

BEFORE THE PHILADELPHIA WATER, SEWER, AND STORM WATER 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

Direct Testimony of Lance Haver

What is your name?

I am Lance Haver, a Philadelphia Water and Sewer Rate Payer.

What are your qualifications?

I am the only participant filing testimony not directly or indirectly paid by the Philadelphia Water Department. The only person filing testimony that cannot be fired by the Water Department or the Water Rate Board, which the owner of the Philadelphia Water Department appoints.

Unlike the Water Rate Board's advocate, I have never, either behind closed doors or in public, agreed to a water rate increase.

I am also the former Consumer Advocate for the City of Philadelphia; during the time I served in that position, I never agreed to a water/sewer rate increase, never advocated for an increase, nor ever went behind closed doors to agree to a rate increase even though one of the Mayors under who I served requested that I do so.

What is your recommendation?

I recommend that the entire rate increase be denied.

Why?

There are four reasons:

- 1. The current process being is a Wayang. The ratepayers are given a show while the real action is hidden from view. Every rate case in the last six years has started with the Philadelphia Water Department asking for more money than what it needed. The Philadelphia Water Rate Board is comprised of 5 members: a consumer representative, the former water commissioner, the former chief legal counsel for Philadelphia Gas Works, and two developers. It started the Wayang by hiring a law firm and calling it the public advocate. The Water Rate Board hides the fact that the law firm it hires answers only to the rate board; despite the name given, the public is not the law firm's client; as the Chair of the Water Rate Board has written, the law firm it hires" has no client*

relationship with the public," and the public has no control over how and when the rate board's advocate agrees to the demands of the Water Department. The result has been the rate board's advocate supporting every rate increase over the last 6 years.

2. *The Rate Board then hires the same hearing examiner who has pleased the Water Rate Board and the Philadelphia Water Department in past years by recommending double-digit rate increases.*

PWD's well-paid outside counsel then hires expensive consultants to argue for rate increases. The Rate Board's advocate then hires even more consultants, spending even more money.

No consultant is hired to examine how PWD could operate more efficiently. No consultant is hired to find ways to lower PWD's purchasing costs, such as buying through a national co-op or buying with the other municipally owned utility, PGW. No consultant is hired to do a management audit.

The Rate Board's advocate refuses to empower community groups by refusing to establish a client committee. The Rate Board's advocate fear of the public it claims to represent purposely fails to build a large turnout for the "Public Hearings." As of the deadline for submitting direct testimony, less than .0006% (11 out of 1,600,000) of PWD consumers have testified regarding the 20% rate hike. In its attempt to hide its role in the Wayang, the rate board's advocate refuses to tell the public who pays it and that it has no client group.

By an agreement between the chair of the Water Rate Board and the Water Rate Board's public advocate, which was recorded at the first Public Hearing, the testimony of the public was not made available before the deadline for direct testimony, making it impossible for the rate board's advocate or anyone else to use the public's testimony in direct testimony. (Participant Haver was taping the hearing and recorded the conversation.)

3. *The result of the Wayang is ever-increasing water and sewer rates without any documented improvement in operations. In 2023, the average water sewer rate was \$69.00. Unless the Water Rate Board interrupts the Wayang, the result of this proceeding will be another behind-the-closed-door negotiation with the Water Department's outside counsel and the Rate Board's advocate and another double-digit rate increase.*

The increases from 2023 to 2026 will approach 40%, far outpacing inflation and forcing more and more Philadelphians to struggle, so the outside lawyers, consultants, rate payer's advocate, and even the hearing examiner can eat at the public trough.

4. *Allowing any rate increase for the corrupt system to continue burdening the ratepayers means ignoring the reality that PWD, the Rate Board's advocate, and their consultants*

are the only winners in the repeating Wayang. There is no pressure and, therefore, no attempt by PWD to find efficiencies, hire consultants to improve services and join in buying cooperatives to eliminate the need for rate increases because it receives by agreement with the rate board's advocate what the Water Department desires.

The only way to force PWD to represent the interest of the people of Philadelphia, instead of the status quo and all those feeding at the Public Trough, is to disrupt the status quo. There are 4 facts that demonstrate that PWD is corrupt and content with continual rate hikes, the payments to its outside lawyer and law firms, its consultants; and the enrichment of the Rate Board's advocate and the Rate Board's hearing examiner. While the Rate Board has refused to post or disclose how much it pays its advocate and hearing examiner, it is a known fact that the cost is borne by the rate payers who have no control or direct input into how they are represented.

- A. Refusing to combine services and purchasing with PGW. Two municipal utilities that protect their fiefdoms rather than work together to save ratepayers money.*
- B. Refusing to use the purchasing power of PWD to buy from local companies and create living wage jobs in the City of Philadelphia. PWD currently not only does not prioritize buying locally and using PWD's resources to create livable wage jobs, it cares so little about helping the local economy that it doesn't know how many local companies it does business with.*
- C. Refusing to work with the City's Commerce Department or on its own to recruit water-intensive businesses into the City both to create more living wage jobs and to sell more water, spreading the capital costs of the City over more consumers, thereby lowering the costs for everyone.*
- D. Refusing to hire consultants to find ways of improving operations and containing costs.*

Argument

- 5. Dr. Rasossa D'Souza, in her lecture "Collapse of Networks" given at the Santa Fee Institute, shows that only control interventions in a system that is overburdening system members (water ratepayers in this instant) can create the relief desired without the total collapse of the system.
- 6. The only controlled intervention in the system where a Rate Board-appointed advocate and PWD agree to continual rate increases in secretive or private negotiations, where outside lawyers are paid hundreds of thousands of dollars, where consultants are hired and paid exorbitant fees for arguing that rates are not high enough, where the Rate Board's advocate in private discussion with its employer agrees to delay the posting of the public hearings until after the direct testimony is due, making it impossible for the voice of the public to be heard in direct testimony, is to deny any rate increase until the changes are made to require PWD, the rate board's advocate and the consultants to first focus on cutting costs, making operations more efficient; then concentrate on using PWD resources to create living wage jobs in the City.

Does that conclude your testimony?

7. By the secret agreement between the Chair of the Rate Board and the law firm it hires, I cannot include any issues raised at the Public Hearings as it is not yet part of the public record. Purposely the public's testimony will be posted after the Direct Testimony is due.

By that agreement, I am unable to add to my direct testimony.