

**BEFORE THE
PHILADELPHIA WATER, SEWER AND STORMWATER RATE BOARD**

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater, and Stormwater Rates and Related Charges **Fiscal Years 2024 – 2025 Rates and Charges to Become Effective : September 1, 2023 and September 1, 2024**

**LANCE HAVER, PRO SE, DISCOVERY REQUESTS
&
REQUESTS FOR PRODUCTION OF DOCUMENTS
FROM THE PHILADELPHIA WATER DEPARTMENT**

- LH-III-1 Please supply all of the information and documents promised in PWD's responses to LH-II discovery requests; including but not limited to the positions that are located in PWD's offices at 1101 Market Street, the contract (s) for the renovations of the office spaces, letters showing that PWD has sought lower office space the amount spent on the consultants helping PWD with the current rate increase .
- LH-III-2 In the last year, please provide the name of any and all consultants hired to find cost savings, the amount spent on those contracts and the work product from the consultants hired.
- LH-III-3 In the last 5 years, the name of any and all vendors hired to preform services for PWD that were not located in the City of Philadelphia. Specifically, but not limited to, the name of the company and its location that was hired to make appointments to schedule meter replacements and the total amount of its contract, the name and location of the company hired to do meter reading and billing If the offices are being renovated, please supply the contract for the renovations, the total cost of the renovations and who approved the renovations
- LH-111-4 Raftelis, the consultant PWD is using says on its web page, "Raftelis helps local governments and utilities thrive by providing management consulting expertise to help transform local

governments and utilities,” please provide any and all recommendations Raftelis has made to transform PWD.

- LH-III-5** Raftelis, on its web page states: “Providing management consulting services to help utility leaders create the change they seek” what change, other than a 20% rate increase is PWD seeking? Please provide any and all studies, reports or any written documents or summaries of discussions submitted by Raftelis to help PWD create the change it seeks.
- LH-III-6 Please produce all studies and/or reviews that PWD and/or its consultants relied upon, before the rate increase was filed, that led to PWD rejecting lower cost office space leasing.
- LH-III-7 Please provide and all recommendations for change Raftelis has made
- LH-III- 8** Page 10, question 14 : PWD Exhibit 2 presents the Department’s evaluation of the consolidated impact of its proposed rate requests on the typical monthly bill of residential and small commercial customers. Please provide the study, who authored the study, and the date the study was complete of the impact on the budget of the average rate payer. Please explain why the study was not included in the filing. If no such study was done, please explain why PWD does not consider it important to see the impact rate increases have on resident’s budgets.
- LH-III-9 Please explain where PWD’s witnesses expect rate payers to find the additional funds to pay the increase water bills. And if PWD witnesses never considered where a rate payer would find the extra money, please explain how PWD’s witnesses know if the rate increase is affordable, or in the alternative if PWD’s witnesses do not consider affordability important enough to review study and prepare testimony about.
- LH-III-10** Please list all bond counsels with their fees on an excel spread sheet used in the last 5 years.

- LH-III-10 Please provide any and all letters to PGW seeking to combine services, such as billing and collections, as a cost cutting strategy.
- LH-III-11** Are bond counsels hired through a competitive bid process? If not, please explain how bond counsels are chosen and all letters and/or emails sent from PWD requesting bond counsel lower its fees to help rate payers keep up with rising costs.
- LH-III-12** Please provide any and all testimony submitted by any PWD consultant and/or staff opposing a rate any rate increase before any regulatory body
- LH-III-13 Please provide in what fiscal year the cost savings plan for purchasing procedures will begin and the total amount of savings.
- LH-III-14** Testimony PWD statement 2 page 5 “The Department has no choice but to request rate relief. The standards, established by City Council, require that revenues (rates) be at least equal to operating expense and debt service requirements. Revenues at the requested rates are projected to meet the mandatory financial metrics and to be sufficient to pay all of the projected expenses in the Rate Period.” Is this a factual statement, that the Department has no choice? In theory, could not City Council requirements be met by lowering operating costs? Or a combination of lowering operating costs and replacing high interest rate bonds with lower interest rate bonds?
- LH-III-15** In FY 2023 PWD sought and received “a mid-year” transfer from the City’s general fund, according to PWD statement 2 page 6. How did the PWD decide how much to ask for? Please supply any and all written correspondence with any and all council members showing PWD request a higher amount than what PWD received.
- LH-111-16 Please supply any and all written correspondence with the Mayor and/or his staff from the PWD seeking greater funds than what was granted in the transfer.

LH-1I1-17 PWD statement 2 page 6: “without a rate increase PWD “would be required to make a substantial withdrawal from cash reserves to meet obligations and minimum debt service coverage requirements. The depletion of cash reserves would leave the Department with few options on a going-forward basis to fulfill its mission of providing high-quality, reliable service to its customers.”

Can it to be inferred that there is no law that would prohibit withdrawing from the cash reserves?

LH-1I1-18 Please list the few options available to PWD, that PWD testimony says exist, that would allow it PWD to fulfill its mission if PWD used a transfer from the cash reserves to make the rate increase unnecessary.

LH-III-19 PWD 2 A, page 9 “The System made a deposit to the Rate Stabilization Fund (“RSF”) at the end of FY 2022 totaling \$15 million.” Was the 15 million dollar deposit into the RSF voluntary or required by law? How else could the 15 million have been used?

LH-III-20 Please state as of today, how much is in the rate stabilization fund, where the fund is kept, if the bank that the funds are kept in has any retail branches in the City of Philadelphia, employs any Philadelphians, markets mortgages to Philadelphia residents.

LH-III-21 PWD 2 A page 13: “From both an operational and a credit rating perspective it is essential for the Department to sustain debt service coverage levels significantly above the minimum levels required by the Rate Covenants to provide rating agencies and bondholders comfort” Please supply any and all written concerns regarding the “comfort of the rate payers” that were included in the rate filing.

- LH-III-22** Please list any and all strategies considered that would allow PWD to avoid raising coverage levels “significantly above the minimum levels required by the covenants.
- LH-III-23** PWD 2- A page 16 “The Department’s only source of revenue is through its customer base.” Does this mean if PWD mis spends money, or has money embezzled, or simply makes decision’s that in retrospective were not cost effective the rate payers must pay for mis spending, embezzlement or bad decisions?
- LH-III-24** If not, please provide an explanation for how bad decisions, wasteful spending and/or embezzlement is paid for.
- LH-III-25** Is it possible for the City of Philadelphia to give and/or grant PWD revenue or funds in place of revenue?
- LH-III-26** PWD 2-A page 17—" As reflected in the Department’s Financial Plan, approximately 90% of the Department’s capital costs will be funded with sizeable debt issuance. What percentage of borrowing will come from Federal, state or any other government or government supported fund?
- LH-III-27** What debt coverage ratio is required by Federal dollars allocated by the Biden administration or through the Penn Vest fund?
- LH-III-28** Why is PWD concerned about increasing debt coverage ratios for money borrowed from government or government supported entities? If it is not, please break down which bonds does PWD seek to increase debt coverage ratio for and which bonds it does not seek to increase the ratio.
- LH-III-29** PWD 2-A page 18: “Bond investors may also react negatively to any failure to support needed rate relief.” Is it fair to assume from this statement that there is the possibility that bond investors will NOT react negatively if there is a “failure to support needed rate relief” or is this statement not accurate?

If it is not accurate, please explain why it is part of PWD's testimony. If it is accurate, please state for the record if bond investors may get "comfort" from insuring a bond or offering a "back stop" for a bond.

- LH-III-30** PWD 2-A page 21 "CAN THE DEPARTMENT REDUCE ITS BUDGET TO PARTIALLY OFFSET THE PROPOSED RATE INCREASES?"
A21. No — not if the Department is to pursue necessary maintenance activities and maintain current levels of service." Does this mean that the department looked at all opportunities for cost savings and found there were none? Not even an opportunity to save .005%? If so, please provide a list of all cost savings strategies examined, and the reasons why all the strategies were rejected.
- LH-III- 31 PWD 2-A page 25—"With that in mind, the Department did not project that the City would allocate any amounts under ARPA to PWD for FY 2024 or FY 2025" Please provide all written requests to the Mayor and/or City council for funds from ARPA to be allocated to the PWD.
- I If PWD failed to seek any funds, in writing from the Mayor or from Council, please explain the failure to seek the funds.
- LH-III-32 How many households did PWD project it would be able to help enroll in the LIHWAP program? How many households did enroll?
- LH-III-33 What percentage of eligible households enrolled in LIHWAP?
- LH-III-34 PWD 4 page 11 "The challenges associated with the hiring of new staff has resulted in the transfer of some project tasks from PWD personnel to service contracts with outside vendors" Please list the names of any and all "outside vendors" referenced in this statement, where the "outside vendors" locate their business and business headquarter, the number of Philadelphia residents the outside vendor employs compared to employees living outside of the City; how the outside business vendor was hired, if the outside vendor uses only unionized employees, the minimum wage of the "outside vendor" the ratio of average worker to the vendor's CEO and which of the outside vendors has profit sharing for its employees.

Please supply the percentage of goods and services purchased by PWD that come from Philadelphia based businesses using Philadelphia employees as employees, the number of suppliers that are unionized, the number of suppliers that have profit sharing with its respective employees and each companies' average worker to CEO salary.

- LH-III-35 PWD 7 page 12 b. "Wholesale Operating Revenues"
Currently, Aqua Pennsylvania ("Aqua") is the Water Department's only wholesale water customer. Wholesale water revenues are projected using the estimated billed water volume estimated based on the historical three-year average for Aqua" Please provide the name and company which employees the person or persons who help PWD decide what the appropriate charge is for whole sale water. Please provide if that person and/or her firm has any contract(s) with Aqua.
- LH-III-36 How much does PWD received for every dollar billed? What is the PWD collection rate? How does this compare to PGW's collection rate? What is the national average for water and sewer utilities collection rates?