

CITY OF PHILADELPHIA
WATER, SEWER & STORM WATER RATE BOARD

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THURSDAY, APRIL 19, 2018
MINUTES OF FORMAL MEETING

TIME: 6:30 p.m.

LOCATION: Holy Family University
9801 Frankford Avenue
Campus Center
Room 115
Philadelphia, PA 19114

REPORTED BY: Denise Weller

HELD BEFORE:
SONNY POPOWSKY, CHAIRPERSON
NANCY BROCKWAY, HEARING OFFICER

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PROCEEDINGS
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MS. BROCKWAY: As you know, this is a hearing of the Philadelphia -- a hearing of the Philadelphia Water, Sewer and Storm Water Rate Board. We are here to take public comment on the proposal by the water department for increases over the next three years. The way we do these hearings -- my name is Nancy Brockway. I am hired by the rate board to conduct hearings and to put the record together. With me is Sonny Popowsky, who is the chair of the board, appointed by the Mayor.

What we do is take all of this testimony. The department has filed a lot of testimony on Friday -- written testimony of a technical nature on Friday, others, including the public advocate, will file theirs. And in May we will have hearings on these. But now what we are focusing on is public perception of this and concerns and responses.

1 To start, we are going to have the
2 department present -- they will have 10,
3 maybe 15 minutes to present their story
4 about why they need a rate increase. And
5 once they are done we will have a short
6 presentation from the consumer advocate on
7 their concerns about the rate increase. And
8 then we will open it up for questions -- not
9 questions, comments. We can't do it back
10 and forth. The department does have people
11 here who can help answer individual problems
12 that people might have about their
13 particular situation. But this really is a
14 time for the public to give their opinion to
15 us.

16 So without further ado, I want to
17 introduce the commissioner of the water
18 department.

19 MS. MCCARTY: Thank you, Nancy.
20 Good evening everybody, and thanks for
21 coming out tonight. We really do appreciate
22 you taking time out of your evening to come
23 and give us your input. I want to make sure
24 everyone knows that the folks over here on

1 the left at the table that says Philadelphia
2 Water Department are here to help you with
3 any billing issues or any other problems
4 that you might have. Please feel free at
5 any time during this to go over and speak
6 with them. And we are here to see if we can
7 assist you with whatever your individual
8 problems might be.

9 And as the Hearing Officer,
10 Brockway, mentioned, you know, please
11 provide your feedback and comments on this
12 rate increase we are requesting. And
13 without further ado, I would like to
14 introduce John DiGiulio. He's our manager
15 of -- and I'm going to screw this up,
16 community relations.

17 MR. DIGIULIO: Again, thank you for
18 coming. As the commissioner said, you know,
19 we will do a quick presentation. And after
20 that we will hear from CLS. So this is a
21 presentation on the Water Department's
22 proposed rate increase. We provide the City
23 with integrated water, waste water and storm
24 water services. And the City of

1 Philadelphia, the Water Department and the
2 City of Philadelphia does not profit from a
3 rate increase. We are a cost of service
4 utility. So that means that every dollar
5 that we receive we spend on infrastructure
6 maintenance and, you know, and keeping up
7 with the utility to make sure we are running
8 efficiently.

9 For our water infrastructure we have
10 three plants. We have Baxter, Queen Lane
11 and Belmont. And the safety of the public
12 is our top priority. We are proud of our
13 unblemished record of supplying top quality
14 drinking water. And we have always done far
15 better in meeting drinking water quality --
16 drinking water requirements from the EPA and
17 DEP. And our pipes, plants and people make
18 this possible.

19 Our water infrastructure we have
20 three waste water treatment plants. And our
21 members are also our -- our drinking water
22 sources. Our waste water plants, pollution
23 control plants, are northeast, southeast and
24 southwest. We operate over 3,716 miles of

1 sewers and 19 pumping stations. We take
2 great pride in our commitment to treat and
3 clean waste water to a quality that is
4 better than the quality when we withdrew it
5 from the drinking water -- when we withdrew
6 it for drinking water treatment. Our
7 waterways are the cleanest they were -- they
8 have been in over 150 years. Our three
9 award winning plants have made a difference
10 in the Delaware River.

11 For our storm water infrastructure,
12 we have over 2,000-plus projects completed
13 across the City. And we have federal
14 regulations that require Philadelphia to
15 reduce the outflows that can harm our rivers
16 and creeks. And the benefits of the
17 community exceed what many people thought.
18 We see employment coming from this and
19 reduction in pollution going into the
20 rivers.

21 Of our storm water management is 25
22 percent of our capital budget. And our
23 Green City Clean Water Program, which is our
24 ambitious 25 year plan to make our waterways

1 fishable, swimmable, accessible and
2 beautiful, is built upon the backbone of an
3 incredible sewer infrastructure system.
4 Over 2,000 green projects allow us to
5 incrementally provide more capacity to our
6 existing system, to eliminate or
7 substantially reduce combined sewer
8 overflows.

9 And the added community benefits
10 include neighborhood beautification, air
11 quality and property value enhancement.
12 They are an appreciated component in our
13 neighborhoods. Storm water management is
14 one of the greatest challenges to our City
15 and also across the county as a result of
16 development.

17 So what you see in your typical
18 monthly bill, you see a water usage charge.
19 You see a sewer charge, storm water charge
20 and a service fee. As a result of these
21 services, this is what you are seeing on
22 your monthly bill. The associated costs of
23 service fees deliver and manage these
24 services.

1 So why do we need a rate increase?
2 Our pipes, plants and people -- sorry. So
3 for an increase in water main replacements
4 we are looking to increase our water main
5 replacements from 20 miles a year to
6 approximately 40 miles a year. We are
7 looking to replace our sewer -- or increase
8 our sewer replacement from eight miles a
9 year to 10 miles a year. And we are looking
10 to increase, invest in our facilities for
11 pollution prevention and drinking water
12 investment.

13 This year alone was a very
14 challenging winter. Last year, last fiscal
15 year, we had over 700 water main breaks in
16 the entire fiscal year. This year, between
17 December and February, we had 675 water main
18 breaks. We have staff that were working
19 around the clock 24/7 to fix those. There's
20 a cost associated with those water main
21 breaks in terms of property damage or just,
22 you know, employees making it out to make
23 those repairs.

24 And we are requesting a rate

1 increase over a three-year period to
2 generate approximately 116 million dollars,
3 or 10.6 percent over this period. The
4 increase in water main replacement, sewer
5 replacement and the plant management is a
6 driving force here. For our staff of over
7 2,000 people it's necessary to maintain the
8 proper staffing to make this possible.

9 Reduced consumption is also
10 something that we see happening with a 1.75
11 percent annual decline in water consumption
12 based over a two year average. For this
13 period, that consumption reduction has
14 accrued 11 million dollars in lost revenue.
15 Environmental regulations are approximately
16 25 percent of our capital budget. And we
17 agree that it is important but the
18 challenges is always one of the balancing
19 environmental protections with
20 affordability.

21 So back in 2012, the water rate
22 board was established. That was done by
23 City Council. And the rate board is the
24 board that sets the water rates. So the

1 water department puts a request out for a
2 rate increase. There are public hearings.
3 There's a hearing officer and there's a rate
4 board. The rate board makes the decision on
5 the increase.

6 We have -- in the process we have
7 the proposal, the public hearings, which we
8 are at now, the direction from the rate
9 board. And then the new rates, if approved,
10 will go into effect. So we did hear from
11 you during our last rate case. As a result
12 of that, we implemented the following
13 things: Our new customer assistance
14 programs, including TAP, the PWD and water
15 revenue contact center merger, language
16 access, lead service line assistance and
17 tenant occupied customer applications.

18 The tier assistance program is
19 streamlined and has expanded assistance for
20 our customers in need. We are very proud of
21 our revamped assistance program, which
22 includes TAP. TAP allows us to provide a
23 monthly bill based on income versus usage to
24 the neediest customers, ensuring that water

1 remains affordable and improving access to
2 all.

3 So far we have a total applications
4 submitted of 18,000 and approved 8,000. The
5 most important thing about TAP is you don't
6 need to be delinquent to get on the program.
7 How much would a typical monthly bill
8 increase? So we are looking for a 1.1
9 percent increase in September of 2018,
10 bringing the average bill to \$67.24. A five
11 percent increase in 2019 and a four and a
12 half percent increase in 2020. If the new
13 rates are approved, this would be the new
14 average bill.

15 So we decided to do some open houses
16 this year, bring people in and let them see
17 what exactly the water department does, how
18 we treat the water, how we treat the waste
19 water. And we have one more open house this
20 weekend. That's on Saturday April 21st at
21 our Baxter treatment plant. And if you
22 haven't signed up, you can do so. And we
23 look forward to seeing you there if you want
24 to come and learn more about the water

1 treatment process.

2 And how can the public be involved?

3 You can send a letter to the rate board and
4 you can attend the public hearings. Some of
5 you are here now. We have gotten many
6 letters. And there are more opportunities
7 coming up for more meetings. And that list
8 is available here if needed. So we also
9 have surveys that you can take. We asked
10 people outside to get one. You can fill
11 those out and return them to us. Your
12 feedback is important to us. It helps us
13 shape our future plans. And you can do it
14 online as well.

15 MS. BROCKWAY: Thank you. Josie
16 Pickens is here from Community Legal
17 Services. They have been hired to represent
18 the general public, the residential class in
19 examining this rate case and giving their
20 opinion to the board about whether or not it
21 should be allowed. Let me also say that
22 letters to the department so far don't go to
23 the board. But we do have a website and
24 we'd love to hear -- have your e-mails. We

1 had a few hundred last time. And one of my
2 jobs is to read all of them. So thank you.

3 MS. PICKEN: Thank you, Nancy. Hi
4 everyone. My name is Josie Pickens. I'm
5 one of the lawyers at Community Legal
6 Services. And CLS has me as the public
7 advocate in this. So we represent the
8 interest of residential customers and other
9 small users as a group. I am joined this
10 evening by my son, who I'm hoping won't be
11 here any minute now. He's supposed to be
12 here in two weeks. It's always easy when
13 you break the ice.

14 So I work with other lawyers. We
15 retained a group -- a number of experts to
16 review this very large and complicated
17 filing. And we are going to be making some
18 recommendations in this case. I gave you
19 all a handout or most of you who were here
20 when I came in. And I'm going to have more
21 available that you can grab on our way.

22 It has helpful information. I want
23 to encourage you to step up and speak about
24 your experiences as a customer, whether they

1 have been good or bad. I want to know what
2 you have experienced. I want to know what
3 you would like to see changed. And I want
4 to know the impact of this increase on your
5 household budget.

6 The water department is requesting
7 116 million over the next three years. At
8 the end of that period, your bill, average
9 bill, would increase between eight and \$95 a
10 year. It's about an 11 percent increase in
11 your water bills. One thing we have been
12 examining is whether the rate increase is
13 necessary, given that the water department
14 has 200 million dollars in the bank.

15 The water department is proposing to
16 transfer the cost of providing fire
17 protection from tax payers to water
18 customers. That's about eight million a
19 year. We believe those costs are a public
20 good and they should be paid by everyone,
21 all of the taxpayers.

22 Another proposal is to increase
23 rates by 12 million a year to pay for
24 construction projects. These are projects

1 that are going to benefit customers for
2 years to come. And we want to know, do they
3 need to be paid now? And could they be paid
4 out of that money in the bank? Another
5 water department proposal is that you pay an
6 additional 10 million for grants to
7 commercial customers and developers for
8 storm water infrastructure. And again, we
9 want to know, does that cost need to be paid
10 through increased rates.

11 A little earlier you heard the
12 department representative talk about the new
13 assistance program that is available to help
14 certain customers who have fixed incomes and
15 who may be struggling with water bills. We
16 want to know, have you been able to access
17 that program, what obstacles have you had to
18 being able to afford your bills.

19 Those are the main points I wanted
20 to bring your attention to. I thank you for
21 being here. And I look forward to hearing
22 your concerns. Thank you.

23 MS. BROCKWAY: Thank you. So we are
24 ready to invite you to come and speak to us.

1 What we have done, you all were asked to
2 sign a sign up sheet. And you could
3 indicate if you thought you would like to
4 speak here. That just helps us, because
5 what I am going to do, I will go down
6 through the list of those who have said they
7 do want to speak, just in the order that I
8 got the sheet. It's not necessarily in any
9 particular order. And when we have -- let's
10 see. We don't have too many. So when we
11 have gone through those, I will ask if
12 there's anybody else here who has decided
13 that they do want to talk, maybe something
14 spurred your interest.

15 You have -- you can come up to that
16 microphone or to this microphone. But we
17 would like you to use a microphone, because
18 I guess it's hard to hear back there. So
19 the first person I have who has indicated
20 yes, is Linda Colwell-Smith?

21 MS. COLWELL-SMITH: That's right.
22 Thank you. Good evening. My name is Linda
23 Colwell-Smith. I'm the vice president of
24 Holmes Circle Civic Association in Northeast

1 Philadelphia. I am also vice president of
2 the alumni board here as well. Thank you
3 for the opportunity to state our Civic
4 Association's position on the proposed water
5 rate increases.

6 Now, our Holmes Circle Civic is
7 celebrating its 10th anniversary in 2018
8 where our mission is to continue to work for
9 the improvement in the quality of life in
10 the Holmes Circle area by fostering
11 community among residents and businesses,
12 promoting civic involvement and volunteering
13 and ensuring that public services meets the
14 needs of residents and businesses in Holmes
15 Circle's geographic boundaries.

16 We hold monthly meetings where
17 community members are free to voice their
18 opinions on topics of concern. And this
19 proposed rate increase is a very hot topic
20 with our constituents, many of whom have
21 read reporter Andrew Maykuth's article in
22 the Inquirer on the 16th of this month.
23 Well, Mr. Maykuth's article presented a
24 balanced view overall of the proposed rate

1 increase.

2 Our members remember the following:

3 That the Philadelphia Water Department
4 increased residential rates by 70 percent
5 since 2007, and now want to increase them by
6 an additional 11 percent over the next three
7 years. The typical bill for residential
8 customers who use 500 cubic feet, which is
9 about 3,700 gallons give or take 40,
10 monthly, will jump by 7.29 a month, or about
11 90, or as you folks said, maybe \$95 extra a
12 year. Again, by 2020. And they also noted
13 that there is about 236 million in
14 uncollected and overdue water bills
15 outstanding. And they ask why doesn't the
16 PWD go after these customers instead of
17 raising our bills. Okay?

18 THE AUDIENCE: Exactly. Exactly.

19 MS. COLWELL-SMITH: Many of our
20 members are senior citizens on fixed incomes
21 or their family struggling to cover the rent
22 and other bills and, again, while feeding a
23 family. I mean, we all know the struggles.
24 This proposed rate increase coming after the

1 recently announced property tax
2 reassessments is causing much concern. And
3 to add insult to injury, some of my members
4 brought to our attention that in the PECO
5 bill this month they received notices of two
6 more rate increases coming in their April
7 bills.

8 Our members feel that they are being
9 nickel and dimed to bankruptcy. And they
10 are frightened and they are worried. We
11 realize that the water department needs more
12 revenue from higher water rates too, as the
13 Inquirer article pointed out and as you
14 pointed out in your presentation. Cover
15 increasing operating costs and the cost to
16 comply with stricter environmental
17 regulations, including upgrades to water and
18 waste water treatment plants.

19 It is also increasing the rate of
20 replacing sewers and water mains, whose
21 average age is 70 years old. Now, broken
22 water mains we understand at Holmes Circle.
23 We've had quite a few over this winter. But
24 passing these costs along to an already

1 overburdened Philadelphia Water Department
2 customer is asking too much.

3 Now, I have sympathy for the water
4 department. My late husband was a retired
5 employee of the water department at your
6 southeast treatment plant.

7 MS. BROCKWAY: Not ours, but theirs.

8 MS. COLWELL-SMITH: Okay. Excuse
9 me. He was employed there for years after
10 he worked for the Navy Yard. And he was an
11 electrician. And he would come home and we
12 would talk about his day. And he would say
13 how he was out in the field replacing
14 equipment that had been installed in the
15 '50s that still is used. And I know that
16 work is still going on and it has to be
17 done. But the cost is becoming just a
18 little too high for our customers.

19 So I mean, it's a complicated issue.
20 Without getting into a lot of details, we
21 ask the water, sewer and storm water rate
22 board, in conjunction with the public
23 advocate, to take a hard critical look at
24 the proposed rate request as the board did

1 in 2016 when it successfully cut 16 million
2 from the water department's 105 million
3 dollar rate request and oppose it as we do.

4 However, if this is not possible or
5 feasible, then we request the board to look
6 for ways to reduce the amount of the rate
7 increase and to increase educational
8 outreach for customers on the tiered
9 assistance program and other programs for
10 low income consumers. I still have members
11 who come up and say what happened to the
12 senior citizen's discount, which was in
13 force years ago. My grandmother had it.
14 But we still have folks who ask. And
15 overall, I'd like to conclude by saying our
16 members are saying enough is enough, and we
17 agree. Thank you for your attention.

18 MS. BROCKWAY: Thank you. I am
19 going to give a copy of the statement to be
20 put in the record.

21 MS. COLWELL-SMITH: Thank you.

22 MS. BROCKWAY: I'm just coming up
23 here to note, first of all, that we didn't
24 want you to have to twist your body in order

1 to speak to the board chairman.

2 The next person I have looks like
3 Susan Guest. Oh, I'm sorry. While Ms.
4 Guest is coming up, what I came up here to
5 say was that we have a court reporter. So
6 anything that you're saying to us we are
7 taking down and I will also read that and
8 incorporate your comments in my report to
9 the board.

10 MS. GUEST: Hi. I'm a paralegal. I
11 don't work in the field other than activists
12 on my right now. And I do love the arts.
13 And I understand the Philadelphia Water
14 Department does an excellent job. And
15 there's a lot of problems. I seen a fire
16 hydrant broken, I didn't get a chance to
17 report it, right near Benjamin Rush High
18 School around Knights and Patrician and
19 which could cause disaster.

20 I am right now going through a break
21 of water -- a leak in my home. The point I
22 am trying to make is I think a lot more
23 people would be here tonight if Mrs. Bush
24 hadn't passed away and also the plane crash

1 with the young woman dying. People are
2 upset and they are cocooning and staying at
3 home.

4 But when Josie made the commentary
5 that the water department has over 200
6 millions dollars in the bank and there are
7 many people unemployed, I'm one of them. I
8 recently lost my mother. I'm trying to buy
9 her home. I am dealing with the grief of
10 that and trying to deal with finding a job,
11 the market is starting to open. There are
12 jobs available that are decent. So I am
13 hoping to save the home. And now I have a
14 leak at the house my brother is handling.

15 But you wonder 200 million why
16 people that are unemployed, underemployed,
17 working multiple jobs that are probably
18 above minimum or a little minimum wage and
19 trying to raise a family have to deal with
20 PECO, the Philadelphia Water Company, SEPTA,
21 and other hikes. It's price gauging. It's
22 against the law. It's anti -- you know, the
23 Sherman Antitrust Act. It really is a mess.

24 And I do enjoy the arts. And when I

1 looked in today at the library, I see that
2 there are many people that have donated.
3 Philadelphia Water Department is one, to the
4 library. And they have a separate monetary
5 system. I want the libraries to stay open
6 too. They have been in trouble. They have
7 their own separate account.

8 I happened to be at the Marriott
9 Hotel some years ago when there was a
10 conference there with librarians from around
11 the world. And they have fundraisers. So I
12 really wonder how much was donated, the
13 taxpayers and water people that are water
14 bill payers contributed to this and other
15 charitable donations or endowments that
16 people can't afford to go to because of
17 unemployment for overwork, such as the
18 Pennsylvania Ballet, the Philadelphia
19 Eagles, the Phillies and such.

20 And so I wonder, too, how much the
21 stadiums pay for the water bills, how much
22 Temple University pays. It is planning a
23 new stadium. How much the hospitals pay for
24 water. They need water, I know that. I

1 worked at a hospital. How about the public
2 schools? How about the prisons? How about
3 corporate America? Many don't pay taxes? I
4 worked at Colonial Penn and was ripped off
5 my last paycheck in Philadelphia. And they
6 don't pay taxes. How about the fact that
7 they save money -- you save money on water
8 by taking out water fountains in the
9 playgrounds outside, which is a real
10 injustice. A child or an elderly person
11 could collapse or get cut and need the water
12 until the fire department arrives. Or get,
13 you know, hit their head on the ground.

14 So I feel that the money can be
15 raised. I know the water department does a
16 wonderful job. And the fire department is
17 listed, too, as money that they use. I
18 don't know what to say about that. They
19 definitely need the water. I mean, it's a
20 matter of safety for everyone. And you do
21 do an excellent job. It's high pressure.

22 But I feel that there's so many
23 people now working to eke out a living and
24 then others, as you say, are delinquent that

1 may be employed and just deadbeats or people
2 that are wealthy that may use more water.
3 They may live in a single home. They may
4 need more need for water.

5 And so I am glad to see South
6 Philadelphia is on the list, because I was
7 told they weren't ever -- get affected by
8 hikes. I don't know about that. But in the
9 past they haven't been on the list for
10 meetings. That's it. Thank you.

11 MS. BROCKWAY: Thank you. Next one
12 is Bernadette Freedman.

13 MS. FREEDMAN: Good evening. I'm
14 just an average senior citizen living in the
15 Northeast. If I didn't color my hair you
16 might actually believe me when I say I will
17 be 72 in June. So I have been retired for a
18 number of years. And I am not qualified by
19 my income for TAP. But that doesn't mean
20 that I'm not on a fixed income. I'm also a
21 crazy person who does Excel spreadsheets.

22 And I have on my computer a
23 spreadsheet summarizing every water bill,
24 gas bill and electric bill since I moved

1 into my house in Bustleton in the year 2000.

2 And I am gratified to discover that my
3 electric rates have been falling. And they
4 are almost the same as they were 17 years
5 ago. My gas rates have risen about 15
6 percent. And my water rate has doubled.

7 I plan to stay in my house a good
8 while longer, I hope, God willing. And I
9 can't afford that kind of increase. My
10 income no longer increases every year, not
11 even by one percent. Or sometimes by one
12 percent when Social Security raises it by
13 two percent and takes half of it back for my
14 Medicare premium. They give with one hand
15 and they take back with the other.

16 I do understand what the water
17 department does and I appreciate the work
18 they do. I was trained as a biologist. I
19 understand the importance of clean water, of
20 storm water management and so forth. But
21 the facts that have been brought out tonight
22 and in the earlier e-mail that I got leads
23 me to believe that there has got to be a lot
24 of leeway in this rate request.

1 Storm water management I think is
2 probably the piece I like the most.
3 Construction is important. I live in one of
4 the newer areas, but I don't want any broken
5 water mains. But as for the fire department
6 water, that should be paid by all of the
7 taxpayers. Just as I am going to have to
8 pay that tax increase, that property tax
9 increase. I'm concerned that with these
10 rate increases that come from so many
11 different places around the City, I might
12 not wind up staying in my home, what am I
13 supposed to do? Sell it and move into an
14 apartment because of all of these rate
15 increases? Why do we want to drive seniors
16 out of their homes? It's not right.

17 And if there was once a senior
18 discount, I was searching on the computer,
19 that doesn't exist anymore, according to
20 Google. And I think it ought to exist. I
21 really do. And it should be substantial.
22 In fact, it might even be a good idea you
23 just freeze the senior citizens rates at
24 what they are right now. Truly. Because

1 they are way too high compared to other
2 utilities.

3 Now, I realize that gas and electric
4 may have a lot easier time with
5 infrastructure. But I think the water
6 situation is pretty much out of control.
7 And I don't think that a public utility,
8 such as the water department, should have
9 half of its annual budget in the bank. I
10 read your budget statement. I printed it
11 out for City Council for the 2017 fiscal
12 year. And you have \$200 million in the
13 bank. Why? It's time to spend some of that
14 on the things that you need to do for the
15 City. Thank you.

16 MS. BROCKWAY: Thank you. Rosemarie
17 Citrina Stewart.

18 MS. STEWART: I don't need to go up,
19 because these women covered exactly what I
20 was going to say. I'm not as well written,
21 but fixed income was my highlight. But
22 above that is the over 12,000 delinquent
23 bills that are listed according to the data
24 on Philly.com ranging from over \$100,000 all

1 the way down to \$5,000 due to the City. So
2 where is that money?

3 MS. BROCKWAY: Thank you. Robert
4 Appel.

5 MR. APPEL: Yes. How are you doing?
6 My name is Bob Appel. I'm going to touch a
7 little bit on the accounting aspect of this.
8 I'm not an accountant or anything like that.
9 But when you're talking about not paying
10 bills, there was a website that was taken
11 down two years ago. It was a website and it
12 had the accounting practices of the water
13 department, the electric and the gas
14 company.

15 The gas company was able to collect,
16 obviously, the most. But the reason I
17 really want to touch on the water
18 department, there are many, many accounts.
19 And we have accounts, residential accounts.
20 Forget the commercial accounts right now.
21 Let's just talk about residential accounts.
22 Anybody here with a \$10,000 water bill? No,
23 I don't think so. \$5,000 water bill? No.
24 \$2,600 water bill? And we are talking

1 unpaid. No.

2 But this website had quite a few of
3 them. Like hundreds of them. Somehow it
4 was shut down. I guess it went into some
5 real personal information. It showed how
6 the gas company made collections through,
7 you know, the civil courts downtown to get
8 these people to pay.

9 The water department, it didn't.
10 And I believe that when you get into these
11 accounts, that there's somebody in the water
12 department -- how can you not pay a water
13 bill and not be shut off for a decade? How
14 could that be possible? There's one
15 account, I could recite this account number.
16 I don't know if it's a good thing to do.

17 MS. BROCKWAY: I think you probably
18 ought not.

19 MR. APPEL: But not -- but it's
20 just -- it had gotten a \$10,000 credit last
21 year and it's back up to \$2,600. And in the
22 same block there was somebody that got their
23 water turned off for \$35. How can that be
24 possible? There's major accounting

1 problems. Does this person know somebody
2 within the accounting department or water
3 department? This website believes so. I
4 believe so too, before this website was
5 taken down.

6 There's some major, major, major
7 accounting issues. Probably there's tens,
8 maybe a 100 million dollars could be lost in
9 this accounting issues that we wouldn't have
10 to raise water rates, if we look into these
11 accounting issues. And we are not talking
12 about people that can't afford to pay their
13 water bill. I mean, these people -- it went
14 into their background. They didn't pay
15 their water bills. We are not talking
16 senior citizens and things like that.

17 And it showed where they didn't pay
18 a water bill for years on end. I mean, that
19 is just insane. And I know there's programs
20 out there, senior citizens program. Now we
21 have this program -- wonderful program. I
22 don't exactly know too much details. But
23 these programs weren't there and they
24 weren't crediting them. You know, but I

1 don't know if there is any other kind of
2 program out there that you don't have to pay
3 anything on your water bill.

4 I mean, I just don't know the
5 accounting practices that need to really be
6 looked into to cut into these water rate
7 increases. The water has gone up
8 expeditiously (sic) over the last -- as this
9 other lady was just up here. I can see
10 the -- I can read the water meter,
11 obviously, day by day and see exactly what I
12 used. Actually, Philadelphia is very easy
13 to get your bill and know what it is the
14 month it comes in. It's fairly easy to
15 read. But it's gone up expeditiously over
16 the last decade.

17 And a lot of folks don't know
18 what -- until they get into a crisis
19 situation and they get their water shut off
20 and they realize what is going on. And
21 obviously the room is empty. It doesn't --
22 it's like anything else, people don't know
23 anything until it hits them, you know, until
24 it's a crisis.

1 And my whole point is I think they
2 really need to look into the practice of,
3 you know, their auditing practices of
4 checking into these accounts. I mean, I
5 still know these account numbers that the
6 website pulled down. I copied them in Excel
7 and I check on them from time to time just
8 to see. And they are still unpaid. And
9 they got credits and how can this be
10 possible. I just don't understand. And
11 then if others don't pay their water bill
12 they are shut off. I am just so amazed with
13 the water company. This doesn't happen in
14 the gas company, it doesn't happen in
15 electric, but it happens in the water
16 company, but why? Do they know somebody? I
17 just don't understand that. Like how could
18 this be possible?

19 I mean, I'm not going to recite the
20 account numbers out here. But I know some
21 of them by heart. And I am just simply
22 amazed, you know. Because I have
23 somebody -- of a friend that's got OCD and
24 she will die without water. She uses so

1 much water, because she's got a disease.
2 And the cost is astronomical with a disease
3 like that. And using water and gas to heat
4 the water.

5 So this, you know, hits home. And
6 then when you raise the rates, it's not just
7 a few dollars. When somebody is sick they
8 use a lot of water. And that's just a lot
9 of increase. And then you have people that
10 don't pay their water and it makes you
11 upset, you know.

12 The second thing is, we had a water
13 main break and it was caused by contractors.
14 And the thing is, the water department came
15 out. And there's like seven guys standing
16 around. And each guy obviously makes about
17 \$70,000 a year, 50,000 and benefits. I
18 mean, how many times can we have 20 guys
19 come out and stand there and not do anything
20 and say the contractors -- I mean, there's
21 just no continuity in terms of when we have
22 folks come out. I mean, they could be used
23 on other jobs.

24 I mean, when I worked at one place,

1 everything was done so efficiently. It's
2 done we want more for less. It's like, you
3 know, we got more employees here for less
4 work sometimes. I know there's water main
5 breaks. They say they don't have enough
6 employees. But when I seen this water main
7 break happen, there was more employees that
8 came out that kept saying the contractors.
9 And they are all standing around hours and
10 hours of the day doing nothing. That's all
11 this money that is being wasted. And then
12 we want to increase rates. This, you know,
13 a million dollars in salary just standing
14 around. It's just astronomical. Like a lot
15 of auditing practices need to be cleaned up
16 before we raise the rates, before we can
17 justify.

18 You know, there's sometimes -- it's
19 like everything else. You justify the
20 rates. You can't justify if you don't clean
21 up the auditing practices. Where is -- the
22 clean up in the house, where is all of this
23 money you're collecting going? You know,
24 you got people that aren't obviously paying.

1 And then you have people that are paying.
2 And we want to know where this money is
3 actually going. How is this auditing,
4 because it's difficult -- you know, if it
5 wasn't for this website, it wouldn't have
6 been brought to my attention that this ever
7 even occurred.

8 That's really what I have to say.
9 These people really need to know that this
10 is actually happening, you know. I wouldn't
11 have believed it, you know. I am simply
12 amazed. If you want the account number
13 personally, I will hand -- I will hand you
14 these account numbers. I know them by
15 heart. I check them from time to time. I
16 am simply amazed, you know, how can this be
17 happening.

18 They need to clean up auditing
19 practices. They need to go down with these
20 \$10,000 residential bills, they need to go
21 down to civil court and collect on these
22 people like the gas company does. The gas
23 company takes you down and they collect the
24 same woman with the same \$10,000 bill, the

1 gas company went down and collected for a
2 \$161 gas bill. And they went down to court.
3 They took her to court for \$161. It never
4 went to \$10,000 or they shut the gas off,
5 you know. Just the auditing practices kind
6 of need to change before we ask for a rate
7 increase. That's all I am saying, you know.

8 I think we can clean it up there
9 before we ask for another rate increase.
10 That's pretty much what I have to say.

11 MS. BROCKWAY: Thank you. There is
12 one person who didn't circle either one.
13 I'm not sure I can pronounce his name.
14 Robert Check? Sir, is that correct, Check?

15 MR. CHECK: Yes. I'm not giving
16 you a check.

17 MS. BROCKWAY: The members of the
18 board don't get paid. No, we are not with
19 the water department. We are an independent
20 board appointed by the Mayor under the
21 council ordinance. And this board decides
22 how much, if any, the department gets.

23 MR. CHECK: First of all, I will
24 give you a little history. I'm a long time

1 resident here in Northeast Philly. I grew
2 up, started in Bridesburg, wound up in
3 Torresdale. And I have lived in three or
4 four other states. I can't even remember
5 some of them. My background -- when I came
6 out of LaSalle College I became an insurance
7 broker. From there I went with the American
8 Express Investment Management Company. I
9 became an investment professional, sort of.
10 At least that's what I want to believe.

11 I spent several years, over 30
12 years, in the investment business. One of
13 the projects that I worked on consistently
14 was municipal finance. And that is exactly
15 what you are all talking about. Now, I did
16 a little homework. And I looked at the
17 number of councilmen that we have versus two
18 other major cities. We have one councilman
19 for every 44,000 citizens. Okay? New York
20 has one for every 270,000 citizens. All
21 right? Chicago is just as bad. Right? I
22 don't know what Nome, Alaska is, but I bet
23 you it's like three people there.

24 But in any event, my point is the

1 complaints that I am listening to and they
2 are very valid. Okay. My biggest complaint
3 is, why do they keep digging up Holmes
4 Avenue and Academy Road? Okay? Now, I am
5 pro-service. My godfather and my uncle were
6 vice-presidents of the water department.
7 Okay. So every time we got an increase they
8 got a raise. Whoopee. So I am just
9 pointing out it's more than this level here.
10 Water department here is fairly good. It's
11 highly rated. And I am not complaining
12 about the water. I don't drink City water.
13 I buy the bottles.

14 You may ask why. Well, through
15 witnessing the repairs that have been going
16 on, I am afraid to drink the City water.
17 Now, I will apologize, because today I took
18 two showers. So I guess I wasted water, all
19 right? So where it begins is way up here at
20 the Mayor's level, okay? It's got to be
21 corrected from the top down.

22 The departments that handle
23 Philadelphia gas, water, electricity, et
24 cetera, we are very lucky. They are good

1 people. They are conscientious. You call
2 the water department, somebody will show up
3 at the door. There are cities where they
4 have to contract somebody to go out and
5 answer the doorbell. We don't have to do
6 that. So we should be proud of the fact
7 that we got a very conscientious group of
8 people working in the City.

9 My suggestion is complain to the
10 Mayor. Okay? He's going to feel the heat.
11 All right? And then whatever problems exist
12 is going to be a phone call, what are you
13 guys doing, you know? That's my
14 political -- oh, by the way, I'm not trying
15 to be a politician. My daughter made me
16 swear not to run for City Council. But
17 years ago I was in politics and I didn't
18 like it. It was horrible. So I thank you
19 for the opportunity to address this.

20 MS. BROCKWAY: Thank you. Well, I
21 don't have anyone else who has signed up to
22 speak. But there are a number of you here.
23 Maybe there's one or two of you who would
24 like to say something now after you heard

1 other people talk?

2 MR. DASENT: Madam Hearing Officer,
3 there is one person in the room whose
4 statement I handed to you. And he is in the
5 room, but I am hopeful, he doesn't want to
6 speak, that you will take that for the
7 record and those questions can be answered.

8 MS. BROCKWAY: What I was given by
9 Mr. Dasent, who is an attorney for the
10 department, was a list of 15 or 20 questions
11 having to do with issues that come up in
12 rate cases. And as I said at the beginning,
13 we don't -- this hearing is to hear from
14 you, not for you to hear from us. And also
15 we have got to look at the whole record
16 before we can decide this.

17 But I will ask the water department
18 to give its best answer to these in writing
19 and make sure that Mr. Clare has it. You
20 should also know on the web page just about
21 every document that floats by the water rate
22 board is posted. So if you really want to
23 dig into it, you can find material there.
24 And when the department has finished giving

1 its answers, they will be posted.

2 I should also let you know that the
3 board can't answer these now, because it
4 hasn't heard everything from everybody. But
5 probably many of these questions will be
6 taken up by the board.

7 AN AUDIENCE MEMBER: Will the
8 answers be posted?

9 MS. BROCKWAY: I'm sorry?

10 AN AUDIENCE MEMBER: Will the
11 answers be posted?

12 MS. BROCKWAY: Oh, yes. Absolutely.
13 They will come in under -- I don't know what
14 they come under. Probably discovery.

15 MR. DASENT: Probably discovery
16 responses.

17 MS. BROCKWAY: Discovery responses,
18 because this is run sort of like -- not a
19 court, but administrative court. And when
20 the parties -- the technical people ask
21 questions of each other, they put the
22 answers in writing and those go into the
23 record.

24 MR. APPEL: My question is like

1 would they have like the auditing
2 procedures, like, you know, if you don't pay
3 your bill, anything like that?

4 MS. MCCARTY: Can I speak to that?

5 MS. BROCKWAY: Okay.

6 MS. MCCARTY: So I heard a number of
7 things this evening that I wanted to try to
8 address some of your questions. And I can,
9 of course, answer anything that I didn't
10 answer off line, if that is appropriate.
11 Again, for those of you who don't know, I am
12 Deb McCarty. I'm the water commissioner.

13 So I heard that there's a concern
14 about the outstanding balance, the 236
15 million dollars. That was a recurring theme
16 with a few of you. That is our rate
17 stabilization fund is what I believe you're
18 talking about. And in fact, I can tell you
19 that we are -- we intend to draw down that
20 rate stabilization fund. And the reason --
21 as part of this rate process that's our
22 proposal for the three-year rate case. So
23 that would actually result in us asking for
24 less of an increase. Increases would be

1 greater if we weren't drawing down that rate
2 stabilization fund.

3 AN AUDIENCE MEMBER: How much would
4 it draw down?

5 MS. MCARTY: Drawing it down to 147
6 million. So around 150 million. I can tell
7 you that the rating agencies like that
8 protection that helps us get better bond
9 ratings, which helps us borrow money. So
10 this gentleman knows municipal experience,
11 allows us to borrow money at a lower
12 interest rate with the better bond rating.
13 That does draw down, you know, that makes
14 our cost --

15 MR. CHECK: Even though the bond
16 ratings just went down in March, you know
17 that, right?

18 MS. MCCARTY: Not for the water
19 department. We are steady A.

20 MR. CHECK: Okay. All right.

21 MS. MCCARTY: The City, but not the
22 water department. Not the water department.
23 We are A. Well, it depends upon which
24 agency.

1 So one of the other things I heard
2 is about fixed income and seniors. And so
3 the TAP program you shouldn't have to know
4 whether you want senior citizens or
5 whatever. If you believe that -- if you're
6 struggling to pay your bills, customers can
7 apply through the application. And then the
8 water revenue, our able folks, some
9 representatives here from water revenue, as
10 well as the water department. But that gets
11 reviewed -- your application gets reviewed.

12 And whatever the best program,
13 whether it be senior citizen discount, which
14 does in fact still exist, 25 percent
15 discount for senior citizens. If that is
16 the better deal for the customer, that's
17 what will be awarded.

18 If the tier assistance program, TAP,
19 is the better for the customer, that's what
20 we will offer the customer.

21 AN AUDIENCE MEMBER: You need to put
22 it on your website, the senior discount.
23 The only thing I found there was TAP.

24 MS. MCCARTY: Okay. Point well

1 taken. We got that. Yes. I appreciate
2 your feedback. And that speaks to the
3 educational outreach and senior discount.

4 The broken hydrant, we have about 99
5 percent hydrants operating and able to
6 operate. And hopefully -- you can call our
7 call center, 215-685-6300, whenever you
8 see -- or you can report it right here
9 today, thank you, Kenya. But when we are
10 not here, 215-685-6300.

11 There was -- we donated to the
12 library, that's not accurate at all. I'm
13 not sure what you are talking about, ma'am.
14 But if you -- I can look at what you brought
15 and maybe explain the misunderstanding. We
16 do not make donations. The water
17 department, by a City charter, all of the
18 money we collect in revenue has to go back
19 into operating and maintaining our
20 facilities.

21 MS. GUEST: It says the Philadelphia
22 Water Department.

23 MS. MCCARTY: I can look at that,
24 ma'am. So how much does stadiums, Temple

1 University, hospitals, schools, everybody
2 has to pay for water. City agencies have to
3 pay for water. You know, the schools pay
4 for water. Everybody has to pay for their
5 water, sewer and storm water and all of
6 those institutions that were mentioned.

7 And the rate hikes are distributed
8 to everybody, all residential customers.
9 It's not particular to what part of the City
10 you live in as was implied. The
11 delinquencies or the accounting principles.
12 So what I can tell you is we have gotten a
13 lot more aggressive, our legal team that
14 works with water revenue has gotten much
15 more aggressive in court filings and
16 collections.

17 So over this fiscal year we filed
18 over 6,000 collection actions. And that's
19 up from 55 percent -- 55 percent increase
20 since last year. And we have recovered to
21 date 6.155 million dollars. And in addition
22 to that, well, we only have 130 days out of
23 the year that we can collect from
24 residential customers, because there's a

1 moratorium from December 1st through March
2 31st. And we can't shut off the day before
3 a holiday or on Fridays for residential.
4 Commercial customers can be shut off 365
5 days a year. But not residential, because
6 of the moratorium.

7 But we do shut customers off for
8 delinquency. But no one is getting shut off
9 for delinquency for \$35, though. The
10 threshold is you miss two cycles, two
11 payment cycles, and \$75. It has to be over
12 \$75. So I'm not sure what that \$35 was.
13 And we are continuing to step up those --
14 the filings and collections on delinquent
15 accounts. Because that is not fair for
16 other folks to not be paying and the rest of
17 us do.

18 And the independent board, I would
19 be remiss if I didn't point out, that, you
20 know, the board does spend a lot of time.
21 And they are all unpaid. They are all
22 volunteers, appointed by the Mayor, as
23 Hearing Officer Brockway mentioned. But
24 actually the hearing officer is compensated

1 for her time here, as hired by the rate
2 board, as is the public advocate and our
3 attorneys as well.

4 I don't know what that is about
5 every time we have a rate increase folks get
6 pay raises, because that has not happened in
7 my lifetime. I wish it did, but it hasn't
8 happened yet. And I do want to speak to the
9 bottled water issue. What I can tell you is
10 that our water is excellent quality and it's
11 tested constantly and throughout the system.
12 And we take that very seriously.

13 And in fact, bottled water is way
14 more expensive than the water that people
15 would purchase. And it's safer, because the
16 Food and Drug Administration dictates the
17 sampling and everything. And the quality of
18 the bottled water and it's sitting there in
19 a plastic bottle. Water is the universal
20 solvent. And so all of those nice
21 hydrocarbons are dissolving in that water.

22 Whereas the water that comes through
23 your tap is as fresh as it can be. Turn
24 that cold water on a little bit when you

1 first get up and stick your cup under there,
2 after it's run a little bit, and you will
3 get some of the best water you're going to
4 find anywhere. And I do that every morning,
5 as well as when I get home.

6 So hopefully I addressed the issues
7 that folks raised. And if you have any
8 questions, we will be here to take further
9 questions on the side. I think the hearing
10 officer would want to proceed. Thank you
11 all.

12 MS. BROCKWAY: Well, we have the
13 room until 8:30. Since we started a little
14 dialogue, we could continue for a little
15 while. I don't really want to go past 8:00
16 and maybe even stop sooner since we are
17 basically done with our business. But if
18 you do want to ask questions like this, not
19 personal questions, but ones about how the
20 water department operates and so forth,
21 raise your hand as this lady has done. Just
22 a second, ma'am.

23 And if you have personal questions
24 about your particular situation, there are

1 folks from the water department here who I
2 guess you are over there, they are from the
3 water revenue and in the back.

4 MS. PICKENS: Nancy, can I -- I have
5 one thing.

6 MS. BROCKWAY: Yes. This again is
7 Josie Pickens.

8 MS. PICKENS: Hi everybody. I just
9 wanted to encourage you to continue to stay
10 up to date on the rest of this proceeding.
11 The other parties in the case will be
12 submitting testimony this Friday. And you
13 can take a look at that. And then in May we
14 are going to have technical hearings where
15 we will be cross-examining each other's
16 witnesses. These issues are being developed
17 and the board is going to decide. So I
18 wanted to give you that background.

19 MS. BROCKWAY: Because it was
20 mentioned, I'd like to mention that one of
21 the witness -- I don't think I read his or
22 her testimony yet, one of the witnesses for
23 the department is an accountant talking
24 about accounting or collections talking

1 about collections. The testimony that the
2 department has put in covers a wide range of
3 topics, many of which you commented on here,
4 not all. If there are some other questions
5 that people would like to address to the
6 water department, this will open the floor.

7 Ma'am?

8 MS. GUEST: I sent you a letter I
9 guess last St. Patrick's Day.

10 MR. POPOWSKY: Excuse me. Could you
11 give your name again?

12 MS. GUEST: Sure. It's Susan Guest,
13 G-U-E-S-T. I sent you a letter I guess it
14 was around last St. Patrick's Day. Can you
15 tell me -- I wanted to see if there could be
16 a local meeting. There was some meetings at
17 City Council about a rate increase or maybe
18 it was 1515 Arch. And I could not get down
19 there. It's a real monetary. And my mother
20 is on a fixed income.

21 I really felt it important to try to
22 get to the meeting. And I asked if they --
23 I am glad we have one scheduled here
24 tonight. And I was told that no one could

1 come up to the Northeast. And I just wanted
2 to know, when was the last rate increase?

3 MS. MCCARTY: 2016.

4 MS. GUEST: 2016. So two years ago?

5 MS. MCCARTY: Yes, ma'am.

6 MS. GUEST: How much was it then?

7 MS. MCCARTY: Combined it was about
8 10 percent.

9 MS. LAVUDO: Alyssa Lavudo (ph.) for
10 the finance division for the water
11 department. The last rate increase was
12 effective for two years, fiscal year '17 and
13 fiscal year '18. Your bill went up July 1,
14 '17 and will go up again July 1, '18. The
15 rate increase we are talking about here
16 today is fiscal years '19, '20 and '21.

17 MS. GUEST: So in other words, '18
18 is already gone to have an increase?

19 MS. LAVUDO: Yes.

20 MS. GUEST: In July. So there's all
21 of this money in an escrow account and
22 they're still going to have --

23 MS. MCCARTY: I'm sorry. She's
24 talking fiscal year. So there is no rate

1 increase this July 1st. That is not the
2 case.

3 MS. LAVUDO: That's correct. Deb is
4 right. I have my fiscal years turned.
5 She's right.

6 MS. MCCARTY: This rate increase, if
7 we receive it, the 1.1 percent is scheduled
8 to go into effect September 1st of this
9 calendar year.

10 MS. BROCKWAY: So as I understand
11 it, the board approved rates that were
12 proposed for two years. The department now
13 wishes to raise rates. They don't want to
14 do it until September. So between July and
15 September, the existing rates will continue
16 in effect?

17 MS. KIRBY: Does everyone know what
18 a fiscal year is, just so customers know?

19 MS. BROCKWAY: It wouldn't hurt
20 to -- can you give us your name, please?

21 MS. KIRBY: Kenya Kirby. I --

22 MS. MCCARTY: She's in charge of --
23 she's one of our managers at the call
24 center. So she suggested that we explain

1 what a fiscal year is. So July 1st, 2018 is
2 the beginning of fiscal 2019. Because we
3 don't go on calendar year. We go on fiscal
4 year. And fiscal year is the number that
5 you picked, the year that you picked is
6 basically the end of that whole 12 months.

7 So we are in fiscal 2018. And that
8 rate increase that we have -- you know, the
9 rates that are in effect today went into
10 effect July 1st, 2017. And that was the
11 second year of the previous rate increase.
12 That was two years.

13 MS. BROCKWAY: Ma'am? If you could
14 come up and give us your name too, because
15 we have to take a record of everything that
16 is being said so we don't rely on my
17 handwriting to understand what you all have
18 been saying.

19 MS. ESKER: My name is Kate Esker
20 (ph.). I wondered how to get an explanation
21 as to the grants being offered to commercial
22 developers. I didn't quite understand why
23 that would happen.

24 MS. MCCARTY: So I believe you're

1 talking about the storm water grants. And
2 so commercial properties as part of the --
3 one of the things that you noticed in the
4 PowerPoint is the infrastructure upgrades we
5 have to make. And improvements we have to
6 make and our capital program for reducing
7 the amount of storm water overflow that gets
8 into our waterways.

9 And we try to accomplish that
10 through many vehicles. One of which is
11 developers that disturbs more than 15,000
12 square feet of Earth, must build into their
13 whatever they are building, whether it's
14 residential or commercial, they have to
15 capture that first inch and a half of rain
16 somehow. Whether they infiltrate it into
17 the ground or put it in an underground
18 storage tank and slowly release it back into
19 our system after the rain event has
20 occurred.

21 So that is one way to keep the storm
22 water out of our system and cause what are
23 called combines or overflows. Commercial
24 properties, they own a lot of land. A car

1 dealership, for instance, owns a large
2 parking lot. A lot of times they don't have
3 even a bathroom sometimes. They don't use
4 water. So they don't have a sewer account
5 either. But that huge area runs off into
6 our system and we have to deal with that.
7 And there's a cost associated with that. So
8 they are billed based on the size of that
9 parcel or the land, how much is the gross
10 area and then how much of that is impervious
11 so it won't soak the water into the ground.

12 And to incentivize customers to
13 reduce that water that comes to our system
14 we offer these grants called Smith and Garb.
15 And we found it to be very cost effective.
16 Property owners have to maintain that
17 infrastructure so the department doesn't
18 have to. So it's not a burden on our rate
19 payers.

20 And so we see that as an economical
21 way of helping to achieve the regulatory
22 requirements to reduce the combines or
23 overflows.

24 AN AUDIENCE MEMBER: What's the

1 percentage?

2 MS. MCCARTY: So right now the
3 budget is 15 million. And we are in this
4 rate case looking to increase it to 25
5 million dollars a year.

6 AN AUDIENCE MEMBER: Will that be --
7 we are expecting that much new development?

8 MS. MCCARTY: For the commercial
9 properties. The commercial properties that
10 exist right now. The new developers have to
11 pay for it themselves. But when they are
12 developing. But the commercial properties
13 that exist today, that parking lot down the
14 street or wherever, the school district does
15 sometimes apply for these grants.

16 And so a playground that just got
17 all of that runoff coming into our system,
18 if they get a grant, they can reduce that
19 runoff, as I said, to green
20 infrastructure -- green storm water
21 infrastructure features that look like rain
22 gardens or tree trenches and things like
23 that, that grant helps pay for that and then
24 we see that much less water into our system

1 and overflowing into our waterways.

2 MS. FREEDMAN: Can I ask a question?

3 I'm Bernadette Freedman. So they get a
4 grant to reduce the bill that you were
5 billing them for the runoff, is that --

6 MS. MCCARTY: That is accurate.

7 MS. FREEDMAN: That is what
8 happened. I see. So do they pay anything?

9 MS. MCCARTY: Yes. Yes. Everybody
10 pays storm water. Everybody --

11 MS. FREEDMAN: Does it pay into the
12 project or does the grant cover the project
13 that reduces their bill?

14 MS. MCCARTY: The cost of the
15 project can be more than what they get off
16 of their bill.

17 MR. FREEDMAN: They can pay more
18 into the project than they get off their
19 bill?

20 MS. MCCARTY: That is correct.

21 MS. FREEDMAN: The grant doesn't
22 cover the project?

23 MS. MCCARTY: It typically covers a
24 good portion of the project, if not all of

1 it. What I am trying to say is, so I'm a
2 commercial property. I get the grant. I
3 install a wonderful green storm water
4 infrastructure. But my monthly bill will go
5 down for the storm water portion, not the
6 water or sewer, the storm water, but it may
7 not be enough for me to make my money back
8 for, you know, I don't know how many years.
9 Right?

10 So it's all cost benefit for those
11 commercial properties. But they do get --
12 they do get a discount like anybody else
13 that made no improvements or say somebody
14 that made improvements on their own dime,
15 there are property owners that will make
16 improvements on their own with their own
17 money and then they will get a discount.

18 MS. BROCKWAY: Commissioner, I'm not
19 sure I understood what you just said. The
20 discount that you were just talking about,
21 that is for customers who have made more of
22 their land safe from combined sewer overflow
23 or not?

24 MS. MCCARTY: So our commercial

1 storm water customers are billed based on
2 gross area and how much of that gross area
3 is impervious. And if you reduce the amount
4 of impervious surface, then your storm water
5 bill will go down.

6 MS. BROCKWAY: That is not the
7 discount you were talking about or it is?

8 MS. MCCARTY: That is. That is. So
9 I don't know the discount of proper term,
10 but it does reduce the bill.

11 MS. BROCKWAY: Anybody else have any
12 questions or comments?

13 MS. GUEST: Isn't the Pennsylvania
14 Utility Commission supposed to be here
15 tonight?

16 MS. BROCKWAY: No. The way it works
17 is Philadelphia runs its own water
18 department and its own regulation of its
19 water department. The gas department is
20 regulated by the Public Utilities Commission
21 in Harrisburg.

22 MS. GUEST: I believe it's the gas,
23 the electric and the water, isn't it?

24 MS. BROCKWAY: Not the water. The

1 electric is a private company. They are
2 regulated in Harrisburg. The gas is a
3 public utility, publicly owned department.
4 It happens to be regulated in Harrisburg.
5 But the water has never been regulated in
6 Harrisburg.

7 What happened was it used to be that
8 the commissioner, who in this case is Ms.
9 McCarty, would set the rates him or herself,
10 get input from people. But it was the water
11 company deciding its own rates. So the City
12 Council -- actually there was a charter
13 amendment that was passed by the folks to
14 have the City Council set up this
15 independent board.

16 So it doesn't follow neatly by
17 whether you're gas, water or electric or
18 whether you're privately owned or publicly
19 owned. Each one is a little different. In
20 this case the water department is a City
21 office. And the board is appointed by the
22 Mayor to review their requests for rates.

23 MS. GUEST: Is this new with the
24 amendment?

1 MS. BROCKWAY: Yes. The first rate
2 case like this was in 2016. Before that it
3 was the commissioner himself who set the
4 rates. He had to have hearings and so
5 forth. But he --

6 MS. GUEST: A similar process?

7 MS. BROCKWAY: It was a similar
8 process, but it was felt that it was
9 important to take away that particular
10 decision from the water department and make
11 it independent. So that's why this board
12 was set up.

13 Anything else? I guess not. I want
14 to thank you very much for coming tonight.
15 Our job is so much easier when we hear from
16 the people who are affected by these and we
17 understand what people are concerned about.
18 Thank you.

19 - - -

20 (Whereupon, the hearing concluded at
21 7:45 p.m.)

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C E R T I F I C A T I O N

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I hereby certify that the proceedings and evidence noted are contained fully and accurately in the notes taken by me on the hearing of the above matter, and that this is a correct transcript of the same.

DENISE WELLER
Shorthand Reporter

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