

BEFORE THE
PHILADELPHIA WATER COMMISSIONER

In the Matter of the Philadelphia Water Department's Proposed Increase in Rates for Water and Wastewater Utility Services	FY 2009-2012
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**DIRECT TESTIMONY OF
CHRISTINE KNAPP
ON BEHALF OF CITIZENS FOR PENNSYLVANIA'S FUTURE**

DATED: December 11, 2008

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Christine Knapp and my business address is 1518 Walnut Street, Suite 1100,
3 Philadelphia, PA 19102.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the Director of Outreach at Citizens for Pennsylvania’s Future (PennFuture).

6 PennFuture is a statewide public interest membership organization that works to create a
7 just future in which nature, communities and the economy thrive. We enforce

8 environmental laws and advocate for the transformation of public policy, public opinion
9 and the marketplace to restore and protect the environment and safeguard public health.

10 PennFuture advances effective solutions for the problems of pollution, sprawl and global
11 warming; mobilizes citizens; crafts compelling communications; and provides excellent

12 legal services and policy analysis. The Philadelphia Inquirer called PennFuture
13 “Pennsylvania’s leading environmental organization.”

14 I and a number of PennFuture staff and members live and work in Philadelphia and are
15 customers of the Philadelphia Water Department.

16 **Q. PLEASE EXPLAIN YOUR INTEREST IN THESE PROCEEDINGS.**

17 A. PennFuture is a member of Next Great City, a coalition comprised of over 100 civic,
18 health, faith, labor, environmental and social service organizations within Philadelphia,

19 all supporting a common-sense, cost-effective agenda to improve the neighborhood
20 environment to truly make Philadelphia the “Next Great City.”

21 One of the ten policy recommendations advanced by Next Great City is to stop sewer
22 backups and flooding, identified by polling as a top issue for both Philadelphia’s

23 businesses and residents. In that polling, 21 percent of residents had a basement flood

1 after a rainstorm and 31 percent of businesses suffered property damage from flooding in
2 the previous year. Residents and business owners alike also ranked these as two of the
3 top five changes needed to improve the livability of the city: “Reduce the amount of
4 sewage and other pollution entering our rivers” and “fix the city’s water and sewer
5 system to stop leaks and water main breaks”. A Next Great City Stormwater
6 Subcommittee was formed to make findings and recommendations to address these
7 issues.

8 **Q. WHAT FINDINGS AND RECOMMENDATIONS DID THE NEXT GREAT CITY**
9 **STORMWATER SUBCOMMITTEE MAKE?**

10 A. The Next Great City Stormwater Subcommittee found that Philadelphia currently collects
11 fees for stormwater services from its nonresidential customers through a charge related to
12 customer meter size, which it uses as a proxy for the amount of runoff that a property
13 contributes to the stormwater problem that stormwater services seek to address.

14 In looking at how other cities had addressed their own stormwater problems, Next Great
15 City found that over 400 cities and towns, such as Austin, Texas, Cincinnati, Ohio, Los
16 Angeles, California and Miami, Florida, charge a user fee for stormwater management
17 that is based wholly or in part on impervious area, which more accurately reflects the
18 amount of runoff that a property contributes to the stormwater problem, and which gives
19 property owners an incentive to take action to reduce the amount of runoff that their
20 properties contribute in order to reduce their user fees.

21 The Next Great City Stormwater Subcommittee therefore recommended that Philadelphia
22 charge a user fee for stormwater management that is based wholly or in part on

1 impervious area and offer credits and incentives to property owners who take effective
2 actions to minimize their property's contribution to our stormwater problem.

3 **Q. HAVE YOU REVIEWED THE STORMWATER COST REALLOCATION**
4 **PROGRAM THAT THE PHILADELPHIA WATER DEPARTMENT HAS**
5 **PROPOSED AS PART OF THESE PROCEEDINGS?**

6 A. Yes.

7 **Q. DO YOU SUPPORT THAT PROGRAM?**

8 A. Yes. The stormwater cost reallocation program that the Philadelphia Water Department
9 has proposed is largely consistent with the recommendations made by Next Great City.

10 Under the proposed program, stormwater fees would be based on the characteristics
11 (gross size and imperviousness) of a property, and credits would be offered to incentivize
12 onsite stormwater management.

13 **Q. PLEASE EXPLAIN WHY YOU SUPPORT THESE CHANGES.**

14 A. As an initial matter, we endorse the services that stormwater fees support. Stormwater
15 runoff quantity and quality have been identified by the Environmental Protection Agency
16 as the number one source of pollution to our rivers and streams. Money spent to better
17 manage stormwater in Philadelphia is money well invested, as clean rivers and streams
18 are critical to the health and safety of all ratepayers. Stormwater runoff also has caused
19 flooding and basement backups in several city neighborhoods. Money spent to abate
20 these conditions also is money well invested, as it will improve the quality of life for
21 many ratepayers who have been unfairly burdened by the city's stormwater problem.
22 Better stormwater management in Philadelphia also should help the city to comply with
23 the law and avoid potentially devastating liability, the costs of which could well exceed

1 the costs that ratepayers now pay to better manage stormwater. For example, the city has
2 spent and will spend millions of dollars on the Basement Backflow Prevention Program,
3 a remedial program that could have been avoided through better stormwater management.
4 The stormwater cost reallocation program also appeals to us from a fairness standpoint.
5 Under the existing system, customers have been billed for stormwater services based on
6 the size of the meters serving their properties, which does not always accurately reflect
7 the contributions of those properties to the stormwater problem that stormwater services
8 seek to address. Under the proposed program, customers would be billed for stormwater
9 services based on the characteristics of their properties, which should result in more
10 equitable stormwater charges that more closely reflect the actual cost of managing
11 stormwater runoff from a property (i.e., a truer “cost of service”). The program would
12 also, for the first time, bill customers whose properties are not served by a meter but
13 nevertheless contribute to the stormwater problem and therefore to the cost of stormwater
14 services for which, up until now, these customers have been receiving a “free ride.”
15 Billing these “stormwater only” customers would have the effect of spreading stormwater
16 costs over a larger base to the benefit of all existing ratepayers.
17 Perhaps most importantly, however, we support the stormwater cost reallocation program
18 because it would incentivize private onsite stormwater management as some customers,
19 to receive stormwater credits that would reduce their stormwater fees, may implement
20 Stormwater Management Practices (SMPs), which would reduce their contributions to
21 the stormwater problem. An overall reduction in stormwater runoff would reduce the
22 pollution of our streams, alleviate flooding and basement backups, diminish the exposure
23 of the city to potentially crushing liability, and lessen the need for many of the services

1 that stormwater fees support, which would effectively reduce stormwater fees for all
2 ratepayers. Many of these SMPs (e.g., rain gardens, infiltration islands, vegetated swales,
3 green roofs, and trees) also contribute secondary quality of life benefits for all ratepayers,
4 such as cleaner air, more attractive surroundings, lower energy costs, higher property
5 values, and new “green jobs” (as the demand for SMP technologies increases) that could
6 help to stimulate our slumping economy.

7 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR IMPROVING THE**
8 **STORMWATER COST REALLOCATION PROGRAM?**

9 A. Yes. Under the proposed program, stormwater credits are only available for non-
10 residential customers. We believe that there should be some form of stormwater credit
11 available for residential customers who implement SMPs that reduce their contributions
12 to the stormwater problem. Such credit would be fairer to residential customers, whose
13 rates, like those of non-residential customers, should reflect any reductions they make to
14 the amount of runoff that their properties contribute to the stormwater problem. Such
15 credit also would create an incentive for residential customers to reduce the amount of
16 stormwater that runs off of their properties. Taken as a whole, runoff from residential
17 properties contributes significantly to our stormwater problem, so reducing such runoff
18 should be a part of any solution aimed at addressing that problem. Collectively, SMPs
19 implemented on residential properties could significantly assist in mitigating the
20 stormwater problem, which would carry all of the same benefits to ratepayers set forth
21 above. Residential SMPs also would contribute many of the same secondary quality of
22 life benefits mentioned above.

1 Several cities, such as Ann Arbor, Michigan, Portland, Oregon, and Minneapolis,
2 Minnesota, offer credits for residential onsite stormwater management. We recommend
3 that Philadelphia follow the lead of these other cities and offer some form of stormwater
4 credit or incentive for residential customers who implement SMPs that reduce their
5 contributions to the stormwater problem.

6 **Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?**

7 A. Yes, it does.