COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

COMMITTEE ON FINANCE

- - - -

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, June 3, 2004
2:35 p.m.

- - - -

BILL 040401 - An Ordinance creating the Philadelphia Commission on Revenue Enhancement.

BILL 040470 - An Ordinance amending Chapter 19-2500 of The Philadelphia Code...

BILL 040564 - An Ordinance requiring the Philadelphia Gas Works to include with all monthly billing statements...

BILL 040565 - An Ordinance requiring the Philadelphia Water Department to include with all monthly billing statements...

BILL 040328 - An Ordinance authorizing the creation of a loan or loans to provide funds for and toward various capital municipal purposes...

Bill 040567 - An Ordinance establishing an Advisory Commission...

PRESENT:
COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK DICICCO
COUNCILMAN W. WILSON GOODE
COUNCILMAN RICHARD MARIANO
COUNCILMAN BRIAN O'NEILL
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN TASCO

I N D E X

BILL 040328 PAGE
VINCE GENETTI, Finance..... 5

BILL 040564
THOMAS KNUDSEN, PGW..... 9
RANDY EURIE, PGW..... 18

BILL 040565
NANCY KAMMERDEINER, Revenue
Commissioner. 25

06/03/04 - FINANCE - BILL 040328

COUNCILWOMAN BLACKWELL: Sorry to hold everyone. We will convene the Committee on Finance with regard to Bills No. 040328, 040401, 040470, 040564, 040565.

Bill No. 040567 will be held, and so those who are concerned about that particular bill need not wait. We will not be hearing that today.

We note that we have six bills scheduled to be heard today, however, Bill Nos. 040401, 040470 and 040567, all three will be held at the request of the sponsor, Councilman Darrell Clarke.

As for 040328 which is a bond ordinance for capital improvements, we will take testimony today but will recess this until our next Committee hearing which will be on June 8th at 10:00 a.m.

Will those who are here with regard to Bill No. 040328 come forward. And that's Vince Genetti, Deputy Finance Director.

Will the Clerk read the title of the bill.

THE CLERK: Bill No. 040328, an

ordinance authorizing the creation of a loan or loans to provide funds for and toward various capital municipal purposes; authorizing the Mayor, City Controller and City Solicitor or a majority of them to sell bonds at public or private negotiated sale; setting forth the capital purposes and the amounts for which the proceeds of the loan or loans will be expended, including reimbursement of City capital expenditures; providing for the maturities and for other terms and conditions and for the form of the bonds; providing that certain bonds may be redeemable prior to maturity; providing sinking funds for the bonds and for appropriations to the Sinking Fund Commission for the payment thereof; authorizing agreements to provide credit or payment or liquidity sources for the bonds and interest rate swaps in connection with issuance of the bonds, and certain other actions; providing for obtaining the consent of the electors to increasing the indebtedness of the City of Philadelphia; and fixing a day for holding the

election for obtaining such consent and providing for arrangements for holding such election.

COUNCILWOMAN BLACKWELL: Thank you very much.

Please identify yourself to the record and begin your testimony.

MR. GENETTI: Good afternoon, Councilwoman Blackwell and Members of the Finance Committee. My name is Vince Genetti, Deputy Director of Finance. With me are various officials from the City's Finance Office and the Capital Budget Office. I'm here to testify today in support of Bill No. 040328, which was introduced on April 1, 2004.

The purpose of this bill is to obtain approval from City Council to place a loan authorization question on the general election ballot on Tuesday, November 2, 2004. The loan question requests an increase indebtedness from electorate in an amount not to exceed $69,251,010 to fund the City's Fiscal 2005 Capital Budget.

State law requires the City to place

a question before the electorate during election to increase its barring authority. The loan authorization, if approved, would finance capital projects classified for the following purposes and in the following aggregate amounts: For transit, $5,295,000; for streets and sanitation, $18,683,000; municipal buildings, $28,345,010; for parks and recreation and museums, $14,017,000; for economic and community development, $2,281,000.

In order to a provide appropriate time to advertise and print the ballot question to ensure its placement on the November 2, 2004 general election day ballot, the bill should be enacted prior to the Council summer recess. Normally, for a primary election ballot, the City Commissioners would need to have a certified copy of a loan authorization ordinance in time to mail the absentee ballots 30 days prior to the election date. Because this year is a Presidential election year, the City Commissioners intend to mail the absentee

ballot 45 days prior to the date of the general election, that is September 17, 2004. If the ballots are to be printed in both English and Spanish and available for mailing on that date, the City Commissioners must receive the certified copy of the loan authorization ordinance two weeks prior to that date or September 3, 2004. City Council is scheduled to return from the summer recess on September 9, 2004.

Finally, attached as part of the testimony is the proposed ballot question requesting loan authorization from the electorate of the City of Philadelphia.

This concludes my written testimony. I'll be glad to answer any questions Councilmembers may have at this time.

COUNCILWOMAN BLACKWELL: Thank you.

The Chair notes that we have a quorum. To my left, Councilwoman Blondell Reynolds Brown, Vice Chair; to her left, Councilman Rick Mariano; to his left Councilwoman Marian Tasco; to my right, Councilman DiCicco, Councilman W. Wilson Goode

and Councilman Brian O'Neill. The Chair also notes that Councilman Frank Rizzo is here as well.

So we thank you very much.

Are there questions for the witness with regard to this capital improvement bond?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you very much.

The next bill is Bill No. 040564 dealing with PGW. Will Abby Bosevski (ph), General Council come forward and whomever would like to testify about this bill.

I note that it would have been great to have had some -- we know we've been dealing with budget bills, but most of us haven't really had any recent briefings about any of this.

Thank you. Please identify yourself for the record and begin your testimony.

MR. KNUDSEN: Good afternoon, Councilwoman Blackwell. My name is Tom Knudsen, I'm CEO --

COUNCILWOMAN BLACKWELL: I'm sorry

we did not read the title of the bill.

Will the Clerk read the title of the bill?

THE CLERK: Bill No. 040564, an ordinance requiring the Philadelphia Gas Works to include with all monthly billing statements to customers information regarding the portion of the customers bill attributable to the cost of service provided or to be provided to the other customers for which the company has determined it cannot or will not be able to collect payment.

COUNCILWOMAN BLACKWELL: Thank you very much.

MR. KNUDSEN: My name is Tom Knudsen. I'm President and Chief Executive Officer of the Philadelphia Gas Works. I'm pleased to present abbreviated testimony today on Bill No. 040564.

PGW management does not object to this request or requirement in concept. We feel that the more transparency there is about some of these issues the better. I do have a major operating concern, however. And that is

that if in this notification of customers of these transferences of cost from those who can pay to those who can't pay, if there's a quantification of the amount on the bill on any sort, I am concerned that customers may choose not to pay that portion of the bill. Were that to happen, these folks would immediately go into our credit and collection cycle and be subject to penalties, to requirements of various sorts and ultimately being shut off. So that is the major concern. But in terms of putting on the bill what those items are and identifying them as such, I have no objection.

COUNCILWOMAN BLACKWELL: Would you repeat what you said? What could cause people to get more expedited shutoffs? Would you explain that again?

MR. KNUDSEN: My interpretation of the wording of the proposed bill is that we would be required to indicate on the bill that aspect of our operations for which we feel people may not or cannot pay, that that's the intent here. And we can certainly put in

writing what those elements are. I mean, there are the senior citizen discount or bad debt, or Customer Responsibility Program transfers, those things we can certainly state very cleanly and clearly. The question is, if you say 18 percent 19 percent or 20 percent of PGW's bills represent these charges and then someone acts upon that saying, "Well, I'm not going to pay 20 percent of my bill, they invite then a collection action against them. If they don't pay 20 percent of the bill, ultimately they'll be subject to the sanctions, interest and penalties and ultimately being shut off if, in fact, they continue not to pay a portion of their bill. So that's my concern. Other than that, we have no objection to meeting the intent of this legislation.

COUNCILWOMAN BLACKWELL: I think what you raise is -- if we deal with the intent of the bill, I think the intent of the bill is notification. I may agree or disagree with all of this in terms of low income people, but I don't think the other aspect of

what the payer does was part of this legislation. I mean, the sponsor can tell me. I believe that this was notification only, not in terms of a customer payout but in terms of bill notification.

COUNCILMAN O'NEILL: Madam Chair, I believe and I appreciate the straightforwardness of the testimony, but when the current surcharge before the PUC is being discussed, whether at a hearing or a conversation, the first thing somebody says is, "Oh, I'm not paying it. If that gets approved, I'm striking that off." But when you talk -- these are people that pay their bills. They're not going to do that. But they should know what is in their bill, why it's in their bill. And to the extent that it helps put pressure on all of us to have less in that line or those lines depending how it's structured, then I think it will be helpful. But I do think the notification, the transparency, the truth in billing, its time has come.

MR. KNUDSEN: Let me just respond,

if I might. Just so Councilmembers are clear what's involved here. Presently, as budget or as we we're experiencing, part of the notification would be bad debt. We're looking at about $65 million this year or so. Part of the notification would be about Customer Responsibility Program. That is money that will be recovered from other customers, and that's about $50 million. You're talking about the senior citizen discount, about $20 million. And we're talking about conservation and some other minor changes for approximately $5 million. Now, that's before what we even talk the proposed CRRC surcharge. So each of those could be identified by category. And, Councilman, I'd have to work with you because the wording in the bill and what you intend, I'm not quite clear what that would entail, but we could work things out

COUNCILMAN O'NEILL: I think we're in the same place.

MR. KNUDSEN: My concern is do we put those numbers on? They change. Which is fine. But if we reduce that to a percentage

or to some kind of quantification, that may send the wrong message. That's all I'm concerned about.

COUNCILMAN O'NEILL: I wouldn't want a percentage, I'd want the percentage already broken down on the bill in a real number.

But could you just explain the Customer Responsibility Program for the record? I just want to make sure -- that's the one has a name, but I'm not sure.

MR. KNUDSEN: Just so also you're clear, every one of these programs is mandated by either regulation by the PUC or by law from you. So we are simply reflecting in our operations that which is required to us.

Now, the Customer Responsibility Program --

COUNCILMAN O'NEILL: Well, Mr. Knudsen, since you now have added something to my question, mandated by whom, could you start with the bad debt and answer who mandated that, the State or the City?

MR. KNUDSEN: It is an expensive business that is allowed in the regulations of

the State of Pennsylvania Public Utility Commission. We are allowed to recover an appropriate amount of bad debt or provision for uncollectible accounts in our rate pursuits.

COUNCILMAN O'NEILL: Collected from other people.

MR. KNUDSEN: That's correct.

COUNCILMAN O'NEILL: So the State puts that in?

MR. KNUDSEN: As part of the regulatory process, that's right.

Now, on the CRP, customer Responsibility Program -- now, this predates the PUC. Under the requirements of the Philadelphia Gas Commission, we had essentially this program which is a percentage of income program, which is to say that low income customers at or below 135 percent, I believe, of the federal poverty level can pay a percentage of their income. And this has varied over the years. It's somewhere between 7 to 10 percent. To the extent that that does not cover the entire bill for that customer,

the difference between what they pay and the amount that they are billed then gets rolled into this Customer Responsibility Program. And that portion, the unpaid portion is then redistributed to all other customers.

COUNCILMAN O'NEILL: You say that's not City Council, that is the --

MR. KNUDSEN: Again, it was a provision of the Philadelphia Gas Commission. It is a standing provision for all utilities in Pennsylvania for such a percentage of income program. It's called a CAP Program, a Customer Assistance Program, for every other utility.

COUNCILMAN O'NEILL: But even though it proceeded PUC for us, it's in PUC also?

MR. KNUDSEN: That's correct

COUNCILMAN O'NEILL: Okay. Is there a provision in the PUC-related part of this that has any LIHEAP requirement? In other words, if someone is in this program and refuses to apply for LIHEAP, they still get the benefit of it even though they could be getting LIHEAP funds?

MR. KNUDSEN: As far as I know, for every other utility, I don't believe there's any requirements specifically for LIHEAP or crisis.

COUNCILMAN O'NEILL: How about for you, for your utility? You said every other utility; how about you?

MR. KNUDSEN: I'm saying we carried over essentially our program from the Gas Commission.

COUNCILMAN O'NEILL: Okay. There's no provision in that and you don't think it's any different with the State?

MR. KNUDSEN: There's no requirement that someone have LIHEAP or Crisis in order to participate in the CRP Program.

COUNCILMAN O'NEILL: Do you have any idea what percentage of your CRP population is LIHEAP eligible?

MR. KNUDSEN: Let me see if I can get an answer for you.

(Pause.)

MR. KNUDSEN: Approximately 75 percent of the people who are in CRP also

participate in the LIHEAP Program.

COUNCILMAN O'NEILL: I didn't ask you that. What percentage of your CRP population is LIHEAP eligible?

MR. KNUDSEN: About 75 percent.

COUNCILMAN O'NEILL: A hundred percent of them participate in LIHEAP?

MR. KNUDSEN: This gentleman is Randy Eurie (ph), he's Vice President for Customer Affairs for PGW.

MR. EURIE: Good afternoon. LIHEAP criteria to be eligible is --

COUNCILWOMAN BLACKWELL: Please identify yourself.

MR. EURIE: Excuse me. I'm Randy Eurie, I'm the Vice President of Customer Affairs of PGW. I'm responsible for customer affairs and credit and collections, also the Customers Responsibility Program.

People are eligible for LIHEAP who are at 135 percent or less than the federal poverty level. The criteria for our Customer Responsibility Program, people have to be 150 percent or less than the Federal poverty

limit. So some of those customers who are in our CRP Program are not eligible for LIHEAP. Approximately, I would say, 75 percent -- and that's not an exact figure, I'm approximating -- are eligible for LIHEAP. Not everybody who is eligible necessarily files for LIHEAP get it. We ask our CRP customers to file for LIHEAP cash.

COUNCILMAN O'NEILL: But you don't require it?

MR. EURIE: It's not required.

COUNCILMAN O'NEILL: And is the Commission's regulations on CRP of 150 percent identical to the rest of the state under the PUC?

MR. EURIE: These are state requirements for LIHEAP. It's 135 percent of the federal poverty limit for LIHEAP.

COUNCILMAN O'NEILL: I didn't ask you that.

MR. EURIE: The CAP Program. I can't speak -- every company has its own unique CAP Program. Our program was recently approved when we came under the Public Utility

Commission, so I can't speak for the other utilities. Their programs are similar, but their programs are also -- they have caps to the number of participants in their program.

COUNCILMAN O'NEILL: We have no cap?

MR. EURIE: Our cap, I believe -- Tom?

MR. KNUDSEN: We have no Cap.

COUNCILMAN O'NEILL: Can you give us some more information on the comparative, comparisons with other utilities in the state?

MR. EURIE: Well, again, I'll say that I'm not the expert on this.

COUNCILMAN O'NEILL: Who would be?

MR. EURIE: Chris Goltra (ph) who is the manager of our program. Some of the other programs at other utilities may be at 10, 20,000 participants.

MR. KNUDSEN: We will get you the comparison, though, and the caps.

COUNCILMAN O'NEILL: Okay. I just wanted to mention that.

So I understand the Customer Responsibility Program, are you aware of any

recent activity in the press involving the Customer Responsibility Program and lax application process? In other words, are you aware of anything that's going on?

MR. KNUDSEN: We are aware that there was a concern -- one of the newspapers made inquiry of the PUC and also made inquiry of us with regard to the CRP Program with the assertion that there may be problems with qualifying people for the program, yes.

COUNCILMAN O'NEILL: The assertion, I understand is being proved because people were set up to go in and you walk in, you say you want to be in the CPR Program, your income below the level and you get approved. No one asks you for anything. This has just happened within the last couple weeks, so there's going to be some story on this. I don't want to say anymore than that. But.

MR. EURIE: Can I respond to that?

COUNCILMAN O'NEILL: Absolutely.

MR. EURIE: There are criteria for coming into our CRP Program. Anybody who is coming into our CRP Program must present

documentation for everyone in the household. They must provide social security numbers, proof of income. They're required to disclose all their income.

COUNCILMAN O'NEILL: Okay. I'll let the story present itself.

MR. KNUDSEN: The circumstance that I believe you're referring to was fraudulent because the person presented information that was not true and our agent --

COUNCILMAN O'NEILL: Absolutely.

MR. KNUDSEN: Our agent effectively made a judgment that this was a fraudulent circumstance and the person got up and left. We would not have approved them.

COUNCILMAN O'NEILL: My understanding is they were approved. And the story didn't really start until the approval process came. But that's okay. That's obviously something you have to be very tight with or you're going to have those kinds of situations.

Was there anything besides -- the senior is City Council.

MR. KNUDSEN: That's correct.

COUNCILMAN O'NEILL: The senior discount. And currently, that's still unrestricted?

MR. KNUDSEN: Any senior who --

COUNCILMAN O'NEILL: Have the income limits started yet on seniors?

MR. KNUDSEN: No. The PUC has not ruled yet.

COUNCILMAN O'NEILL: Was there any other --

MR. KNUDSEN: There's the Conservation Program that is also a state requirement.

COUNCILMAN O'NEILL: Explain the conservation.

MR. KNUDSEN: Well, there's a program to which we put about 2-plus million dollars a year to essentially insulate homes of our customers. I've forgotten exactly how many we do. Maybe 1500, 1700 homes a year are weather tightened. And that's part of an ongoing state-sponsored program that we participate in.

COUNCILMAN O'NEILL: Okay. Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

Are there further questions with regard to this bill?

(No response.)

COUNCILWOMAN BLACKWELL: All right. The next bill is Bill No. 040565 regarding the Water Department billing statements.

Will the clerk please read the title of the bill?

THE CLERK: Bill No. 040565, an ordinance requiring the Philadelphia Water Department to include with all monthly billing statements to customers information regarding the portion of the customer's bill attributable to the cost of service provided or to be provided to other customers for the which the Department has determined it cannot or will not be able to collect.

COUNCILWOMAN BLACKWELL: Thank you very much.

We will certainly ask the Commissioner to identify herself and make her

testimony.

COMMISSIONER KAMMERDEINER: Good afternoon Councilwoman Blackwell and Members of the Committee on Finance. I'm Nance Kammerdeiner, revenue Commissioner. I'm pleased to be with you today to present testimony regarding Bill 040565.

As the title indicates, this bill will require the inclusion of information regarding the portion of the customer's bill that's attributable to the cost of service provided that cannot be collected and to provide this information on monthly billing statements to customers. I am presenting this testimony today because the Philadelphia Home Rule Charter places the responsibility for billing and collection of water and sewer fees with the Department of Revenue. However, with me today is acting Water Commissioner Bernie Brunwasser has an interest in this issue and will also be available for questions at the end of my testimony.

We understand that this legislation was proposed as a result of Council's concern

about the percentage of collection of water and sewer receivables and the impact that uncollected charges have on the setting of water and sewer rates. We share your concern about the need to maintain and improve the collection of receivables. As we have shared with Members of Council in previous hearings, 85 to 86 percent of billings are collected in the current year, but more importantly, 97 to 98 percent of than billings are collected after five years. These collection levels have remained fairly constant since we went to monthly billing in January 1993 and are a slight improvement over collections with quarterly billing. Are we satisfied with these collect levels? No. The Water Revenue Bureau of the Department of Revenue and the Water Department are working together to enhance the accuracy of information about delinquent accounts and to find was to improve our collection on these accounts.

We use collection agencies to supplement our collection efforts. Liens are filed against the property for delinquencies

and the Law Department files judgments in court against the owners of the properties. Shutoff is, of course, the best tool for collection. Water service is shut off for thousands of accounts each year. This fiscal year, the Water Department has shut off service for over 75,000 customers. More than 25,000 of those shutoffs have occurred since the winter moratorium ended on April 1, 2004. At least 75 percent of these customers pay what is owed in order to have their water service restored.

The inclusion of information in a customer's bill about the portion of the bill that's attributed to the cost of service for those who don't pay will not improve collections. It will only encourage customers to deduct that amount from their payments. Not only will we collect less, but every customer who deducts the amount will have penalties and arrearages added to their balances. This will create a significant customer service problem.

Every business factors bad debt,

spoilage, theft and other losses into the cost of doing business without enumerating these costs separately from other charges. To do so here would be bad business and would be counter-productive in our efforts to enhance collections.

This concludes my testimony and I will be available to answer questions.

COUNCILWOMAN BLACKWELL: I note that, again, as in the previous testimony, you state that you feel that people will not want to pay that portion of the bill that is not theirs. If they are billed for all of it -- I mean, now, for example, on your gas bill, you may be given various costs, but in the final analysis, the bill indicates that you have to pay one fee. And we can't pay just the part of the gas that comes, the service part or the cost of gas coming into the country and we can't pay the part just for the service, you've got to pay it all. What makes you think that listing this, because they list various charges on the bill, will deter people from paying?

COMMISSIONER KAMMERDEINER: I think it's going to be human nature that if you're told that this is a charge to cover the charge for people who aren't paying that many, many people will, in fact, deduct that from what they pay because they'll say, "I'll pay for what I used, I'll pay for what I owe, but I'm not going to pay for someone else's service."

It's not going to be everyone who's going to do that, but I think a significant number of people will. And because that full amount is part of the rate, it's part of what they owe, it will mean that they will be underpaying; and any amount that's underpaid accumulates, is subject to penalty and is ultimately subject to enforcement. And it's not going every customer who's going to have that attitude, but I believe a significant number of people will test it out, will not try it, will not want to pay for other people service. They reluctantly pay for their own when they see what the charges are in some instances. And so a person who is concerned about it is very likely to deduct that amount

from their bill.

COUNCILWOMAN BLACKWELL: Again, I feel that -- and I feel most people don't mind trying to help a senior or someone who can't. I don't mind, and I don't mind paying for somebody who can't. But furthermore, I really believe it's not what you do, it's how you do it. It's how your bill looks, it's how your bill is prepared. And if you know you're paying $200 for a bill and 180 is yours, I don't think it's what you do but, again, it's how you do it and how the bill is lined up and how it is explained.

COMMISSIONER KAMMERDEINER: It might be if it were displayed in some other way or a part of other information but not there right in front of you each and every time you got a bill but it would be public record, public information, there might be a different psychology in it.

I agree with you, the way it's presented can make a difference. We were interpreting this as a direct statement right on the bill that would tell you each and every

time you went to pay how much of you were going to pay either as a dollar amount or a percentage would be right in front of you as a statement that this is a fee you would be paying in order to cover someone else's nonpayment.

COUNCILWOMAN BLACKWELL: And in fact, I further would note, and then I'll call on Councilman O'Neill, the sponsor of the legislation, that, you know, you get on these bills you get on credit card notices in the tiniest print possible that you can even vote at various times and all kinds of stuff that nobody reads. The first think you do is throw away all the extraneous stuff, get your bill, write the check and pay it and move on.

Now, having said that, I will defer to Councilman O'Neill.

COUNCILMAN O'NEILL: Commissioner, I appreciate your comments and your concern that three may actually be less collections if we tell people more, and I think that's a customer issue that hopefully we'll have final say over, but I do understand your concern.

But you mentioned the moratorium in your testimony, and just since April 1st, the collection efforts through the shutoffs.

When does the moratorium start?

COMMISSIONER KAMMERDEINER: December 1st.

COUNCILMAN O'NEILL: Is that a state moratorium, a city moratorium?

COMMISSIONER KAMMERDEINER: It's actually in regulation. It is not an ordinance. It's my understanding -- and I wasn't involved with it at the time, but it's my understanding that there was a potential of an ordinance being passed by Council to require a moratorium, and the Water Revenue Bureau at that time agreed to put a moratorium in regulation in the same time frame that the regulation is in place for gas in order to ensure that people who used hot water in their heating had water available to them during the winter months for heating purposes.

COUNCILMAN O'NEILL: And the ending date is April 1st?

COMMISSIONER KAMMERDEINER: Yes.

COUNCILMAN O'NEILL: And is gas still the same, December 1st to April 1st?

Now that most of the Councilmembers are no longer around that were involved at that time when you preempted their right to legislate you by doing it to yourself, have you had any other thoughts about different dates?

COMMISSIONER KAMMERDEINER: We would like very much to --

COUNCILMAN O'NEILL: When you talk to -- there's been a lot of discussion about this I think in the general community since the surcharge discussion because it kind of opened up the whole area for discussion, and that is, multiple offenders, if you will. I don't mean to call them offenders. People that go back to, in your case, the well too often and putting a limit on the shutoff protection if people use it as part of their strategy, getting agreements, knowing the moratorium will protect them, them going into another agreement, sometimes with a different member of the household.

COMMISSIONER KAMMERDEINER: We would like very much to do something to restructure the way the moratorium is handled. We know that Council and Community Legal Services and others have a great deal of concern about those who really can't pay, who just don't have the resources to pay their bills. And we want to be able show that we do have a safety net for those individuals and be able to provide the kind of reporting that can give you the assurance that we are in fact providing that type of safety net. Our current 25-plus-year-old computer system doesn't give us the flexibility to do that effectively. We're in the process of developing a new billing system that will give us more opportunities in terms of providing reports, providing supporting documentation about the program we call the Wrap Program that's in many ways similar to the CRP that we were just hearing about from PGW. If we can provide better data for you and for others who are concerned that show that we're providing that safety net, we would then like to ing

restructure the way the moratorium is handled and not really have a shutoff constraint during the course of winter months.

COUNCILMAN O'NEILL: Well, we're waiting to hear something from you on that.

COMMISSIONER KAMMERDEINER: Yes, we're hoping that's something that we can be addressing mor directly in the next year or so.

COUNCILMAN O'NEILL: Is it fair to say that it cost -- I understand your one year versus five-year. By the end of that fifth year, you know, we're so much better than we were at the end of the first year because we have liens and sheriff's sales and all these other things that we have at our disposal that we're eventually going to use, bigger hammers and clubs and things like that, but they're costly. The money is not worth this much. I mean, there's a whole lot of factors that devalue the dollar that you get in the fifth year as if you had gotten it timely or within the first year before you would spend all this cost to get the money.

I assume if you were to put the cost of paying for other people as opposed to a dollar collection, you would be reducing what it cost you to get that when you're figuring all this out. You don't treat a five-year collection dollar the same as when you have to pay the private collection agency, you have to pay the cost to the Law Department because I'm sure they charge you for their services or whoever else would be charging you. You would be doing that you, right? You don't treat them as oranges and oranges; they're different?

COMMISSIONER KAMMERDEINER: We would have to look at exactly what would be included and how --

COUNCILMAN O'NEILL: It's just not fair to yourself.

COMMISSIONER KAMMERDEINER: We have not done those calculations in that manner heretofore, and that's something that --

COUNCILMAN O'NEILL: Because the costs are actually being paid. All those costs, and whatever they are, it's X plus

something. Whatever Y is, we don't know, but it's X plus Y that other customers are paying that cost because it wasn't collected within a certain period of time and now it's costing you money to get that money. We don't have any fund for that. It comes out of the collections of water revenues. So that means it's spread across the whole base.

I appreciate your testimony. I think that there may be a few people that might protest the first time they see something. Believe me, these people wouldn't be paying because they think we give great water service. They pay because they don't want to pay a penalty, they like getting their bills paid on time. And we're just trying to give them better information. I think both companies will structure the lines the same way the structure the lines they've had to deal with the past. In your case, just the service and -- you didn't do service until 10, 15 years ago, I guess, and it will never get a bigger barrage from people than when the service charge appeared because it was so much

a part of the bill than people were expecting it to be as opposed to the usage.

I appreciate your testimony. I hope you're wrong. But increased collections will make what it is you're concern about less of a concern because the number will be smaller. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much, Councilman. Let me note I remember the days when the moratorium started October 1st. Now we're all the way to December. So I would hope that the utilities don't contemplate moving it any further. It's tough. And I'm always one of those who believes that the majority of people do what they can. There's always a minority of people who abuse the system and there are always some people who just can't do any better. And so it is the responsibility of government to do what it can. That's my opinion.

Are there any further questions on any of these bills?

(No response.)

COUNCILWOMAN BLACKWELL: Seeing

none, we will enter into the stated meeting.

- - - -

COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC MEETING

COMMITTEE ON FINANCE

- - - -

Thursday, June 3, 2004

- - - -

Public meeting conducted by the Committee on Finance, held in Room 400, City Hall, Philadelphia, Pennsylvania, on the above date, to consider action on the following:

BILL 040328, BILL 040567,
BILL 040401, BILL 040564,
BILL 040565.

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK DICICCO
COUNCILMAN W. WILSON GOODE
COUNCILMAN RICHARD MARIANO
COUNCILMAN BRIAN O'NEILL
COUNCILMAN FRANK RIZZO
COUNCILWOMAN MARIAN TASCO

COUNCILWOMAN BLACKWELL: And again note that with regard to Bill No. 040328, we took testimony only and that will be continued until June 8th at 10 o'clock.

The Chair will entertain a motion with the suspension of the Rules regarding Bill No. 040564 from Councilman O'Neill.

COUNCILMAN O'NEILL: Madam Chair, I move that Bill 040564 be reported out of this Committee with a favorable recommendation, also a recommendation that the Rules of Council be suspended as to allow first reading at our next Session.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 040564 be reported out of Committee with a favorable recommendation, and further that the Rules be suspended so as permit first reading at our next Session of Council.

All in favor?

(Aye.)

COUNCILWOMAN BLACKWELL: All those opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it, so this bill is reported out of Committee.

The Chair recognizes Councilman Goode for a motion with regard to Bill No. 040565, with the suspension of the Rules.

COUNCILMAN GOODE: Thank you, Madam Chair. I move that Bill 040565 be reported out of Committee with a favorable recommendation, further a recommendation that the Rules of Council be suspended so as to permit first reading of this bill at our next Council Session.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 040565 be reported out of Committee with a favorable recommendation, and also that the Rules be suspended so as to permit first reading at our next Session of Council.

All in favor?

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it, and so this bill likewise is reported out of Committee.

Again, the other bills are being held subject to the call of the Chair.

Thank you all. Thank you for your patience. Sorry we were late.

(Council adjourned at 3:14 p.m.)

C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Tuesday, June 3, 2004, were reported fully and accurately by me, and that this is a correct transcript of the same.

RE: COMMITTEE ON FINANCE

_____

Lisa C. Bradley, RPR