed Rates and Charges for FY 2026 (Redlined); [PWD Exhibit 3C](#) - Proposed Rates and Charges for FY 2027 (Clean); [PWD Exhibit 3D](#) - Proposed Rates and Charges for FY 2027 (Redlined).

²⁵ Black & Veatch [work papers](#) (calculations supporting Schedules BV-1 and BV-2) were provided for PWD Exhibit 6.

²⁶ While the Rate Board’s budget comes from the Water Fund, supported by customer rates, the Rate Board pays the 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.*

²⁷ Rate Board Regulations at § I.(n), II.B.2.

Chestnut to act as the Hearing Officer²⁸ and retained Amawalk Consulting to provide technical services to the Rate Board.²⁹

In addition to the Department and the Advocate, participants included the Water Revenue Bureau (“WRB”),³⁰ the Philadelphia Large Users Group (“Large Users Group” or “PLUG”)³¹ as well as two individual customers: Lance Haver and Michael Skiendzielewski.³²

An on-the-record prehearing conference to address preliminary procedural issues was held via teleconferencing software Zoom in this proceeding on [April 8, 2025](#).³³ 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.³⁴ Participating either *pro se* or through counsel were the Department, the Advocate, the Water Revenue Bureau, the Large Users Group, Mr. Haver and Mr. Skiendzielewski.³⁵ At that prehearing conference, a schedule was adopted and directives were issued regarding discovery and the holding of

²⁸ Rate Board Regulations at § I.(n), II.B.1.

²⁹ Rate Board Regulations at § I.(n), II.B.3.

³⁰ 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.

³¹ 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.

³² The Department, the Advocate, WRB, PLUG, Mr. Haver and Mr. Skiendzielewski are collectively referred to as the “Participants.” PECO observed the proceeding. Prehearing Conference Transcript at 5-6.

³³ https://www.phila.gov/media/20250411152422/52964_2025-General-Rate-Proceeding_-_040825_Full.pdf
See also the Prehearing Conference Order dated April 11, 2025, <https://www.phila.gov/media/20250411152417/GRP-PHC-Order-2025-FINAL.pdf>.

³⁴ *Id.*

³⁵ *Id.*

hearings.³⁶ These determinations were memorialized in a [Prehearing Conference Order](#) dated April 11, 2025.³⁷

The Rate Board made its financial spreadsheet model³⁸ (which is known as the “Simple Model”) available to Participants. At that time, it also provided a booklet containing an overview and instructions on using the Simple Model. Participants are not required to use the Simple Model,³⁹ but they may use it if they want to demonstrate the overall impact of their proposals on the Department’s proposed revenue increase in a way that will make it easier to compare and analyze competing proposals.

Four public input hearings were convened. Two of these hearings were in-person; two of these hearings were conducted remotely, with the option to participate via Zoom online or telephonically. The Rate Board, the Department and the 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/ 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 in person starting at [1:00 p.m.](#) on Tuesday, April 22, 2025, and virtually starting at [6:00 p.m.](#) that same day. The other hearings were held virtually starting at [1:00 p.m.](#) on Wednesday, April 23, 2025 and in-person starting at [6:00 p.m.](#) that same day. The Department provided [written responses](#) to certain questions from the public hearings. The

³⁶ Prehearing Conference Order, <https://www.phila.gov/media/20250411152417/GRP-PHC-Order-2025-FINAL.pdf>

³⁷ *Id.*

³⁸ *See*, Rate Board Regulation § I(l.1) (definition of “Model”).

³⁹ *See*, Rate Board Regulation § II.B.7.

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.

The [Prehearing Conference Order](#) directed participants to file testimony in response to the Department's filing. That was done as follows: The Advocate submitted the direct testimony of Lafayette K. Morgan, Jr. ([PA Statement 1](#) with [errata](#)), Jerome D. Mierzwa ([PA Statement 2](#)), and Roger D. Colton ([PA Statement 3](#)), each with accompanying schedules and/or exhibits. ; PLUG submitted the direct testimony of Richard Baudino ([PLUG Statement 1](#)) with accompanying schedules and/or exhibits; Mr. Haver submitted his [direct](#) and [supplemental](#) direct testimony; and Mr. Skiendzielewski submitted three "motions and testimony" ([MS St. 1](#), [MS St. 2](#) and [MS St. 3](#)).

Pursuant to the schedule in the [Prehearing Conference Order](#), as [amended](#), rebuttal testimony was filed and served by the Department as follows:

- [PWD Rebuttal Statement 1R](#) addressed the testimony of Advocate witnesses Mr. Morgan.
- [PWD Rebuttal Statement 2R](#) addressed the testimony of Advocate witness Mr. Mierzwa.
- [PWD Rebuttal Statement 3R](#) addressed the testimony of Advocate witness Mr. Colton.
- [PWD Rebuttal Statement 4R](#) addressed the testimony of PLUG witness Mr. Baudino.
- [PWD Rebuttal Statement 5R](#) addressed the testimony of Mr. Haver.
- [PWD Rebuttal Statement 6R](#) addressed the "motion and testimony" of Mr. Skiendzielewski.

The Advocate submitted [rebuttal testimony](#) in response to the direct testimony of Richard Baudino submitted on behalf of PLUG. PLUG submitted [rebuttal testimony](#) to respond to certain recommendations in the direct testimony filed by Jerome Mierzwa and Roger Colton on behalf of the Advocate.

Mr. Haver did not submit rebuttal testimony.

Mr. Skiendzielewski did not submit rebuttal testimony.

Information exchange (discovery) started in February 2025 and continued through May 16, 2025. In that time period, the Department received and responded (or objected) to more than 330 formal and informal information requests from the active participants (such as the Advocate, PLUG, and Mr. Haver). The requests and responses are posted on the Rate Board's [website](#).

A further pre-hearing conference was held on Tuesday, May 20, 2025 to address procedural and housekeeping issues (prior to the start of the technical hearings).

Virtual technical (evidentiary) hearings were held on Wednesday, May 21, 2025 and Thursday, May 22, 2025. Legal notices related to the technical and public hearings were timely published in local newspapers. These notices as well as outreach by PWD are set forth in PWD Hearing Exhibit 1. Outreach by the Advocate is set forth in PA Hearing Exhibit 1. Both PWD Hearing Exhibit 1 and PA Hearing Exhibit 1 were posted on the Rate Board's [website](#).

At the start of the technical hearing on Wednesday, May 21, 2025, the Department and the Advocate indicated that they engaged in discussions to try to achieve a settlement of some or all of the issues in this case and that, as a result of those discussions, agreed to the incremental increase in base rate revenues for FY 2026 and FY 2027 as well as certain other issues. That

agreement was memorialized in the Joint Petition for Partial Settlement (“Joint Petition” or “Partial Settlement”) that was filed with the Rate Board and posted on the Rate Board’s website.

At the conclusion of the technical hearings, certain items including (i) PWD Hearing Exhibit 1 regarding PWD outreach relating to the hearing; (ii) the transcript of the technical hearings; (iii) the Hearing Officer’s report; (iv) participant briefs and other submissions to the Hearing Officer and the Rate Board; and (v) 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) Friday, May 30, 2023.

By Tuesday, July 29, 2025 (within 120 days of PWD’s Formal Notice), the Rate Board must make 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 Hearings and Comments

The testimony at the public hearings was transcribed, and the transcripts are available on the Rate Board's [website](#). Overall, the public hearings were well attended; twenty-three people testified at the public hearings and there were also additional observers who did not participate directly. The testimony presented at these hearings is summarized in Appendix B. The Department filed written responses to issues raised in testimony presented at the public input hearings. The Rate Board also received [written comments](#) from nineteen customers. The majority

of those comments focused on ability to pay issues. Some of the written comments questioned the Department’s policies and decisions.

D. City Council

Both of the Department’s budgets (operating and capital) for FY 2026 are being reviewed by Philadelphia City Council (“City Council”). The Budget Hearings for the Department were held on April 2, 2025.⁴⁰ 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 Philadelphia Home Rule Charter (“Charter”) conveys authority to the Department to operate the Water and Wastewater Systems.⁴¹ 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

⁴⁰ <https://phlcouncil.com/budget2026/>.

⁴¹ “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.

and debt incurred or about to be incurred by the Department.⁴² The Charter intends that the fixing and regulating of the Department's rates and charges be removed from political pressures.⁴³

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, Section 13-101 (the "Rate Ordinance") and the 1989 General Ordinance (hereafter defined).⁴⁴ The Rate Board does not have the power to direct how the Department provides service.⁴⁵

2. The Rate Ordinance

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

⁴² "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.*

⁴³ *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 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 general rate proceeding was completed in 2016.

⁴⁴ The City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989, approved June 24, 1993, as supplemented and amended.

⁴⁵ *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."

- **Just and Reasonable:** The Department’s rates and charges shall be just and reasonable.⁴⁶ 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)⁴⁷ and (b) provide for PWD’s financial stability over a reasonable number of years.⁴⁸
- **Equitably Apportioned:** The Department’s rates and charges shall be equitably apportioned among the various types of consumers.⁴⁹ The costs incurred to provide service are generally responsive to the specific service requirements imposed on the system by its customers.⁵⁰ 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.⁵¹ This mandate does not prohibit different types of service or different customer types;⁵² only unreasonable differences as to the same type of consumers are prohibited. Stated otherwise, not all variances in rates are discriminatory.

⁴⁶ 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).

⁴⁷ See, Philadelphia Code §13-101(4)(a); PWD Statement 2A at 11-12.

⁴⁸ See, Philadelphia Code §13-101(2), (4)(d)

⁴⁹ See, Philadelphia Code §13-101(4)(c).

⁵⁰ AWWA M-1 at 61.

⁵¹ See, Philadelphia Code §13-101(4)(d).

⁵² 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).

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.⁵³ 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.⁵⁴ The Department must submit an updated Financial Plan to City Council every four years and update the plan prior to proposing revisions in rates and charges.⁵⁵

3. The 1989 General Ordinance

The City’s 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.⁵⁶ To ensure compliance with the rate covenants, the 1989 General Ordinance requires that such rates and charges be reviewed at least annually.⁵⁷

⁵³ See, Philadelphia Code §13-101(2); Schedule FP-5 at 2-3.

⁵⁴ See, Philadelphia Code §13-101(2); Schedule FP-5 at 2-3.

⁵⁵ See, Philadelphia Code §13-101(2).

⁵⁶ PWD Exhibit 5 at 16 (Rate Covenants), 53 (Coverage Tests) and Appendix II at A-27 to A-29.

⁵⁷ PWD Exhibit 5 (Official Statement) at 53 (Coverage Tests).

The three key rate covenants that the City has made to Bondholders contained in the 1989 General Ordinance are related to debt service coverage.⁵⁸

First, the City will charge and collect rates and charges in each Fiscal Year sufficient to produce annual net revenues⁵⁹ that are at least 1.20 times (1.2x) the debt service requirements for senior debt in such Fiscal Year.⁶⁰

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,⁶¹ 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

⁵⁸ 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.

⁵⁹ “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.

⁶⁰ 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 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 at 16 (Rate Covenants), 53 (Coverage Tests) and Appendix II at A-27 to A-29.

⁶¹ 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 at 16 (Rate Covenants), 53 (Coverage Tests) and Appendix II at A-27 to A-29.

senior debt service.⁶² 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.

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 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.⁶³ The Department uses cash basis accounting.⁶⁴ Under the “cash flow” method, rates are set by determining the appropriate levels of cash, debt service coverage and other financial metrics

⁶² 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).

⁶³ *See*, PWD Statement 2A, Schedule FP-5 at 2-3; PWD Statement 7 at 6-7.

⁶⁴ PWD Statement 2A, Schedule FP-5 at 5-6.

necessary to enable the utility to pay its bills and maintain access to the capital markets at reasonable rates.⁶⁵

In this proceeding, the Department is proposing rates and charges for two (distinct) fully forecasted fiscal years: FY 2026 and FY 2027.⁶⁶ The forecasts or projections were developed in the same manner as in the two previous general rate proceedings before the Rate Board.⁶⁷ 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 year, the Department has two budgets, the operating budget and the capital budget.⁶⁸ Both of these budgets are annually approved by City Council.⁶⁹

Projections were made for the Department's revenues and revenue requirements for each fiscal year of the Rate Period.⁷⁰ The Department's day-to-day operations, with minor exceptions, are entirely funded from rates and charges to customers.⁷¹ "Without adequate cash, the

⁶⁵ PWD Statement 2A, Schedule FP-5 at 5-6.

⁶⁶ PWD Statement 7 at 5.

⁶⁷ PWD Statement 2A at 19-23; PWD Statement 7 at 46.

⁶⁸ *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.

⁶⁹ *See*, PWD Statement 2A, Schedule FP-5 at 8-9.

⁷⁰ 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 [FPFTY(s)] will be lower [than the Department's projections]." 2018 Rate Determination at 38.

⁷¹ PWD Statement 2A, Schedule FP-5 at 6.

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.”⁷²

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.⁷³ As a part of that analysis, the costs of providing service to various customer types are matched with their associated service demands.⁷⁴ 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 “M1 Manual”);⁷⁵ 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 **current** financial metrics⁷⁶ are designed to satisfy (or exceed) legal requirements, discussed above, and to maintain the Department’s current credit ratings.⁷⁷ “Credit ratings are a critical component in determining the cost of debt as the ratings signal the Department’s ability and

⁷² Schedule FP-5 at 6.

⁷³ PWD Statement 7 at 7-10.

⁷⁴ PWD Statement 7 at 7-10.

⁷⁵ Philadelphia Code §13-101(4)(b)(ii); PWD Statement 7 at 6.

⁷⁶ Please note that financial metrics should not be static. In a future proceeding, the Department may consider if the metrics first acknowledged in the 2018 Rate Determination should be changed to stay in alignment with the expectations of the rating agencies, industry norms, best practices, and market conditions. *See*, PWD Statement 2B at 3, fn 1.

⁷⁷ *See*, PWD Statement 2A at 5-6.

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.”⁷⁸

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.⁷⁹ Adequate cash reserves allow systems to contribute to increasing capital projects, mitigate system disruptions, and fund unexpected operating expenses.

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).⁸⁰ That goal is consistent with the target levels adopted by the Rate Board (in 2018).⁸¹ 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.⁸²

⁷⁸ PWD Statement 2A at 27-28.

⁷⁹ PWD Statement 2A at 25-26.

⁸⁰ Schedule FP-1; PWD Statement 2A at 6-7, 18, 26; PWD Statement 2B at 3, 8. Please recall that financial metrics should not be static. *See*, footnote 76.

⁸¹ 2018 Rate Determination at 38.

⁸² Schedule FP-1 at 5.

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,⁸³ and not the Rate Stabilization Fund.

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 cash funding

⁸³ 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 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).

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).⁸⁴ 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 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.

⁸⁴ See, 2018 Rate Determination at 23.

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).⁸⁵

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.⁸⁶ To this end, the fourth section of the Financial Plan provides a peer utility review⁸⁷ 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.⁸⁸

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.⁸⁹ The PWD Financial Plan can be found at Schedule FP-1 and is designed to specifically comply with

⁸⁵ PWD Statement 2A at 24, 26; Schedule FP-1.

⁸⁶ Philadelphia Code §13-101(4)(b)(i); PWD Statement 2A at 20-21, 23; Schedule FP-1 (Financial Plan).

⁸⁷ The Department is required to compare itself with similar agencies in peer cities in the United States. Philadelphia Code, Section 13-101(2).

⁸⁸ PWD Statement 2A at 20-21, 23; Schedule FP-1 (Financial Plan).

⁸⁹ PWD Statement 2A at 11; Schedule FP-1.

all of the legal standards (discussed above) and to maintain the Department's current credit rating.⁹⁰

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

- **Cash Reserves:** At the end of FY 2025, it is anticipated that the RSF will be at roughly \$120 million.⁹¹ PWD aims to set a target above the Board's current target of a \$135 million balance in the Rate Stabilization Fund due to rising operating and capital costs.⁹²

PWD is projecting to maintain \$133 million in the RSF in FY 2026 and to maintain \$137 million in the RSF in FY 2027. The projections reflect the Department's intent to restore the RSF to \$135 million over time,⁹³ 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 [and/or reduced revenues] should they arise.

- **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) 1.27 times for FY 2026, which is below the above-stated target of 1.30 times.⁹⁴ The Department projects that it will achieve debt service coverage ratios of (at least) 1.30 times beginning in FY 2027.⁹⁵

- **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

⁹⁰ PWD Statement 2A at 14. The Department's proposals satisfy the rate covenants, including the 90% Test. *See*, Schedule BV-1, Table C-2, lines 4-6.

⁹¹ PWD Statement 2A at 6; Schedule FP-1.

⁹² Schedule FP-1.

⁹³ PWD Statement 2A, Schedule FP-1 (Financial Policies, Cash Reserves).

⁹⁴ PWD Statement 2A at 15-16.

⁹⁵ PWD Statement 2A, Schedule FP-1.; Schedule BV-1, Table C-2.

current revenues.⁹⁶ Debt service coverage must increase to provide for increased transfers to the Capital Account, over time, to achieve the 20% goal.⁹⁷

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.⁹⁸ PWD has applied for and continues to pursue federally supported funding sources in order to support critical infrastructure upgrades.⁹⁹ Low-interest loans are part of PWD’s long-term strategy and result in lower overall borrowing costs for capital projects.¹⁰⁰

The PWD expects to finance its Capital Improvement Program during the Rate Period with projected long term debt issuances totaling more than \$400 million.¹⁰¹ PWD also plans to utilize Pennsylvania Infrastructure Investment Authority (“PennVest”) drawdowns of approximately \$183 million and grant proceeds of approximately \$21 million to support the CIP.¹⁰² One new money bond transaction (\$400 million) is projected during the Rate Period in August 2027.¹⁰³ Debt issuance projections and debt service coverage for the Rate Period are shown in the direct testimony of Black & Veatch.¹⁰⁴

- **Capital Account Deposit:** The Capital Account Deposit is held at the 1% level.¹⁰⁵

⁹⁶ PWD Statement 2A at 24, 26; Schedule FP-1; Schedule BV-1, Table C-2, lines 12-14.

⁹⁷ PWD Statement 2A at 24, 26; Schedule FP-1

⁹⁸ PWD Statement 2A, Schedule FP-1.

⁹⁹ Schedule FP-1.

¹⁰⁰ Schedule FP-1; Schedule FP-8.

¹⁰¹ PWD Statement 2A at 10.

¹⁰² PWD Statement 2A at 10; Schedule FP-8.

¹⁰³ PWD Statement 2A at 10.

¹⁰⁴ PWD Statement 2A at 10; PWD Statement 7; Schedule BV-1, at Tables C-1, C-2, C-8 and C-9.

¹⁰⁵ PWD Statement 7 at 31; Schedule BV-1, Table C-1, line 29.

The Department submits that financial planning and metrics described above (and in Schedule FP-1) are reasonable targets for the Rate Period.¹⁰⁶

2. The Recommended Metrics For FY 2026 And FY 2027 Are Reasonable

In this proceeding, the Advocate's recommendations track the Department's recommendations regarding financial requirements and goals.¹⁰⁷ The Advocate did not question any of the targeted financial metrics previously approved by the Rate Board in its 2018 Rate Determination.¹⁰⁸

For example, the Department and the Advocate have the same recommendations on debt service coverage. 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.

Using the Department's interim goal of (at least) 1.27 times senior debt coverage to set the FY 2026 rates and the goal of 1.30 times senior debt coverage to set the FY 2027 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.¹⁰⁹

¹⁰⁶ PWD Statement 2A, Schedule FP-1; PWD Statement 2B.

¹⁰⁷ PA Statement 1; PWD Rebuttal Statement 1R.

¹⁰⁸ PA Statement 1; PWD Rebuttal Statement 1R.

¹⁰⁹ *See*, PWD Statement 2A, Schedule FP-1; PWD Statement 2B.

The Advocate did not challenge the Department’s proposal of 1.27 times for debt service coverage for FY 2026 and 1.30 times for debt service coverage for FY 2027. The Advocate recommended, in Schedule LKM-1, line 25a, debt service coverage of 1.27 times be used for FY 2026 and 1.30 times be used for FY 2027.

The Department’s interim target of 1.27 times for FY 2026 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 goal of 1.30 times for FY 2027 is reasonable. Both of these targets should (a) provide reasonable funds for cash funding capital projects or maintaining reserves to mitigate unforeseen expenses or shortfalls in expected revenue; and (b) move towards reaching and maintaining, at least, the targeted coverage of 1.30 times.

B. Adequacy of Revenues Under Existing Rates

1. Existing Rate Levels Are Insufficient for FY 2026 and FY 2027

The Department’s existing rates and charges (which were established in the 2023 rate case for FY 2025) 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. 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.¹¹⁰

Operating expenses are projected to increase by more than \$40 million in FY 2026 (as compared to FY 2025) and by another \$35 million in FY 2027 (as compared to FY 2026).¹¹¹ One major challenge facing the Department is in connection with managing unavoidable and non-discretionary operating costs.¹¹² Such costs include those related to wages, pensions and benefits, contract services, materials/equipment, power and chemicals. In the aggregate, the above costs represent roughly 80% of the Department's budgeted operating costs for the Department's water and wastewater treatment facilities.¹¹³

**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.¹¹⁴ The Department explained that the financial difficulties being experienced in FY 2025 will only get worse in FY 2026 and FY 2027 without rate relief.¹¹⁵

Without rate relief in FY 2026,¹¹⁶ the Department is projected to need a sizeable withdrawal (of about \$43.4 million) from the RSF. That would drop the RSF balance to about

¹¹⁰ PWD Statement 2A at 5-6.

¹¹¹ Schedule BV-1, Table C-1A, Line 16.

¹¹² PWD Statement 4A at 6-7.

¹¹³ PWD Statement 4A at 6-7.

¹¹⁴ PWD Statement 2A; PWD Statement 7.

¹¹⁵ PWD Statement 2A at 6.

¹¹⁶ PWD Statement 2A at 12-13.

\$76.9 million, which is well below targeted levels. Such a significant drop could trigger a downgrade by the rating agencies.

Without rate relief in FY 2026 and FY 2027,¹¹⁷ the Department is projected to make another sizeable withdrawal (of about \$76.9 million) from the RSF in FY 2027 in addition to the above-described withdrawal in FY 2026. That would deplete the RSF balance. In addition, for FY 2027, senior debt coverage would fall below 1.20x and the Department would fail the 90% Test.

The above-described outcomes are not favorable to PWD or its customers.

3. [Haver] The Record Supports Increasing Rates, Contrary to the Positions of Mr. Haver.

The record does not support maintaining existing rate levels for FY 2026 and FY 2027, as explained in the foregoing Sections. Despite the foregoing, Mr. Haver contends that existing rates can be maintained. His contention, which is based on the underlying 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. Notably, under Mr. Haver's proposal, the RSF would be depleted in FY 2027.¹¹⁸ That means the Department would have virtually no flexibility to respond to future emergencies (such as Hurricane Ida). This would be financial Armageddon.

¹¹⁷ PWD Statement 2A at 12-13.

¹¹⁸ PWD Statement 2A at 12-13.

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 all of the increased expenses projected for FY 2026 and FY 2027. The savings would need to total more than \$75 million for that two-year period, since operating expenses are projected to increase by more than \$40 million in FY 2026 (as compared to FY 2025) and by another \$35 million in FY 2027 (as compared to FY 2026).¹¹⁹

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.

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.

In 2016, the Rate Board asked the Law Department for its advice regarding the scope of Board authority to take such actions.¹²⁰ 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

¹¹⁹ Schedule BV-1, Table C-1A, Line 16.

¹²⁰ 2016 Determination of Water Department Rates and Charges for FY 2017-2018 at 39-40 and Appendix B.

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.¹²¹

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. As explained, the record supports a reasonable amount of rate relief to sustain the Department's operations.

Even if increases are reasonable based on the record, Mr. Haver explicitly states that the Rate Board must reject the Department's proposed rates and charges. Mr. Haver urges the Rate Board to act on their sense of fairness (as opposed to the provisions of the Rate Ordinance) and knowingly and deliberately refuse to apply the Rate Ordinance to the Department's circumstances. Mr. Haver contends that rate setting before the Rate Board must be challenged and changed because the existing procedures (established by the Rate Ordinance) are not acceptable. He states his opinions on what is wrong with the current structures or procedures. He does not offer new or different structures or procedures, other than the Rate Board's refusal to act under the Rate Ordinance.

The Department submits that the Rate Board should apply the Rate Ordinance as instructed by City Council. The Department should be self-sustaining, as explained above. Rates and charges must be fixed to yield at least an amount equal to operating expenses and debt

¹²¹ *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 Advocate, PLUG or Mr. Skiendzielewski.

incurred or about to be incurred by the Department.¹²² The Department needs a reasonable amount of rate relief to sustain its operations, as discussed in the next Section. Failing to provide amounts for the Department to sustain its operations would violate the Rate Ordinance.

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.

A. Comparisons of Positions by the Participants

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).¹²³ These projections appear in Table C-1A,¹²⁴ on the line for "Total Service Revenue, Existing Rates."

¹²² "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.*

¹²³ PWD Statement 7 at 11-18.

¹²⁴ *See*, Appendix A.

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 2025 (effective September 1, 2024). The same methodology was used in the 2021 General Rate Proceeding.¹²⁵

The range of revenue increase recommended by the Participants¹²⁶ can be summarized as follows:

Comparison of Participant Proposals for Additional Incremental Revenues (Dollars in Thousands)			
	PWD	Advocate	Haver
Additional Incremental Revenues			
FY 2026	73,630	53,795	Zero
FY 2027	58,858	49,276	Zero
*Neither PLUG nor Mr. Skiendzielewski stated a position on the additional incremental revenues.			

The Department and the Advocate agreed to the incremental increase in base rate revenues for FY 2026 and FY 2027. The Advocate had raised numerous adjustments to the Department's proposed revenues and expenses. Those proposed adjustments are resolved by the Partial Settlement. The additional service revenues are summarized in the below table.

¹²⁵ PWD Statement 7; Schedule BV-1.

¹²⁶ It should be noted that none of the Participants proposed any adjustments to the Department's projected Capital Improvement Program, which is summarized in Schedule BV-1, table C-7.

Additional Service Revenues (Dollars in Thousands)		
	FY 2026	FY 2027
Table C-1A, line 4	\$60,920	\$74,446
Table C-1A, line 5		\$54,000
Total Additional Service Revenues		
Table C-1A, Line 9	\$60,920	\$128,446

Mr. Haver, while not recommending any specific adjustments to the Department's proposed revenues or expenses, generically stated that the requested increase is above the reported level of inflation. 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.

B. [Advocate] The Partial Settlement is Reasonable.

The additional revenues – as amended by the Partial Settlement – should be approved without further amendment because the Partial Settlement is reasonable and supported by the Hearing Record.

The Partial Settlement, in this proceeding, is a “black box” settlement. This means that the Partial Settlement does not reflect a specific resolution of every element of the Department's projected revenues and expenses, rather it represents the Joint Petitioners' agreed upon final revenue requirement or additional revenues based on their respective analyses of the various revenue and expense proposals in this proceeding.

The Partial Settlement is a compromise of the Department's proposed revenue requirements for the Rate Period that would have otherwise been litigated. The Advocate's proposed specific adjustments to the Department's projections for the Rate Period are encompassed in the Settlement. Specifically, the Advocate proposed seven upward adjustments to the Department's revenues for the Rate Period. The Advocate also proposed eight downward adjustments to the Department's expenses for the Rate Period. The Department contested all of the Advocate's adjustments. The Partial Settlement represents a reasonable compromise and avoids the time and expense associated with detailed litigation over the above-described individual adjustments. The Settlement also encompasses Customer Service and Cost of Service issues specifically addressed in the Joint Settlement Petition.

Approval of the Partial Settlement is supported by the record. With the exception of issues reserved for litigation, the Partial Settlement provides a reasonable means of resolving all of the issues raised by the Advocate in this proceeding. The Department submits that the revenue increases proposed in the Partial Settlement are supported by the record and are eminently reasonable, since they are within the range of proposed additional revenues in the record, as shown in the above table comparing "Participant Proposals for Additional Incremental Revenues."

The Partial Settlement is reasonable. The Partial Settlement reflects a compromise of the positions that the Department and the Advocate have held. The compromise resolves the contested issues between them (but not necessarily the contested issues raised by the other Participants). The compromise is consistent with the requirements of the Charter, the Rate Ordinance, the 1989 General Ordinance, the Rate Board's regulations, and general ratemaking

practices and industry standards. The compromise also promotes rates and charges that are just and reasonable, equitably apportioned, and non-discriminatory. The terms of the Partial Settlement acknowledge that the Department will take additional measures that benefit ratepayers, while still affording the Department sufficient revenue necessary to maintain safe and reliable service. The financial metrics produced by the Partial Settlement revenue levels are the same as the metrics produced by the Department's proposed rates and charges.

The financial metrics produced by the additional revenues proposed by the Partial Settlement are reasonable. Table C-1A¹²⁷ demonstrates that rates and charges based on the Partial Settlement's should produce sufficient additional revenues so as to provide appropriate levels of cash, debt service coverage, and other financial metrics necessary to enable the Department to pay its bills and maintain access to the capital markets at reasonable rates.

In addition, certain terms in the Partial Settlement also benefit residential customers generally. The Partial Settlement contains additional areas of agreement on cost of service¹²⁸ and customer service¹²⁹ issues raised by the Advocate. The Department believes that these customer service and policy agreements represent a benefit to customers that likely could not have been achieved outside the context of settlement. Please note that the Department's cost allocation and rate structure proposals for FY 2026 and FY 2027 are included as a part of the Partial Settlement.

¹²⁷ See, Appendix A.

¹²⁸ Partial Settlement at ¶ 12.B.1.

¹²⁹ Partial Settlement at ¶ 12.B.2.

C. [Haver] Cost Savings and Efficiencies

Mr. Haver is critical of the Department's managerial decisions.¹³⁰ Mr. Haver believes that the Department has not done enough to reduce costs for the Rate Period. He is encouraging the Department to improve operations and contain costs,¹³¹ and asserts that the Department should (1) focus on cutting costs;¹³² (2) make operations more efficient;¹³³ and (3) use its resources to create living wage jobs in Philadelphia.¹³⁴

Mr. Haver's well-meaning efforts should not be adopted by the Rate Board because they are not supported by the record in this proceeding. Mr. Haver maintains that efficiencies or costs savings or both will "eliminate the need for rate increases."¹³⁵ That belief is generalized and without any support. He does nothing to quantify the amount of any potential outperformance or cost savings. Nor does he show that any "cost-saving" programs or measures can be done without impacting the Department's ability to provide safe and reliable service. Certain costs, such as those related to personnel (labor), contract services energy costs (electricity and natural gas), and materials/equipment, are increasing significantly and cannot be readily reduced as he suggests.¹³⁶ In the aggregate, such "non-discretionary" costs represent roughly 80% of the Department's budgeted operating costs.¹³⁷

¹³⁰ Haver St. 1.

¹³¹ Haver St. 1 at 3 (improving operations and containing costs), 3 (save ratepayers' money).

¹³² Haver St. 1 at 3.

¹³³ Haver St. 1 at 3.

¹³⁴ Haver St. 1 at 3. *See also* Haver St 1 at 3 (¶ 4.B, buy from local companies); Haver St 1 at 3 (¶ 4.C, recruit water-intensive industries).

¹³⁵ Haver St. 1 at 3.

¹³⁶ PWD Statement 2A; Schedule FP-1; PWD Statement 4A.

¹³⁷ PWD Statement 4A at 7.

Nothing in the record of this proceeding shows that efficiency or cost savings could realistically cover the increased expenses projected for FY 2026 and FY 2027. The Department's position is that it is unreasonable to expect the Department to find "savings" or "cut" expenses so as to eliminate both the current shortfall of \$12.2 million in its current fiscal year¹³⁸ and the increased projected expenses over the next two fiscal years.¹³⁹

Budget Cuts

Mr. Haver believes that the Department should focus on cutting costs.¹⁴⁰ Nothing about this "cost saving" focus 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.¹⁴¹ The Department also updates its Capital Improvement Program and capital budget annually as part of its annual budget process.¹⁴² Both the operating budget and the capital budget are subject to review and approval by City Council.

The Department submits that the Rate Board should not make any adjustments to the Department's proposed revenues or expenses based on Mr. Haver's speculative position on budget cuts.

¹³⁸ Schedule BV-1, Table C-2 at line 2 (FY 2025).

¹³⁹ Operating expenses are projected to increase by more than \$40 million in FY 2026 (as compared to FY 2025) and by another \$35 million in FY 2027 (as compared to FY 2026). Schedule BV-1, Table C-1A, Line 16.

¹⁴⁰ Haver St. 1 at 3.

¹⁴¹ PWD Statement 2A, Schedule FP-5.

¹⁴² PWD Statement 2A, Schedule FP-5.

Management Audit

Mr. Haver believes that the Department should make operations more efficient.¹⁴³ That belief rests upon the fact that the Department has not undergone an outside audit of “management” for a number of years. He asserts that consultant(s) should be hired by the Department to examine how PWD could operate more efficiently¹⁴⁴ and/or to do a management audit of the Department.¹⁴⁵

Mr. Haver was informed that the Department undergoes annual financial audits by the City Controller. It should be noted that having outside audits performed is a policy determination by the Department and is an additional expense to the Department. Mr. Haver seems to ignore the fact that the Rate Board has limited jurisdiction.¹⁴⁶ The Department understands that the Rate Board’s jurisdiction in this proceeding is limited to “fixing and regulating rates and charges.”¹⁴⁷ The Rate Board is not authorized to intercede with respect to spending decisions¹⁴⁸ and does not “disallow” any expenses.¹⁴⁹ It cannot, therefore, direct spending for a management audit.

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

¹⁴³ Haver St. 1 at 3.

¹⁴⁴ Haver St. 1 at 2. *See also* Haver St. 1 at 3 (¶ 4.D, consultants to improve).

¹⁴⁵ Haver St. 1 at 2.

¹⁴⁶ 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>.

¹⁴⁷ *See*, Philadelphia Code §13-101(3).

¹⁴⁸ 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.

¹⁴⁹ *See*, 2016 Rate Determination at 14-15; 2018 Rate Determination at 38.

so it can better serve our customers. Mr. Haver's recommendations regarding performing outside audits 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.

The Department submits that the Rate Board should not make any adjustments to the Department's proposed revenues or expenses based on Mr. Haver's speculative position on management audits.

Cooperation with PGW

Mr. Haver has suggested that greater cooperation with Philadelphia Gas Works may yield operational savings. His suggestion focused on the use of local person to do meter readings for both the Department and PGW.

The Department is open to collaboration and cooperation. But the combination of meter readings with PGW is not needed. It was explained that, with the Department's Advanced Metering Infrastructure, persons to do physically "read" the Department's water meters. "Readings" of water usage are transmitted to receivers that capture the information which is sent to the Department. The information is then utilized by PWD/WRB for customer billing. The Department submits that the Rate Board should not make any adjustments to PWD proposed revenues or expenses based on Mr. Haver's speculative position on cooperation with PGW regarding meter readings or otherwise.

Procurement

Mr. Haver asserts that consultant(s) should be hired by the Department to find ways to lower PWD's purchasing costs, such as buying through a national co-operative or buying or buying in conjunction with the other municipally owned utility, PGW.¹⁵⁰

This criticism is misplaced because the Department does not control procurement of goods and services, and the suggestions offered require the participation of persons who are not participating in this rate proceeding. Within the parameters of the Charter, the Code, City policies as well as operational and other restraints, the Department is committed to working with others to ensure cost-effective purchases.

As a practical matter, however, the City's Procurement Department has oversight over the cost of purchasing supplies and services¹⁵¹ as dictated by the Charter. The Procurement Department manages and acquires goods and services for the City, including the Department, using a fair, open, and cost-effective process.¹⁵² Local bidding is governed by Section 17-109 of the Philadelphia Code and requires the participation of the Procurement Department.

With respect to Mr. Haver's recommendation to buy goods through a national co-operative, something like this could be done under the cooperative procurement provision under the Charter, Section 8-200. This approach would require the participation of the Procurement Commissioner and Director of Finance. For example, the Department has previously tried to participate in the PA Cooperative Purchasing-PA COSTAR, but was informed by the

¹⁵⁰ Haver St. 1 at 2. *See also* Haver St. 1 at 3 (join buying cooperatives); Haver St. 1 at 3 (¶ 4.A, PGW).

¹⁵¹ <https://www.phila.gov/departments/procurement-department/>.

¹⁵² <https://www.phila.gov/departments/procurement-department/>.

Procurement Department that generally COSTAR contracts are not allowed to be used. PWD's review of the City's policies indicated that the Department may participate in COSTAR, but only if (i) it can result in overall lower cost and (ii) it is unlikely to have a material adverse impact on PWD meeting its minority participation goals. The Department is continuing to evaluate the practicality of PWD participation in COSTAR.

With respect to Mr. Haver's recommendation to buy goods/services in conjunction with PGW, that would require approvals from others, including (but not limited to) PGW itself and/or Philadelphia Facilities Management Corporation (which oversees the operations of the PGW). It is unclear how practical this would be given that PGW is regulated by the Pennsylvania Public Utility Commission and PWD is not.

During technical hearings, Mr. Haver also raised questions regarding how often the Department discussed procurement with the Procurement Department. He wanted to know when any discussions took place, what was discussed, and who was involved in the discussion. None of those questions address the reasonableness of the Department's proposed rates, or the data and projections which underlay them. Nevertheless, the Department provided a transcript response on this subject.

The Department submits that the Rate Board should not make any adjustments to the Department's proposed revenues or expenses based on Mr. Haver's speculative position on procurement decisions made by the Department.

Local Jobs with Living Wages

Mr. Haver generally complains that the Department has failed to use its resources to help create local jobs with living wages. This criticism is misplaced. The Department provides

services to the residents and businesses in the City. The Department does not fully control the procurement of goods and services, as explained above. Mr. Haver does not explain whether more local jobs with living wages would result in higher or lower costs to the Department.

D. [Haver] Water Intensive Industries in Philadelphia

Mr. Haver suggests that the Department’s revenues in the Rate Period would be higher (or the cost per unit lower) — by an unspecified amount — if the Department had recruited “water intensive” industries to Philadelphia. 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, to recruit (or attract) water intensive industries to Philadelphia.

It was explained that the Department’s approved rates and charges do not provide a discount for “water-intensive” industries. No discount is being proposed by the Department for new “water-intensive” industries. Mr. Haver fails to show that his proposed discount would be consistent with the Rate Ordinance. The Rate Ordinance provides, as noted above, that the Department’s rates and charges shall be non-discriminatory as to the same type of consumers.¹⁵³ This mandate does not prohibit different types of service or different customer types:¹⁵⁴ only unreasonable differences as to the same type of consumers are prohibited. Stated otherwise, not

¹⁵³ See, Philadelphia Code §13-101(4)(d).

¹⁵⁴ 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).

all variances in rates are unfairly discriminatory. However, Mr. Haver needs to explain his proposal in greater detail and indicate why it does not run afoul of Rate Ordinance requirements. In the instant record, Mr. Haver has provided insufficient support for his recommendation, and perforce the Rate Board must reject this recommendation.

It was explained to Mr. Haver that other parts of local government are focused on attracting businesses to the City. Specifically, the Philadelphia's Department of Commerce works to (among other things) attract businesses to the City.¹⁵⁵ In addition, the Philadelphia Industrial Development Corporation ("PIDC") is Philadelphia's public-private economic development corporation. PIDC works to attract, manage, and invest public and private resources in the clients, communities, and markets that energize Philadelphia's economy.¹⁵⁶

During the Technical Hearing, Mr. Haver raised questions regarding how much "additional" water the Department could sell to water-intensive industries — if they located in the City. The Department provided Transcript Response No. 2. Mr. Haver also raised questions regarding how often the Department discussed attracting water-intensive industries with Philadelphia's Department of Commerce. He wanted to know how often any discussions took place, what was discussed, and who was involved in the discussion. The Department provided Transcript Response No. 4. None of those questions address the reasonableness of the Department's proposed rates, or the data and projections which underlay them.

The Department submits that Mr. Haver's recommendations should not be approved by the Rate Board. It is not appropriate to make an adjustment to the Department's revenues or

¹⁵⁵ <https://www.phila.gov/departments/departments-of-commerce/>.

¹⁵⁶ <https://www.pidcphila.com/who-we-are>.

revenue requirements based the future 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.

VI. COST OF SERVICE AND RATE DESIGN

A. Comparison of Participant Positions

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 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 based on a proposed phased implementation of the AMI Demand Study peaking factors. As such, the Cost of Service Study results provide a reasonable basis to determine the distribution of the proposed revenue increases in this proceeding.

One of the main issues raised by the Participants relates to the phased implementation of AMI Demand Study. The proposals are summarized in the table below.

Comparison of Participant Proposals on the Phased Implementation of AMI Demand Study			
	PLUG	Department	Advocate
FY 2026	25%	25%	62.5% [50%]
FY 2027	No Change; Stay at 25%	Add 25% for total of 50%	Move to Full Implementation [100%]

The Department and the Advocate agreed to the cost of service and rate design for FY 2026 and FY 2027. The Advocate had raised cost of service and rate design recommendations. Those proposed adjustments were resolved by the Partial Settlement. The Partial Settlement does not make any changes to the Department's Water Cost of Service Study (COSS), Wastewater COSS or Stormwater COSS. The Partial Settlement is, therefore, supported by the COSS and related explanation provided in the Department's rate filing.

As of this writing, PLUG has taken no position on the Partial Settlement.

PLUG has made recommendations on the phased implementation as well as other cost of service issues. Each of PLUG's recommendations are discussed below.

B. [Advocate] Resolution of the Advocate’s COSS Issues

The Department and the Advocate reached agreement on the Advocate’s recommendations regarding the Water COSS, the Wastewater COSS and the Stormwater COSS.

The Partial Settlement provides, among other things, that:¹⁵⁷

PWD agrees to develop a plan for evaluation of rate structure alternatives including those listed below by January 2026. The plan is to be filed with the Rate Board, including target dates for commencement and completion of milestones.

- Stormwater rate structure issues (such as but not limited to residential rate structure options, residential stormwater discounts/credits; recovery of SMIP/GARP related credits); and
- Rate structure alternatives, generally (including alternatives identified by the Advocate, and PLUG, and other stakeholders).
- The Department agrees that it will reevaluate the phase-in of the AMI based peaking factors once more data is available.

All other issues and recommendations raised by the Advocate regarding the Water COSS, the Wastewater COSS and the Stormwater COSS were withdrawn without prejudice.¹⁵⁸

C. [PLUG] Water COSS: Phased Implementation of AMI Demand Study

The Partial Settlement does not change the Department’s proposed phased implementation of the AMI Demand Study peaking factors. The Department’s proposal would phase-in 25% of the extra capacity factors in FY 2026 and an additional 25% of the extra capacity factors in FY 2027 — so that there would be a total of 50% implementation in FY 2027.

¹⁵⁷ Partial Settlement at ¶ 12.B.1.

¹⁵⁸ Partial Settlement at ¶ 12.B.3.

PLUG recommends that the Department should phase-in 25% of the extra capacity factors in FY 2026 and should remain at the 25% phase-in of the extra capacity factors in FY 2027 — so that the that there would be a total of 25% implementation in FY 2027.

The Department disagrees with PLUG’s recommendation. The Department views the available AMI data as providing reasonable basis for accurate and reliable extra capacity factors. The available AMI data, while limited, provides a robust frame of reference, using real customer data, for determining extra capacity factors compared to the assumptions that were necessary prior to AMI data becoming available. Therefore, despite the limitations of the data, the Department believes a two-step phase-in of 50% of the study's extra capacity factors over two years is appropriate.

The Department believes that its proposed phase-in of the AMI Demand Study peaking factors is reasonable and gradual. The 25% phase-in balances the need to move towards more accurate and reliable extra capacity factors against the desire to minimize bill impacts from the significantly different extra capacity factors. The Department views PLUG’s recommendation as merely delaying the timeline proposed by the Department. The Department does not view delay as striking the appropriate balance.

D. [PLUG] Water COSS: Lower Increases for Hospital/University Service Types

PLUG recommends that the Industrial and Hospital/University service types receive a lower increase than the system average increase for the proposed FY 2026 and FY 2027 rate adjustments.

The Department disagrees with PLUG's recommendations. The AMI Demand Study cost of service impact comparison presented in Table 2-2 of Schedule BV-4 WP-2 based on the FY 2025 COSS indicates that the full implementation of the AMI Demand Study peaking factors will result in a revenue increase of 31.1% for industrial and 35.2% for hospitals and universities.¹⁵⁹ Similar revenue increases based on the FY 2026 COSS were also provided in PWD's response to Information Requests from the Advocate, PA Set V [Question 2](#) and the related [response attachment](#). With that in mind, it does not make sense to provide the industrial and hospitals and universities with a lower revenue increase only to make larger increase in subsequent years.

E. [PLUG] Water COSS: Declining Block Rates, Flattening of 3rd and 4th Blocks

PLUG recommends that the Rate Board retain the declining block rate structure and not approve the proposed flattening of the 3rd and 4th volume blocks.¹⁶⁰

The Department disagrees with PLUG's recommendation.¹⁶¹ The billed volume distribution reflected in the CCOS study indicates that only commercial and hand billed customer types have consumption in the 4th rate block. Based on a comparison of the cost of service to the projected billings under the proposed quantity charges prior to the lag factor, commercial is recovering 100.9% and hand billed is recovering 92.3% of their cost of service. It is, therefore, reasonable to set the 4th block equal to the 3rd rate block. That adjustment will improve overall cost recovery. In addition, as shown in Figure 2-2 of Schedule BV-4 WP-2, the

¹⁵⁹ PWD Rebuttal Statement 4R at 4.

¹⁶⁰ *See*, PLUG St. 1 at 14.

¹⁶¹ PWD Rebuttal Statement 4R at 7.

proposed FY 2026 and FY 2027 quantity charges for the 4th block follow the flattening of the quantity charge rate schedule based on the phase-in. That aligns with the proposed approach to gradually phase-in the full AMI Demand Study peaking factors in future rate schedules.

F. [PLUG] Wastewater COSS: 10% Increases of Volume and Rates

PLUG recommends that the Rate Board adopt a 10% “across-the-board” increase for both sewer service charges and volumes charges.

The Department disagrees with PLUG’s recommendation. The Department believes that the Rate Board should continue to set rates utilizing the cost of service-based approach included in the Department’s filing and reject PLUG’s proposed approach of an across-the-board increase.

The Department proposed wastewater rates and charges based on the Wastewater Cost of Service Study.¹⁶² That Study is based on cost-causative factors which influence the operating and capital costs of the wastewater system.¹⁶³ Based on that CCOS allocation, the Department has reasonably determined the increases for the meter-size based fixed charges and the volume-based quantity charges. Those designed fixed charge and quantity charge rates and charges must be set to recover the total annual wastewater cost of service (net revenue requirements) that is determined for FY 2026 and FY 2027.

While it is true that a utility has both fixed costs and variable costs, the simplistic assumption that most of the costs of the utility are fixed and “do not vary with the volumes generated by customers” as stated by Mr. Baudino, is not appropriate in the context of the CCOS based sewer rates and charges determination.

¹⁶² PWD Statement 7.

¹⁶³ PWD Statement 7; PWD Rebuttal Statement 4R.

There are unknowns with PLUG’s recommended “across-the-board” increase to rates and charges. First, on behalf of PLUG, Mr. Baudino did not present revenue distribution or a proof of revenue to demonstrate how the test year cost of service for sewer would be recovered utilizing the across-the-board increase approach. Second, Mr. Baudino did not address how any shortfall in cost recovery from resulting sewer charges would be addressed. Third, Mr. Baudino did not address the impact of the recommendation on the Department’s wholesale wastewater customers. Moving retail sewer charges away from cost-of-service based principles creates a conflicting basis for establishing rates for PWD’s overall customer base (retail and wholesale) and invites challenge. Fourth, Mr. Baudino did not address the impact of the recommendation on stormwater costs. Wastewater costs are allocated between sewer and stormwater charges. Stormwater currently receives an allocation of treatment costs as they are related to wet weather. An “across-the-board” increase to sewer would undoubtedly impact stormwater allocations and potentially push additional expenses to the stormwater cost of service (barring any other recovery mechanism). Without any adjustments to wastewater cost of service and associated allocations, the combined sewer and stormwater rates would not be sufficient to recover the overall wastewater costs and leading to lower than required revenues.

G. [PLUG] Wastewater COSS: Declining Block Rates, Study

PLUG recommends that “PWD investigate the possibility of a declining block rate for the billable water usage charge,”¹⁶⁴ and present it in its next rate filing before the Rate Board.

The Department disagrees with PLUG’s recommendation for the following reasons:

¹⁶⁴ See, PLUG St. 1 at 17.

First, declining block rates for wastewater are not widely accepted or used in major cities. Declining block rate structures are becoming increasingly rare in the water industry.¹⁶⁵ The trend is towards uniform volumetric rates (based on cost of service). There is no trend towards declining block rates for wastewater. Black & Veatch's 2024 Survey of the 50 Largest Cities Water/Wastewater Rate Survey Report did not find any cities using declining block rates for wastewater, as recommended by PLUG.¹⁶⁶

Second, a declining block rate structure for sewer is counter intuitive. PWD is currently investing heavily in the combined system to reduce overflows and manage inflows. Increased flows have the potential to increase costs for PWD, and there are few economies of scale, which usually underlie declining block structures, to be realized.

Third, PLUG's recommendation of a declining block rate structure runs counter to the Department's proposed adjustments to the water quantity charges as well as the findings of the AMI Demand Study. The AMI Demand Study suggests that a future rate structure might move away from the existing declining block rate structure for water. If that will be case, there is no reason to move towards creating a declining block rate structure for wastewater.

Notwithstanding the foregoing, the Department is willing to consider a declining block rate structure for wastewater as part of its upcoming alternative rate structure analysis. The Water Department anticipates PLUG is likely to be a participant and welcomes their engagement in the stakeholder process, outside of this proceeding. PWD plans to develop a plan for the evaluation of rate structure alternatives by January 2026, as stated in Section VI.B hereof.

¹⁶⁵ PWD Rebuttal Statement 4R at 11-12.

¹⁶⁶ PWD Rebuttal Statement 4R at 11.

VII. AFFORDABILITY AND TIERED ASSISTANCE PROGRAM

A. [Haver] Affordability

Affordability is an ongoing challenge, given that the poverty rate in the City is more than 20%. Under the Rate Ordinance, the Rate Board may consider the projected impacts on customer rates.¹⁶⁷ To this end, the third section of the Financial Plan includes an affordability comparison.¹⁶⁸ That section indicates that the proposed rates and charges fall below the affordability threshold recommended by industry standards.¹⁶⁹

Mr. Haver states that: “Allowing any rate increase ... [will] continue burdening the ratepayers ...”¹⁷⁰ 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.¹⁷¹

At present, Philadelphia falls below the affordability threshold recommended by industry standards.¹⁷² Also, we note that the average water bill, as a percentage of median household income, is at 1.8% which compares favorably with other peer utilities. The foregoing is not to

¹⁶⁷ Rate Ordinance at §13-101(4)(b)(1).

¹⁶⁸ PWD Statement 2A; Schedule FP-1.

¹⁶⁹ PWD Statement 2A, Schedule FP-1.

¹⁷⁰ Haver St. 1 at 2 (¶ 4).

¹⁷¹ PWD Statement 7, Schedule BV-2.

¹⁷² Schedule FP-1

suggest that there is no more to do. It is to state, however, that we are very concerned about affordability and engaged in addressing this issue.

The Department emphasizes that it (in conjunction with WRB) offers a variety of payment assistance programs.¹⁷³ For example, PWD, WRB and other City agencies have worked successfully to increase TAP participation to ensure that our most vulnerable customers maintain utility service. The City has also established shut-off constraints to also ensure that many households (with household members who are children, elderly or infirm) are protected from utility service termination. WRB has also established the Raise Your Hand program to protect vulnerable households given concerns as to affordability and other reasons.¹⁷⁴

B. [Advocate] Resolution of the Advocate's TAP Issues

Only the Advocate made recommendations regarding TAP. The Department and the Advocate reached agreement on the Advocate's recommendations regarding TAP. The Partial Settlement provides, among other things, that the Department and WRB will:¹⁷⁵

Revise Customer Assistance Application language regarding income and eligibility to track the definition of "monthly household income" set forth in Philadelphia Code §19-1605(2)(e) and Philadelphia Water Regulation §200.1(h). The aforesaid revision will be implemented within approximately one year after the approval of this Partial Settlement.

All other issues raised by the Advocate regarding the TAP were withdrawn without prejudice.¹⁷⁶

¹⁷³ See, PWD Statement 5.

¹⁷⁴ See, PWD Statement 5; PWD Rebuttal Statement 3R.

¹⁷⁵ Partial Settlement at ¶ 12.B.2.

¹⁷⁶ Partial Settlement at ¶ 12.B.3.

VIII. CUSTOMER SERVICE ISSUES

A. [PLUG] Charity Rate Regulations

PWD and WRB [filed](#) joint Regulations with Department of Records addressing the administration of the charity discount program in order to improve efficiency of the application and approval process for the customer and the City. Simply put, the proposed Regulations move the charity discount program from the “Rates and Charges” portion of the Department’s Regulations to Chapter 2 (Assistance Programs) of the Department’s Regulations. [PWD Statement 5](#) explained that this would happen. The filing with the Department of Records took place on May 14, 2025 (as shown on the Department of Records [website](#)).

PLUG opposed the proposed Regulations generally,¹⁷⁷ but did not point to any specific term in the new Regulations that causes them concern. During the Technical Hearing, the issue of suspension from Charity Rates and Charges was discussed. It was explained that Section 5.7 (No Waiver) of the Department’s current “Rates and Charges” provides for the suspension of “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.” It was noted that Section 207.6 (Removal from Program) of the proposed Regulations provides for that: “The WRB may remove customers from the Program if ... The customer fails to comply with City Code sections 17-1303 and 17-107(12), the Act, or these Regulations.”; and Section 207.9 (Hearing) of the proposed Regulations provides that: “Applicants that have been denied eligibility or been removed from the Program may request an

¹⁷⁷ PLUG Statement 1.

Informal Hearing pursuant to PWD and Department of Revenue joint Regulations section 100.7(a).”

The proposed Regulations do not fix or regulate rates and charges. They deal with eligibility for the charity discount program. The proposed Regulations have been promulgated, posted, and are now pending for comment before the Department of Records. Challenges to the proposed Regulations should be made before the Department of Records,¹⁷⁸ not before the Rate Board.

B. [Advocate] Resolution of the Advocate’s Customer Service Issues

Only PLUG and the Advocate raised customer services. PLUG’s customer service issue is discussed in Section VIII.A of this Main Brief. The Department and the Advocate reached agreement on the Advocate’s customer service recommendations. In addition to issues addressed in Section VIII.B hereof, the Partial Settlement provides that the Department and WRB will:¹⁷⁹

- Provide quarterly reporting regarding Raise Your Hand (RYH) program. Such reporting will set forth (on a monthly basis) (i) the number of new RYH households; (ii) total RYH households; and to the extent the following data is collected (iii) the number of shutoffs canceled due to RYH; (iv) the number of households restored due to RYH; and (v) the number of households requesting, but denied protection by RYH.
- Provide quarterly reporting regarding the Utility Emergency Services Fund (UESF) grant program and efforts being taken to support UESF’s continued hardship fund operations, designate PWD employee as contact for hardship grants.
- Revise Customer Assistance Application language regarding income and eligibility to track the definition of “monthly household income” set forth in Philadelphia Code §19-1605(2)(e) and Philadelphia Water Regulation §200.1(h). The aforesaid revision

¹⁷⁸ See, Partial Settlement at ¶ 12.B.2 wherein the Department and the Advocate agreed that: “Comments as to PWD/WRB Joint Regulations regarding Charity Rate Administration are to be addressed in connection with the process pending before the Department of Records.”

¹⁷⁹ Partial Settlement at ¶ 12.B.2.

will be implemented within approximately one year after the approval of this Partial Settlement.

- Discuss “Additional Subsidization” in workshop setting with PA and others. The timing for such meeting(s) and attendees to be mutually agreed upon between PWD and PA.
- Undertake cost/benefit analysis of the Low-Income Conservation Assistance Program (LICAP). The cost/benefit analysis will consider and report: intervention cost measures (on average and in the aggregate) and cost savings (on average and in the aggregate) based on reduced usage (ccf/mo) at applicable rates over a 12-month study period.¹⁸⁰ The aforesaid analysis will be undertaken/completed by the next base rate proceeding.

All other customer service recommendations advanced by the Advocate in this proceeding are withdrawn without prejudice.¹⁸¹

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.

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.

¹⁸⁰ Stated differently, PWD understands that the cost/benefit analysis will compare what would have been charged under applicable rates for the amount of water saved (reduced usage) to what we spend on CMC Energy Services (CMC) contract over a 12-month period. CMC administers conservation services provided under LICAP.

¹⁸¹ Partial Settlement at ¶ 12.B.3.

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 charges are detailed in Tables M-1 and M-2, in Schedule BV-3. Additional information regarding these proposed updates can be found in page 57 (question 43) of PWD Statement 7.

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

Mr. Haver filed supplemental direct testimony as raising three categories of claims.

First, Mr. Haver alleged that proscribed procedures for public hearings were not followed.¹⁸² The Department disagrees with Mr. Haver allegation that proscribed procedures for public hearings were not followed.¹⁸³ Mr. Haver does not explain the basis for his allegation by referencing the provisions in the Charter, the Rate Ordinance, or the Rate Board's Regulations that he believes were not followed.

The Rate Board regulations address the administration of the hearing process and related outreach. The directives of the Hearing Officer were consistent with the aforesaid regulations and hearing procedures to be followed by the participants in this proceeding were clearly communicated. Moreover, outreach efforts for the public input hearings (as undertaken by the

¹⁸² Haver St. 1S at 2 (¶ 10).

¹⁸³ PWD Rebuttal Statement 5.

Department and Advocate) were extensive in this case — exceeding the requirements in the applicable regulations.

During the Technical Hearing, Mr. Haver asked questions regarding PWD outreach to City Council regarding the rate case. None of those questions address the reasonableness of the Department’s proposed rates, or the data and projections which underlay them. Nevertheless, the Department provided [Transcript Response No. 6](#).

Second, Mr. Haver is critical of participation levels at the public hearings.¹⁸⁴ The purpose of the public hearings is to gather information from the public.¹⁸⁵ The public hearings provide a forum for consumers, businesses, and other interested parties to discuss and share their concerns regarding the proposed rate increases as well as other issues. They are not the only way to provide information to the Rate Board. That Rate Board accepts written comments, whether by email or regular mail. The hearings and the written comments are a crucial part of the Rate Board’s process to ensure that decisions are made with consideration of public input.

Mr. Haver questions the level of participation at public input hearings. He implies that a specific number of participants at a public hearing is necessary to demonstrate that public hearing was “fair” or that the outreach was “successful” or “acceptable.” Those assumptions are 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

¹⁸⁴ Haver St. 1S at 1-2 (¶¶ 4-6, 9).

¹⁸⁵ PWD Rebuttal Statement 5.

at a public input hearing. Here, the levels of participation in this proceeding are comparable to the last general rate proceeding.¹⁸⁶

Third, Mr. Haver is critical of the contents of the Advocate's direct testimony.¹⁸⁷ The Department believes that these criticisms are misplaced. The Department is not further responding to these claims.¹⁸⁸ These claims are directed at the Advocate, and not the reasonableness of the Department's proposed rates, or the data and projections which underlay them.

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. This proceeding should be focused on the reasonableness of the Department's proposed rates and the data and projections which underlay them.¹⁸⁹ Mr. Skiendzielewski's Statements do not state any specific position on the Department's proposed rate increases for FY 2026 and FY 2027.¹⁹⁰ None of Mr. Skiendzielewski's Statements address the reasonableness of the Department's proposed rates, or the data and projections which underlay them.¹⁹¹

¹⁸⁶ PWD Rebuttal Statement 5.

¹⁸⁷ Haver St. 1S at 1 (¶ 1).

¹⁸⁸ PWD Rebuttal Statement 5.

¹⁸⁹ PWD Rebuttal Statement 6.

¹⁹⁰ PWD Rebuttal Statement 6.

¹⁹¹ PWD Rebuttal Statement 6.

Mr. Skiendzielewski's recommendations are wholly unsupported and speculative and should be rejected. He (a) critiques "the professionalism, competence, integrity of significant and prominent participants and attorneys in the [Rate Board] hearing process and procedure;"¹⁹² (b) provides "correspondence, facts, details and statements ... [regarding] the professional conduct and decision-making relative to the PWD excavation work done at [his] residence in April 2016;"¹⁹³ and (c) objects to the characterization of his claims.¹⁹⁴

The Department strongly disagrees with the above-described allegations by Mr. Skiendzielewski, and the evidence of record in this proceeding does not support such allegations. It appears that Mr. Skiendzielewski is seeking an investigation into the ethics and integrity of the individuals mentioned in the MS St. 1 and MS St. 3. However, Mr. Skiendzielewski seems to ignore the fact that the Rate Board has limited jurisdiction.¹⁹⁵ The Board's jurisdiction does not include authority to investigate, administer or enforce public integrity laws or ethical codes. Concerns regarding the work performed in 2016 have been raised by Mr. Skiendzielewski, and addressed by the Rate Board, in prior rate proceedings.¹⁹⁶ In fact, In doing so, Mr. Skiendzielewski stated that he was speaking about circumstances that he had "shared with the board over and over and over again." [Transcript](#) for April 23, 2025 (1 PM) at 27.

¹⁹² MS St. 1 at 1.

¹⁹³ MS St 2 at 1.

¹⁹⁴ MS St. 3 at 1.

¹⁹⁵ 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>.

¹⁹⁶ PWD Rebuttal Statement 6.

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 – as amended by the Partial Settlement;
- (2) find that the proposed rates and charges as amended by the Partial Settlement and as set forth in the attached schedules are supported by the record, are in compliance with the Rate Ordinance and other applicable requirements and therefore should be permitted to be placed in effect for service rendered on and after September 1, 2025, and September 1, 2026, 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 Partial Settlement), 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 Partial Settlement, and the foregoing discussion.

Respectfully submitted,

/s/ Andre Dasent

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APPENDICES

- A. Tables C-1, C-1A, C-1B, and C-2
- B. Summary of Public Hearings and Public Comment

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

Line		Fiscal Year Ending June 30,					
No.	Description	2025	2026	2027	2028	2029	2030
OPERATING REVENUE							
1	Water Service - Existing Rates	372,118	380,862	378,850	375,484	373,600	371,932
2	Wastewater Service - Existing Rates	545,992	560,132	559,080	556,063	542,627	540,713
3	Total Service Revenue - Existing Rates	918,109	940,994	937,930	931,547	916,227	912,645
	Additional Service Revenue Required						
	Year	Percent Increase	Months Effective				
4	FY 2026	8.53%	10	65,435	79,863	78,105	77,824
5	FY 2027	6.51%	10		54,000	64,695	64,445
6	FY 2028	9.11%	10		79,975	96,472	96,099
7	FY 2029	8.37%	10			78,798	96,314
8	FY 2030	7.83%	10				79,590
9	Total Additional Service Revenue Required	-	65,435	133,862	225,137	318,070	414,272
10	Total Water & Wastewater Service Revenue	918,109	1,006,429	1,071,793	1,156,684	1,234,297	1,326,917
	Other Income (a)						
11	Other Operating Revenue	(6,719)	(4,810)	(14,563)	(14,654)	(14,702)	(14,749)
11a	Settlement Adjustment	-	12,650	20,262	-	-	-
12	Debt Reserve Account Interest Income	82	394	930	1,993	3,406	4,719
13	Operating Fund Interest Income	3,650	3,925	4,042	4,132	4,242	4,376
14	Rate Stabilization Interest Income	2,619	2,659	2,772	2,870	2,987	3,105
15	Total Revenues	917,741	1,021,247	1,085,236	1,151,025	1,230,230	1,324,367
OPERATING EXPENSES							
16	Total Operating Expenses	(638,475)	(678,707)	(713,789)	(739,978)	(767,409)	(795,504)
NET REVENUES							
17	Transfer From/(To) Rate Stabilization Fund	10,971	(14,510)	(4,083)	(5,032)	(5,515)	(4,727)
18	NET REVENUES AFTER OPERATIONS	290,237	328,031	367,364	406,015	457,305	524,137
DEBT SERVICE							
	Senior Debt Service						
	Revenue Bonds						
19	Outstanding Bonds	(220,303)	(231,843)	(231,844)	(218,499)	(209,623)	(210,974)
20	PENNVEST Loans	(16,412)	(24,506)	(31,321)	(36,294)	(39,100)	(40,437)
21	Projected Future Bonds	(0)	-	(16,667)	(54,771)	(100,294)	(149,015)
22	Commercial Paper	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)
23	WIFIA	(356)	(593)	(1,407)	(1,407)	(1,407)	(1,407)
24	Total Senior Debt Service	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
25	TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24)	1.21 x	1.27 x	1.30 x	1.30 x	1.30 x	1.30 x
26	Subordinate Debt Service	-	-	-	-	-	-
27	Transfer to Escrow	-	-	-	-	-	-
28	Total Debt Service on Bonds	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
29	CAPITAL ACCOUNT DEPOSIT	(34,362)	(36,290)	(38,326)	(40,477)	(42,749)	(45,147)
30	TOTAL COVERAGE (L18/(L24+L26+L29))	1.06 x	1.11 x	1.14 x	1.15 x	1.15 x	1.16 x
31	End of Year Revenue Fund Balance	17,455	33,449	46,450	53,219	62,783	75,807
RESIDUAL FUND							
32	Beginning of Year Balance	30,847	15,018	15,071	15,023	15,075	15,064
33	Interest Income	454	298	317	406	412	418
	Plus:						
34	End of Year Revenue Fund Balance	17,455	33,449	46,450	53,219	62,783	75,807
35	Deposit for Transfer to City General Fund (b)	4,994	4,994	4,994	4,994	4,994	4,994
	Less:						
36	Transfer to Construction Fund	(29,300)	(25,600)	(40,000)	(48,600)	(60,400)	(74,900)
37	Transfer to City General Fund	(4,994)	(4,994)	(4,994)	(4,994)	(4,994)	(4,994)
38	Transfer to Debt Reserve Account	(4,438)	(8,094)	(6,815)	(4,973)	(2,806)	(1,337)
39	End of Year Balance	15,018	15,071	15,023	15,075	15,064	15,053
RATE STABILIZATION FUND							
40	Beginning of Year Balance (c)	132,438	121,467	135,977	140,061	145,092	150,608
41	Deposit From/(To) Revenue Fund	(10,971)	14,510	4,083	5,032	5,515	4,727
42	End of Year Balance	121,467	135,977	140,061	145,092	150,608	155,334

(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 2025 beginning balance is estimated based on preliminary FY 2024 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,					
		2025	2026	2027	2028	2029	2030
OPERATING REVENUE							
1	Water Service - Existing Rates	360,384	365,313	362,873	359,609	357,815	356,225
2	Wastewater Service - Existing Rates	529,333	538,149	536,504	533,635	520,326	518,523
3	Total Service Revenue - Existing Rates	889,717	903,462	899,377	893,245	878,141	874,748
	Additional Service Revenue Required						
	Percent Increase						
	Months Effective						
4	FY 2026	8.28%	10	60,920	74,446	73,938	72,688
5	FY 2027	6.80%	10		54,000	65,807	64,695
6	FY 2028	9.50%	10			79,975	96,472
7	FY 2029	8.69%	10				78,798
8	FY 2030	8.11%	10				79,590
9	Total Additional Service Revenue Required	-	60,920	128,446	219,720	312,653	408,855
10	Total Water & Wastewater Service Revenue	889,717	964,383	1,027,822	1,112,965	1,190,794	1,283,603
	Other Income (a)						
11	Other Operating Revenue	29,644	29,726	29,624	29,533	29,486	29,438
11a	Settlement Adjustment		12,650	20,262			
12	Debt Reserve Account Interest Income	82	394	930	1,993	3,406	4,719
13	Operating Fund Interest Income	3,650	3,925	4,042	4,132	4,242	4,376
14	Rate Stabilization Interest Income	2,619	2,659	2,772	2,870	2,987	3,105
15	Total Revenues	925,711	1,013,737	1,085,453	1,151,493	1,230,914	1,325,240
OPERATING EXPENSES							
16	Total Operating Expenses	(638,475)	(678,707)	(713,789)	(739,978)	(767,409)	(795,504)
NET REVENUES							
17	Transfer From/(To) Rate Stabilization Fund	3,000	(7,000)	(4,300)	(5,500)	(6,200)	(5,600)
18	NET REVENUES AFTER OPERATIONS	290,237	328,031	367,364	406,015	457,305	524,137
DEBT SERVICE							
	Senior Debt Service						
	Revenue Bonds						
19	Outstanding Bonds	(220,303)	(231,843)	(231,844)	(218,499)	(209,623)	(210,974)
20	PENNVEST Loans	(16,412)	(24,506)	(31,321)	(36,294)	(39,100)	(40,437)
21	Projected Future Bonds	(0)	-	(16,667)	(54,771)	(100,294)	(149,015)
22	Commercial Paper	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)	(1,349)
23	WIFIA	(356)	(593)	(1,407)	(1,407)	(1,407)	(1,407)
24	Total Senior Debt Service	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
25	TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24)	1.21 x	1.27 x	1.30 x	1.30 x	1.30 x	1.30 x
26	Subordinate Debt Service	-	-	-	-	-	-
27	Transfer to Escrow	-	-	-	-	-	-
28	Total Debt Service on Bonds	(238,420)	(258,292)	(282,588)	(312,319)	(351,773)	(403,182)
29	CAPITAL ACCOUNT DEPOSIT	(34,362)	(36,290)	(38,326)	(40,477)	(42,749)	(45,147)
30	TOTAL COVERAGE (L18/(L24+L26+L29))	1.06 x	1.11 x	1.14 x	1.15 x	1.15 x	1.16 x
31	End of Year Revenue Fund Balance	17,455	33,449	46,450	53,219	62,783	75,807

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

Line No.	Description	Fiscal Year Ending June 30,					
		2025	2026	2027	2028	2029	2030
OPERATING REVENUE							
1	Water Service - Existing Rates	11,733	15,549	15,977	15,874	15,785	15,707
2	Wastewater Service - Existing Rates	16,658	21,983	22,577	22,428	22,301	22,189
3	Total Service Revenue - Existing Rates	28,392	37,532	38,554	38,302	38,086	37,897
	Additional Service Revenue Required						
	Percent Increase						
	Months Effective						
4	FY 2026	14.35%	10	4,514	5,417	5,417	5,417
5	FY 2027	0.00%	10	-	-	-	-
6	FY 2028	0.00%	10		-	-	-
7	FY 2029	0.00%	10			-	-
8	FY 2030	0.00%	10				-
9	Total Additional Service Revenue Required	-	4,514	5,417	5,417	5,417	5,417
10	Total Water & Wastewater Service Revenue	28,392	42,046	43,971	43,719	43,503	43,314
	Other Income						
11	Other Operating Revenue (a)	(36,363)	(34,536)	(44,187)	(44,187)	(44,187)	(44,187)
11a	Settlement Adjustment	-	-	-	-	-	-
12	Debt Reserve Account Interest Income	-	-	-	-	-	-
13	Operating Fund Interest Income	-	-	-	-	-	-
14	Rate Stabilization Interest Income	-	-	-	-	-	-
15	Total Revenues	(7,971)	7,510	(217)	(468)	(685)	(873)
OPERATING EXPENSES							
16	Total Operating Expenses	-	-	-	-	-	-
NET REVENUES							
17	Transfer From/(To) Rate Stabilization Fund (b)	7,971	(7,510)	217	468	685	873
18	NET REVENUES AFTER OPERATIONS	-	-	-	-	-	-
DEBT SERVICE							
	Senior Debt Service						
	Revenue Bonds						
19	Outstanding Bonds	-	-	-	-	-	-
20	PENNVEST Loans	-	-	-	-	-	-
21	Projected Future Bonds	-	-	-	-	-	-
22	Commercial Paper	-	-	-	-	-	-
23	WIFIA	-	-	-	-	-	-
24	Total Senior Debt Service	-	-	-	-	-	-
25	TOTAL SENIOR DEBT SERVICE COVERAGE (L18/L24)	NA	NA	NA	NA	NA	NA
26	Subordinate Debt Service	-	-	-	-	-	-
27	Transfer to Escrow	-	-	-	-	-	-
28	Total Debt Service on Bonds	-	-	-	-	-	-
29	CAPITAL ACCOUNT DEPOSIT	-	-	-	-	-	-
30	TOTAL COVERAGE (L18/(L24+L26+L29))	NA	NA	NA	NA	NA	NA
31	End of Year Revenue Fund Balance	-	-	-	-	-	-

TABLE C-2
Base and TAP-R Surcharge Rates
COMBINED SYSTEM: PROJECTED RATE STABILIZATION FUND
AND COVENANTS METRICS PERFORMANCE

Line #	Description	2025	2026	2027	2028	2029	2030
Rate Stabilization Fund		in thousand dollars (1,000 dollars)					
1	Beginning Balance: Rate Stabilization Fund (a)	132,438	121,467	135,977	140,061	145,092	150,608
2	Transfers From (To) Revenue Fund (b)	(10,971)	14,510	4,083	5,032	5,515	4,727
3	Year-End Rate Stabilization Fund Balance (Line 1 + Line 2)	121,467	135,977	140,061	145,092	150,608	155,334
General Bond Ordinance Covenants							
4	Senior Debt Coverage (c)	1.21	1.27	1.30	1.30	1.30	1.30
5	Total Debt Coverage (d)	1.06	1.11	1.14	1.15	1.15	1.16
6	90% Test - Senior Debt Coverage from Current Revenues (e)	1.17	1.27	1.30	1.30	1.30	1.30
O&M Actual to Budget Ratio							
7	Projected O&M Budget (f)	732,773	777,712	815,837	846,032	877,609	910,060
8	O&M Actual to Budget Ratio	92.8%	92.9%	93.0%	93.0%	93.0%	93.0%
Rate Ordinance Requirements							
9	Projected Total Revenues	917,741	1,021,247	1,085,236	1,151,025	1,230,230	1,324,367
10	Projected Total Appropriations (g)	1,023,010	1,112,743	1,187,500	1,257,547	1,341,114	1,439,797
11	Rate Ordinance Requirement Compliance (h)	Yes	Yes	Yes	Yes	Yes	Yes
Cash Funding							
12	Cash Funded Capital (i)	63,662	61,890	78,326	89,077	103,149	120,047
13	Capital Improvement Program Annual Expenses	406,863	511,975	596,833	671,342	711,252	754,590
14	Cash Funded Capital Ratio (j)	15.6%	12.1%	13.1%	13.3%	14.5%	15.9%

(a) FY 2025 beginning balance is estimated based on FY 2024 preliminary financial results.

(b) See Line 17 in Table C-1.

(c) Senior Debt Coverage = (Total Revenues - Operating Expenses + Transfer From (to) Rate Stabilization) divided by Senior Debt. The General Bond Ordinance requires the minimum Senior Debt Service Coverage of 1.20.

(d) Total Debt Coverage = (Total Revenues - Operating Expenses + Rate Stabilization Transfer) divided by (Senior Debt + Subordinate Debt + Capital Account Deposit). The 1989 General Ordinance requires the minimum Total Debt Service Coverage of 1.00.

(e) Senior Debt Coverage from Current Revenues = (Total Revenues - Operating Expenses - Transfer to Rate Stabilization Fund) divided by Senior Debt. Transfers from Rate Stabilization are excluded from the Total Revenues. The General Bond Ordinance requires a minimum Senior Debt Service Coverage of 0.90 from Current Revenues.

(f) FY 2025 budget reflects the PWD adopted budget; FY 2026 through FY 2030 budget reflects annual cost escalation factors.

(g) Total Appropriation = Total O&M Budget + Senior Debt + Subordinate Debt + Transfer to Escrow + Capital Account Deposit + Transfer to Rate Stabilization Fund + Transfer to Residual Fund. Costs to service the City included as required by the General Bond Ordinance rate covenants.

(h) Rate Ordinance requires that Total Revenues not exceed Total Appropriations.

(i) Cash Funded Capital = Capital Account Deposit + Residual Transfer to Construction Fund

(j) Cash Funded Capital Ratio = Cash Funded Capital divided by Capital Improvement Program annual expenses.

**Philadelphia Water Department
2025 Rate Proceeding
Rate Period: FY 2026 and FY 2027**

Summary of Public Hearings and Public Comment

Public Hearings

In-Person Public Hearing Held April 22, 2025 at 1:00 p.m. (Philadelphia Gas Commission)
([Transcript](#) posted on Rate Board website).

Sonny Popowsky, Rate Board Chair
Debra McCarty, Rate Board Member
Andre Dasent, Counsel for PWD
Neal Sellers, 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
 - [PWD Rates Presentation on Proposed FY 2026-2027 Rates](#) was posted on the Rate Board's website.
- Robert Ballenger made an opening statement for the Public Advocate
- Lance Haver made an opening statement

<u>Commenter</u>	<u>Summary of Topics Raised</u>
None	None

Virtual Public Hearing Held April 22, 2025 at 6:00 p.m.
([Transcript](#) posted on Rate Board website).

Hearing Officer Marlene Chestnut
Andre Dasent, Counsel for PWD
Glen Abrams, Public Affairs Department of PWD
Charlotte Edelstein, Community Legal Services, Inc. (Public Advocate)
Lance Haver, *Pro Se* Participant
Michael Skiendelewski, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD

- [PWD Rates Presentation on Proposed FY 2026-2027 Rates](#) was posted on the Rate Board's website.
- Charlotte Edelstein made an opening statement for the Public Advocate
- Lance Haver made an opening statement

<u>Commenter</u>	<u>Summary of Topic Raised</u>
Randy Giancaterino	Stormwater; Residential Incentives *
	<i>PWD indicated that it would provide a written response</i>
Constance Thompson	Collect Unpaid Bills Stormwater; Residential Incentives (Rain Barrels) Senior Discount Threshold High Bills; Affordability
	<i>It was explained that the Senior Citizen Discount Threshold would be increasing.</i>
	<i>The other topics are being addressed in written responses from PWD.</i>
Barbara Hill-Cisse	Feasibility Study for No Rate Relief * What Benefits/Value to Customers from Rate Increase *
	<i>PWD indicated that it would provide a written response</i>
Joann Green	Collection of Unpaid Bills *
	<i>PWD indicated that it would provide a written response</i>
J.D. Lee	Efficiency will save money; lower increase Department is inefficient (Plant Work; Engineering) Rental Property; Curb Stop, Responsibility *
	<i>PWD indicated that it would investigate this customer's issues</i>

<u>Commenter</u>	<u>Summary of Topic Raised</u>
	<i>PWD indicated that it would provide a written response on customer responsibility</i>
Tiawana Griffin	Prolonged Construction on 1229 South 56 th Street * High Bills; Affordability; Hardship
	<i>PWD indicated that it would provide a written response</i>
Linda Poindexter	Availability of Transcript
	<i>It was explained that the transcript would be posted on the Rate Board's website.</i>
Daniel Komisarchik	High Bills; Hardship (Large % Increase) Affordability Mult-Year Projects
Joyce Wallace	High Bills; Affordability (Seniors) Line Replacement; HELP Loan *
	<i>PWD indicated that it would provide a written response</i>
Katie Nocera	Lead Line Replacement; Federal Taxes Should Pay Increase Request Based on Federal Tariffs Increase Request; Connection to Other Services
	<i>It was explained that there are many unfunded mandates from the Federal Government, and the PWD primarily funds construction and improvements by grants or borrowing</i>
	<i>It was explained that PWD is primarily funded by rates and charges levied on its customers. PWD's rates and charges are not directly connected to other services provided by the City.</i>

<u>Commenter</u>	<u>Summary of Topic Raised</u>
Carol Maxwell Reeves	No Additional Topics Others Already Confronted You With My Questions
	<i>No additional responses were required.</i>

Virtual Public Hearing Held April 23, 2025 at 1:00 p.m.

([Transcript](#) posted on Rate Board website).

Hearing Officer Marlene Chestnut

Andre Dasent, Counsel for PWD

Brooke Darlington, Counsel for WRB

Glen Abrams, Public Affairs Department of PWD

Robert W. Ballenger, Community Legal Services, Inc. (Public Advocate)

Lance Haver, *Pro Se* Participant

Michael Skiendelewski, *Pro Se* Participant

- Glen Abrams made an opening statement for PWD
 - [PWD Rates Presentation on Proposed FY 2026-2027 Rates](#) was posted on the Rate Board's website.
- Robert Ballenger made an opening statement for the Public Advocate
- Lance Haver made an opening statement

<u>Commenter</u>	<u>Summary of Topic Raised</u>
Lee S.	No Slideshow; Forum should have information to educate HHS remove fluoride; impact to rates
	<i>It was explained that changes to hearing procedures may be considered by the Rate Board</i>
	<i>PWD indicated that it would provide a written response regarding fluoride</i>
Clarabel Nunez	Agree; Information is not accessible Who does CLS represent? CLS Testimony; publicly available (due next week)

<u>Commenter</u>	<u>Summary of Topic Raised</u>
	<i>It was explained who CLS represents as well as when and where the testimony would be available.</i>
Alexa Josaphovitch	Hardship; First-Time, single homeowner Affordability; Available Assistance Post-2026 Increase; Two Rate Periods
	<i>PWD indicated that it would provide a written response on affordability</i>
Angie Carrion	Low-Income Eligibility (Income-Based Adjustments)
	<i>PWD indicated that it would provide a written response on affordability</i>
Pastor Andrew Ankamah	Stormwater Incentives (Church) Stormwater; Hardship
	<i>PWD indicated that it would investigate this customer's issues</i>

In-Person Public Hearing Held April 23, 2025 at 6:00 p.m. (Zion Baptist Church)
([Transcript](#) posted on Rate Board website).

Sonny Popowsky, Rate Board Chair
Debra McCarty, Rate Board Member
Andre Dasent, Counsel for PWD
Adriana Gonzalez, Counsel for WRB
Glen Abrams, Public Affairs Department of PWD
Vikram Patel, Community Legal Services, Inc. (Public Advocate)

- Glen Abrams made an opening statement for PWD
 - [PWD Rates Presentation on Proposed FY 2026-2027 Rates](#) was posted on the Rate Board's website.

- Vikram Patel made an opening statement for the Public Advocate

<u>Commenter</u>	<u>Summary of Topics Raised</u>
Chris Long	Infrastructure improvements, functionality, loss, and misuse of water from fire hydrants, waste within PWD, misuse of company vehicles
	<i>PWD indicated it would investigate the issues and respond to the customer's questions</i>
Lisa Spera	Affordability concerns, bond issuances, UN 2030 Sustainable Development Goals, service terminations, seizure/foreclosure of customer assets
Judith Sussholtz	Affordability especially for seniors
	<i>PWD indicated it would provide information on SCD and TAP</i>
Jillian Tadrzynski	Infrastructure concerns, pay scale at PWD, affordability, noncustomer tenant issues
	<i>PWD offered to discuss hardship programs</i>
MacAllister Gartner	Affordability, noncustomer tenant issues, service termination concerns, UN 2030 Sustainable Development Goals
	<i>PWD and WRB offered to discuss hardship programs</i>
Antonia Batts	Affordability
	<i>PWD and WRB offered to meet to discuss assistance programs</i>
Thomas Skokan	Holmesburg PWD street project, water runoff remediation

<u>Commenter</u>	<u>Summary of Topics Raised</u>
	<i>PWD offered to respond with information relating to stormwater rate design and to solicit information from customer experience with natural runoff remediation</i>

PWD Responses to Public Input Hearing Questions

The Department's written responses to public input hearing questions are [posted](#) on the Rate Board's website.

Public Comment

Written public comments are [posted](#) on the Rate Board's website.

<u>Commenter</u>	<u>Summary of Topics Raised</u>
<u>Councilmember-At-Large Katherine Gilmore Richardson</u>	Affordability
<u>Philadelphia Chinatown Development Corp</u>	Economic Hardship; Transparency on use of funds from previous increases; Less than full enrollment of eligible residents in the Tiered Assistance Program (TAP) and Senior Citizen Discount; Use of more state and federal funding; Environmental Equity
<u>A. Levin</u>	Coordination with other City Departments for projects
<u>E. Prince</u>	Affordability; Please do not raise rates
<u>J. Alfano</u>	Affordability
<u>J. Hancher</u>	Affordability Out-dated plumbing
<u>J. Voitel</u>	Affordability; Keep any increase at a minimum
<u>K. Murphy</u>	Affordability; Find another way to pay your expenses
<u>L. Williams</u>	Affordability; Senior Citizens

<u>Commenter</u>	<u>Summary of Topics Raised</u>
<u>M. Dorrell</u>	Availability of information supporting rate increase
<u>M. Shah</u>	Asked questions on the loss of federal funding for projects
<u>M. Siftar</u>	Affordability; No increases in coming years
<u>N. Angel Seng</u>	Affordability; Dealing with other increases
<u>P. Fizz</u>	Affordability; Against any increase
<u>P. Hoyer</u>	Discounts are costly; Large-diameter water main breaks
<u>P. Mitchell, Jr.</u>	Registration for Public Hearing
<u>R. DiGiacomo</u>	Affordability; Shut-off people who do not pay their bills
<u>R. Iaconelli</u>	Affordability; Driving seniors out of their homes
<u>S. Ward</u>	Affordability; Philadelphians are struggling to pay their bills
<u>T. Alicea, Sr.</u>	Affordability; Keep bills where they are