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PHILADELPHIA WATER, SEWER, STORM WATER

RATE BOARD HEARING

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PHILADELPHIA PROTESTANT HOME - SOCIAL HALL

- - -

April 30, 2018

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PHILADELPHIA PROTESTANT HOME

6401 Martins Mill Road

Philadelphia, PA 19111

Taken by Lori Guyer, Court Reporter

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1 MR. POPOWSKY: Good evening,
2 everyone. I would like to call this public
3 hearing to order. My name is Sonny Popowsky.
4 I'm doing double duty tonight.

5 I am the chairman of the
6 Philadelphia Water Sewer and Storm Water Rate
7 Board, and tonight I'm also serving as the
8 presiding hearing officer for this public input
9 session.

10 The purpose of this session is to
11 hear from you, the members of the public, to
12 talk about what you think about the proposed
13 rate increase by the Philadelphia Water
14 Department and any other issues that you think
15 should be brought to the attention of the Water
16 Rate Board.

17 The Water Rate Board is an
18 independent city board. We were all appointed
19 by the mayor and approved by city council. As
20 board members, there are four other members who
21 served with me on the board.

22 Now, tonight we will -- under our
23 regulations, under the rate board's regulations,
24 we start each of these public hearings with a

1 presentation by the water department to let
2 folks know basically why they need a rate
3 increase or why we believe they need a rate
4 increase. And tonight we will hear from our
5 representative of the water department.

6 In addition, again under our
7 regulations, the board is required to -- for
8 major rate cases such as this, to appoint a
9 public advocate who serves to represent all the
10 small water users, so residential and small
11 business water users in Philadelphia, and they
12 also, as part of their duties, participate in
13 these public hearings. And we will hear briefly
14 from a representative of the public advocate.

15 After that I will call on members
16 of the public who have indicated a desire to
17 testify.

18 We don't have a lot of folks here
19 tonight but we are happy to hear from any of you
20 who do want to testify and what you think about
21 your rate increase. And even if you haven't
22 signed up and said you want to speak, I will
23 leave the floor open for you to speak after
24 those other folks have had their chance.

1 We do have a court reporter who
2 will be taking down everything that is said here
3 tonight, and we will provide a transcript and it
4 will be posted on our website.

5 The transcripts will be provided
6 to the members of the board and to our hearing
7 officer so that we can take your statements into
8 account when we decide whether and how much of a
9 rate increase the water department should
10 receive.

11 So with that, let me introduce
12 the water commissioner, who has attended every
13 one of our hearings. This is our 8th hearing in
14 this case, eight out of nine, Debra McCarty.

15 MS. MCCARTY: Thank you, Sonny,
16 and welcome everybody that has shown up. It's
17 good to see you folks came out and spent some
18 time, and we really do appreciate it. We hope
19 that you get all of your questions answered
20 today in this proceeding.

21 I will note that there are folks
22 over here ready, willing and able to assist with
23 any questions you may have regarding a water
24 bill or issues that might be about water mains

1 or sewers or anything like that.

2 So any time during the hearing
3 please avail yourselves of these services and we
4 will be able to address those issues.

5 So without further ado, I'd like
6 to introduce Joanne Dahme. She is our public
7 affairs manager and she's going to go through
8 her presentation. Thank you.

9 MS. DAHME: Good evening,
10 everybody. As Deb mentioned, I'm going to give
11 a general overview, very quick, about the water
12 department and then the reasons that we're
13 looking for this rate increase.

14 The water department is one of
15 ten operating departments as a part of the City
16 of Philadelphia, but they are also a public
17 utility. And as a public utility we are a
18 little unique, because we are providing three
19 services. We are providing water treatment,
20 waste water treatment and storm water
21 management.

22 When we look for an increase we
23 do not profit from those increases but we have
24 to recover the revenues we need to upgrade and

1 maintain our system.

2 I always want to say that
3 drinking water and the public safety is our
4 priority. And we are really proud of our
5 unblemished record providing that top quality
6 water throughout the time we have been
7 operating. We consistently do better than the
8 DEP regulations for safe drinking water.

9 And one of the reasons we are
10 able to that is because we do have a very robust
11 system. We have three water treatment plants
12 and over 3,000 miles of water main.

13 And we also have a dedicated
14 staff of employees who operate these systems
15 24/7 to make sure that we meet all the
16 regulations and to provide that top quality
17 water.

18 Our river is our drinking water
19 source, so we also have a very strong commitment
20 to ensuring that the waste water or sewage that
21 we get from homes and businesses are treated in
22 a way that we return that treatment water to the
23 Delaware River in a state that's cleaner than
24 what we withdrew from that. So our

1 environmental commitment is certainly very
2 strong.

3 And again, we are able to do
4 that, too, because we have three waste water
5 treatment facilities and 3,000 miles of sewer,
6 which enables us to provide that good quality
7 service.

8 So the storm management
9 component, that is the largest obligation that
10 the water department has. That is approximately
11 25 percent of our capital program.

12 And the reason for that is
13 because storm water is one of the number one
14 pollutants. We and other utilities across the
15 country have done such a good job with waste
16 water management coming from our facilities, and
17 now storm water, that is a major pollutant in
18 the sense of the quality of the storm water when
19 it hits the streets and gets to our rivers, but
20 also the volume.

21 One of the programs we're using
22 in order to meet that regulatory obligation is
23 our Green City, Clean Waters program. I don't
24 know if you've heard of that, but that is the

1 program we're using that's sort of like the
2 systems that mother nature uses, like rain
3 gardens.

4 These are soil-based vegetation
5 systems to capture that first inch and a half of
6 storm water, to provide additional capacity in
7 our system to meet those obligations.

8 So what do you see in your
9 monthly bill? So our goal and our hope is
10 always that when the customer sees a bill that
11 you check that on a regular basis, you're paying
12 for a water service, and that's the water
13 treatment and the delivery of that water to your
14 home.

15 You're paying for waste water,
16 and that is the collection process, when you use
17 the shower and that water goes down the drain
18 and goes through our pipes and goes to one of
19 our sewage treatment facilities.

20 And the storm water management
21 component, which is our Green City, Clean Waters
22 program and other programs where we are
23 collecting and managing that storm water.

24 And the final component is the

1 service charge, which is the metering and
2 collection part of that, so the cash register
3 part, when we send you the bills and we collect
4 on those bills.

5 So the reason we're here tonight,
6 why do we need a rate increase. Over the next
7 three years the department is looking to recover
8 approximately 116 million in operating revenues.
9 And there is a number of driving factors that is
10 asking -- or that is causing us to make that
11 proposal.

12 The first one is really the pipes
13 and plants, our facilities themselves and the
14 infrastructure that is necessary to support
15 those facilities.

16 Do you remember this past winter?
17 We had over 650 water main breaks between
18 December and February. Those breaks often
19 happen on mains that are older. We have some
20 mains that are over 100 years old. And we also
21 have components in our system that are more
22 vulnerable.

23 So we recognize the need to sort
24 of step up that water main replacement factor.

1 Currently we do about 28 miles of new water
2 mains per year. We're looking over the next
3 five years to increase that to 42 miles of main
4 replacement, but there's certainly a cost to
5 that.

6 We're also looking to increase
7 how many sewers we have. I mean, we have over
8 3,000 miles of sewers. The sewers are aging,
9 also, so we're looking to ramp up that sewer
10 replacement component.

11 We will be doing some waste water
12 treatment plant expansion as a component of our
13 storm water management obligations under the
14 Clean Water Act.

15 People. So every utility, every
16 business has people. We have over 2,000
17 employees. The employees keep our business
18 operating 24/7. They are the people repairing
19 water mains in the street or repairing sewers or
20 at their plants operating 24/7, responding to
21 emergency situations, answering the phones.

22 With people there's cost in
23 salaries, pension, benefits, and those things
24 also rise. Reduce consumption. The water

1 department and public utilities across the
2 nation has seen a trend over the past decade
3 where people are using less water. It's not
4 surprising in the sense that more people are
5 conservation minded, but we also have more
6 appliances. When you buy a new washer or you
7 buy a new dishwasher, those are now designed to
8 use less water, to be more water efficient. And
9 so with that we see a decrease trend in water
10 consumption.

11 When that happens that means that
12 the unit cost of water needs to rise, because we
13 still have the same mileage of infrastructure
14 and the same plants. They are in place to make
15 sure that we do provide those services.

16 So we certainly anticipate over
17 the next three years with this proposed rate
18 increase, because of the reduction in water
19 usage, there could be a potential loss of about
20 11 million dollars in operating revenue.

21 And the final component, the
22 environmental regulations. And that's sort of
23 what I talked about, the Green City, Clean
24 Waters program. Under the Clean Water Act and

1 the Safe Drinking Water Act we're required to
2 meet some stringent regulatory requirements to
3 provide you with top quality water, but also
4 ensure that the waste water that we treat has a
5 reduction in compliance to our overflows and we
6 remove as many pollutants as we can. There is a
7 cost to that.

8 We certainly recognize there is a
9 cost to that, but we certainly recognize the
10 importance of making sure that we have clean
11 watersheds. So we're trying to balance the cost
12 of that with the affordability of the program.

13 So, the rate board. Sonny
14 introduced the rate board. The rate board is
15 the independent body that evaluates our
16 proposal. The rate board was created in 2012 as
17 a result of a city gala. City Council then
18 passed the ordinance.

19 This is the second rate hearing
20 process that the rate board has participated in.
21 The water department is required to submit its
22 financial planning and all the documentation
23 that justifies from our perspective the need for
24 increased rates. There is a public advocate

1 component that also looks at that same
2 information.

3 There is the public comment
4 hearing. We have these public meetings and
5 that's when we are -- ideally have many of the
6 public come and give us their perspective on
7 customer services and other services and
8 operations that we have and the cost of those.

9 At the end of that period the
10 rate board will make a determination with the
11 hearing officer. I'm hoping for that to happen
12 in July. And depending on what the
13 determination is, we're looking to have the
14 first phase of the rate increase happen
15 September 1st.

16 Again, we want to emphasize that
17 the public's participation is really valuable
18 for this process. During the last rate process
19 we heard a number of things from our customers
20 about items that are important to them.

21 One of those was the
22 affordability component. We have a lot of low
23 income customers in Philadelphia. We have about
24 a 26 percent poverty rate. So we heard a

1 reoccurring theme that's really difficult for
2 people that cannot afford to pay to have to pay
3 even more through a rate increase.

4 So with Councilwoman Sanchez and
5 Community Legal Services and other partners we
6 did create a customer assistance program. A
7 component of that is our assistance program,
8 which is an income-based program. We're going
9 to talk a little bit more about that in the next
10 line.

11 We also heard customers
12 frustrations about getting through when they had
13 a billing problem, calling our billing number
14 through the Water Revenue Bureau or calling the
15 water department's hotline number for services
16 or for some sort of emergency.

17 We have recently merged those two
18 call centers. We're beginning to cross train
19 that staff. Our goal is really to make sure
20 that we achieve what we're calling the first
21 call resolution, so that when you call one
22 number you will get a representative to answer
23 any of your questions.

24 We're hoping that that cross

1 training will happen in July. This has been a
2 long time in the making. I think that is as a
3 result of the information received from
4 customers about their frustration in getting
5 through to us. We also have to improve other
6 language access. We have always, through our
7 call center, been able to provide interpreter
8 services, but we've expanded that recently,
9 particularly in regards to the mayor -- when the
10 mayor's -- well, in needing better customer
11 service and ensuring we provide language --
12 publications in a variety of languages. A lot
13 of Spanish publications we have developed but we
14 also offer publications in other languages, and
15 also our field staff.

16 If you run into somebody who is
17 in our construction unit or our customer field
18 services, and they run into somebody that cannot
19 speak English as their first language, they also
20 have access to provide that interpretation.

21 Lead service lines. So at our
22 last rate hearing we had Flint Michigan with the
23 news and there was a lot of concern about lead
24 getting into the drinking water from home

1 plumbing. We have instituted a number of
2 programs that help customers who do have lead
3 service lines and change those out.

4 One of those programs is that
5 when we are installing new water mains on the
6 block if a customer does have a lead service
7 line we will provide a free service line to that
8 customer from the main in the street to the
9 meter on the property.

10 If we are not doing a water main
11 replacement on your block, we'll offer a zero
12 interest loan to have that line replaced.

13 And another example is we were
14 hearing from the past rate case that tenants and
15 occupants who wanted to become water customers
16 has a really difficult time. We've been working
17 with Community Legal Services to make that
18 application process simpler, and we are looking
19 to take a further step in order to streamline
20 that process when we have a tenant or occupant
21 that wants to become a customer, that we can
22 make that a much easier process.

23 So I mentioned our Tiered
24 Assistance Program. That is a program that is

1 really a program for the poorest of the poor of
2 our customers. It's targeted to customers
3 between zero and 150 percent of the federal
4 poverty level.

5 Customers can fall into three
6 tiers between zero and 50, 51 to 100 percent and
7 101 percent to 150 percent. People that fall
8 into those tiers will be getting a monthly bill
9 that's based on their income and not their
10 usage.

11 Some customers who are at the
12 bottom of that tier can get a monthly bill as
13 low as \$12 a month. So again, it's not based on
14 consumption.

15 We have launched this program
16 July 1st, this past July 1st. We have had
17 somewhat of a healthy participation, over 8,000
18 who are in the program but we are certainly
19 looking to enroll more people.

20 We have been working with a lot
21 of partners to get that information out. It's a
22 process that is one application, and we will
23 help customers figure out is the senior citizen
24 discount the best application for you, is the

1 TAP program the better program for you or
2 hardship program.

3 So we encourage people, if they
4 are struggling to pay their bill, to apply for
5 the program and don't worry about what bucket
6 you fall into.

7 It's also important to remember
8 about this program for customers who are in the
9 TAP program that a rate increase will not impact
10 them, because again, this program, their bill is
11 based on their income and not their usage. So
12 TAP customers will not be impacted by a
13 potential rate increase.

14 So what will the typical bill
15 look like if our proposed increase goes into
16 effect? So currently customers are paying about
17 \$66.50 a month. This is based on 500 cubic feet
18 of usage, and this is for the residential
19 customer property.

20 So we're looking, as I mentioned,
21 for the first phase of this increase to happen
22 September 1st, and that would be a 1.1 percent
23 increase on that typical monthly bill that you
24 are paying now.

1 Following September of 2019 we're
2 looking for a five percent increase to that
3 bill, and then the following, September of 2020,
4 we're looking for a 4.5 percent increase on that
5 bill. And that comes to about roughly \$7.20
6 from what you are paying today.

7 We recently held a number of
8 tours at our waste water plant and water
9 treatment plant. The goal for those tours is
10 just to, like, get people to see how we operate
11 behind the scenes. We think it's really
12 important for our customers to understand our
13 operations and business. The public is really
14 important, so it's really important that you're
15 here tonight.

16 As Sonny mentioned, public
17 testimony becomes part of the record. You can
18 testify here in person, you can e-mail the rate
19 board, you can send a letter to the rate board,
20 you can hand over testimony if you don't want to
21 be speaking here tonight to the rate board
22 tonight. It makes a really big difference. The
23 rate board looks at everything that our
24 customers say, but also for the water

1 department.

2 We also agreed to those records,
3 and when we hear that we're sort of falling down
4 on expectations we continually strive to do
5 better and implement some of the recommendations
6 as we can.

7 Last thing, I think that when you
8 came in and signed it we provided a survey.
9 That's another one of our efforts, to continue
10 to get customer feedback on how well we're
11 doing.

12 We want to know how we impacted
13 you during construction, what do you think about
14 our water quality, how are we doing through our
15 home center services and our other services.

16 So we appreciate you taking the
17 time to hand those surveys in. Again, really
18 valuable, and one of our efforts is to do better
19 business.

20 So now I think I'm handing it off
21 to Sonny to introduce the public advocate.

22 MR. POPOWSKY: Thank you, Joanne.
23 Now I would like to invite Joline Price, who is
24 representing the public advocate here tonight,

1 to come forward.

2 As I said, the public advocate
3 has been hired to represent the interests of all
4 the consumers here, all the water consumers in
5 Philadelphia, all the small consumers, and
6 Joline will tell us briefly about her office's
7 position in the case so far.

8 MS. PRICE: Good evening
9 everyone. Thank you for being here to bring
10 your voice to this case, a very important case.

11 My name, as Sonny said, is Joline
12 Price. I work for Community Legal Services.
13 CLS has been appointed the public advocate to
14 represent the interests of residential water
15 consumers and other small users in this case.

16 We prepared a flier, if some of
17 you come see me, if you want a copy or extras.
18 I encourage you to voice your concerns, listen
19 to the bigger issues that we have in this case.

20 We really want to encourage you
21 to speak up regarding the proposed rate increase
22 and any other issues you think that the water
23 board should hear.

24 In this case the water department

1 is asking for 116 million dollars more in rates.
2 If this request is approved your rates, as
3 Joanne mentioned, will go up every year for
4 three years.

5 If approved you will be asked to
6 pay 87 to \$95 dollars more per year for water.
7 This represents an 11 percent rate increase. We
8 are working with a team of experts to examine
9 the financial figures by the water department.

10 We also have concerns about the
11 way the water department estimates how much it
12 needs you to pay in higher rates. The last time
13 the water department raised rates, which is a
14 couple of years ago, they received 89.5 million
15 dollars more.

16 It said it needed that money, but
17 it also said it would spend some of the 200
18 million dollars it has collected in the bank,
19 but the water department hasn't spent the money
20 it has in the bank, and it's now back again
21 asking for more from you.

22 We want to hear from you. Do you
23 think it's fair to raise your rates if the water
24 department isn't spending the money you've

1 already paid?

2 We are also examining several
3 large policy changes which the department is
4 proposing which would directly contribute to the
5 higher rates charged to you.

6 These include an additional 8
7 million dollars per year of water used by the
8 fire department to be added to your water bill.
9 The cost has been paid through tax dollars for
10 decades.

11 Why should you have to pay a
12 water bill to help cover the expense of fighting
13 fires all over the city, in hotels or office
14 buildings or even other public facilities. This
15 water does not come through your meter.

16 The water department also wants
17 you to pay an additional 12 million per year to
18 directly finance construction projects. Those
19 projects are to benefit customers for decades,
20 but the water department wants to require you to
21 pay more for them now, instead of spreading the
22 cost over time or spending some of the cash it
23 already has in the bank.

24 The water department also wants

1 you to pay an additional 10 million for grants
2 to commercial customers and developers and who
3 construct green storm water infrastructure that
4 helps keep storm water out of city sewers.

5 That's a lot of money and the
6 water department wants you to pay for it instead
7 of them with the 200 million dollars in cash it
8 has sitting in the bank.

9 You may have heard, and Joanne
10 mentioned it, about the water department's new
11 affordability program called the Tiered
12 Assistance Program, or TAP. This program can
13 provide discounted bills but only if you are
14 able to enroll. Have you heard about the
15 program? Have you tried to apply and have not
16 been able to get enrolled? The department and
17 the rate board need to hear from you on these
18 vital issues.

19 We want to hear any other
20 concerns you have about the water department or
21 the water bureau based on your experience. Do
22 you feel that the customer service you have been
23 provided needs improvement? We believe you
24 should say so.

1 If you believe the water
2 department has not been responsive or been
3 available when you have had issues, we believe
4 you should say so. If you believe the water
5 department does a great job at some things and a
6 not so great a job at other things, again, we
7 believe you should say so.

8 Please come forward and provide
9 your input and share your experiences so that
10 they may be considered in this case.

11 The rate board has the obligation
12 to balance your interests into the department's
13 plan for higher rates, because the law requires
14 that the rates be just and reasonable.

15 It is important for the hearing
16 officer and board members to hear that there are
17 many real life people in our community for whom
18 the 11 percent increase would be a real burden.

19 As I mentioned before, we have
20 prepared a flier. It is available to you. It
21 lists the other public input hearings. After
22 this one there is one more on Wednesday. It
23 also tells you how to submit input in writing,
24 if you would like to do so.

1 We can also help you understand
2 any of these issues that you have or that we
3 have, and please feel free to ask us for more
4 information. Thank you.

5 MR. POPOWSKY: Thank you, Joline.
6 We have a couple of folks who have asked to
7 testify. I do notice, by the way, that we do
8 have a representative here from Councilwoman
9 Parker's office, if you would like to identify
10 yourself.

11 I know you haven't asked to
12 speak, but I wanted to make sure that everyone
13 knew you were here and thank Councilwoman Parker
14 for helping to get this hearing scheduled and
15 located here.

16 MS. MEADOWS: I'm Rachel Meadows.
17 I am Councilwoman Parker's chief of staff. I am
18 just here to observe.

19 MR. POPOWSKY: Thank you very
20 much for coming. We have a couple of speakers.
21 The first is Mr. William Suermann, if I've got
22 that right.

23 MR. SUERMANN: Yes, sir.

24 MR. POPOWSKY: Would you mind

1 spelling your name for the record, and you can
2 use that microphone there? I think that
3 microphone is on, I hope.

4 MR. SUERMANN: My name is William
5 Suermann, S-U-E-R-M-A-N-N.

6 MR. POPOWSKY: Thank you. Please
7 go ahead.

8 MR. SUERMANN: Actually, the one
9 subject that I read about our prior speaker had
10 already brought, and apparently there must be a
11 change in policy that now the fire department,
12 what their cost of water is, is now going to go
13 borne by the rate payers, and I would assume in
14 the past somehow either the city directly or
15 through the fire department was reimbursing the
16 water -- the water department for this, and it
17 seems like -- in line with the rate increase
18 that's coming that seems to be an unfair burden
19 to switch to the rate payers.

20 I attended a budget hearing on
21 the city and they have a substantial increase in
22 revenue coming in due to the real estate tax
23 increase and transfer tax increases and some
24 other items.

1 So the city is experiencing an
2 increase in revenue and seems to be trying to
3 transfer an additional burden to the rate payers
4 rather than to continue to pay for the fire
5 department water as it is currently doing.

6 And one of the things in terms of
7 some background, in the City of Philadelphia, I
8 looked it up, one out of six inhabitants in the
9 City of Philadelphia is on Social Security.
10 That's 15, 16 percent. And the last two years
11 Social Security has gotten increases of point
12 six tenths of one percent and two percent, and
13 many Social Security people didn't even get
14 that, because of the increase in Medicare costs.

15 So there is a substantial
16 population in this -- on top of the city's real
17 estate tax increase that's going to be very
18 severely and negatively impacted due to the
19 increased cost that the city is passing on to
20 you.

21 I kind of understand why they
22 keep money, because I've been looking into the
23 city budget. Apparently for rate purposes when
24 you go out to get bonds, they like to have the

1 agency doing that to actually have cash on hand,
2 and if they don't have cash on hand the amount
3 of interest they pay on bonds could be higher.
4 So I have some understanding of why they do
5 that.

6 And then on the other hand when
7 you mentioned that we're paying capital costs up
8 front, it would seem like -- I don't know
9 whether the city wants -- are they funding it or
10 are they paying for it right away or are they
11 putting out bonds to pay for these items,
12 because if they are putting out bonds, then the
13 money should be spread out over -- to pay the
14 bonds.

15 But again, I don't know what the
16 water department is doing in that particular
17 instance. That's all I have to say.

18 MR. POPOWSKY: Thank you very
19 much. And we will have time at the end to
20 answer some of these questions as -- the water
21 department will be able to answer some of these
22 questions for folks, and I can assure you that
23 the issues that you raised are some of the
24 critical issues we will be addressing in the

1 technical phase of this hearing, the evidentiary
2 phase, where expert witnesses for the public
3 advocate versus expert witnesses for the water
4 department will be addressing some of the issues
5 that you just raised, including the fire
6 protection issue. Myles Gordon.

7 MR. GORDON: M-Y-L-E-S is my
8 first name. Last name, G, for Georgia, O, for
9 Oregon, R, for Rhode Island, D, for Denver, N,
10 for Nantucket. I am representing a group I
11 founded, Philadelphia Taxpayers Association, and
12 I am a committeeman in the 63rd ward 15 division
13 in Bustleton, which has 680 voters and about 100
14 other people who, in their words, are just fed
15 up and don't want to vote anymore,
16 unfortunately.

17 I want to first say I don't have
18 any ill will toward anyone who works for the
19 water department. I have a couple of friends
20 that work there. They do a great job. And all
21 of the men and women that come out when there is
22 a water breakage or any problem. We just went
23 through a very nasty winter and early spring.

24 However, I vehemently disagree

1 with this rate increase and I suggest that they
2 absolutely do nothing, and I will explain the
3 reasons why. It is not because, again, I have
4 any ill will toward anybody.

5 The first thing is, if the public
6 is so valuable, as Ms. Dahme recently said a few
7 minutes ago and their input is important, why
8 aren't they here and why haven't they been
9 notified? Were there public address messages on
10 KYW radio, on TV, in every newspaper and in many
11 other media outlet resources?

12 I contacted many legislators over
13 last week. They don't even know this is going
14 on. How can that be possible if the input of
15 the public is so valuable? Because maybe like
16 some other organizations and utilities in
17 Philadelphia, like PGW, PECO Energy, they don't
18 want the public out here.

19 Unfortunately, the public is beat
20 down. They think it doesn't mean anything and
21 they think it's a done deal. Maybe it is and
22 maybe it isn't. We'll see what happens.

23 And I thank you, Chairman
24 Popowsky and everyone else, for coming here

1 tonight to listen to what the public has to say,
2 and I will try to be as objective as possible.

3 Whatever the amount they're
4 asking, this is like buying a new car. Let's
5 say the sticker price is \$40,000. Who in their
6 right mind is going to spend \$40,000? So you
7 should cut it in half and say it's half the
8 amount and then work from that point on to go up
9 or to go down as to what the matter is.

10 So that's my situation there,
11 because they are smart enough, the people at the
12 water department. We are mostly neophytes that
13 testify, new to the process. Some of us are
14 anxious and some of us are speaking too fast,
15 like myself, and therefore they set it for more
16 than they expect to ever get. So that should be
17 taken into consideration by the water rate
18 board.

19 I remember the storm water
20 charges that came about. Well, that really came
21 about because the EPA was hammering the water
22 department for being so dirty and disgusting
23 with their water. It wasn't that they weren't
24 trying, but they were ineffective.

1 I watched the hearing in city
2 council last week about laterals. Why is it
3 that citizens have to pay for repairing
4 laterals? Let me explain a little more.

5 Did we put in the lines, the
6 water lines? No, the water department experts
7 or technicians do that. Do we construct those
8 lines? No. So if the water products and the
9 products that carry our water are defective why
10 should we, the average citizen of Philadelphia,
11 have to pay to repair the lines that we have
12 nothing to do with? We are relying on the
13 goodwill of those that put the lines in.

14 Let me also add to that that the
15 City of Philadelphia -- a good idea is that they
16 put street trees in. I happen to have a Pin
17 Oak, as many people in Northeast Philly, Mount
18 Airy, West Oak Lane have. What do these trees
19 do if they are Pin Oaks, which really should be
20 back yard trees? Well, they rip into the
21 waterlines, because they are seeking water, the
22 roots from the trees. And then at the end what
23 does the water department say or City of
24 Philadelphia, it's your problem.

1 Thank you, City of Philadelphia
2 and the water department. We had nothing to do
3 with it. So they will give you a no interest
4 loan. You still got to pay the money, even if
5 there's no interest. It's better than having
6 interest but it doesn't solve the problem.

7 The usage situation, really? If
8 I go away on vacation for the next 30 days my
9 bill is going to be almost the same amount as if
10 I used five or six units -- I don't remember the
11 actual increment or measuring tool that they use
12 or what they call it.

13 So basically they're got us
14 locked in. You've got to pay the 30 or 50 or 80
15 or 120-dollar bill. And I am averaging what Ms.
16 Dahme showed about \$66 for one person.
17 Occasionally I have a friend that stays over, so
18 a second person. When I had three people living
19 there -- my parents are up in heaven now. Our
20 bills were like 38 or \$40. I don't understand
21 how they could have gone up so much if they're
22 doing -- making the most efficient use of their
23 service.

24 So it seems to be a bit

1 ridiculous. They just want you to be a
2 customer. And here is the sadder part. I
3 thought I lived in the United States but this is
4 a monopoly. If I don't use their water what am
5 I going to do to flush my toilet, okay? If I
6 don't use their water how do I water my lawn,
7 how do I wash my car, how do I cook or how do I
8 do anything? I basically should shut down and
9 leave, because that's what it's basically up to.

10 I also think that this increase
11 and most increases are regressive. What do I
12 mean by that? It means it's like Robin Hood in
13 reverse. They take from the middle class,
14 because a lot of the middle class are busy
15 working tonight or trying to keep their families
16 going or kids in school or taking care of their
17 ill or aging parents or grandparents, if they
18 are that fortunate, and therefore they can't
19 come to the hearing.

20 So really the water department
21 and other utilities need to promote these events
22 longer and larger and use the media outlets out
23 there, and our elected officials post it in
24 libraries and may other things to let people

1 know what's going on and to let them know,
2 hopefully, that it is not a done deal.

3 As the gentleman that spoke
4 before me said, he talked about Social Security.
5 Well, until about nine months ago many
6 government indexes showed there's no inflation
7 or very little inflation. So I ask the water
8 department, of your top 20 paid employees where
9 were their salaries ten years ago and where are
10 they today, specifically, did they go up, did
11 they go down or did they stagnate? I think I
12 know the answer to that. I've tried to call the
13 water department, your 686 number. I can't get
14 through there, and I hope that the changes you
15 promised in July are made, because even to just
16 discuss the bill it is impossible unless you've
17 got 45 minutes of time to sit there and wait.
18 And I just don't have that much time going.

19 Also, what is the percentage of
20 patron employees versus civil servants at the
21 water department? I'd like to know that answer,
22 and I think every citizen is entitled to it.

23 To better help the water
24 department you should have audits. And I'm not

1 talking about who the city controller is today
2 or four years ago in Philadelphia. I'm talking
3 about an independent firm that specializes in
4 public utility company audits that will tell us
5 what is going on in our water department and
6 make recommendations to top-tier management how
7 to improve your operation and make it more cost
8 efficient, because even in the best of
9 scenarios, if you're doing the best possible job
10 of any water company in the United States of
11 America and beyond our shores, I'm sure there
12 can be improvements made, if you're willing to
13 let that audit be made. And I don't know who
14 would make that final decision, whether it be
15 Mayor Kenney or anyone else.

16 We talked about water quality and
17 I would like to submit this for evidence, if
18 that's something that's part of the process.
19 This is my toilet and this is what Philadelphia
20 water does to my toilet, okay.

21 I have a friend that owns a
22 hardware store that gives me a break, but he
23 comes out to my house to replace the flappers
24 and do other things, the parts, the guts in the

1 -- I hate to think of what it's doing to our
2 bodies if you drink Philadelphia water.

3 So now I will refer to what Mayor
4 Rendell said. He said, if you live in
5 Philadelphia, and this is when he was mayor, you
6 should boil your water before you use it,
7 because I can't put any more chemicals into it
8 than what we're already doing.

9 I won't discuss the lead issue.
10 I don't discuss other contaminants. That's just
11 plain regular water. And I admire his candor
12 for saying that, because I know what it's doing
13 to my toilet. I look at my dishes. I don't
14 even use my dishwasher anymore.

15 Conservation. Believe it or not,
16 these are pages for six years of me auditing my
17 water, gas and electric bills, because I really
18 want to conserve. And I compare January of this
19 year to January of last year, comparing the
20 weather temperature. And I say, okay, what am I
21 doing right and what I am doing wrong.

22 Well, other than in the
23 summertime I -- and I didn't take a shower
24 today. I don't take a shower every day anymore,

1 okay? My girlfriend is threatening to leave me,
2 because I don't flush the toilet all the time
3 anymore, and that can give off an acrid odor,
4 obviously. And I try to save every single way I
5 possibly can, okay?

6 But again -- and -- and clothing,
7 I only do it -- a good recommendation they just
8 sent out about that on clothing, when to wash,
9 only when your bowl is filled with darks or
10 mediums, and so forth, and each and every other
11 aspect of ways -- they just sent out a way to
12 determine if you have a leak, and I thank you,
13 Joanne, if you were part of that, which said
14 that if you don't use water for five hours and
15 you take the meter reading in your basement
16 first or wherever your meter is, and then look
17 at it five hours later, and if anything went up
18 you probably have some type of water leak, okay.
19 Good idea. I'm going to do it this week. I
20 just got the notice last week.

21 So I'm doing everything and
22 anything, but again, if it's not based on usage
23 and it's just about Robin Hood collecting from
24 the middle class or lower income, then what are

1 you supposed to do, just pay it or leave
2 Philadelphia, I guess is the answer. And,
3 unfortunately I wasn't smart enough to do that
4 20 years ago and today I can't do it.

5 They talk about the senior
6 discount. How do they get the number they start
7 for the senior discount or where the top line is
8 where you can do it when we're in the most
9 poverty-ridden city in the top ten, which
10 Councilman Oh and many other people in city
11 council talked about, okay?

12 I think it's too low. I would
13 like to know it and I think we are entitled to
14 know how do they get this 18,000 or 22,000,
15 whatever the number is, please let us know how
16 you got to that number so we can look at it.

17 The bottom line here, folks, is
18 it's all about this, okay. I don't even know
19 why it's worth even almost working in
20 Philadelphia, unless you have a high-paying job,
21 because when you're done with your cable bill,
22 you're done with the parking authority, you're
23 done with PECO, PGW and the water department you
24 come away with about \$50.

1 So I would encourage, implore and
2 bait and do whatever it takes to say, please
3 give them nothing in an increase, because they
4 have not earned it. Thank you for letting me
5 speak.

6 MR. POPOWSKY: Thank you very
7 much. We have several other folks who have
8 signed in here but have not specifically asked
9 to testify. So can I ask, anyone who is here,
10 if you would like to come forward and speak at
11 this time, please do. If not, that's fine, too.
12 I appreciate you coming out this evening.

13 Did the water department have any
14 just factual replies that you wanted to make
15 tonight on a couple of the issues -- questions
16 -- just to answer any questions that were
17 raised?

18 MS. DAHME: Thank you, Sonny.
19 So, we -- speaking to the issue with the
20 affordability and senior discount and things
21 like that, the senior discount, the 25 percent
22 discount, is dictated by city ordinance and --
23 so that's 25 percent, but we are proposing to
24 increase it from -- currently it is \$31,500, to

1 \$32,300. So it increased by \$300, and -- but
2 we, as Debra mentioned, the affordable rates
3 program, seniors don't have to know which they
4 -- you know, whether it's a senior citizens
5 discount or affordable rates in TAP.

6 One application can be completed
7 and water revenue will determine which is the
8 best program for you, which is the most
9 affordable and provide that. We are very
10 sensitive to folks on fixed income, and that's
11 why the affordable rates program is based on
12 percentage of the income in three tiers.

13 We -- change in -- oh, I should
14 also mention that if you are in the affordable
15 rates program or getting into it, these rate
16 increases will not impact you, again, because
17 it's a percentage of your income and not based
18 on those of us that are paying the full freight,
19 our rates will go up.

20 The change in policy, speaking to
21 the fire system borne by the rate payers, that
22 was -- you're correct, the city -- the cost
23 associated with that, maintaining the fire
24 hydrants for the fire department and the

1 capacity of the system, the water they use,
2 those costs would be passed on to the general
3 fund. And so the administration has stated that
4 they want it now to be borne by the water rate
5 payers.

6 That's not unusual. There are
7 other municipalities that do have it borne by
8 the rate payers as opposed to taxpayers. It is
9 a change in policy either way. And it will be
10 part of the service charge, is what our proposal
11 is, and therefore you would not be penalized for
12 increased consumption for that portion of the
13 bill. It would be for the fire charge.

14 Capital costs. So, we, as you
15 noted, try to keep the rates as low as possible
16 and get the best advantage for our bonds, which
17 is the -- the bulk of our capital work done
18 through -- is funded through bonds, and we sell
19 bonds, and hopefully at a very affordable
20 interest rate. But we are attempting to
21 increase the -- what we call PAYGO.

22 And that's money that we would
23 collect and then spend on capital directly. It
24 is a small percentage of our entire capital

1 fund, and by doing that over the long haul we
2 will reduce the rate payer's cost, because when
3 we sell a bond, like a mortgage, we are paying
4 more than once, right, we just get to spread the
5 payments out, whereas if we pay for it right
6 now, today, we're paying an increase.

7 So we are trying to increase that
8 PAYGO money, but just incremental, because it
9 has a direct impact on our rate payers, and we
10 recognize that. So it's balance.

11 The public notification of the
12 hearings. We have advertised in all the papers.
13 I know Councilwoman Parker's office was really
14 great about trying to get folks to know about
15 this hearing this evening.

16 We have done ads, we have done a
17 lot of different publications to try to get the
18 word out. I'm, like you, not sure why folks
19 wouldn't come to -- sorry.

20 So the issue of the laterals and
21 the water services. In fact, the customers,
22 property owners, do own the piping from the home
23 all the way to the water main or the sewer. So
24 that would be why property owners are

1 responsible for those repairs.

2 They were not installed by the
3 water department, as a rule. They were
4 originally installed by a plumber or that
5 property owner. When we relay a water main,
6 yes, that's -- that's the truth, but when we
7 relay a water main -- so we put a new water main
8 in the street, we do replace the service from
9 the water main to the valve in the footway, so
10 to the curb side, if you will. That's when we
11 install -- well, have a plumber working for us,
12 but it still is owned by the property owner.

13 And the laterals, as a rule, when
14 we reconstruct the sewer we don't need to
15 replace the laterals. We might need to, but
16 again, it's still the property owners'. And
17 this is through state authority that designates
18 this.

19 A question percentage patrons in
20 the job. So there are ten appointments to -- so
21 the Mayor allows ten what we call exempt
22 positions. So there are potentially up to ten
23 now. In my staff there are nine appointed
24 positions.

1 I don't necessarily consider them
2 patronage, because basically most of us came up
3 through the water department. I started as a
4 civil service employee, Joanne started as a
5 civil service employee, and we came up through
6 the organization and ended up being appointed by
7 a mayor. I was appointed by Mayor Street as
8 Deputy Commissioner, and then Mayor Kenney. But
9 most of our employees are -- 2,000-plus
10 employees are civil services employees.

11 And water quality, I'd like to
12 talk to you specifically about your issue,
13 because that looked like there might be some
14 iron in the toilet, and that's typically what
15 you see with that, but we can work with you and
16 have someone come out and sample it to see what
17 might be going on.

18 And we spoke about the senior
19 discounts, so I think I've covered all the
20 issues. I will be available and Joanne will be
21 here if anybody has anything else or needs any
22 other questions answered, we're happy to assist.

23 MR. POPOWSKY: Thank you. Does
24 anyone else, any other members of the public,

1 have any additional comments or questions they'd
2 like to make at this time?

3 MS. MEADOWS: Just one thing that
4 might be useful, and this has come up as part of
5 the Mayor's proposal, the property tax rate
6 increase, as well as the assessments, we asked
7 OPA to create a property tax calculator for
8 people to plug in, you know, what is their
9 assessment is now, what their exemption is now
10 and what the property tax rate is now, what do
11 they owe now and what will it be under the
12 Mayor's new proposal. And something similar in
13 this case might be useful, because I know you
14 were talking about the average home owner is
15 about \$66 a month, but most people aren't the
16 average. You know, it's when you add up all the
17 homes in all of Philadelphia that you get those.

18 So it might be useful for the
19 sake of transparency on your website. You could
20 create some sort of calculator where people can
21 plug in, this is my monthly bill now and what
22 will it be, you know, one year from now or two
23 years from now or three years from now.

24 MR. POPOWSKY: Okay. Thank you.

1 That was Rachel Meadows, right? Rachel Meadows
2 from Councilwoman Parker's office. Thank you
3 very much.

4 Does anyone else have any
5 comments or questions at this time? If not,
6 thank you again for coming, and we will have our
7 next hearing Wednesday evening in South Philly.
8 Thank you.

9 (The hearing was ended at 7:23 p.m.)

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