

April 18, 2016

Philadelphia Water, Sewer, and Stormwater Rate Board
c/o Marie McNeill,
Philadelphia Water Department Finance
Division 1101 Market Street, 5th Floor
Philadelphia, PA 19107

RE: PROPOSED RATE INCREASE

Dear Water Rate Board,

We are a group of advocates and organizations that are deeply concerned by the proposed water rate increase, as it will cause serious harm to many Philadelphians, especially the elderly and those living on a fixed income. We oppose the proposed rate increase and urge the Water Rate Board **NOT** to approve it.

The Philadelphia Water Department (PWD) has not sufficiently justified the need to increase the cost of water service by 12% over a two-year period. This change would mean that the average monthly water bill would increase by \$8.00 for most residents and by \$6.00 for seniors. Many seniors and low income Philadelphians living on a fixed income simply cannot afford this increase. Since wages will not increase by 12% over the next two years, they will be forced to make difficult decisions between having running water and other vital needs.

Your Board was established as part of “an open and transparent process for public input and comment on proposed rates and charges.” Rate Board Regulation Section II (1)(b). An essential part of the process is the public comment period, which was included to ensure that you hear the public’s concerns about the proposed increase.

Throughout the process, the public has expressed serious fears about this water rate hike. Over the past few months, you have heard how average Philadelphians are already struggling to pay their bills and how quick PWD is to shut off their water, including during winter months when there is a moratorium for shut offs at residential homes. You have learned that thousands of Philadelphians, including families with young children, do not have running water in their homes, either because PWD will not recognize them as customers or because they cannot afford to repair the expensive infrastructure that PWD requires them to maintain, including pipes that are located several feet under the sidewalk and simply impossible to maintain.

Records released by PWD during the process corroborate their stories. PWD revealed that it will shut off water when a customer has just over \$75 in debt over two billing cycles. Furthermore, although 40% of PWD customers are delinquent on their water bills, only 7,200 payers currently are enrolled in the department’s current Water Revenue Assistance Program (WRAP), which provides affordable monthly payment plans to help residents who are unable to pay their water bills in full. This is stark contrast to the 61,000 people currently benefiting from PGW affordable

billing program. Part of the reason for this remarkable disparity is the high denial rate for WRAP applicants. PWD rejects between 40% and 45% of WRAP applications each year.

PWD justifies its need for higher rates by citing a declining customer base and decreased water usage. Before you make this important decision, we urge you to examine whether PWD is creating its own problem. We do not understand why PWD lost 31,472 customers over the last five years, at a time when the population of Philadelphia increased by over 34,000.

We believe that PWD is contributing to its own customer decline through failing to implement its own policies and inadequately training its staff. For example, many individuals have “tangled titles,” meaning that they are living in a home titled to someone else, like a deceased relative. Under PWD own policies, individuals with a “tangled title” should qualify as customers because they are occupants with an ownership interest. However, PWD employees routinely turn away individuals with tangled titles seeking to become customers. Since over 14,000 properties in Philadelphia are titled to deceased individuals, this problem may explain almost half of the lost customers over the last five years.

PWD has also adopted questionable financial policies. PWD estimates that it costs \$50 to shut off water service. That means that the city spent \$1,573,600 turning water off in the last year alone. PWD has also historically over-estimated its revenue requirements. PWD over-projected the annual excess in the Rate Stabilization Fund (RSF) by \$132 million in the last fiscal year alone. In addition, PWD has \$80 million in resources designated as “Equity in Treasurer’s Account” and over \$14 million in the Residual Fund. When PWD has more than \$300 million in available resources at its disposal, we wonder why it needs to increase its rates.

The negative effect of the rate increase is even more troubling because it will go into effect before the implementation of the new Income-Based Water Affordability Program (IWRAP). The new program will restructure residential water billing to better account for income inequality by creating a tiered approach to water affordability, with those in the lower income tiers being eligible for greater discounts on their water bills. Residents, who will not be able to take advantage of the new IWRAP until 2018, are now not only at risk of losing water service, but also their homes, since the Mayor has identified foreclosures of properties that are delinquent on their water bills as a priority for his administration in his five year strategic plan.

We are asking the Water Board **NOT** to increase rates. Instead, to increase its customer base, the PWD should:

- Effectively implement the new IWAP, ensuring that it includes robust arrears forgiveness, an easy enrollment process, and sufficient outreach;
- Create additional grant programs and installment plans to help low income Philadelphians make needed repairs to their infrastructure; and
- Train its staff of the documentation needed to establish a customer account.

The following individuals and organizations have signed on to this letter:

1. VIP Philadelphia
2. Public Interest Law Center
3. Media Mobilizing Project
4. Tenant Union Representative Network (TURN)
5. Community Lawyering Clinic, Drexel University, Kline School of Law
6. Put People First! PA
7. Philadelphia Workers Benefits Council
8. Jennifer Lee, Clinical Assistant Professor, Co-Legal Director, Sheller Center for Social Justice, Temple University Beasley School of Law
9. Susan Brooks, Associate Dean for Experiential Learning & Professor of Law
Thomas R. Kline School of Law, Drexel University



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Thomas R. Kline
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