

Proposed Settlement Reached to Determine FY2022 and FY2023 Water, Wastewater, and Stormwater Rates

Rate Request to be Lowered Through Settlement

In January 2021, the Philadelphia Water Department (PWD or the Department) filed its original rate request with the Water Rate Board (Rate Board) for \$141 million in additional revenues for Fiscal Years (FYs) 2022 and 2023. The Department engaged in conversations to try and achieve a settlement of some or all of the issues in this case. The Department and the Public Advocate reached agreement to a carefully negotiated package including reasonable compromises as to the majority of issues presented in the rate case.

As a result of their negotiation, the **Public Advocate and PWD reached a settlement which, if approved by the Rate Board, will reduce proposed additional revenues to \$57 million - almost \$84 million less (60% lower) than the original request.** The table below shows the additional revenues proposed in the settlement for FY2022 and FY2023.

	FY 2022	FY 2023	Total
Additional Revenues Proposed in Settlement (dollars in '000s)	\$10,411	\$47,011	\$57,422

This proposal is now before the Rate Board for its consideration and approval. The Public Advocate and PWD will submit a Joint Settlement Agreement, on May 5, 2021, asking the Rate Board to formally approve the Settlement. Written statement in support or opposition to the proposed terms are due May 11, 2021.

FY2023 Revenues Subject to Reconciliation

In the rate hearing process, it was determined that PWD would utilize pandemic-related Federal Stimulus Funding to offset the costs of water, wastewater and stormwater rates. However, it remains unclear how much assistance, if any, the Department may receive. To account for the potential funding, the Settlement states that of the \$47 million proposed for FY2023 additional revenues, \$34 million is subject to downward adjustment if PWD directly receives Federal Stimulus Funding and/or exceeds the threshold balance for its reserve funds in FY2021. It is important to note that **adjustments to FY2023 additional revenues can only result in a decrease in rates for that year.**

FY2023 adjustments will be addressed in a Special Rate Reconciliation Proceeding that will be initiated by PWD by March 2022. The Public Advocate will also participate in this proceeding. Any adjustment or reconciliation will be implemented effective September 1, 2022.

Other Agreements

In addition to the above, as part of the Settlement, PWD and the Public Advocate also propose a series of agreements related to the Tiered Assistance Program (TAP) and other customer assistance and support activities, in the following subject areas: recertification; Outreach/Participation; Language

Access; Shut-Offs; COVID-19 Protections; Flexible Payment Agreements; and Tenant Issues. For more detailed information on these topics, please review the Rate Hearing record on the [Rate Board website](#).