

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

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

RATE DETERMINATION

This report addresses the rate filing made by the Philadelphia Water Department (PWD or Department)¹ to implement the annual reconciliation adjustment to the Tiered Assistance Program Rate Rider² (TAP-R) by revising related water, sewer and fire service³ connection quantity charges (2025 TAP-R adjustment) in accordance with the TAP-R rates and charges previously approved by the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board).⁴ On February 18, 2025, the Department filed an [Advance Notice](#)⁵ with Philadelphia City Council (City Council) and the Rate Board of its request to implement the annual reconciliation adjustment

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

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

³ The TAP-R surcharge for fire service is set at the same rate as water service. See, e.g., [PWD Rates and Charges Effective September 1, 2024](#), <https://water.phila.gov/wp-content/uploads/files/rates-charges-2024-09-01.pdf>, Sections 2.1(c)(1) (water) and 9.1(d)(1) (fire).

⁴ As of the date of this Rate Determination, the members of the Rate Board (nominated by the Mayor and approved by City 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/>).

⁵ <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#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) [2025 TAP Rider Reconciliation Workbook](#) (<https://www.phila.gov/media/20250219160016/2025-TAP-Rate-Rider-Reconciliation-Workbook.xlsx>) and (2) [Sch. RFC-3 Rate Rider Reporting Model 2025](#) (<https://www.phila.gov/media/20250219160018/Schedule-RFC-3-Rate-Rider-Reporting-Model-2025.xlsx>).

and to revise related water, sewer, and fire service connection quantity charges accordingly. [Formal Notice](#)⁶ of the proposed reconciliation adjustments was filed with the Department of Records on March 31, 2025. Both Notices contained supporting schedules and exhibits as required by the [Regulations](#)⁷ (Sections II.A.2 and II.C.1) promulgated by the Rate Board. The [Formal Notice](#) consisted of schedules (Schs. BV 1-5, Schs. RFC 1-3⁸) and exhibits (PWD Exhs. 1A and 1B) setting forth the calculations of the reconciliation and proposed rates and charges. The proposed TAP-R rates and charges are designed to become effective September 1, 2025, and continue through the Next Rate Period.⁹

TAP is an assistance program mandated by City Council¹⁰ that allows eligible low-income customers (and customers who are facing specialized hardships defined in PWD's [Regulations](#),¹¹ Section 206) to pay reduced bills based upon a percentage of their household income. Monthly bills are not based on usage; they are capped as a percentage of income and are constant each month while the customer is enrolled in the program.¹²

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

⁶<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2025-tapr-proceeding/#formal-notice>. Formal notice is required under [Phila. Code](#), § 13-101((7)-(8) and Section II.A.2(b) of the Rate Board's [Regulations](#).

⁷ <https://www.phila.gov/media/20220204155914/WRBRegulationsAmended20210908reaffirmed20211013.pdf>.

⁸ Sch. RFC-3 subsequently was updated (Sch. RFC-4) in PWD's [Rebuttal Testimony](#).

⁹ PWD's fiscal years run from July 1 through June 30. The Next Rate Period is September 1, 2025, through August 31, 2026, as the rates to be effective September 1, 2025 (FY 2026) will continue into FY 2027 (July 1 –August 31, 2026).

¹⁰ See [Phila. Code](#), § 19-1605.

¹¹ <https://water.phila.gov/regulations/>.

¹² The TAP program was approved by the Rate Board as part of PWD's 2016 rate filing. See, [Rate Board 2016 Rate Determination](#). The TAP-R rate rider was approved as part of PWD's 2018 rate filing ([Rate Board 2018 Rate Determination](#)) and the Board has adjusted the specific surcharge rates in annual reconciliation proceedings in [2019](#), [2020](#), [2021](#), [2022](#), [2023](#) and [2024](#).

application of the TAP discount to permit annual reconciliation if they are greater or less than projected.

Before us is the [Hearing Officer Report](#)¹³ of Hearing Officer Marlane R. Chestnut, dated June 18, 2025, along with the entire record produced in this proceeding. We will adopt and incorporate that [Report](#), which contains the history of the proceeding and, after a complete discussion and review of the record and the positions presented by the participants,¹⁴ recommends that we approve the proposed rates and charges for the TAP-R surcharge to go into effect September 1, 2025, contained in the [Joint Petition for Settlement of TAP-R Proceeding](#)¹⁵ (Settlement Petition) submitted by the Department and the Public Advocate. No objections were filed to the [Joint Petition](#). The April 10, 2025 [Prehearing Conference Order](#)¹⁶ established a deadline of June 25, 2025, for exceptions to the [Hearing Officer Report](#). No exceptions were received.

As explained in the [Hearing Officer Report](#) at 5-6, PWD's rate filing¹⁷ contained a proposed increase in the TAP-R water and sewer rates and charges effective September 1, 2025, with rates to be established at \$3.87/Mcf¹⁸ (water) and \$5.67/Mcf (wastewater).¹⁹ The original proposed increase was challenged in expert testimony submitted by the Public Advocate, who urged that the TAP-R rates be set \$3.44/Mcf (water) and \$5.02/Mcf (wastewater), utilizing inputs (the projected average monthly number of TAP participants, the average TAP discount and the

¹³ <https://www.phila.gov/media/20250620194410/2025-TAP-R-Proceeding-Hearing-Officer-Report.pdf>.

¹⁴ In addition to the Department, participants include the Public Advocate (Community Legal Services, selected by the Rate Board to represent the concerns of residential consumers and other small users as a class); City of Philadelphia Department of Revenue, Water Revenue Bureau; the Philadelphia Large Users Group (PLUG, an ad hoc group of large commercial and industrial customers); and three individual customers, Lance Haver, Michael Skiendzielewski and Susan Morris.

¹⁵ <https://www.phila.gov/media/20250529102502/2025-TAP-R-Joint-Settlement-Petition.pdf>.

¹⁶ <https://www.phila.gov/media/20250411155326/TAP-R-PHC-ORder-2025-FINAL.pdf>.

¹⁷ Throughout this Rate Determination, the term "rate filing" includes both the [Advance](#) and [Formal](#) Notices unless otherwise indicated.

¹⁸ Mcf equals 1,000 cubic feet. Per PWD's proposed [Reconciliation Statement](#) at 4, [Formal Notice](#) at 12, a typical residential customer uses about 0.43 Mcf (or 430 cubic feet) of water per month.

¹⁹ The current TAP-R surcharge rates are \$3.08/Mcf (water) and \$4.40/Mcf (wastewater). See, 2024 [Rate Determination](#) (<https://www.phila.gov/media/20240702112838/board-determination-2024-06-26.pdf>).

average monthly consumption per TAP participant) based on data provided during the course of the proceeding.²⁰ [Public Advocate Main Brief](#) at 9.

On-the-record public input and technical [hearings](#)²¹ were held on May 8, 2025, at which the Department and the Public Advocate cross-examined each other's witnesses. After those hearings, as well as a substantial exchange of discovery between those participants, the Public Advocate and the Department reached a proposed settlement under which the TAP surcharge for the Next Rate Period (September 1, 2025 through August 31, 2026) would be set at rates of \$3.59/Mcf (water) and \$5.07/Mcf (wastewater). The Department and the Public Advocate agreed that for purposes of this proceeding, the projected average monthly number of TAP participants for the Next Rate Period would be assumed to be 60,634, that the average discount would be \$48.95 per TAP participant and that the average monthly consumption would be 647 cf per TAP participant.²² The settling participants expressly did not agree as to any methodology or calculation method to project TAP participation, average monthly consumption and discounts, or the calculation of TAP rates. [Settlement Petition](#), ¶ 26.

In addition to the surcharge amounts set forth above, the Department and the Public Advocate agreed that the collection factor established in PWD's [2025 General Rate Proceeding](#) should be used for purposes of reconciliation in future TAP-R proceedings (i.e., the 2026 TAP-R reconciliation proceeding) as it relates to the determination of the E-factor.²³

²⁰ In its [Letter in Lieu of a Reply Brief](#), the Public Advocate stated that these rates would need to be recalculated by PWD in order to utilize the water and sewer allocation stipulated to by PWD and the Public Advocate, as set out in the [Stipulations](#) presented. <https://www.phila.gov/media/20250520152148/PA-Proposed-Stipulation-v-4-from-PWD.pdf>.

²¹ <https://www.phila.gov/media/20250515125210/Public-and-Technical-Hearings-5.8.2025.pdf>.

²² By way of comparison, for the current rate period, the projected average monthly number of participants was set at 55,974, the average participant discount was set at \$40.00, and the average monthly consumption was set at 700 cf per TAP participant. See [Rate Determination](#) at 3, [2024 TAP-R Rate Proceeding](#) (<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/rate-proceedings/2024-tap-r-reconciliation-proceeding/>).

²³ They further agreed that "The collection factor established in PWD's 2025 general rate proceeding may be different than the agreed-upon collection factor used for TAP reconciliation under this Settlement. Changes in the collection factor from the agreed-upon collection factor, if any, will be utilized in the next TAP-R reconciliation proceeding in context of the E-Factor, consistent with the terms of PWD regulations regarding TAP-R charges." [Settlement Petition](#), ¶ 26, fn 8. The E-factor represents the actual discounts provided in the twelve-month period beginning September 1, 2024, minus the TAP-R revenues collected during such period. See [Public Advocate Main Brief](#) at 3 for an explanation of the formula and the factors used to derive the TAP-R surcharge rates.

[Settlement Petition](#), ¶ 25; Exh. 1 (Table 1). Attached to the [Settlement Petition](#) was Exh. 1, the proposed TAP-R rates and supporting data and calculations.

The Hearing Officer recognized that the proposed settlement rates will result in an increase in the TAP-R rates and charges for the Next Rate Period. She found, however, that those rates are lower than those originally requested, and stated that the “proposed settlement rates appear to be fair and reasonable and are consistent with the relevant ordinance and regulations established by the Rate Board. They are amply supported by the record, which establishes that they will provide a reasonable basis for recovery of the TAP costs in this proceeding.” [Hearing Officer Report](#) at 7.

Upon consideration of the record produced in this proceeding, we agree with the Hearing Officer’s recommendation that for the Next Rate Period, the Department should be permitted to put the settlement TAP-R rates and charges into effect as set out in [Settlement Petition](#), Exh. 1, with TAP-R surcharge rates for water and sewer service set at \$3.59/Mcf (water²⁴) and \$5.07/Mcf (wastewater) rather than \$3.87/Mcf (water) and \$5.67/Mcf (wastewater) originally requested by the Department.

These rates and charges are in compliance with applicable ordinances and regulations and our [2018 Rate Determination](#)²⁵ which set forth the basis for calculating and adjusting the TAP-R surcharge to fund this low-income customer assistance program. The record of this proceeding fully supports the conclusion that these rates provide a reasonable basis for recovery of TAP-R costs, and that they are just and reasonable. Moreover, because TAP-R reconciliation proceedings reconcile actual costs of the program against costs projected in the prior year’s proceeding, any difference from the actual versus the projected costs agreed upon at this time will result in an adjustment in next year’s proceeding.

We note that these rates, after a full opportunity for review and discovery, were agreed to by PWD and the Public Advocate, and not opposed by any participant. No participants

²⁴See note 3, explaining that the surcharge for fire service will be the same as for water service.

²⁵ <https://www.phila.gov/media/20180713144736/2018-RATE-DETERMINATION-TIMESTAMPED.pdf>.

challenged the proposed inputs utilized to establish the rates agreed to in the [Settlement Petition](#) (number of customers, average consumption, average TAP discount) or excepted to the June 18, 2025 [Hearing Officer Report](#).

Therefore, we find the modified TAP-R rates contained in Exhibit 1 to the [Settlement Petition](#) to be just and reasonable and authorize the Department to file revised rates and charges as proposed in the [Joint Petition for Settlement of TAP-R Proceeding](#), to be effective September 1, 2025.

Date: July 23, 2025

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