



CITY OF PHILADELPHIA

WATER DEPARTMENT
JEFFERSON CENTER
1101 Market Street
Philadelphia, PA 19107-2994

RANDY E. HAYMAN, Esq.
Water Commissioner

February 25, 2022

James P. Leonard, Esquire
Records Commissioner
City Hall, Room 158
Philadelphia, PA 19102

**Received Department of Records
February 25, 2022, 10:57 AM**

Re: Special Rate Filing: Reconciliation Proceeding for Fiscal Year 2023
Formal Notice of Proposed Changes in Water, Sewer and Stormwater
Rates and Related Charges

Dear Commissioner Leonard:

Enclosed please find the Formal Notice of the rate filing ("Formal Notice") submitted on behalf of the Philadelphia Water Department ("Department" or "PWD") in support of the Department's Special Rate Filing: Reconciliation Proceeding for Fiscal Year 2023 regarding proposed changes in rates and charges for water, wastewater (sanitary sewer) and stormwater services consistent with (i) Section 5-801 of the Philadelphia Home Rule Charter ("Charter"), (ii) Section 13-101 of The Philadelphia Code ("Code"), (iii) the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board ("Rate Board"), and (iv) and the Rate Board's 2021 Rate Determination.¹

The above referenced filing is transmitted in the enclosed binders, as well as electronically in the enclosed USB flash drive. It is also available on the Rate Board's website, www.phila.gov/water/rateboard. The filing includes the proposed rates and charges, which are subject to review and authorization by the Rate Board.² The Rate Board will schedule public hearings on the proposed rates and charges, as required by Section 13-101(3)(f) of the Code.

This Formal Notice is the submission required to be filed with the Department of Records pursuant to Section 13-101(7)-(8) of the Code and Sections II.A.2 and II.D of the Rate Board's regulations. Included with this submission are various statements and exhibits from the Advance Notice (identified in the attached Filing Index and incorporated by reference) that will be proffered for inclusion in the record during hearings before the Rate Board. Also attached and incorporated by reference is the Statement of Changes from the Advance Notice filed with City Council and the Rate Board on January 21, 2022, as well as related documents. Finally, attached please find the memorandum from the Law Department approving this Formal Notice and the accompanying documents as to form.

Please make the aforesaid documentation, together with the Department's proposed changes in rates and charges, available for inspection consistent with the aforesaid legal requirements and arrange for advertising in accordance with Section 8-407 of the Charter and Section 21-1703 of the Code. Text for the public notice to be published in the newspapers is attached. Thank you for your attention to this matter.

¹ <https://www.phila.gov/media/20210618105014/2021-General-Rate-Determination-as-filed-with-Records-Dept-20210616.pdf>.

² The proposed rates and charges are set forth in PWD Exhibit 1A through 1B. These proposed rates and charges will be fully vetted as part of the rate process before the Rate Board.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randy E. Hayman".

Randy E. Hayman
Water Commissioner

cc: Rate Board



City of Philadelphia

LAW DEPARTMENT
Water Division
1101 Market Street
5th Floor
Philadelphia, PA 19107
(215) 685-6160
ji.jun@phila.gov

MEMORANDUM

TO: Randy E. Hayman, Commissioner

FROM: Ji Y. Jun, Divisional Deputy City Solicitor *Ji Y. Jun*

DATE: February 23, 2022

RE: In the Matter of the Philadelphia Water Department's Special Rate Filing:
Reconciliation Proceeding for Fiscal Year 2023

I have reviewed the Formal Notice of Proposed Changes in Water, Sewer and Stormwater Rates and Charges ("Formal Notice") and the documents shown on the index attached to the Formal Notice. I find the Formal Notice and the documents shown on the index to be legal and in proper form.

In accordance with Section 5-801 of the Philadelphia Home Rule Charter, Section 13-101 of the Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board, you may forward the Formal Notice and the referenced documents to the Department of Records where they will be available for public inspection.

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

RECORDS DEPARTMENT

NOTICE IS HEREBY GIVEN that, in accordance with Section 5-801 of the Philadelphia Home Rule Charter, Section 13-101 of the Philadelphia Code and the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board), on February 25, 2022, the Philadelphia Water Department filed the Formal Notice of its Special Rate Proceeding regarding the proposed reconciliation of the rates and charges for Fiscal Year 2023. The Formal Notice can be viewed online at: www.phila.gov/water/rateboard or may be examined at the Department of Records. Anyone wishing to be a Participant in the special rate proceeding should register before March 4, 2022 by sending notice to the Rate Board, c/o Steven Liang, City of Philadelphia Law Department, 1515 Arch St., 17th Fl., Philadelphia, PA 19102 or register by email at WaterRateBoard@phila.gov.

James P. Leonard, Esq.
Records Commissioner

PHILADELPHIA WATER DEPARTMENT
SPECIAL RATE FILING
RECONCILIATION PROCEEDING FOR FISCAL YEAR 2023
FILING INDEX

Statements

PWD Statement No. 1	Direct Testimony and Schedules of Melissa La Buda		
	Schedule ML-1	Resume of Melissa La Buda	
	Schedule ML-2*	Financial Plan	
	Schedule ML-3	Rating Agency Reports	
	Schedule ML-4	Financial Report for FY 2021	
PWD Statement No. 2	Direct Testimony and Schedules of Katherine Clupper and Peter Nissen		
	Schedule FA-1	Memorandum	
PWD Statement No. 3 *	Direct Testimony and Schedules of Black & Veatch Management Consulting		
	Schedule BV-1 *	Reconciliation Adjustment Calculation Methodology	
	Schedule BV-2 *	FY 2023 Rate Schedules	
	Schedule BV-3 *	Summary Tables Reflecting Typical Customer Bill Impacts	

Schedule BV-4*	Updated Financial Outlook Report for FY 2022-2027
Schedule BV-5*	White Paper Regarding Inflationary and Cost Escalation Pressures
Schedule BV-6*	Resumes of Black & Veatch team

Exhibits

PWD Exhibit 1A*	Proposed Rates and Charges for FY2023
PWD Exhibit 1B*	Proposed Rates and Charges for FY2023 (Redlined)
PWD Exhibit 2*	Summary Fact Sheet
PWD Exhibit 3	Documents Incorporated by Reference

Summary of the Operating Budgets:

The Mayor's Operating Budget In Brief for Fiscal Year 2023, as proposed to the Council May 2022

The Mayor's Operating Budget In Brief for Fiscal Year 2022, as approved by the Council June 2021

Budget Detail:

FY22 Operating Budget Detail, Book I

FY22 Operating Budget Detail, Book II

Capital Budget:

Six Year Capital Program for Fiscal Years 2023-2028, Capital Budget for Fiscal Year 2023, Per Council

Six Year Capital Program for Fiscal Years 2022-2027, Capital Budget for Fiscal Year 2022, Per Council

Financial Reports:

Annual Financial Report (Unaudited) for Fiscal Year Ended June 30, 2021

Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2021

Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2020

Five Year Financial and Strategic Plan:

FY2022-2026 Five Year Financial Plan per Council Approved Budget - Revised October 29, 2021

FY2022-2026 Five Year Financial Plan per Council Approved Budget

Official Statements:

Official Statement, City of Philadelphia Water and Wastewater Revenue Bonds – Series 2021C (September 29, 2021)

Official Statement, City of Philadelphia Water and Wastewater Revenue Bonds – Series 2021B (June 29, 2021)

Included in Testimony and Exhibits:

2021 General Rate Proceeding

2021 Joint Petition for Partial Settlement

2021 General Rate Determination

Rate Case Settlement Reports from the Water Department

Other:

Consent Order and Agreement, June 1, 2011 (as previously filed with the Rate Board)

Lead & Copper Rule Revisions, Delay of Effective and Compliance Dates, Federal Register, Vol. 86, No. 114, June 2021

*** Denotes Statements, Schedules and Exhibits that have been substantively changed since the Advance Notice.**

PHILADELPHIA WATER DEPARTMENT
SPECIAL RATE FILING
RECONCILIATION PROCEEDING FOR FISCAL YEAR 2023
STATEMENT OF CHANGES FROM THE ADVANCE NOTICE
FILED WITH CITY COUNCIL AND
THE WATER, SEWER AND STORM WATER RATE BOARD
ON JANUARY 21, 2022

Pursuant to Section II.A.2(b) of the Regulations of the Philadelphia Water, Sewer and Storm Water Rate Board (“Rate Board”), this statement highlights changes from the Advance Notice of proposed rates and charges filed by the Philadelphia Water Department (“PWD” or “Department”) with Philadelphia City Council and the Rate Board on January 21, 2022. The testimony, schedules and exhibits in the Filing Index that have changed are identified below together with the rationale for such changes.

- **Schedule ML-2 (Financial Plan)** has been updated to incorporate changes related primarily to projected increased TAP participation made in the related (but separate) 2022 TAP rate adjustment proceeding. The changes in that proceeding impact Table C-1 which is referenced as part of Schedule ML-2 in this proceeding. See discussion, *infra*.
- **PWD Statement 3 (Black & Veatch Testimony)** has been updated to reflect a significant change in projected TAP participation due to the City of Philadelphia’s planned ramp-up of TAP enrollment during July-November 2022, together with changes related to the inclusion of one month of additional data (December 2021) in the Most Recent Period reconciliation reflected in the 2022 TAP rate adjustment proceeding. The aforesaid changes in assumptions and reporting since the Advance Notice are hereinafter referred to as the “Changes.”
- **BV Schedule BV-4 (Financial Plan Report)** has been updated to reflect the Changes described above which effect the updated Financial Outlook. This is the only substantive change to the Black & Veatch Schedules appended to PWD Statement 3.¹
- **PWD Exhibits 1A, 1B (Rates and Charges)** have been updated to reflect the Changes described above.
- **PWD Exhibit 2 (Summary Fact Sheet)** has been updated to show changes in impact on residential, senior discount and small commercial customers in view of the Changes described above.

¹ A notation has been added in the headers and footers for Schedules BV-1, 2, 5 and 6 referencing the Formal Notice.