

3065 Cedar Street
Philadelphia, PA 19134
April 8, 2016
Phone 215 423 8374

Mr. Bernard Brunwasser, Chairperson of the Water Rate Board
Philadelphia Water, Sewer and Stormwater Rate Board
City of Philadelphia Law Department
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

Dear Chairperson Brunwasser,

My name is Robert Falkowski. I gave you a copy of this letter before I spoke at Water Rate Board's meeting in City Council Chambers on Thursday April 8th. I wanted to make sure you had a signed copy.

As I wrote in my letter, I hope you will arrange to have Public Meetings in the eastern neighborhoods of Philadelphia. Before the Water Rate Board makes a final decision on the water, service and stormwater charges for 2016 and 2017, it is important for the board to hear from Water Department clients in all parts of the city.

Sincerely yours,



Robert Falkowski

3065 Cedar Street
Philadelphia, PA 19134
April 7, 2016
Phone 215 423 8374

Mr. Bernard Brunwasser, Chairperson of the Water Rate Board
Philadelphia Water, Sewer and Stormwater Rate Board
City of Philadelphia Law Department
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

Dear Chairperson Brunwasser,

My name is Robert Falkowski, I'm a senior citizen and I live in the Port Richmond neighborhood of Philadelphia. I appreciate your giving me the opportunity to express my position on the Water Department's proposed rate increase of 6.2% beginning on July 1, 2016 and 5.5% beginning on July 1, 2017.

Part #1: Reasons for Which The Proposed Rates Are Too High

I want to start by commending the Water Department for the terrific quality of water it provides to my neighborhood. After I pour it from the tap into glass bottles and refrigerate it, it tastes absolutely refreshing. Unfortunately, however, I can't speak in such a positive way about the Water Department's proposed rate increases. To put it bluntly, I think the proposed rates are much too high. Let me provide you with a couple reasons to support my position.

#1 Personal Budgetary Considerations: Since 2010 I have been recording the Water Department's water usage charge and its service and stormwater charges. Typically, I use 4 CCF's of water a month. Combining the department's charge for my water usage with its stormwater and service charge, the increase in my water bill over the six years between 2010 and 2015, has been 22.4%. Meanwhile, my Social Security increase over the same period has been 8.5%. I also receive an Archdiocesan pension; its amount has been static and will remain static forever. So as you can see, the Water Department's increased charges over the six years from 2010 to 2015 have been considerably higher than my pension increases. Meanwhile, if you check my payment history, Mr. Brunwasser, you'll see that I have never missed my monthly payments and my payments were never late. The bottom line, Mr. Brunwasser, is that in all fairness I think the Water Department, in preparing its rate increase proposals, should take into consideration the budgets of its customers. With this in mind, I think that ideally, the proposed rate increases for 2016 and 2017 should be no greater than the rate of inflation; more realistically, they should be in the range of 2% to 3%. I believe the Water Department, in calculating its own budget, has to be more mindful of the budgets of its clients.

#2 Discount Considerations: In 2015, the Philadelphia City Council passed a law providing for Income Based Billing by the Water Department. The law provided for a discount in charges based on the customer's income (See *Inquirer*, November 20, 2015, page B-2). As I see it, this law offers evidence not only that the Water Department's past rates lacked fairness, but since the proposed rates for 2016 and 2017 are similar to past rates, they also lack fairness. Of great concern to me is that according to the *Inquirer* article cited above, "...water department officials have said they expect the program will result in a rate increase." My conclusion is that for the

sake of fairness, the rates proposed for 2016 and 2017 should be lowered.

#3 Deficit Considerations: The *Inquirer* article cited above also indicates that the Water Department's "... delinquent payments total \$259 million." To me this deficit is an additional indicator that the department's proposed rates are unfairly high. Let's face it: if the rates were fairer, logically more people would pay their bills. Moreover, if the deficits were lower, I truly believe our monthly water bills would be lower because as I see it, the cost of the deficits is a factor contributing to the size of the department's increased charges over the years.

Part #2: Some Proposals To Reward Clients Who Conscientiously Pay Their Water Bills

Reward #1

The Water Department offers assistance to needy people. According to Water Department statistics, for fiscal year 2015, the department contributed over \$22 million in assistance to customers in need (See Appendix A). It's a good thing to help the needy. But it would also be a good thing for the Water Department to show some appreciation -- a discount -- to the conscientious Philadelphians who always fully pay their monthly water bills. Here's an example of the kind of discount I am suggesting: Let's say I faithfully pay my water bill every month in 2016; my reward for doing so would be a discount of 10% for every monthly water bill in 2017. This pattern would be repeated for every successive year. Such an appreciative discount might even encourage more people to pay their bills.

In considering this proposal, Mr. Brunwasser, keep in mind all the money which conscientious clients save the Water Department. For example, the department doesn't have to pay staff members for the time they spend in contacting us about our unpaid bills -- we don't have unpaid bills! It also doesn't have to pay staff members for the time they spend in interviewing us about our financial limitations and then putting together an affordable bill payment plan for us. Moreover, it doesn't need staff members to turn our water supply off and on to induce us to pay our bills.

Also keep in mind, Mr. Brunwasser, that the Water Department's law-abiding clients undoubtedly provide the funds to pay the department's deficits and customer assistance programs possibly including in the future the recently enacted Income Based Billing Program. The Water Department should definitely not take its conscientious clients for granted!

Reward #2

As noted above, in fiscal year 2015 the Water Department contributed over \$22 million in assistance to customers in need. With the recent passage of the Income Based Billing Program, this assistance may increase. In this context what I want the Water Department to do is provide its clients who receive no charitable discount an annual statement of the percentage of their monthly bills that provided funds for the department's charitable programs. As you know, the Itemized Deduction Schedule of the federal income tax permits the posting of "Gifts to Charity". Therefore, having an official Philadelphia Water Department annual statement of my contribution to the department's charitable assistance programs might help me pay a lower federal tax. I think every conscientious bill payer would deeply appreciate such a statement.

Part #3: A Problem with the Limited Location of the Water Rate Board's Public Hearings

In its public hearings on the proposed rate increases, I think it is very important for the Water Rate Board to hold these hearings in Philadelphia locations that would give all the Water

Department's clients an easier time in reaching a site where they could express their views on the department's proposed increases. However, based on my zip code analysis (See Appendix B: Zip Code Map) of the location of the public meetings, the Water Rate Board has failed to do so.

Zip Code	Meeting Location	Date	Philadelphia Location
1) 19139	5240 Chesnut Street	2/23/16	West Philadelphia
2) 19111	6500 Labor Road	2/24/16	Far Northeast Philadelphia
3) 19103	1901 Vine Street	3/1/16	Center City Philadelphia
4) 19128	5800 Ridge Avenue	3/2/16	Northwest Philadelphia
5) 19121	1400 N. Broad St.	3/3/16	Upper Central Philadelphia
6) 19107	Philadelphia City Hall	4/7/16	Center City Philadelphia

Why are there no meetings in the neighborhoods in the eastern part of Philadelphia – neighborhoods like Parkwood, Torresdale, Mayfair, Wissinoming, Bridesburg, Port Richmond, Queen Village, South Philadelphia, etc.? (See Appendix C: Neighborhood Map) The Water Department clients who live in the eastern neighborhoods deserve as much access to public meetings as the people west of Broad Street. Remember, Philadelphia is a democracy and therefore Water Department clients in all parts of the city should be given the opportunity to express their views on the proposed 2016 and 2017 rate increases. In all honesty, I don't see how the Water Rate Board can make a fair and valid decision on the proposed rate increases if it doesn't hold public meetings in the eastern neighborhoods of Philadelphia!

Conclusion

Mr. Brunwasser, thanks for taking the time to read my letter. It is my hope that it will induce the Philadelphia Water Rate Board to lower the proposed rate increases for 2016 and 2017 to a more affordable level. It is also my hope that the Water Rate Board will decide in favor of enacting a rate discount for the Water Department's conscientious bill-paying clients; should the board lack the power to do so, it is my hope that you will make a firm recommendation to Mayor Kenney and City Council to do so. Moreover, it is my expectation that the Water Department will provide an annual statement of the percentage of our monthly water bills which is used to finance the department's charitable programs. And finally, in the interest of securing fairness and genuine validity to its decision on the Water Department's proposed rate increases, I sincerely recommend that the Water Rate Board extend its public hearing schedule to provide hearing sites in Philadelphia's eastern neighborhoods.

I am looking forward to your substantial reply to all four of my requests. If I can be of any further assistance, please don't hesitate to contact me.

Sincerely yours,

Robert Falkowski

Robert Falkowski



Assistance is available for those who need it.

We believe 24/7 access to safe water is an important service to our customers, and we know that even a rate increase of a few dollars a month can be a burden for the city's low-income residents. Here is a list of customer assistance initiatives.



Program Proposed

Affordable Rates:

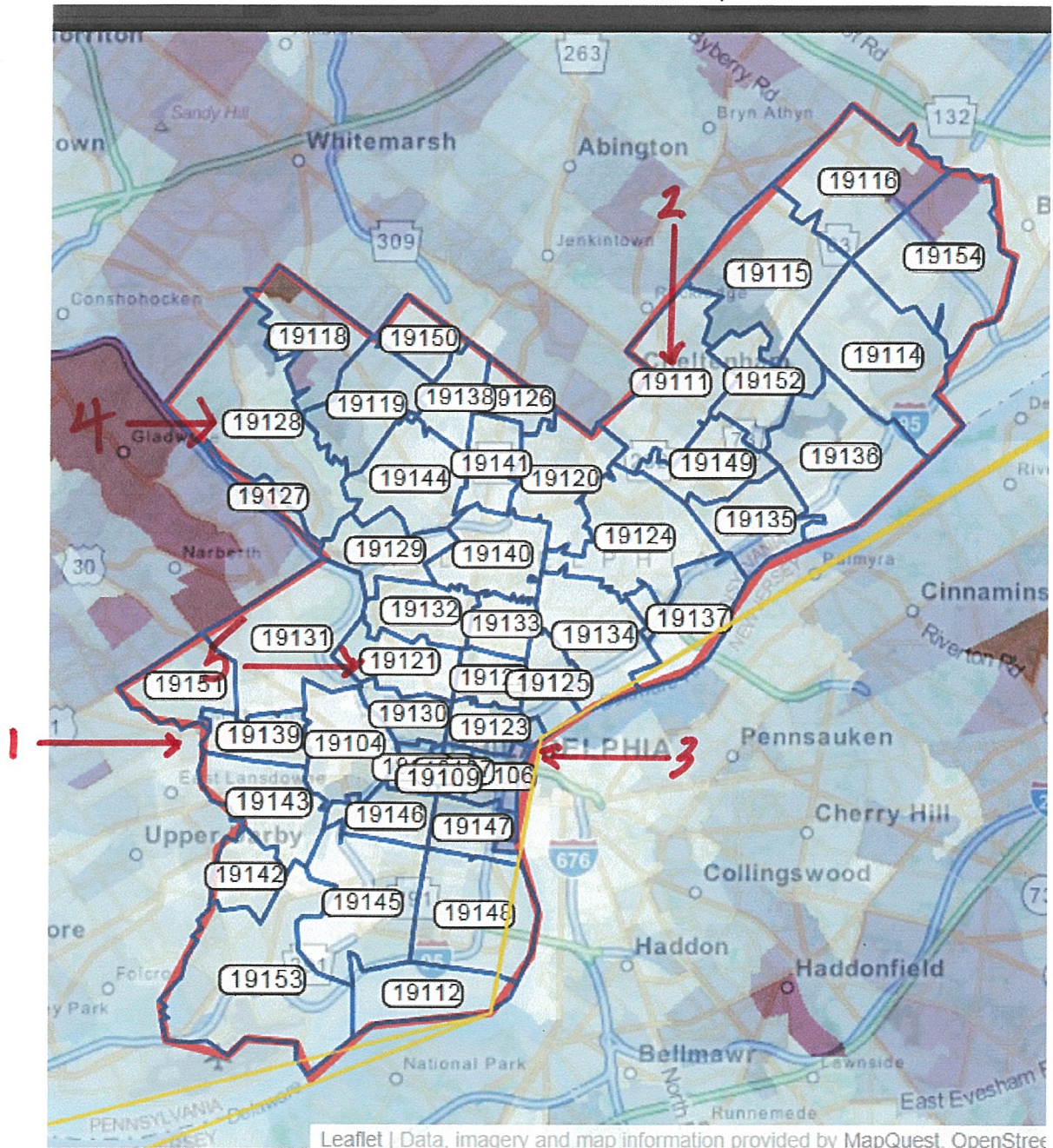
In 2015, the Mayor signed a bill passed by City Council that calls for the creation of a new low-income rates program.

Program	Description	Who benefits, and how much?
Senior Citizen Discount	A 25% discount provided for residents who are 65 or older and have a total household income under \$31,500 per year <i>Administered by the Water Revenue Bureau</i>	Provided 21,487 seniors with discounts totaling more than \$3.4 million
Charitable Organization Discount	A 25% discount provided for charities, churches, nonprofit hospitals, schools, and universities <i>Administered by Philadelphia Water and the Water Revenue Bureau</i>	Provided 2,290 organizations with discounts totaling more than \$10.2 million
Water Revenue Assistance Program (WRAP)	Grants of up to \$500 on water bills to prevent shutoff for low-income customers and assist customers in obtaining federal energy assistance <i>Administered by the Water Revenue Bureau</i>	Provided grants to 7,198 customers with discounts totaling more than \$3.8 million
Utility Emergency Services Fund (UESF)	Grants to prevent shutoff or restore water service for low-income customers. Financial assistance must address unpaid past bills. <i>Administered by the nonprofit UESF, with application support from the Water Revenue Bureau.</i>	Served 551 customers totaling \$388,453
Homeowners Emergency Loan Program (HELP)	No-interest repair loan program for homeowners in imminent danger of shutoff because of a violation notice <i>Administered by Philadelphia Water</i>	Provided loans to 1,180 homeowners totaling more than \$4.6 million
Conservation Assistance Program (CAP)	Provides water conservation devices and education to low-income customers, yielding average water usage savings of more than 25% for participants <i>Administered by the Energy Coordinating Agency and Neighborhood Energy Centers through a Philadelphia Water grant</i>	Served 1,229 households. Total Philadelphia Water costs for water conservation equaled \$488,853
Cross Connection Abatement Program	State-mandated repair program that replaces sanitary drainage lines illegally connected to the storm sewer <i>Administered by Philadelphia Water</i>	Served 36 properties at a total cost of \$399,623
Basement Protection Program (BPP)	Assistance program to alleviate sewer backups in basements due to heavy rainstorms <i>Administered by Philadelphia Water</i>	Served 31 properties at a total cost of \$99,597

TOTALS:

In fiscal year 2015, the most recent year from which data is available, Philadelphia Water and the Water Revenue Bureau contributed **over \$22 million in assistance** to customers in need.

APPENDIX B : ZIP CODE MAP



Neighborhoods of Philadelphia

