

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

Re Philadelphia Water Department :
Formal Notice of Proposed Charges : 2019 TAP-R Annual Adjustment
In Rates and Charges :

COMMENTS OF THE PHILADELPHIA WATER DEPARTMENT
AND THE PUBLIC ADVOCATE
IN SUPPORT OF JOINT STATEMENT

The Philadelphia Water Department (“PWD” or “Department”) and the Public Advocate submitted a Joint Statement for Technical Hearing (the “Joint Statement”) at the June 5, 2019 Technical Hearing/Conference in the above-captioned matter before the Philadelphia Water, Sewer and Storm Water Rate Board (“Board”). For the reasons discussed herein, PWD and the Public Advocate respectfully request that the Acting Hearing Officer recommend, and the Board approve without modification, the adjustments to the TAP-R rates set forth in the Joint Statement on and subject to the terms and conditions set forth therein.

I. INTRODUCTION AND BACKGROUND

PWD commenced this 2019 TAP-R Annual Adjustment Proceeding by Advance Notice on April 4, 2019 and Formal Notice on May 6, 2019. The Public Advocate was designated a participant in this proceeding pursuant to the terms of the Board’s regulations. The Public Advocate submitted written discovery requests by electronic mail on April 18, 2019, to which PWD responded on April 25, 2019. The Board’s Consultant submitted written discovery requests by electronic mail on May 3, 2019, to which PWD responded on May 10, 2019. A prehearing conference was held on May 15, 2019, and Acting Hearing Officer Popowsky presided. The Public Advocate and PWD also engaged in informal discovery conferences on April 10, 2019 and May 29, 2019. The Public Advocate introduced the Direct Testimony of Lafayette K. Morgan, Jr., on May 24, 2019.

PWD and the Public Advocate submitted three Hearing Exhibits together with the Joint Statement. As set forth in Hearing Exhibit 1, we submit that the Advance Notice, Formal Notice,¹ responses to written discovery, and the Direct Testimony of Mr. Morgan should be included on the record of this proceeding, together with the Modified Rates and Charges (discussed below) and Legal Notices which were appended as Hearing Exhibit 2 and Hearing Exhibit 3, respectively, to the Joint Statement. Furthermore, as clarified during the June 5 Technical Hearing/Conference, we submit that the Joint Motion and Hearing Exhibit 1 should be included on the record of this proceeding. 6/5/19 Tech. Hrg. Tr. at 16-18. No other participants attended the June 5 Technical Hearing/Conference, and so no participants raised any objections to these documents being placed on the record of this proceeding.

¹ The components of the Advance Notice and Formal Notice are listed in greater detail on Hearing Exhibit 1.

II. TERMS OF THE JOINT STATEMENT

PWD and the Public Advocate believe that the Joint Statement, taken as a whole, is in the public interest and satisfactorily addresses all pertinent issues raised regarding the 2019 TAP-R Annual Adjustment.² Furthermore, we submit that the Joint Statement constitutes a meaningful compromise between the parties.

As set forth in the Joint Statement, PWD and the Public Advocate join in proposing that the TAP-R rates be set at \$0.71 per thousand cubic feet (MCF) of usage for water and \$1.16 per MCF of usage for sewer. In combination, this reflects a \$0.02 per MCF reduction to PWD's proposed TAP-R, and an increase of \$0.26 per MCF over the combined TAP-R rates currently in effect. At a 5 CCF per month consumption level, this change will increase a residential customer's bills by \$0.13 per month, or \$1.56 per year.

Notably, it is anticipated that under the TAP-R rates proposed in the Joint Statement, the TAP-R will result in \$10,271,302 in service revenues. PA St.-1 at 9.³ This is an approximately 17% reduction to the \$12,598,000 in TAP-R service revenues projected by PWD to be required for the period September 1, 2019 through August 31, 2020 that were projected by PWD at the conclusion of the 2018 Rate Proceeding. PWD and the Public Advocate submit that the TAP-R rates set forth in the Joint Statement are just and reasonable and should be approved.

The Joint Statement was submitted for favorable recommendation from the Acting Hearing Officer and, ultimately, approval by the Board. No participant has voiced any concerns about the Joint Statement and, other than PWD and the Public Advocate, no participant chose to participate in the June 5, 2019 Technical Hearing/Conference at which the Joint Statement was submitted.⁴ Accordingly, PWD and the Public Advocate submit that the Joint Petition is in the public interest and should be approved without modification.

² As set forth in the Joint Statement, PWD and the Public Advocate agree and submit that the request to approve the proposed TAP-R rates is without prejudice to positions advanced in this or any future proceeding, or any positions they advanced or will advance in the 2018 Rate Proceeding or any appeal thereof.

³ This is a reduction of \$149,794 from PWD's proposed TAP-R recovery for this period (\$10,421,096-\$10,271,302).

⁴ The Joint Statement was distributed by to the Acting Hearing Officer, the participants, the Board's Counsel and its Consultant, via electronic mail on June 1, 2019, in advance of the Technical Hearing/Conference.

