

CITY OF PHILADELPHIA
PHILADELPHIA WATER DEPARTMENT PRESENTATION
RATE BOARD HEARING

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Wednesday, May 2, 2018
MINUTES OF FORMAL MEETING

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LOCATION: EOM Athletic Association Banquet Hall
144 Moore Street
Philadelphia, PA 19148

REPORTED BY: Alice Mattes, Court Reporter

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HELD BEFORE: NANCY BROCKWAY - HEARING OFFICER
SONNY POPOWSKY - CHAIR

ALSO PRESENT:

DEBRA McCARTY, COMMISSIONER
JOANNE DAHME, MANAGER OF PUBLIC AFFAIRS
ANDRE DASENT, ESQUIRE

* * *

1
2 HEARING OFFICER BROCKWAY: Good
3 evening. My name is Nancy Brockway. I'm
4 the Hearing Officer appointed by the
5 Philadelphia Water Sewer and Stormwater Rate
6 Board to conduct hearings for them and to
7 develop a record and make recommendations
8 for them about the rate case. With me is
9 the Chair of the Board, Sonny Popowsky.

10 The way we do things at these
11 meetings, the first thing we do is we give
12 the Water Department an opportunity to
13 explain what it is that they want in terms
14 of a rate increase and then why they
15 believe that they need to have it, and then
16 we have a representative of the public
17 advocate. The public advocate is Community
18 Legal Services. And they are hired by the
19 Board to represent small users, mostly
20 residential small business.

21 So without further ado, I'm going to
22 introduce the commissioner of the Water
23 Department, who will introduce our first
24 speaker.

1 MS. McCARTY: Thank you, Nancy. Good
2 evening, everyone. Thanks for coming out
3 tonight. We do really appreciate you all
4 taking time out of your busy day, especially
5 on a beautiful day like today. Who wants to
6 be inside? But nonetheless, we do
7 appreciate you coming tonight.

8 And if you haven't already -- and I'm
9 not sure I see them -- the customer guides
10 on the table where you came in, I would --
11 no, that's the survey. But the customer
12 guide, she's holding that up, I would urge
13 you all, if you don't already have one, to
14 take one with you. This is new and it's
15 hopefully a go-to for everything in the
16 Water Department.

17 But, nonetheless, I also would like
18 to point out that back by the window back
19 there are some folks that can assist with
20 any questions you might have or billing
21 issues or other concerns streetwise or
22 otherwise. They are here to assist. And
23 any time during this meeting feel free to
24 go back and speak with them. We'll all be

1 here afterwards.

2 So without further ado, I'd like to
3 introduce Joanne Dahme, Public Affairs
4 Manager.

5 MS. DAHME: Thank you.

6 So good evening, everybody. And,
7 yeah, thanks for being here tonight on a
8 beautiful day. I know it's a little tough
9 when the weather's so great. I'm just
10 going to provide a general overview, and
11 then I'll talk a little bit about the
12 drivers for the proposed rate increase.

13 So the Water Department is one of ten
14 city-operating departments, but we're also
15 a public utility that provides drinking
16 water, wastewater and stormwater management
17 services. So when you get that monthly
18 bill you're paying for all three of those
19 services. We also like to point out that
20 when the Water Department does propose a
21 rate increase, we do not profit from that,
22 again, because we're a public utility. We
23 are looking to recover the costs that we
24 need to recover in order to operate and

1 maintain our system.

2 The public safety is simply our top
3 priority and we take a lot of pride in our
4 unblemished record of providing safe and
5 healthy drinking water. We are able to do
6 that because we have a robust system. We
7 have three water treatment facilities. We
8 have over 3000 miles of water main. We
9 monitor those systems on a daily basis to
10 make sure that that water is meeting the
11 levels of cleanliness that is required by
12 the DEP and the EPA. And hopefully
13 sometime soon you'll be receiving a
14 postcard from us about our annual drinking
15 water quality report, where you'll see that
16 we do better than as what's required by the
17 EPA for drinking water standards.

18 And our rivers are our drinking water
19 sources. So that's why we find it really
20 important to make sure that our wastewater
21 treatment facilities are also top quality,
22 working up to the standards or doing better
23 than the standards that are required. As a
24 result of that, our waterways are the

1 cleanest they have been in over 150 years.
2 And so we're seeing that, you know,
3 throughout the country as a result of the
4 Clean Water Act. But we also have three
5 wastewater treatment facilities and a
6 robust sewer infrastructure as a component
7 of our system.

8 The stormwater management components.
9 So the stormwater management component is
10 the most costly component for the City of
11 Philadelphia as it is for other water
12 utilities around the country. We have
13 allocated approximately 25 percent of our
14 capital program is geared towards insuring
15 that we meet our Clean Water Act standards.

16 Our Green City Clean Waters Program
17 is one of the ways that we are doing that.
18 The program is designed to reduce combined
19 sewer overflows by using what we call green
20 stormwater infrastructure. And that is
21 like rain gardens and green roofs or
22 vegetative soils, which are designed to
23 capture that first one and a half inch of
24 stormwater, which provides the capacity we

1 need in our sewer system to ensure that we
2 are able to eventually eliminate those
3 overflows over a 25-year program.

4 So what do you see in your monthly
5 bill? So I only hope that people look at
6 their bills. That's the best way to make
7 sure that you're getting an accurate
8 reading, that your readings aren't
9 estimated. But we are -- we have a variety
10 of costs in there. One is for the water,
11 and that's for the water treatment and the
12 delivery of that safe and top-quality
13 drinking water. The other component is for
14 the sewer. And that means every time you
15 use water in your property, you flush your
16 toilet, you take a shower, that water goes
17 down your drain, goes into our system and
18 is treated at one of our wastewater
19 treatment facilities. The stormwater
20 management component is for the Clean Water
21 Green City Program, but other components of
22 our infrastructure that are dedicated just
23 to stormwater collection and management.
24 And the final part is a service charge.

1 And that's related to your billing and
2 collections, the metering component of our
3 operation.

4 So why do we need a rate increase?

5 So this rate increase is a proposal over
6 the next three years. We're saying fiscal
7 year '19 to fiscal year '21. We're looking
8 to recover approximately 116 million in
9 operating revenues. The drivers for that,
10 there are a number of drivers. One of
11 those is as you look at our infrastructure
12 we call our pipes and plants. If you think
13 about the past winter that we had, we had
14 over 650 water main breaks between December
15 and February that was a result of extreme
16 cold weather, but as a result of an aging
17 infrastructure. So your most vulnerable
18 pipes will break under those extreme
19 weather conditions.

20 We are looking to ramp up the miles
21 of main that replace on an annual basis.
22 Today we're joining about 28 miles of main.
23 Over the next six years we're looking to do
24 about 42 miles of main. We're also looking

1 to ramp up our sewer renewal process.
2 We're also replacing -- our sewers are old.
3 So we're replacing sewers or lining those
4 sewers to make them more structurally
5 sound.

6 Also, we have to do that same thing
7 with our wastewater treatment facilities.
8 We have to do some expansion. And with our
9 water treatment facilities, we need to
10 ensure that we upgrade them as needed to
11 continue to meet more stringent
12 requirements of the Safe Drinking Water
13 Act.

14 People. It's every business, the
15 people are the heart of every business.
16 And we have over approximately 2000
17 employees. Some of those employees who
18 work 24/7 operating our facilities,
19 repairing those mains, repairing those
20 sewers, making customer visits to
21 properties when they call us with an issue
22 about a leaking service or something going
23 on in their property, monitoring the water
24 quality in our mains. So, you know,

1 salaries go up, pensions go up, health
2 benefits. So that is a component of that.

3 We also see a reduced water
4 consumption. And that's not just the City
5 of Philadelphia, that's a national trend.
6 When you think about it, people are using
7 less water. You know, there's a
8 conservation epic that is out there. But
9 there is also when you buy a new dishwasher
10 or buy a new washer, they're designed to be
11 energy and water conservation efficient.
12 So any time you use any of those appliances
13 you're using less water.

14 We have seen sort of a drop in the
15 water consumption over the past ten years.
16 That does impact the unit cost of water
17 when we provide that to our customers. We
18 have estimated as a result of that
19 reduction that over the next three years to
20 their proposed rate period we may be losing
21 about 11 million dollars of potential
22 operating revenue.

23 So the final component is the
24 environmental compliance. And that's like

1 our Green City Clean Waters Programs, which
2 is under the Clean Water Act, Safe Drinking
3 Water Act. We certainly recognize that we
4 need and want to meet those regulatory
5 requirements making sure that we're
6 cleaning up our drinking water sources and
7 providing top-quality water. Though
8 there's certainly a cost to that. And we
9 always try to balance the environmental
10 compliance with affordability.

11 So the Rate Board -- Nancy introduced
12 the Rate Board. The Rate Board is really
13 in charge of overseeing this process. It
14 makes the final recommendation. They're an
15 independent body. They were developed as a
16 result of the 2012 City Balance and City
17 Council passed an ordinance. This is the
18 second rate process the Rate Board is
19 overseeing. They analyze everything that
20 the Water Department submits, financial
21 planning and any kind of technical
22 documentation of the reports that justify
23 from our perspective the need for the rate
24 increase. They also listen to the public

1 advocate for which in this case is
2 Community Legal Services, which also
3 reviews our documentation. And then
4 there's also this public process. So it's
5 really important that people come out and
6 give us their opinions. You can write to
7 the Rate Board. You can send an e-mail to
8 the Rate Board. But all that information
9 becomes sort of like evidence to the
10 process.

11 We're looking to complete this
12 process or have a report from the Rate
13 Board sometime in July with a hope for by
14 the Water Department implementation of the
15 first phase of the rate increase in
16 September, this coming September.

17 So we'd like to emphasize public
18 input is something we take very seriously.
19 The last rate case we heard a number of
20 important issues from the public, and we
21 take that information, we try to either
22 revise our programs or implement new
23 policies as we can. We did hear from a lot
24 of people about, particularly low-income

1 customers, about their struggle to afford
2 water. And as a result of that, working
3 with Community Legal Services and
4 Councilman Sanchez, we did create a new
5 affordable rates program, which I'm going
6 to talk about in the next slide.

7 We've also heard from many people how
8 difficult it is sometimes to get through to
9 our Water Call Center and the Revenue Call
10 Center. So we have two separate phone
11 lines: One to call if you have a water
12 emergency or service request; the other if
13 you have a billing question.

14 We have recently physically merged
15 those centers and we have begun
16 cross-training our staff so that when a
17 customer calls they can get what they're
18 calling first-call resolution. They get a
19 customer service representative that can
20 answer their phone and provide them with
21 the information that they are looking for.
22 So we're sort of proud of that. But,
23 again, that came from the public, who told
24 us that this is what they wanted to see.

1 Improved language. So we're always
2 looking to ensure that we have
3 publications, either online or in print, in
4 languages that are spoken by our customers.
5 So not everybody speaks English. We've
6 always had that ability at our call
7 centers, but more recently we have ensured
8 that our field staff have also access to
9 interpreter services. So if you see a
10 construction project happening, if a water
11 main's being repaired, if a customer field
12 service representative comes to your
13 property, they have the ability to request
14 translation services when they're at a
15 property. We're also looking to ensure
16 that we have more publications that are in
17 Spanish and other languages as requested.

18 We also implement a lead service
19 assistance program. So the last time we
20 were proposing a rate increase Flint,
21 Michigan, and lead in drinking water was
22 one of the top issues we were hearing from
23 customers. The Water Department does not
24 own those lead service lines. So we

1 recognize that was a real concern on the
2 part of the public. So we instituted a
3 program that when we are replacing water
4 mains on the block we offer our customers
5 who do have a lead service a free
6 replacement from the main in the street all
7 the way to the meter in the property. In
8 the past, we only replaced that section of
9 service line that went to the sidewalk. So
10 that is a new component.

11 We've also expanded our zero-interest
12 loan program, which is designed to assist
13 customers who receive defective -- a notice
14 of defect for either a bad lateral or a
15 leaking water service. We've expanded
16 that, so that is an also replace a lead
17 service line if a customer has a concern
18 about that.

19 We're also looking to expand the
20 ability for tenants and occupants to become
21 water customers. We've been working with
22 CLS on that looking to make the process a
23 bit easier. We'd also like to take that
24 next step so that there's customers who

1 do -- who are eligible for our low-income
2 assistance program will have sort of a
3 speedier access to that.

4 So I mentioned our new affordable
5 rates program, otherwise known as our
6 Tiered Assistance Program. That program
7 was implemented on July 1. That program is
8 really targeted to the poorest of the poor
9 among our customers and for people who are
10 between zero and 150 percent of the Federal
11 poverty level. We call that tiered,
12 because if you're between zero and
13 50 percent you are now paying a bill based
14 on your income at 2 percent. If you're at
15 51 to 100 percent, you're paying a bill
16 based on 2.5 percent of your income. And
17 if you're between 101 and 150 you're paying
18 a bill based on 3 percent of your income.
19 So the usage component is not taken into
20 account for our customers who do meet the
21 eligibility requirements for this. Those
22 customers do not have to be delinquent on
23 their bill, so it's more proactive in a
24 sense that if they're struggling to pay and

1 that's been the message, that they should
2 apply.

3 This new program is a one-stop shop
4 application. So there's one application
5 for anyone who is looking to apply for the
6 senior citizen discount, for the TAP
7 Program, or for other assistance programs.
8 So we're hoping that people take advantage
9 of that. We've been doing a lot of
10 information campaigns around that. And
11 what is important regarding this process, a
12 customer who is on our TAP Program will not
13 be impacted by the proposed rate increase.
14 'Cause, again, these bills are based on
15 your income and not your usage.

16 So how much would a typical bill,
17 monthly bill -- monthly water bill increase
18 if this proposed rate increase does go into
19 effect? So the current typical bill, and
20 this is for a customer who's using about
21 500 cubic feet of water per month, and this
22 is a residential customer, you're most
23 likely paying about \$66.50 per month. I
24 mentioned this was a three-year phase-in,

1 so we're looking to increase those bills
2 this coming September by 1.1 percent. The
3 next phase-in would happen the following
4 September by 5 percent. And by September
5 of 2020 we're looking for a 4.5 percent
6 increase. At the end of that three-year
7 abatement that would be about an increase
8 of \$7.20 on a typical monthly customer's
9 bill.

10 So the public role. I think I
11 mentioned that. It's really important that
12 people attend public meetings. And if they
13 can't, a lot of additional ways for them to
14 provide their opinions about the proposed
15 increase or their opinions about our
16 customer service and how we can improve
17 that. So the address is up there for the
18 Rate Board for people to send a letter.
19 There's a Rate Board e-mail, and just
20 testifying today or providing handwritten
21 testimony and handing that over to the Rate
22 Board, which is fine, too.

23 So, lastly, when you came in we are
24 doing customer surveys. And, again, this

1 is a component of our desire to really
2 improve our customer service. It's really
3 important that we hear from people. So
4 we're asking customers about what do they
5 think about our water quality, what do they
6 think about our cost in our operations, or
7 how are we impacting you during
8 construction projects. We take that
9 information and we look to improve in our
10 policies or programs that directly impact
11 our customers.

12 So we thank you for being here
13 tonight, and I'm going to hand this back
14 off to Nancy.

15 HEARING OFFICER BROCKWAY: Thank you,
16 Miss Dahme. I also want to thank
17 Commissioner McCarty. We have Joline Price,
18 who is with Community Legal Services. And
19 as I mentioned, they are the public
20 advocate. And Miss Price will discuss
21 similar concerns that the public advocate
22 intends to raise.

23 MS. PRICE: So good evening,
24 everybody. Thanks for being here bringing

1 your voice to this case. As Miss Brockway
2 said, my name is Joline Price. I'm an
3 attorney at Community Legal Services. CLS
4 was appointed the public advocate to
5 represent the interests of residential water
6 consumers and other small users in this
7 case.

8 We've prepared a flier, which I
9 passed around to some of you -- but if you
10 would like one, let me know -- that
11 encourages you to voice your concerns and
12 list a few of the bigger issues we've
13 identified in this case. We really want to
14 encourage you to speak up regarding the
15 proposed rate increase and any other issues
16 that you think the Water Rate Board should
17 hear.

18 In this case the Water Department is
19 asking for 116 million more in rates. If
20 this request is approved, your rates will
21 go up each year for three years. If
22 approved, you'll be asked to pay 87 to 95
23 dollars more per year for water. This
24 represents an 11 percent increase in your

1 water bill. In our role as public
2 advocate, we've been working with a team of
3 experts to examine the financial figures
4 provided by the Water Department. We have
5 concerns about the way the Water Department
6 estimates how much it needs you to pay in
7 higher rates. We have concerns about
8 the -- oh. Last time the Water Department
9 raised rates, they received 89.5 million
10 dollars more in revenues. It said it needs
11 that money, but also said it would spend
12 some of the 200 million dollars that is
13 collected in the bank.

14 * * *

15 (Whereupon a brief interruption occurs.)

16 * * *

17 MS. PRICE: But the Water Department
18 hasn't spent the money it has in the bank
19 and is now back asking you again for more.

20 We want to hear from you. Do you
21 think it's fair to raise your rates, as the
22 Water Department hasn't been spending the
23 money you've already paid?

24 We are also examining several large

1 policy changes, which the Department is
2 proposing and which directly contribute to
3 the higher rates. First the Water
4 Department wants you to start paying
5 approximately 8 million dollars more per
6 year for water used by the fire department.
7 That cost doesn't pay for tax dollars per
8 decade. Why should you have to pay a water
9 bill to help cover the expenses of fighting
10 fires all over the city in hotels, office
11 buildings, or even a public facility? That
12 water doesn't come through your meter.

13 The Water Department also wants you
14 to pay an additional 12 million per year to
15 directly finance construction projects.
16 These projects are supposed to benefit
17 customers for decades, but the Water
18 Department wants you to pay for them now
19 instead of spreading the cost over time or
20 spending some of the cash it already has in
21 the bank.

22 The Water Department wants you to pay
23 an additional 10 million for grants to
24 commercial developers who construct green

1 stormwater infrastructure that helps keep
2 stormwater out of the City sewers. That's
3 a lot of money. And the Water Department
4 wants you to pay for it, instead of
5 spending the 200 million cash they have
6 sitting in the bank.

7 You may or may not have heard about
8 the Tiered Assistance Program, the Water
9 Department's new affordability program.
10 This program provides discounted bills, but
11 only if you're able to enroll. Have you
12 heard about the program?

13 MR. BALZER: No.

14 MS. PRICE: Have you tried to apply
15 and were unable to get enrolled?

16 The Department and the Rate Board
17 need to hear from you on those vital
18 issues. You're only going to be protected
19 from the rate increase if you're actually
20 able to enroll in the program.

21 We want to hear any other concerns
22 you have about the Water Department and the
23 Water Revenue Bureau based on your
24 experiences. If you feel that customer

1 service needs to be improved, we believe
2 you should say so. If you believe the
3 Water Department has not been responsive or
4 available when you've had issues, we
5 believe you should say so. If you believe
6 the Water Department does a great job at
7 certain things, or a not so great job at
8 other things, we believe you should say so.

9 Come forward, provide your input and
10 share your experiences so they can be
11 considered in this case. So the Rate Board
12 has the obligation to balance your interest
13 against the Department's claimed need for
14 higher rates, because the law requires that
15 rates be just and reasonable. It is
16 important for the Hearing Officer and Board
17 Members to hear that there are many
18 real-life people in our community for whom
19 an 11 percent increase would be a real
20 burden.

21 The flier that we have, also, in
22 addition to all the public hearings, this
23 is the last one, has information about
24 submitting comments in writing. Please

1 take one. Tell your friends. Tell your
2 neighbors. And please submit input in
3 writing if you'd like to do so. We could
4 also help you understand any of the issues
5 or talk through how to submit public input.
6 So feel free to ask us for more information
7 or find our contact information on the
8 flier. So thank you.

9 * * *

10 (Applaud.)

11 * * *

12 HEARING OFFICER BROCKWAY: Thank you,
13 Miss Price.

14 I wanted to make a couple of
15 housekeeping notes. We do have a court
16 reporter. At these public hearings we are
17 taking down a recording of what people are
18 saying. Because one of my jobs is to
19 collate all of the public comments, both
20 oral and written, that the Board gets and
21 give the Board an accurate picture of the
22 types of concerns or comments that are
23 raised.

24 We're about to start opening it up to

1 the public. But I'm told that a
2 representative of Councilman Squilla's
3 office is here, and I wonder if he would --
4 there he is in the back.

5 So he has identified himself. And
6 I'm -- I don't know whether he will be able
7 to stay for the whole meeting. But I'm
8 sure he'd be glad to hear your concerns
9 also.

10 MR. LAUER: I'm staying. I'm not
11 going anywhere.

12 HEARING OFFICER BROCKWAY: Okay. We
13 have the sign-in sheets. And so far we have
14 three people who have indicated an interest
15 in speaking. And this is not in any
16 particular order, but I'll just go down the
17 list. The first is Henry Balzer.

18 Mr. Balzer, why don't you come up.
19 And there's a microphone available and
20 everybody could hear.

21 MR. BALZER: Thank you. Thank you
22 very much.

23 Actually, I think that one of the --
24 one of the things that should be brought to

1 everyone's attention is how come the Water
2 Department doesn't try to recoup all the
3 delinquent bills or the money for the bills
4 from over the years? That would more than
5 offset the rate increase. Number two, I
6 believe, personally believe that all senior
7 citizens should get a break in their bills.
8 Most -- a lot of senior citizens are just
9 over that threshold, where they don't meet
10 the criteria to get a rate -- a little bit
11 of a break on their bill.

12 And, like I said, I believe 11
13 percent is above and beyond anything I've
14 ever heard of. Okay? What I want to point
15 out is that back in around 1970 your
16 average water bill -- I was around back
17 then -- was about 25, 30 dollars every
18 three months. Not every month, every three
19 months. And then once the '80s hit, the
20 mid '80s, the bills escalated. And it just
21 kept on going ever since. And you guys
22 have 200 million bucks in the bank. Let's
23 get serious. I mean, how come that's not
24 being taken into account?

1 And, like I said, a lot of people out
2 here are struggling. I don't think the
3 Water Department or the City of
4 Philadelphia understands that. There's a
5 lot -- like I said, there's a lot of
6 seniors out here, there's a lot of
7 low-income people out there -- out here
8 that are struggling from week to week. And
9 I don't think that, you know, anybody
10 cares, anybody cares about these people. I
11 really don't. And that's basically all I
12 have to say. For the time being, anyway.

13 HEARING OFFICER BROCKWAY: Thank you
14 very much.

15 * * *

16 (Applaud.)

17 * * *

18 MR. BALZER: Thank you.

19 HEARING OFFICER BROCKWAY: If you
20 missed our last hearing, I would invite you
21 to, if you have e-mail, send us an e-mail or
22 write us a snail mail letter and let us
23 know.

24 By the way, the Board is composed of

1 volunteers appointed by the mayor and is
2 independent of the Department. So if you
3 make a complaint to the Department it
4 doesn't necessarily get to the Board for
5 this rate case. But the Board would like
6 to hear from everybody.

7 Next Dave Becker.

8 MR. BECKER: We're teaching a civics
9 lesson right now, too. And we have visual
10 aids for you. We do like the visual aids.

11 HEARING OFFICER BROCKWAY: Mr. Becker
12 has just put on the table a very colorful
13 block made apparently of Legos.

14 MR. BECKER: Accurate.

15 Hi. Thank you for the opportunity to
16 speak. My name is Dave Becker.

17 Lucas, come on.

18 I'm here with my son, Lucas Becker,
19 and my wife, Veronica Becker. I live on
20 the 100 block of Monroe Street. And I've
21 lived there for five years. I've lived in
22 the city for over thirty years. I have two
23 sixth graders attending Philly public
24 schools. And I'm the founder of an

1 education technology startup in
2 Philadelphia.

3 I'm here tonight for Philadelphia.

4 I'm here to explain that Philadelphia has a
5 problem with the Water Department, and I
6 want to provide experiences, my experiences
7 as examples. I want to ask the Board to
8 please not approve a rate increase. A rate
9 increase will make the problem worse. The
10 problem is that the Water Department
11 doesn't have a customer service focus. And
12 customer service is critical to
13 Philadelphia. When city service levels
14 fail, people leave the city.

15 This is the second time that I am
16 speaking in front of you at these meetings.
17 This is the nicest day of the two,
18 definitely. And I hope it shows the level
19 of passion that I have around these
20 concerns. Our city services need to be the
21 same or better than other city -- than
22 other cities to attract talent and help our
23 city thrive.

24 If you look up Google you'll see that

1 the Water Department has a star rating of
2 1.7 out of 5. One, point, seven. And
3 before you blow that number off, Boston has
4 a star rating of 4.4. If you go to the
5 Water Department's financial statements and
6 search the term, quote, customer service,
7 you won't see the term used once. What you
8 will see is a cash balance of nearly
9 200 million in cash reserves and a
10 statement of net position that's increased
11 by 14 percent in two years. Just two
12 years. What the Water Department really
13 needs is not more cash. It needs a better
14 attitude towards its customers from the top
15 down. And this is our chance to send the
16 message.

17 Why do I think this is a problem?

18 Because I've experienced poor customer
19 service firsthand at virtually every layer
20 in the Water Department. And although this
21 is very frustrating to me, I know it's a
22 bigger issue for the City. As I mentioned
23 last time, our street, 100 block of Monroe
24 Street, is sinking. This Lego structure,

1 built by Lucas and his twin sister,
2 represents the height of our curbs due to
3 water and erosion issues. This is the
4 actual height of parts of our curb. The
5 top two layers represent how much --

6 HEARING OFFICER BROCKWAY: Do you want
7 to give an estimate of how tall that is.

8 MR. BECKER: What's that?

9 MS. BECKER: Nine inches.

10 MR. BECKER: It's like nine, ten
11 inches.

12 MS. McCARTY: No, I think it's
13 ten-plus inches. We measured it in
14 Councilman Squilla's office.

15 MR. BECKER: Let the record show it is
16 ten-plus inches.

17 The top two layers represent how much
18 the street has sunk in the nine months
19 since we first asked for help. So these
20 two Lego bricks are how much it fell in
21 less than a year. It's continuing to sink.
22 Our street regularly has collapses. We've
23 had multiple trash trucks break through the
24 streets. The curbs are artificially high.

1 It's extremely unlikely an ambulance can
2 get down our street during an emergency.
3 And there are other issues, but I think you
4 get the idea.

5 I have to admit that once we got
6 Councilman Squilla involved the Water
7 Department was responsive. But if you
8 strip away the words and look at the
9 outcomes, really nothing's been fixed. The
10 Water Department has pointed the finger
11 back at its citizens for our sinking
12 streets citing homeowner lateral issues as
13 the cause. Twelve laterals in total over
14 the last few years. That's 40 percent of
15 the homes on our block. 40 percent.
16 Somehow 40 percent of the laterals on our
17 block all broke around the same time. It
18 seems unlikely, but with the Eagles winning
19 the Superbowl I guess anything can happen.

20 The tests they ran to arrive at this
21 conclusion were kind of a slap in the face.
22 For example, rather than unscrew the vent
23 tops on our street to run the lateral test,
24 they simply forcefully broke them. Our

1 street was littered with dozens of pieces
2 of iron. And I've brought them for you
3 today.

4 Can you say dramatic effect
5 (indicating).

6 Those are the actual vent tops that
7 were just broken because people were just
8 frankly too lazy to unscrew them and just
9 broke them. I think there was like
10 thirteen of them that were broken.

11 HEARING OFFICER BROCKWAY: They appear
12 to be iron bars that are maybe eight and a
13 quarter of an inch thick and a half an inch
14 wide and vary in lengths.

15 MR. BECKER: Accurate.

16 The most significant result of these
17 meetings -- I'm sorry.

18 Of course we escalated things. We
19 had meetings with the Chief Water Engineer,
20 Mark Waas, the General Manager of Public
21 Affairs, Joanne Dahme; the Deputy Water
22 Commissioner, Donna Schwartz; and the Water
23 Commissioner, Debbie McCarty. The most
24 significant result of these meetings, a

1 \$10,000 report paid for by the Water
2 Department showing eighteen street
3 anomalies that is now pretty much being
4 ignored.

5 Since the water rate hearing at City
6 Hall, Commissioner McCarty has tried to
7 propose solutions. And while she has been
8 responsive, I cannot say that it's been
9 helpful. She suggests that we apply for a
10 Water Department help loan, which was
11 described earlier. Essentially, the city's
12 program is to defer the cost of our repairs
13 over five years. This would definitely
14 take the sting out of a \$4,000 expense.
15 \$4,000. I applied for the help loan
16 through an online form on the Water
17 Department website. No response. In fact,
18 we should call it a form to nowhere,
19 because when I met with Commissioner
20 McCarty she hadn't heard of the form before
21 and when she investigated it, she sent me a
22 different link to, well, nowhere.

23 So what did I do? I persisted. My
24 wife got quotes from plumbers, \$3700.

1 Found a cheaper quote. Still a lot of
2 money for a family with two kids starting a
3 business in Philadelphia. We told
4 Commissioner McCarty. She thought it was
5 too much and got the help program to call
6 us directly, which, honestly, I thought was
7 great. Maybe things were changing. That
8 was -- we were optimistic. They weren't.

9 The help program quoted at a higher
10 price than our plumber. In short, the
11 Water Department was asking us to pay more
12 for an interest-free loan. Why would we
13 ever do that? Ridiculous. We brought this
14 up to Commissioner McCarty. She quoted the
15 Water Department process like it's an
16 intangible barrier. Process before people.
17 Sorry, no help for you.

18 I think we can all agree that
19 customer service needs to be the focus of
20 the Water Department. However, they have
21 real issues; One, point, seven out of five
22 star issues. Approving the rate hike will
23 not solve these issues. It sends a signal
24 that it's business as usual for them.

1 This year I ask you to try something
2 different. Just say no. Just say no to
3 the rate increase. Send a signal that this
4 is no longer business as usual. Send a
5 message that Philadelphia can be better.
6 Send a declaration that its leaders need to
7 step up.

8 I always have patriotic music when I
9 get to this part.

10 Denying the rate increase won't show
11 that you're anti-water. It will show that
12 you're pro-customer. And I'm going to
13 repeat that again. If you don't accept
14 this rate increase, you're not anti-water,
15 you really are just supporting customers in
16 this case.

17 Finally, why aren't there more people
18 here? Because they think nothing will
19 really change. They will listen to a few
20 concerned citizens that Commissioner
21 McCarty will respond with some vague
22 promises that political forces will apply
23 pressure that the City needs money. Let's
24 make this time different. Let's side with

1 the citizens.

2 * * *

3 (Whereupon, a brief interruption
4 occurs.)

5 * * *

6 MR. BECKER: Can you turn the phone
7 off. Or step outside for a half a second.

8 UNKNOWN SPEAKER: Sorry about that.

9 MR. BECKER: Thank you.

10 So let's make this time different.
11 Let's side with the citizens. Please tell
12 the Water Department to fix its customer
13 service issues before we consider another
14 rate increase. Thank you.

15 * * *

16 (Applaud.)

17 * * *

18 HEARING OFFICER BROCKWAY: Are you
19 taking your display back?

20 MR. BECKER: I am. I would like the
21 record to show that I'm disappointed with
22 Lucas for not being up here with me the
23 whole time.

24 MS. DAHME: He didn't feel like he had

1 a part.

2 HEARING OFFICER BROCKWAY: I overrule
3 that objection.

4 * * *

5 (Laughter.)

6 * * *

7 MS. DAHME: He did all the work
8 putting that together, didn't he?

9 MS. McCARTY: Go, Lucas.

10 * * *

11 (Applaud.)

12 * * *

13 HEARING OFFICER BROCKWAY: All right.
14 The next name I have, if I'm pronouncing it
15 correctly, is Julie Slavec. Is that
16 correct?

17 MS. SLAVET: Slavet.

18 HEARING OFFICER BROCKWAY: Slavet. If
19 you'd come up, and we'll get a mic to you.

20 MS. SLAVET: Hi. Again, my name is
21 Julie Slavet. Can you hear me?

22 MR. BALZER: Yes.

23 MS. SLAVET: And I'm a Philadelphia
24 resident, 19123. And I'm also the executive

1 director of an organization with a really
2 long name, the Tookany/Tacony-Frankford
3 Watershed Partnership, TTF.

4 So I'm just here to talk about our
5 support for the Green City Clean Waters
6 parts of the plan that the Water Department
7 has proposed. We think that's really
8 important and we're really seeing the
9 impact of that.

10 TTF is an organization whose mission
11 is to improve the health of our watershed.
12 So it's one of Philadelphia's watersheds.
13 We work with our municipalities and our
14 communities in this 30-square mile
15 watershed, and we do that through
16 education, stewardship, restoration
17 advocacy. Our watershed includes
18 neighborhoods in the north, northeast, and
19 northwest of Philadelphia, as well as the
20 upstream municipalities of Cheltenham,
21 Abington, Jenkintown, and a little bit of
22 Rockledge and a little bit of Springfield
23 Township.

24 Through education outreach and

1 projects we support efforts to restore our
2 impaired creeks and streams while building
3 environmental stewardship. We're the only
4 Philadelphia watershed partnership to be
5 incorporated as a nonprofit organization.
6 Our members of municipalities pay dues to
7 support us. And our mission's to work
8 across boundaries. So we work in
9 Philadelphia, we work in upstream
10 communities, and we bring people together
11 to focus on improved water quality and
12 improved water health.

13 So we're proud to support Green City
14 Clean Waters. We've seen firsthand the
15 positive impact to the plan on cities,
16 neighborhoods, watershed communities, and
17 parks. The implementation of the plan not
18 only reduces the impact of stormwater
19 runoff on our city's infrastructure, but it
20 also leads to healthier, safer
21 neighborhoods and increased community
22 engagement.

23 In corporation with Philadelphia
24 Parks & Recreation and a lot of community

1 stakeholders, especially the Friends of
2 Vernon Park, we've designed and installed
3 rain gardens in Vernon Park in Germantown
4 and also at the Olney Recreation Center.
5 Both gardens have native trees and shrubs
6 and they not only slow down in filter
7 runoff, but have increased -- have resulted
8 in increased stewardship due to more
9 beautiful parks and expanded environmental
10 education. Those are just two examples of
11 how green infrastructure that's part of
12 Green City Clean Waters is really leading
13 to healthier, greener neighborhoods.

14 We've also seen the impact of the
15 program on Clean Water and Neighborhood
16 Health and a bunch of other sites that we
17 have not been involved with directly, but
18 are in our neighborhoods. And those are
19 projects that Cardone Industry, which is
20 one of the City's biggest employers, at
21 Friends Hospital, and at the Globe Dye
22 Works, where we are located. And these are
23 programs that are really enabling us to
24 meet our federal clean water requirements,

1 which is something that I think we all
2 support in a really innovative and
3 efficient way.

4 The headwaters of our creeks, you
5 know, the Tookany, the Wissahickon, the
6 Pennypack, they're all located outside of
7 the city. So we are really seeing, as an
8 organization that works across that city
9 boundary, how Green City Clean Waters and
10 the Water Department, how that program is
11 leading to improved appreciation and
12 stewardship of the creeks that flow through
13 our cities, our cities, parks, and into the
14 rivers, which are the sources of our
15 drinking water.

16 So we are actively sharing what we
17 have learned through Green City Clean
18 Waters with our upstream communities, who
19 are not as advanced in terms of this kind
20 of work as Philadelphia is. And because of
21 our work in this area and the knowledge
22 that we obtain by working with Green City
23 Clean Waters organizations, we've
24 implemented projects in a number of schools

1 and a number of religious sites upstream --
2 not using Water Department funding, but
3 other funding that we have raised. We've
4 engaged over a thousand volunteers, planted
5 over a thousand trees and shrubs, restored
6 wetland, and manage runoff of more than ten
7 acres in areas that are adjacent to creeks
8 upstream that eventually flow into the
9 city.

10 Green City Clean Waters is
11 transforming our city. Innovative planning
12 and implementation of this groundbreaking
13 sensible plan is also leveraging investment
14 and improving the creeks and streams in our
15 upstream communities. And we believe that
16 that will result in a healthier region and
17 healthier watersheds, especially for
18 Philadelphia. So thank you very much for
19 your consideration.

20 (Handing.)

21 HEARING OFFICER BROCKWAY: Thank you.
22 This is a copy of your statement today?

23 MS. SLAVET: Yes.

24 HEARING OFFICER BROCKWAY: Okay.

1 We'll make sure it goes in the record.

2 MS. SLAVET: Thank you.

3 HEARING OFFICER BROCKWAY: I don't see
4 anyone else who has indicated they would
5 like to speak. But if anybody else would
6 like to speak I'd like to open it up for
7 people. Maybe what someone else has said
8 will spur you.

9 All right. Well, I appreciate very
10 much the -- oh, one of the things we also
11 do is we give Commissioner McCarty an
12 opportunity to answer factual questions
13 that have come up. So instead of letting
14 you linger, she can get to them right now.

15 MS. McCARTY: Thank you, Nancy.

16 So affordability is very important to
17 us. And we have recently requested that
18 the senior citizen discount be increased by
19 \$800 -- well, excuse me. The 25 percent
20 discount for senior citizens at income
21 level be increased by \$800 to \$32,500. We
22 also like to tell folks that the affordable
23 rates program, it's one application. So
24 you don't have to know if it's senior

1 citizen or if it's one of the Tiered
2 Assistance programs that you would need, or
3 whatever. You would generalize in
4 senior -- not just saying you.

5 MR. BALZER: You're right.

6 MS. McCARTY: Pardon?

7 MR. BALZER: You're right.

8 MS. McCARTY: But it's one application
9 and fill it all out and Water Revenue Bill
10 will pick the best program for you, the most
11 affordable program. So that is the -- on
12 the senior citizens and the TAP program.
13 And I'm happy to answer any questions
14 afterwards if you want to.

15 And regarding customer service, it is
16 really important. We have invested a lot
17 in improving it. And we're continuing to
18 attempt to improve customer service.

19 What I can say about the Monroe
20 Street properties, this is a -- really a
21 personal issue. We have been spending a
22 lot of energy out there. I've been
23 personally involved, as you heard, and
24 we're working to get the problems corrected

1 as they need to be through the various
2 means we have at our disposal. But we do
3 care about every property owner in
4 Philadelphia and all of our customers.

5 So I think those were the issues. I
6 thought we had another person of the
7 public, but I think they wanted a bathroom.

8 HEARING OFFICER BROCKWAY: Thank you,
9 Commissioner.

10 If there's nothing else, I want to
11 thank you all for coming. And we will --

12 MR. BALZER: I have a question for the
13 Commissioner. If the use, the water use,
14 sewers is down over the last several years,
15 then why do you need an increase? And not
16 only that -- let me -- can I finish?

17 There's two people in my household,
18 okay? We don't have a lawn. I don't have
19 a car. I'm sorry, I don't wash my car. I
20 do have a car. I don't have a swimming
21 pool. However, my rates -- and I've called
22 the Water Department about this, by the
23 way, and they actually sent somebody down.
24 And they examined my meter, they checked

1 the toilet. The guy actually went above
2 and beyond. And he couldn't find a thing
3 wrong. However, it fluctuates from the 80s
4 to the 60s. And it's like the person I
5 speak to will tell me, well, you know what,
6 you're using too much water. I said,
7 that's virtually impossible. First of all,
8 we don't drink the water. The water is
9 terrible down here. We actually --
10 seriously. I'm telling you like it is. We
11 actually buy bottled water. And that's
12 what we drink. Except for showering and
13 things of that nature, washing, you know,
14 washing machines and things of that nature.
15 That's it. Now, I can't understand what's
16 going on.

17 And, like I said, for the life of me
18 I can't understand if the usage is down,
19 and the thing that blows my mind is the
20 thing with the fire department. 8 million
21 dollars for the fire department so they can
22 fight fires. Are you kidding me? I never
23 heard of such a thing in any city.

24 And, oh, one other thing, I'm sorry.

1 MS. McCARTY: I'm gonna have to write
2 this down.

3 MR. BALZER: Doesn't the Water
4 Department also supply the surrounding
5 counties, not just Philadelphia?

6 MS. McCARTY: Okay. I'm going to try
7 to remember -- I think you had four points.
8 The first one was with -- in Joanne's slide
9 with consumption going down, why are rates
10 going up?

11 MR. BALZER: (Nods head.)

12 MS. McCARTY: They are fixed costs.
13 So we have six large treatment plants, three
14 drinking water and three wastewater. So
15 there are fixed costs that we still need to
16 run those facilities. And if we put more
17 water through them or more wastewater it's
18 just a small incremental cost increase. So
19 we need to recover this cost. So that's
20 like the very basic, simple answer to that.

21 MR. BALZER: Okay.

22 MS. McCARTY: The next issue --

23 MS. DAHME: Fluctuating water bill.

24 MS. McCARTY: Fluctuating water. How

1 about we talk afterwards and look at your --
2 we have to go back and let's look at your
3 consumption and let's deal with that. I
4 think that sounds like maybe a specific
5 issue.

6 MR. BALZER: Right.

7 MS. McCARTY: The fire costs. Right
8 now previous -- all these many decades, and
9 I think Joline mentioned it as well, we have
10 to -- by City Charter it calls for us to
11 recover those costs from the fire
12 department. So the fire hydrants and the
13 capacity in the water mains is -- is -- they
14 are cost-associated with fighting fires. So
15 maintaining the water hydrants and things
16 like that. So previous to now the Water
17 Department has charged the general funds to
18 the tax base for those costs. And there's
19 been a -- so with this rate case the request
20 is that instead of the taxpayers those costs
21 be borne by the water, sewer, and stormwater
22 rate payer. And it would be intended to
23 come out of the service charge. So that's
24 the request, the proposal before the Board

1 right now.

2 And then the last issue was the
3 outlying counties. So we have ten
4 wholesale wastewater customers and we have
5 one wholesale water customer. And they
6 actually help keep our cost down, those of
7 us that live in the city, because they are
8 paid for -- they actually pay the cost of
9 service, as well as there's a fee of 10 to
10 12 percent on top of that. So they help us
11 keep our rates lower, actually, 'cause they
12 are using our facilities and helping with
13 that fixed cost.

14 MR. BALZER: One other thing that I
15 would like answered. How come they don't go
16 after people who don't pay their bills?

17 MS. McCARTY: Oh, I'm sorry.

18 MR. BALZER: This has been going on
19 for years.

20 MS. McCARTY: That was one of your
21 first points.

22 MR. BALZER: Yes, it was.

23 MS. McCARTY: And I apologize for
24 that. And we do have -- we have 130 days

1 out of the year that we can shut off
2 residential customers. Commercial
3 customers, we can shut off all year round.
4 But from December 1st through March 31st.
5 And we can't shut off the day before a
6 holiday or on Fridays. So it works out to
7 be about 130 days. Unless there's a heat --
8 one of the heat days, heat emergency day,
9 and then we don't shut off water during
10 those days either. So it's a very limited
11 amount of time. Water Revenue is -- you
12 know, to be delinquent calling for shutoff
13 you need to be -- missed two months of
14 payment and have -- owe us over 75 dollars.
15 And then that will trigger the notifications
16 to be shut off. But we do shut off
17 customers. We do not get -- honestly, I
18 never want to shut anybody off. But that
19 sometimes causes people to either get in a
20 payment agreement, get into an assistance
21 program, or pay their bill.

22 So we do have an aggressive
23 collection and our collection factor
24 actually is pretty good.

1 MR. BALZER: That was my next
2 question. How much do they actually recoup
3 besides shutting the water off? How much
4 money do they recoup from people that owe a
5 load of money for years and years and years?

6 MR. DASENT: 96 percent collection.

7 MS. McCARTY: Right. The collection
8 factor is 96 percent.

9 MR. BALZER: Really?

10 MS. McCARTY: Yes, sir.

11 MR. BALZER: Okay. Thank you.

12 MS. McCARTY: You're welcome.

13 HEARING OFFICER BROCKWAY: We have
14 Miss Becker.

15 MS. BECKER: This is my first public
16 hearing. Can you just speak to the
17 justification around the 200 million cash
18 reserve, why that isn't -- I know it's been
19 brought up by the speakers. Why a portion
20 of that isn't the first step prior to the
21 rate increase?

22 HEARING OFFICER BROCKWAY: This is a
23 topic which is one of the main issues before
24 the Board. The Water Department has its

1 view about how those funds should be managed
2 and how much should be in the fund and how
3 much should be drawn from the fund. The
4 public advocate has put forward a different
5 perspective on that. And so that is one of
6 the issues that's now being litigated before
7 the Board. So I don't think it's a purely
8 factual question.

9 MS. McCARTY: But the one factual
10 answer is that as part of our rate proposal
11 for the three-year period, our plan and in
12 the proposal is to draw it down by
13 43 million dollars over the next three
14 years. And, again, as the hearing officer
15 indicated, you know, that -- it is a point
16 of much discussion. And I'm happy to
17 discuss it afterwards if you're interested.

18 HEARING OFFICER BROCKWAY: Well, this
19 has been a small group, but it's been one of
20 the more lively and interactive sessions.
21 So I thank you very much for coming in.
22 We'll close the hearing. Thank you.

23 * * *

24 (Whereupon, the hearing concluded

1 at 7:24 p.m.)

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

I, Alice Mattes, a Court Reporter and Notary Public, do hereby certify the foregoing to be a true and accurate transcript of the proceedings in this matter, as transcribed from the stenographic notes taken by me.

Alice Mattes
Court Reporter
Notary Public

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