

April 23, 2018

Philadelphia Water, Sewer, and Stormwater Rate Board
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

Dear Board Members:

I spoke briefly at the PWD Hearing on 4/19/2018, but I have more to say prompted by what I heard at that meeting.

Background Information

I moved to Philadelphia in 1968, having been born and raised in New Orleans. We drank tap water in New Orleans, and I drink tap water here. It is unfortunate and almost criminal that Nestle and its competitors have fooled and frightened people into drinking (and wasting money on) bottled water. I have degrees in biology, so I understand protecting our watersheds, reducing runoff, and the complexity of municipal water purification and waste treatment facilities. I look at your annual water quality report. BUT... I am also a senior citizen who retired in 2015 at age 69, and that changed my economic reality forevermore.

I worked very hard all my life and prepared in every way I could for retirement, but my budgeting situation nonetheless changed from getting occasional raises at work to coping on a fixed income. I still have a mortgage. Medical expenses keep going up. Now the City wants a big property tax increase, and PWD wants another big rate increase. It all has to fit somehow into that fixed income. As a result, there will be less for food, clothing, medical care, insurance, and some pocket money for a movie or a Wawa coffee. I am hardly alone – Philadelphia's residents are 12.9% seniors (65 and up). Moreover, senior ratepayers like myself are strategizing every month to save a some money for the next big unplanned expense – how much longer will the fridge last? how much longer will the washer and dryer last? will the 13-year-old car need any expensive repairs soon? when will the furnace need replacing? when will the air conditioner unit need replacing? Etc., etc.

I like to have data to look at, so I have maintained Excel spreadsheets summarizing my three utility bills starting in 2000 when I moved to this house. First – for comparison – let me review my historical gas and electric rates.

Happily, I have found several ways to conserve gas and electricity over the last 18 years in this house (e.g., insulating the attic and garage, switching to CFL and now LED lights, putting optional appliances on power bars to keep them turned off unless in use, etc., etc.) so that my annual consumption of gas has fallen by 30% and my annual consumption of electricity has fallen by 23%. Thus, my annual costs for both gas and electricity have fallen over the last 18 years despite some increases in rates.

PGW gas rates went up 29.6% from 2000 to 2011, but then began to fall (a national trend) and are now only 16% above the 2000 level. My electric rates have been influenced by availing myself of Electric Choice beginning in 2011. **My generation+distribution rate rose 19.3% from 2000 to 2010 but FELL 10.8% in 2011 and is the same as in 2011 right now in 2018.** These facts stand in stark contrast to the 100% rise in my water rate from 2000 to 2018.

How Would the Proposed Water Rate Increase Affect Me?

My monthly water usage is predominantly 2 or 3 CCF year after year after year. I would have to stop showering, flushing, cleaning, and cooking to use any less water! Despite my very conservative and essentially flat consumption of water between 2000 and 2018, my customary monthly water bill has doubled over that time – **as I said above, a 100% increase in 18 years.** My monthly water bill has increased substantially every year since 2005, including up and up and up throughout the Great Recession. There's yet another "scheduled increase" coming in July 2018. **There is never any way for me to mitigate this relentless increase,** and now you propose another 10.6% increase over four more years. **I oppose that request very strongly.**

I don't qualify for TAP. I was not a low-income customer when I was employed, and my retirement income is above the TAP limit. I found nothing on your website about help for seniors who are now on fixed incomes, although it was said at the hearing that there is a senior program which you have just realized you ought to be explaining on your website. Yes, indeed you should! Tell us the parameters of the senior program – stop saying: fill out one form for TAP and senior program and we'll get back to you. There shouldn't be any mysteries. Tell people the senior program terms and conditions on your website so we know whether to spend time and energy filling out a form.

I also would like to know how you set whatever the senior discount program's qualifying income may be. Just using the Federal poverty rate chart as you do for TAP is not right. Low-income wage earners can see their conditions improve over time. Seniors on fixed incomes rarely see any improvement and generally see their overall ability to cope economically degrade steadily over their retirement as prices continually increase in all aspects of their budgets. **Seniors should not have to be living in poverty (as 26% of Philadelphians currently are – a total disgrace) to receive help to manage on a fixed income year after year.** No rate-setting or taxing authority in Philadelphia should be allowed to oppress seniors economically and steadily drive them from their well-earned pre-retirement homes – homes in which they deserve the right to age with dignity. My Social Security income went up this year for the first time from its 2015 level, but the government kept almost half the raise by increasing my Medicare Part B premium, so I got a net 1.1% raise. You simply can't ask for a 10.6% increase in my water bills!

Proposal: Seniors, especially senior homeowners, need to be held harmless from this day forward with respect to water rates. All senior homeowners should get this help. The planned July 2018 increase needs to be offset immediately by your Senior Program. Going forward, water rates for seniors should be frozen at the current level – April 2018 rates – by adjustments to the Senior Program algorithm any time there is a rate increase. If somehow PWD can't cope with freezing our rates, the only increases allowed for seniors should be no more than the net percentage increase in Social Security payments after increases in Part B Premiums are subtracted.

More Reasons Why The Proposed Rate Increase Should Be Denied

All of the rate increases since 2008 have compounded for PWD and are still in effect even though many of the projects/purposes that "justified" them have been completed. PWD is still receiving all those additional multi-millions of dollars year after year. Similarly, these increases have compounded for customers, which is why my water bill is double what it was in 2000. I am at a total loss why a 2018 Rate Request: for another three-stage rate increase totaling 10.6% is needed. Surely a smaller increase, IF ANY, is needed at this time.

- **Rate Increase in 2008:** In 2008 PWD raised rates with very scant public input or comment if my diligent Internet searched are correct. As mentioned at the hearing I attended, the was the era in which the Water Commissioner raised rates virtually unilaterally. Rates increased a total of 25.1% over four years: 11/1/2008: 7.1%; 7/1/2009: 6.4%; 7/1/2010: 5.7%; and 7/1/2011: 5.9%.
- **Rate Request in 2012:** It is for some reason hard to find information online regarding the 2012 rate increase. It appears the PWD requested a 4-part rate increase over 2012 through 2015 totaling a whopping 25.9%, but it appears to have been granted rate increases only for 2013 and 2014 totaling approximately 9.1% (taken from calculation of my own water bill increases).
- **Rate Request in 2016:** PWD requested rate increases of 6.2% for 2017 and 5.5% for 2018 – a proposed overall 11.7% increase for customers. It was granted increases of 5.1% as of 7/1/2017 and 4.5% as of 7/1/2018 – a total of 9.6%.

A PWD flyer sent to customers regarding the 2017-2018 rate increases says in large blue letters on the third line from the top: **"We do not make a profit."** Really? PWD has \$200,000,000 in the bank – this is money received from ratepayers that PWD evidently **DID NOT NEED to meet its past budgets**. When I worked in business, the excess of revenue over expenses was called either profit (in for-profit companies) or surplus (in not-for-profit companies). Either way you choose to label it, PWD does make a profit. This is not acceptable for a city-owned utility.

Howmuch interest is that \$200,000,000 is earning every year? At 2% it's \$4,000,000. The interest ought to be flowing back into the operating accounts – not stay on the slush fund--and offset the need for rate increases. The Water Commissioner said at the hearing that this slush fund is needed to support PWD's bond rating. Before any further rate increases are ever granted, PWD should provide expert evidence of both that assertion and of the need for a fund of such great size. And post this information on your website for everyone to see and discuss.

Moreover, as of April 2017, PWD is owed \$279,379,662 on bills considered delinquent (<http://data.philly.com/philly/property/water/>). Philly.com arrived at this number by analyzing data from the Philadelphia Office of Property Assessment. This is a shocking level of delinquency. How many accounts are in arrears to owe so much money?! It calls into question the competency of the entire management staff of PWD. Why should compliant ratepayers suffer another rate increase as a consequence of such bungling? Some debtors are no doubt people who needed help paying their bills but didn't get it; some are no doubt freeloaders who just don't pay their bills. Some are surely seniors whose fixed incomes finally failed to stretch. As a senior, I need to speak up now while my head is still above water (no pun intended) so that I am not driven into non-payment status some day in the future. PWD should collect what it is owed before receiving any further rate increases.

One of the factors cited in the rate request is that PWD is seeing annual revenue fall due to decreased water use. Punishing customers for conserving water is insane! In this type of scenario, customers pay for their good behavior. Much better solutions and much more creative thinking at PWD are needed immediately.

And so, I answer NO to every question that the Community Legal Services Water Advocate raised:

- No, it is not fair to raise rates when PWD has \$200,000,000 in the bank.
- The \$12 million/year for the next 3 years starting September 2018 for construction should be taken from PWD's bloated \$200,000,000 bank account, not from higher rates.
- The \$10 million/year for the next 3 years starting September 2018 for stormwater management should also be taken from the \$200,000,000 bank account, not from higher rates.
- Philadelphia taxpayers, not water ratepayers, should pay the \$8 million more/year for firefighting water.

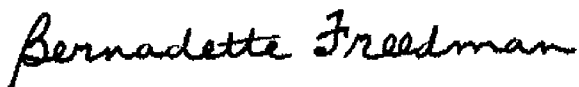
Some Ideas of Things To Do Other Than Raising Rates All The Time

- We learned at the hearing that PWD gives grants to commercial customers to do runoff mitigation. STOP THIS! Businesses exist to make money. If they think they can't afford to do the needed mitigation projects now, just raise their stormwater rates until they realize they CAN do it now and for themselves. Business customers need to pay their own way or close up shop. No other customers should ever be subsidizing them.
- Here's an idea to increase "good" water consumption. Educate the public about how unnecessary it is to drink bottled water. This isn't Flint, MI. Get the all local TV stations' news departments to do a series on Philadelphia water quality and all the aspects of water management. The series should emphasize the fact that spending money on bottled water is unnecessary except in emergencies – people should spend that money on things they really need. If more people understood how good our water is (and what contaminants can be found in bottled water), perhaps water consumption would rise. I watch Channel 10 local news – it is always trying to save viewers money and inform them about the city. I'm sure all the channels to things like that.
- Use our kids to teach their parents: Develop a "water curriculum" for Philadelphia school teachers – they love good lesson plans. If third through sixth graders learn about watersheds, wastewater management, water purification, stormwater runoff, and why bottled water is not a terrific choice except in emergencies, they will tell their parents what they are learning in school and ask them to stop buying bottled water. Kids are great at this sort of thing!
- You said your TAP participation rate is low. In a city with a 26% poverty rate, one might naively expect 26% of your residential customers to qualify for TAP. If they don't qualify or simply are not participating, it says that something is structurally wrong with how you are communicating with your customers about TAP and/or that TAP qualifications need updating. Study this and improve outcomes.

- For goodness sake, why are you still SNAIL-MAILING me my bill?!! Even stodgy old PGW started e-billing back in 2011. I have every PGW bill since then archived on my system to prove it. I can't tell from your 2017 Budget Testimony to City Council what you are spending on printing and postage, but every penny of it is outrageous in 2018. SAVE THIS MONEY!! Yes, some customers won't use e-billing, but a lot of them will, and more and more of them will over time, especially if bill inserts promote it.
- STOP snail-mailing flyers to customers. PWD needs not only to rapidly implement e-billing but also needs to include bill inserts as e-flyers attached to the e-bills. And/or, you can send them out in targeted marketing e-mails to customers once you get their e-mail addresses. The glossy color flyer about blue rain barrels was very pretty this month, but color printing on glossy paper and the associated mailing costs are so expensive and so 20th century. I would happily have followed a link to that rain-barrel page if you had used a broadcast e-mail to tell me about it. PECO does that sort of thing a lot, which is how I know about all their 2018 rebate programs. A bill-available e-mail or a marketing e-mail gets sent cheaply and gets deleted for free. But all your customers have to recycle your flyers, your blue envelope, any other inserts, and the bill itself (I wait 3 months). Then the Streets Department has to deal with all that recycling. I hate managing paper. Help me. Help the environment. Go paperless. We will thank you.

So, perhaps I've gone on long enough. But push has come to shove over water rate increases. Thank you.

Sincerely,



Bernadette Freedman

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