

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  
MARILYN WOOD  
ON BEHALF OF 10,000 FRIENDS OF PENNSYLVANIA**

DATED: December 11, 2008

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

2 A. My name is Marilyn Wood and my business address is 1315 Walnut Street, Suite 710,  
3 Philadelphia, PA 19107.

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

5 A. I am the Director of the Southeast Regional Office of 10,000 Friends of Pennsylvania.  
6 10,000 Friends is the leading statewide voice for great places to live and work. With  
7 citizens, organizations and public officials, we endeavor to create land use, infrastructure  
8 and governance policies and practices that protect our cities and towns, farms, open  
9 spaces and scenic resources and strengthen our economy.

10 I live in Philadelphia and I am a customer of the Philadelphia Water Department.

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

12 A. 10,000 Friends of Pennsylvania, as a statewide organization, is interested in innovative  
13 policies that help revitalize core communities and increase their attractiveness as places  
14 to locate businesses and residences. We support policies that demonstrate best practices  
15 in protecting and cleaning up the environment, promote sound land use practices, and  
16 support the redevelopment of core communities throughout the state.

17 The Southeastern PA office of 10,000 Friends of Pennsylvania is a member of Next Great  
18 City, a coalition comprised of over 100 civic, health, faith, labor, environmental and  
19 social service organizations within Philadelphia, all supporting a common-sense, cost-  
20 effective agenda to improve the neighborhood environment to truly make Philadelphia  
21 the “Next Great City.”

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

1 businesses and residents. In that polling, 21 percent of residents had a basement flood  
2 after a rainstorm and 31 percent of businesses suffered property damage from flooding in  
3 the previous year. Residents and business owners alike also ranked these as two of the  
4 top five changes needed to improve the livability of the city: “Reduce the amount of  
5 sewage and other pollution entering our rivers” and “fix the city’s water and sewer  
6 system to stop leaks and water main breaks”. A Next Great City Stormwater  
7 Subcommittee was formed to make findings and recommendations to address these  
8 issues.

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

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

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

22 The Next Great City Stormwater Subcommittee therefore recommended that Philadelphia  
23 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. We support these changes for three reasons.

15 First, money spent to better manage stormwater in Philadelphia is money well invested,  
16 as clean rivers and streams are critical to the health and safety of all ratepayers.

17 Stormwater runoff also has caused flooding and basement backups in several city  
18 neighborhoods. Money spent to abate these conditions also is money well invested, as it  
19 will improve the quality of life for many ratepayers who have been unfairly burdened by  
20 the city's stormwater problem. Better stormwater management in Philadelphia also  
21 should help the city comply with the law and avoid potentially devastating liability, the  
22 costs of which could well exceed the costs that ratepayers now pay to better manage  
23 stormwater. For example, the city has spent and will spend millions of dollars on the

1 Basement Backflow Prevention Program, a remedial program that could have been  
2 avoided through better stormwater management.

3 Second, the stormwater cost reallocation program seems fair. Under the existing system,  
4 customers have been billed for stormwater services based on the size of the meters  
5 serving their properties, which does not always accurately reflect the contributions of  
6 those properties to the stormwater problem that stormwater services seek to address.

7 Under the proposed program, customers would be billed for stormwater services based on  
8 the characteristics of their properties, which should result in more equitable stormwater  
9 charges that more closely reflect the actual cost of managing stormwater runoff from a  
10 property (i.e., a truer “cost of service”). The program would also, for the first time, bill  
11 customers whose properties are not served by a meter but nevertheless contribute to the  
12 stormwater problem and therefore to the cost of stormwater services for which, up until  
13 now, these customers have been receiving a “free ride.” Billing these “stormwater only”  
14 customers would have the effect of spreading stormwater costs over a larger base to the  
15 benefit of all existing ratepayers.

16 Third, this fee structure encourages sound land use practices by providing incentives to  
17 initiate storm water management best practices (or, in the language of the proposed  
18 regulations, stormwater management practices, or “SMPs”) in order to reduce stormwater  
19 fees. Implementing these practices in multiple locations throughout the city would  
20 reduce contributions to the stormwater problem. An overall reduction in stormwater  
21 runoff would reduce the pollution of our streams, alleviate flooding and basement  
22 backups, diminish the exposure of the city to potentially crushing liability, and lessen the  
23 need for many of the services that stormwater fees support. This would effectively

1 reduce storm water fees for all ratepayers and should reduce some of the major financial  
2 infrastructure expenditures looming ahead to correct current back up, flooding and  
3 overflow problems within the City. Many SMPs (e.g., rain gardens, infiltration islands,  
4 vegetated swales, green roofs, and trees) also contribute secondary quality of life benefits  
5 for all ratepayers, such as cleaner air, more attractive surroundings, lower energy costs,  
6 higher property values, and new “green jobs” (as the demand for SMP technologies  
7 increases) that could help to stimulate our slumping economy.

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

10 A. Yes. Under the proposed program, stormwater credits are only available for non-  
11 residential customers. We believe that there should be some form of stormwater credit  
12 available for residential customers who implement SMPs that reduce their contributions  
13 to the stormwater problem. Such credit would be fairer to residential customers, whose  
14 rates, like those of non-residential customers, should reflect any reductions they make to  
15 the amount of runoff that their properties contribute to the stormwater problem. Such  
16 credit also would create an incentive for residential customers to reduce the amount of  
17 stormwater that runs off of their properties. Taken as a whole, runoff from residential  
18 properties contributes significantly to our stormwater problem, so reducing such runoff  
19 should be a part of any solution aimed at addressing that problem. Collectively, SMPs  
20 implemented on residential properties could significantly assist in mitigating the  
21 stormwater problem, which would carry all of the same benefits to ratepayers set forth  
22 above. Residential SMPs also would contribute many of the same secondary quality of  
23 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.