



1 Pursuant to the Hearing Officer's February 18, 2016 request for a statement outlining the  
2 parties' positions, Citizens for Pennsylvania's Future ("PennFuture") hereby submits this outline  
3 of the stances it plans to take in the above-captioned rate case. This outline is accompanied by  
4 the direct testimony of David Russell, P.E., which provides more detail about the positions  
5 summarized below.

6 As a statewide, public interest environmental organization with an office in Philadelphia,  
7 PennFuture works to create a just future in which nature, communities and the economy thrive.  
8 As part of its mission to restore and protect the environment, PennFuture has devoted significant  
9 resources to promoting effective urban stormwater management, which if done properly, can  
10 help to minimize pollution from urban run-off and improve the quality of Pennsylvania's waters.  
11 PennFuture strongly supports *Green City Clean Waters*, Philadelphia Water Department's  
12 ("PWD's" or the "Department's") 25-year stormwater management plan that protects and  
13 enhances local waterways with green infrastructure. The *Green City Clean Waters* program is  
14 the Department's innovative response to pressure from federal and state government agencies to  
15 reduce pollution from its combined and separate stormwater outfalls. It serves as a national  
16 model for urban stormwater management solutions that provide social, economic, and  
17 environmental benefits.

18 Because of the Department's long-term commitment to *Green City Clean Waters*, it is  
19 critical that PWD have reliable, long-term funding to ensure the success of the program. If the  
20 Department does not have adequate funding to carry out *Green City Clean Waters*, city residents  
21 and rate payers would not only lose out on the improved water quality promised by the program,  
22 but they could also suffer economically as a result of the consequences of violating a binding  
23 Consent Order and Agreement with government agencies. PennFuture is pleased that

1 Philadelphia Water Department expects to meet its 5-year milestones. PWD Response to  
2 PennFuture Interrogatory PF 1-5. PennFuture is committed to ensuring that the Department will  
3 be able to fulfill the remainder of its commitments over the remaining 20 years of the *Green City*  
4 *Clean Waters* program.

5 During the course of the technical hearing about the Philadelphia Water Department's  
6 ("PWD's" or the "Department's") proposed rate change, PennFuture plans to take the following  
7 positions:

8 1.) The *Green City Clean Waters* program is vitally important to PWD's efforts to manage  
9 stormwater in Philadelphia and minimize stormwater pollution in local waterways. *See,*  
10 *generally,* PWD Statement 4. It is critical that the *Green City Clean Waters* program  
11 maintain adequate funding to ensure that it will remain viable for the remainder of its 25-  
12 year existence. In addition to the recommendations to improve the Department's  
13 stormwater management funding mechanisms discussed below, PennFuture plans to  
14 consider any proposals made by other participants in this rate setting proceeding and, to  
15 the extent permitted by the Hearing Officer, engage on – and possibly oppose – any  
16 proposals that may undermine the success of the *Green City Clean Waters* program.

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18 2.) PennFuture proposes that the Department modify the incentive structure for its Enhanced  
19 Customer Assistance Program ("Enhanced CAP") so that Enhanced CAP, in its current  
20 form, may be phased out by Fiscal Year 2019. The Enhanced CAP program was  
21 designed to help mitigate large rate increases that some non-residential customers faced  
22 as a result of PWD's transition from a meter-based stormwater fee structure to a parcel-  
23 based structure. Philadelphia Water Statement 9B- Supplemental Direct Testimony of

1 Black & Veatch Corporation (“PWD Statement 9B”) at 9. PWD projects that Enhanced  
2 CAP will create “contra revenues” of \$3.517 million in FY 2016. PWD Statement 9B at  
3 8-9. Although the contra revenues are projected to decrease by approximately \$100,000  
4 per year because enrollment for new customers ended in September 2014, some  
5 subsidized customers will continue to be enrolled in the Enhanced CAP program for  
6 many years to come. *Id.*

7 Under Enhanced CAP, these contra revenues will continue without the ratepayers  
8 of Philadelphia receiving any tangible benefit in terms of stormwater management.  
9 Further, as a result of this rate relief, Enhanced CAP program participants face reduced  
10 financial incentives to manage stormwater on their properties, something that should be  
11 promoted.

12 PennFuture proposes that the Department modify or eliminate its Enhanced CAP  
13 program to get rid of this contra revenue and, thus, reduce these unnecessary, adverse  
14 impacts on other ratepayers. As described in more detail in the testimony of David  
15 Russell, P.E., PennFuture proposes that PWD transition, by the end of FY 2019, all  
16 existing Enhanced CAP customers out of the existing program and into an incentive  
17 program that mitigates financial burden in return for stormwater management benefits.

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19 3.) PennFuture proposes that the Department expand its incentive programs to encourage  
20 stormwater management on private land. PWD currently operates two grant programs  
21 for that purpose: the Stormwater Management Incentives Program (“SMIP”) and the  
22 Greened Acre Retrofit Program (“GARP”). PWD Statement 9B at Exhibit BV-S4. PWD

1 reports that the cost to PWD of an average “greened acre”<sup>1</sup> effectuated on private land is  
2 less than one-third the cost of an average greened acre developed on public land.

3 Philadelphia Water Department Statement 4- Direct Testimony of Joanne Dahme and  
4 Erin Williams (“PWD Statement 4”) at 6; Philadelphia Water Department Response to  
5 PennFuture Interrogatories PF 1-8 and PF 1-9. The budgets for both the SMIP and  
6 GARP programs were both fully utilized in FY 2013 through 2015 (PWD Statement 9B  
7 at 3), suggesting that there may be additional demand for these programs that could not  
8 be met with available funding.

9 As explained in more detail in the testimony of David Russell, P.E., PennFuture  
10 recommends that PWD provide additional funding to expand these programs, increasing  
11 their funding from \$15 million to \$18 million by FY 2018. These expanded programs  
12 can be used to achieve improved stormwater management benefits at a lower cost to  
13 PWD than if the Department undertook stormwater management efforts on its own.

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15 PennFuture reserves the right to supplement these positions, as permitted by the Hearing  
16 Officer, as other information becomes available and other participants publish their position  
17 papers.

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<sup>1</sup> A greened acre is “an acre of impervious cover connected to a combined sewer that subsequently is reconfigured to utilize green stormwater infrastructure to manage all or a portion of the stormwater runoff from that acre.” PWD Statement 4 at 3. Establishment of greened acres is among the metrics used to evaluate compliance with the Consent Order and Agreement between PWD and the Pennsylvania Department of Environmental Protection.