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PHILADELPHIA WATER, SEWER & STORM WATER RATE BOARD

PUBLIC INPUT HEARING

Tuesday, April 24, 2018

Scheduled for 6:30 p.m.

LOCATION: Roxborough Memorial Hospital

Wolcoff Auditorium

5800 Ridge Avenue

Philadelphia, Pennsylvania 19128

REPORTED BY: Krista L. Schultz

HELD BEFORE:

Nancy Brockway, Hearing Officer

Sonny Popowsky, Chairman

Rasheia Johnson, Board Member

ALSO PRESENT:

Debra A. McCarty, Philadelphia Water Commissioner

Joanne Dahme, General Manager of Public Affairs

Andre Dasent, Esquire

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P R O C E E D I N G S

2                               - - -  
3                   THE CHAIRMAN: Good evening. My name is  
4 Nancy Brockway. I'm the Hearing Officer hired  
5 by the Philadelphia Water, Sewer & Stormwater  
6 Rate Board to conduct hearings for them.

7                   With me tonight are two members of the  
8 Board, Sonny Popowsky, who is the Chair of the  
9 Board, and Rasheia Johnson.

10                  This is how we do things at these  
11 hearings: First we're going to have the  
12 Department, give them an opportunity to tell you  
13 why they think they should get a rate increase,  
14 and then we're going to have a representative of  
15 the public advocate respond with questions and  
16 concerns, concerns that they have about the  
17 proposal, and after that we're going to open it  
18 up to public comment.

19                  We use the sign-in sheet to get a sense of  
20 who wants to speak, and I'll go down the list  
21 not in any particular order, but just by the  
22 sheets that I get, and then after that I'll ask  
23 anybody else if they -- if it has prompted them  
24 to think of something that they want to say.

1                   So, let me turn it over to the  
2 Commissioner of the Water Department.

3                   MS. McCARTY: Good afternoon, everybody.  
4 Thanks for coming out to tonight. I just wanted  
5 to make sure everyone was aware if you have any  
6 specific issues to your property, we have folks  
7 in the back that can help you. If it's a  
8 billing issue or otherwise, please avail  
9 yourself of those folks, and you can do that at  
10 any time during this meeting.

11                   And, also, I do appreciate you all  
12 spending the time to come out and -- this  
13 evening and share your thoughts and provide  
14 input on our requested rate increase.

15                   And without further ado, I'd like to  
16 introduce Joanne Dahme, manager of our public  
17 affairs unit.

18                   MS. DAHME: Good evening, everybody. What  
19 I'm going to be doing tonight is providing a  
20 sort of very general overview about the  
21 Department services and operations, and then  
22 just get into the heart of the matter, you know,  
23 why the Department is seeking a rate increase.

24                   So, the Water Department is a City

1 department, but it is also a public utility that  
2 supplies water, wastewater and stormwater  
3 services. We do not profit from rate increases.  
4 The money that we collect from our customers on  
5 a monthly basis through their bills go towards  
6 our operating and maintenance expenses, but  
7 nothing beyond that.

8 So, drinking water is our top priority.  
9 We want to make sure that our customers are safe  
10 and healthy, and the way we're able to do that  
11 is that we have a really robust system of three  
12 water treatment plants and over 3,000 miles of  
13 water main, and we have people that staff these  
14 facilities 24/7. We like to say that because  
15 drinking water is our top priority, that we are  
16 also proud of our unblemished record of  
17 providing that really high quality of water and  
18 we consistently surpass, or do better, than what  
19 is required by the EPA and the DEP in drinking  
20 water quality standards.

21 Our wastewater infrastructure. So, our  
22 rivers are our drinking water sources, the  
23 Delaware and the Schuylkill, so very important  
24 that we protect them. We have a real strong

1           commitment through our wastewater services, our  
2           three wastewater treatment plants, where we  
3           clean and treat the wastewater that's received  
4           from businesses and homes to a quality that's  
5           better than the quality of the river itself.  
6           We're able to do that because our three plants  
7           are award-winning. We consistently meet those  
8           regulatory requirements for clean water  
9           standards. We also have a robust system of over  
10          3,000 miles of sewer infrastructure.

11                 Our stormwater infrastructure. So, the  
12          stormwater component of the Department is our  
13          most costly component, due to the Safe Drinking  
14          Water Act and the Clean Water Act. We're  
15          required to manage stormwater to standards where  
16          we reduce combined sewer overflows that go into  
17          our rivers and streams. The stormwater  
18          component is approximately 25 percent of our  
19          capital budget.

20                 We're required by State and Federal  
21          regulations to capture as much stormwater as we  
22          can to provide additional capacity in our  
23          existing system. We have the Green City, Clean  
24          Waters program that some of you may have heard

1 of, that's a program that helps us meet our  
2 Clean Water Act goals, and that program is the  
3 program where we're doing green sewer  
4 infrastructure in our combined sewer areas to  
5 capture that first one and a half inch of  
6 rainwater to provide that additional capacity in  
7 our sewer system.

8 So, we use Green City, Clean Waters, it is  
9 built upon our existing sewer infrastructure, so  
10 we try to be cost-effective in that sense. We  
11 like the green sewer water infrastructure  
12 component, because it provides other benefits to  
13 our communities, like clean air, beautification,  
14 and a variety of others.

15 So, what do you see in your monthly bill?  
16 So, our customers receive a monthly bill from  
17 us, and it does pay for these services. We  
18 always hope, pray the customers look at their  
19 bills to make sure that the bills are accurate,  
20 but also to get a better understanding about  
21 what these bills are all about.

22 So, this is the water component, which is  
23 paying for those water services, that water  
24 treatment. There's a wastewater component,

1           which is the cleaning up of that wastewater from  
2           businesses and homes, also providing maintenance  
3           to the existing sewer system. We have our  
4           stormwater component, which is, what we say, the  
5           more challenging component, the more costly  
6           component, which is the stormwater management,  
7           the programs that are related to that. And then  
8           there is the service component, which is the  
9           billing and collections, so the cash register  
10          side of the business.

11                        So, why are we here tonight? Why do we  
12          need a rate increase? So, the Water Department  
13          is looking, over the next three years, to  
14          generate approximately 116 million in revenue to  
15          meet this funding gap that we have projected for  
16          the next three years. That funding gap is  
17          related to increased cost in what we call our  
18          pipes and plants. We are an old city, so we  
19          have an aging infrastructure, which we need to  
20          replace.

21                        When we think back on this past winter, we  
22          had over 650 water main breaks between December  
23          and February as a result of the extreme  
24          temperatures that we had, the extreme cold

1 weather. What you have happen during those  
2 periods is your older mains, or your more  
3 vulnerable mains, will break as a result of  
4 that. So, we certainly recognize that we need  
5 to sort of step up our water main replacement  
6 rate. We Currently do about 28 miles a year.  
7 Over the next six years we're looking to ramp  
8 that up to about 42 miles a year, but there's  
9 certainly a cost to doing that.

10 We're also looking to ramp up our sewer  
11 replacement rate. We do about 6 to 8 miles per  
12 year, we're looking to increase that to over 10  
13 to 12 miles over the next six years.

14 Also, relatively, we're also going to be  
15 upgrading our wastewater treatment facilities,  
16 so that we can manage more stormwater to meet  
17 those Clean Water Act requirements, but also  
18 looking to upgrade our water treatment plants to  
19 consistently meet under the Safe Drinking Water  
20 Act requirements, always to make sure that we're  
21 providing the best technologies and meeting  
22 those Safe Drinking Water Act goals.

23 The people. So, with every good business,  
24 every entity, it's the people that run a



1 utility, that run a business. The people are  
2 essential to everything we do, but with people  
3 there are costs. Our employees, we have some  
4 employees that work 24/7 repairing mains,  
5 repairing sewers, checking water quality,  
6 monitoring our system, visiting customers'  
7 properties when we have problems, answering the  
8 phones 24/7 for emergencies and that type of  
9 thing. But with employees, there are costs  
10 related to salaries, to benefits, but we like to  
11 remind everyone that our employees are -- live  
12 in the city, work in the city, they are -- could  
13 be your neighbors. So, they all have a passion  
14 and dedication to the things that we do.

15 Reduced consumption is a factor. So, we  
16 see this nationally. There's a trend in less  
17 water being used by homes and by businesses, and  
18 that's because we -- a lot of water conversion  
19 devices, people are installing those in their  
20 properties, but when they buy appliances,  
21 they're water-efficient appliances, which is a  
22 good thing. So, that's reduced consumption, but  
23 that impacts our utility, because we have the  
24 same amount of infrastructure, we have the same

1 amount of plants. So, our unit costs go up when  
2 we have less customers or less water usage, that  
3 that is being sort of spread across the base.

4 For this coming rate period, what we  
5 project over the next three years with the  
6 reduced consumption that we see, we are seeing a  
7 potential reduction of about \$11 million in  
8 operating revenues over that three-year period.

9 The final part, we talked about  
10 environmental regulations. So, we have to meet  
11 those Safe Drinking Water Act, the Clean Water  
12 Act goals, very stringent requirements. Cleanup  
13 of rivers is our top priority. We don't  
14 disagree with those regulations, we want to make  
15 sure that we do meet those, but the other  
16 component is we always are looking to balance  
17 affordability and the cost of those regulations.  
18 So, we do our best to do that.

19 So, the Rate Board is responsible for  
20 setting rates. Nancy talked a little bit about  
21 the Rate Board, it was established in 2012 by  
22 the City charter, by the ballot. The City  
23 Council passed an ordinance following that. The  
24 Rate Board has gone through one rate process to

1 date. This is their second full process. They  
2 evaluate pretty much the Water Department's  
3 proposal to increase our rates. We provide a  
4 financial plan, a lot of other documentation  
5 that supports our position. But they also work  
6 with the Community Legal Services, who's the  
7 public advocate, who also provides another  
8 viewpoint perspective on our need to increase  
9 rates, but they also look to hear from the  
10 public.

11 So, very important that we have public  
12 input, people come to these public meetings,  
13 testify. That's all a part of the record. The  
14 public can also provide -- you know, send an  
15 e-mail to the Rate Board, send a letter to the  
16 Rate Board, informally intervene. So, this  
17 process is designed to be very transparent and  
18 then to collect as much information from the  
19 public, in addition to the utility, as possible.

20 The Rate Board will go -- ideally come to  
21 a decision sometime in July, and the Department  
22 is hoping to increase or set into place its  
23 first phase of the increase in September of --  
24 this September, September 1st of 2018. Again,

1           this is all proposed, the rate increase. The  
2           Rate Board will determine what they think is the  
3           appropriate rate increase.

4                        So, another reason we look to have people  
5           come to the public meetings, but also provide us  
6           with information, is we do hear from the public,  
7           and what the Water Department does, it collects  
8           the information and feedback it received to  
9           either improve our services or to implement new  
10          programs.

11                      From the last rate period, we did hear  
12          from customers that affordability was a big  
13          issue, that we recognize that some customers  
14          struggle to pay their monthly bills today and in  
15          the past. And so we did implement a new program  
16          in July of 2017, a new customer assistance  
17          program, that's designed to make water  
18          affordable for customers who are really  
19          struggling to pay. In the next slide I'll talk  
20          a little more about that.

21                      But we also heard from customers their  
22          frustration about getting through on our phones  
23          when they call our emergency number, or when  
24          they call the Water Revenue Bureau about a

1           billing problem. We have recently merged,  
2           physically merged, our call centers this past  
3           March. So, the Water Revenue Bureau employees  
4           are now Water Department employees and we're  
5           beginning to cross-train those employees, so  
6           that when a customer calls with an issue, it's  
7           sort of like a one-stop shop, first-call  
8           resolution. So, you get someone on the phone  
9           who can answer whatever your question is, and to  
10          the best of our ability make sure that we  
11          resolve that through what we're calling, like, a  
12          first-call resolution.

13                 Improved language access. So, we have  
14           always had the ability to provide interpretive  
15           services when people call us on the phone, but  
16           we have gone another step to ensure that the  
17           employees that we have working in the field  
18           customer -- employees who are working on the  
19           street, employees who are visiting customers'  
20           homes also have access to an interpreter that  
21           they can call when a customer comes up to them  
22           and has a problem, where English is not their  
23           first language.

24                 We're also looking to translate more of

1           our public materials, those that we post online  
2           and those that we bring to public meetings.  
3           Make sure that we have more of those in Spanish,  
4           but also provide them in other languages when  
5           requested.

6                     Lead in home plumbing came up a lot during  
7           the last rate increase. Particularly, people  
8           are reading about Flint, Michigan and other  
9           cities that were struggling with lead levels in  
10          drinking water at the tap in people's homes,  
11          because of lead surface lines. We initiated a  
12          number of programs as a result of that: One  
13          program where when we're replacing the water  
14          mains on the street, we offer customers a free  
15          lead service line replacement from the water  
16          main all the way to the meter in the house at no  
17          cost to the customer while we're replacing those  
18          mains. And we started that in early 2017.

19                    We also have a new addition to our  
20          homeowners' emergency loan program, where it's a  
21          zero-interest loan. We're now offering that  
22          same loan to customers who have a lead service.  
23          It's, as I said, zero interest over five years.  
24          You don't have to have a defect in that service,

1 but if customers are concerned about it being  
2 lead, we'll replace that.

3 Another thing we heard is tenants and  
4 occupants having a hard time sometimes becoming  
5 a water customer. Working with Community Legal  
6 Services on that issue, how can we sort of  
7 streamline that process, and we're looking to  
8 take that to the next step so that those tenants  
9 or occupants that meet our eligibility  
10 requirements for our affordability program can,  
11 sort of -- once they're a customer, can then  
12 step into that TAP program.

13 So, the Tiered Assistance Program, that's  
14 the program we implemented in July. We're  
15 really excited and sort of proud of that  
16 program. We worked with a lot of partners on  
17 this. The program is really designed to be sort  
18 of a one-stop shop for anyone who needs what we  
19 call customer assistance. People can get an  
20 application by mail, they can download it from  
21 our site, they can also do the application  
22 online, or call and we'll mail an application.

23 This application is for what we call our  
24 Tiered Assistance Program, and that's designed

1 for customers between 0 and 150 percent of the  
2 Federal poverty level, but it also includes the  
3 senior citizen discount. Customers who are  
4 struggling with a variety of hardships can apply  
5 through this one application, and the Water  
6 Revenue Bureau manages the application process,  
7 and they will assign the customer to the best  
8 program that meets their needs.

9 The good thing about this program, because  
10 it is based on your income and not your usage,  
11 that monthly bill does not change. So, when we  
12 talk about a proposed rate increase, this will  
13 not affect TAP customers. Their monthly bill  
14 will remain the same, again, because it's based  
15 on usage -- based on income, but not usage. And  
16 you do not need to be delinquent to qualify for  
17 this program. So, we want customers to get into  
18 the program before they are struggling and see  
19 that their debt's sort of growing.

20 So, the program, again, we just launched  
21 it this July. We're looking to really sort of  
22 expand the program, to the best of our ability,  
23 working with a lot of the partners to ensure  
24 that we get the word out about, really, if



1 people are struggling to pay their bills, we  
2 want customers to apply.

3 So, if this rate increase does go into  
4 effect the way that we're proposing it, what  
5 would customers see and how would they be  
6 impacted? So, we're proposing a 10.6 percent  
7 increase over these three years, beginning in  
8 September of 2018.

9 Typically, the customer that is using 500  
10 cubic feet of water, on their monthly bill  
11 they're paying about \$66.50 today. With this  
12 increase, we are proposing that a 1.1 percent  
13 increase goes into effect this coming September;  
14 the following September will be a 5 percent  
15 increase; and by September of 2020 we'll have a  
16 4.5 percent increase implemented. And over that  
17 three-year period, we're looking at about an  
18 increase on that monthly bill of \$7.20 from what  
19 a customer is paying today.

20 We've had treatment plant tours recently.  
21 One of our goals is really to get customers to  
22 come into our facilities to see how we operate,  
23 to come behind the scenes. We also have an  
24 education center at the Fairmount Water Works

1 Interpretive Center. Always want to make sure  
2 that customers have a really good sense of what  
3 they're paying for and what we do, so we're  
4 always encouraging people to take advantage of  
5 those programs.

6 Again, but very important, we're glad to  
7 see some people here tonight. We appreciate --  
8 as Debbie mentioned, really appreciate you being  
9 here. Again, the Rate Board needs to hear from  
10 you. We need to hear from you. Really, your  
11 feedback helps us operate and provide better  
12 services. But, again, if you have anything to  
13 say tonight, do that, or if people don't want to  
14 speak publicly, again, send a letter, send an  
15 e-mail. All of those are really valuable and  
16 become a part of the public record.

17 And Hailey has surveys when you come in.  
18 Another thing we implemented three years ago is  
19 really doing surveys so we can better get  
20 feedback, again, from our customers about our  
21 construction impacts, about our water quality,  
22 about our services that we provide over the  
23 phone. So, this information is really valuable  
24 for us and helps us better serve you when we get

1 information from you.

2 So, we thank you all for being here  
3 tonight. I'm going to pass this off to Josie  
4 Pickens, who's with Community Legal Services.

5 MS. BROCKWAY: Actually, let me introduce  
6 Josie.

7 MS. DAHME: I'm sorry?

8 MS. BROCKWAY: Let me introduce Josie.

9 MS. DAHME: Oh, I'm sorry.

10 MS. BROCKWAY: And can you turn off the  
11 slide machine.

12 As Ms. Dahme said, Josie Pickens is here  
13 tonight as a representative of the public  
14 advocate. And, as she said, the public advocate  
15 is hired by the Board to represent the interests  
16 of small consumers. I'm sure she will say more  
17 about it.

18 But while she's -- I think she's handing  
19 out or has been handing out a flyer.

20 MS. PICKENS: Wobbling down.

21 MS. BROCKWAY: While she comes up, a  
22 couple of other things: We do have a court  
23 reporter. We would like -- one of the things  
24 that we do is we take down what is said by the

1 people here at these meetings, and one of my  
2 jobs is to collate all of that and to give the  
3 Board a comprehensive sense of what people are  
4 feeling or asking or saying. For that purpose,  
5 we're going to have a microphone, which  
6 Mr. Putzigato (ph) will hand around, so we'll  
7 ask you to use that.

8 But Joanne -- Josie has come to the  
9 podium, so let me turn it over to Josie Pickens.

10 MS. PICKENS: Thank you, Hearing Officer.

11 Hi, everybody. My name is Josie Pickens.  
12 I'm a lawyer at Community Legal Services. I  
13 work with a team of other lawyers who've been  
14 appointed the public advocate in this  
15 proceeding, and that means we represent the  
16 interests of the residential customers and other  
17 small users as a class. It's very important  
18 that we hear your testimony tonight to know your  
19 individual concerns.

20 My goal is not to give you a detailed  
21 rebuttal of the Department's proposal. If  
22 you're interested in that, we did submit more  
23 than 250 pages of testimony on Friday, and you  
24 can access that on the Department's -- on the

1 Rate Board's website.

2 You saw the presentation that the  
3 Department is requesting an additional \$116  
4 million, which means at the end of the three  
5 years the average bill will go up between 87 to  
6 95 a year.

7 We are working with a team of experts to  
8 review the need for this rate increase.  
9 Specifically, we want to know whether this  
10 increase is necessary when a Department has more  
11 than 200 million in the bank. We're also  
12 examining a few policy changes, including a  
13 proposal to shift the cost of fire protection  
14 from taxpayers to water customers. The  
15 Department proposes additional -- an additional  
16 12 million a year to finance construction  
17 projects, and an additional 10 million a year to  
18 incentivize stormwater management.

19 This is our opportunity to hear your  
20 feedback on those proposals and to also know  
21 about your experiences as customers, whether  
22 they've been good or bad, whether or not you've  
23 been able to get assistance, whether you can  
24 afford the bills, and whether you believe this

1 increase is just and reasonable. So, I look  
2 forward to hearing your presentations this  
3 evening. Thank you.

4 MS. BROCKWAY: Thank you, Josie.

5 As I mentioned, we're going to start with  
6 people who have indicated yes, they would like  
7 to speak, on the sign-in sheets. If you haven't  
8 signed in, that would be a great idea. There's  
9 a table over there with sign-in sheets.

10 I'm going to get everybody's name wrong,  
11 that's a guarantee. So, I hope when you come up  
12 you can -- Paul will give you the mic or he'll  
13 hand the mic, rather, I don't know how he's  
14 going to do it, and if you'd spell your last  
15 name, that would be so helpful for the court  
16 reporter.

17 So, the first name I've got, and here we  
18 go, is Cynthia --

19 MS. KISHINCHAND: Kishinchand.

20 Kishinchand.

21 MS. BROCKWAY: Thank you.

22 MS. KISHINCHAND: Hello, I'm Cynthia  
23 Kishinchand, K-i-s-h-i-n-c-h-a-n-d, and I've  
24 been a happy consumer of Philadelphia water

1 since I moved here in 1968.

2 Okay, my testimony: Although I understand  
3 why the Water Department is requesting a  
4 recommendation from the Water, Sewer &  
5 Stormwater Rate Board for increased rates over  
6 the next three years, that is, 2018, '19 and  
7 2020 -- I have a typo here -- in the notice of  
8 public hearings on proposed rate change, I've  
9 been unable to locate on the Water Revenue Board  
10 and Water Department websites any mention of the  
11 25 percent discount given to non -- to  
12 registered nonprofit institutions and  
13 organizations.

14 As a ratepayer, I endorse a discount, but  
15 with some revisions, particularly after  
16 pondering the range of the value of endowments  
17 of some nonprofit institutions, their  
18 fundraising campaigns and the compensation of  
19 their chief executives. For instance, according  
20 to the online annual report of the University of  
21 Pennsylvania, the University, as of June 30th,  
22 2015, had an endowment of \$10.1 billion,  
23 reflecting an increase of 551 million from the  
24 previous year. Recent news reports indicate the

1 University is launching a \$4.6 billion  
2 fundraising campaign.

3 According to an article in the Daily  
4 Pennsylvanian posted on its website October  
5 11th, 2015, the writer listed the compensation  
6 package of President Amy Gutmann at 3 million  
7 426 dollars -- excuse me, \$3,426,106. Lest you  
8 wonder, the salary of the President of the  
9 United States is 400,000, the salary of the  
10 Mayor of Philadelphia is 218,000.

11 It is my understanding the 25 percent  
12 discount the Water Department grants to  
13 nonprofit institutions amounts to approximately  
14 \$10 million per year. Although I do not know  
15 how much of that cost is borne by a regular  
16 ratepayer, what I do know, however, is that that  
17 discount affects my bill. I would like to know  
18 when the discount was enacted, how it affects my  
19 water bill and what other municipalities provide  
20 such a discount.

21 Therefore, I beseech the Board and City  
22 Council to thoroughly review the criteria for  
23 the 25 percent discount for institutions and the  
24 criteria for individuals with limited incomes



1 before enacting any rate increases. When doing  
2 so, I trust the Board and City Council will  
3 review the history of this discount, its impact  
4 on ratepayers who do not qualify for any  
5 discount, the amount of dollars of the discount  
6 since it was granted, the financial assets of  
7 those institutions qualifying for the discount,  
8 and a list of municipalities which offer a  
9 similar discount. One possible approach would  
10 be to enact a policy wherein there are clear  
11 criteria regarding eligibility. For instance,  
12 set a cap of \$10 million on the total assets of  
13 an institution.

14 I realize my request for a thorough review  
15 and revision of the current 25 percent discount  
16 for institutions and for individuals may slow  
17 down the rate increase process, but I'm  
18 confident the Board and City Council will  
19 address every aspect of all the discount  
20 policies of the Water Department.

21 Respectfully submitted, Cynthia  
22 Kishinchand.

23 MS. BROCKWAY: Thank you very much.

24 I'd like to suggest that the Department

1 take the questions that Ms. Kishinchand has  
2 posed as transcript requests and provide answers  
3 that would go into the record.

4 MR. DASENT: We may be able to answer some  
5 of them this evening through the Commissioner,  
6 if there's time.

7 MS. BROCKWAY: The problem is that some of  
8 them are not factual, and we really don't want  
9 to get into an argument about policy.

10 MS. McCARTY: It's not policy.

11 MS. BROCKWAY: Thank you very much.

12 I'm going to mark this as Public Hearing  
13 Exhibit 1, and we'll put it in the record.  
14 Thank you.

15 MS. KISHINCHAND: You're welcome.

16 MS. BROCKWAY: Next I have Ann Shipp.

17 MS. SHIPP: Hi, everybody. My name is  
18 Anna Shipp, and I am the executive director of  
19 the Sustainable Business Network of Greater  
20 Philadelphia.

21 So, just a little bit about us: We are a  
22 community of hundreds of local independent  
23 businesses in the region, all of whom practice  
24 what we call the triple bottom line; so, they

1           serve community, share wealth, protect the  
2           environment, which is incorporated into their  
3           business's DNA. So, through their products,  
4           their services, their original practices, this  
5           is what they do.

6                        So, SBN, in principle, our mission is to  
7           build a just, green and thriving economy in the  
8           region. So, in principle, we are absolutely  
9           fundamentally in support of Green City, Clean  
10          Waters, which, as Joanne mentioned, is the City  
11          of Philadelphia's comprehensive nature-based  
12          stormwater management plan.

13                      So, by bringing nature back into the City,  
14          we are benefiting communities, we are  
15          contributing a significant amount of social,  
16          environmental and economic benefits to the  
17          region. A report that we did just about two  
18          years ago projects about a \$3.1 billion economic  
19          impact for the City of Philadelphia as a result  
20          of just Green City, Clean Waters alone, so we  
21          are huge supporters of Green City, Clean Waters  
22          and nature-based stormwater management in  
23          general.

24                      We are -- because of our mission, again,

1 we are very, very sensitive to the annual income  
2 constraints of a large number of Philadelphians,  
3 and -- but we also understand that water is  
4 significantly undervalued. So, if you think  
5 about the bottle of water that you purchased  
6 today, just this little tiny bottle of water, it  
7 probably cost you 1.50, if you paid for water  
8 out of your tap the degree to which you paid for  
9 that bottle of water, your rate would be  
10 exponentially higher. And, so just wanted to  
11 put that out there. Not asking for the rates to  
12 go up that high, obviously, but trying to help  
13 us appreciate that what we do get from the Water  
14 Department is significantly undervalued as it  
15 is.

16 Specific to the incentives that the Water  
17 Department offers for the private sector,  
18 because that's the space that we're in, so the  
19 SMIP and GARP grants that Joanne mentioned that  
20 support the private sector to manage their  
21 stormwater on their properties and, therefore,  
22 reduce their stormwater feeds.

23 The private sector is necessary to achieve  
24 the goals of Green City, Clean Waters, all of

1           which helps to keep your rates down. So, the  
2           more the private sector engages, the less public  
3           investment the Water Department has to make, and  
4           so these incentives are critical to engaging the  
5           private sector in implementing stormwater  
6           management practices on their properties, and  
7           these two grants are a significant tool, one of  
8           many significant tools, to help keep those costs  
9           to the Water Department down. So, the dollars  
10          that the Water Department spends through those  
11          grants per acre are, I want to say close to  
12          half, but definitely significantly less than  
13          what the Water Department spends on public  
14          projects.

15                 So, those grants themselves, while they  
16          are costing the Water Department money, are  
17          actually helping to keep their costs low, which  
18          in turn helps keeps the ratepayer's costs lower.

19                 So, there are a number of additional  
20          reasons why the Sustainable Business Network of  
21          Greater Philadelphia supports Green City, Clean  
22          Waters and, in turn, then, supports the  
23          necessary, what we think are reasonable rate --  
24          proposed rate increases. But I'll stop there,

1 just to leave the floor to somebody else.

2 THE CHAIRMAN: Thank you very much. And  
3 that's S-M-I-P and G-A-R-P.

4 MS. PICKENS: Hearing Officer, could I ask  
5 the witness just a couple of questions,  
6 cross-examination?

7 MS. BROCKWAY: We generally don't do that.  
8 We'll take a little break and consult on this.  
9 I've never seen this before.

10 MS. PICKENS: Okay.

11 (Pause.)

12 MS. BROCKWAY: We're going to wait until  
13 everyone has had a chance to speak that wants to  
14 speak.

15 I've got Deirdre Agan or --

16 MS. AGAN: Agan. I don't represent  
17 anybody but myself in the neighborhood. I live  
18 in Roxborough, and I just want to tell you what  
19 I've seen, because I'm in the middle of a  
20 14-month mess in our neighborhood. It's a  
21 project where they're replacing pipes. I was so  
22 happy about that, and I was really calm about it  
23 for about 11 months. It was a project that was  
24 supposed to take six months. It's four blocks.

1           They're working on four blocks, and it's taking  
2           14 months and it's not over.

3                     I am -- I'm happy with the Department,  
4           that they're progressive, they're  
5           forward-thinking, you know, they do a lot of  
6           conserving of water. I really appreciate that.  
7           But if you think that you're going to do all  
8           this work in the next two or three years or 10  
9           years, if it takes you 14 months for four blocks  
10          and it's still not finished, something is wrong.  
11          It has to be more efficient or nothing's going  
12          to get done. It's extremely frustrating.

13                    MS. BROCKWAY: Thank you.

14                    No one else has signed up, but, as I said,  
15          if there is anyone else from the public that  
16          would like to make a statement, we welcome you  
17          to come up and give us your statements.

18                    (Pause.)

19                    Ms. Shipp, are you willing to answer a  
20          couple of questions on the record from --

21                    MS. SHIPP: I can do my best. If I have  
22          the answers, sure. Do you want me to come up  
23          there?

24                    MR. DASENT: If I might observe, it puts a

1 chilling effect on customers coming forward if  
2 they feel they have to submit to questions, but  
3 I understand you trying to hear both sides of  
4 it.

5 MS. BROCKWAY: Well, this is -- as I said,  
6 this is unusual, but Ms. Shipp stated that she  
7 represented an organization, she was clearly  
8 reading from a prepared -- not a document,  
9 necessarily, but notes, and the organization's  
10 taking a position. So, this is not -- I'm not  
11 afraid of that in this case, although ordinarily  
12 it might be a problem.

13 MS. PICKENS: And this is just intended to  
14 ask a few clarifying questions and not intended  
15 to be an exhaustive cross-examination in any  
16 way.

17 MS. SHIPP: I will do my best.

18 MS. PICKENS: And I know that in these  
19 rate cases we have had the opportunity to  
20 question public input participants to the extent  
21 this provides any guidance on the process.

22 MS. SHIPP: And if there's something -- if  
23 there's something I can't answer today, then I'm  
24 happy to follow up with you otherwise to give



1           you whatever information I can.

2                   MS. PICKENS: Sure. And these are just  
3 intended to get some clarification about your  
4 organization.

5                   MS. SHIPP: Sure.

6                   MS. PICKENS: Is it correct that one of  
7 the priority initiatives of the SBN is this  
8 Green Stormwater Infrastructure Partners?

9                   MS. SHIPP: Correct.

10                  MS. PICKENS: Okay. And that initiative  
11 represents firms and businesses who want to  
12 provide services related to green stormwater  
13 infrastructure?

14                  MS. SHIPP: Correct, they are local  
15 independent businesses who are landscape  
16 architects, engineers, landscape contractors,  
17 all of whom provide relevant products and  
18 services to stormwater management.

19                  MS. PICKENS: Okay.

20                  MS. SHIPP: And we're employing  
21 Philadelphians.

22                  MS. PICKENS: And the initiative was  
23 founded when the Department started this Green  
24 City, Clean Waters program?

1 MS. SHIPP: Not directly. We launched it  
2 in January of 2013. The Green City, Clean  
3 Waters was signed a year and a half before that.

4 MR. DASENT: Madam Hearing Officer, please  
5 note our continuing objection. We don't believe  
6 that this is appropriate. I've never seen, in  
7 30 years, a cross-examination of this kind. If  
8 there's any interaction that's necessary between  
9 Community Legal Services, the public advocate's  
10 office, and this organization, I'm sure she  
11 would welcome that; but I don't know that it's  
12 appropriate on the record, because it seems to  
13 dampen the whole atmosphere of come forward,  
14 tell us what you need to spread on the record  
15 from your point of view and with no dampening  
16 effect or constraints presented.

17 MS. BROCKWAY: I understand what you're  
18 saying. I -- no one else wanted to come  
19 forward, so I didn't think that we were shutting  
20 down anybody who wanted to come forward.

21 MS. PICKENS: And, Madam Hearing Officer,  
22 the Board is going to be weighing the  
23 Department's proposal, looking at the testimony  
24 in support of it and in opposition to it, and

1           this is our only opportunity to get  
2           clarification about the witness's interest in  
3           the -- these proposals.

4                   MS. BROCKWAY: I actually --

5                   MS. SHIPP: I'm more than happy to follow  
6           up outside of this or any kind of written  
7           information about who we are, what we do and why  
8           we care about Green City, Clean Waters, so it's  
9           definitely not the only time.

10                   MS. BROCKWAY: That would be the better  
11           practice, so let's stop with the questions right  
12           now and have you two get together --

13                   MS. SHIPP: Sure.

14                   MS. BROCKWAY: -- at a convenient time.

15                   MS. PICKENS: Would the Board entertain a  
16           further written question and answer on the  
17           record?

18                   MS. BROCKWAY: If it comes from the  
19           witness's organization, sure.

20                   MS. PICKENS: Okay.

21                   MS. BROCKWAY: Did you have any questions  
22           you wanted to ask, counsel for the Department?

23                   MR. DASENT: No. Unprecedented this is  
24           happening. I will not participate.

1 MS. BROCKWAY: Okay. Well, anybody else  
2 from the public who wants to say anything? Oh.

3 When you come up, ma'am, would you state  
4 your name and spell your last name.

5 MS. GRAY: Sure. My name is Eileen Gray,  
6 that's G-r-a-y, and I just wanted to find out  
7 that if this proposed hike happens will it  
8 include repairs or will it include, I would say,  
9 the Water Department considering some kind of  
10 method of monitoring the malfunctioning of all  
11 the meters that are going on right now? Because  
12 I'm in real estate and many of my settlements  
13 have had this problem where the water meter was  
14 malfunctioning prior to settlement, the owner  
15 has no clue, because maybe the water is a little  
16 lower price-wise but still getting billed, and  
17 then we go to settlement, we have to put stuff  
18 in escrow, because the Water Department is  
19 telling the title company that the water meter  
20 looked like -- the water company's telling us  
21 the water meter must be malfunctioning.

22 Is there any kind of alarm system or  
23 anything that can be put on these meters that  
24 are malfunctioning? Because your Water

1 Department person came out and clarified to me  
2 that it was a malfunctioning part of your  
3 equipment, yet --

4 MS. BROCKWAY: Not our equipment, but the  
5 Water Department's equipment.

6 MS. GRAY: Yes, the Water Department's  
7 equipment. And there seems to be an inequity  
8 here, because the person that suffers the cost  
9 here is the actual person that has the  
10 malfunctioning equipment, and I just think  
11 that's a really unfair position. If something  
12 malfunctions and we don't know it, the public  
13 doesn't know it, why are we bearing the cost?

14 And that's what's happening over and over  
15 again, and it's thousands of dollars. You  
16 decide to -- you pick a number out -- the Water  
17 Department picks a number out of the air. We  
18 can't even figure out how to get to these  
19 numbers, but they're thousands. It's not just a  
20 couple hundred dollars, it turns into thousands  
21 of dollars, and so there has to be something  
22 done to monitor these -- something as simple as  
23 maybe like an alarm, like the fire alarm, like  
24 your smoke alarms, something that would tell the

1 homeowner that this thing is malfunctioning.  
2 So, we have no clue, we're not water meter  
3 people, and we find out at title time. So,  
4 that's one of the issues.

5 The other issue is if the meter is stolen,  
6 which I'm also a landlord and I've had a meter  
7 stolen, we knew it right away, because it was a  
8 Section 8 person that was in the property and  
9 Section 8 does inspect every year; however, the  
10 Water Department was fining me \$2,000 with no  
11 explanation of this \$2,000 amount. The meter  
12 was only missing a couple of months, so it can't  
13 be water usage. So, I guess just these numbers  
14 that are picked out of the air have to stop,  
15 especially if the rates are going to increase.

16 Thank you.

17 MS. BROCKWAY: Thank you. Is there anyone  
18 else from the public who would like to speak?

19 (Pause.)

20 There have been a number of factual  
21 questions raised, and we'd like to give the  
22 Department an opportunity to answer those while  
23 you're here, and so I would invite the  
24 Commissioner to come back.

1 MS. McCARTY: Can everybody hear me?

2 MR. POPOWSKY: It's really easier to hear  
3 if you use a microphone.

4 MS. McCARTY: Okay. Sorry.

5 (Pause.)

6 Is that okay? Okay. So, the first issue  
7 about the charity discounts, the -- if I'm not  
8 mistaken, this was enacted by City Council and  
9 it's part of the City Code and has been around  
10 since at least the 1970s. What I can tell you,  
11 though, is that we've recently begun  
12 reviewing -- a rigorous review of the charity  
13 discounts and ensuring that they actually do, in  
14 fact, qualify for the charity discount in  
15 compliance with all the state laws and, you  
16 know, that they are purely a public charity.

17 I should also note that University of  
18 Pennsylvania, the -- if it's a residential, they  
19 do not get the charity discount. And we're  
20 happy to look into the other issues more  
21 specifically and get back to the Rate Board, for  
22 the record.

23 The property, I believe, ma'am, you were  
24 talking about Green Lane, and that has met with

1           many complications. I don't know -- and we can  
2           look into it and talk offline, but I'm not sure  
3           why you were led to believe it would be less  
4           than the time that it already has. It is a --

5                   MS. AGAN: That's what we were told when  
6           it first started.

7                   MS. McCARTY: Yeah, and I apologize for  
8           that, but I'd like to talk to you offline,  
9           because, again, as Joanne mentioned, customer  
10          service is very important, and improving our  
11          construction and quality of life issues with our  
12          contractors is very important to us, and so I'm  
13          -- I'd love to talk to you, if you don't mind.

14                   MS. AGAN: Okay.

15                   MS. McCARTY: And regarding the meters:  
16          So, one of the things is that a stolen meter,  
17          that has to be replaced and that's \$195,  
18          typically, if it's a five-eighths-inch meter,  
19          but the -- my understanding is that actually the  
20          amount of money that's billed is not typically  
21          pulled out of thin air. It's based on previous  
22          consumption. And if you ever have questions or  
23          dispute it, we can always help explain why it is  
24          the way it is.



1                   Now, to your point about, you know, it's  
2                   not fair for the property owners to have to pay  
3                   for water that was not recorded on the meter  
4                   because the meter wasn't properly working: A  
5                   water meter is basically three parts, there's  
6                   the actual meter that's doing the -- you know,  
7                   the water's going through it, that sends a  
8                   signal to the register, which is that black  
9                   round thing that sits on top of that meter, and  
10                  then there's a square box, and that's where the  
11                  encoded recorder transmitter is, or ERT, as we  
12                  call it. And so if the register's not  
13                  communicating with the ERT or the ERT is not  
14                  communicating with the vehicle that drives down  
15                  the road once --

16                 MS. BROCKWAY: That's E-R-T, right?

17                 MS. McCARTY: Yes.

18                 -- (Continuing) once a month to capture  
19                 that reading, then we won't get an actual read.

20                 But on the water bill there are two places  
21                 I always try to get customers to look at: On  
22                 the right-hand side of the bill, about the  
23                 middle, is a bar graph, and that bar graph shows  
24                 consumption, and it should also show consumption

1           if someone's living there. And if it's a dark  
2           blue, that's an actual reading; and if it's a  
3           light blue, it's an estimated reading. And that  
4           would be something that folks should be calling  
5           to say, hey, there's something wrong with the  
6           meter, please make an appointment.

7                     The other place is, on the left-hand side,  
8           where you have your previous month's reading and  
9           then the current reading, and it says an  
10          estimate or actual. So, there's another place  
11          you can see if it's an estimate. And if it's an  
12          estimate, you need to contact us, you can call,  
13          our main number is 685-6300, for a meter  
14          appointment.

15                    So, why is this the property owner's  
16          responsibility? Well, water bills always go  
17          back to the property, whether it's a rental  
18          property or not. We do have right now recently,  
19          because we've heard -- this is something we've  
20          heard from a lot of folks that are property  
21          owners that rent their properties that, you  
22          know, I want the bill in my tenant's name, but  
23          the -- you know, I don't want to be stuck with  
24          that bill on my property.

1           We -- if you do want the bill in your  
2           tenant's name, we now will send it to both the  
3           owner and the tenant, so the owner can see  
4           whether that bill's being paid and take  
5           appropriate action if they don't want to have it  
6           build up on -- you know, against their property.  
7           So, that is something fairly new we've been  
8           doing for about a year, I think. So, that is an  
9           option that is available.

10           With the malfunctioning meters, we do have  
11           a -- something called 0 read. And when we get  
12           enough 0 reads, you know, consistently, we have  
13           a unit that goes out and investigates those and  
14           we send letters.

15           If the customer gets back to us and makes  
16           an appointment and it turns out that the 0  
17           reading is actually not accurate, because people  
18           were living there and using water, which  
19           somebody has to pay for -- and if you've  
20           consumed it, that's why we back bill -- we will  
21           -- we have a policy where the previous 12 months  
22           the property owner's responsible for and then  
23           the -- any time before that, since the 0  
24           readings began, it's a shared responsibility,

1 and so the Department would, you know, assume  
2 half the cost and the property owner would  
3 assume half the cost. And that is available any  
4 time one of these things comes up, as long as  
5 we're provided access to the meter.

6 And, again, you say why is the -- why is  
7 the property owner bearing the cost? Because  
8 there was water consumed and there were water  
9 and sewer services consequently used, so, you  
10 know, that has to be paid for by the property  
11 owner. And it is somewhat -- we believe it's a  
12 shared responsibility, that the property owners  
13 should be looking at their meters as well and  
14 looking at their bills to make sure that  
15 everything is accurately consumed, because if it  
16 -- you know, if there's a really high bill, you  
17 want to catch that, too, because that could be,  
18 as it always is, and we tell folks a leaking  
19 toilet, but it could be a leak in the property  
20 as well, and you want to get that taken care of,  
21 because you don't want to have to pay that high  
22 bill for water that just went down the drain.

23 So, I hopefully addressed all the issues.

24 If anybody has anything else, I'm happy to --

1 I'll be here, as well as the rest of the staff.  
2 We can always look into specific property issues  
3 you might have. And don't hesitate to contact  
4 and come up to any one of us. Thank you.

5 THE CHAIRMAN: Thank you, Commissioner.

6 That concludes the hearing. There will be  
7 a transcript of the hearing in a couple of weeks  
8 and it will be posted on the Rate Board's  
9 website.

10 Again, please send in your questions or --  
11 well, more comments than questions, because  
12 there's a limit to what the Board can actually  
13 answer, but we do want to hear what you have to  
14 say about these proposals.

15 And if you have a particular concern, not  
16 only can you speak to the Department, but also  
17 the public advocate probably would be happy to  
18 hear from you as well.

19 With nothing else, thank you very much, I  
20 conclude this hearing.

21 (Whereupon, the hearing concluded at  
22 approximately 7:23 p.m.)

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

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I, Krista L. Schultz, hereby certify  
that the foregoing is a true and correct  
transcript of the proceedings held in this  
matter, as transcribed from the stenographic  
notes taken by me.

KRISTA L. SCHULTZ  
COURT REPORTER

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