

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

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In the Matter of the Philadelphia Water	:	2025 TAP-R Reconciliation
Department's Proposed Changes in Rates and	:	Proceeding – FY 2026
Related Charges	:	

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**HEARING OFFICER REPORT**

Marlane R. Chestnut  
Hearing Officer

June 18, 2025

## TABLE OF CONTENTS

I.	SUMMARY OF RECOMMENDATION.....	1
II.	HISTORY OF THE PROCEEDING .....	1
III.	PROPOSED RATES AND TERMS.....	5
IV.	DISCUSSION .....	7
V.	CONCLUSION .....	8

## I. SUMMARY OF RECOMMENDATION

This report addresses the rate filing made by the Philadelphia Water Department (PWD or Department)<sup>1</sup> to implement the annual reconciliation adjustment to the Tiered Assistance Program Rate Rider<sup>2</sup> (TAP-R) by revising related water, sewer and fire service connection quantity charges (2025 TAP-R adjustment) in accordance with the TAP-R tariff previously approved by the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board).<sup>3</sup> As discussed in more detail below, I recommend that the Rate Board accept without modification the proposed TAP-R rates and charges contained in the [Joint Petition for Settlement of TAP-R Proceeding](#)<sup>4</sup> (Joint Petition, Settlement Petition) to become effective September 1, 2025, and continue through the Next Rate Period.<sup>5</sup> The effect is to approve TAP-R rates set at \$3.59/Mcf<sup>6</sup> (water) and \$5.07/Mcf (wastewater) rather than \$3.87/Mcf (water) and \$5.67/Mcf (wastewater) as originally requested by PWD.

## II. HISTORY OF THE PROCEEDING

On February 18, 2025, the Department filed an [Advance Notice](#)<sup>7</sup> with Philadelphia City Council and the Rate Board of its request to implement the annual TAP-R reconciliation adjustment to revise related water, sewer, and fire service connection quantity charges. [Formal](#)

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<sup>1</sup> The Water Department is a City department, with responsibility for provision of water, sewer and stormwater services in the City of Philadelphia. It also makes wholesale water sales to neighboring communities.

<sup>2</sup> TAP is a customer assistance program, mandated by City Council, that allows low-income customers to pay reduced bills based upon a percentage of their household income. See Philadelphia Code, § 19-1605 (calling the program “IWRAP”). The TAP-R rider, with parameters set by the Rate Board in its [2018 general rate determination](#), tracks revenue losses resulting from application of the TAP discount, in order to permit annual reconciliation if they are greater or less than projected. The TAP-R surcharge is charged to customers who do not receive the discount.

<sup>3</sup> As of the date of this Report, the members of the Rate Board (nominated by the Mayor and approved by City Council) are Board Chair Sonny Popowsky, Tony Ewing, Abby Pozefsky, McCullough Williams III and Debra McCarty. Short biographies of each board member, as well as relevant legal authority and regulations, are available at the [Rate Board’s website](#) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/about/>).

<sup>4</sup> <https://www.phila.gov/media/20250529102502/2025-TAP-R-Joint-Settlement-Petition.pdf>

<sup>5</sup> PWD’s fiscal years run from July 1 through June 30. The Next Rate Period is September 1, 2025, through August 31, 2026, as the rates to be effective September 1, 2025 (FY 2026) will continue into FY 2027 (July 1 –August 31, 2026).

<sup>6</sup> Mcf equals 1,000 cubic feet. Per PWD’s proposed Reconciliation Statement at 4, [Formal Notice](#) at 12, a typical residential customer uses about 0.43 MCF of water per month.

<sup>7</sup> <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#advance-notice>. Advance notice is required under Philadelphia Code, § 13-101(7), and Section II.A.2(a) of the [Rate Board’s Regulations](#).

[Notice](#)<sup>8</sup> of the proposed reconciliation adjustments was filed with the Department of Records on March 31, 2025. The [Formal Notice](#) consisted of a proposed Reconciliation Statement, schedules (Schs. BV 1-5, Schs. RFC 1-3) and exhibits (PWD Exhs. 1A and 1B) setting forth the calculations of the reconciliation and proposed rates and charges. The proposed TAP-R rates and charges are designed to take effect on September 1, 2025. Both Notices contained supporting schedules and exhibits as required by the [Regulations](#)<sup>9</sup> (Sections II.A.2 and II.C.1) promulgated by the Rate Board.

The general public was notified of the proceedings, hearing dates, and participation and comment deadlines through information made available on the Rate Board's website<sup>10</sup> as well as publication of legal notices in three Philadelphia newspapers.<sup>11</sup> As well as the required legal notices published in various Philadelphia newspapers and the postings on the Rate Board's website, participants to PWD's [2024 TAP-R reconciliation](#)<sup>12</sup> proceeding were notified by e-mail of this proceeding and provided an opportunity to participate. PWD also provided these participants with (1) [2025 TAP Rider Reconciliation Workbook](#)<sup>13</sup> and (2) [Sch. RFC-3 Rate Rider Reporting Model 2025](#).<sup>14</sup>

In addition to the Department, participants included the Public Advocate (Community Legal Services, selected by the Rate Board to represent the concerns of residential consumers and other small users as a class); the City of Philadelphia Department of Revenue, Water Revenue Bureau;<sup>15</sup> the Philadelphia Large Users Group (PLUG), an ad hoc group of large

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<sup>8</sup><https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#formal-notice>. Formal notice is required under Philadelphia Code, § 13-101((7)-(8) and Section II.A.2(b) of the [Regulations](#).

<sup>9</sup> <https://www.phila.gov/media/20220204155914/WRBRegulationsAmended20210908reaffirmed20211013.pdf>

<sup>10</sup> [Rate Board Website Notices](#), <https://www.phila.gov/media/20250617090816/2025-TAP-R-Website-Notices.pdf>; and more generally the [2025 TAP-R Reconciliation Proceeding](#) page, <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/>, and the [Meetings & hearings](#) page, <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/meetings/>

<sup>11</sup> [Board Notices and Public Outreach](#), <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#board-notices-and-public-outreach>

<sup>12</sup> <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2024-tap-r-reconciliation-proceeding/>

<sup>13</sup> <https://www.phila.gov/media/20250219160016/2025-TAP-Rate-Rider-Reconciliation-Workbook.xlsx>

<sup>14</sup> <https://www.phila.gov/media/20250219160018/Schedule-RFC-3-Rate-Rider-Reporting-Model-2025.xlsx>

<sup>15</sup> The Water Revenue Bureau, which is part of the City's Department of Revenue, provides all billing and collection functions for the Water Department, and administers PWD's customer assistance programs, including TAP.

commercial & industrial customers; and three individual customers, Lance Haver, Michael Skindzielewski and Susan Morris.

An on-the-record [prehearing conference](#)<sup>16</sup> to address preliminary procedural issues was held via Zoom (a video teleconferencing platform) in this proceeding on April 8, 2025, following the deadline to register as a participant as of right per Section I(m) of the Board's [Regulations](#). All participants were invited to attend; in addition, notice of the prehearing conference was posted on the Rate Board's website at the section labeled [2025 TAP-R Reconciliation Proceeding](#).<sup>17</sup> At that prehearing conference, a schedule was adopted, and directives were issued regarding discovery and the holding of hearings. These determinations were memorialized in a [Prehearing Conference Order](#)<sup>18</sup> dated April 10, 2025.

Information requests were propounded by PWD and the Public Advocate. No other participant conducted discovery. These documents and the respective responses are posted on the Rate Board's website, listed as [Information Requests](#).<sup>19</sup> In accordance with the schedule contained in the April 10, 2025 [Prehearing Conference Order](#), the Public Advocate submitted [PA. St. 1](#),<sup>20</sup> the direct testimony of Lafayette K. Morgan, Jr. (Exeter Associates, Inc.). PWD presented rebuttal testimony ([PWD Rebuttal St. 1](#)) addressed to Mr. Morgan's recommendations and which included Schedule RFC-4 (dated April 24, 2025), an update to the Department's originally filed [Sch. RFC-1](#).<sup>21</sup> No other participant filed direct or rebuttal testimony.

After proper notice,<sup>22</sup> separate public input and technical review hearings were held (remotely via Zoom, with the option to participate telephonically) on May 8, 2025. Reports describing their respective outreach efforts to notify the public of the public input hearing were

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<sup>16</sup> [https://www.phila.gov/media/20250411155328/52964\\_2025-TAP-R-Reconciliation\\_-\\_040825\\_Full.pdf](https://www.phila.gov/media/20250411155328/52964_2025-TAP-R-Reconciliation_-_040825_Full.pdf)

<sup>17</sup> <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/>; see <https://www.phila.gov/media/20250617090816/2025-TAP-R-Website-Notices.pdf>

<sup>18</sup> <https://www.phila.gov/media/20250411155326/TAP-R-PHC-Order-2025-FINAL.pdf>

<sup>19</sup> <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#information-requests>

<sup>20</sup> <https://www.phila.gov/media/20250421141800/2025-TAP-R-Lafayette-Morgan-Public-Advocate-Testimony.pdf>

<sup>21</sup> <https://www.phila.gov/media/20240507101746/Rebuttal-Exhibit-RFC-1.xlsx>

<sup>22</sup> See, advertising and [notices](#) at <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#board-notices-and-public-outreach>

filed by both PWD ([PWD Public Hearing Outreach](https://www.phila.gov/media/20250527111123/2025-TAP-R-Public-Hearing-Outreach-pdf.pdf)<sup>23</sup>) and, post-hearing, the Public Advocate ([Public Advocate Outreach Report](https://www.phila.gov/media/20250613110110/PA-TAP-R-2025-Post-Hearing-Exhibit-Outreach-Report.pdf)<sup>24</sup>); the Department also prepared a [Public Presentation](https://www.phila.gov/media/20250507095712/TAPR-PublicPresentation-2025.05.05-V3-2.pdf)<sup>25</sup> summarizing the TAP-R program and the proposed reconciliation adjustment. No members of the public appeared to present comments or questions. The technical hearing was held immediately after the public hearing.<sup>26</sup> The Department, Public Advocate, and PLUG participated in the technical hearing. The cross-examination of PWD’s witness panel (consisting of Raftelis Financial Consultants and Black & Veatch Management Consulting LLC) was conducted by the Advocate. The Water Department cross-examined PA witness Morgan, and presented [PWD Hearing Exh. 1](https://www.phila.gov/media/20250520150148/2025-TAP-PWD-Main-Brief-Combined.pdf) (which again included Sch. RFC-4);<sup>27</sup> [PWD Hearing Exh. 2](https://www.phila.gov/media/20250520150156/Public-Advocate-2025-TAP-R-Brief.pdf);<sup>28</sup> and [PWD Hearing Exh. 3](https://www.phila.gov/media/20250520152148/PA-Proposed-Stipulation-v-4-from-PWD.pdf).<sup>29</sup>

In accordance with the schedule contained in the [Prehearing Conference Order](https://www.phila.gov/media/20250515125210/Public-and-Technical-Hearings-5.8.2025.pdf), PWD and the Public Advocate filed Main Briefs: [Main Brief of the Philadelphia Water Department](https://www.phila.gov/media/20250520150148/2025-TAP-PWD-Main-Brief-Combined.pdf);<sup>30</sup> and [Main Brief of the Public Advocate](https://www.phila.gov/media/20250520150156/Public-Advocate-2025-TAP-R-Brief.pdf).<sup>31</sup> A [Stipulation](https://www.phila.gov/media/20250520152148/PA-Proposed-Stipulation-v-4-from-PWD.pdf)<sup>32</sup> entered into between the Department and the Advocate was presented. A [Reply Brief](https://www.phila.gov/media/20250527111124/2025-TAP-PWD-Reply-Brief-Final-Combined.pdf)<sup>33</sup> was filed by PWD ; the Public Advocate filed a [Letter in Lieu of a Reply Brief](https://www.phila.gov/media/20250527111125/PA-Letter-in-Lieu-of-TAP-R-Reply-Brief-2025.pdf).<sup>34</sup> No other participant filed a brief.

On May 27, 2025, PWD and the Public Advocate (Joint Petitioners) filed a [Joint Petition for Settlement of TAP-R Proceeding](https://www.phila.gov/media/20250527111123/2025-TAP-R-Public-Hearing-Outreach-pdf.pdf) (Joint Petition). The Joint Petitioners agreed<sup>35</sup> that “for the Next Rate Period (September 2025 through August 2026) that (a) the projected average monthly number of TAP Participants should be 60,634; (b) the average discount should be \$48.95 per TAP Participant; (c) the average monthly consumption should be 647 cf (cubic feet) per TAP

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<sup>23</sup><https://www.phila.gov/media/20250527111123/2025-TAP-R-Public-Hearing-Outreach-pdf.pdf>

<sup>24</sup> <https://www.phila.gov/media/20250613110110/PA-TAP-R-2025-Post-Hearing-Exhibit-Outreach-Report.pdf>

<sup>25</sup> <https://www.phila.gov/media/20250507095712/TAPR-PublicPresentation-2025.05.05-V3-2.pdf>

<sup>26</sup>The combined [transcript](https://www.phila.gov/media/20250515125210/Public-and-Technical-Hearings-5.8.2025.pdf) is posted on the Rate Board’s website, <https://www.phila.gov/media/20250515125210/Public-and-Technical-Hearings-5.8.2025.pdf>, along with the Department’s [Public Presentation](https://www.phila.gov/media/20250507095712/TAPR-PublicPresentation-2025.05.05-V3-2.pdf), <https://www.phila.gov/media/20250507095712/TAPR-PublicPresentation-2025.05.05-V3-2.pdf>

<sup>27</sup> <https://www.phila.gov/media/20250515160929/PWD-HEARING-EXHIBIT-1-2025.pdf>

<sup>28</sup> <https://www.phila.gov/media/20250515160930/PWD-Hearing-Exhibit-2-2025.pdf>

<sup>29</sup> <https://www.phila.gov/media/20250515160930/PWD-Hearing-Exhibit-3-12-Month-Average-2025.pdf>

<sup>30</sup> <https://www.phila.gov/media/20250520150148/2025-TAP-PWD-Main-Brief-Combined.pdf>

<sup>31</sup> <https://www.phila.gov/media/20250520150156/Public-Advocate-2025-TAP-R-Brief.pdf>

<sup>32</sup> <https://www.phila.gov/media/20250520152148/PA-Proposed-Stipulation-v-4-from-PWD.pdf>

<sup>33</sup> <https://www.phila.gov/media/20250527111124/2025-TAP-PWD-Reply-Brief-Final-Combined.pdf>

<sup>34</sup> <https://www.phila.gov/media/20250527111125/PA-Letter-in-Lieu-of-TAP-R-Reply-Brief-2025.pdf>

<sup>35</sup> [Joint Petition](https://www.phila.gov/media/20250527111123/2025-TAP-R-Public-Hearing-Outreach-pdf.pdf) at ¶ 25 (footnote omitted).

Participant; (d) that (i) the collection factor established in PWD’s 2023 General Rate Proceeding will be used for purposes of reconciliation in this 2025 TAP-R Reconciliation Proceeding as it relates to the determination of the E-Factor and (ii) the collection factor established in PWD’s [2025 General Rate Proceeding](#)<sup>36</sup> will be used for purposes of reconciliation in future TAP proceedings (i.e., the 2026 TAP-R Reconciliation Proceeding) as it relates to the determination of the E-Factor; and (e) the cost allocation (between water and wastewater) established in PWD’s current [2025 General Rate Proceeding](#) will be used for purposes of allocating costs associated with the C-Factor to water and sewer in this TAP proceeding.” Attached to the [Joint Petition](#) was Exh. 1, the proposed TAP-R rates and supporting data and calculations

A deadline of May 31, 2025, was established for any objections to the [Joint Petition](#). No objections were received.

The Joint Petitioners’ position is that the proposed rates provide a fair, just and reasonable TAP-R reconciliation adjustment, are supported by the record, are in compliance with all applicable ordinances, and are in the best interest of the Water Department and its customers. I agree. I therefore recommend that the Rate Board permit the Department to put the proposed rates and charges as set forth in the [Joint Petition](#) in effect on September 1, 2025. I commend the parties to the settlement– and the counsel representing them – for their efforts in this proceeding to resolve the issues in a reasonable manner, which benefits both PWD and its customers.

### **III. PROPOSED RATES AND TERMS**

The purpose of this proceeding is to permit an annual reconciliation of the revenue impacts associated with TAP by comparing PWD’s actual experience to the projections used to set the rates for the review period. It is purely a calculation in which a formula already adopted by the Rate Board is applied. Depending on the actual revenue experience, the TAP-R rates and charges for the Next Rate Period may be adjusted up (as in [2024](#)) or down (as in [2023](#)).<sup>37</sup>

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<sup>36</sup> <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/>

<sup>37</sup> [2024 TAP-R Reconciliation Rate Determination](#) (<https://www.phila.gov/media/20240702112838/board-determination-2024-06-26.pdf>); [2023 TAP-R Reconciliation Rate Determination](#)

TAP is an assistance program mandated by City Council<sup>38</sup> and approved by the Rate Board<sup>39</sup> that allows eligible low-income customers (and customers who are facing specialized hardships defined in PWD's [Regulations](#),<sup>40</sup> Section 206<sup>41</sup>) to pay reduced bills based upon a percentage of their household income. Monthly bills are not based on usage; they are capped as a percentage of income and are constant each month while the customer is enrolled in the program.

TAP-R rates are charged to all customers who do not receive the discount and are intended to recover the revenue losses associated with the customer assistance program. The cost of the program (in other words, the lost revenue resulting from the discount) is affected by several factors, such as the number of enrolled customers, water and sewer service usage levels, changes in PWD's non-discounted rate and the level of discount needed to provide affordable bills to the customers enrolled in the program. The TAP-R Rider tracks revenue losses resulting from application of the TAP discount in order to permit annual reconciliation if such losses are greater or less than projected.

The Department and the Public Advocate agreed that for purposes of this proceeding, the projected average monthly number of TAP participants for the Next Rate Period (September 1, 2025 through August 31, 2026) should be 60,634, that the average discount should be \$48.95 per TAP participant and that the average monthly consumption should be 647 CF per TAP participant.<sup>42</sup> This results in the proposed settlement surcharge rates of \$3.59/Mcf (water) and \$5.07/Mcf (wastewater).<sup>43</sup> In addition, they agreed that the collection factor established in PWD's [2025 General Rate Proceeding](#) should be used for purposes of reconciliation in future TAP-

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(<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2023-annual-rate-adjustment/#rate-determination>).

<sup>38</sup> See n.2 above.

<sup>39</sup> The TAP program was approved by the Rate Board as part of PWD's 2016 rate filing. See, [Rate Board 2016 Rate Determination](#). The TAP-R rate rider was approved as part of PWD's 2018 rate filing ([Rate Board 2018 Rate Determination](#)) and the specific surcharge rates have since been adjusted in the [2019](#), [2020](#), [2021](#), [2022](#), [2023](#) and [2024](#) annual TAP-R reconciliation proceedings.

<sup>40</sup> <https://water.phila.gov/regulations/>

<sup>41</sup> <https://water.phila.gov/wp-content/uploads/files/pwd-regulations-chapter-2.pdf>

<sup>42</sup> The settling participants expressly did not agree as to any methodology or calculation method to project TAP participation, average monthly consumption and discounts, or the calculation of TAP rates. [Settlement Petition](#), ¶ 26.

<sup>43</sup> By way of comparison, for the current year the projected average monthly number of participants was 55,974, the average participant discount was \$40.00, and the surcharge rates are \$3.08/Mcf (water) and \$4.40 (wastewater). See [Rate Determination](#) at 3, 2024 TAP-R Rate Proceeding.



R proceedings (i.e., the 2026 TAP-R reconciliation proceeding) as it relates to the determination of the E-factor.<sup>44</sup> [Settlement Petition](#), ¶ 25; Exh. 1 (Table 1).

Other terms and conditions were contained in the [Joint Petition](#), ¶¶ 36-39, including the standard disclaimers that the settlement agreement is made without prejudice to each participant in this or other proceedings, and that the Joint Petitioners reserve their rights to withdraw from the proposed settlement in the event the Rate Board disapproves it or to file exceptions should the Hearing Officer modify or misstate any of the agreement's terms and conditions.

#### IV. DISCUSSION

The proposed settlement rates will result in an increase in the TAP-R rates for the Next Rate Period. These rates, however, are lower than those originally requested. These proposed settlement rates appear to be fair and reasonable and are consistent with the relevant ordinance and regulations established by the Rate Board. They are amply supported by the record, which establishes that they will provide a reasonable basis for recovery of the TAP costs in this proceeding.

After a comprehensive process involving discovery, direct and rebuttal testimony, detailed evaluation and briefing, the settling parties (PWD and the Public Advocate) have determined that the projected average monthly number of TAP participants, along with their anticipated usage and discounts for the Next Rate Period (September 1, 2025 through August 31,

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<sup>44</sup> They further agreed that “the collection factor established in PWD’s 2025 general rate proceeding may be different than the agreed-upon collection factor used for TAP reconciliation under this Settlement. Changes in the collection factor from the agreed-upon collection factor, if any, will be utilized in the next TAP-R reconciliation proceeding in context of the E-Factor, consistent with the terms of PWD regulations regarding TAP-R charges” [Settlement Petition](#), ¶ 26, fn 8.

2026), are justified in light of the actual<sup>45</sup> and projected TAP enrollment, and are both reasonable and appropriate for use in this limited proceeding.<sup>46</sup>

I agree that the proposed rates offer a fair and equitable solution for this annual reconciliation process. Since TAP-R reconciliation proceedings are designed to balance the actual costs of the program against the projections from the previous year, any discrepancies in the agreed-upon monthly figures will be addressed in next year's reconciliation. Given this context, and considering the reasonable agreement reached between PWD and the Public Advocate concerning the differing expert analyses, it would not be efficient for the Rate Board to attempt to achieve finer precision for the projected TAP revenue losses beyond what the settlement figures already provide.

Therefore, the proposed rates and charges contained in the [Joint Petition](#), Exh. 1, should be approved without modification by the Rate Board effective September 1, 2025.

## V. CONCLUSION

1. As provided in the Rate Board's [Regulations](#) at § II.C.3.b, the record in this proceeding includes the documents that have been or will be posted at the following sections of the Rate Board's website at [2025 TAP-R Reconciliation Proceeding](#): the [Advance Notice](#), the [Formal Notice](#), [Motions and Procedural Orders](#), [Information Requests](#), [Participant Testimony](#), [Board Notices and Public Outreach](#), [Public and Technical Hearings](#), [Participant Briefs](#), the [Joint Petition for Settlement of TAP-R Proceeding](#)) and this Hearing Officer Report.

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<sup>45</sup> See, [PWD's Supplemental Response to PA TAP-Set 1-2](#), <https://www.phila.gov/media/20250430112422/2025-PA-Modified-Schedule-RFC-3.xlsx>

<sup>46</sup> The actual monthly TAP participant levels clearly show the impact of the prequalification data/sharing enrollment process (effective February 2024) and make it clear that substantially more PWD customers are able to take advantage of the TAP program. See, e.g. [PWD Main Brief](#) at 18, Table 1. City departments and offices including the Water Revenue Bureau, PWD and the Philadelphia Office of Integrated Data for Evidence and Action are to be commended for so successfully expanding access to the program for those who need assistance.

2. I recommend that the Rate Board approve the rates and charges contained in the [Joint Petition for Settlement of TAP-R Proceeding](#) without modification and find that the modified TAP-R rates and charges are supported by the record and are just and reasonable.

3. I recommend that the Rate Board authorize the Philadelphia Water Department to file revised TAP-R rates and charges as contained in [Joint Petition for Settlement of TAP-R Proceeding](#), Exh. 1, to become effective September 1, 2025.

Marlane R. Chestnut  
Hearing Officer

June 18, 2025