



Randy E. Hayman, Water Commissioner

Philadelphia Water Rates Set for September 2021 Following Approval of Settlement by Independent Rate Board

For Immediate Release: June 28, 2021 | Contact: brian.rademaekers@phila.gov | (215) 380-9327

PHILADELPHIA—Philadelphia Water Department customers will see changes in water, sewer, and stormwater rates reflected in monthly bills effective September 1, 2021.

Following a more than six-month hearing process which included an extensive independent review, four online public hearings, a technical hearing, and substantial public comment opportunities, the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board), an independent City-appointed board that sets Philadelphia Water Department (PWD) rates, issued its determination on June 16, 2021 regarding proposed rate increases in Fiscal Years (FY) 2022 and 2023.

On June 9, 2021, the Rate Board also made another rate determination in a separate proceeding to make the required annual adjustment to the Tiered Assistance Program Rider (TAP-R), which funds Philadelphia's income and hardship-based water and sewer customer assistance program. Both determinations were through a comprehensive review process, public and technical hearings, and the opportunity for public comment.

New Rates to Become Effective September 1, 2021

As a result of the Rate Board's determination, the following new rates will become Effective September 1, 2021 (for FY 2022) which will impact typical customer bills as shown below:

- Typical **residential customer** monthly bills will increase 3.6%, or \$2.42, from \$66.73 to \$69.15
- Typical **senior citizen customer** monthly bills will increase 3.6%, or \$1.37, from \$38.43 to \$39.80
- Typical **non-residential customer** monthly bills will decrease 0.5%, or -\$0.54, from \$112.13 to \$111.59

A typical bill reflects a 5/8" meter with 3,740 gallons of water consumption and includes Quantity Charges, TAP Rider Surcharge, Service Charge, and Stormwater Charges.

New Rates to Become Effective September 1, 2022

Rates to be effective for September 1, 2022 (for FY2023) will be finalized after additional determinations in 2022 by the Rate Board. In June 2021, the Rate Board determined that rates may increase by no more than \$47 million in FY 2023.

That amount, however, may be decreased in a second proceeding scheduled for early 2022 if the Department receives certain federal funds that would reduce the Department's operating expenses or if the Department's financial reserve funds exceed a determined level as a result of federal funding or for any other reason.

In 2022, the Rate Board will also consider any required annual adjustment to the TAP-R Surcharge (for FY 2023).

New Rates Reflect Approval of Settlement

The Rate Board's June 16, 2021 determinations were made following settlement terms negotiated in the general rate case and TAP-R proceeding by PWD and Community Legal Services, an organization the Rate Board contracted to serve as the Public Advocate in the proceeding.

The settlement allowed for a reduced request for revenue in part because the City of Philadelphia reallocated how pension costs are funded across various City funds, reducing PWD's pension contributions by up to \$25 million annually. In addition, borrowing costs are projected to remain near historic lows.

"This hearing and the final result show that we take seriously the need to keep rates affordable through a transparent and independent rate setting process," **says Philadelphia Water Department Commissioner Randy E. Hayman, Esq.** "The new rates will enable us to continue to strive to provide excellent water and reliable services at an affordable cost."

Background

After withdrawing a request for a rate change in 2020 due to the pandemic, PWD filed a rate request with the Rate Board in January 2021 for \$141 million in additional revenues for FY2022 and 2023.

The rates approved in June 2021 will result in a minimum 60% reduction in the revenue requested at the start of the filing. The decision reduces proposed additional revenues to a maximum of \$57 million, approximately \$84 million less than the original PWD request.

PWD requested additional revenue from rates due to:

- Changes in water consumption patterns
- A decline in water bill collection rates
- Higher costs related to supporting the PWD Capital Improvement Program, including the increased cost of infrastructure maintenance
- Unavoidable increases in workforce costs

Other Agreements

PWD and the Public Advocate also negotiated a series of agreements related to the Tiered Assistance Program (TAP) and other customer assistance and support. The Water Revenue Bureau manages TAP applications. The agreements include issues related to TAP recertification, increased TAP outreach and participation for low-income customers; improved language access for customer service materials; a possible extension of the shutoff moratorium, currently ending April 1, 2022; extended payment arrangements for customers who have fallen behind in their bills during the pandemic; and improvements in billing practices related to tenants.

More detailed information on these topics is available in the Rate Hearing record:
<https://www.phila.gov/departments/water-sewer-storm-water-rate-board/>

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