

1 **Q. HAVE YOU PREPARED SCHEDULES TO ACCOMPANY YOUR**  
2 **TESTIMONY?**

3 A. Yes. I have prepared Schedules LKM-TAP-1 through LKM-TAP-6. These schedules  
4 were presented using the same format as presented by PWD. This makes it easy to  
5 compare the Public Advocate’s position to PWD’s position.

6 **II. SUMMARY AND RECOMMENDATIONS**

7 **Q. PLEASE SUMMARIZE PWD’S TAP RATE ADJUSTMENT FILING.**

8 A. On February 17, 2026, the Department submitted its Advance Notice of Proposed  
9 Changes in Rates and Charges for the Annual Adjustment of Tiered Assistance Program  
10 Rate Rider Surcharge Rates to the Philadelphia Water, Sewer and Storm Water Rate Board  
11 (“Rate Board”). On March 19, 2026, the Department filed its Formal Notice of Proposed  
12 Changes in the TAP-R Rates. If approved, the proposed rates will take effect on September  
13 1, 2026.

14 In its filing, PWD is proposing a Water TAP-R rate of \$5.65 per thousand cubic  
15 feet (MCF) of water usage and a Wastewater TAP-R rate of \$7.90 per thousand cubic feet  
16 (MCF) of sewer billed volume. In comparison, the current Water TAP-R rate is \$3.59 per  
17 MCF and current Wastewater TAP-R rate is \$5.07 per MCF. The proposed TAP-R rate for  
18 water is an increase of \$2.06 per MCF and the proposed Wastewater TAP-R rate reflects  
19 an increase of \$2.83 per MCF over the current Wastewater TAP-R rate. In combination, a  
20 typical residential customer with a 5/8” meter using .43 MCF per month would experience  
21 a \$2.10 per month increase in TAP-R rates.

22 The increases in the water and sewer TAP-R rates are caused by changes in the  
23 values of the assumptions used in the TAP-R formula. The key assumptions used by PWD  
24 for the TAP-R rate that it proposes to become effective on September 1, 2026 include:

- 25
  - An average monthly discount of \$62.82 per TAP participant.

- 1           ○ An average monthly usage per TAP participant of 661 cf.
- 2           ○ An average number of TAP participants for the next rate period of 70,318.
- 3           ○ The estimated Total TAP Discount of \$53,006,249.

4           After reviewing the supporting calculations and the related documentation used to  
5 derive the values identified above, I find that the Department has overstated each of the  
6 factors. In so doing, PWD produces unreasonable proposed TAP-R rates for the next plan  
7 year.

8           After reviewing PWD's filing, I have concluded that the calculation methods are  
9 generally consistent with the approach used in previous TAP-R filings. However, I have a  
10 concern about a key assumption that ultimately impacts several factors used in the  
11 calculation TAP-R rate. The primary area of my concern relates to the Department's choice  
12 of a period of only four months as the basis on which to determine the projections for the  
13 next rate year. The period from which the average monthly discount per TAP participant  
14 is derived is directly influenced by not only the length of the period, but also by the specific  
15 months that are used. Those months may not be representative of customer consumption  
16 habits throughout a 12-month period.

17           Another concern I have is the assumption of the number of participants during the  
18 next TAP-R plan year. The number of participants has a direct impact on the projected  
19 TAP billing loss which, in essence, is a projection of the lost revenue that the TAP-R rate  
20 is supposed to recover.

21 **Q.**           PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

22 **A.**           Based upon my review of PWD's filing, I am recommending a Water TAP-R rate of \$4.99  
23 per thousand cubic feet (MCF) of water usage and a Wastewater TAP-R rate of \$6.98 per  
24 thousand cubic feet (MCF). The Public Advocate recommended rates reflect a decrease  
25 of \$0.66 per thousand cubic feet (MCF) from PWD's proposed Water TAP-R rate and a