

A photograph of a worker in a trench. The worker is wearing a blue hoodie, a blue welding mask with a purple lens, a white face mask, and blue work gloves. They are holding a wooden plank. Another person's gloved hand is visible on the left, also holding a plank. A red and white traffic cone is in the background. The scene is outdoors with grass and dirt.

2021 Proposed Rate Increase Public Presentation

PREPARED MARCH 2021



Safety is our priority.

The primary mission of the Philadelphia Water Department is to plan for, operate, and maintain both the infrastructure and the organization necessary to purvey high quality drinking water, to provide an adequate and reliable water supply for all household, commercial, and community needs, and to sustain and enhance the region's watersheds and quality of life by managing wastewater and stormwater effectively. In fulfilling its mission, the utility seeks to be customer-focused, delivering services in a fair, equitable, and cost-effective manner, with a commitment to public involvement.

The City's Water and Wastewater systems are essential.



Core Services

- Drinking Water
- Wastewater
(Sanitary Wastewater
and Stormwater
Management)



Increased rates are necessary for PWD to meet its legal and financial requirements.



Without new rates, PWD will have insufficient revenues to meet operating and legal requirements in FY2023.

Over the past several years, PWD has tried to mitigate increases for ratepayers.

The Department withdrew a rate request in 2020 and depleted critical reserves to maintain operations—but these are short-term solutions. We cannot afford to further delay investment in PWD infrastructure.



A rate increase is needed to ensure that PWD can meet operating requirements and maintain aging infrastructure.

The Water Department urgently needs additional revenues in FY 2022 and 2023 to eliminate its current financial deficit, meet day-to-day operating needs and to specifically address the following:

Immediate investment in our water infrastructure is critical and necessary.

Key capital projects need to be completed in order to maintain operational reliability.

Changing consumption and collection patterns have impacted the utility's revenue.

Immediate investment in our infrastructure is critical and necessary.

PWD maintains a network of more than 3,100 plus miles water mains, 3,700 miles of sewers, six treatment facilities, and 34 pumping stations.

PWD withdrew its rate increase request in 2020 due to the COVID-19 pandemic.

While the Department was able to delay some maintenance activities temporarily, this is not a long-term solution. System maintenance is needed to:

- Ensure the overall integrity of system infrastructure
- Comply with stringent water quality regulations
- Decrease the frequency of water main breaks and other emergencies



The Ratemaking Process

The Rate Board is an independent City agency responsible for setting and regulating water, sewer and stormwater rates in accordance with standards set by City Council. The Rate Board determines rates and charges when the Water Department requests changes.

A summary of how the process works:

- 1** The Department requests a rate change when its operating revenues are insufficient to cover the cost of serving PWD customers.
- 2** PWD must show that its proposed rate change is necessary and reasonable, and provide supporting documentation.
- 3** Within 120 days of PWD's request, the Rate Board must render a detailed, written decision to approve, modify or reject the proposed rate change, based on a hearing record including financial, accounting and engineering data, public testimony and expert testimony.

Who's on the Rate Board?

The Rate Board consists of five members appointed by the Mayor and approved by City Council. For more information on the Rate Board and its members, visit

www.Phila.gov/water/rateboard

How will the rate increase impact water bills?

The table below shows projected customer bill impacts if the Department's proposed rate changes are approved.

Customer Impacts (Typical Monthly Bill¹)

	Current	FY22 Effective 9/1/21	FY23 Effective 9/1/22
Residential ²	\$66.73	\$74.47 (+11.6%)	\$78.45 (+5.3%)
Senior Citizen ³	\$38.43	\$42.94 (+11.7%)	\$45.13 (+5.1%)
Business ⁴	\$112.13	\$120.24 (+7.2%)	\$127.03 (+5.7%)

1. Typical Monthly Bill includes Quantity Charges, TAP Rider Surcharge, Service Charge, and Stormwater Charges.

2. Reflects a 5/8" meter with 5 ccf of water consumption.

3. Reflects a 5/8" meter with 3 ccf of water consumption. Includes application of Senior Citizen discount of 25%.

4. Reflects a 5/8" meter with 6 ccf water consumption. Reflects Parcel gross area of 5,500 sq. ft. and impervious area of 4,000 sq. ft

What would a typical residential water bill pay for?



This is how PWD would use the money received from a typical monthly bill of **\$74.47**.

Water

Includes treatment and delivery of all the water used for drinking, cooking, bathing, cleaning and more.

Sewer

Includes collection of used water and sewage, and wastewater treatment.

Stormwater

Includes systems and programs that manage stormwater, required by law.

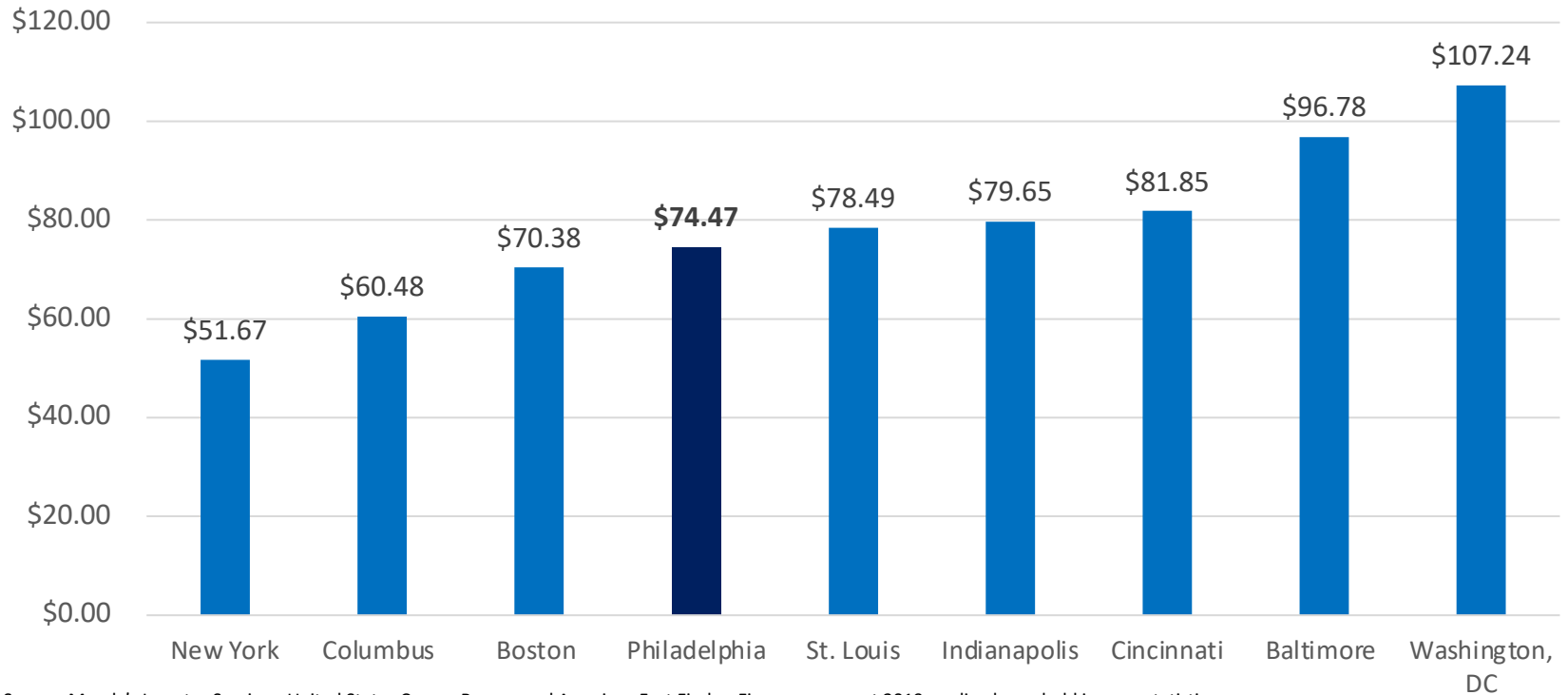
Service Charge

Includes costs needed to operate our billing collection and metering functions.



PWD rates are comparable to other utilities across the region and the nation.

Even with proposed rates, PWD rates compare favorably to other large urban water and wastewater systems. Shown below is a comparison of the typical monthly bill for populations served by selected peer utilities.



Source: Moody's Investor Services, United States Census Bureau and American Fact Finder. Figures represent 2019 median household income statistics.

We're increasing our assistance efforts and outreach.

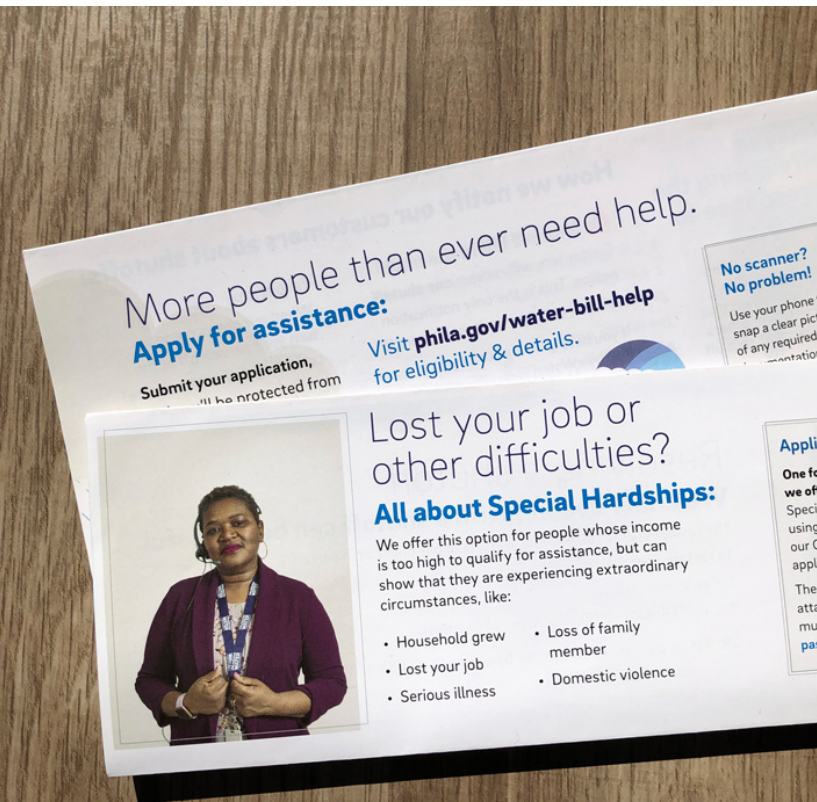
- **Customer Assistance Programs** *including:*
 - Tiered Assistance Program (TAP)
 - Senior Citizen Discount
 - Special Hardships
- **Payment Agreements:**
 - Flexible payment times, lower down payments
- **Charitable Organization Discount**
- **Utility Emergency Services Fund (UESF)**

The Tiered Assistance Program (TAP)

Allows eligible customers to pay reduced bills based upon a percentage of their household income.

NEW: Principal Debt Forgiveness

- Customers enrolled in TAP are eligible.
- Provides a **path to forgiveness of pre-TAP debts** after 24 monthly payments.



We are here to work with ratepayers during this difficult time.

- No shutoffs for residential customers until April 2022.
- For customers enrolled in the Tiered Assistance Program or Senior Citizen Discount program, there will be no penalties or enforcement measures until April 1, 2022.
- For customers not in these assistance programs, penalties for overdue water bills start on May 1, 2021.
- Enforcement measures, including referrals to collection agencies, will go into effect August 2, 2021.



Make your voice heard.

To submit a public comment:

Email comments to WaterRateBoard@phila.gov
or send written comments by mail to the
Philadelphia Water, Sewer and Storm Water Rate Board,
1515 Arch Street, 17th Floor,
Philadelphia, PA 19102 c/o Steven Liang.

Written comments as well as testimony at public input hearings will become part of the public record. Information on the rate case, including instructions for joining the hearings, can be found on the Rate Board site:

phillyh2o.info/2021-rate-proceeding

