

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

Re: Philadelphia Water Department : 2026 TAP-R Reconciliation Proceeding
Proposed Changes in Rates and Charges :

JOINT PETITION FOR SETTLEMENT OF TAP-R PROCEEDING

The Philadelphia Water Department (“PWD” or “Department”) and the Public Advocate (“Advocate”) (collectively, “Joint Petitioners”) submit this Joint Petition for Settlement (“Joint Petition” or “Settlement”) of the Tiered Assistance Program (“TAP”) Rate Rider Surcharge Rates (“TAP-R”) Reconciliation proceeding and request that Hearing Officer Kathryn G. Sophy (“Hearing Officer”) (i) approve the settlement of this proceeding without modification consistent with this Joint Petition; and (ii) recommend that the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board”) approve the Settlement and authorize the Department to file modified rates and charges related to TAP-R to become effective on September 1, 2026. In support of the proposed Settlement, the Joint Petitioners state the following:

I. BACKGROUND

A. TAP Program and TAP-Rate Rider

1. The TAP Program is an assistance program that allows low-income customers to pay reduced bills based on a percentage of their income.

2. The TAP-R is a ratemaking tool that allows PWD to recover lost revenue requirements (costs) or reduce future costs, if actual TAP costs are less than TAP-R revenues from non-TAP customers.¹ TAP-R rates are charged to retail customers not enrolled in TAP and are intended to recover the revenue losses (i.e., costs) associated with the program.

3. The cost of TAP (recovered via the TAP-R rates) may change over time due to multiple factors, including: (i) the number of low-income households enrolled and receiving TAP bills in the program (“TAP Participants”); (ii) water usage; (iii) changes in PWD’s non-discounted rates; and (iv) the level of discounts needed to provide affordable bills to TAP Participants.

¹ In the 2018 Rate Proceeding, the Advocate and PWD reached agreement regarding, and the Rate Board subsequently approved, many of the significant aspects of the TAP-R. Simply stated, this rider tracks revenue losses resulting from application of the TAP discounts and permits annual reconciliation of such costs and TAP-R revenue to prevent either over- or under-recovery of TAP revenue losses through TAP-R rates.

4. PWD reviews and proposes adjustments to the TAP-R rates annually to account for changes in actual and projected TAP costs and the extent to which those costs were over- or under-collected during a prior period.

5. The TAP-R Reconciliation filing submitted the Department’s proposed annual adjustment to the TAP-R rates; and the modification of related water, sewer and fire connection quantity charges.

6. The following PWD rates and charges will be affected if the Rate Board approves the Joint Settlement:

<u>Rates and Charges</u>	<u>Section Reference</u>
Total Water Quantity Charges	Section 2.1(c)(1)
Total Sewer Quantity Charges	Section 3.1(b)(1)
Total Fire Service Quantity Charges	Section 9.1(d)(1)
TAP-R Surcharge Rates	Section 10.3

B. 2026 TAP-R Proceeding

7. The Department commenced the 2026 TAP-R Reconciliation Proceeding, filing its Reconciliation Statement, by [Advance Notice](#) and [Formal Notice](#) on February 17, 2026² and March 19, 2026, respectively. Copies of the Advance Notice and Formal Notice are posted on the Rate Board [website](#) and are incorporated by reference.

8. These filings were made consistent with Sections II.A.2 and II.C.1 of the Rate Board’s regulations.

9. PWD proposed that changes to TAP-R rates and charges would take effect on September 1, 2026.

10. The participants in the 2025 TAP-R Reconciliation Proceeding were notified by e-mail of the opportunity to participate in the 2026 TAP-R Reconciliation Proceeding.

11. The general public was notified through information made available on the Rate Board’s website, publication in Philadelphia newspapers, and via outreach efforts by PWD and the Public Advocate. Legal notices related to the Advance Notice and Formal Notice were timely published in local newspapers.

² In addition to the Advance Notice itself, Participants were also provided with copies of (1) [2026 TAP Rate Rider Reconciliation Workbook](#) and (2) [Rate Rider Reporting Model 2026](#). The above-described documents are posted on the Rate Board’s website.

12. The Advocate was designated a participant in this proceeding pursuant to the terms of the Board's regulations. Lance Haver intervened (*pro se*) in this proceeding. The Philadelphia Large Users Group ("PLUG"), via counsel, confirmed PLUG's participation in this proceeding on March 26, 2026. All are participants in this proceeding.

13. The Advocate submitted written information requests to the Department by e-mail on: (a) [February 18, 2026](#) to which PWD responded on [February 27, 2026](#), [April 15, 2026](#) (production data for January through March 2026) and [April 28, 2026](#) (static data for January through March 2026); (b) [March 25, 2026](#) to which PWD objected on [March 30, 2026](#) and responded on [April 7, 2026](#); (c) April 29, 2026 to which PWD objected and responded on [May 4, 2026](#); and (d) [May 4, 2026](#) to which PWD responded on [May 11, 2026](#). The Department submitted written information requests to the Advocate by email on (a) [April 20, 2026](#) to which the Advocate objected on [April 23, 2026](#) and responded on [April 27, 2026](#). PLUG submitted written information requests to the Department by email on [April 1, 2026](#) to which the Department objected on [April 7, 2026](#) and responded on [April 8, 2026](#) and April 29, 2026 ([PLUG-I-3](#) and [PLUG-I-4](#)). Mr. Haver submitted written information requests to the Department by email on [April 23, 2026](#) to which the Department objected and responded on [April 27, 2026](#). Mr. Haver submitted written information requests to the Advocate by email on [April 23, 2026](#) to which the Advocate objected and responded on [April 27, 2026](#).

14. Each of the participants propounded information requests to other participants, as described in Paragraph 13. Copies of the information requests and responses are posted on the Rate Board's website.

15. The schedule for this proceeding was established by the [Prehearing Conference Order](#) that was entered by the Hearing Officer after the prehearing conference on [April 2, 2026](#). The schedule provided that written testimony in response to the Department's proposed annual TAP adjustment, if any, would be submitted by April 17, 2026.

16. The Advocate filed [written testimony](#) on April 17, 2026. None of the other non-Department participants (described in Paragraph 12 of this Joint Petition) filed written testimony by the above-stated deadline. The Advocate filed an [errata](#) on May 13, 2026.

17. In its written testimony, the Advocate recommended that (a) the average projected number of TAP Participants for the Next Rate Period be reduced to 68,405 from the Department's original average projected number of TAP Participants (70,318); (b) the average discount per TAP Participant be reduced to \$59.47 from the Department's projected average discount per TAP Participant (\$62.82); (c) the average projected usage per participant be reduced to 654 cf per month from the Department's original average projected usage of 661 cf per month.

18. The TAP-R surcharge rates from the differing original proposals are shown in the table below:

	Department's Original Proposal Schedule PWD-5	Advocate's Original Proposal Schedule LKM-1 (as corrected, May 13, 2026)
Water TAP-R Surcharge	\$5.65 /MCF	\$4.99 /MCF
Wastewater TAP R-Surcharge	\$7.90 /MCF	\$6.98 /MCF

19. The Department filed written rebuttal testimony on April 30, 2026, which supported the Department's average discount, average TAP participation, average usage used by the Department for TAP-R reconciliation purposes and defended the Department's overall proposal.

20. The Department's rebuttal testimony was provided to all participants on [April 30, 2026](#). That rebuttal testimony did not change the Department's proposals. But the rebuttal testimony did contain higher projections that incorporated the static data for January through March 2026, which was provided on [April 28, 2026](#). Those higher projections were based on updated data through seven months of the Most Recent Rate Period, September 2025 to March 2026.

21. The Hearing Officer scheduled public input hearings for May 7, 2026, and technical hearings for May 14, 2026. All hearings in this proceeding could be attended in person, virtually and telephonically. Transcripts from these hearings are posted on the Rate Board's website and are incorporated herein by reference.

22. Legal notices related to the technical and public input hearings were timely published in local newspapers.

23. The Department and the Advocate have recently conducted negotiations to achieve a settlement of issues contested between them in this proceeding. As a result of said negotiations, Joint Petitioners were able to reach the Settlement set forth herein.

24. Joint Petitioners specifically agree, that for settlement purposes, the net recoverable costs used to establish TAP-R rates, effective September 1, 2026, will be based upon (1) a C-Factor of \$50,672,716; (2) an E-Factor of (\$13,968,735), and (3) an I-Factor of (\$229,257) which were calculated using actual data available through March 2026 and the following underlying factors: (a) the projected average monthly number of TAP Participants should be 69,055; (b) the average discount should be \$61.15 per TAP Participant; and (c) the average monthly consumption should be 654 cf per TAP Participant.

25. The Department and the Advocate agree to the TAP-R surcharges shown below.

	Settlement Proposal
Water TAP-R Surcharge	\$5.41 /MCF
Wastewater TAP-R Surcharge	\$7.56 /MCF

This agreement does not endorse any of the methodologies or calculation methods employed by any participant to project TAP participation, average monthly consumption, discounts for TAP participants, or any other consideration in the calculation of TAP-R rates.

26. The Joint Petitioners have reached agreement on the above surcharge rates together with the terms and conditions identified in Paragraphs 31 through 33 of this Joint Petition (below).

27. Objections to this Settlement will be due by a date determined by the Hearing Officer.

28. The Joint Petitioners proffer the following Settlement Exhibit in support of the Settlement: Exhibit 1 - Proposed Settlement – TAP-R Reconciliation Calculations.

29. In light of the Settlement and the fact that PWD and the Advocate endorse its terms, the Settlement Exhibit should be accepted into the record. In addition, the Joint Petitioners stipulate to the authenticity of and admission into the evidentiary record in this matter of the Settlement Exhibit listed in Paragraph 28 of this Joint Petition.

30. The Joint Petitioners are in full agreement that this Settlement is in the best interest of the Department and its customers and is therefore in the public interest as well as in compliance with the ordinances governing this proceeding and provides a reasonable basis for recovery of TAP costs in this proceeding.³

II. TERMS AND CONDITIONS

The Settlement consists of the following terms and conditions:

31. The Joint Petitioners agree and submit that modified TAP-R rates (set forth in Settlement Exhibit 1) should be approved by the Rate Board.

³ Actual recovery will be reconciled consistent with the terms of PWD regulations regarding TAP-R charges.

32. The proposed Settlement will result in an increase in TAP-R rates for PWD customers during the Next Rate Period, as described above, subject to reconciliation in a future proceeding.

33. PWD and the Advocate submit that the TAP-R rates set forth in the Joint Petition should be approved as they are just and reasonable, comply with the ordinances governing this proceeding and provide a reasonable basis for recovery of TAP costs in this proceeding.

III. PUBLIC INTEREST CONSIDERATIONS

34. Joint Petitioners submit that this Settlement is reasonable and in the public interest for the following reasons:

(a) The Settlement provides for an increase of the TAP-R rates in an amount lower than that sought by PWD during the Next Rate Period in accordance with the reconciliation calculations, as modified by the Settlement.

(b) Acceptance of the Settlement will provide certainty and avoid the necessity of further administrative proceedings at substantial cost to Joint Petitioners, other parties and PWD ratepayers.

(c) The Settlement will use a projected number of TAP Participants, average monthly consumption per TAP Participant, and an average projected discount per TAP Participant that are reasonable in light of the actual TAP enrollment, as shown in the data set forth in the Department's supplemental response to PA TAP Set 2-1, as well as the average projected TAP enrollment for the Next Rate Period (September 2026 to August 2027).⁴

(d) The Joint Petitioners arrived at terms of Settlement after submission of the TAP-R filing, conducting discovery, participating in hearings, briefing and engaging in settlement negotiations. The terms and conditions of Settlement constitute a carefully negotiated package representing reasonable compromises as to the issues presented all of which are supported by the record of this proceeding.

IV. ADDITIONAL TERMS AND CONDITIONS

35. This Settlement is proposed by the Joint Petitioners to resolve the issues presented in this proceeding and is made without admission against or prejudice to any position which any Joint Petitioner might adopt during subsequent litigation or in further litigation of this case.

⁴ See, Schedule PWD-7 (updated Rate Rider Reporting Model) and Schedule PWD-8 (updated Rate Rider Reconciliation Model).

36. Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized or otherwise emphasized, or set forth in the body, a footnote, or parenthetical, or appendix, is a material consideration to the entry into this Settlement by the participants signing below.

37. This Settlement is conditioned upon the Rate Board's approval of the terms and conditions contained herein without modification. If the Rate Board disapproves the Settlement or modifies the terms and conditions herein, the Settlement may be withdrawn, by a Joint Petitioner, upon written notice to the Rate Board and all active participants in this proceeding communicated within three business days of the entry of the order of the Rate Board disapproving or modifying the Settlement. In the event the Rate Board disapproves the Settlement, or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case. Joint Petitioners agree that while the Settlement, upon Rate Board approval, will be fully enforceable according to its terms, the Joint Petition does not expressly or implicitly represent approval of any specific claims made in this proceeding and the Joint Petitioners agree not to contend otherwise in future proceedings.

38. Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Settlement by the Hearing Officer and the Rate Board without modification. If the Hearing Officer recommends that the Rate Board adopt the Settlement, as proposed herein, the Joint Petitioners agree to waive filing exceptions. Joint Petitioners, however, do not waive their rights to file exceptions (a) with respect to any modification of the terms and conditions of the Settlement or any additional matter proposed by the Hearing Officer in her report, (b) to correct an error or misstatement in the Hearing Officer's report, or (c) to any issue not resolved by this Settlement.

V. CONCLUSION

WHEREFORE, Joint Petitioners, by their respective counsel, request the following:

1. That the Hearing Officer admit Settlement Exhibit 1, as described in Paragraph 28 of this Joint Petition, into the record of this proceeding.
2. That the Hearing Officer recommend the approval of the Settlement by the Rate Board, as described in this Joint Petition.

3. That the Rate Board approve the Settlement and find the modified TAP-R rates to be just and reasonable and authorize the Department to file modified rates and charges to reflect the TAP-R rates set forth in Paragraph 25 of this Joint Petition.

4. That the Rate Board enter its final Rate Determination in this matter consistent with the terms and conditions of Settlement.

Respectfully submitted,

/s/ Andre C. Dasent

Andre C. Dasent
Commerce Square
2001 Market Street, 25th Floor
Philadelphia, PA 19103

For the Philadelphia Water Department

/s/ Robert W. Ballenger

Robert W. Ballenger
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102

For the Public Advocate

Dated: June 3, 2026

List of Settlement Exhibits

Exhibit 1 - Proposed Settlement – TAP-R Reconciliation Calculations.