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

In the Matter of the Philadelphia Water	:	
Department's Proposed Changes in Water,	:	2025 General Rate Proceeding for
Wastewater and Stormwater Rates and Related	:	Fiscal Years 2026-2027
Charges	:	

RATE DETERMINATION

Philadelphia Water, Sewer and Storm Water Rate Board
Sonny Popowsky, Chair
Tony Ewing, Vice-Chair
Abby L. Pozefsky, Secretary
McCullough Williams III, Member
Debra McCarty, Member

July 23, 2025

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I. OVERVIEW

Before the Philadelphia Water, Sewer, and Storm Water Rate Board (Rate Board or Board¹) for consideration and disposition is the [2025 general rate filing](#)² made by the Philadelphia Water Department (PWD or the Department³) for approval to increase water, sewer and stormwater rates and related charges for service effective September 1, 2025 (Fiscal Year 2026), and September 1, 2026 (FY 2027).⁴ The proposed rates were intended to generate incremental first year service revenues of approximately \$73.630 million in FY 2026 and an additional \$58.858 million in incremental revenue in FY 2027, with proposed effective dates of September 1, 2025, and September 1, 2026, respectively.⁵ As proposed by PWD in its rate filing, the overall increase in service revenues would have increased the total monthly bill for a typical residential customer using 430 cubic feet (cf) of water per month, by 11.7% (from

¹ As of the date of this Report, the members of the Rate Board (nominated by the Mayor and approved by Council) are Board Chair Sonny Popowsky, Vice-Chair Tony Ewing, Secretary 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/) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/about/>).

² <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/>. The term “rate filing” includes both the [Advance](https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#advance-notice) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#advance-notice>) and [Formal](https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#formal-notice) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#formal-notice>) Notices, unless otherwise indicated.

³ PWD is a City department, with responsibility for provision of water, sewer and stormwater services in the City of Philadelphia. To the extent required by the context, PWD includes the Water Revenue Bureau (WRB), which as part of the City's Department of Revenue, provides all billing and collection functions for charges by the Water Department, and administers PWD's customer assistance programs.

⁴ PWD's fiscal years run from July 1 through June 30. The rates to be effective September 1, 2025 (the beginning of the third month of FY 2026) will continue into FY 2027 (July 1 – August 31, 2026), and the rate and charges that go into effect on September 1, 2026 (FY 2027) will continue into FY 2028 until changed.

⁵ The Department's service revenues are presented on a fiscal year basis. The new rates will be in effect for ten months in the first (fiscal) year of an increase and then for the full 12 months in subsequent years. In order to annualize the prospective revenues to determine the full annual impacts of the proposed increases, revenues from the first two months of the following fiscal year are added to the revenues from the ten months remaining in the fiscal year when the increase takes effect. PWD proposed a service revenue increase of \$73.630 million in FY 2026 based on higher rates effective September 1, 2025. In the following year (Fiscal Year 2027), the full 12-month effect of that rate increase is approximately \$89.938 million. Similarly, the proposed increase on September 1, 2026, would provide additional incremental service revenue of \$58.858 million over the ten-month period the rates would be effective in FY 2027 and approximately \$71.728 million over the 12-month period of FY 2028 if those rates remained in effect for all of FY 2028. See [PWD St. 7](#), Schedule BV-1, Table C-1A, lines 4 and 5. No adjustment is necessary to calculate the absolute dollars and percentage impact on the customers' monthly bills as presented in the [Advance](#) and [Formal](#) Notices.

approximately \$81.77 to \$91.31) on September 1, 2025 and an additional 5.9% (from approximately \$91.31 to \$96.68) on September 1, 2026.⁶

The Department presented testimony and other evidence that, without rate relief, it faces operating deficits in FYs 2026 and 2027 caused by a “combination of the following (a) a significant decline in operating revenues compared with prior projections; (b) unavoidable increases in operating costs (e.g., work force costs, contract services, materials/equipment, power) and (c) the need to replenish financial reserves and meet mandatory financial metrics.” [PWD Exh. 2](#); [PWD St. 2A](#)⁷ at 8.

Pursuant to the Rate Board’s [Regulations](#),⁸ a thorough review of the filing was conducted. Participants,⁹ in addition to PWD and the Public Advocate,¹⁰ included the Water Revenue Bureau, the Philadelphia Large Users Group (PLUG¹¹), and three individual customers, Lance Haver, Michael Skiendzielewski and Susan Morris.¹² An extensive record beyond the Department’s [Advance Notice](#) and [Formal Notice](#) was developed for this rate proceeding through discovery ([Information Requests](#)¹³), expert and factual testimony

⁶ Advance Notice, [PWD Exh. 2](#), Summary Fact Sheet. <https://www.phila.gov/media/20210115161608/PWD-Exhibit-2-Summary-Fact-Sheet.pdf>. This includes the TAP surcharge revenue, which is the subject of a separate proceeding, [2025 TAP-R Reconciliation Proceeding](#), <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/>. TAP, the Tiered Assistance Program, is PWD’s customer assistance program in which qualifying customers pay reduced bills based upon a percentage of their household income. The TAP-R surcharge is charged to customers who do not receive the discount and is intended to recover the revenue losses associated with the TAP program. See, [Phila. Code](#), § 19-1605 (calling the program “IWRAP”); PWD [Rates and Charges](#), <https://www.phila.gov/media/20230901093057/PWD-FY-2024-and-FY-2025-Final-Rates-and-Charges-Combined.pdf>.

⁷ <https://www.phila.gov/media/20250411163145/PWD-Statement-2A-Direct-Testimony-and-Schedules-of-the-Financial-Panel.pdf>.

⁸ <https://www.phila.gov/media/20230120160159/WRB-regulations-restated-with-amendments-2022-11-09.pdf>.

⁹ Section I(m) of the Board’s [Regulations](#) makes the Water Department and Public Advocate automatic participants; otherwise defines “Participant” as “Any individual, corporation or other entity affected by the Department’s proposed rates and charges who timely notifies the Board of a desire to participate in the technical review hearings”; and allows such participation as of right until “no later than seven (7) days after the filing of Formal Notice.”

¹⁰ The Board contracted with Community Legal Services (CLS) to act as Public Advocate to represent the concerns of residential consumers and small commercial users in this rate proceeding, pursuant to our [regulations](#) at II.B.2.

¹¹ PLUG is an ad hoc group of large commercial and industrial customers. In this proceeding, it included AdvanSix, Inc.; Drexel University; Temple University; and Thomas Jefferson University. [PLUG Main Brief](#) at 1, fn. 1, <https://www.phila.gov/media/20250610092743/PLUG-2025-Rate-Case-Main-Brief.pdf>.

¹² Ms. Morris did not actively participate.

¹³ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#information-requests>.

responsive to the Department's [Advance](#) and [Formal](#) notices ([Participant Testimony](#)¹⁴), four public input hearings ([Public Input - Public Hearings](#)¹⁵), two days of technical hearings ([Technical Hearings](#)¹⁶), public comments from individuals and organizations ([Public Input - Written Comments](#)¹⁷) and briefs ([Participant Briefs](#)¹⁸); all documents and transcripts can be viewed at the Rate Board's website, [2025 General Rate Proceeding](#).

Hearing Officer Marlane R. Chestnut issued a [Hearing Officer Report](#) dated July 1, 2025, in which she recommended that we permit the proposed base rate service revenue increases contained in the [Joint Petition for Partial Settlement](#)¹⁹ ([First Settlement Petition](#)) to go into effect, and to permit the Department to prepare and file rates and charges to be effective September 1, 2025, and September 1, 2026, consistent with the terms and conditions contained in the [First Settlement Petition](#) and the [Second Joint Petition for Partial Settlement](#)²⁰ ([Second Settlement Petition](#)). The [First Settlement Petition](#) proposed a base rate service revenue increase in FY 2026 of \$60.920 million, which is a reduction of the Department's original request of \$73.630 million and, for FY 2027, an incremental base rate service revenue increase of \$54.000 million, which is a reduction from the Department's original request of \$58.858 million. The [Second Settlement Petition](#) did not modify or change the terms of the [First Settlement Petition](#) except for a provision that PWD would retain and modify the 3rd and 4th declining blocks for water service rates, thereby resolving all issues raised by PLUG other than the Charity Rate Administration Proposal, its other issues being withdrawn. The Hearing Officer further recommended that to the extent it has jurisdiction, the Rate Board permit the Philadelphia Water Department to place into effect the uncontested language changes and the

¹⁴ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#participant-testimony>.

¹⁵ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#public-input-public-hearings>.

¹⁶ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#technical-hearing>.

¹⁷ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#public-input-written-comments>.

¹⁸ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#participant-briefs>.

¹⁹ <https://www.phila.gov/media/20250530164145/2025-GRC-JOINT-SETTLEMENT-PETITION-FINAL.pdf>. The signatories are PWD and the Public Advocate.

²⁰ <https://www.phila.gov/media/20250623091759/2025-GRC-Second-Joint-Petition-for-Partial-Settlement-Combined.pdf>. The signatories are PWD, the Public Advocate and PLUG.

uncontested changes to miscellaneous fees and charges set forth in PWD [Exhibit 3B](#)²¹ beginning September 1, 2025, and [Exhibit 3D](#)²² beginning September 1, 2026; and reject PLUG's arguments addressed to PWD's Charity Rate Program.

Pursuant to the schedule established, on July 8, 2025, Mr. Haver filed [Exceptions](#)²³ to the [Hearing Officer Report](#), and PLUG filed [a Letter in Lieu of Exceptions](#).²⁴ Mr. Skiendelewski submitted an [Exception](#)²⁵ to the [Hearing Officer Report](#) on July 9, 2025.

As discussed in greater detail below, we hereby adopt and incorporate the [Hearing Officer Report](#). Additionally, we deny the Exceptions to that Report, consistent with this Rate Determination.²⁶ The record fully supports approval of the incremental base rate service revenue increases agreed to in the [First Settlement Petition](#) and the agreement contained in the [Second Settlement Petition](#) that PWD will maintain and modify the 3rd and 4th water rate blocks. It is clear that PWD requires additional revenue, and the settlement agreements recognize that requirement, while providing a significant reduction in the originally requested base rate service revenue increase and also incorporating commitments from the Department regarding customer service and the exploration of cost of service/rate structure alternatives. Further, while the Board may review the rates associated with the charitable discount program, it does not have authority over how PWD or the Water Revenue Bureau administers the eligibility provisions for that program.

The Council of the City of Philadelphia (City Council) requires²⁷ us to set rates and charges sufficient for the Department to produce a level of revenue to cover its expenses and debt service, and satisfy applicable financial metrics in order to access the capital market at reasonable rates (as well as other requirements and mandates), in order to provide the safe

²¹ <https://www.phila.gov/media/20250219102251/PWD-Exhibit-3B-Proposed-Rates-and-Charges-for-FY-2026-Redlined.pdf>.

²² <https://www.phila.gov/media/20250219102254/PWD-Exhibit-3D-Proposed-Rates-and-Charges-for-FY-2027-Redlined.pdf>.

²³ <https://www.phila.gov/media/20250709090819/Haver-Objection-to-HE-report-PWD-2025.pdf>.

²⁴ <https://www.phila.gov/media/20250709090818/PLUG-2025-PWD-Rate-Case-Letter-in-Lieu-of-Exceptions.pdf>.

²⁵ <https://www.phila.gov/media/20250715093229/Skiendzielewski-Exceptions-2025-GRP.pdf>.

²⁶ All exceptions and arguments in the record were duly considered. Any exception or argument that is not specifically addressed shall be deemed to have been duly considered and denied without further discussion.

²⁷ Rate Ordinance, [Phila. Code, § 13-101\(4\)](#).

https://codelibrary.amlegal.com/codes/philadelphia/latest/philadelphia_pa/0-0-0-286498.

and adequate service its customers are entitled to, while still ensuring that the rates and charges are just, reasonable, and equitably apportioned.

The Rate Board accepts the recommendations contained in the [Hearing Officer Report](#) and will therefore permit the proposed base rate service revenue increases contained in the [First Settlement Petition](#) to go into effect, and with rates and charges to be effective September 1, 2025, and September 1, 2026, consistent with the terms and conditions contained in the [First Settlement Petition](#) and the [Second Settlement Petition](#). Further, except as otherwise provided herein, the Philadelphia Water Department is permitted to place into effect its other proposed changes to its current [Rates and Charges](#)²⁸ documents, including various other uncontested miscellaneous rates and charges.

II. HISTORY OF THE PROCEEDING²⁹

PWD filed its [Advance Notice](#)³⁰ with City Council and the Rate Board on February 18, 2025, and its [Formal Notice](#)³¹ with the Records Department and the Rate Board on March 31, 2025. The Department stated in [PWD Exh. 2](#)³² and [PWD St. 1 revised](#)³³ that the proposed rates were intended to generate incremental first year revenues of approximately \$73.630 million in FY 2026 and an additional \$58.858 million in incremental revenue in FY 2027, with proposed effective dates of September 1, 2025, and September 1, 2026, respectively. As proposed by PWD, the overall increase in service revenues would increase the total monthly bill for a typical residential customer using 430 cubic feet (cf) of water per month by 11.7% (from approximately \$81.77 to \$91.31) on September 1, 2025 and by an

²⁸ <https://water.phila.gov/wp-content/uploads/files/rates-charges-2024-09-01.pdf>.

²⁹ This discussion adopts, incorporates and supplements the discussion in the [Hearing Officer Report](#), Section II.

³⁰ It should be noted that the [Advance Notice](#) did not contain PWD [Exh. 6](#) (workpapers) which were not made available until February 28, 2025, in response to an information request (PA Set-I-1) propounded by the Public Advocate. Perhaps because, consistent with the 30-day Advance Notice requirement of [Section 13-101\(7\)](#) of the Philadelphia Code, PWD delayed filing the [Formal Notice](#) in order to allow additional time for preliminary review, no participant claimed to be disadvantaged. The Department, however, should not allow this to happen again, as decisions about when to file and what to include in the Notices are entirely within its control.

³¹ An updated [filing index with links](#) was posted at the Rate Board's website.

³² <https://www.phila.gov/media/20210115161608/PWD-Exhibit-2-Summary-Fact-Sheet.pdf>.

³³ <https://www.phila.gov/media/20250320092506/Errata-PWD-Statement-1-17-March-2025.pdf>.

additional 5.9% (from approximately \$91.31 to \$96.68) on September 1, 2026.³⁴

In compliance with our mandate for an open and transparent examination of the Department's proposed rates and charges, the Board [regulations](#) at II.A.2(c) require the Department to submit certain technical information, including (1) all financial, engineering and other data upon which the proposed rates and changes are based; (2) evidence demonstrating that the proposed rates were developed in accordance with sound utility rate-making practices, and are consistent with the current industry standards for water, wastewater and storm water rates and with the Department's bond covenants and other legal requirements; and (3) any material required by order of the Board in the last rate case. To support its proposed rates and charges, PWD presented the direct testimony, schedules, and exhibits of a number of witnesses:

- Randy E. Hayman, Esq. (PWD Water Commissioner) ([PWD St. 1](#), [PWD St. 1 revised](#));
- The Financial Panel, consisting of the testimony and exhibits of Lawrence Yangalay (PWD Deputy Commissioner of Finance), Lawrence Rich (PWD Assistant Deputy Commissioner of Finance) and Patricia Rogalski (PWD Fiscal Analyst Manager). ([PWD St. 2A](#)³⁵) and the Financial Advisors, Peter Nissen, the Managing Director of Acacia Financial Group, Inc. and Charles Matthews, a Director of PFM Financial Advisors, LLC ([PWD St. 2B](#)³⁶);
- The Capital Panel, consisting of the testimony and exhibits of Stephen J. Furtek (PWD, General Manager, Engineering and Construction Division), Vahe Hovsepian (PWD Water Engineering Assistant Manager, Projects Control Unit), Matthew Fulmer (PWD Capital Program Manager) and William Dobbins (PWD Manager, Facilities and Water & Sewer Sections, in the Design Branch) ([PWD St. 3](#)³⁷);

³⁴ This includes the TAP surcharge revenue, which is the subject of a separate proceeding, [2025 TAP-R Reconciliation Proceeding](#). See, fn 6, supra.

³⁵ <https://www.phila.gov/media/20250411163145/PWD-Statement-2A-Direct-Testimony-and-Schedules-of-the-Financial-Panel.pdf>.

³⁶ <https://www.phila.gov/media/20250219102231/PWD-Statement-2B-Direct-Testimony-and-Schedules-of-the-Financial-Advisors.pdf>.

³⁷ <https://www.phila.gov/media/20230124163837/PWD-Statement-3-Direct-Testimony-and-Schedules-of-the-Capital-Panel.pdf>.

- The Operations Panel, consisting of the testimony and exhibits of Benjamin Jewell (PWD First Deputy Commissioner), Brendan Reilly (PWD Assistant Deputy Commissioner of Field Operations), Linda Kramer (PWD Manager, Water Treatment) and Stephen Junod (PWD Manager, Water Operations Administration) ([PWD St. 4A](#),³⁸ [PWD St. 4A revised](#)³⁹) and Marc Cammarata (PWD Deputy Water Commissioner for Planning and Environmental Services) ([PWD St. 4B](#)⁴⁰);
- The WRB (Water Revenue Bureau) Panel, consisting of the testimony and exhibits of Susan M. Crosby (Deputy Revenue Commissioner for Water) and Lakisha Gaymon-Foreman (Manager of the Customer Assistance Programs Division within the WRB) ([PWD St. 5](#),⁴¹ [PWD St. 5 revised](#)⁴²);
- The Raftelis Financial Consultants Panel, consisting of the testimony and exhibits of Jon Pilkenton Davis, Henrietta Locklear, and Jennifer Tavantzis ([PWD St. 6](#)⁴³);
- The Black & Veatch Panel, consisting of the testimony and exhibits of Ann Bui, Dave Jagt, Brian Merritt, and David Sayers ([PWD St. 7](#),⁴⁴ [PWD St. 7 revised](#)⁴⁵); and
- The Communications and Engagement Panel, consisting of the testimony and exhibits of Glen Abrams (PWD Deputy Commissioner, Communications and Engagement), Laura Copeland (PWD Assistant Deputy Commissioner, Education, Community Engagement and Government Affairs) and Paul Fugazzotto (PWD, Assistant Deputy

³⁸ <https://www.phila.gov/media/20250219102234/PWD-Statement-4A-Direct-Testimony-and-Schedule-of-the-Operations-Panel.pdf>.

³⁹ [Schedule BR-1](#) (March 2025) replaced in its entirety Mr. Reilly's prior resume of February 2025 to reflect his new position and responsibilities. <https://www.phila.gov/media/20250320092505/Errata-PWD-Statement-4A-17-March-2025.pdf>.

⁴⁰ <https://www.phila.gov/media/20250219102235/PWD-Statement-4B-Direct-Testimony-and-Schedules-of-the-Planning-Environmental-Services-Panel.pdf>.

⁴¹ <https://www.phila.gov/media/20230124163839/PWD-Statement-5-Direct-Testimony-and-Schedules-of-the-Water-Revenue-Bureau.pdf>.

⁴² <https://www.phila.gov/media/20250327151251/Errata-PWD-Statement-5-Schedule-SMC-2-2025.pdf>.

⁴³ <https://www.phila.gov/media/20250219102239/PWD-Statement-6-Direct-Testimony-and-Schedules-of-Raftelis-Financial-Consultants.pdf>.

⁴⁴ <https://www.phila.gov/media/20230124163844/PWD-Statement-7-Direct-Testimony-and-Schedules-of-Black-and-Veatch.pdf>.

⁴⁵ 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 erratum in May 2025.

Commissioner, Communications and Customer Information) ([PWD St. 8](#)⁴⁶).

In addition, the filing included a number of exhibits: [PWD Exh. 1](#)⁴⁷ (Notification of Rate Filing); [PWD Exh. 2](#)⁴⁸ (Summary Fact Sheet); PWD Exhs. [3A](#), [3B](#), [3C](#) and [3D](#)⁴⁹ (Proposed Rates and Charges); [PWD Exh. 4](#)⁵⁰ (Documents Incorporated by Reference); [PWD Exh. 5](#)⁵¹ (Official Statement - Series 2024C); [PWD Exh. 6](#), revised,⁵² (Supplemental Financial, Engineering and Other Data) and [PWD Exh. 7](#)⁵³ (Consent Order and Agreement, June 1, 2011).

The general public was notified of the proceeding, hearing dates, and participation and comment deadlines through information made available on the Rate Board's [website](#)⁵⁴ as well as publication of the required legal notices in various Philadelphia newspapers.⁵⁵ In addition, participants to PWD's [2023 General Rate Proceeding](#) were notified by e-mail of this proceeding and provided an opportunity to participate.

At its [August 14, 2024](#) meeting,⁵⁶ the Rate Board approved a motion authorizing the Board Chair and Board Counsel to take all steps necessary under City procedures and applicable law to secure Board contracts for the Hearing Officer, Public

⁴⁶ <https://www.phila.gov/media/20250219102246/PWD-Statement-8-Direct-Testimony-and-Schedules-of-the-Public-Affairs-Panel.pdf>.

⁴⁷ <https://www.phila.gov/media/20210115161627/PWD-Exhibit-1-Notification-of-Rate-Filing.pdf>.

⁴⁸ <https://www.phila.gov/media/20210115161608/PWD-Exhibit-2-Summary-Fact-Sheet.pdf>.

⁴⁹ <https://www.phila.gov/media/20250219102250/PWD-Exhibit-3A-Proposed-Rates-and-Charges-for-FY-2026-Clean.pdf>; <https://www.phila.gov/media/20250219102251/PWD-Exhibit-3B-Proposed-Rates-and-Charges-for-FY-2026-Redlined.pdf>; <https://www.phila.gov/media/20250219102253/PWD-Exhibit-3C-Proposed-Rates-and-Charges-for-FY-2027-Clean.pdf>; <https://www.phila.gov/media/20250219102257/PWD-Exhibit-5-Official-Statement-Series-2024C.pdf>.

⁵⁰ <https://www.phila.gov/media/20210115161634/PWD-Exhibit-4-Documents-Incorporated-by-Reference.pdf>.

⁵¹ <https://www.phila.gov/media/20250219102257/PWD-Exhibit-5-Official-Statement-Series-2024C.pdf>.

⁵² https://www.phila.gov/media/20250303140844/PWD_EXHIBIT_6_BV_Workpapers.pdf (filed 10 days after the [Advance Notice](#)).

⁵³ <https://www.phila.gov/media/20210115161805/PWD-Exhibit-7-Consent-Order-and-Agreement-June-1-2011.pdf>.

⁵⁴ Generally, [2025 General Rate Proceeding](#); [Rate Board Website Notices](#), <https://www.phila.gov/media/20250617090815/2025-Rate-Proceeding-Website-Notices.pdf>, [Board Notices and Public Outreach](#), <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#board-notices-and-public-outreach>; and the [Meetings & hearings](#) page, <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/meetings/>.

⁵⁵ [Rate Board Media Advertising](#), <https://www.phila.gov/media/20250613213442/2025-GRP-WRB-Media-Advertising.pdf>.

⁵⁶ <https://www.phila.gov/media/20241015101051/8.14.2024-Meeting-Minutes.pdf>.

Advocate and Technical Consultant for the period of December 2, 2024, to December 1, 2025, by renewing existing contracts and/or soliciting new contractors. The existing contracts were renewed for one-year terms for Community Legal Services to act as Public Advocate to represent the class of small user customers (all residential customers and small business customers, typically with 5/8-inch meters), for Amawalk Consulting to provide expert technical services and for Marlane R. Chestnut to serve as Hearing Officer.

The [Rate Ordinance](#) (Phila. Code § 13-101(4)(b)(.4)) provides that the decision by the Board to approve, modify, or reject the proposed rates and charges shall be made in a timely manner, but “no later than 120 days from the filing of notice of any proposed change in rates and charges.”⁵⁷ See also, the Rate Board’s [Regulations](#) at Section II.A.1(b): “Consistent with Section 13-101, the Rate Proceeding shall be conducted within 120 days of the filing of the Formal Notice and shall address only rates and charges and topics directly related thereto.” The schedule adopted in this proceeding was in compliance with this deadline, together with other timing requirements specified in the Board regulations.

On March 31, 2025, Hearing Officer Chestnut issued an [Order Sustaining in Part and Denying in Part PWD Objections to Haver Set I](#),⁵⁸ addressed to PWD’s contention that certain of the Information Requests were unreasonably burdensome, sought irrelevant information, and/or were unreasonably broad. Thereafter, counsel for the Rate Board filed a [Response to Haver Set II](#)⁵⁹ directed to the Rate Board, explaining that as the Rate Board is not a participant, such discovery is improper and no answers or documents would be provided. Mr. Haver’s [Motion to Provide the Public with Accurate Information](#)⁶⁰ addressed to the Public Advocate was denied by [Order Denying Haver Motion](#)⁶¹ dated May 1, 2025. On May 29, 2025,

⁵⁷ “If the Board is unable to act on proposed rates and charges in the time required herein, the Water Department may establish emergency rates and charges on a temporary basis pending a final determination by the Board.” Phila. Code [§ 13-101\(8\)](#).

⁵⁸ <https://www.phila.gov/media/20250401090935/Order-Haver-PWD-Discovery-2025-FINAL.pdf>. The [Order](#) required PWD to respond to 3 of 9 challenged information requests besides the 18 to which it had not objected.

⁵⁹ <https://www.phila.gov/media/20250402143525/Rate-Board-Response-to-Haver-2nd-Discovery.pdf>.

⁶⁰ <https://www.phila.gov/media/20250430142638/Haver-Accurate-Information-Motion-2025.pdf>.

⁶¹ <https://www.phila.gov/media/20250501103327/Order-Denying-Haver-Motion-4-2025-Final.pdf>.

Hearing Officer Chestnut issued an [Order Sustaining PA's Objections to Haver Set 3](#).⁶² These Motions, Responses and Orders are posted at [Motions and Procedural Orders](#).⁶³

An [on-the-record prehearing conference](#)⁶⁴ to address preliminary procedural issues was held via Zoom (a teleconferencing software platform) in this proceeding on April 8, 2025. All participants to the rate filing were invited by e-mail to participate. 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](#)⁶⁵ dated April 10, 2025. By [Order](#)⁶⁶ dated April 30, 2025, Hearing Officer Chestnut amended [the Prehearing Conference Order](#) to allow for an extension for the filing of the direct testimony of Public Advocate witness Lafayette K. Morgan, Jr. and to permit participants to supplement their direct testimony solely in response to statements made at any of the public input hearings held on April 22 and 23, 2025.

Four on-the-record public input hearings were conducted on April 22 and 23, 2025. Two were conducted in-person (afternoon and evening); two (afternoon and evening) offered customers the option to participate via Zoom online or telephonically.⁶⁷ Efforts were made by the Rate Board, the Department and the Public Advocate to ensure that the public was informed about the scheduled hearings. In addition to notices and guidelines about participation posted on the various websites (Rate Board, PWD and CLS/Public Advocate) and social media, there were flyers, newspaper notices, blast emails to various groups of customers and interested parties such as community energy agencies and offices of elected officials. As set out in PWD's response to Transcript Request TR-6, the Department also had in-person meetings with a number of City Council members. See, [Rate Board Media Advertising](#);⁶⁸

⁶² <https://www.phila.gov/media/20250603114701/Order-Haver-PA-Discovery-2025-FINAL.pdf>.

⁶³ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#motions-and-procedural-orders>.

⁶⁴ https://www.phila.gov/media/20250411152422/52964_2025-General-Rate-Proceeding_-_040825_Full.pdf.

⁶⁵ <https://www.phila.gov/media/20250411152417/GRP-PHC-Order-2025-FINAL.pdf>.

⁶⁶ <https://www.phila.gov/media/20250502123743/Order-Revising-Schedule-FINAL-2025.pdf>.

⁶⁷ The in-person public input hearings were conducted by Mr. Popowsky, pursuant to the Rate Board's [Regulations](#) at Section II.B.1(d). The Hearing Officer conducted the virtual public input hearings, as well as the technical hearings.

⁶⁸ <https://www.phila.gov/media/20250613213442/2025-GRP-WRB-Media-Advertising.pdf>.

[Rate Board Website Notices](#);⁶⁹ [Public Advocate Outreach Report](#);⁷⁰ [PWD Hearing Exh. 1](#) (Outreach Report);⁷¹ [PWD Transcript Request TR-6](#).⁷² Advertising satisfied the requirements of the Board’s [regulations](#),⁷³ including Sections II.A.2(d)-(e), II.B.4(d), and II.B.5(a)(2).

The statements presented at these hearings, as well as other comments to the Rate Board, are available on the Board’s website ([Public Input - Public Hearings](#) and [Public Input - Written Comments](#)) and discussed below. PWD later submitted a [Response](#)⁷⁴ that contained further information addressed to specific issues raised at the public hearings, and provided a “Summary of Public Hearings and Public Comments” in its [Main Brief](#),⁷⁵ Appendix B.

Direct testimony was filed by the Department in its [Advance](#) and [Formal](#) Notices, and by Mr. Haver, PLUG and the Public Advocate.⁷⁶ Mr. Haver submitted his own direct statement and supplemental direct testimony ([Haver St. 1](#)⁷⁷ and [Haver Suppl. St.](#)⁷⁸). PLUG submitted the statement and exhibits of Richard A. Baudino (Kennedy and Associates) ([PLUG St. 1](#)⁷⁹). The Public Advocate submitted the direct testimony of Lafayette K. Morgan, Jr. (Exeter Associates, Inc., [PA St. 1](#)⁸⁰), Jerome D. Mierzwa (Exeter Associates, Inc., [PA St.](#)

⁶⁹<https://www.phila.gov/media/20250617090815/2025-Rate-Proceeding-Website-Notices.pdf>.

⁷⁰ <https://www.phila.gov/media/20250522155248/PA-Exhibit-Outreach-Report-5.22.25.pdf>.

⁷¹ <https://www.phila.gov/media/20250522095351/2025-Rates-Public-Hearing-Outreach.pdf>.

⁷² <https://www.phila.gov/media/20250529095434/2025-PWD-Transcript-Response-Final.pdf>.

⁷³ <https://www.phila.gov/media/20230120160159/WRB-regulations-restated-with-amendments-2022-11-09.pdf>.

⁷⁴ <https://www.phila.gov/media/20250521090604/2025-GRC-PWD-Responses-to-PI-Hearing-Questions-5.12.25BCD-edits-3.pdf>

⁷⁵ <https://www.phila.gov/media/20250530164146/2025-RATE-CASE-PWD-MAIN-BRIEF-FINAL-Combined.pdf>.

⁷⁶ Mr. Skiendzielewski submitted three statements, but none of them addressed the proposed rates in this proceeding; they contained information and arguments discussed and rejected by the Rate Board in numerous prior proceedings. [Skiendzielewski St. 1](#) (<https://www.phila.gov/media/20250430144509/Skiendzielewski-Motion-and-Testimony-I-2025.docx>); [Skiendzielewski St. 2](#) (<https://www.phila.gov/media/20250430144509/Skiendzielewski-Motion-and-Testimony-II-2025.docx>) .; [Skiendzielewski St. 3](#) (<https://www.phila.gov/media/20250430144511/Skiendzielewski-Motion-and-Testimony-III-2025.docx>).

⁷⁷ <https://www.phila.gov/media/20250430143209/Lance-Haver-Direct-Testimony-2025.pdf>.

⁷⁸ <https://www.phila.gov/media/20250506160838/Haver-Supplemental-testimony-20250505.pdf>.

⁷⁹ <https://www.phila.gov/media/20250502095803/PLUG-Direct-Testimony-of-Baudino-2025.pdf>.

⁸⁰ <https://www.phila.gov/media/20250502155517/Morgan-Testimony-for-PA-5.1.25.pdf>.

[2](#)⁸¹), and Roger D. Colton (Fisher Sheehan & Colton, [PA St. 3](#)⁸²), each with accompanying schedules and/or exhibits.⁸³

Rebuttal testimony responding to participants' direct testimony was filed by PWD, the Public Advocate, and PLUG. PWD submitted [Rebuttal St. 1](#)⁸⁴ (addressed to Public Advocate witness Morgan), [Rebuttal St. 2](#)⁸⁵ (addressed to Public Advocate witness Mierzwa), [Rebuttal St. 3](#)⁸⁶ (addressed to Public Advocate witness Colton), [Rebuttal St. 4](#)⁸⁷ (addressed to PLUG witness Baudino), [Rebuttal St. 5](#)⁸⁸ (addressed to participant Haver) and [Rebuttal St. 6](#)⁸⁹ (addressed to participant Skiendzielewski). The Public Advocate submitted [PA St. 1-R](#)⁹⁰ (addressed to Mr. Baudino), and PLUG submitted [PLUG St. 1-R](#)⁹¹ (addressed to PA witnesses Mierzwa and Colton).

After proper [notice and publication](#)⁹² as required by Rate Board regulations, on-the-record technical hearings were held as scheduled on May 20-22, 2025.⁹³ All three hearings were conducted via Zoom and were open to the public. The first day, May 20, 2025, was employed as a further prehearing conference to address procedural issues, with the remaining days (May 21-22, 2025) devoted to technical hearings, meaning the presentation for cross-examination of witnesses who had submitted written testimony. At the start of the May 21, 2025 technical hearing, the Department and the Public Advocate announced that they had reached a partial agreement regarding this proceeding providing for a service revenue increase

⁸¹ <https://www.phila.gov/media/20250430140902/PA-St-2-Mierzwa-2025.pdf>.

⁸² <https://www.phila.gov/media/20250502104103/Colton-Testimony-on-Behalf-of-PA-2025.pdf>.

⁸³ Mr. Morgan discovered an error in his direct testimony, and filed an [errata](#) containing a corrected Sch. LKM-1. <https://www.phila.gov/media/20250515102110/PA-Modified-Simple-Model-Errata-Schedule-LKM-1-2025.pdf>.

⁸⁴ <https://www.phila.gov/media/20250520143328/PWD-Rebuttal-Statement-1R-Morgan.pdf>.

⁸⁵ <https://www.phila.gov/media/20250515095759/PWD-REBUTTAL-STATEMENT-2R-REBUTTAL-TESTIMONY-TO-PA-ST-2-MIERZWA-MAY-2025.pdf>.

⁸⁶ <https://www.phila.gov/media/20230429143003/PWD-REBUTTAL-STATEMENT-3-COLTON.pdf>.

⁸⁷ <https://www.phila.gov/media/20250515184558/PWD-Statement-4R-Rebuttal-to-Baudino-May-2025.pdf>.

⁸⁸ <https://www.phila.gov/media/20250515095757/PWD-REBUTTAL-STATEMENT-5R-REBUTTAL-TESTIMONY-TO-L-HAVER-2025.pdf>.

⁸⁹ <https://www.phila.gov/media/20250515095758/PWD-REBUTTAL-STATEMENT-6R-REBUTTAL-TESTIMONY-TO-M-SKIENDZIELEWSKI-2025.pdf>.

⁹⁰ <https://www.phila.gov/media/20250515101906/PA-St-2R-Mierzwa-Rebuttal-2025.pdf>.

⁹¹ <https://www.phila.gov/media/20250515101700/PLUG-Rebuttal-Testimony-of-R.-Baudino-2025.pdf>.

⁹² <https://www.phila.gov/media/20250613213442/2025-GRP-WRB-Media-Advertising.pdf>; see also <https://www.phila.gov/media/20250617090815/2025-Rate-Proceeding-Website-Notices.pdf>.

⁹³ The hearing planned and noticed for May 23, 2025, was canceled as unnecessary.

in FY 2026 of \$60.920 million and a service revenue increase of \$54.000 million in FY 2027, and would be circulating a [term sheet](#)⁹⁴ (which was provided on May 23, 2025). Cross-examination of PWD witnesses and Public Advocate witnesses Morgan and Mierzwa was conducted by Mr. Haver, and PLUG conducted limited cross-examination on certain PWD rebuttal testimony. The transcript of each day’s hearing is posted on the Rate Board’s website. [May 20, 2025](#);⁹⁵ [May 21, 2025](#);⁹⁶ and [May 22, 2025](#).⁹⁷

On May 30, 2025, PWD and the Public Advocate filed a [Joint Petition for Partial Settlement](#) (First Settlement Petition). This [First Settlement Petition](#) set out a brief history of the proceeding, and described the agreement between the signatories. The Department and the Public Advocate requested that the Rate Board find the proposed incremental service revenue increases contained in the [First Settlement Petition](#) to be “just and reasonable” and to authorize the Department to file modified rates and charges to become effective on September 1, 2025 (FY 2026), and on September 1, 2026 (FY 2027), consistent with the terms and conditions contained in the [First Settlement Petition](#).

PWD submitted a [Main Brief](#)⁹⁸ on the merits. The Public Advocate submitted a [Letter in Lieu of Brief](#)⁹⁹ addressed to Mr. Haver’s and PLUG’s respective positions and a [Statement in Support of Joint Petition for Partial Settlement](#)¹⁰⁰ (Statement in Support). PLUG submitted a [Main Brief](#)¹⁰¹ addressed to the issues contained in Mr. Baudino’s testimony. [Mr. Haver](#)¹⁰² and [PLUG](#)¹⁰³ filed Objections to the [First Settlement Petition](#).

⁹⁴ <https://www.phila.gov/media/20250529100748/2025-PWD-Settlement-Term-Sheet.pdf>.

⁹⁵ <https://www.phila.gov/media/20250529113446/Further-Prehearing-Conference-5.20.25.pdf>.

⁹⁶ <https://www.phila.gov/media/20250529113444/Technical-Hearing-Transcript-5.21.25.pdf>.

⁹⁷ <https://www.phila.gov/media/20250529113445/Technical-Hearing-Transcript-5.22.25.pdf>.

⁹⁸ <https://www.phila.gov/media/20250530164146/2025-RATE-CASE-PWD-MAIN-BRIEF-FINAL-Combined.pdf>.

⁹⁹ https://www.phila.gov/media/20250530164147/PA-Letter-in-Lieu-of-Brief_FINAL-2025.pdf

¹⁰⁰ <https://www.phila.gov/media/20250530164148/PA-Statement-in-Support-FINAL-2025.pdf>.

¹⁰¹ <https://www.phila.gov/media/20250610092743/PLUG-2025-Rate-Case-Main-Brief.pdf>.

¹⁰² <https://www.phila.gov/media/20250606163809/Proposed-Settlement-Violates-SA-Haver-2025.pdf>.

¹⁰³ <https://www.phila.gov/media/20250612141550/Hearing-Officer-Letter-re-PLUG-Objections-to-2025-PWD-GRC-Joint-Settlement-Petition.pdf>.

PLUG filed a [Reply Brief](#)¹⁰⁴ addressing issues raised in PWD’s [Main Brief](#). The Public Advocate submitted a [Letter in Lieu of a Reply Brief](#),¹⁰⁵ addressed to [Mr. Haver](#)’s and [PLUG](#)’s respective Objections to the [First Settlement Petition](#). PWD submitted a [Reply Brief](#),¹⁰⁶ that includes (Appendix A) tables showing the rate impact of the settlement revenue increase on the proposed rates of the customer classes under the First Settlement.¹⁰⁷

Subsequently, on June 20, 2025, PWD, the Advocate and PLUG filed a [Second Settlement Petition for Partial Settlement](#) (Second Settlement Petition) addressed solely to certain issues raised by PLUG.¹⁰⁸ Mr. Haver [objected](#)¹⁰⁹ to the short time frame for responses and the Rate Board’s failure to post the Second Settlement Petition on its website for public review longer in advance of the response deadline,¹¹⁰ alleging that the public had therefore been “shut out.”

Hearing Officer Chestnut issued a [Hearing Officer Report](#) dated July 1, 2025. After carefully considering and addressing the positions of the participants as well as the record produced in this proceeding, she recommended that we permit the proposed base rate service revenue increases contained in the [First Settlement Petition](#) to go into effect, and to permit the Department to prepare and file rates and charges to be effective September 1, 2025, and September 1, 2026, consistent with the terms and conditions contained in the [First Settlement Petition](#) as modified by the [Second Settlement Petition](#). She further recommended that, to the extent the Rate Board has jurisdiction, the Board approve the uncontested changes to the Water Department’s [Rates and Charges](#) documents, and reject PLUG’s arguments addressed to

¹⁰⁴ <https://www.phila.gov/media/20250612092032/PLUG-2025-Rates-Reply-Brief.pdf>.

¹⁰⁵ <https://www.phila.gov/media/20250612092031/PA-Letter-in-Lieu-of-Reply-Brief-2025.pdf>.

¹⁰⁶ <https://www.phila.gov/media/20250612092030/2025-GRP-PWD-Reply-Brief.pdf>.

¹⁰⁷ Tables C-4 (comparison of typical bills for residential customers); C-5 (comparison of example bills for non-residential customers); C-10 (proposed rates for general service - water); C-11 (proposed rates for fire protection); C-11a (proposed rates for residential fire protection); C-12 (proposed rates for general service - sanitary sewer) and C-13 (proposed rates for residential and non-residential stormwater service).

¹⁰⁸ A revised Table C-10 was included with the [Second Settlement Petition](#). [Tables](#) demonstrating the bill impact of the [Second Settlement Petition](#) were filed separately. These included C-4, C-5, C-11, C-11A, C-12, and C-13.

<https://www.phila.gov/media/20250627134954/2025-General-2nd-Joint-Settlement-Tables.pdf>.

¹⁰⁹ <https://www.phila.gov/media/20250623161102/2025-Lance-Haver-objection-email-1.pdf>.

¹¹⁰ The [Second Settlement Petition](#) was provided by PWD (on behalf of itself and the other signatories) to the Hearing Officer and the participants on late Friday afternoon (June 20, 2025). The Hearing Officer established June 23, 2025, as the deadline for any objections. It was posted on the Rate Board’s website ([Settlements](#)) on Monday morning (June 23, 2025).

PWD's Charity Rate Program. Exceptions were filed by [PLUG](#) and Mr. [Haver](#) on July 8, 2025, and by Mr. [Skiendzielewski](#) on July 9, 2025. These Exceptions are discussed below.

Pursuant to Section II.B.6(b) of the Rate Board's [Regulations](#), the record in this proceeding includes the documents that have been posted at the following sections of the Rate Board's website at [2025 General Rate Proceeding](#): (1) the [Advance Notice](#) and [Formal Notice](#) (including supporting documents and any documents incorporated by reference); (2) [Information Requests](#) (including responses); (3) [Motions and Procedural Orders](#); (4) [Public Input - Written Comments](#); (5) [Public Input - Public Hearings](#); (6) [Technical Hearings](#) (including transcripts, exhibits and other documents); (7) [Participant Testimony](#) (including Errata); (8) [Settlement](#) (including documents, tables, and objections); (9) [Participant Briefs](#); (10) [Board Notices and Public Outreach](#);¹¹¹ and (11) [Hearing Officer Report](#)¹¹² (including the [July 1, 2025 Hearing Officer Report](#) and the three filed exceptions).

III. RATE STANDARDS¹¹³

As correctly set forth in the [Hearing Officer Report](#), the revenue impact of PWD's proposed rates and charges which are the subject of this proceeding must be evaluated to ensure compliance with the rate standards contained in the [Rate Ordinance](#), as well as any other applicable requirements or covenants.

City Council established the Rate Board as an independent rate-making body to determine whether the rates and charges for water, sewer, and stormwater service proposed by the Water Department should be accepted, rejected, or modified, after an open and transparent review process. The [Rate Ordinance](#) that established the Rate Board contains the following standards that the Board must consider in making its rate determinations. See, the [Rate Ordinance](#), Phila. Code § 13-101(4), which states:

¹¹¹ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#board-notices-and-public-outreach>.

¹¹² <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-general-proceeding/#hearing-officer-report>.

¹¹³ This discussion adopts, incorporates and supplements the discussion contained in the [Hearing Officer Report](#), Section III.

(4) Standards for Rates and Charges.

(a) Financial Standards. The rates and charges shall yield to the City at least an amount equal to operating expenses and debt service, on all obligations of the City in respect of the water, sewer, storm water systems and, in respect of water, sewer and storm water revenue obligations of the City, such additional amounts as shall be required to comply with any rate covenant and sinking fund reserve requirements approved by ordinance of Council in connection with the authorization or issuance of water, sewer and storm water revenue bonds, and proportionate charges for authorization or issuance of water, sewer and storm water revenue bonds, and proportionate charges for all services performed for the Water Department by all officers, departments, boards or commissions of the City.

(b) The rates and charges shall yield not more than the total appropriation from the Water Fund to the Water Department and to all other departments, boards or commissions, plus a reasonable sum to cover unforeseeable or unusual expenses, reasonably anticipated cost increases or diminutions in expected revenue, less the cost of supplying water to City facilities and fire systems and, in addition, such amounts as, together with additional amounts charged in respect of the City's sewer system, shall be required to comply with any rate covenant and sinking fund reserve requirements approved by ordinance of Council in connection with the authorization or issuance of water and sewer revenue bonds. Such rates and charges may provide for sufficient revenue to stabilize them over a reasonable number of years.

(.1) In fixing rates and charges the Board shall recognize the importance of financial stability to customers and fully consider the Water Department's Financial Stability Plan. In addition, the Board shall determine the extent to which current revenues should fund capital expenditures and minimum levels of reserves to be maintained during the rate period. When determining such levels of current funding of capital expenditures and minimum levels of reserves, the Board shall consider all relevant information presented including, but not limited to, peer utility practices, best management practices and projected impacts on customer rates. ...

(.2) Rates and charges shall be developed in accordance with sound utility rate making practices and consistent with the current industry standards for water, wastewater and storm water rates. Industry standards include the current versions of American Waterworks Association (AWWA) Principles of Rates, Fees and Charges Manual (M-1) and Water Environment Federation's Wastewater Financing & Charges for Wastewater Systems.) ...

(c) The rates and charges shall be equitably apportioned among the various classes of consumers.

(d) The rates and charges shall be just, reasonable and nondiscriminatory as to the same class of consumers.

In addition, the [Rate Ordinance](#) provides for other types of special rates and charges, including those for service provided to charitable institutions, places of worship, public and private schools, public housing and the determination of various sewer charges. See, Phila. Code §§ 13-101(4)-(6).¹¹⁴

Further, § 13-101(2) of the [Rate Ordinance](#) provides that the Water Department:

. . . shall develop a comprehensive plan (“Financial Stability Plan”) which shall forecast capital and operating costs and expenses and corresponding revenue requirements. It shall identify the strengths and challenges to the Water Department’s overall financial status including the Water Fund’s credit ratings, planned and actual debt service coverage, capital and operating reserves and utility service benchmarks. It shall compare the Water Department to similar agencies in peer cities in the United States. A Financial Stability Plan shall be submitted to Council every four (4) years and updated prior to proposing revisions in rates and charge.¹¹⁵

In summary, the [Rate Ordinance](#) requires that rates be set at a level that produces revenue sufficient for the Department to meet its expenses and debt service, including other applicable requirements and covenants. Other factors that must be considered by the Board include the impact of its rate decisions on customers, industry standards applicable to water, wastewater and storm water rates, recognition of the parameters set forth in the Financial Stability Plan required by City Council and that rates be just, reasonable, nondiscriminatory and equitably apportioned among the various classes of consumers.

As described above, PWD’s rates must be set at a level that produces sufficient revenue to ensure compliance with the covenants made by the City pursuant to the 1989 General Bond Ordinance. As explained in [PWD St. 2A](#), Sch. FP- 5 at 3-4:

¹¹⁴ The full text of the relevant ordinances and regulations are posted on the Rate Board’s website, at the section entitled “Regulations & Relevant Legal Authority.” [About | Water, Sewer & Storm Water Rate Board | City of Philadelphia](#) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/about/>)

¹¹⁵ The updated Financial Plan is included with [PWD St. 2A](#), Schedule FP-1.

In the 1989 General Bond Ordinance, the City covenanted with the bondholders that it will impose, charge and collect rates and charges in each fiscal year sufficient to produce annual net revenues which are at least 1.20 times the debt service requirements, excluding the amounts required for subordinated bonds (as defined in the 1989 General Bond Ordinance). In addition, the City's covenants to its bondholders require that net revenues in each fiscal year must be equal to 1.00 times (A) annual debt service requirements for such fiscal year, including the amounts required for subordinated bonds, (B) annual amounts required to be deposited in the debt reserve account, (C) the annual principal or redemption price of interest on General Obligation Bonds payable, (D) the annual debt service requirements on interim debt, and (E) the annual amount of the deposit to the Capital Account (less amounts transferred from the Residual Fund to the Capital Account).

Further, pursuant to the 1989 General Bond Ordinance, the City will, at a minimum, impose, charge and collect in each fiscal year such water and wastewater rents, rates, fees and charges and shall yield Net Revenues (defined for purposes of this covenant particularly, calculated to exclude any amounts transferred from the Rate Stabilization Fund to the Revenue Fund in, or as of the end of, such fiscal year) which will be equal to at least 0.90 times Debt Service Requirements for such fiscal year (excluding principal and interest payments in respect of Subordinated Bonds and transfers from the Rate Stabilization Fund). In this testimony, the above covenants are referred to collectively as the "Rate Covenants."

In the [2018 Rate Determination](#), the Rate Board set forth targets for several financial metrics to be considered by the Department in its future operations and by the Board in its future rate decisions. These targets included a 1.3x senior debt service coverage ratio; a \$150 million combined reserve balance in the Department's Rate Stabilization Fund (RSF, \$135 million) and Residual Fund (\$15 million); and 20% cash financing for capital expenditures. The reasons for setting such targets included the need to support the credit ratings for the Department's bonds as higher credit ratings make it easier and less expensive to borrow money, providing interest savings for all customers both at the present time and in the future. The Board noted in its [2018](#) Order that those financial targets "are not mandated requirements and should not be considered to be either strict ceilings or floors." [2018 Rate Determination](#) at 23.

During the [2022 Special Rate Proceeding](#),¹¹⁶ the Rate Board revisited certain financial metrics from previous determinations. This limited proceeding focused on assessing whether the incremental rates and charges for water, sewer, and stormwater services, which had been approved to take effect on September 1, 2022 (FY 2023), warranted downward adjustments due to the Department's improved financial performance in FY 2021. Specifically, the Rate Board evaluated whether the unexpectedly high Rate Stabilization Fund (RSF) balance as of June 30, 2021, justified reducing the previously approved revenue increase for FY 2023.¹¹⁷ Ultimately, the Rate Board authorized a \$3 million reduction to the incremental increase for FY 2023 base rates, but emphasized that using a lower RSF balance threshold for this specific proceeding did not signal a change to the \$135 million RSF target or broader financial goals on an on-going basis.¹¹⁸

To fulfill the mandate in the [Rate Ordinance](#), that an “open and transparent process for public input and comment on proposed water rates and charges” be used, “prior to fixing and regulating rates, the Board shall hold public hearings.” [Phila. Code](#) §§ 13-101(3)(e) and (f). In this proceeding, four on-the-record public input hearings (two were conducted in-person and the others via Zoom, with the option to participate via internet or telephonically) were held, and numerous public comments were received.¹¹⁹ We appreciate those members of the public, organizations and elected officials who were able to address PWD’s rate filing. Members of the Eastern Service Workers Association (ESWA) and the Workers Benefits Council (WBC), who both represent the interests of lower-income workers, explained the affordability challenges faced by those customers who do not qualify for the senior discount or the TAP program but still struggle to pay for water service.¹²⁰ City Councilmember

¹¹⁶ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2022-special-rate-proceeding/>.

¹¹⁷ This special rate proceeding resulted from a [Joint Petition for Partial Settlement](#), agreed upon by the Department and the Public Advocate, which was approved without modifications in the June 16, [2021 Rate Determination](#).

¹¹⁸ “We are not here making any changes to the previous Board financial targets or the appropriate level of the RSF balance for ratemaking or any other purpose in the future.” [2022 Special Rate Determination](#), <https://www.phila.gov/media/20220622164351/2022-Special-Rate-determination-06-15.pdf>, at 16.

¹¹⁹ We adopt, incorporate and supplement the discussion contained in the [Hearing Officer Report](#), Sec. IV.

¹²⁰ See, the [April 23, 2025, 6:00 p.m](#) session, session: MacAllister Gartner, (ESWA, Tr. 48), Judith Sussholtz (ESWA, Tr. 30-35), Jillian Tadrzynski (ESWA, Tr. 37-44), Antonia Batts (ESWA, Tr. 52-56), Thomas Skoken (ESWA, Tr. 57-62) and Lisa Spera (WBC, Tr. 28-29).

Katherine Gilmore Richardson, by [letter dated May 27, 2025](#),¹²¹ pointed out the impact of higher water and sewer rates on customers who already are facing affordability challenges, and requested that the Board “reject the proposed increases and work through the process to find a more sustainable rate for the coming period.” The Hearing Officer especially noted the issue raised by the organization HELP: MLP,¹²² which in its [comment](#)¹²³ stated that many of its clients rent their homes, and that any water rate increases will disproportionately and inevitably harm renters who are “unable to enjoy the benefits of the TAP program because their landlord refuses to allow them to enroll or they are not complying with rental licensing requirements.” We endorse the Hearing Officer’s recommendation that the Water Department, Water Revenue Board and the Public Advocate address this issue in their post-proceeding discussions.

IV. JOINT PETITIONS FOR PARTIAL SETTLEMENT¹²⁴

A. Proposed Partial Settlements Terms and Conditions

As explained above, two settlement petitions were submitted. Together, they propose how the Board should resolve many of the substantive issues raised in this proceeding, except for the contested issues addressed below. Each contains a number of terms and conditions. The [First Settlement Petition](#), between PWD and the Public Advocate, is a “black box” settlement, in which specific adjustments to projected expenses and revenues are not made. The terms relating to the proposed revenue requirement can be found in Section II, ¶ 12.A. The agreement is designed to produce additional water, wastewater, and storm water service revenue of \$60.920 million in FY 2026 reflecting an increase in base rates effective September 1, 2025, and additional service revenue of \$54.000 million for FY 2027 based on an increase in rates effective September 1, 2026. [First Settlement Petition](#). The proposed rates and impact on customers are displayed in the tables attached to [PWD’s Main Brief](#), Appendix A.

¹²¹ <https://www.phila.gov/media/20250527120307/Katherine-Gilmore-Richardson.pdf>.

¹²² Health, Education, and Legal Assistance Project: A Medical Legal Partnership, partners with maternal and child health home visiting programs in southeastern Pennsylvania to support families with their civil legal needs.

¹²³ <https://www.phila.gov/media/20250606163713/HELP-MLP-Water-Rate-Increase-Comments-5-30-25.pdf>.

¹²⁴ This discussion adopts, incorporates and supplements the discussion in the [Hearing Officer Report](#), Section VI.

The [First Settlement Petition](#) also includes additional commitments made by PWD and WRB focusing on cost of service (§ 12.B.1) and customer service (§ 12.B.2) improvements.¹²⁵ These include (1) the commencement of a process to evaluate rate structure and rate design alternatives by January 2026, with a plan to be filed with the Rate Board including target dates for commencement and completion milestones, which evaluation will include: (a) stormwater rate structure issues (residential rate structure options, residential stormwater discounts/credits, and recovery of credits related to PWD’s Stormwater Management Incentive Program and Greened Acres Retrofit Program; (b) rate structure alternatives generally, including alternatives identified by the Advocate, PLUG and other stakeholders); and (c) re-evaluation of the Department’s proposed phase-in of the AMI- based peaking factors once more data is available; (2) quarterly reporting regarding Raise Your Hand and Utility Emergency Services Fund support; (3) updates to Tiered Assistance Program application materials to align with the definition of monthly income set by the Philadelphia Code, implemented within one year after Rate Board approval of the Settlement Petition; (4) participation in a workshop process to address potential capital funding via state revolving fund (i.e., PennVest) to be used for additional reductions in revenue requirements with resulting benefits to customer rates; and (5) a cost-benefit analysis of low-income conservation assistance provided by PWD. PWD and the Public Advocate further agreed that comments concerning the [regulations](#)¹²⁶ proposed jointly by PWD and the City’s Department of Revenue concerning Charity Rate Administration are to be addressed through the process as filed with the City Department of Records,¹²⁷ rather than by the Rate Board. In addition, both the [First Settlement Petition](#) and [Second Settlement Petition](#) contained the standard terms addressed to the impact of the settlement agreements.

PWD and the Public Advocate stated in the [First Settlement Petition](#) at § 13(d) that they arrived at the proposed settlement terms “after review of: (i) the rate filing for [the] 2025 general rate proceeding submitted by the Department, (ii) extensive discovery responses, (iii) the direct and rebuttal testimony and related exhibits proffered by the participants; and (iv)

¹²⁵ It should be noted that the Rate Board has no jurisdiction over non-rate items, and they are recognized here only for the purpose of discussing the proposed agreement.

¹²⁶ Proposed Regulation 207, <https://www.phila.gov/departments/departments-of-records/regulations/207.0-charity-rates-and-charges-program-regulations.pdf>.

¹²⁷ The process for promulgating the regulations is explained and discussed in Section IV.C.2 below.

following settlement negotiations. The terms and conditions of the Partial Settlement constitute a carefully negotiated package representing reasonable compromises as to the majority of issues presented in the rate case.”

Subsequently, PWD, the Public Advocate and PLUG filed a [Second Settlement Petition](#), addressed solely to certain cost of service and rate design issues raised by PLUG.¹²⁸ It reserved the issue of the Charity Rates Regulation for Rate Board determination. It contains the following terms and conditions, Section II, ¶ 7:

The Joint Petitioners hereby respectfully request that the Hearing Officer recommend, and the Rate Board approve, the following additional modifications to the Department’s general rate proceeding for FY 2026 and FY 2027:

This Second Partial Settlement resolves the cost of service and rate design issues presented by PLUG in this proceeding by modifying the 3rd and 4th blocks in the Department’s water rate design. The supporting documents as well as the final rates and charges for the Second Partial Settlement are to be provided by PWD consistent with the provisions of Section V hereof. Table C-10 (Water - Proposed Rates for General Service) is provided in Appendix A. Joint Petitioners agree that rates are subject to Participants’ review and comment in connection with the future PWD Compliance Filing.

This Second Partial Settlement does not resolve issues related to the Charity Rates Regulation which PLUG wishes to litigate. All other PLUG issues are addressed in the First Partial Settlement, the Second Partial Settlement, or withdrawn.

The signatories (PWD, Public Advocate and PLUG) stated that the Rate Board should find that the [Second Settlement Petition](#) is reasonable and in the public interest as its terms and conditions “. . . constitute a carefully negotiated package representing reasonable compromises as to the majority of issues presented in the rate case.” In addition, they point to the avoidance of future judicial proceedings and note that it is “revenue-neutral for the

¹²⁸ In addition to a revised Table C-10 filed as an Appendix to the Second Settlement Petition, [Tables](#) demonstrating the bill impact of the [Second Settlement Petition](#) were filed separately. These included C-4, C-5, C-11, C-11A, C-12, and C-13. <https://www.phila.gov/media/20250627134954/2025-General-2nd-Joint-Settlement-Tables.pdf>.

Department and the Small User customers¹²⁹ as compared to the terms and conditions in the Partial Settlement.” [Second Settlement Petition](#), Sections 8, 4.

As discussed below, objections to the settlements were made by participant Haver, who objected both to the process (which he claimed did not provide for sufficient public review and comment) and the substantive settlement provisions (proposed level of revenue increase should not be permitted).¹³⁰ PLUG supported the Second Settlement Petition, but reserved for Rate Board determination the issue of the proposed regulation that addressed administration of PWD’s Charity Rate Program.

B. July 1, 2025 Hearing Officer Report

In her [Hearing Officer Report](#), Hearing Officer Chestnut discussed the history of the proceeding as well as the rate standards that must be used to evaluate any requested change in rates and charges. Based on the record adduced in this proceeding, including the comments provided by PWD’s customers, she recommended that we permit the proposed base rate service revenue increases contained in the [First Settlement Petition](#) to go into effect, and to permit the Department to prepare and file rates and charges to be effective September 1, 2025, and September 1, 2026, consistent with the terms and conditions contained in the [First Settlement Petition](#) as modified by the [Second Settlement Petition](#). She further recommended that to the extent it has jurisdiction, the Rate Board approve the uncontested changes to the Water Department’s [Rates and Charges](#) documents, and reject PLUG’s arguments addressed to PWD’s Charity Rate Program. She described the additional rate and non-rate provisions contained in the [First Settlement Petition](#), and addressed the [Objections](#) to each proposed settlement.¹³¹ She concluded that these Objections did not provide sufficient grounds to reject either the [First Settlement Petition](#) or the [Second Settlement Petition](#). The Hearing Officer

¹²⁹ The record indicates that a typical residential customer uses an average of 430 cubic feet (cf) of water per month, while a typical small commercial customer uses 550 cf per month. Under Appendix A, Table C-10, to the [Second Settlement Petition](#), the Second Settlement affects only quantities greater than 100,000 cf per month (tier 3) – more than 200 times the quantity used by a typical residential customer – and quantities greater than 2,000,000 cf per month (tier 4), more than 4,000 times an average residential customer’s quantity. The reallocation of revenues between tier 3 and tier 4 water usage has no impact on residential and small commercial customers and does not affect the overall increase in revenue requirements set forth in the [First Settlement Petition](#).

¹³⁰ [Lance Haver Objection to Proposed Settlement](#) (<https://www.phila.gov/media/20250606163809/Proposed-Settlement-Violates-SA-Haver-2025.pdf>); [Lance Haver Objection to Second Joint Petition for Partial Settlement](#) (<https://www.phila.gov/media/20250623161102/2025-Lance-Haver-objection-email-1.pdf>).

¹³¹ [Hearing Officer Report](#) at 34-38.

found that the proposed rates and charges were supported by substantial evidence and complied with relevant rate standards and requirements.

C. Exceptions

1. Haver Exceptions

In his [Exceptions](#), Mr. Haver objects to the Hearing Officer's recommendation on a number of grounds, stating that the Hearing Officer failed to recognize that the Department could have voluntarily agreed to a number of the recommendations made by Mr. Haver even if the Rate Board did not have the authority to order them; that the practices that have been used to raise water rates in Philadelphia are corrupt; that the Water Department simply requests a greater rate increase than it needs and then agrees in a back room deal to what it really wants; and that the Settlement allowed the Department to increase rates by an amount that was substantially greater than the recommendation of what Mr. Haver referred to as the Rate Board's own witnesses. These contentions are addressed below.

Mr. Haver argues that we should reject the [Hearing Officer Report](#) because it recommends approval of the [First Settlement Petition](#) that provides for a base rate revenue increase but does not include the specific actions he feels should be undertaken to control costs and improve PWD's operations notwithstanding the Rate Board's lack of authority to order such changes.¹³² He states, "The Hearing Examiner's report should be rejected as it fails to comprehend a basic fact. Settlements can contain terms that cannot be award[ed] by a regulator." Haver [Exception](#), unnumbered page 2. This statement is contradicted by the fact that, as addressed in the [Hearing Officer Report](#), the [First Settlement Petition](#) does contain a number of rate and non-rate voluntary commitments from PWD and the Water Revenue Bureau. The fact that they are not the actions Mr. Haver proposed does not lead to the conclusion that they do not benefit the Department's customers, or that the Rate Board itself can negotiate for concessions that it has no authority to order.

In fact, as discussed below in more detail, PWD's voluntary commitments contained in the Settlement and approved by the Hearing Officer provide tangible benefits for PWD's customers through both the customer service enhancements and the cost of service/rate

¹³² The Rate Board does not have jurisdictional oversight over PWD's operations.

structure components. Certainly, we agree that PWD should attempt to reduce expenses (including the costs of borrowing) as much as possible, and to seek alternative funding from sources other than its customers. There was no showing, however, that such measures are available beyond those already included in the filing that would result in savings during the rate period that would obviate the need for any incremental revenues. The Rate Board does not have authority to order the Department to take additional specific steps to implement operational changes in rate filings brought before it; they must result from settlement discussions and are voluntarily agreed to by the Department.

Mr. Haver also criticized the amount of the revenue increase and stated that the method of reviewing PWD rate requests is “corrupt.”¹³³ He alleged that the Water Department “always asks for more than what it needs and expects, and then agrees to accept what it wanted all along,” and stated that “the settlement gives PWD 21.733 million more than what the Rate Board’s experts¹³⁴ say is needed.” Haver [Exceptions](#) to Hearing Officer Report at 1, 4.

After careful consideration, we find that Mr. Haver has presented no valid reason why, on the record that has been produced, the Rate Board should not accept the proposed settlements. The processes used to address PWD’s filing and to develop the settlement petitions were both open and transparent, and fully in compliance with our regulatory requirements. Further, the terms of the proposed agreement, including the rates themselves, are reasonable and appropriate and are in compliance with the applicable rate standards and covenants. As noted by the Hearing Officer, to deny the requested rate increase in its entirety would be irresponsible, and possibly a violation of the [Rate Ordinance](#) (and the bond covenants, should PWD fail to sustain the required coverages) if PWD were denied sufficient revenues to meet its FY 2026 and FY 2027 expenses and debt obligations. Even if PWD agreed to adopt one or all of Mr. Haver’s suggestions, there has been no evidence presented to show they would reduce costs or produce sufficient incremental service revenue to further reduce or eliminate the need for revenue relief in FYs 2026 and 2027.

Further, we reject the contention that the process used in this proceeding is “corrupt” or not transparent. The record clearly establishes that the investigation into the

¹³³ Haver [Exceptions](#) to the [Hearing Officer Report](#) at 1, 2.

¹³⁴ The Rate Board did not present expert witnesses in this proceeding. Presumably, Mr. Haver was referring to the Public Advocate’s witness, Mr. Morgan.

[Advance](#) and [Formal](#) Notices was fully open to public review, and conducted in accordance with the [Rate Ordinance](#) as well as the Rate Board's [Regulations](#). There is no evidence to support Mr. Haver's accusations, which mischaracterize how the ratemaking process works. To characterize settlement negotiations as a "backroom" deal, Haver Exceptions at 1, demonstrates a misunderstanding of what effective representation can accomplish. As noted by the Hearing Officer in her [Hearing Officer Report](#) at 35, "It has long been established and understood that settlement discussions should be confidential and not discoverable. The purpose is to encourage open and candid negotiations among parties, free from concern that preliminary positions or compromises might later be used against them." Both the Department and the Public Advocate presented competent evidence of their respective positions. Their settlement positions may have reflected a better result than where they each believe the Board would have ended up had they not reached a settlement; and importantly some of the terms of the settlement that are beyond the Board's jurisdiction to order could have substantial additional benefits for customers. Participants choose to settle for many reasons, including the understanding that a final rate decision could end up being higher or lower than what their respective experts have proposed in their testimony, and that a settlement can achieve results that could not have been ordered if the proceeding had not been settled.

Moreover, the settlements were distributed to all participants and were subjected to criticism by all participants, as was the [Hearing Officer Report](#). All these documents were posted online for public viewing. The Board considered and deliberated on these issues and others in an open, publicly advertised meeting, accessible to all members of the public in person and via Zoom

For the reasons set forth above, Mr. Haver's Exceptions are denied.

2. PLUG Exception

PLUG submitted [a Letter in Lieu of Exceptions to the July 1, 2025 Hearing Officer Report](#), in which it explained that while it generally concurred with the [Hearing Officer Report](#), it excepted to "the recommendation that the Rate Board deny PLUG's proposals to reject PWD's modifications to the eligibility requirements for PWD's Charitable Discount program on grounds the proposed Charity Rate Regulations do not alter rates. See [Hearing Officer Report](#) at 42."

The [Second Settlement Petition](#) (Section II) expressly reserved for Rate Board determination¹³⁵ of this issue, which arises from PWD’s proposal that administration of this rate discount¹³⁶ available to certain identified groups of “Special Customers” be transferred to the Water Revenue Bureau, which administers PWD’s other customer assistance programs such as TAP. The charity rate provides that public and private schools, institutions of purely public charity, and places used for actual religious worship should be afforded a discounted rate for water, sewer and stormwater service if they meet certain criteria. PWD’s [Main Brief](#) at 55-56 stated that “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](#)¹³⁷ 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.”

PLUG’s position is that the Rate Board should “. . . reject any portion of the new Rule 204¹³⁸ that modifies in any way the eligibility requirements for PWD’s Charitable Rate Discount program. Additionally, with respect to the removal of customers for violation of any City law or regulation, the Board should direct PWD to develop customer protections by defining reasonable parameters for the exercise of such authority to ensure that customers are not arbitrarily removed from the Charitable Discount program.” PLUG [Main Brief](#) at 8-9; [PLUG St. 1](#) at 18. See also, PLUG [Reply Brief](#) at 3-4; PWD [Reply Brief](#) at 4-5.

After reviewing the testimony and filings from the participants, Hearing Officer

¹³⁵ “This Second Partial Settlement does not resolve issues related to the Charity Rates Regulation which PLUG wishes to litigate. All other PLUG issues are addressed in the First Partial Settlement, the Second Partial Settlement, or withdrawn.” This issue was addressed by PWD and the Public Advocate in the [First Settlement Petition](#) at ¶ 12.B.2: “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.”

¹³⁶ See [PWD Rates and Charges](#), Section 5; [PWS St. 5](#) (revised) at 18. City Council included “charity water rates and charges” as Section 13-101(4)(e) in the original Rate Ordinance, and amended Paragraph (e) in [2019](#) (<https://files.amlegal.com/pdffiles/Philadelphia/190911.pdf>) and again in [2021](#) (<https://files.amlegal.com/pdffiles/Philadelphia/210500.pdf>).

¹³⁷ <https://www.phila.gov/departments/departments-of-records/regulations/207.0-charity-rates-and-charges-program-regulations.pdf>.

¹³⁸ The rule at issue is actually proposed Regulation 207.

Chestnut recommended ([Hearing Officer Report](#) at 42) that the Board reject PLUG’s position with respect to administration of PWD’s Charity Rate program, and the specific amendments proposed, finding that: “There is no dispute that the proposed Charity Rate [Regulations](#) do not alter the rates, charges, or the amount of the Charitable Discount provided to Special Customers. The concerns raised by PLUG pertain solely to program administration, particularly the eligibility provisions.”¹³⁹ PLUG remains free to bring these concerns regarding the regulations and their implementation at the hearing that has been scheduled on the proposed Regulations.” Indeed, it is our understanding that PLUG requested a [hearing](#)¹⁴⁰ on the proposed [regulation](#),¹⁴¹ which was scheduled for July 21, 2025. Following the hearing, PWD and the Department of Revenue, with the approval of the Law Department, will prepare a report of the hearing reaffirming or modifying the proposed regulations, which will take effect ten days after the report is filed with the City’s Department of Records. See, Philadelphia Home Rule Charter, [§ 8-407](#).¹⁴²

Upon review of this issue, we agree with the Hearing Officer’s conclusion: “There is no dispute that the proposed Charity Rate Regulations do not alter the rates, charges, or the amount of the Charitable Discount provided to Special Customers. The concerns raised by PLUG pertain solely to program administration, particularly the eligibility provisions.” [Hearing Officer Report](#) at 42. As noted in our previous decisions, the Rate Board’s authority is solely to “fix and regulate rates and charges for supplying water, sewer and storm water service for accounts and properties located in the City of Philadelphia, in accordance with the standards established in this Section.” [Phila. Code, § 13-101\(3\)](#).¹⁴³ While the Board may review the costs associated with the charitable discount program, it does not have authority over how PWD or the Water Revenue Bureau administers the eligibility provisions for that program. Moreover, the Water Department and Department of Revenue appear to have the authority to promulgate such eligibility regulations generally, as they have done with the regulations governing the Tiered Assistance Program; and PLUG may be heard at the [hearing](#)

¹³⁹ In fact, [PLUG’s Main Brief](#) at 7 identified this issue as “The Board should direct PWD to implement customer protections to ensure reasonable administration of its Charitable Discount program.”

¹⁴⁰ <https://www.phila.gov/departments/departments-of-records/regulations/hearing-notice.pdf>.

¹⁴¹ <https://www.phila.gov/departments/departments-of-records/regulations/207.0-charity-rates-and-charges-program-regulations.pdf>.

¹⁴² https://codelibrary.amlegal.com/codes/philadelphia/latest/philadelphia_pa/0-0-0-265863.

¹⁴³ https://codelibrary.amlegal.com/codes/philadelphia/latest/philadelphia_pa/0-0-0-286499

scheduled for July 21, 2025.

Therefore, this Exception is denied.

3. Skiendelewski Exception

In his [Exception](#), Mr. Skiendzielewski states that “selective perception” may lead to “biased decision-making and a skewed understanding of reality,” but he does not address any particular rate or revenue requirement issue or provide any evidence supporting a different resolution than the Hearing Officer has recommended. We therefore deny this [Exception](#).

D. Discussion and Disposition¹⁴⁴

1. Settlement Revenue Requirement and Proposed Rates

The [First Settlement Petition](#), entered into by PWD and the Public Advocate, at Section II, ¶12.A describes the proposed incremental revenue increase. It proposes additional water, wastewater, and stormwater service revenue of \$60.920 million for FY 2026, effective from September 1, 2025, and an additional \$54.000 million for FY 2027, effective from September 1, 2026, as compared to PWD’s original request of \$73.630 million in FY 2026 and \$58.858 million in FY 2027.¹⁴⁵ With respect to the revenue requirement, this partial settlement agreement is a “black box” agreement between the signatories. This means that the Joint Petitioners did not agree on the specific elements of the revenue requirement calculation. This type of revenue requirement resolution is not unusual and was the basis for the Rate Board’s service revenue determination in the [2021 General Rate Proceeding](#). In its [2021 Rate](#)

¹⁴⁴ This discussion adopts, incorporates and supplements the discussion in the [Hearing Officer Report](#), Sections VI and VII.

¹⁴⁵ [Table C-4](#), included with PWD’s [Reply Brief](#) in Appendix A, displays the impact on typical bills for residential customers of the proposed settlement incremental service revenue requirement (including TAP surcharge revenue). It shows that the current monthly rates for residential customers with a monthly water usage of 430 cubic feet (cf) would increase from the current \$81.77 to \$89.42 on September 1, 2025 (an increase of 9.4%) and to \$94.31 on September 1, 2026 (an incremental increase of another 5.5%).

[Determination](#)¹⁴⁶ at 33-34, the Rate Board quoted with approval the Pennsylvania Public Utility Commission’s finding¹⁴⁷ that such agreements:

. . . can serve an important purpose in reaching consensus in rate cases and encourages their use . . . We have historically permitted the use of black box’ settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases.

The [First Settlement Petition](#) at ¶ 12.A explained how such an approach facilitates settlements “because it permits parties to retain their position on important ratemaking issues for the proceeding at hand as well as for future proceedings,” and “has no precedential value but serves to preserve each participant’s positions in future cases.” See also, [PWD Main Brief](#) at 32. The incremental service revenue increase established in the [First Settlement Petition](#) represents a substantial decrease from the originally requested revenue increase.

The Public Advocate described the effect of the revenue requirement agreement in its [Statement in Support](#) at 7: “In all, the Joint Petition recommends rate increases designed to produce approximately 85% of the Department’s requested revenue increases. At the same time, the Joint Petition’s recommendation reflects a reduction amounting to \$33.060 million over the two-year rate period, constituting more than 60% of the sum of revenue adjustments identified by the Public Advocate. In other words, the revenue requirements set forth in the

¹⁴⁶ <https://www.phila.gov/media/20210618105014/2021-General-Rate-Determination-as-filed-with-Records-Dept-20210616.pdf>.

¹⁴⁷ [Pa. Pub. Util. Commission v. Philadelphia Gas Works](#), Docket No. R-2020-3017206, Commission Opinion and Order entered November 19, 2020, at 14.
<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.puc.pa.gov%2Fpcdocs%2F1684745.docx&wdOrigin=BROWSELINK>.

Joint Petition reflect a serious and significant compromise between the positions advanced by PWD and the Public Advocate concerning the level of rate increase to be authorized.”

PWD’s [Main Brief](#) attached as Appendix A several tables showing the impact of the settlement revenue increase for FYs 2026 and 2027. Table C-1 shows the combined system projected revenue and revenue requirements on base rates (including TAP-R surcharge); Table C-1A shows the combined system projected revenue and revenue requirements on base rates (excluding TAP-R surcharge); Table C-1B shows the effect on TAP-R surcharge revenue. Table C-2 shows the projected impact of the settlement rates (combined system, base and TAP-R surcharge) on the Rate Stabilization Fund and the covenant metrics. As shown on Table C-2, the proposed settlement rates are projected to result in satisfaction of the applicable metrics in each of the fiscal years at issue.¹⁴⁸ PWD’s [Reply Brief](#), Appendix A includes [Table C-4](#), which demonstrates the impact of the settlement revenue requirements on the bills of typical residential customers.¹⁴⁹

The [Second Settlement Petition](#), entered into by PWD, the Public Advocate and PLUG, resolves the cost of service and rate design issues presented by PLUG in this proceeding by modifying the 3rd and 4th blocks in the Department’s water rate design. It does not modify the overall revenue requirement agreed to by PWD and the Advocate; it also has no impact on the bills of residential and small commercial customers (the Small Users) and will not change the anticipated bill impacts shown on [Table C-4](#), [PWD Reply Brief](#), Appendix A. See, [Second Settlement Petition](#) at 2, and revised [Table C-10](#)¹⁵⁰ and [Table C-5](#),¹⁵¹ showing the proposed water rates and charges for the General Service customers.¹⁵²

¹⁴⁸ As addressed above in Section III, the ratemaking standards established by City Council and applicable to this rate proceeding require the Rate Board to establish rates and charges sufficient to fund budgeted operating expense and annual debt service obligations from current revenues and to comply with rate covenants and debt service reserve requirements. [Phila. Code](#) §13-101(4). The incremental revenue anticipated to be produced by the proposed settlement rates must be examined to ensure compliance with this mandate.

¹⁴⁹ Other included Tables are: C-5 (comparison of example bills for non-residential customers); C-10 (proposed rates for general service - water); C-11 (proposed rates for fire protection); C-11a (proposed rates for residential fire protection); C-12 (proposed rates for general service - sanitary sewer) and C-13 (proposed rates for residential and non-residential stormwater service).

¹⁵⁰ <https://www.phila.gov/media/20250623091759/2025-GRC-Second-Joint-Petition-for-Partial-Settlement-Combined.pdf>.

¹⁵¹ <https://www.phila.gov/media/20250627134954/2025-General-2nd-Joint-Settlement-Tables.pdf>.

¹⁵² As noted above in fn 129, the modifications to the third and fourth rate blocks in the Second Proposed Settlement only affect the allocation of revenues among customers who use more than 100,000 cubic feet of

The proposed settlement includes incremental base rate revenue of \$60.920 million for FY 2026 (based on rates to go into effect September 1, 2025), and additional incremental base rate revenue of \$54.000 million for FY 2027 (based in rates to go into effect on September 1, 2026). This represents a substantial decrease from the originally requested revenue increase. As discussed above in Section III, the ratemaking standards established by City Council and applicable to this rate proceeding require rates and charges sufficient to fund budgeted operating expense and annual debt service obligations from current revenues and to comply with rate covenants and the debt service reserve requirements. [Phila. Code](#) §13-101(4). The incremental revenue anticipated to be produced by the proposed settlement rates must be examined to ensure compliance with this mandate, irrespective of any “black box” settlement.

As found by the Hearing Officer in the [Hearing Officer Report](#) at 31, the need for additional revenues for FYs 2026 and 2027 has been established on the record. As set out in its testimony ([Sts. 2A, 7](#)), PWD asserted that the revenue produced by the existing rates will not be sufficient during the prospective rate period, FYs 2026 and 2027, for it to perform its “primary mission” as set out by Water Commissioner Hayman in his direct testimony, [PWD St. 1 revised](#) at 2-3: “(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.” In [PWD St. 2A](#) 5-6, the Financial Panel stated that:

Current rates are insufficient to pay day-to-day operating expenses, debt service and support the Department’s capital program for the Study Period, FY 2025-2030. Importantly, current rates will be insufficient to meet the Department’s mandatory covenants with investors (e.g., debt service coverage) during the Rate Period.

Additional revenues are needed in FY 2026 and FY 2027 to (i) offset the underperformance in operating revenues; (ii) pay for the operating and maintenance needs of the Department; (iii) support its ongoing capital improvement program (“CIP”); and (iv) improve the Department's financial reserves and metrics.

water in a month. [PWD Rates and Charges, Rule 2.1](#), General Customers. The typical residential customer uses 430 cubic feet per month (PWD Reply Brief, [Table C-4](#)); and the typical small business customer uses 550 cubic feet per month (PWD Reply Brief, [Table C-5](#)).

The approval of the requested rate increases will ensure funding for safety and reliability of the system. The requested rate relief is also essential to make progress in meeting the enumerated financial goals and metrics as well as remain in compliance with all rate covenant requirements (including the 90% Test and debt service coverage in FY 2027) and maintain reasonable liquidity for FY 2026 and FY 2027.

The financial difficulties being experienced in FY 2025 will only get worse in FY 2026 and FY 2027 without rate relief. The demonstrated need for rate relief is shown in Table C-1A in Schedule BV-1, PWD Statement 7, and should be approved to ensure that the Department can meet the objectives of the updated Financial Plan, Schedule FP-1.

The Public Advocate thoroughly scrutinized the Department's filing, conducted extensive discovery and recommended that the Rate Board make a number of downward adjustments to the revenue requirement requested by PWD. [PA St. 1, Sch. LKM-1](#) (revised). It did, however, recognize that a substantial amount of rate relief is necessary.¹⁵³

Hearing Officer Recommendation: Although the Hearing Officer agreed ([Hearing Officer Report](#) at 25) that every effort should be made to keep the water, wastewater and stormwater rates as low as possible by encouraging PWD to reduce expenses (including the costs of borrowing) as much as possible, and to seek alternative funding from sources other than its customers, she found that, based on the record produced in this proceeding, the revenue produced at the current level of rates and charges is simply inadequate for PWD to continue to provide safe and adequate service to its customers at a reasonable cost, including the ability to finance infrastructure improvements. She rejected Mr. Haver's position that the Rate Board should reject the proposed settlement rate increase. As she pointed out in the [Hearing Officer Report](#) at 21, there is no legal authority for the Rate Board to set rates and charges that do not recover reasonably forecasted expenses, simply to force PWD to undertake certain actions. "To deny the requested rate increase entirely would be irresponsible, and possibly a violation of the [Rate Ordinance](#) (and the bond covenants, should PWD fail to sustain the required coverages) if PWD were denied sufficient revenues to meet its FY 2026 and FY 2027 expenses and debt obligations."

¹⁵³ In [PA St. 1, Errata](#) Sch. LKM-1(corrected), the Public Advocate recommended service revenue increases of \$53.216 million (FY 2026) and \$49.384 million (FY 2027) above the amounts projected under existing rates.

Board Decision: Upon consideration of the record on this issue, and also on the basis of our discussion in Section IV.C.1 above, we accept the Hearing Officer’s recommendation to permit the proposed base rate service revenue increases contained in the [First Settlement Petition](#) to go into effect.

The record produced in this proceeding makes it clear that the revenue produced at the current level of rates and charges is simply inadequate for PWD to continue to provide safe and adequate service to its customers at a reasonable cost, including the ability to finance infrastructure improvements. Certainly, as the Hearing Officer stated, and we agree, PWD should take every reasonable step to reduce expenses (including the costs of borrowing) as much as possible, and to aggressively seek alternative funding from sources other than its customers. To deny the requested rate increase entirely at this time, however, or to reduce authorized service revenues on the basis of hypothetical alternative funding sources, would be irresponsible, and possibly a violation of the [Rate Ordinance](#) (and the bond covenants, should PWD fail to sustain the required coverages) if PWD’s rates and charges are not sufficient for the Department to produce a level of revenue to cover its expenses and debt service, and satisfy applicable financial metrics in order to access the capital market at reasonable rates (as well as other requirements and mandates).

Under the terms of our [Rate Ordinance](#), there is no legal authority for the Rate Board to set rates and charges that do not recover reasonable expenses and capital expenditures, simply as a means of forcing PWD to undertake certain actions. Indeed, denial of any rate increases now would violate Council’s instruction to consider rates and charges that “provide for sufficient revenue to stabilize them over a reasonable number of years” and its requirement that we “recognize the importance of financial stability to customers and fully consider the Water Department’s Financial Stability Plan.” Phila. Code §§ 13-101(4)(b), 13-101(4)(b)(.1). Nor does the Rate Board have the authority to compel or even negotiate for the Department to agree to different settlement terms that the Rate Board would be unable to mandate under the Rate Ordinance.

We accept the Hearing Officer’s recommendation and will accept the revenue requirements and rates set forth in the [First Settlement Petition](#), as modified with respect to the allocation of revenues among large customers set forth in the [Second Settlement Petition](#).

2. Other Settlement Terms¹⁵⁴

As explained above, the proposed [First Settlement](#) contains additional commitments on the part of PWD. These include cost of service (§ 12.B.1) and customer service (§ 12.B.2) improvements: (1) the commencement of a process to evaluate rate structure and rate design alternatives by January 2026, with a plan to be filed with the Rate Board including target dates for commencement and completion milestones, which evaluation will include: (a) stormwater rate structure issues (residential rate structure options, residential stormwater discounts/credits, and recovery of credits related to PWD's Stormwater Management Incentive Program and Greened Acres Retrofit Program; (b) rate structure alternatives generally, including alternatives identified by the Advocate, PLUG and other stakeholders); and (c) re-evaluation of the Department's proposed phase-in of the AMI-based peaking factors once more data is available; (2) quarterly reporting regarding Raise Your Hand and Utility Emergency Services Fund support; (3) updates to Tiered Assistance Program application materials to align with the definition of monthly income set by the Philadelphia Code, implemented within one year after Rate Board approval of the Settlement Petition; (4) participation in a workshop process to address potential capital funding via state revolving fund (i.e., PennVest) to be used for additional customer subsidization; and (5) a cost-benefit analysis of low-income conservation assistance provided by PWD.

There can be no doubt that these commitments benefit PWD's customers in several tangible ways. The rate structure and cost-of-service provisions are designed to ensure that rates (including the stormwater charges) are equitable and cost-based, with a definite end-date and milestone requirements. Improved reporting on the Raise Your Hand program (which protects vulnerable households from shut-offs) and the Utility Emergency Services Fund (which provides financial assistance to qualified customers) will provide transparency and will assist vulnerable and low-income customers by ensuring that shut-off protections and financial assistance are available and utilized. Increased access to other sources of capital funding will address affordability concerns by reducing revenue requirements. Updates to the TAP application materials will ensure the exclusion of the income of minors from the eligibility

¹⁵⁴ This discussion adopts, incorporates and supplements the discussion in the [Hearing Officer Report](#) at 26-27, 33-34.

calculation so that customers are not improperly excluded or charged higher rates. A cost-benefit analysis of low-income conservation programs will help optimize efforts to reduce unnecessary water usage. Overall, these commitments promote affordability, transparency and equitable access to assistance programs.¹⁵⁵

While certain of the settlement provisions noted above go beyond the Rate Board's authority to order, we note that these voluntary commitments by PWD will benefit consumers and are a valuable element of the overall settlement. While the Rate Board does not have jurisdiction to order PWD to undertake some of the stated commitments, we recognize that they represent potential significant protections and improvements for PWD's customers and count them as additional support to approve the settlement and the rates and charges upon which the settlement is based.¹⁵⁶

3. Housekeeping Changes / Miscellaneous Fees and Charges

First, to the extent the Rate Board has jurisdiction, the language changes shown in [PWD Exh. 3](#) that are not otherwise addressed by the partial settlements should be permitted to go into effect, as they appear to be reasonable and were not contested by the active participants.

Second, the Department proposed raising miscellaneous fees and charges, as summarized in [Schedule BV-3](#) and as discussed in [PWD St. 7](#) (revised). These proposed fees and charges should be permitted to go into effect, as they appear to be reasonable and (once the issues raised by the Public Advocate were resolved) not contested.

V. CONCLUSION

Based on the record produced in this proceeding and in accordance with the discussions, findings and resolutions discussed above, we therefore:

¹⁵⁵ A full discussion of the public benefit provided by these terms and commitments (in addition to the significantly reduced revenue requirement which mitigates the financial impact of higher rates) can be found in the Public Advocate's [Statement in Support](#) at 8-15.

¹⁵⁶ The Rate Board has no authority beyond its mandate to "fix and regulate rates and charges for supplying water, sewer and storm water service for accounts and properties located in the City of Philadelphia" Phila. Code [§ 13-101](#)(3) and to "approve, modify or reject the [Water Department's] proposed rates and charges." Phila. Code [§ 13-101](#)(8).

- (1) Deny all Exceptions filed in this proceeding, consistent with this Rate Determination;
- (2) Adopt the [Hearing Officer Report](#) issued on July 1, 2025, to the extent consistent with this Rate Determination;
- (3) Permit the Philadelphia Water Department to place into effect the uncontested changes in the Rates and Charges documents, both to the Department's terms of service and to miscellaneous rates and charges;
- (4) Find that the revenue requirements for Fiscal Years 2026 and 2027 set forth in Table C-1A, set forth in the attached Appendix, are in compliance with the Rate Ordinance and other applicable requirements;
- (5) Permit the Philadelphia Water Department to prepare and submit rates and charges consistent with this Rate Determination and the tables applicable to the two settlement petitions effective September 1, 2025, and September 1, 2026; and
- (6) Resolve any issue not expressly determined by this Rate Determination by adopting the July 1, 2025 [Hearing Officer Report](#).

Sonny Popowsky, Chair
Tony Ewing, Vice-Chair
Abby L. Pozefsky, Secretary
McCullough Williams III, Member
Debra McCarty, Member

APPENDIX: TABLES

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	65,807	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

Line			Fiscal Year Ending June 30,					
No.	Description		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%		60,920	74,446	73,938	72,688	72,407
5	FY 2027	6.80%			54,000	65,807	64,695	64,445
6	FY 2028	9.50%				79,975	96,472	96,099
7	FY 2029	8.69%					78,798	96,314
8	FY 2030	8.11%						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