

CITY OF PHILADELPHIA
WATER, SEWER AND STORM WATER
RATE BOARD PUBLIC HEARING
WEDNESDAY, APRIL 25, 2018
MINUTES OF FORMAL HEARING

* * *

LOCATION: Zion Baptist Church
3600 North Broad Street
Philadelphia, Pennsylvania 19140

REPORTED BY: Lisa M. Cooper, Court Reporter

* * *

HELD BEFORE:
Nancy Brockway, Hearing Officer
Sonny Popowsky, Chair

* * *

PRECISION REPORTING, INC.
230 South Broad Street, Suite 302
Philadelphia, Pennsylvania 19102
(215) 731-9847
1134 Parliament Way
West Deptford, NJ 08086
(856) 848-4978

* * *

1
2 MS. BROCKWAY: Good evening. My name is
3 Nancy Brockway. I'm a hearing officer appointed by the
4 Philadelphia Water Sewer and Storm Water Rate Board to
5 conduct hearings for them and we have to make a public
6 hearing to gather input from the public. A couple
7 things. We do have a court reporter here. Mostly so
8 at the end of the process I can go over all of the
9 comments and collect them for the Board so that they
10 understand what the public has said to the Board.

11 We have a sign-in sheet and we had asked
12 people if they do want to speak if they could answer
13 yes. When we get down to the speaking, I'm going to go
14 through the, not in any particular order, the names
15 that did say yes. But at the end, if there's anybody
16 whose desire to speak has been sparked, I'll give an
17 opportunity for anybody else to say something. With me
18 at the front table is the Chair of the Water Department
19 -- Water Rate Board.

20 I try to make it very clear we are not the
21 Water Department. Sonny Popowsky is the Chair
22 appointed by the Mayor and he is one of presently four,
23 but we hope it will soon be five Members of the Board,
24 all from Philadelphia. This is an opportunity for the

1 public to speak and give the Board its views.

2 But we do give some time to the department
3 and to the public advocate to tell you why -- in the
4 Department's case why they think they need to get the
5 rate increase they requested and in the case of the
6 public advocate, what concerns have they raised. So
7 let me turn things over to the Commissioner of the
8 Water Department, Debbie McCarty. And she's going to
9 introduce their talk.

10 MS. MCCARTY: Thank you, Nancy. And
11 welcome, everyone. Thank you for taking time to come
12 out this evening and hopefully share your concerns and
13 positions on our Rate request. I do want to point out
14 that at this table on my right, which is on your left,
15 there are folks there ready, willing and able to assist
16 with any issues you might have regarding the Water
17 Department. So whether you have a billing issue, or a
18 problem with, you know, a leak in the street or
19 something like that, they can help you out with that as
20 well. And we'll be around afterwards too if you want
21 to wait. But any time during the presentation you're
22 more than welcome to go over. Like I said, they're
23 ready, willing and able. We got great folks over
24 there, but we'll be here after the hearing.

1 So without further ado, I'd like to introduce
2 John DiGiulio. He's the Manager of Community
3 Relations. John.

4 MR. DIGIULIO: Thank you all for coming
5 tonight. This presentation is about the Water
6 Department's proposed rate increase and we're going to
7 go through some of the information about the Water
8 Department. What we do, who we are, and what we are
9 seeking in the rate increase proposal. We are the
10 Philadelphia Water Department and we supply the City
11 with integrated water, waste water and storm water
12 services.

13 The Water Department does not profit from a
14 rate increase. And, in fact, we are very cognizant of
15 rate increases. The Water Department -- all Water
16 Department employees are also citizens of the City as
17 well. So we are aware that we are seeking a rate
18 increase, but we are not looking to gain anything more
19 from it. So we're a customer service utility and we
20 are from the Water Fund. So every time water gets
21 paid, that money goes back into the water fund each
22 month.

23 Safety is the Water Department's top
24 priority. Our drinking water, and our drinking water

1 resources from the Delaware, are very important to the
2 Water Department. We have three drinking water plants.
3 Baxter, Belmont and Green Lane. We have over 3,000
4 miles of water main, 25 piping stations, 91,000 valves,
5 and over 25,000 fire hydrants that we are responsible
6 for maintaining and operating to deliver safe, clean
7 drinking water to the citizens of Philadelphia.

8 For our waste water infrastructure we also
9 have three waste water plants. Northeast, southeast
10 and southwest. Those plants treat the waste water from
11 around the City of Philadelphia and we deliver that
12 back to the rivers in the City cleaner than we removed
13 it. The health of the rivers is also a paramount
14 priority for the Water Department.

15 For our solar infrastructure we have over
16 2,000 completed projects and we have Federal
17 regulations that require the City to reduce the
18 overflows that can harm our rivers and creeks. So we
19 have a 60 percent combined sewer system that we are
20 looking to reduce the overflows that go into the system
21 so that we can comply with the Federal regulations that
22 were placed upon us.

23 So what you see on your typical water bill.
24 You see your water, sewer, and, I'm sorry, your sewer,

1 storm water and service charges which are fixed rates.
2 And your water charge is based on your usage each
3 month. We assume that customers use approximately 500
4 cubic feet of water per month, about 3,700 gallons.
5 And we treat what you flush down your drain. We also
6 provide the service of billing and collections and
7 metering and pollution (inaudible) around the City.

8 So why are we seeking a rate increase? We
9 say pipes, plants and people. We need to maintain our
10 pipes, we need to maintain our plants and we also need
11 to have a reliable staff. And the Water Department has
12 a staff of approximately 2,000 people. So the cost of
13 employment, the cost of maintaining, and the cost of
14 keeping up with, you know, current infrastructure and
15 models that need to be followed.

16 So we're looking to increase our water main
17 replacement rates from 30 miles a year to 40 miles a
18 year. We are looking to replace our sewer rates -- our
19 sewer replacements from eight miles a year to 12 miles
20 a year. We're looking to increase and invest in our
21 facilities so that we can prevent further pollution and
22 maintain excellent drinking water quality.

23 This year alone we saw a very challenging
24 winter. This winter from December to February we had

1 over 675 water main breaks. That is a very high
2 number. Our number last year, from the previous fiscal
3 year, was just over 750 breaks for the whole year. So
4 this year we have exceeded that number and, you know,
5 result in high cost and high increase in the breaks.
6 We also, unfortunately, see reduced consumption.
7 Reduced consumption is something that costs us
8 approximately 1.75 percent annual decline in revenue.
9 so we're seeking to make up for that as well.

10 And we have environmental regulations that
11 are placed upon the Water Department to be in full
12 compliance with stringent water quality regulations and
13 content water being for combined sewer, overflow and
14 production. The Rate Board is responsible for setting
15 the rates. The Rate Board was assigned -- well, it was
16 voted on by voters in the City of Philadelphia in 2012
17 by a City Council Charter introduction.

18 So who is on the rate Board? As the Hearing
19 Officer said, there are five, currently four, but there
20 are five people that will be assigned by the Mayor to
21 sit on the Rate Board to listen to these hearings, the
22 proposals from the Water Department, CLS. And they
23 will hear those inputs at our hearings, which we're at
24 now.

1 The Water Department proposes the rate
2 increase. We have public hearings. A decision will be
3 made from the Rate Board. And then, if granted, the
4 rate increase will go into effect in September of this
5 year. We heard from you during our last rate increase.
6 During our last rate case, we implemented a customer
7 assistance program called TAP, our Tiered Assistance
8 Program.

9 Tap is assigned to help our customers in
10 need. It is also a one stop shop for all customers,
11 whether it be senior citizen discount, whether it be
12 income eligibility requirements, or special hardships.
13 So we encourage customers in applying for TAP. You
14 never know if you may apply just based on whatever
15 conditions you may be experiencing at that moment.
16 And we will place you in the program that serves you
17 best.

18 So customers that go on TAP, because it's an
19 income based program, will not be affected by a rate
20 increase. This bill is based on income. So it will be
21 a steady income -- it will be a steady bill based on
22 your income monthly. We heard that customers had
23 a hard time contacting us, between the Water Department
24 and the Water Revenue Bureau. So we recently merged

1 our contact center. We've merged the Water Department
2 contact center with the Water Revenue contact center.
3 So we're looking for first call resolutions.

4 We're looking to get one phone number for
5 people to call. That way you can call if you have a
6 billing question, a service question. Anything to make
7 that easier for our customers. We have improved our
8 language access by getting a lot of our materials all
9 translated into Spanish and other languages. So if
10 customers have a question and you need to call in, have
11 difficulty with English, or have another language,
12 we're happy to get that translated for you.

13 Our lead service line replacement. If we're
14 doing any construction on your block, post 2016, we are
15 replacing lead service lines as a part of the Capital
16 project at no cost to the customer. If we are not
17 doing construction on your block and the customer would
18 like to replace their lead service line, they can do so
19 with a Help Loan. And the Help Loan is a five year
20 zero interest loan that you would get through the Water
21 Department.

22 And we're looking to -- we worked on our
23 tenant and occupant customer applications to make that
24 easier for tenants to become customers of the Water

1 Department as well. So the Tiered Assistance Program
2 which I mentioned earlier, we have paperwork on it
3 here. It is something that we are actively seeking
4 customers for to apply to get the assistance that they
5 need. We go to a lot of public meetings around the
6 City to discuss this and we're always looking for
7 customers to share this information with their friends,
8 family, co-workers. Anyone they know that may be
9 seeking assistance from the Water Department.

10 So what are we seeking for in rate increase?
11 We're looking for a 10.6 percent rate increase over
12 three years. The typical monthly bill right now is
13 around \$66 a month. We're looking to put a rate
14 increase of 1.1 percent in September of 2018. We're
15 looking for five percent the following year, and four
16 and a half the following year after that, in 2020.

17 Basically it would increase the bill slightly
18 over \$7 a month over the next three years. For the
19 past two weekends we did tours of our waste water
20 plants and our drinking water plant. Those tours were
21 open houses. First time we've done them in years. We
22 do have guided tours through our Education Department
23 in the Water Department and you can do those through
24 the Fairmount Water Works Interpretive Center. You can

1 sign up there.

2 You can reach out and see if there's a tour
3 that may be going on with one of our educators. But we
4 found a really good response from people who were just
5 simply were always curious about how you get your
6 drinking water. How we treat the waste water. And we
7 opened up our facilities so people could come and learn
8 that. We had a wonderful response and we're always
9 happy to do that in the future if that's what people
10 are interested in doing.

11 So how can the public get involved over this
12 rate increase? Well, those that showed up, thank you.
13 That is the way you get involved. You can also submit
14 any questions or testimony to the Rate Board. There is
15 a mailing address on here. Anyone who needs that, you
16 can simply ask us for that. We will provide that for
17 you after. But let your friends and neighbors know if
18 they have any concern they want to submit, you can do
19 so that way. But you can send a letter, attend the
20 meetings, or just, you know, contact the Rate Board.

21 So we have customer surveys that are outside.
22 We're always looking for input from our customers. How
23 we can improve, how we can serve you better. So if you
24 can take that survey we would greatly appreciate it.

1 You can go on line as well. Let your friends know
2 about that. And we will gladly take that information
3 and do the best that we can with it to improve our
4 service to the customers. And we thank you very much.

5 MS. BROCKWAY: Thank you. Next we have
6 a representative from the public's advocate.

7 MS. PRICE: Good evening. Thank you all
8 for being here to bring your voice to this very
9 important case. My name is Joline Price. I work for
10 Community Legal Services. CLS has been appointed the
11 public advocate to represent the interests of the
12 residential water customers and other small users in
13 this case. We've prepared a flyer, which I gave to
14 some of you. But if you didn't get one, come see me.

15 We encourage you to voice your concerns and
16 it lists a few of the bigger issues that we have
17 identified in the case. We really want to encourage
18 you all to speak up regarding this proposed rate
19 increase and any other issues that you think the Water
20 Rate Board should hear.

21 In this case, the Water Department is asking
22 for \$116 million more in rates. If that request is
23 approved your rates will go up each year for three
24 years. If approved you'll be asked to pay 87 to \$95

1 more per year for water. This represents an 11 percent
2 increase in your water bills. We're working with a
3 team of experts to examine the financial figures
4 provided by the Water Department.

5 We have concerns about the way the Water
6 Department estimates how much it needs you to pay at a
7 high rate. The last time the Water Department raised
8 rates it received \$89.5 million more. It said it
9 needed that money, but also said it would spend some of
10 the 200 million it collected in the bank. But the
11 Water Department hasn't spent the money that it has in
12 the bank. It is now back again asking for more from
13 you.

14 We want to hear from you. Do you think it's
15 fair to raise your rates if the Water Department isn't
16 spending the money you're already paid. We are also
17 examining several large (inaudible) which the
18 department is proposing which would directly contribute
19 to the higher rates charged to you. Some of these
20 proposals are, the Water Department wants you to start
21 paying for approximately 8 million per year for water
22 used by the fire department.

23 This cost has been paid through tax dollars
24 for decades. Why should you have to pay a water bill

1 to help cover the expense of fighting fires all over
2 the City in hotels, office buildings, or even other
3 public facilities? That water does not come through
4 your (inaudible). The Water Department also wants you
5 to pay an additional 12 million per year to directly
6 finance construction projects.

7 Those projects are supposed to benefit
8 customers for decades, but the Water Department wants
9 to require you to pay more of them now rather than
10 spreading cost over time or spending some of the cash
11 it already has in the bank. Water department wants you
12 to pay an additional \$10 million for grants to
13 commercial customers and developers who construct green
14 storm water infrastructure. It helps keep storm water
15 out of the City sewers. That is a lot of money and the
16 Water Department wants you to pay for it instead of
17 spending the 200 million in cash in custody in the
18 bank.

19 You may or may not have heard about the Water
20 Department's new affordability program called the
21 Tiered Assistance Program, or TAP. This program can
22 provide discounted bills, but only if you're able to
23 enroll. Have you heard about the program? Have you
24 tried to apply and been unable to enroll? The

1 Department and the Rate Board need to hear from you on
2 these vital issues.

3 We want to hear from you about any other
4 concerns you have about the Water Department and the
5 Water Revenue Bureau based on your experiences. If you
6 feel the customer service you've been provided needs
7 improvement, we believe you should say so. If you
8 believe the Water Department has not been responsive
9 or available when you have those issues, we believe you
10 should say so. If you believe the Water Department
11 does a great job at some things and not so great a job
12 at others, again, we believe you should say so.

13 Please come forward tonight and share your
14 input and share your experiences so that they consider
15 this case. The Rate Board has the obligation to
16 balance your interests against the Department's claimed
17 need for higher rates, because the law requires that
18 rates be just and reasonable. It is important for the
19 hearing officer and Board members to hear that there
20 are many real life people in our community for whom an
21 11 percent increase would be a real burden.

22 The flyer that was prepared lists other
23 public input hearings and how to submit input in
24 writing if you would like to do so. We could also help

1 you understand any of the issues that we have in this
2 case, so please feel free to ask CLS for more
3 information. Thank you.

4 MS. BROCKWAY: Thank you, Joline. We're
5 ready to now hear from members of the public. I'm
6 going to go through the sheets that have been given to
7 me and read off, one by one, asking to come up, the
8 people who said they would like to speak. I hope you
9 will help me pronounce your names correctly, if I get
10 it wrong. And if there is any doubt about -- probably
11 would be good if you all spelled your last name,
12 because we have the court reporter here and she needs
13 to be accurate.

14 So if the first name that I've got is a Karen
15 Phillips.

16 MS. PHILLIPS: Right here.

17 MS. BROCKWAY: Do you want to come up,
18 please?

19 MS. PHILLIPS: Sure. Good evening,
20 everyone. I'm a block captain of the 3300 Block of
21 North Bouvier Street, which is between Westmoreland and
22 Ontario running north and south and east and west
23 between 17th and 18th. A block from Allegheny Avenue.
24 On February 12th we had a water main break on our

1 block. The Water Department came, they fixed the water
2 main break. A couple days later, the Streets
3 Department came to fill in the three sections of our
4 block that were -- where the water main was broken.

5 The Streets Department came and broke another
6 water main, which the Water Department had to come out
7 and refix after they had cemented the street. Well,
8 after that, we had another water main break, which
9 started in the middle section of the block where they
10 had already fixed the water main. Now we have a
11 sinkhole on our block, because the Water Department did
12 not fill in underneath the street. So now we have a
13 sinkhole.

14 Also, we have several depressions in our
15 block, which I have called the City, back in 2016,
16 about our block being -- having these depressions.
17 Which literally our block is sinking. The houses on
18 our block were built in 1925. From what I understand
19 from the Water Department, the gentleman that came out
20 to fix the water main, they said the plumbing system
21 under there was built in -- was installed in 1889, I
22 believe.

23 So my concern is, we have these depressions,
24 we have a sinkhole at the top of our block which is at

1 the corner of Westmoreland Street. We need our street
2 fixed. We need the sewer line, which I understand is
3 cracked, the water line which I understand is cracked,
4 and there is water flowing underneath the street making
5 it -- what is it called? It's loosening everything
6 underneath the street. So eventually our street is
7 going to cave in again.

8 My concern is the Water Department wants a
9 hundred -- I forget the numbers -- a
10 hundred-and-some-odd million dollars for services,
11 infrastructure. But when are they going to be doing
12 these services? I understand that they're doing it
13 across the City. They've done it. There is a street
14 two blocks from me where the City has come, the Water
15 Department, the Gas Department, the Streets Department
16 have redone the whole block. Sidewalks, and the
17 street. Replaced the plumbing underneath.

18 But my thinking is, when are they going to
19 come to our block? We are a small block. We have
20 senior citizens and children on our block. I'm just
21 wondering, when is the Water Department coming to
22 replace these pipes? You want to increase our bills
23 but yet you're sitting on \$200 million which hasn't
24 been done -- nothing has been done on these smaller

1 streets and neighborhoods. So that's my question.

2 When are we going to see some type of work
3 done on the streets, these smaller streets in
4 neighborhoods so, you know, we don't have to keep
5 calling you guys out? "We got a water main break here.
6 You know, our street's caving in." I do believe they
7 did send out letters to neighbors on my block about the
8 lead service coming into the houses. When is that work
9 going to start? Those are basically my questions and
10 my concerns. Thank you.

11 MS. BROCKWAY: Thank you very much. I
12 should let you know that the commissioner of the
13 department is here and has staff with her. If there
14 are factual questions that she can answer, we're going
15 to ask her to come up at the end. But if you have a
16 question like the one that Ms. Phillips just described,
17 I'm sure that the commissioner and others from the
18 Water Department would be happy to talk with you after
19 the hearing.

20 The next name I have, I think, is Darlene
21 Corter. Or Carter.

22 MS. CARTER: Hello. I didn't know I was
23 going to speak too much tonight, but I do have some
24 concerns. I've lived in Philadelphia all my life and I

1 came to the last meeting at this Hall. But I just,
2 like want to know, like, the 200 million in the bank, I
3 would like to see the water -- if you want to raise our
4 rates, I want to see improvement of quality of water.
5 I want to see the lead reduced in the water. I want to
6 see the water have the reduction of pollutants reduced.

7 And I just think Philadelphia citizens are
8 taxed enough or have their rates increased enough. I
9 think that that money we have sitting in the bank could
10 be used to do other things rather than increase our
11 rates. Thank you.

12 MS. BROCKWAY: Thank you. The next
13 names on the list are Walter and Tawana Sabbath.

14 MS. SABBATH: Thank you. I wasn't quite
15 sure I would have a question, but I do have one. I
16 guess I thought about it when we received an e-mail
17 about the hearing and, as has been asked before, the
18 \$200 million in the bank do give me concern and I'm
19 just wondering, and there was a statement made with the
20 presentation about the fact that more money was going
21 to be put in the bank, if I heard it correctly.

22 And I'm wondering if that the -- why was the
23 \$200 million put in the bank? What was it meant to do?
24 Because I know we need to understand that. I guess the

1 other concern is that I know that there have been -- my
2 husband and I live on East Oak Lane and we know that
3 from time to time there are water main breaks there and
4 they are -- something is done, but I'm wondering if the
5 work that is being done is putting new piping to old
6 piping. Or how are the repairs done such that the
7 breaks won't happen again?

8 MS. BROCKWAY: Thank you. On your first
9 -- on the question about the 200 million, that is an
10 issue that has been brought up by the public advocate
11 and will be discussed in the technical hearings as they
12 come up. And Earl Baker?

13 MR. BAKER: I just circled it, but I
14 didn't know it was to ask a question. I don't really
15 understand what is going on so far, so I don't have
16 one.

17 MS. BROCKWAY: Okay. If you want to
18 talk about the process, you know, who we are and what
19 we're doing, we would be happy to speak with you after
20 the hearing. And the Water Department has people here
21 and the public advocate has people here to answer
22 questions from their points of view.

23 Is there anybody else who has -- who would
24 like to speak? If you could spell your last name.

1 MS. YOUNGBLOOD: My name is Adriana
2 Youngblood. I work for NEC. (Inaudible) with their
3 water bill. My question is, if you're increasing the
4 rates on the water bills, what about the people that
5 have fixed income? Some of them can barely afford to
6 pay the water bills now, let alone with any other
7 utility bills. It's a hassle to even do the TAP
8 application at times with someone that either has no
9 income or they might have a little bit like \$2 over or
10 a dollar over, so what is the next thing for them to
11 do, because they're in a crisis. That's why they come
12 to us. So what would prevent that or will there be
13 another program that will help them or anything like
14 that? I don't have any other questions as far as that
15 for now.

16 MS. BROCKWAY: Thank you very much. Is
17 there anybody else who would like to make a comment to
18 the Board? Ma'am.

19 MS. COUNCILL: Good evening everyone.
20 My name is Hope Councill. That's Councill, with two
21 L's. I would like to know, why are we paying taxes on
22 the rainwater? That's free water. Why are we paying
23 taxes? As a matter of fact, if you check your water
24 bill, you're paying taxes twice. Okay. Where is that

1 extra money going? And whose pocket is it going in?

2 That's all I want to know.

3 MS. BROCKWAY: Thank you very much.

4 Sir.

5 MR. BAKER: I have a question.

6 MS. BROCKWAY: The whole purpose of the
7 case is to answer these types of questions. I'm not
8 sure we can get you answers tonight, but what we're
9 doing is making sure we understand what the public is
10 concerned about. Some of the answers are a position of
11 one party or another.

12 MR. BAKER: My name is Earl Baker. I'm
13 a resident and business owner of Philadelphia and I
14 have a question about the rainwater runoff taxes. We
15 are paying rainwater tax on every house in Philadelphia
16 and it's averaging about \$13. That's a lot of money
17 per block, in addition to the water bill. Storm water
18 run off, what happens when it doesn't rain? It charges
19 you every month.

20 Why are we charged extra money on something
21 when it doesn't rain? Why are we charged storm water
22 run off? And didn't they incorporate this tax in when
23 they built the system years and years ago? We were
24 taxed -- a lot of these taxes were instituted to last a

1 certain amount of time to pay off a certain project and
2 be done with it. We have just compounded taxes on
3 taxes on taxes. Why are we paying this? Why are we
4 continually paying this?

5 We were raped in our paycheck. We have to
6 pay taxes on our paychecks. On spending money we have
7 to pay taxes on. We pay our bills, we pay taxes on it.
8 What is it? I don't know if you can answer that
9 question. But think about it.

10 MS. BROCKWAY: Thank you very much. Is
11 there anyone else who would like to make a comment? At
12 this time I'd like to ask the Commissioner to come back
13 up and she said she has some answers to some of the
14 specific questions. I don't think we're going to
15 figure out tonight about the \$200 million or the
16 purpose of the rainwater run off tax. But those are
17 issues that the Board will look at in the rate case.

18 MS. MCCARTY: Thank you, Nancy. Also I
19 want to make sure that you all know that on the table
20 here is tons of information. But the one thing, if you
21 don't have one of these, please make sure you get one
22 of these and take them for your friends and neighbors
23 that live here. This is our customer guide. It's just
24 new this year and it should be a one stop shop for any

1 questions you might have about what to do or what's
2 what about the Water Department. So please take one of
3 these. And there are tons of other information over
4 there as well. So that's my little plug.

5 But to speak to the Bouvier Street issue and
6 then the broader issue of infrastructure replacement.
7 We take the money that we get in rates very seriously
8 and ideally we would replace infrastructure just in
9 time. So just before it breaks and it's lived its
10 useful life. But we're getting better at it, but we're
11 not always as good as you all would likely like us to
12 be. You don't want anything to break in front of your
13 house. We know that. But on that 3300 Block of
14 Bouvier, we have actually been able to confirm tonight
15 that that block is scheduled to be replaced.

16 The water main is going to be replaced and
17 the sewer is going to be replaced. And you ticked us
18 off a little bit when you talked about the lead letter
19 you got. But what I can tell you is, generally, we
20 look at the age of the pipe, the water main. We look
21 at how many breaks have been on it. And that goes into
22 a scoring system to determine which water mains we're
23 going to replace next.

24 So we have to prioritize City wide because

1 everybody's our customer and we try to minimize the
2 breaks that you've experienced. This winter was
3 a terrible winter, as John mentioned. But that's how
4 it works for the Capital water.

5 MS. PHILLIPS: Is there any type of
6 timeline for that? So I can -- I'm the block captain,
7 so I want to relay this to the neighbors. Because
8 everybody comes to me and says when are they going to
9 do this or when are they going to do that.

10 MS. MCCARTY: Right. John, I believe,
11 is giving you his contact information. And he will be
12 in touch with you when that contract is ready to
13 proceed. So where it is now, it's been bid, but the
14 contract has not been -- the contractor, the low bid,
15 has not been given the notice to proceed yet. So once
16 that happens, there will be more -- we'll send more
17 information out to the neighbors, but we'll also make
18 sure you're in the loop as well. Any way we can get
19 the word out is a good way. So I hope you can pass the
20 information along.

21 MS. PHILLIPS: Yes, I will. Thank you.

22 MS. MCCARTY: Thank you. So the -- what
23 I can say about the rate stabilization fund, that \$200
24 million. That in fact will -- our plan is to draw that

1 down in this next three years by 47 --

2 MS. BROCKWAY: I actually think this is
3 not a topic we ought to take up.

4 MS. MCCARTY: Well, that's what is in
5 the submittal to the Rate Board.

6 MS. BROCKWAY: I understand that, but we
7 have a contrary proposal from public advocate. And
8 it's going to be one of the hot issues before the
9 Board, so I don't think we should try to debate it
10 tonight.

11 MS. MCCARTY: That's all I'm going to
12 say about it. So the increases in rates for folks that
13 are on fixed incomes. So if you are in TAP, if you're
14 in our Affordable Rates program, your rates will not go
15 up, because the affordable rate is based on your
16 income. So it's a percentage of the income.

17 MS. YOUNGBLOOD: Right. I understand
18 that. But people do overtime just to be able to pay
19 the bills and pay the rent. It's like with TAP, it's
20 a certain percentile, probability percentile that you
21 have to be above or close to to be able to apply for
22 TAP, right?

23 MS. MCCARTY: There's three tiers. It's
24 two percent of your income if you're in the zero to 50

1 percent Federal poverty level. If you're in the 51 to
2 100 percent Federal poverty level it's two and a half
3 percent of your income. And if you're in the 101 to
4 150 of the Federal poverty level it's three percent of
5 your income. And then up to 250 for special hardships.

6 MS. BROCKWAY: No ceiling.

7 MS. MCCARTY: My bad. But there's
8 special hardship.

9 MS. YOUNGBLOOD: What I'm facing is a
10 lot of people that are applying for TAP and they're in
11 a certain percentile and they're like they're getting
12 denied because they are a dollar over, or \$2 over, but
13 they're not looking at the fact that that person is
14 working overtime. It's not their actual income that
15 comes in that month.

16 MS. MCCARTY: I can't -- we can speak to
17 that afterwards, if you want. If there is a specific
18 customer, we can assist you with that. So, again, if
19 you're in the Affordable Rates Program it's percentage
20 and your rates will not go up. And why are we paying
21 for rainwater? The -- I'm not sure what someone said
22 about the pay for it twice in taxes and then the water
23 bill.

24 But, in fact, the water bill does include a

1 storm water charge and that charge is to pay for the
2 operation and maintenance of the infrastructure
3 necessary to convey rainwater away from our properties
4 into pipes. Depending upon the part of the City that
5 you reside, it could be into a storm water pipe that
6 carries that water to a waterway. We work very hard to
7 make sure that those pipes work and stay clear and then
8 the waterways are protected as well.

9 Or a good part of the City, majority of the
10 City, is one big pipe, so the storm water goes and, as
11 well as sanitary sewage, goes into that one big pipe.
12 And those pipes convey the rain events like the other
13 day, or even this morning. That rainwater was sewage,
14 to one of our three waste water plants.

15 However, during big rains like we had, I
16 guess it was last Monday, that was a huge rain with a
17 lot of water. Our pipes can't convey all that water to
18 one of the three plants. So what happens is, that
19 water that polluted sewage, goes out any one of 160
20 what we call combined sewer overflows. CSOs. So we've
21 got -- we are mandated to reduce that volume of water.
22 And that's part of the regulatory column that John had
23 on the screen for we're charged by the -- our
24 regulators to reduce the volume of that overflow into

1 our waterways.

2 And so that -- that's what happened. And so
3 that's a, you know, several couple million dollar
4 program in and of itself and takes up 25 percent of our
5 capital budget. And we have a -- 20-plus more years, a
6 little less than 20 years to comply with that
7 requirement. So there is -- even though you think it's
8 just rain and goes away, well, we help get it to go
9 away and so there's cost associated with that.

10 People have to clean the inlets. You know
11 those inlets, or some folks call them sewers, but at
12 the corners, along the street, people clean those.
13 That costs money. So that's what that \$14.71 on your
14 residential bill goes towards every month.

15 MR. BAKER: Excuse me. When the system
16 was built, wasn't that already included in a way to
17 clean it and distribute the water out from the City?
18 Wasn't the cost already computed into running the
19 system?

20 MS. MCCARTY: We have to replace -- so
21 some -- the pipes get old, they need to be replaced.
22 And you still have to maintain them.

23 MR. BAKER: So -- so all of a sudden, in
24 2012, you figured out that you needed additional money

1 to do this system when it was already included in the
2 budget years and years ago.

3 MS. MCCARTY: Well, actually what
4 happened was, we broke that -- it used to be, if you
5 noticed, there was -- the service charge was higher and
6 the storm water portion of the bill was included in the
7 service charge. And then we broke that out and made it
8 another line item and called it storm water. So that's
9 why customers starting seeing storm water.

10 But when you started seeing the storm water
11 charge, what you should have noticed was that the
12 service charge went down. And so it's always been
13 there, it just wasn't called out like it is today.

14 MR. COPELAND: Excuse me. Does that
15 come -- the project we have off Westmoreland between
16 17th and 20th, they raised the back taxes. Does that
17 pay any of the City -- does that pay any of the streets
18 funding or anything?

19 MS. BROCKWAY: We can only have one
20 voice at a time.

21 MR. COPELAND: We have a big project off
22 of Westmoreland. They upped our taxes another 300 more
23 from what it already is.

24 MS. BROCKWAY: I'm not sure I got what

1 the problem is.

2 MS. PHILLIPS: I think --

3 MR. COPELAND: There's no problem.

4 I just want to know, was that 300 included with what's
5 going on now?

6 MS. BROCKWAY: I see. Can you give us
7 your name?

8 MR. COPELAND: My name is Sinclair
9 Copeland and I'm a resident of 3307 North Bouvier
10 Street.

11 MS. BROCKWAY: Thanks you. Ma'am, do
12 you have --

13 MS. PHILLIPS: I think the project that
14 he's speaking of has to do with the high school. The
15 high school that's being built at 17th and Allegheny.

16 MS. COPELAND: Yes, ma'am.

17 MS. PHILLIPS: That's the project he's
18 speaking of. They are doing a lot of construction over
19 there and they are replacing a lot of -- it used to be
20 an old factory there. It used to be a bicycle factory
21 and what it was after that I'm not sure. But they are
22 replacing a lot of piping underneath the ground there
23 and I think that's what he's speaking about, that
24 construction there with that school.

1 MS. BROCKWAY: I think what we need to
2 do is ask you to talk, not only to Ms. Phillips, but
3 with representatives from the Department who are here.
4 I don't know the answer, and what we're here to do is
5 listen to your concerns. So we can't answer your
6 question tonight. But I think the Department would
7 like an opportunity to put its side towards you if you
8 want to stay after.

9 And there is also a representative of the
10 Community Legal Services if you're dissatisfied with
11 the Department's approach.

12 MR. COPELAND: Well, what I was saying
13 was we're getting taxed more than what we normally do.
14 What is the tax now? 800 more?

15 MS. PHILLIPS: Which tax are you talking
16 about? Are you talking about real estate taxes?

17 MS. BROCKWAY: Off the record.

18 * * *

19 (Whereupon, a discussion off the record
20 was held.)

21 * * *

22 MS. BROCKWAY: Is there anybody else who
23 wants to speak? Ma'am. Come up and tell us your last
24 -- give us your name and spell your last name.

1 MS. HARRIS: Geneva Harris. I'm one of
2 the captains of -- block captains on the 3700 block of
3 Sydenham Street and I've lived in Philadelphia for over
4 70 years. I'd like to say this is the best the water
5 has ever tasted. Because I can remember when the water
6 came from, I think it was the Schuylkill or the
7 reservoir and it used to smell terrible. So I no
8 longer buy water. I use our water. I just wanted to
9 let you know. Thank you for your service.

10 MS. BROCKWAY: Thank you very much. Are
11 there any other comments? All right. The Board wants
12 -- ma'am.

13 MS. SABBATH: Just clarification. I
14 wasn't clear about the fire department and the water
15 charge and I just -- I don't understand how we as
16 taxpayers are paying for that service but then we're
17 going to be asked to pay more money for the service
18 that I thought was the part of our being citizens and
19 paying taxes.

20 MS. BROCKWAY: I keep trying to keep us
21 out of the realm of the arguments that are coming out
22 of the case, but I believe the Commissioner has a
23 factual statement to make.

24 MS. MCCARTY: So the -- right now you're

1 right, the fire service is paid out of taxes. So the
2 Water Department, everything we do to maintain the
3 water mains and the fire hydrants for the fire
4 department, those costs, about \$8 million, are charged
5 to the general fund, so the tax base. And as part of
6 this rate request, administration has made a policy
7 change and now wants to move from the tax base into the
8 water rate payers. So the water customers would pay
9 for them.

10 So you won't be paying twice. But the
11 difference is where it's taken from. And it is a point
12 of contention that Hearing Officer Brockway points out,
13 between -- you know, CLS is opposed. They believe it
14 needs to be a tax, which I believe is a factual
15 statement.

16 MS. BROCKWAY: Very factual statement.

17 MS. MCCARTY: And it's for fire
18 fighting, of course.

19 MS. PRICE: Joline Price from the public
20 advocate. I want to make the one factual correction,
21 or addition that the -- as far as I know, as far as we
22 know, the City is not planning to refund the tax base
23 at \$8 million --

24 MS. MCCARTY: That's not how it works.

1 MS. BROCKWAY: It sounds like we have
2 stumbled on a question that has to be answered, so
3 we're not going to be able to answer it tonight. Maybe
4 the two of you can get together and talk about it.

5 MS. MCCARTY: Well, I can answer it
6 right now, if you want me to. Do it off line.

7 MS. BROCKWAY: Do it off line, because I
8 think the issue may come back in the contested
9 technical hearings that are coming up. Anybody else
10 want to say something or add something? I'm going to
11 thank you for coming out. This has been one of the
12 most active hearings. We've gotten some of the most
13 comments from the public and that really helps the
14 Board when it tries to juggle the different issues
15 before it and decide what the rates ought to be for the
16 Water Department. I thank you again.

17 MS. HARRIS: My grandson wants to say
18 something.

19 MR. Thomas: Hi. My name is Brock
20 Thomas and for the things that the people say about
21 where the tax money has gone, the tax money will be
22 going to the services and the operations for the
23 hospitals and the fire department and the police
24 station for their community.

1 * * *

2 (Applause)

3 * * *

4 MS. BROCKWAY: And that's T-H-O-M-A-S?

5 Thank you. All right. Let's close the hearing today.

6 But I want to remind you that the Board is interested

7 in further comments or questions. The Board may not be

8 able to answer the questions unless it's part of the

9 rate case and that won't be determined until later this

10 year. But things that you're concerned about, it's

11 very important for us to know about them.

12 If you have e-mail, there's an e-mail

13 address. And that's probably the best way. If you

14 don't, as John said, there is an address where you can

15 mail things in.

16 MS. PRICE: It's on the flyer.

17 MS. BROCKWAY: It's also on the CLS

18 flyer. So I want to thank you again very much. This

19 has been a very instructive public hearing. I'm glad

20 you all came.

21 * * *

22 (Whereupon, the hearing was

23 adjourned.)

24 * * *

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

I, Lisa M. Cooper, a Court Reporter and Notary Public, do hereby certify the foregoing to be a true and accurate transcript of my original stenographic notes taken at the time and place hereinbefore set forth.

Lisa M. Cooper
Court Reporter and Notary Public

(The foregoing certification of this transcript does not apply to any reproduction of the same by any names, unless under the direct control and/or supervision of the certifying reporter.)