

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

In the Matter of the Philadelphia Water : 2026 TAP-R Reconciliation
Department’s Proposed Changes in Water : Proceeding
and Sewer Rates and Related Charges :

RATE DETERMINATION

Before us is the [Hearing Officer Report](#) of Hearing Officer Kathryn G. Sophy, dated June 15, 2026, the [Exception](#) thereto, and the record in this proceeding. This proceeding addresses only the implementation of the annual reconciliation adjustment to the Tiered Assistance Program Rate Rider (TAP-R) by revising related water, sewer, and fire service connection quantity charges in accordance with the TAP-R tariff.

We will deny the [Exception](#) and adopt and incorporate the [Report](#). The [Report](#) contains: (1) the history of the proceeding; (2) a discussion and review of the record and the positions presented by the participants; and (3) a recommendation that we approve the proposed rates and charges for the TAP-R surcharge contained in the [Joint Petition for Settlement of TAP-R Proceeding](#) (“Joint Petition” or “Settlement”).

I. BACKGROUND

The City of Philadelphia established the Philadelphia Water, Sewer & Storm Water Rate Board¹ (Rate Board) as an independent ratemaking body in 2012. *See* Phila. Home Rule Charter § [5-801](#) (2012); Phila. Code § [13-101](#) (2014). City Ordinance requires the Rate Board to act on any rate proposal from the Water Department and to issue a decision approving, modifying, or rejecting such proposal. Phila. Code § [13-101\(4\)\(b\)\(.3\)](#).

The TAP is a customer assistance program, mandated by City Council, that allows low-income customers to pay reduced bills based upon a percentage of their household income. *See* Phila. Code § [19-1605](#) (calling the program “IWRAP”). The TAP-R, with parameters set by the Rate Board in its [2018 General Rate Determination](#), tracks revenue losses resulting from the application of the TAP discount, in order to permit annual reconciliation between actual and projected revenues. The TAP-R surcharge is charged to all customers who do not receive the discount. It is intended to recover the revenue losses associated with the customer assistance program. The TAP-R Rider tracks the under- or over-collection of revenue resulting from the application of the TAP discounts in order to permit an annual reconciliation or true-up.

The sole purpose of this proceeding is the reconciliation of the projection of TAP-R revenues with PWD’s actual past experience and projected future revenue needs for the program. TAP-R rates are adjusted yearly as established by the Rate Board’s [2018 General Rate Determination](#). In that [Determination](#), this Board established the basis for

¹ Members of the Rate Board are nominated by the Mayor and approved by City Council. Information about the Rate Board and links to past proceedings are available at the Rate Board’s [website](https://www.phila.gov/departments/water-sewer-storm-water-rate-board/): (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/>).

calculating and adjusting the TAP-R rates to account for any under-or over-collection from the prior period.

In our [2018 Rate Determination](#), we adopted the following formula for calculating TAP rates. TAP-R rates are determined by the following equation:

$$\text{TAP-R} = \frac{(\text{C}) - (\text{E}+\text{I})}{\text{S}}$$

The C-Factor represents the projected average number of monthly TAP participants for a 12-month period multiplied by the average discount per TAP participant. The E-Factor represents the actual discounts provided in the twelve-month period, plus prior period E-Factor and I-Factor adjustments, minus the TAP-R revenues collected during such periods. The I-Factor represents the interest on any over- or under-recovery of TAP-R revenues reflected in the E-Factor. The S-Factor represents the projected non-TAP customer sales volumes for the twelve-month period.

On March 19, 2026, the Philadelphia Water Department² (PWD or Department) filed a [Formal Notice](#)³ with the Rate Board seeking authority to implement the annual reconciliation adjustment to the Tiered Assistance Program Rate Rider (TAP-R) by revising related water, wastewater, and fire service connection quantity charges (2026

² The Philadelphia Water Department is a City department with responsibility for providing water, sewer, and stormwater services in the City of Philadelphia. It also makes wholesale water sales to neighboring communities.

³ An [Advance Notice](#), with all supporting documents, was filed February 17, 2026. The [Formal Notice](#) made no changes to the Advance Notice. Advance notice is required under Phila. Code, § 13-101(7), and Section II.A.2(a) of the Rate Board's Regulations. In addition to the Advance Notice itself, PWD provided participants with (1) 2026 TAP Rider Reconciliation Workbook, (2) 2026 TAP Reconcilable Rider Reports and Projection Model, and (3) 2026 TAP-R Adjustment Estimated Typical Bill Impacts. Formal notice is required under Phila. Code, § 13-101((7)-(8) and Section II.A.2(b) of the Rate Board's Regulations.

TAP-R Adjustment) in accordance with its previously-approved TAP-R tariff. Current TAP-R rates are \$3.59 per thousand cubic feet (MCF) for water usage and \$5.07 per MCF for wastewater/sewer volume.

Participants in this proceeding included PWD, the City of Philadelphia Department of Revenue, Water Revenue Bureau (WRB),⁴ the Public Advocate, the Philadelphia Large Users Group (PLUG), and an individual customer, Lance Haver.

The Department initially proposed a Water TAP-R rate of \$5.65 per MCF of water usage and Wastewater TAP-R rate of \$7.90 per MCF of sewer volume which would have resulted in a water rate increase of \$2.06 per MCF and a wastewater rate increase of \$2.83 per MCF. A typical customer with a 5/8” meter using .43 MCF, or 430 cubic feet, of water per month would have seen a total monthly increase of \$2.10 in TAP-R charges. The Public Advocate, using different assumptions, calculated a recommended rate of \$4.99 per MCF for the Water TAP-R and \$6.98 per MCF for the Wastewater TAP-R (a decrease of \$0.66 per MCF for water and \$0.92 per MCF for wastewater from PWD’s proposal).

A Public Input Hearing was held on a hybrid basis on May 7, 2026. A Technical Hearing was held on a hybrid basis on May 14, 2026. PWD and the Public Advocate presented their witnesses for cross-examination. Copies of exhibits and Transcript Responses may be found on the Rate Board’s [website](#) under the heading, “Public and Technical Hearing.”

⁴ The WRB provides all billing and collection functions for the Philadelphia Water Department.

On May 22, 2026, main briefs were filed by [PWD](#), the [Public Advocate](#), [PLUG](#), and [Mr. Haver](#). On May 26, 2026, [PWD](#) and [Mr. Haver](#) filed reply briefs. On May 27, 2026, the Public Advocate filed a [letter](#) in lieu of a reply brief. On June 3, 2026, PWD and the Public Advocate filed their [Joint Petition for Settlement](#). On June 8, 2026, PLUG filed a [letter](#) stating it did not oppose the settlement and Mr. Haver filed his [Opposition to the Proposed Settlement Agreement](#). On June 9, 2026, [PWD](#) and the [Public Advocate](#) filed responses to Mr. Haver's [Opposition](#).

On June 15, 2026, the [Hearing Officer Report](#) was issued denying Mr. Haver's objections as beyond the scope of the proceeding or beyond the authority of the Rate Board and recommending that the Board approve the [Settlement](#). On June 17, 2026, Mr. Haver filed his [Exception](#) to the Hearing Officer Report.

II. PROPOSED SETTLEMENT

After a fully-litigated proceeding that advanced through the hearing and briefing stage, PWD and the Public Advocate filed the [Joint Petition for Settlement](#) on June 3, 2026. The Joint Petitioners agreed to use actual data available through March 2026. [Joint Petition](#) at 4. The [Settlement](#) represents a compromise on: (1) the projected average number of TAP participants for the next rate period (69,055); (2) the average discount per TAP participant (\$61.15); and (3) the average monthly consumption per TAP participant (654 cf⁵). *Id.* Agreeing to these underlying factors, the Joint Petitioners agreed that the net recoverable costs for establishing TAP-R rates effective September 1, 2026, should be based upon: (1) a C-Factor of \$50,672,716; (2) an E-Factor of (\$13,968,735), and (3) an I-

⁵ Cubic feet or cf.

Factor of (\$229,257). Applying these factors results in a TAP-R water surcharge of \$5.41/MCF and wastewater surcharge of \$7.56/MCF.

On June 8, 2026, PLUG filed a [letter](#) indicating that it did not oppose the Joint Petition, but urged the Board, in its next base rate proceeding, to seek to ensure that the TAP program does not impose unreasonable costs on non-participating customers. On June 8, 2026, Mr. Haver filed his [Opposition to the Proposed Settlement Agreement](#), arguing that the settlement should be rejected in its entirety. Mr. Haver opposed the [Settlement](#) for several reasons. He contended that the TAP-R surcharge is an impermissible sales tax. He stated that the Department and the Public Advocate should have investigated other, more just and equitable ways of paying for the TAP program, such as through the City's General Fund. Mr. Haver also protested that the Settlement gives the Department 96% of what it had requested, and, as he has done in prior cases, Mr. Haver objected to the actions of the Public Advocate, stating that the Advocate does not adequately represent the interests of PWD customers.

As noted by the Hearing Officer, Mr. Haver raised a number of issues that are beyond the scope of this proceeding and/or beyond the authority of the Rate Board. As noted above, the Rate Board was established by City Ordinance. Phila. Code [§ 13-101\(3\)](#). The Rate Board may only exercise the authority granted to it.

The Rate Board lacks the authority either to declare the TAP-R surcharge a sales tax or to transfer the operating expenses of administering the City-mandated program to Philadelphia's General Fund. City Council has charged the Rate Board with ensuring that the Department's operating expenses and debt service are recovered through rates and charges. Unless and until the City Council directs otherwise, the Rate Board has a duty to carry out its designated authority.

Challenges to the TAP-R surcharge itself rather than the calculation and its underlying factors are beyond the scope of this proceeding, which is solely focused on a calculation of the revenues required to fund the rate reductions that are received by TAP participants. Moreover, the TAP-R mechanism has been considered, approved, and sustained during past general rate proceedings. Any challenge to the mechanism must be raised during a general rate proceeding where the issues are not limited to a reconciliation of revenues associated with the TAP.

With respect to Mr. Haver’s longstanding complaints regarding the role of the Public Advocate in these proceeding, the Board reiterates its prior findings that Community Legal Services (CLS) serving as Public Advocate, has performed its duties in this proceeding in a thorough and professional manner.

The [Joint Settlement](#) proposes a resulting TAP-R water surcharge of \$5.41/MCF and wastewater surcharge of \$7.56/MCF. [Settlement](#) at ¶ 25. The proposed surcharge compromise falls between the rates originally proposed by the Joint Petitioners:

	PWD Original Proposal ⁶	Advocate’s Original Proposal ⁷	Settlement Proposal ⁸
Water TAP-R Surcharge	\$5.65 /MCF	\$4.99 /MCF	\$5.41 /MCF
Wastewater TAP-R Surcharge	\$7.90 /MCF	\$6.98 /MCF	\$7.56 /MCF

Additional Settlement terms include that the submission of the [Settlement](#) does not affect or prejudice a position the Joint Petitioners may adopt later. [Settlement](#) at

⁶ [Advance Notice, Schedule PWD-5.](#)

⁷ [Morgan Test. at Schedule LKM-1 \(as corrected May 13, 2026\).](#)

⁸ [Settlement](#) at 5.

¶ 35. The Joint Petitioners also agree that the Settlement is conditioned upon the Board’s approval without modification. [Settlement](#) at ¶ 37.

The Hearing Officer found the Settlement to be a reasonable compromise and in the public interest. [Hearing Officer Report](#) at 13. The Report noted that the record supported a range of reasonable projections and that the negotiated rates were “well within that range.” *Id.*

In his [Exception](#), Mr. Haver objected to a statement by the Hearing Officer in her Report commending the Water Department and the Public Advocate for negotiating a settlement outcome that was “satisfactory to both.” [Hearing Officer Report](#) at 11; Haver [Exception](#) at 1. The fact that the Hearing Officer commended the Public Advocate and the Water Department for reaching a settlement, even after fully litigating the proceeding all the way through the filing of briefs, is certainly not grounds for rejecting the Hearing Officer’s recommendation. As noted by the Hearing Officer in her Report:

The Settlement is a reasonable compromise and is in the public interest. The Settlement provides for an increase of TAP-R rates that reasonably can be expected to recover lost revenue from PWD’s last rate period and is anticipated to provide sufficient revenue to continue the TAP program through the upcoming rate period. The rates are lower than those originally proposed by the Department and higher than those proposed by the Public Advocate. Approval of the Settlement will recognize the reasonably negotiated compromises of the Joint Petitioners. The record is able to support a range of reasonable projections, and the Joint Petitioners have been able to negotiate rates well within that range.

[Hearing Officer Report](#) at 13.

The Board agrees with the reasoning and findings of the Hearing Officer and denies Mr. Haver's Exception.

III. CONCLUSION

Both PWD and the Public Advocate provided expert testimony supporting their original positions. The Settlement provisions represent a reasonable compromise of the positions which were fully litigated in hearings and briefs before the Hearing Officer. The record supports the adoption of the proposed TAP-R rates contained in the Settlement for service rendered on and after September 1, 2026. The settlement would result in a water rate increase of \$1.82 per MCF and a wastewater rate increase of \$2.49 per MCF. The Department would increase current TAP-R rates to \$5.41 per MCF of water usage and to \$7.56 per MCF of sewer volume. A typical residential customer with a 5/8" meter using .43 MCF or 430 cubic feet of water per month would see a total monthly increase of \$1.85 in TAP-R charges under these rates.

Therefore, we: (1) deny the Exception of Lance Haver; (2) adopt the recommendations set forth in the Hearing Officer Report of June 15, 2026; (3) approve the rates and charges set forth in the Joint Petition for Settlement of TAP-R Proceeding without modification; (4) find the TAP-R rates contained in Exhibit 1 of the Joint Petition to be just and reasonable and supported by the record; and (5) authorize the Water Department to file revised TAP-R rates of \$5.41 per MCF for water usage and \$7.56 per MCF for sewer volume, as set forth in the Joint Petition for Settlement of TAP-R Proceeding, for services rendered on or after September 1, 2026.

Date: July 1, 2026

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