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**Testimony for Public Hearing
on the Philadelphia Water Department proposed rate increase
March 1, 2016**

My name is Dr. Mariana Chilton. I am a professor at the Dornsife School of Public Health at Drexel University, and I Direct the Center for Hunger-Free Communities, where we seek solutions to poverty that are based on empirical evidence and human experience.

I am here to talk to you about how the proposed PWD water rate hike may negatively affect the health and wellbeing of young children.

For the past 15 years I have been carrying out research among Philadelphia's poorest families to track and understand how hunger and housing hardship affect the health and wellbeing of young children. With our ongoing research study, Children's HealthWatch, we interview families with young children in the emergency room at St. Christopher's Hospital for Children. I have carried out several qualitative studies in Philadelphia where I have been in families' homes documenting how they experience hunger and adversity. One of these studies, Witnesses to Hunger, is still ongoing. I have another study where we work with families to help them build assets to get out of poverty. In all of these studies, we have met families that have lived or are currently living without running water.

Why and how does this happen?

Because they cannot afford to pay their bills, or turn on the water when they move into a new place. Or, in some cases, because the pipes to their home are so corroded and old that they can't afford necessary, life-saving repair. This was the case for one of the members of Witnesses to Hunger: raw sewage was coming up through her basement floor. She didn't have the 2000 dollars to fix that. According to the water department, she was on her own to make repairs because the pipes leading to her house were her responsibility. At the time, she was living in her house without running water with her 6-year-old and her two-year-old. I include the photo of her kitchen for the record. She was lucky enough to have a friend across the street that would let her and her children use the toilet, wash their hands, and get a pot of water to cook oodles of noodles on the hot plate in her living room. But this was not enough to keep her kids healthy. She told me, "Mariana, we practically live at the St. Christopher's

emergency room because of my kids' rashes, colds and infections. And I know it's because I don't have running water."

She is right.



My Neighbor's Kitchen, shared by Barbie Izquierdo | Witnesses to Hunger, July 2008.

The research shows that families that do not have running water are at much higher risk of getting infections and of being sick. This is especially problematic when it comes to poor nutrition. Doctors call this the "infection malnutrition cycle." When children are malnourished they are less likely to be able to fight off infections. When they get an infection, their nutrition gets worse, because they don't eat as well. This leads to more malnutrition and thus, to another infection. Around and around it goes – sending kids into and out of our hospital emergency rooms. It's like a massive merry go round among Philadelphia's families with young kids – round and round among the homes they cannot afford to fix, into the hospital that treats their symptoms, only to be discharged back again to homes without adequate water, without enough money for food.

Aren't we tired of this?

What's one of the power sources of this insane cycle? The inability of the Water Department to assist low-income families in an effective way. Ignoring tangled title problems and deep family poverty, the water department insists on payment processes that keep people trapped in this cycle of poor health. Our city systems don't work together. The grease that keeps the merry go round going without interruption is fear—fear from families who worry that if they reveal they can't afford to pay the bill, or worse, that their water is shut off, that other city system, DHS, will take their kids away.

The water department bears some responsibility here. We must build in better protections for our city's children.

Our recent research shows that ~~26~~ 26% of low-income families with young children we interviewed in West Philadelphia have received water shut off notices. Over the last 11 years at St. Christopher's hospital emergency room, almost 60% of the families we interviewed had at least one hardship that included food insecurity, housing insecurity, and lack of ability to pay utility bills (including water). We know this hardship causes more infections and hospitalizations, and negatively affects a child's development, their schooling, and later, their ability to succeed in the work place.

Philadelphia's kids are at great risk. I implore you to carry out a health impact assessment of this rate hike. The water department should be able to proceed with a rate hike only after they can publicly demonstrate that the city has built in effective protections for Philadelphia's poorest children.

Thank you for the opportunity to provide this testimony.

PRESS RELEASE

Jeremy Meglen's Speech for the March 1st Water Rate Hike Hearing

Hello, my name is Jeremy Meglen, I am here on behalf of the Eastern Service Workers Association. I am a freshman at Temple University, and I would like to take this time to voice some of my grievances and concerns regarding the potential rate increase with the city's water. As a student, I have a decent understanding of debt. While I am blessed enough to have parents that can help finance my education, some of my friends are not so lucky. Even as freshmen, I have friends that are needed to take out loans in order to pay for their college tuition, their rent and various other expenses. My friends will most likely have to pay off these loans until they are well into their thirties. And it is with my understanding that the water department is also in debt, in fact, millions of dollars in debt.

What I would like to know is why students are forced to live in debt, yet the city is willing to help major corporations get out of debt at the expense of its citizens.

As a current student and possibly a future resident of Philadelphia, I find this proposed rate increase to be a bit concerning. College, as you probably know, is fairly expensive. Even though I am only a freshman in my second semester in college, I already know a few students that will not be attending Temple next year due to financial reasons. How do you expect college graduates to live in the city if something as necessary as water is too expensive? I hope after hearing me, and the others speaking with ESWA, you will consider denying this raise in the water rates.

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Press Release

ARTHUR WENDLER'S SPEECH.

Good morning ladies and gentlemen. My name is Arthur Wendler. I have been a Philadelphia resident for 17 years. I am a water rate customer because my rent goes up based upon my utility costs. I am here to speak out against the water rate hikes in order to add my voice to the voice of others.

It has come to my attention that on average the city has raised the rates every year for at least the last 5 years – this is a conflict with providing an adequate and reliable water supply for all households. It seems that the water department is raising rates to please bondholders while citizens are sinking into poverty.

It is not an assumption that one can only be \$500 dollars away from poverty. I was with a company for over ten years and it dissolved without real notice, and it left ten others and me not only in an emotional depression, but in an economical one as well. From my standpoint, it is a strong indication that this is affecting all walks of life, including professionals and the overall majority of workers as well. I have been a graphic designer for 30 years and I have not seen the economic prosperity that the mainstream media speaks of. In the field I am in it's hard trying to find a job where the majority of the opportunities have become part time or contractual with no benefits. Someone in this situation is always looking for the next opportunity or contract in order to pay the bills. Currently I am resorting to applying for a low-waged retail position, which in many cases are part-time and have no benefits. Meanwhile I am doing my best to budget my income and expenses in order to pay my rent and my bills.

I don't think it is fair that the water department gets to pass on their debt to the ratepayers with increased rates while more and more people are being forced into filing for bankruptcy in order to keep their utilities on or the creditors from charging more interest.

Since I have become a volunteer at the Eastern Service Workers Association and donate my design skills I have met other people who are in a worse situation than I am. It has helped me come to grips with my own current situation and the fact that we have to raise awareness together to say "no" to the policies such as the city raising their water rates because it is forcing more people into poverty, which inevitably affects the city as a whole. This creates an unstable consumer base forcing more businesses to either relocate or dissolve – resulting in more Philadelphians ending up out of work – hurting the city in the end because of a loss of taxpayer dollars.

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My name is Lance Haver. I am the Director of Civic Engagement for Philadelphia's City Council.

I have read through the notes of testimony of the initial rate hearing and spoken with Philadelphians concerned about the requested water rate hike.

I will make a few recommendations and then ask a few questions be answered and the answers considered by the hearing examiner before a decision is rendered.

As the hearing examiner reviews the testimony, I recommend that she weighs the possibility of calculating cost savings, efficiencies and improved services into the rates. It is not sufficient to review what the Water Department has done and set rates on that basis alone. If that were the only basis, there would be no incentive for the Water Department to strive for improvements.

On the other hand if during the rate case, the hearing examiner has become convinced by the record that there are things the Water Department should do to save ratepayers money, those things should be calculated into the new rates. Not a single penny more than what is needed for an efficient well run water department should be included in the rates.

I recommend that issues of bond coverage, how leveraged the water department is and the value of increasing the rating of a water bond, all be viewed as to how well a plan serves the interest of the ratepayer. Raising rates to increase bond ratings that will save less than what it cost to raise the bond ratings are not in the public interest. Similarly, increasing the bond coverage ratio to get a higher bond rating or pay down existing debt should be valued on how it affects rate payers. It makes little sense to charge everyone 5 dollars more a month to save 3 dollars.

All service issues directly affect rates and should be reviewed as part of this rate increase. Bad customer service, leads to higher collection costs and cannot be ignored in a rate case. The number of customer service workers per 1,000 ratepayers should be benched mark against other utilities and the hearing examiner should make recommendations on service issues as they directly correlate to revenue collection.

I believe that a comparison of water rates from surrounding water utilities should be placed on the record so that the public may compare the rates of public and stockholder owned water utilities.

I would like to have the answers to these questions placed on the record for future review:

How many times in the past 10 years did the water department fail to draw down from the rate stabilization fund the amount projected in the City's 5-year plan?

Where are the funds in the rate stabilization held? In a bank? If so, which bank? Who makes the decision where the fund is held and does that person receive a fee?

Does PGW have a rate stabilization fund? If so, how large is it? How many other water utilities in the Commonwealth have rate stabilization funds? How large are they and how often do the utilities which have stabilization funds fail to meet the annual projections of the amount in the fund?

Does the Water Department have the right to take more water than it is currently using from the Delaware and Schuylkill Rivers? If so, how does the Water Department use that resource as an economic development tool?

Does the Water Department use its purchasing power to help the City of Philadelphia? How much of what the Water Department buys is from a source inside the City of Philadelphia? How does the Water Department attempt to buy from local businesses? If the Water Department uses its purchasing power to support Philadelphia Businesses, would the businesses lead to higher revenues for the Philadelphia Water Department?

How does the Philadelphia Water Revenue collection rate compare to the collection rate of the Philadelphia Gas Works? Does it make sense for the Water Department to work with Philadelphia Gas Works to develop its new meter reading devices? Is there any reason that there can't be combined services?

How soon can the Water Department expand its help loan program to help families that want to replace the lead inlet pipe that brings water into their home?

Can the Water Department examine the process of lining pipes and encapsulating the lead as a lower cost option than replacing all of a house's pipes?

If energy prices are one of the drivers of this rate increase, why hasn't the Water Department reviewing Lucid Pipes or other technologies that can generate electricity and heat from its water mains? If the Portland Oregon water can install such devices why can't the Philadelphia Water Department do so as well to eliminate at least a part of the rate increase?

Is it permissible for a member of the Water Rate Board to offer testimony at this proceeding and then sit in judgment of the proposed rate increase? On February 22, of 2016, Mr. Brunwasswer provided testimony, it appears on page 187 of the notes of testimony. Mr. Brunwasser provides testimony to support how the Water Department uses different bonds. How can Mr. Brunwasser remain objective about his own testimony? Is there any adjudicatory proceeding in the Commonwealth of Pennsylvania that allows for a finder of fact to first advocate a position?

And finally, where does the Philadelphia Water Department project consumers will find the money needed to pay the rate increase it is proposing? The proposed rate hike is projected to be 12%. Does the Water Department project Philadelphians will see 12% increases in pay, social security or some other form of income? If not, where does the Water Department project the money will come from to pay the higher bills and will the transfers of funds from where they are currently being spent to the Water Department hurt Philadelphia's economy?

P 187 of the notes of testimony from 2/22/16

MR. BRUNWASSER: I can answer that.

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Water Department didn't -- just slight background. The Water Department up until 1974 was dependent on the City's general obligation debt to fund its capital program. The Water Department, of course, was the one that paid the debt service on its share of the GO Debt at the time. . .

Press Release * Elizabeth Signil March 1st Public Input Hearing

My name is Elizabeth Signil. I am a Water department customer who has lived on the 2300 block of Dickinson Street for 51 years. I worked as a teacher in Philadelphia for four decades, most recently at Lincoln University, before retiring in 1997.

I am here today as a member and a representative of the Philadelphia Workers Benefit Council, a delegate body representing low-income workers in Philadelphia. I am also here as a ratepayer and a concerned citizen.

I have spoken before representatives of the Public Utility Commission on the issue of PGW's and PECO's past-proposed rate hikes. Today I am here to speak about the Water Departments proposed rate hikes. I have spoken on behalf of myself and many other people about how to solve the problems with out-of-control utility rates and the huge number of people who are in debt, but no one from the PUC have ever answered these proposals. We do know that according to a PennLive analysis the number of Pennsylvania households that have had their service terminated by the state's regulated gas and electric rose from an annual average of 81,999 in the 1990's to 312,000 in 2014 – nearly four times higher.

For more than 18 years, I and fellow members of the Philadelphia Workers Benefit Council have spoken at Public Input hearings –before the Public Utility Commission, the Philadelphia Gas Commission, when that was the regulatory body and explaining that electricity and gas are a basic service. It is a necessity for human life and industry. We all need to stay warm in the winter and we all need the ability to have air circulating in our homes in the summer with fans and/or air conditioners particularly during heat waves. Water is also a basic service. We all need to be able to wash ourselves, keep our homes sanitary, and have access to drinking water, and water to cook with. Thousands of businesses need water service to to run their service.

I know that the water department has not requested a rate hike since 2012. The water department states that the rate hike is needed in order to maintain their infrastructure, and other such expenses. They state that they are a public utility not privately owned, but the reality is they are indebted to bondholders just like the gas company.

The problem is that the ratepayers don't get to pass on their debt to anyone and when we end up getting our water shut off because we are charged interest and penalties and we

don't have anyone to pass that onto.

These rate increases are on top of higher taxes and rents as well as increased food prices. The Public Utility Commission already approved rate increases for PECO this past year and they are considering raising PGW's gas cost rate in 2016 and now the rate board is considering the water department proposal for a 12% rate increase. Now the Pennsylvania Public Utility Commission (PUC) is considering rate change policies such as "decoupling" that allow utility companies to charge *more* when ratepayers use *less*.

Forty% of working Philadelphians have incomes below the poverty level. The taxes and rents have more than tripled since 2006 while the incomes have stayed the same. A lot of service workers have to work 2 or 3 jobs just to keep their head above water – where they can.

On a practical and financial level, it is a LOSING plan to continue to increase your utility rates. Anybody who has taken even a middle school finance course can figure out that if you keep raising the price you're charging to customers who are already in debt from the last rate increase, while businesses close down and jobs leave you are on a road to economic disaster. Financial lives have been destroyed because of yet another utility rate hike that more and more people can never pay and a debt they can never recover from.

Meanwhile, we, the working poor, are paying for your lack of sensible action on this issue – with lives as well as dollars. My own real income has gone down. I'm struggling month to month to pay my bills on a limited income. My mortgage payments have gone up, my medical bills have increased, and my utility bills continue to take more and more of my social security income. Some months I have to choose whether or not I'm going to be able to buy my medication or pay my water bill.

As a representative of the Workers Benefit Council I am asking the Water Rate Board to reject the proposed 12% proposed water rate increase that the Philadelphia Water Department is requesting.

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