

CITY OF PHILADELPHIA  
WATER, SEWER AND STORM WATER RATE BOARD

IN RE: 2025 General Rate Proceeding For  
Rate Period: FY 2026 and FY 2027

DATE: Wednesday, May 21, 2025

LOCATION: Zoom Teleconference

Reported by: Tonya Bullock

Job No.: 957000

1 ATTENDANCE

2 MARLANE CHESTNUT, HEARING OFFICER

3 ANDRE C. DASENT

4 BROOKE DARLINGTON

5 RICK HICKS

6 CARL SCHULTZ

7 NEIL SELLERS

8 ROBERT BALLENGER

9 VIC PATEL

10 ADEOLU BAKARE

11 MATTHEW GARBER

12 LANCE HAVER

13 DELAND BRYANT, ZOOM ADMIN

14 SUSAN M. CROSBY

15 JON DAVIS

16 HENRIETTA LOCKLEAR

17 JENNIFER TAVANTZIS

18 ANN BUI

19 BRIAN MERRITT

20 DAVE JAGT

21 PETER NISSEN

22 LAWERENCE YANGALAY

23 LAWRENCE RICH

24 PATRICIA ROGALSKI

1 APPEARANCES, cont'd.

2 VALARIE J. ALLEN

3 BENJAMIN JEWELL

4 BRENDAN REILLY

5 PETER NISSEN

6 CHARLES MATTHEWS

7 STEPHEN J. FURTEK

8 VAHE HOVSEPIAN

9 STEPHEN JUNOD

10 LINDA KRAMER

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2 PROCEEDINGS

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4 THE HEARING OFFICER: Good morning,  
5 everyone. This is the technical hearing to  
6 examine the Philadelphia Water Department's  
7 request to increase its rates for service.  
8 My name is Marlane Chestnut, M-A-R-L-A-N-E C-  
9 H-E-S-T-N-U-T. And I've been selected by the  
10 Philadelphia Water, Sewer and Stormwater Rate  
11 Board to oversee the hearing process and to  
12 write a recommendation for the Rate Board to  
13 consider with respect to this matter. I'd  
14 like the participants present to introduce  
15 themselves for the record, starting with the  
16 Water Department, please.

17 MR. DASENT: Yes. Good morning,  
18 Your Honor. Andre Dasent for Philadelphia  
19 Water Department. With me today on camera is  
20 Brooke Darlington for WRB. And off camera, I  
21 think we also have Rick Hicks and Carl  
22 Schultz, Neil Sellers from the department in-  
23 house. And I think I've gotten everyone.

24 THE HEARING OFFICER: Thank you.

1 Mr. Ballenger.

2 MR. BALLENGER: Good morning, Your  
3 Honor. Robert Ballenger here from Community  
4 Legal Services acting as public advocate in  
5 this case. And I am joined by Vic Patel from  
6 my office.

7 THE HEARING OFFICER: Thank you.  
8 Mr. Bakare.

9 MR. BAKARE: Good morning, Your  
10 Honor. Adeolu Bakare, here for the  
11 Philadelphia Large Users Group or PLUG. And  
12 for the court reporter, the name is spelled  
13 A-D-E-O-L-U, last name, B-A-K-A-R-E. My  
14 colleague, Matthew Garber, that's G-A-R-B-E-  
15 R, is also listening in, but he's not a  
16 participant for this hearing.

17 THE HEARING OFFICER: Thank you for  
18 reminding me. This is an on-the-record  
19 hearing with a court reporter. So please be  
20 sure to speak slowly and clearly and spell  
21 your name. So thank you for that. Mr.  
22 Haver. Mr. Haver, did you want to introduce  
23 yourself for the record?

24 MR. HAVER: My name is Lance Haver.

1 I'm a participant. I am participating  
2 because the so-called public advocate does  
3 not represent my interest, does not seek my  
4 advice, does not meet with the public, and  
5 has no legal relationship with the public.

6 THE HEARING OFFICER: Thank you.

7 And then the other participant is Mr.  
8 Skiendzielewski. I don't see his name here.  
9 Are you here, Mr. Skiendzielewski?

10 (No response.)

11 THE HEARING OFFICER: Okay. Are  
12 there any preliminary matters?

13 MR. DASENT: Only to inform you of  
14 recent developments. Over last evening, we  
15 were talking with the public advocate and  
16 myself, and regrettably, I did not have the  
17 opportunity to reach out to everyone else.  
18 And please accept my apology on that, but we  
19 were trying to see if there was any middle  
20 ground that could be reached with regard to  
21 revenue adjustments. And it morphed into a  
22 larger discussion about black box settlement.

23 As a consequence, Robert Ballenger  
24 and I, the public advocate and the Water

1 Department, negotiated a settlement that'll  
2 be a black box settlement with overall  
3 revenue requirements in fiscal 26 of  
4 60,920,000, and that's reduced from our  
5 original ask of 73,630,000. And the second  
6 year --

7 MR. HAVER: Please repeat the  
8 numbers a little slower.

9 MR. DASENT: Oh, sure. 60,920,000  
10 for additional service revenues in fiscal  
11 2026. And on fiscal 2027, 54 million even.  
12 And that's basically a compromise after going  
13 back and forth that we were able to reach at  
14 the very last minute. I spoke to Mr.  
15 Ballenger just before 9 o'clock this morning,  
16 and I'm trying to sort of make all these  
17 things happen at the same time.

18 There are additional areas of  
19 agreement that deal with cost of service, for  
20 example, trying to resolve these things over  
21 time with respect to the evaluation of  
22 alternative rate structures, in addition to  
23 that customer service reporting, which we  
24 have to go through the details of over time.

1 Did I miss anything, Rob?

2 MR. BALLENGER: No. I think that  
3 summarizes it well. Well, the saying that  
4 comes to mind is that if it weren't for the  
5 last second, nothing would ever get done.  
6 And that's truly what's happened here. This  
7 has been put together very quickly leading up  
8 to today and is still kind of -- it needs  
9 some more skin on the bones, I guess, more  
10 meat on the bones. But the broad outline is  
11 exactly as Andre has described. We were glad  
12 to have found that area of compromise.

13 MR. DASENT: And we'll prepare a  
14 joint settlement petition with the details in  
15 it and PLUG and others can decide whether  
16 they're aligned with our agreement. And I  
17 would have reached out particularly to PLUG,  
18 but also Mr. Haver, to share here's where  
19 we're going. But even at this time, they can  
20 decide if the parameters that we've  
21 negotiated are agreeable or if they want to  
22 litigate the case outside of the agreement,  
23 which is fine also.

24 THE HEARING OFFICER: Well,



1 according to the schedule that's been adopted  
2 and it's proceeding, briefs or a settlement  
3 petition are due on or before May 30th. Now  
4 can you comply with that?

5 MR. DASENT: Yes.

6 THE HEARING OFFICER: And  
7 objections to any settlement petition are due  
8 on June 6th and reply briefs if there was no  
9 settlement, I guess, on June 11th. So we'll  
10 stick with the schedule then. So I guess  
11 that does change the plans for today because  
12 I assume you're waiving cross-examination of  
13 each other's witnesses.

14 MR. DASENT: That's correct, for  
15 the public advocate and in the Philadelphia  
16 Water Department. That's correct.

17 THE HEARING OFFICER: Now, that  
18 doesn't preclude Mr. Haver or Mr. Bakare from  
19 cross-examining if they wish though. So any  
20 other preliminary matters?

21 MR. DASENT: Well, I would suggest,  
22 since Mrs. Crosby is here, that we be  
23 prepared to proceed with the WRB panel first  
24 today. And I know Mr. Haver is also

1 interested in the finance panel and  
2 operations panel, so I would suggest that  
3 those be on the list.

4 Mr. Baudino is available today for  
5 cross. We will have no cross for Mr. Baudino  
6 for the Water Department, but others may have  
7 cross for him. And in the spirit of or as  
8 the upshot of settlement, we think this order  
9 may work. And I have to check on Mr. Haver's  
10 availability to make sure that we can  
11 maneuver around his availability today and  
12 present witnesses so he can cross everyone he  
13 chooses as a part of this proceeding.

14 THE HEARING OFFICER: Are there any  
15 other preliminary matters before we --

16 MR. HAVER: Yes. I want to ask,  
17 when did the settlement discussions begin?

18 MR. DASENT: They were going over  
19 the last couple of days and then they seemed  
20 to stall. Quite frankly, I took it to my  
21 client and we were talking about it  
22 yesterday. And as a consequence, we came  
23 back to Mr. Ballenger and suggested that  
24 these things might happen.

1                   So there was a give and take. I  
2   agree with that. But we never came to a  
3   conclusion on it. And I thought we would  
4   litigate this case up until about 8:50 this  
5   morning.

6                   MR. HAVER: So you began the  
7   negotiations five days ago?

8                   MR. DASENT: I didn't say five  
9   days, but a couple of days ago.

10                  MR. HAVER: How many days?

11                  MR. DASENT: I will go back and  
12   look at my calendar. I love to commit these  
13   things to memory, but I haven't accomplished  
14   that so far in life.

15                  MR. BAKARE: Your Honor, just for  
16   PLUG, I would just say that I've been  
17   involved in dozens of rate cases over the  
18   course of my career. And it's typical that  
19   in a rate case where parties invest resources  
20   and testimony and are available and  
21   participating that when the utility opens  
22   settlement discussions, there is an  
23   invitation to participate.

24                  And I will just note that it is

1 very frustrating to hear of this development  
2 at the hearing the morning of the hearing,  
3 having not received a call, notice,  
4 invitation to participate in any settlement  
5 talk to PWD at all. It's been happening for  
6 too long. It's extremely frustrating. And I  
7 would encourage PWD to abandon this process  
8 of relegating other intervenors to a position  
9 below certain other intervenors on a regular  
10 individual basis. It's getting to the point  
11 where year in, year out, it continues to  
12 happen and it's just not acceptable in my  
13 view.

14 THE HEARING OFFICER: Thank you.  
15 Anything else of as preliminary nature?

16 MR. DASENT: Nothing more for the  
17 Water Department.

18 THE HEARING OFFICER: So I guess at  
19 this point -- Mr. Haver, you indicated you  
20 had cross for Mrs. Crosby?

21 MR. HAVER: Yes.

22 THE HEARING OFFICER: Well, before  
23 you do that, we have to have Mr. Dasent  
24 present his witness.

1                   MR. DASENT: I think Bruce -- I'm  
2   sorry -- Brooke Darlington will present Mrs.  
3   Crosby. But Mrs. Crosby, in this proceeding,  
4   proffers PWD Statement 5 and, in addition to  
5   that, a rebuttal statement, which should be  
6   rebuttal statement 3R. Those two statements  
7   are the framework for her testimony and  
8   therefore the framework for cross today. And  
9   let me defer to Mrs. -- oh, I see a Mrs.  
10   Darlington on this.

11                  MS. DARLINGTON: Thank you, Andre.  
12   That's correct. And Susan Crosby is the  
13   deputy commissioner in the Revenue  
14   Department, head of the Water Revenue Bureau.  
15   And we also have available right now the RFC  
16   panel, which consists of Jon Davis, Henrietta  
17   Locklear, and Jen Tavantzis. They all were  
18   part of the responses and the rebuttal  
19   statements, especially to 3R, and can aid in  
20   any specific questions that can support Ms.  
21   Crosby in her testimony today.

22                  THE HEARING OFFICER: Do we need to  
23   make the RFC people panelists?

24                  MS. DARLINGTON: We should, so Ms.

1 Crosby can defer to them if needed.

2 THE HEARING OFFICER: Okay.

3 Deland, did you get those names?

4 MR. BRYANT: I did not. Can you  
5 repeat the names for me, please?

6 MS. DARLINGTON: Sure. So Jon  
7 Davis --

8 THE HEARING OFFICER: Hold on.  
9 There's a delay.

10 MS. DARLINGTON: Take your time.

11 MR. BRYANT: Jon Davis.

12 MS. DARLINGTON: Henrietta Locklear  
13 and Jennifer Tavantzis with a T.

14 THE HEARING OFFICER: Maybe you  
15 should spell that for the court reporter.

16 MS. DARLINGTON: Hopefully I'm  
17 pronouncing her name correctly.

18 THE HEARING OFFICER: Why don't you  
19 spell her name for the court reporter?

20 MS. DARLINGTON: Let me just put  
21 that up real quick.

22 MR. BRYANT: T-V-A-N-T-Z-I-S. I  
23 think I've got.

24 THE HEARING OFFICER: That seems a

1 little short.

2 MR. BRYANT: Tavantzis.

3 MR. HAVER: I have her. She  
4 currently has her hand raised. I don't know  
5 if she was letting us know that she was here.

6 MS. DARLINGTON: There she is. And  
7 the spelling of her name is appearing.

8 THE HEARING OFFICER: Now,  
9 everyone's agreed to stipulate as to  
10 authenticity. So really, the only question  
11 before your witness is presented is, are  
12 there any changes, additions, or corrections?

13 MS. DARLINGTON: We have none for  
14 this panel.

15 THE HEARING OFFICER: I'm assuming,  
16 Mr. Ballenger, you're not going to be  
17 conducting cross.

18 MR. BALLENGER: That's correct. We  
19 have waived cross of the department's  
20 witnesses.

21 THE HEARING OFFICER: So that takes  
22 you to Mr. Haver. Did you have questions for  
23 Ms. Crosby?

24 MR. HAVER: And the panel.

1 THE HEARING OFFICER: And the  
2 panel?

3 MR. HAVER: Yes. My first question  
4 is, how many rate cases have you been  
5 involved in in your career?

6 MS. CROSBY: I believe that I have  
7 been a witness in three. That is subject to  
8 check. I believe that I have acted as an  
9 attorney in three, and that is also subject  
10 to check.

11 MR. HAVER: So that would be a  
12 total of six?

13 MR. HAVER: Yes.

14 MR. HAVER: To the panel.

15 THE HEARING OFFICER: Jon, do you  
16 want to start?

17 MR. DAVIS: Sure. Jon Davis with  
18 Raftelis. Probably a similar number. I  
19 couldn't say, but we could get a specific  
20 number if need be.

21 MR. HAVER: Mr. Davis, I wasn't  
22 just referring to the Philadelphia Water  
23 Department hearings. I meant during your  
24 entire career. I assumed that your firm



1 works for more than just the Philadelphia  
2 Water Department.

3 MR. DAVIS: That is correct. Most  
4 of the firms that we work for do not hold  
5 rate hearings in a similar manner to the  
6 Water Department. So I would not be  
7 including all those. If we talked about rate  
8 setting processes, I would say probably 100.

9 MR. HAVER: Again, to whoever wants  
10 to answer, do you consider the Philadelphia  
11 water rates affordable?

12 MS. CROSBY: I do, yes.

13 MR. HAVER: And to the panel,  
14 again, assuming that you have seen more than  
15 just the Philadelphia Water Department's  
16 rates, do you find the Philadelphia Water  
17 Department rates compared to the other  
18 utilities you work with affordable?

19 MS. DARLINGTON: Your Honor, we'd  
20 object. This is outside the scope of the  
21 testimony submitted by these panel members.

22 THE HEARING OFFICER: Yeah, I don't  
23 understand how you can expect the Raftelis  
24 people to answer that. They provide the data

1     crunching. I don't think they look at  
2     questions of affordability or impact on  
3     ratepayers. That's Ms. Crosby's job.

4                 MR. HAVER: Let them say that then.  
5     They have not been retained --

6                 THE HEARING OFFICER: Well, there  
7     was an objection, which I sustained.

8                 MR. HAVER: And the basis for your  
9     objection?

10                THE HEARING OFFICER: I just  
11     explained the basis for my ruling, so why  
12     don't you move on to your next question?

13                MR. HAVER: Because I didn't finish  
14     my question about your ruling. You  
15     interrupted me.

16                THE HEARING OFFICER: You asked a  
17     question, Ms. Darlington objected, and I  
18     sustained her objection. Please move on.

19                MR. HAVER: To the best of your  
20     knowledge, how do the prices of Philadelphia  
21     Water Department compare with prices for  
22     water and sewer system in the southwest  
23     region of the United States?

24                MS. DARLINGTON: Objection, Your

1 Honor. This is outside the scope of the  
2 testimony submitted by these witnesses.

3 THE HEARING OFFICER: Again,  
4 they're not here to opine on the  
5 reasonableness or affordability of the rates.  
6 If you want to retain your own expert to do  
7 that, that's fine, but you can't use these  
8 people to put your case on like that. You  
9 can ask them about the numbers they used to  
10 derive the rates for Philadelphia. You can  
11 ask them about how they interact with the  
12 Water Revenue Bureau, but you can't ask them  
13 about their work for other utilities or other  
14 entities.

15 MR. HAVER: Well, again, you  
16 certainly have the right to rule me out of  
17 order, but I can ask, and I will make my case  
18 that nobody ask them or any other witness to  
19 consider affordability, how the rates compare  
20 with other parts of the nation. And I will  
21 make that case by asking these questions.  
22 You keep ruling me out of order, you just  
23 help me make the argument that nobody cares.

24 THE HEARING OFFICER: You can make

1     whatever argument you want.  Whether or not  
2     it's supported by a record is another issue.  
3     But why don't you move on and ask a question  
4     that's within the scope of their --

5                 MR. HAVER:  It should be clear that  
6     the record doesn't matter, that private,  
7     behind the door, secret negotiations have  
8     already taken place without all the parties,  
9     and the deal has been made.  We already have  
10    heard that Mr. Dasent and the Rate Board's  
11    advocate have closed the deal.  So you say  
12    that I have to create a record.  You're being  
13    naive.  The record doesn't matter.  You've  
14    already decided.  They've already decided.  
15    All that's left to show is how little people  
16    care about the public.  And that's what I'm  
17    doing.

18                My next question is, are there  
19    industries that are water intensive?

20                MS. CROSBY:  To the best of my  
21    knowledge, yes.

22                MR. HAVER:  What are those  
23    industries?

24                MS. CROSBY:  I would have to

1 speculate on those types of industries. The  
2 first one that comes to mind is a water park.

3 MR. HAVER: If Philadelphia sold  
4 more water to industrial users or commercial  
5 users, would that lower the pressure on  
6 residential rates?

7 MS. DARLINGTON: Objection, Your  
8 Honor, this is calling for speculation, and  
9 again, it's outside the scope of the  
10 testimony.

11 THE HEARING OFFICER: I don't  
12 understand how she could possibly answer  
13 that.

14 MR. HAVER: Not a surprise to me  
15 that you don't understand how she could  
16 answer it.

17 THE HEARING OFFICER: Can you  
18 possibly answer that, Ms. Crosby?

19 MS. CROSBY: I am not. I would  
20 have to defer to one or the other.

21 THE HEARING OFFICER: Yeah.

22 MR. HAVER: So I will ask the panel  
23 then. If more water is sold, does that  
24 relieve the pressure on raising rates on

1 residential customers?

2 MS. DARLINGTON: And please note  
3 our continuing objection that this is calling  
4 for speculation.

5 THE HEARING OFFICER: It certainly  
6 is. But if Mr. Davis can provide some kind  
7 of answer -- I'm not sure the probative value  
8 of any answer, but if he wants to take a shot  
9 at it, he can. Otherwise, don't have to.

10 MR. DAVIS: I'd say, specific to  
11 the case here, I would defer to Black &  
12 Veatch.

13 MR. DASENT: Just to be clear,  
14 Black & Veatch isn't a part of the panel, but  
15 they are available for your question if you  
16 choose to ask it later today.

17 MR. HAVER: I would like them to be  
18 available. I will ask it later today. Are  
19 you familiar with a -- are you familiar with  
20 a management audit?

21 MS. CROSBY: What a management  
22 audit is? Yes.

23 MR. HAVER: Yes?

24 MS. CROSBY: Yes, I do know what a

1 management audit is.

2 MR. HAVER: Great. When was the  
3 last time the Philadelphia Water Department  
4 underwent a management audit?

5 MS. CROSBY: I work for the  
6 Department of Revenue, so I can't speak as to  
7 when the Philadelphia Water Department's last  
8 management audit was.

9 MR. HAVER: When was the last time,  
10 if ever, the Revenue Department underwent a  
11 management audit looking at only the Water  
12 Department?

13 MS. DARLINGTON: Objection, Your  
14 Honor. This --

15 THE HEARING OFFICER: I don't even  
16 understand the question. The Revenue  
17 Department doesn't do management audits.

18 MS. DARLINGTON: It's outside the  
19 scope of Susan --

20 THE HEARING OFFICER: Yeah. Do you  
21 have another question?

22 MR. HAVER: I'm not sure what the  
23 ruling was. She can't answer whether they've  
24 ever had a management audit done at the

1 Revenue Department? That's outside the scope  
2 of her expertise?

3 THE HEARING OFFICER: It's outside  
4 the scope of her testimony.

5 MR. HAVER: In your experience with  
6 the six rate cases that you believe you've  
7 been involved with, subject to check, has the  
8 Water Department ever received every penny it  
9 asked?

10 MS. CROSBY: To the best of my  
11 knowledge, no, it has not.

12 MR. HAVER: To the best of your  
13 knowledge, is that something that the Water  
14 Department, the Water Commissioner, and the  
15 Revenue Department are aware of?

16 THE HEARING OFFICER: Can you  
17 answer that? How do you know what they're  
18 aware of?

19 MS. CROSBY: Right. I can't speak  
20 to someone else's knowledge.

21 MR. HAVER: But you're part of the  
22 Revenue Department. Right? You're pretty  
23 high up?

24 MS. CROSBY: I am a deputy revenue



1 commissioner.

2 MR. HAVER: And you talk to the  
3 people who asked for the rate increase. Is  
4 that correct?

5 MS. CROSBY: I have spoken with  
6 leadership at the Department -- at the Water  
7 Department, yes.

8 MR. HAVER: And you're aware that  
9 the Water Department has never received every  
10 single cent that they've asked for. Is that  
11 correct?

12 MS. CROSBY: During the rate cases  
13 that I participated in, yes.

14 MR. HAVER: Yes. Have you ever  
15 conveyed that to the any of the water  
16 commissioner you've worked under?

17 MS. DARLINGTON: Objection, Your  
18 Honor. Ms. Crosby doesn't work under the  
19 water commissioner. And again, we're getting  
20 outside the scope of the testimony that she  
21 submitted in this case to discuss.

22 THE HEARING OFFICER: I don't even  
23 understand the point of asking her these  
24 questions. The rate cases that are prior

1 rate cases speak for themselves. It's a  
2 public record. You can look it up yourself,  
3 Mr. Haver, and see how much they requested  
4 and how much they were allowed to recover.

5 MR. HAVER: Great. Again, I don't  
6 expect you to be fair or just, but here is  
7 the point I am making, and you will not allow  
8 me to make it. These hearings are a charade.  
9 The Water Department always asks for more  
10 than what it needs. Everybody knows that  
11 they're not going to get what they ask for.  
12 Mr. Ballenger and Mr. Dasent go behind closed  
13 doors, negotiate a settlement, and then you  
14 all claim you have done something.

15 I am putting that information on  
16 the record by showing that the Water Revenue  
17 Department, Black & Veatch, and the Water  
18 Commissioner all know that they're not going  
19 to get what they ask for. Therefore, they  
20 ask for more than what they need. You just -  
21 -

22 THE HEARING OFFICER: You're  
23 certainly entitled to your opinion, Mr.  
24 Haver.

1                   MR. HAVER: You just don't want to  
2 allow that on the record because that exposes  
3 your role in agreeing to all of this.

4                   THE HEARING OFFICER: (laughs) I'm  
5 sorry, but --

6                   MR. HAVER: Unfortunately for the  
7 people struggling with their bills, it's not  
8 funny.

9                   THE HEARING OFFICER: No, it isn't  
10 funny. But what's not funny also is that we  
11 have to sit here and listen to this. You  
12 have no basis whatsoever for your opinion.  
13 But you know, I do believe everybody's  
14 entitled their opinion. But all you're doing  
15 is increasing the expenses for the customers  
16 by raising this. If you don't like what  
17 happens in a case, you can appeal it. If you  
18 don't like what the Rate Board does, you can  
19 appeal it. As simple as that. It's all  
20 public. It's all on the record.

21                   MR. HAVER: It is not all public.  
22 We just learned it's not all public.

23                   THE HEARING OFFICER: Settlement  
24 negotiations are not. That's the way they're

1 conducted.

2 MR. HAVER: And we just learned  
3 that Mr. --

4 THE HEARING OFFICER: And you're  
5 entitled to -- you had a chance to opine on  
6 the settlement.

7 MR. HAVER: And we just learned  
8 that Mr. Dasent purposely withheld the  
9 information of the settlement talks from the  
10 other parties.

11 THE HEARING OFFICER: No, we didn't  
12 hear any such thing. He certainly did not  
13 purposely withhold anything. That's not at  
14 all what I heard.

15 MR. HAVER: Of course you didn't  
16 hear it, but that's what the record says. He  
17 started days ago and he didn't tell the other  
18 parties.

19 THE HEARING OFFICER: You can draw  
20 your own conclusions. The record says what  
21 the record says. People, statements say what  
22 they say. You can use your characterizations  
23 and mischaracterizations. And I'm not going  
24 to stop you. I think it's a little

1 frustrating that you're not focused on the  
2 actual rates at issue here. But go ahead.  
3 If you want to try and prove some kind of  
4 scheme here, then you need to get your own  
5 expert. But do you have an actual question  
6 for Ms. Crosby?

7 MR. HAVER: These are actual  
8 questions.

9 THE HEARING OFFICER: Do you have a  
10 question related to her testimony.

11 MR. HAVER: Does the Philadelphia  
12 Water Department use unionized city employees  
13 to read meters?

14 MS. DARLINGTON: I can't help but  
15 objecting again, because this is --

16 THE HEARING OFFICER: This isn't  
17 her testimony. I mean, you can ask the other  
18 witnesses whose testimony it is, but it's not  
19 Ms. Crosby's testimony.

20 MR. DASENT: The operations panel  
21 can speak to them.

22 THE HEARING OFFICER: Yeah, the  
23 operations panel are the ones to answer that  
24 question.

1 MR. HAVER: Does she know?

2 THE HEARING OFFICER: It doesn't  
3 matter if she knows. She can't talk about  
4 it. It's not her testimony.

5 MR. HAVER: It's a yes or no  
6 question.

7 THE HEARING OFFICER: No, no. I'm  
8 not going to let her answer. It doesn't  
9 matter if she knows. What matters is her  
10 testimony.

11 MR. HAVER: Does --

12 THE HEARING OFFICER: Because if  
13 she answered, there'd be no probative weight  
14 to it.

15 MR. HAVER: Does the Water  
16 Department use unionized city employees to do  
17 billing?

18 MS. CROSBY: The billing and  
19 collection functions of the Philadelphia  
20 Water Department are handled by the  
21 Department of Revenue.

22 MR. HAVER: I'm sorry, by the what?

23 MS. CROSBY: Department of Revenue.

24 MR. HAVER: If a bill is unpaid, is

1     that account sold to a debt collector?

2                   MS. CROSBY:  We do not sell our  
3     debt to our debt collectors.  We do employ  
4     several collection agencies to perform  
5     collection work on our behalf.

6                   MR. HAVER:  And who are those  
7     collection agencies?

8                   MS. CROSBY:  I believe I can  
9     remember all of them, Alliance One, Revenue  
10    Collection Bureau --

11                  MR. HAVER:  Let me stop you right  
12    there.  Where is that located?

13                  MS. CROSBY:  I do not know as to  
14    Alliance One.  Revenue Collection Bureau is  
15    based here in Philadelphia.  Harris & Harris.  
16    I do not know where they are located.  And we  
17    utilize two outside law firms.  One is GRB.  
18    I do not know what those letters stand for.  
19    I do not know where they are based.  And the  
20    other is -- the first name of the firm is  
21    Linebarger.  There are other -- there's two  
22    other names to that firm.  All I know them as  
23    is Linebarger, and I do not know where they  
24    are based.

1                   MR. HAVER:   How are those agencies  
2   selected?

3                   MS. CROSBY:   Through a public RFP  
4   process.

5                   MR. HAVER:   Is it lowest bid?

6                   MS. CROSBY:   We followed the  
7   regulations through our procurement.   They  
8   recently changed, so I don't know if the  
9   "lowest bid" is the method that is used.

10                  MR. HAVER:   When will you put them  
11   out for bid again if the regulations have  
12   changed?

13                  MS. DARLINGTON:   Your Honor, we  
14   have to object.   Susan's testimony doesn't  
15   contain any specifics as to contracting RFPs  
16   or anything along the lines that relate to  
17   collection agencies.   Her testimony, the part  
18   of it about collection agencies would relate  
19   to billing and enforcement.   But we are going  
20   down a road that's not relevant to her  
21   testimony.

22                  THE HEARING OFFICER:   It isn't  
23   relevant to her testimony, but I think I will  
24   allow her to answer if she can, just given



1 her position with the revenue. So --

2 MS. CROSBY: To the best of my  
3 knowledge --

4 THE HEARING OFFICER: If you can't  
5 answer it or if you don't think it's  
6 appropriate for you to answer, say so. If  
7 you don't feel comfortable answering it, say  
8 that.

9 MS. CROSBY: To the best of my  
10 knowledge, it is in November of this year.

11 MR. HAVER: Forgive me, I didn't  
12 quite hear you. I think you said November of  
13 this year. Is that correct?

14 MS. CROSBY: To the best of my  
15 knowledge, yes.

16 MR. HAVER: I understand, subject  
17 to the best of your knowledge. And is that  
18 an annual RFP, request for proposals, or is  
19 this a unique year?

20 MS. CROSBY: I truly don't know the  
21 answer.

22 MR. HAVER: Thank you. I  
23 appreciate your time. I don't want to keep  
24 you. I'm sure you have more important things

1 to do than answer my questions, especially  
2 since the rate case has already been settled.

3 THE HEARING OFFICER: Do you have  
4 further questions for Ms. Crosby?

5 MR. HAVER: Not for her, no. I do  
6 have further questions for the panel.

7 THE HEARING OFFICER: Now, the  
8 panel --

9 MR. BAKARE: Hearing Officer  
10 Chestnut.

11 THE HEARING OFFICER: Yes.

12 MR. BAKARE: I just want to clarify  
13 that I do have a couple of questions from Ms.  
14 Crosby, so if it's better to just for me to  
15 ask mine now.

16 THE HEARING OFFICER: Well, why  
17 don't you let Mr. Haver complete his cross-  
18 examination and then --

19 MR. HAVER: I'll yield.

20 MR. BAKARE: That's what I was  
21 checking.

22 MR. HAVER: I'll yield. All right.

23 THE HEARING OFFICER: No. I'm not  
24 going to -- No. It doesn't make sense to

1 interrupt your questions. I mean, the  
2 panel's here. The panel includes Ms. Crosby.

3 MR. HAVER: Well, I want to speak -  
4 -

5 THE HEARING OFFICER: Raftelis is  
6 not a separate panel, my understanding is.  
7 Right?

8 MS. DARLINGTON: That's right.

9 MR. HAVER: To the panel, how many  
10 years have you worked for the Philadelphia  
11 Water Department?

12 MR. DAVIS: I believe our firm has  
13 worked for the Philadelphia Water Department  
14 since roughly 2012.

15 MR. HAVER: Is it a significant  
16 revenue source for your company?

17 MS. DARLINGTON: Objection, Your  
18 Honor. Outside the scope.

19 THE HEARING OFFICER: Certainly is  
20 outside the scope. I don't understand how  
21 it's going to lead to anything except for  
22 speculation on Mr. Haver's part about  
23 influence peddling, I assume, but --

24 MR. HAVER: See, once again, you've

1 decided to try and belittle me because you  
2 abuse your position of power. I am entitled  
3 to ask my questions. You can rule them out  
4 of order if you want, but you have no right  
5 to characterize what I am trying or not  
6 trying to do. And you have no right to  
7 belittle me. You're just abusive. You're  
8 just a bully.

9 THE HEARING OFFICER: Thank you.  
10 You're entitled to your opinion. You  
11 certainly are. And I've been a presiding  
12 officer for what? Over 40 years at this  
13 point? And my character and integrity have  
14 never been impugned.

15 MR. HAVER: That's absolutely not  
16 true.

17 THE HEARING OFFICER: Ever, ever.

18 MR. HAVER: That's absolutely not  
19 true. I was there when you were helping  
20 Enron. I was there when you were continuing  
21 to find ways to help the wealthy and the well  
22 connected. It's absolutely not true what  
23 you're saying. You're --

24 THE HEARING OFFICER: Unbelievable.

1 MR. HAVER: -- time and time again.

2 THE HEARING OFFICER: My point is,  
3 Mr. Haver, I've done this -- I'm not going to  
4 let myself be influenced by your insults.  
5 Your positions will be evaluated on their  
6 merits. I'll do the same professional job I  
7 have done. And if you don't like it, again,  
8 you have very many avenues to object to it.

9 MR. HAVER: I am objecting to it.  
10 I object --

11 THE HEARING OFFICER: Well --

12 MR. HAVER: I object that you hold  
13 these hearings in private, online so I can't  
14 bring people with signs. I object to that.  
15 I object to --

16 THE HEARING OFFICER: Mr. Haver --

17 MR. HAVER: -- violating the --

18 THE HEARING OFFICER: -- I think  
19 you're really -- this is getting out of hand.  
20 If you can't ask questions related to these  
21 witnesses' testimony, then we need to move  
22 on.

23 MR. HAVER: Then stop categorizing  
24 why I am asking my questions. Just rule them

1 out of order if that's what you see fit, but  
2 I do not need you to explain what I am trying  
3 to do or guess.

4 THE HEARING OFFICER: Well, I think  
5 your comments speak for themselves, and we'll  
6 leave it at that. Did you have a question  
7 that these witnesses can answer?

8 MR. HAVER: I'm still waiting for a  
9 ruling on, "Is it a significant portion of  
10 their revenue?"

11 THE HEARING OFFICER: Yes. Okay.  
12 I'll rule on it, which is that question has  
13 nothing to do with the scope of their  
14 testimony.

15 MR. HAVER: Members of the panel,  
16 you've said that you work for other water  
17 utilities. Is that correct?

18 MR. DAVIS: Yes, that is correct.

19 MR. HAVER: Are any of those other  
20 utilities in the southwest region of the  
21 United States?

22 MR. DAVIS: We're a national firm,  
23 so we have clients across the country.

24 MR. HAVER: If you know, how did

1 the Philadelphia Water Department rates  
2 compare to the water rates in utilities,  
3 municipalities, or privately owned water  
4 departments in the southwest?

5 MS. DARLINGTON: Please note our  
6 objection that again, this is outside the  
7 scope.

8 THE HEARING OFFICER: Yes, it's  
9 outside the scope of the testimony. And I  
10 don't think it's appropriate for him to  
11 answer that. You can do your own evaluation.  
12 You can do your own research. That wasn't  
13 part of this firm's testimony. It's not part  
14 of what they do for the City of Philadelphia.  
15 Is it? I mean, let me ask. It's not in your  
16 testimony, Mr. Davis. Is that something  
17 you're comfortable answering?

18 MR. DAVIS: We have not done  
19 benchmarking for the City of Philadelphia  
20 with respect to rates.

21 MR. HAVER: To your knowledge, is  
22 access to affordable water in issue for the  
23 location or relocation of an industry?

24 MS. DARLINGTON: Objection, Your

1 Honor.

2 THE HEARING OFFICER: Again, I  
3 don't see how that relates to his testimony.  
4 I'm not sure even how he can answer that.  
5 How can he answer what other companies  
6 consider when they make decisions to  
7 relocate? No, don't answer that. You don't  
8 have to answer that question.

9 MR. HAVER: Are you familiar with  
10 management audits?

11 MR. DAVIS: We have performed  
12 management audits in the past.

13 MR. HAVER: Have you ever done one  
14 for the Philadelphia Water Department?

15 MR. DAVIS: We did do one. I  
16 believe it was looking at the -- not the  
17 Water Department per se. We have done one  
18 for the -- within the city.

19 MR. HAVER: In your opinion, do  
20 management audits help save money?

21 MR. DAVIS: I think there are many  
22 purposes for doing a management audit. That  
23 maybe one purpose, yes.

24 MR. HAVER: In the experience of



1 your company, when you have done management  
2 audits for other clients, have they led to  
3 cost savings?

4 MR. DAVIS: I can't speak to all  
5 the management audits that we've done.

6 MR. HAVER: Any of them?

7 MR. DAVIS: The ones that I've  
8 personally been involved in, I cannot say  
9 that was one of the primary objectives.

10 MR. HAVER: Understood, not a  
11 primary objective. Did it lead to cost  
12 savings and management efficiencies or  
13 operational efficiencies?

14 MS. DARLINGTON: At this point, I'm  
15 going to object.

16 THE HEARING OFFICER: Yes. We're  
17 getting far afield from his testimony. It  
18 doesn't really matter what management audits  
19 this firm has done for other clients or what  
20 the results of those management audits were.  
21 I allowed you to ask if he did one for the  
22 water department, and he answered. And  
23 again, I think that was actually outside the  
24 scope of his testimony, but I allowed it.

1 But I think we're getting beyond what's  
2 appropriate at this point. So if you have  
3 another question, I would like you to ask it.

4 MR. HAVER: Did the panel  
5 participate in the negotiations or  
6 discussions or private phone calls between  
7 the Rate Board's advocate and Mr. Dasent?

8 MS. DARLINGTON: I would object.

9 THE HEARING OFFICER: Don't answer  
10 that.

11 MS. DARLINGTON: Now he's speaking  
12 attorney-client privilege.

13 THE HEARING OFFICER: Yes. Don't  
14 answer that.

15 MR. HAVER: I'm not asking what he  
16 said. I'm just asking if he participated.

17 THE HEARING OFFICER: Do not answer  
18 it. That question's improper.

19 MR. HAVER: Why is it --

20 THE HEARING OFFICER: Settlement  
21 negotiations are private, and they remain  
22 that way.

23 MR. HAVER: I'm just asking if he  
24 participated -- I'm just asking if he

1 participated --

2 THE HEARING OFFICER: No, no.

3 MR. HAVER: You're not letting me  
4 finish. What a shock. I'm asking if he  
5 participated. I'm not asking what --

6 THE HEARING OFFICER: And I'm  
7 saying that the question is improper.

8 MR. HAVER: It's improper to find  
9 out who --

10 THE HEARING OFFICER: I'm  
11 sustaining the objection.

12 MR. HAVER: It's improper to find  
13 out who participated in the secret  
14 negotiations?

15 THE HEARING OFFICER: Yes. You can  
16 ask them yourself off the record, but it's  
17 not an appropriate question for cross.

18 MR. HAVER: Does the economic  
19 condition of the service area have an impact  
20 on the bond ratings for the utility?

21 MR. DAVIS: I would defer that to  
22 the financial advisors and another panel.

23 MR. HAVER: The rest of my  
24 questions are for somebody else.

1 THE HEARING OFFICER: Mr. Bakare,  
2 did you want to -- I'm sorry, when you say  
3 somebody else, you mean a different panel?

4 MR. HAVER: Yes.

5 THE HEARING OFFICER: Mr. Bakare,  
6 did you want to ask some questions?

7 MR. BAKARE: Yes. Thank you. My  
8 questions are limited just to Ms. Crosby, not  
9 the rest of the panel. And Ms. Crosby, just  
10 for your knowledge, my questions relate to  
11 your Statement 4R. You did co-sponsor that  
12 statement with the Black & Veatch panel. Is  
13 that correct?

14 MS. CROSBY: Which statement was  
15 that?

16 MR. BAKARE: Statement 4R.

17 MS. CROSBY: I believe that my  
18 statement was Statement 5. Or are you  
19 talking about the supplemental?

20 MR. DASENT: The rebuttal statement  
21 would be 3R.

22 MR. BAKARE: 4R.

23 MS. CROSBY: I have it as 3R.

24 THE HEARING OFFICER: I think Mr.

1 Bakare is just -- there was a -- questions in  
2 4R. I think it was maybe one or two relating  
3 to --

4 MR. BAKARE: Right. So 4R was the  
5 Black & Veatch statement, but Ms. Crosby, I  
6 believe, co-sponsored that, and I think I  
7 have a couple of questions that are related  
8 to the portion that I believe she co-  
9 sponsored.

10 MS. CROSBY: Yes. Let me make  
11 sure. You're talking about --

12 THE HEARING OFFICER: I see that  
13 now.

14 MS. CROSBY: -- Statement 4R.

15 MR. BAKARE: Yes.

16 THE HEARING OFFICER: Yes.

17 MS. CROSBY: Statement 4R has  
18 question to -- I, I -- my name and my  
19 Statement 5 is referenced.

20 MR. BAKARE: So if I'm looking at  
21 Statement 4R, looking at lines 14 through 16,  
22 there's a discussion about the charity rate  
23 regulation.

24 THE HEARING OFFICER: 14 and 16 of

1 what page?

2 MR. BAKARE: Excuse me. Hold on.

3 I mean, sorry, I should have had that  
4 reference, but I'll pull it in just a second.

5 Oh, no, I don't see the page. Give me one  
6 second, Hearing Officer. Apologies for that.

7 THE HEARING OFFICER: What  
8 reference are you talking about Statement 4R?

9 MR. BAKARE: It's in Statement 4R.  
10 I just have to pull the exact page.

11 MR. HAVER: I believe it may be  
12 page 13.

13 MR. BAKARE: Yes. Page 13 of  
14 Statement 4R, lines 14 through 16.

15 MS. CROSBY: Yes, I have that.

16 MR. BAKARE: So here you're  
17 referring to the charity rate regulations,  
18 and you mentioned that the changes that were  
19 proposed by the department here were not  
20 substantive in that the customer experience  
21 is not changing. Is that a fair summary of  
22 your comments here?

23 MS. CROSBY: Yes.

24 MR. BAKARE: One question about

1 that. Are you familiar with the testimony  
2 filed by Mr. Baudino on behalf of PLUG? You  
3 respond to it here, but I assume that you  
4 reviewed his direct testimony and responding  
5 to it.

6 MS. CROSBY: Yes.

7 MR. BAKARE: Did he mention in  
8 there that there was a change where PWD is  
9 proposing to adopt changes that would allow  
10 it to remove a customer from the Charitable  
11 Discount Program for a violation of any city  
12 law or regulation?

13 MS. CROSBY: Subject to check, yes,  
14 that was in the statement.

15 MR. BAKARE: And you would agree  
16 that the current regulations do not include  
17 that eligibility requirement?

18 MS. CROSBY: There are no current  
19 regulations regarding the charity rate. All  
20 of -- to the best of my knowledge, all what  
21 would be traditionally considered regulatory  
22 framework is contained within Rates and  
23 Charges.

24 MR. BAKARE: I see. Would you

1 agree that the current rates and charges then  
2 do not include that eligibility requirement?

3 MS. CROSBY: To the best of my  
4 knowledge, no. But I have not read through  
5 those rates and charges specifically in the  
6 recent past.

7 MR. BAKARE: So with that, then  
8 would you agree that authorizing PWD to  
9 remove customers from the program for reasons  
10 that it currently cannot would actually be a  
11 substantive change to the program?

12 MS. CROSBY: It would be -- it  
13 would be a change, yes. That would bring it  
14 in line with the other discounts that we  
15 administer.

16 MR. BAKARE: I think the rest of my  
17 question would be for Black & Veatch, Hearing  
18 Officer Chestnut. So thank you, Ms. Crosby.  
19 I appreciate your time.

20 MR. HAVER: Thank you.

21 THE HEARING OFFICER: Did you want  
22 to do redirect?

23 MR. DASENT: If we could have a  
24 moment, we could assess whether redirect



1 might be appropriate, particularly for the  
2 last question.

3 THE HEARING OFFICER: Why don't we  
4 take a five-minute break and come back --  
5 well, more than five minutes, I guess, come  
6 back at 11 o'clock?

7 MS. DARLINGTON: Thank you.

8 MR. DASENT: Thank you.

9 (Off the record.)

10 THE HEARING OFFICER: Then why  
11 don't we go back on the record? Ms.  
12 Darlington, did you have -- (automated voice  
13 recording) Ms. Darlington, did you have  
14 redirect for your witness or the panel?

15 MS. DARLINGTON: We have a very  
16 small number of questions for redirect. Can  
17 we proceed?

18 THE HEARING OFFICER: Sure.

19 MS. DARLINGTON: Ms. Crosby, during  
20 the break, did you have the chance to refresh  
21 your memory on the rates and charges and all  
22 the specific language relating to removal of  
23 a charity rate discount, I should say?

24 MS. CROSBY: Yes. I did have the

1 opportunity to read through the current  
2 regulations regarding the charity rates and  
3 their suspension and removal.

4 MS. DARLINGTON: Did you find  
5 anything in the rates and charges as they  
6 currently are written that would allow the  
7 city to remove a organization for violation  
8 of city laws?

9 MS. CROSBY: Yes. It's in Chapter  
10 5.7, entitled "No Waiver." It does enable us  
11 to remove customers from the charity rate  
12 discount when they do not follow the laws of  
13 the city or other regulations.

14 MS. DARLINGTON: Thank you. And  
15 last question. If any customer takes issue  
16 with new regulations that the city proposes,  
17 is there an avenue or opportunity for that  
18 customer to challenge or submit comments  
19 relating to proposed regulations?

20 MS. CROSBY: Yes. The Department  
21 of Records allows a request for a hearing to  
22 be made. And if that request is made, a  
23 hearing must be held by the people who are  
24 promulgating the regulations, in this case,

1 the Department of Revenue and the  
2 Philadelphia Water Department.

3 MS. DARLINGTON: Thank you, Ms.  
4 Crosby. No further question.

5 THE HEARING OFFICER: Do you have  
6 recross based on the redirect?

7 MR. BAKARE: I do. I think I would  
8 also like a minute just to pull up the  
9 citation that was referenced, if I may have  
10 that.

11 THE HEARING OFFICER: Sure.

12 MR. BAKARE: And Ms. Darlington,  
13 you said that was 5.7. Is that correct?

14 MS. DARLINGTON: That was Ms.  
15 Crosby's testimony, yeah.

16 MS. CROSBY: Yes, it's 5.7. If  
17 you're looking at the current rates and  
18 charges that are posted at the Rate Board's  
19 website, it is on page 23.

20 MR. BAKARE: Hold on. I'm not  
21 seeing 5.7. These are the Philadelphia Water  
22 Department regulations?

23 MS. CROSBY: No. These are the  
24 rates and charges.

1 MR. BAKARE: Oh, the rates and  
2 charges are there.

3 MS. CROSBY: I accessed them  
4 through the Rate Board's website.

5 MR. BAKARE: I see. I'm with you.

6 THE HEARING OFFICER: I'm sorry.  
7 I'm looking at the rates and charges. And  
8 what section was that?

9 MS. CROSBY: It is Section 5.7 on  
10 page 23 of the PDF.

11 THE HEARING OFFICER: Did you find  
12 that reference, Mr. Bakare?

13 MR. BAKARE: Yes, I have it, Your  
14 Honor. I'm just reviewing it momentarily.  
15 I'll be ready in just a moment. Okay. I  
16 just have one clarification question. Ms.  
17 Crosby, I do see the language in Section 5.7  
18 of the rates regarding the removal of a  
19 customer for violating a law or regulation.  
20 I also note that the rates also allow the  
21 customer to have a hearing to review any  
22 removal from the Charity Rate Program. Is  
23 that hearing right also preserved in the new  
24 regulations?

1 MS. CROSBY: It is. In the  
2 proposed regulations, it's 204.9.

3 MR. BAKARE: I have no further  
4 questions. Thank you.

5 THE HEARING OFFICER: Thank you  
6 very much, Ms. Crosby. You're excused. And  
7 I guess the Raftelis panel is also.

8 MS. CROSBY: Thank you very much.

9 MS. DARLINGTON: Thank you.

10 THE HEARING OFFICER: So I guess  
11 that takes us to the finance panel on your  
12 order of witnesses.

13 MR. DASENT: Yes, it does. And  
14 Rick Hicks will be handling the finance  
15 panel. And we just need to have the  
16 appropriate panel members admitted. And I'm  
17 trying to think of everyone that we need.  
18 Lawrence Yangalay, Lawrence Rich, Patty  
19 Rogalski, if they're all in the room. And  
20 that's part of the finance panel. We also  
21 include the financial advisors in that panel  
22 generally, which would be Chuck Matthews,  
23 Pete Nissen.

24 The Black & Veatch team is always

1 helpful on those panels as well, just to make  
2 sure we answer the full range of questions.  
3 And that's Dave Jagt, Brian Merritt, and Ann  
4 Bui may be here. If she chooses, she should  
5 also be admitted.

6 MR. BRYANT: I'm sorry, Andre, I'm  
7 going through all the people now. It's quite  
8 a few, so --

9 MR. DASENT: Take your time.

10 MR. HAVER: While he's taking care  
11 of that housekeeping, I'd like to clarify the  
12 numbers that Mr. Dasent put out earlier today  
13 in the settlement.

14 MR. DASENT: Yeah.

15 MR. HAVER: Mr. Dasent, I believe  
16 you said that you have agreed for fiscal year  
17 26 with the Rate Board's advocate at  
18 60,920,000.

19 MR. DASENT: That's correct.

20 MR. HAVER: Would that be 82.7  
21 percent of what the Water Department  
22 requested?

23 MR. DASENT: You'll have to do the  
24 arithmetic. I'm sorry, I don't have my

1 calculator.

2 MR. HAVER: You didn't do it?

3 MR. DASENT: I don't have to.

4 That's your question. Answer it. I'm not on  
5 trial here.

6 THE HEARING OFFICER: He gave you  
7 the -- you asked about the amount of the  
8 proposed settlement. You can do whatever  
9 calculations with it you want.

10 MR. HAVER: I appreciate that. I  
11 didn't need your permission. I just asked if  
12 he had done it.

13 MR. DASENT: No.

14 MR. HAVER: Thank you. The second  
15 year, fiscal year 27, the Rate Board's  
16 advocate and you, in your negotiations,  
17 agreed to 54 million. Is that right?

18 MR. DASENT: That's correct. Yes,  
19 it is.

20 MR. HAVER: And you were seeking  
21 58.85 million. Is that correct?

22 MR. DASENT: Yes.

23 MR. HAVER: And I'm --

24 MR. DASENT: And additional

1 incremental revenues. That's correct.

2 MR. HAVER: And I'm guessing this  
3 doesn't have anything to do with what you  
4 call the rate adjustment for the TAP program?

5 MR. DASENT: That's correct.

6 MR. HICKS: Your Honor, Mr. Dasent  
7 is not a witness in this proceeding. He's an  
8 attorney. And the finance panel is about to  
9 be offered for questions. So Your Honor, I  
10 would ask that Mr. Haver reserve his  
11 financial questions for the financial panel.

12 MR. DASENT: If Your Honor please,  
13 just because I communicated the settlement  
14 and negotiated with Mr. Ballenger, if it's  
15 narrowed to that range of questions, I'm  
16 probably well suited, as is Mr. Ballenger, to  
17 respond. But thank you, Rick, for protecting  
18 me.

19 THE HEARING OFFICER: Let's move on  
20 then. Mr. Hicks.

21 MR. HAVER: I just wanted to ask if  
22 there was the settlement pending with the  
23 rate adjustment.

24 MR. DASENT: Not at present.



1 Although the hearing officer may lock us in a  
2 room at some point.

3 MR. HAVER: You've announced that  
4 one is pending. I want to ask if the other  
5 one's pending. You say no.

6 MR. DASENT: No.

7 THE HEARING OFFICER: Mr. Hicks,  
8 let's move on.

9 MR. HICKS: Good afternoon, Your  
10 Honor. And forgive me, I can't help but call  
11 you Your Honor. I just remember you that  
12 way. My name is Renardo Hicks. I'm an  
13 attorney with Eckert Seamans, representing  
14 the PWD entities. And what I'd like to do,  
15 Your Honor, at the outset is to introduce the  
16 participants in this financial panel and to  
17 identify the statements that they have made  
18 to which they're prepared to be cross-  
19 examined. With your permission.

20 THE HEARING OFFICER: Go ahead.

21 MR. HICKS: The financial panel  
22 itself will be led by Mr. Lawrence Yangalay,  
23 who is the Philadelphia Water Department  
24 deputy commissioner of finance. And when I

1 say led by, I literally mean that he will be  
2 the person who is principally responsible for  
3 catching questions and will refer to other  
4 members of the panel who are more  
5 appropriately able to respond.

6 The other members of this panel, as  
7 you've already heard from Mr. Dasent, include  
8 Charles Matthews, who is director of public  
9 financial management, peter Nissen, who is  
10 managing director of -- I can't quite say  
11 this, guys -- Acia Financial Group.

12 MR. DASENT: Acacia.

13 MR. HICKS: Acacia. Thank you.  
14 He's a financial advisor. And from Black &  
15 Veatch, there's Ann Bui, there's Dave Jagt,  
16 there's Brian Merritt, who are all going to  
17 be a part of this panel as well. In  
18 addition, Stephen Furtek, who is general  
19 manager of the department's engineering  
20 construction division, and I think Vahe -- is  
21 he on as well? Vahe Hovsepian, who is a  
22 member of the water engineering section as  
23 well. Finally, Benjamin Jewell, who is the  
24 first deputy commissioner for the Water

1 Department, are all a part of this exotic mix  
2 that we call the financial panel. Have I  
3 missed anyone, Andre?

4 MR. DASENT: Just Val Allen, if  
5 she's in the room. And there's a question  
6 concerning the bond ordinance. She's also  
7 able to assist. And Deland hopefully will  
8 admit her.

9 MR. HICKS: Excellent. The last  
10 thing I'd like to do, Your Honor, is just to  
11 make clear the statements to which these  
12 various members are party. For example, PWD  
13 Statement 2A is principally sponsored by Mr.  
14 Yangalay. Did I say that right? Law  
15 Yangalay?

16 MR. YANGALAY: All right.

17 MR. HICKS: Did I pronounce your  
18 name correctly? That was the mere question.  
19 Okay. Got it.

20 MR. YANGALAY: Yes.

21 MR. HICKS: Charles Matthews and  
22 Peter Nissen both provided testimony and  
23 schedules in PWD 2B. And Steve Furtek and  
24 Vahe Hovsepien provided testimony and

1 schedules in PWD Statement 3. And Ben Jewell  
2 provided testimony and schedules in PWD  
3 Statement 4A. And of course, Black &  
4 Veatch's direct testimony is found in PWD  
5 Statement 7. Can everyone hear me clearly?

6 THE HEARING OFFICER: Fine.

7 MR. HICKS: Your Honor, with that,  
8 I offer the financial panel for cross-  
9 examination.

10 THE HEARING OFFICER: Are there any  
11 additions, changes, or corrections to any of  
12 those statements?

13 MR. DASENT: The only thing I can  
14 think of, we did send out a BV Schedule 2  
15 errata, and it had a typo in it. The year  
16 reference was off. That's as close as we  
17 come to any corrections.

18 MR. BRYANT: Madam Hearing Officer,  
19 if I may.

20 THE HEARING OFFICER: Sure.

21 MR. BRYANT: I've promoted the  
22 people that were called, names that were  
23 called. Some have declined. So I'm thinking  
24 if they want to speak, they raise their hand

1 and I'll acknowledge it and let you know.

2 I'm not sure what else I can do.

3 THE HEARING OFFICER: No, that  
4 sounds good.

5 MR. HICKS: Makes sense.

6 MR. BAKARE: Your Honor, may I ask  
7 one question for Counsel?

8 THE HEARING OFFICER: Sure.

9 MR. BAKARE: I believe that Black &  
10 Veatch also sponsored a rebuttal statement,  
11 Statement 4R. Is that statement also part of  
12 this panel?

13 MR. HICKS: If you have questions  
14 relevant to Statement R, feel free to ask  
15 them for our -- feel free to ask. Your  
16 Honor, the panel is available for cross-  
17 examination.

18 THE HEARING OFFICER: Mr. Haver, do  
19 you have any questions for this panel?

20 MR. HAVER: Yes. For the  
21 individuals in the panel, how many rate cases  
22 have you -- Philadelphia Water Rate and other  
23 rate cases have you been involved in?

24 MR. HICKS: Your Honor, I'm going

1 to object to the form of the question asked  
2 to all of the members of the panel and ask  
3 that if Mr. Yangalay is able to answer that  
4 question, that he be permitted to answer on  
5 behalf of the panel.

6 MR. YANGALAY: Yes. Sorry, I'm  
7 funny. Camera technical difficulty. I will  
8 come on later on.

9 MR. HICKS: That's all right. We  
10 hear you.

11 MR. YANGALAY: (indiscernible).

12 MR. BRYANT: I would need to  
13 promote you again as panelists. Give me a  
14 second. And I have promoted you. There's a  
15 little delay. I'm sorry. At this time, it's  
16 not allowing me. Your system is not allowing  
17 me to promote you. I'm trying to promote and  
18 it's not letting you promote.

19 MR. HICKS: Your Honor, pleased to  
20 be heard. I'm comfortable with him verbally  
21 responding.

22 MR. BRYANT: Yeah. I'm sorry, he  
23 keeps declining his panelist status, so he'll  
24 just have to talk. He will not be seen.

1 THE HEARING OFFICER: Well, just  
2 speak up, Mr. Yangalay. I had trouble  
3 hearing you.

4 MR. DASENT: Could we repeat the  
5 question? I thought it was how many cases  
6 has Mr. Yangalay been involved in.

7 MR. YANGALAY: Can you hear me?

8 MR. HICKS: We can hear you now.

9 MR. YANGALAY: Oh, okay. I was  
10 involved in 2023 PWD rate case. And before  
11 that, when I was in Africa, I was --

12 (Videoconference connection lost with  
13 Mr. Yangalay.)

14 MR. DASENT: We lost the  
15 connection.

16 MR. YANGALAY: -- so together --  
17 help me up out of --

18 MR. HICKS: You're breaking up, Mr.  
19 Yangalay. Could you try --

20 THE HEARING OFFICER: Maybe you  
21 should just get out and get back in again.

22 MR. HICKS: Yeah, that's what I was  
23 going to suggest.

24 MR. YANGALAY: Yes.

1                   MR. DASENT: While Mr. Yangalay is  
2   rejoining us, I wonder if Black & Veatch or  
3   some of the other panel members might be able  
4   to answer that question in terms of how many  
5   cases you've been involved?

6                   THE HEARING OFFICER: No, I'm going  
7   to limit that. Well, I guess I'm not, but go  
8   ahead if you can answer it.

9                   MR. HICKS: That was actually my  
10   request too, Your Honor, that it'd be limited  
11   because candidly, it's two points. One,  
12   their resumes are a part of the materials in  
13   this process, so one can review their resumes  
14   to find out the extent of their experience.  
15   But I also believe that that specific  
16   question is outside the scope of any of their  
17   testimony.

18                   THE HEARING OFFICER: Yes, it is.  
19   If you have a specific question, Mr. Haver,  
20   aside from something you can glean yourself  
21   from looking at the resumes that has  
22   reference to their testimony, then I wish you  
23   would just get to it.

24                   MR. HAVER: The resumes don't say



1     how many cases they've been involved in.

2                 MR. HICKS:   That's why --

3                 THE HEARING OFFICER:   I don't see  
4     how that's even relevant to the -- how is  
5     that relevant though?

6                 MR. HAVER:   It goes to the scope of  
7     their knowledge.

8                 MR. HICKS:   Why don't you ask them  
9     what their knowledge is?

10                THE HEARING OFFICER:   Yeah.

11                MR. HAVER:   I have asked what I  
12     wanted to ask, Mr. Hicks.   I do not think  
13     we're on the same side here, so there's no  
14     point in you offering me advice.

15                MR. HICKS:   I'm not --

16                MR. HAVER:   Mr. Hicks, I know you  
17     of the past.   I know what you believe.   And I  
18     do not think of you as someone who is trying  
19     to help me.

20                MR. HICKS:   And I'm not trying to  
21     help you, as you have suggested.   I am trying  
22     to be transparent and to represent my client  
23     in this process.   And only questions within  
24     the scope of their testimony, in my opinion,

1 are appropriate here.

2 MR. HAVER: Now I know what you  
3 think.

4 THE HEARING OFFICER: If they can  
5 answer it very quickly, I'll allow. But if  
6 they can't, there's no point us sitting here  
7 for waiting for irrelevant information.

8 MR. HICKS: I think Mr. Yangalay is  
9 back in the process, Your Honor.

10 MR. BRYANT: I'm sorry, Madam  
11 Hearing Officer. Mr. Yangalay never left. I  
12 can force him out. Nothing is going to  
13 change. He never left. I didn't want to  
14 force him out because I'm not sure if he  
15 knows how to get back in -- if he knows to  
16 get back in, someone can let him in. But if  
17 you want me to force him out so he can come  
18 back in, I can do that.

19 THE HEARING OFFICER: I just want  
20 to be able to hear him.

21 MR. BRYANT: Well, he can speak  
22 now, so you can --

23 THE HEARING OFFICER: Mr. Yangalay,  
24 are you there?

1 MR. YANGALAY: (No response.)

2 THE HEARING OFFICER: Why don't we  
3 move on to somebody else? Is there --

4 MR. BRYANT: I will force him out,  
5 and maybe he'll come back in. When he  
6 realizes he gets knocked out, he'll come back  
7 in for you, if you like.

8 MR. HICKS: Assuming the question  
9 is still, "How many rate cases have you been  
10 involved in?", if someone from Black & Veatch  
11 can respond to that, please do.

12 MR. JAGT: Yeah, my name is Dave  
13 Jagt. I've been involved with all the rate  
14 cases before the Rate Board, and I believe  
15 possibly like three or four prior to that.

16 MR. HICKS: Thank you, Dave.

17 MR. HAVER: And in other water  
18 utilities?

19 MR. JAGT: Like, as mentioned  
20 before, it's rather unique in the water  
21 industry for a public utility to have, like,  
22 this type of process. Most of the times,  
23 we're presenting our suggested rate before a  
24 city council or a county board. And so, I

1 mean, we've done a number of those. Just  
2 this type of format is, is fairly rare.

3 MR. HAVER: Thank you. In your  
4 experience, how often has a water utility  
5 gotten every single cent that it asked for?

6 MR. HICKS: Objection, Your Honor.  
7 That calls for speculation of the first  
8 order, and that's inappropriate.

9 THE HEARING OFFICER: I think it is  
10 very speculative. I don't see it has any  
11 probative weight. Each proceeding is  
12 evaluated on its own merits. If Mr. Haver  
13 wants to present an expert to talk about  
14 trends or industry-wide experience, he can,  
15 but I don't see how asking Mr. Jagt to do  
16 that is a good idea. No, I don't think I'm  
17 going to allow that question. It's so  
18 speculative, and there's no real basis for  
19 it.

20 MR. HAVER: Mr. Jagt, in your  
21 experience with the Philadelphia Water  
22 Department, has the Philadelphia Water  
23 Department ever received, in any of the cases  
24 that you're involved in, the amount that it

1 requested?

2 MR. JAGT: I mean, if you go  
3 through the history of the Rate Board, you'll  
4 see there are typically revisions proposed,  
5 reviewed, and some are accepted, and there  
6 are revisions made in the final  
7 determination.

8 MR. HAVER: Are those amounts lower  
9 than what was requested?

10 MR. JAGT: Yes.

11 MR. HAVER: Are you aware of that  
12 as you do your projections?

13 MR. HAVER: We do not adjust our --

14 MR. HICKS: Objection.

15 MR. JAGT: Yeah.

16 THE HEARING OFFICER: You can  
17 answer it. It's --

18 MR. JAGT: Like -- so we do our  
19 projections. You know, we start from a  
20 budget. We apply actual -- the budget  
21 factors and reduce that amount. There -- the  
22 numbers are not padded.

23 MR. HAVER: It wasn't my question.

24 I wouldn't expect you to say that. I just

1 ask if you're aware of that as you make up  
2 your schedules.

3 MR. HICKS: Asked and answered,  
4 Your Honor.

5 THE HEARING OFFICER: Yes. Go  
6 ahead. Do you have another question?

7 MR. HAVER: It was not answered.

8 THE HEARING OFFICER: It was  
9 totally answered in the process that they  
10 used. Go ahead.

11 MR. HAVER: I didn't ask about the  
12 process. I asked if he was aware of the  
13 knowledge he just provided.

14 THE HEARING OFFICER: And he's  
15 answered the question, so please move on.

16 MR. HAVER: He did not.

17 MR. HICKS: Your Honor, may I offer  
18 a continued objection to Mr. Haver's  
19 testimony? This is cross-examination, and  
20 the things that comes out of his mouth should  
21 be questions on cross-examination. So I will  
22 move to strike all of the conversation that  
23 is not a question.

24 THE HEARING OFFICER: Well, I

1 understand your point, but the fact is,  
2 questions have no probative weight. It's the  
3 answers that do. And I think we can all  
4 disregard the argumentative aspects of these  
5 questions and hopefully take them in the  
6 spirit in which they're provided. So if you  
7 have a question for these witnesses based on  
8 their testimony in this proceeding, Mr.  
9 Haver, I suggest you do it. Otherwise, we're  
10 just going to move on here.

11 They've attempted in good faith to  
12 answer these questions, and really, some of  
13 them are not appropriate, but I'm allowing  
14 you a lot of latitude here. So if you want  
15 to move on and ask a question within the  
16 scope of your testimony, I think we'd all  
17 appreciate it.

18 MR. HAVER: How do the prices of  
19 the Philadelphia Water Department compare  
20 with the prices of water utilities in the  
21 southwest region of the United States?

22 MR. HICKS: Objection, Your Honor.

23 THE HEARING OFFICER: Sustained.

24 MR. HAVER: Do you consider the

1 Philadelphia water rates affordable?

2 MR. JAGT: We don't --

3 MR. HICKS: I would object again as  
4 to speculation, but if the witness knows the  
5 answer to that question --

6 THE HEARING OFFICER: I don't know  
7 how you define affordable.

8 MR. JAGT: Yeah. The only thing I  
9 was going to point out is that with PWD, when  
10 it applies to PENNVEST, it does not get  
11 grants because the water rates are not  
12 considered unaffordable.

13 MR. HAVER: If Philadelphia Water  
14 Department sold more water to an industrial  
15 or commercial entity, would that relieve the  
16 pressure on rates on residential users?

17 MR. HICKS: Objection again, Your  
18 Honor, as to speculation. He started out the  
19 question with if and as a result is beyond  
20 the scope of the testimony of these  
21 panelists.

22 THE HEARING OFFICER: Well, I think  
23 there's a problem with the form of the  
24 question itself, which is how can you answer



1    what's a burden on residential customers?  I  
2    mean, are residential rates affected by sales  
3    to industrial customers?  If that's what the  
4    actual question is.  But I don't see how this  
5    witness can speculate as to the burden on  
6    customers.  Not the scope of his testimony.  
7    I don't think it's answerable.

8                   Did you want to try and answer it,  
9    Mr. Jagt?  I mean, within the parameters I  
10   just said.

11                  MR. JAGT:  So I'm going to ask  
12   again, like, so I know there's a lot of legal  
13   discussion going on, and I missed that last  
14   point of what we're limiting the response to.

15                  THE HEARING OFFICER:  Well, why  
16   don't you try and ask a question related to  
17   his testimony, Mr. Haver.

18                  MR. HAVER:  I asked my question.

19                  MR. DASENT:  Would you repeat the  
20   question?  That'll help me.  I can direct --

21                  MR. HAVER:  I will reword the  
22   question.  If the Philadelphia Water  
23   Department sells additional water to a  
24   commercial or industrial customer, what would

1 the effect be on residential rates, if  
2 anything?

3 MR. DASENT: Dave, can you handle  
4 that?

5 MR. JAGT: Yeah. I mean, there are  
6 fixed costs, and if you sell more water, and  
7 that's a -- if you can, that would, you know  
8 -- you could possibly potentially allocate  
9 the fixed costs over the larger sales  
10 volumes, and it would potentially have, you  
11 know, a slight impact.

12 MR. HAVER: Did you want me to wait  
13 for Mr. Yangalay to join, or do you want me  
14 to keep going?

15 MR. HICKS: Your Honor, I note that  
16 we did see a message says Mr. Yangalay is  
17 available to rejoin. So if that's possible,  
18 I ask if he can join.

19 MR. BRYANT: Yes.

20 MR. HICKS: Mr. Yangalay, are you  
21 back?

22 MR. BRYANT: He has been promoted,  
23 and he is waiting to unmute.

24 MR. DASENT: We can keep going if

1 Mr. Jagt is comfortable in answering because  
2 the subject matter is more general.

3 MR. YANGALAY: I, I hope I'm in  
4 now.

5 MR. DASENT: You are.

6 MR. HICKS: We can hear you and we  
7 can see you.

8 MR. YANGALAY: Can you?

9 MR. HICKS: Yes, we can.

10 MR. YANGALAY: Let me -- let me  
11 reset my camera. I have a team of technician  
12 here trying to help me. Sorry. I apologize  
13 for the technical difficulty.

14 MR. HICKS: That's quite all right.  
15 So Mr. Haver had begun asking his questions,  
16 and I think he may have one for you.

17 MR. YANGALAY: Yes, please, Mr.  
18 Haver.

19 MR. HAVER: I'm ready to move on.  
20 You've answered those questions or objected  
21 to them, so I'm just going to go out to the  
22 other questions. I just wanted to make sure  
23 that we weren't excluding someone you wanted  
24 included.

1 MR. HICKS: Well, thank you.

2 MR. HAVER: Are you familiar --  
3 this is to Black & -- and forgive me. Is it  
4 Black & Veatch? Is that how you pronounce  
5 it?

6 MR. JAGT: Black & Veatch.

7 MR. HAVER: Veatch. Are you  
8 familiar with management audits?

9 MR. JAGT: So I'm familiar with  
10 them. I have not been -- it's not on my  
11 resume. So others on our team probably have  
12 more experience with that.

13 MR. HAVER: Is there anyone on your  
14 team today that does have more experience  
15 with that?

16 MR. HICKS: Objection. Management  
17 audits are not a part of the testimony of any  
18 of these witnesses, Your Honor, so it's  
19 beyond the scope of their testimony.

20 THE HEARING OFFICER: Sustained.

21 MR. HAVER: Does your firm do  
22 management audits?

23 MR. HICKS: Objection.

24 THE HEARING OFFICER: Sustained.

1                   MR. HAVER: Do you know the last  
2     time the Philadelphia Water Department  
3     underwent a management audit?

4                   MR. HICKS: Objection, Your Honor,  
5     outside the scope of their testimony, but if  
6     --

7                   THE HEARING OFFICER: But I think  
8     I'll allow it because they might have come  
9     across that. So if they can say yes or no.  
10    I mean, that's really all that answer needs.

11                  MR. HICKS: Mr. Yangalay, can you  
12    answer that question?

13                  MR. YANGALAY: Don't have much  
14    information on that.

15                  MR. HICKS: So he can't answer the  
16    question. Your Honor, that simply  
17    underscores the fact that it's beyond the  
18    scope of the testimony of any of the persons  
19    here.

20                  THE HEARING OFFICER: Did you have  
21    another question, Mr. Haver?

22                  MR. HAVER: I was waiting for Black  
23    & Veatch to answer.

24                  THE HEARING OFFICER: And I thought

1 I sustained the objection.

2 MR. HAVER: That was to a prior  
3 question.

4 THE HEARING OFFICER: Then what is  
5 your question?

6 MR. HAVER: I asked them if they  
7 knew when the last time the Philadelphia  
8 Water Department underwent a management  
9 audit.

10 MR. HICKS: Your Honor, if they  
11 know.

12 THE HEARING OFFICER: If they know.

13 MR. JAGT: And the only one we're -  
14 - the one we're aware of is the one that RFC  
15 testified to, which was for WRB.

16 MR. HAVER: WRB. Are you familiar  
17 with the services that PGW and PWD provide  
18 that are similar?

19 THE HEARING OFFICER: Similar to  
20 what?

21 MR. HAVER: To each other.

22 MR. HICKS: Objection, Your Honor.

23 THE HEARING OFFICER: Yeah. I  
24 don't see how there's any kind of relevance

1 to PGW, which is the Philadelphia Gas Works.

2 This is the Philadelphia Water Department.

3 MR. HAVER: Do both the  
4 Philadelphia Water Department and the  
5 Philadelphia Gas Works read meters?

6 THE HEARING OFFICER: I'm not going  
7 to allow that question. That's not their  
8 testimony. That's not within the scope of  
9 their testimony.

10 MR. HAVER: Do both the  
11 Philadelphia Gas Works and the Philadelphia  
12 Water Department do billing?

13 MR. HICKS: Objection, Your Honor.

14 THE HEARING OFFICER: Sustained.

15 MR. HAVER: Do both the  
16 Philadelphia Gas Works and Philadelphia Water  
17 Department have collection departments?

18 THE HEARING OFFICER: Sustained.

19 MR. HICKS: Objection.

20 THE HEARING OFFICER: This is not  
21 their testimony. They're not here testifying  
22 about PGW.

23 MR. HAVER: Does the Philadelphia  
24 Water Department use unionized city employees

1 to read meters?

2 MR. YANGALAY: That should be  
3 reserved for the operations panel.

4 MR. DASENT: That's it. Mr. Jewell  
5 could answer that.

6 MR. HICKS: So just to be clear,  
7 I'm not sure they heard your response, Mr.  
8 Yangalay. Would you say that again?

9 MR. YANGALAY: I would defer that  
10 to the operation panel.

11 THE HEARING OFFICER: Well, isn't  
12 Mr. Jewell part of this panel?

13 MR. DASENT: Yes.

14 THE HEARING OFFICER: Can he answer  
15 this?

16 MR. JEWELL: I can. We did  
17 recently switch over from our AMR to Advanced  
18 Metering Infrastructure System, which is  
19 wirelessly connecting meters from  
20 residential, commercial, and industrial  
21 properties directly to our billing system.  
22 So, no, we do not utilize union labor to read  
23 meters. That information is transmitted  
24 wirelessly at this time.



1                   MR. HAVER: Where is that company  
2 located?

3                   MR. JEWELL: There is a constructed  
4 system that creates the wireless network over  
5 which that data is transmitted. There is no  
6 company. It is us.

7                   MR. HAVER: I'm sorry, I didn't  
8 quite understand that. There's no company?

9                   MR. JEWELL: The, the system that  
10 transmits this -- transmits the data was  
11 constructed for the purposes of its  
12 transmission to serve our billing system.  
13 There are no meter readers any longer.

14                  MR. HAVER: So, again, where is the  
15 company's headquarters located?

16                  MR. DASENT: Which company?

17                  MR. HAVER: The company that set  
18 this up and collects the data and  
19 troubleshoots when there's a problem.

20                  MR. JEWELL: We can discuss -- this  
21 probably is more appropriate for the  
22 operations panel. We'll have some subject  
23 matter experts directly related to billing  
24 and advanced metering infrastructure

1 available at that time. I think it's  
2 probably more related to that testimony where  
3 we did speak of advanced metering  
4 infrastructure.

5 MR. HAVER: Where's the corporate  
6 headquarters? That doesn't seem to require  
7 that much knowledge of operations, just  
8 geography.

9 MR. HICKS: Your Honor, I'm going  
10 to object to the testimony of Mr. Haver and  
11 ask that it be stricken. But my primary  
12 objection is that the question has been asked  
13 and answered by Mr. Jewell to the best of his  
14 knowledge. And he's also indicated that  
15 further information can be gleaned from the  
16 operations panel when they testify.

17 THE HEARING OFFICER: So ask  
18 another question.

19 MR. HAVER: Are you ruling my --

20 THE HEARING OFFICER: Do you know  
21 the -- do you know the name of the -- does  
22 this company have a name, Mr. Jewell?

23 MR. HICKS: Yeah. He hasn't  
24 actually referred to a company. Mr. Haver

1 made that up. He simply said that there was  
2 software installed to be able to capture  
3 things remotely.

4 THE HEARING OFFICER: Then I  
5 misunderstood. I'm sorry. I thought it was  
6 a third party who was doing it, but no.  
7 Okay.

8 MR. HAVER: He gave the name of a  
9 company.

10 MR. JEWELL: Mr. Junod, who's on  
11 the operations panel, can speak to this  
12 directly, in detail, give you all the names,  
13 even the location, and he'll be later. Just  
14 hold your water. We'll get to it.

15 MR. HAVER: Is this the appropriate  
16 panel to ask questions about bonds?

17 MR. HICKS: I would say it depends  
18 on the question. Ask your question and we'll  
19 see if the panel can answer.

20 MR. HAVER: Does the affordability  
21 of a utility affect the bond rating?

22 MR. YANGALAY: We have our  
23 financial advisor waiting on that.

24 THE HEARING OFFICER: I'm sorry,

1 Mr. Yangalay, I didn't quite hear you on that  
2 one.

3 MR. DASENT: I said we'll have our  
4 financial advisors waiting on that. Yes.

5 THE HEARING OFFICER: But aren't  
6 they part of this panel?

7 MR. DASENT: Yeah, they're right  
8 here.

9 MR. NISSEN: Yes, we are.

10 MR. HICKS: I think he was  
11 referring --

12 THE HEARING OFFICER: Perhaps  
13 somebody could answer it.

14 MR. NISSEN: Yeah, sure.

15 MR. HICKS: That's what he was  
16 doing, referring it to someone to answer.

17 MR. NISSEN: Yes. Thank you,  
18 Lawrence. This is Peter Nissen with Acacia  
19 Financial Group, financial advisor to the  
20 Water Department. I know joining me also is  
21 Chuck Matthews, who's also on camera. Mr.  
22 Haver, I believe your question -- could you  
23 ask your question one more time?

24 MR. HAVER: Does the affordability

1 of a utility affect the bond rating?

2 MR. NISSEN: I'm not certain that  
3 affordability affects the bond rating.  
4 Demographics of a community are one of the  
5 factors that is utilized in the determination  
6 by the rating agencies of the bond rating.

7 MR. HAVER: And what demographics  
8 do they look at?

9 MR. NISSEN: Income levels would be  
10 the most substantial out of that.

11 MR. HAVER: Can you give us an  
12 understanding of that correlation between  
13 income levels and bond rating?

14 MR. HICKS: Objection, assuming  
15 that there is a correlation.

16 THE HEARING OFFICER: Well, he said  
17 there's one of the factors that they look at.  
18 And I think Mr. Nissen can explain how  
19 factors are reflected in the ratings.

20 MR. NISSEN: Municipal bond ratings  
21 are -- the, the, the credit rating agencies  
22 utilize a number of factors in the  
23 consideration and the development of the bond  
24 rating. Among those, as I indicated, are the

1 demographics of the constituency of the  
2 system. Other factors that are included are  
3 the size of the system, the age of the  
4 system, the financial position of the system,  
5 the other factors, including the availability  
6 of the water source, and many others.

7           These are aggregated together in a  
8 methodology that's articulated by each of the  
9 rating agencies, each of which is different  
10 from each other, ultimately arriving in a  
11 single bond rating that is applied to the  
12 bond.

13           MR. HAVER: Are those formulas that  
14 they use to derive their ratings proprietary?

15           MR. NISSEN: No. The general  
16 methodology that each of the rating agencies  
17 apply is publicly published and available.

18           MR. HAVER: Do you have copies of  
19 them?

20           MR. NISSEN: Yes.

21           MR. HAVER: Could you provide them  
22 as part of the record?

23           MR. NISSEN: Yes.

24           MR. BRYANT: Should we designate

1 that as a transcript request, Your Honor.

2 MR. DASENT: We've already  
3 provided. We've provided here rating agency  
4 reports attached to the Statements 2A and 2B,  
5 but we can identify those, isolate them, and  
6 get them over to Mr. Haver to put it in front  
7 of him. So we can respond, but it is in the  
8 record already.

9 MR. HAVER: I had questions again  
10 about --

11 THE HEARING OFFICER: Excuse me.  
12 That would be with 2A or 2B.

13 MR. DASENT: Yeah. 2B is the  
14 financial advisor's testimony, and there are  
15 rating agency reports attached to that  
16 testimony. And I believe there's also a  
17 reference in 2A, but we can get those over to  
18 Mr. Haver.

19 MR. HAVER: I was asking  
20 specifically about the formulas. That was  
21 the request, for the formulas that Mr.  
22 Nissan -- am I pronouncing your name  
23 correctly?

24 MR. NISSEN: It's Nissen.

1                   MR. HAVER:  -- that Mr. Nissen  
2   referenced.

3                   MR. NISSEN:  I would not consider  
4   that formula is, is the accurate  
5   characterization.  There are methodologies  
6   that are employed.  They are written down.  
7   Some of them use and define quantitative  
8   metrics that they consider.  Some of it is  
9   more qualitative in nature.  And again, each  
10  of the rating agencies performs their review  
11  and assessment uniquely.  While there are  
12  some similarities to the way that they do  
13  that, there are also differences.

14                  MR. HAVER:  Thank you.  I have  
15  questions about water rates and commercial  
16  rates and rates to bring industry into  
17  Philadelphia.  Is this the appropriate panel  
18  to ask that of?

19                  MR. HICKS:  Ask your question and  
20  let's see.

21                  MR. HAVER:  Does Philadelphia Water  
22  Department have rates that they use to induce  
23  companies to move to the City of  
24  Philadelphia?



1                   MR. HICKS: I'm going to object to  
2     that question. It's beyond the scope of any  
3     of these panel members' testimony, Your  
4     Honor.

5                   THE HEARING OFFICER: I don't even  
6     understand the question. So are you saying  
7     there's some kind of a -

8                   MR. HICKS: Sounds like marketing.

9                   THE HEARING OFFICER: --  
10    introductory commercial rate? I just don't  
11    understand it.

12                  MR. HAVER: I am asking if there  
13    are specific rates that are used as an  
14    incentive or as a tool to get companies to  
15    relocate or develop or expand inside the City  
16    of Philadelphia that would help with the bond  
17    rating.

18                  THE HEARING OFFICER: Is your  
19    question, does the Department actively try to  
20    attract industrial customers? Is that what  
21    your question is?

22                  MR. HAVER: The first part of the  
23    question is are there specific rates that  
24    they use as a tool for that? Next question

1 would be how successful has a tool been? The  
2 third question would be who at the Water  
3 Department is on staff trying to find  
4 companies that are water intensive that would  
5 be likely to use those rates?

6 THE HEARING OFFICER: Is that any  
7 part of their testimony?

8 MR. HICKS: No, it isn't, Your  
9 Honor. I'm going to object to that entire  
10 line of questions because it sounds much like  
11 marketing, a marketing process that is not  
12 applicable to this financial panel at all.

13 MR. HAVER: Who would the marketing  
14 panel then be?

15 MR. HICKS: I don't believe that  
16 the question is within the scope of anyone's  
17 testimony, Mr. Haver.

18 THE HEARING OFFICER: No, I don't  
19 see that it is. If you're talking about a --  
20 I think you're conflating the Water  
21 Department perhaps with the City's Commerce  
22 Department here. But that's not part of this  
23 case, unless you presented your own -- if you  
24 had your own witness to talk about it,

1 perhaps, but --

2 MR. HAVER: We've already  
3 established through testimony this morning  
4 that if the Water Department sold more water,  
5 it would have some impact. How much, we  
6 can't say, but some impact on rate cases.  
7 And I'm now investigating what the Water  
8 Department is doing to try and increase sales  
9 --

10 THE HEARING OFFICER: I think  
11 you're not accurately characterizing Mr.  
12 Jagt's answer, which is that if there's an  
13 increase in the volume of water sold, then  
14 there would be -- if you spread it among the  
15 same customer - well, basically, if you  
16 spread it among the customer base, that would  
17 be a lower per unit cost. Isn't that what  
18 you were saying, Mr. Jagt?

19 MR. JAGT: Yeah. That's -- with  
20 the size of the system, it -- you know, we're  
21 talking about a fractional -- you know, very  
22 small. It would take a significant amount to  
23 make an impact. I will say I'm, I'm not sure  
24 about the legal references, but I am -- the

1 city uses a cost-of-service approach. They  
2 do not discount or offer a discount rate to  
3 incent the, you know, like, the commercial  
4 development.

5 THE HEARING OFFICER: Thank you for  
6 the clarification.

7 MR. HAVER: I'm just checking my  
8 notes. I think those are all the questions I  
9 have for this panel.

10 THE HEARING OFFICER: Take your  
11 time.

12 MR. HAVER: I have no more  
13 questions for this panel.

14 THE HEARING OFFICER: Thank you.  
15 Mr. Bakare, did you have any questions?

16 MR. HICKS: You're on mute, Mr.  
17 Bakare.

18 MR. BAKARE: Yes. Thank you. I do  
19 have questions for this panel. My questions  
20 are relatively brief and pertain to the Black  
21 & Veatch witnesses. I will first refer to  
22 PWD Statement 4R at page 4, line 12.

23 THE HEARING OFFICER: Wait, wait.  
24 4R, page 4, line 12?

1 MR. BAKARE: Yes.

2 THE HEARING OFFICER: Hold on.

3 MR. HICKS: Do you have that, Mr.  
4 Jagt?

5 MR. JAGT: Not yet. Getting there.  
6 Okay. What page was that?

7 MR. HICKS: 4.

8 MR. BAKARE: It was Statement 4R,  
9 page 4, line 12.

10 MR. JAGT: Okay.

11 MR. BAKARE: Here in this  
12 testimony, you make some statements regarding  
13 the revenue impact on industrial customers as  
14 well as hospitals. And you state that this  
15 impact results from the Schedule BV-4WP-2,  
16 which reflects the full implementation of the  
17 AMI Demand Study peaking factors. Is that  
18 correct?

19 MR. JAGT: That's correct.

20 MR. BAKARE: Am I correct that  
21 you're referring to that full implementation  
22 to justify the cost of service study results  
23 based on the 25 percent phase-in of the AMI  
24 Demand Study peaking factors?

1                   MR. JAGT:   So we -- in order to  
2   develop and analyze the impact of just the  
3   phase-in and avoid the complications of cost  
4   changes and the implementation of the phase-  
5   in, we first looked at the impact relative to  
6   the 2025 rates for the cost service analysis.  
7   And White Paper 2 presented a full  
8   implementation of AMI and identified what  
9   that increase would be and what the impact  
10   was by customer class type.

11                  MR. BAKARE:   So just to confirm,  
12   when you're looking at that 31.1 percent  
13   industrial increase and the 35.2 percent  
14   increase for the hospitals, those are the  
15   increases that would have resulted from full  
16   implementation of the AMI Demand Study?

17                  MR. JAGT:   That's correct.   And we  
18   did footnote that during the process of the  
19   rate proceeding, we did provide a full  
20   implementation version of the test year 2026.  
21   And one of the interrogatory responses, I  
22   think on the bottom of that page 14 -- 4 of  
23   14 and 4R, we note that the response to PA  
24   5.2 provided similar results.

1                   MR. BAKARE: So in the earlier part  
2 of that response on lines 9 through 10 or 9  
3 through 11, where you reference testimony  
4 from the PLUG witness stating that the  
5 hospitals and universities and industrials  
6 should receive a lower increase than system  
7 average, your response is based on the  
8 increases that would have resulted from full  
9 implementation of the AMI Demand Study. Is  
10 that correct?

11                   MR. JAGT: Right, because it was  
12 indicating that over the transition they're  
13 going to see, you know, a full -- an increase  
14 to the cost allocation.

15                   MR. BAKARE: And that's not the  
16 increase being proposed by PWD in this  
17 proceeding?

18                   MR. JAGT: That's correct. But it  
19 shows the trend that should, you know -- and  
20 if everything's remained static over the full  
21 implementation, you would see that increase  
22 over those four years. We would end up at  
23 that full amount.

24                   MR. BAKARE: Thank you. And I'm

1 next going to ask you to go back to just  
2 briefly to the direct testimony, if you have  
3 PWD Statement 7 handy. And I'll direct you  
4 to page 17 of that statement.

5 MR. HICKS: Let us know when you  
6 get there, sir.

7 MR. JAGT: Okay. Two minutes. I  
8 apologize.

9 THE HEARING OFFICER: I'm sorry.  
10 That was Statement 7. And what page  
11 reference?

12 MR. BAKARE: Statement 7, page 17.

13 MR. JAGT: Page 17.

14 MR. BAKARE: If you look at lines 5  
15 through 7 here, there's a discussion about  
16 the change in customer status for Delcora,  
17 which is apparently reflective for fiscal  
18 year 2029. Do you see that?

19 MR. JAGT: Yes.

20 MR. BAKARE: It was a statement  
21 indicating that that change in customer  
22 status is incorporated into the revenue under  
23 existing rates presented in Table C1. The  
24 question is, given that the change in



1 customer status for Delcora is occurring in  
2 fiscal year 2029, there should be no impact  
3 on the rates for this rate case. Is that  
4 correct?

5 MR. JAGT: That's correct.

6 MR. BAKARE: So the language here,  
7 when you say that the change in customer  
8 status for Delcora is reflected in fiscal  
9 year 2029 and incorporated into the revenue  
10 under existing rates presented in Table C1,  
11 you're talking about not existing rates, but  
12 I suppose you're talking about the projected  
13 rates. Is that correct?

14 MR. JAGT: So no. The -- so line -  
15 - I would believe it's line 2 of Table C1  
16 shows the projection of wastewater revenues,  
17 and the 2029 decrease in wastewater revenues  
18 reflects the removal of Delcora in the  
19 customer base. So when we do a projection of  
20 revenue under existing rates, we show the  
21 projected level of units of service or this -  
22 - the build volumes and customer accounts,  
23 and we would remove Delcora's volume from the  
24 projected volumes and reduce their projected

1 revenues under existing rates.

2 MR. BAKARE: But only as of fiscal  
3 year 2029. You would not make any  
4 adjustments or reflections of Delcora's  
5 potential change in customer status for  
6 fiscal years 26 or 27?

7 MR. JAGT: That's correct.

8 MR. BAKARE: Would you be able to  
9 show where that change is reflected in Table  
10 C1, or is it baked into a larger revenue  
11 number?

12 MR. JAGT: So it might -- let me  
13 see if --

14 MR. BAKARE: And for the record, I  
15 would be fine submitting that question as an  
16 on-the-record data request if that's an  
17 easier way to obtain the answer to that  
18 question.

19 MR. JAGT: So -- and I can --

20 MR. HICKS: Go ahead.

21 MR. JAGT: So we can do it in  
22 general. I mean, you can see line 2 of Table  
23 C1, and, you know, the fiscal year 2027, we  
24 had 559 million. 2028 shows a decrease of --

1     like, down to 556. And that's because of the  
2     steady, like, decrease in overall sales or  
3     build volumes in general. But then the next  
4     year, you see a larger drop as it goes from  
5     556 to 542. That includes the removal of  
6     Delcora's sales.

7                 MR. BAKARE: Thank you.

8                 MR. DASENT: And in addition to  
9     that, if you refer to Schedule BV2 attached  
10    to Statement 7 and Section 6 of that report,  
11    it will give you the breakdown of the  
12    wholesale those projections that Dave's  
13    referring to. It'll kind of give you the  
14    detail underlying it for the revenues under  
15    existing rates. And the wholesale numbers  
16    are enumerated there. It's Table 6-10 and  
17    Table 6-11. Yeah, those are the ones you'd  
18    want to reference.

19                MR. BAKARE: Excellent. Thank you.  
20    That concludes my questions, Your Honor.

21                THE HEARING OFFICER: Anybody else  
22    have questions for this panel? Do you want  
23    to take a --

24                MR. HAVER: I just want to make

1     sure that I ask this panel in case I ask  
2     another panel and they tell me this was the  
3     one I should have asked. I'm asking about a  
4     comparison of rates, Philadelphia Water  
5     Department rates with other parts of the  
6     country, specifically the southwest region.

7             MR. HICKS: And I am objecting to  
8     that as beyond the scope of this entire  
9     proceeding.

10            THE HEARING OFFICER: And that  
11     objection is sustained.

12            MR. HICKS: Your Honor, can we have  
13     a short break --

14            THE HEARING OFFICER: Yes.

15            MR. HICKS: -- before we make --

16            THE HEARING OFFICER: It's 12:06.  
17     Do you want to take a break till 12:15?

18            MR. HICKS: That would be great.

19            (Off the record.)

20            THE HEARING OFFICER: Back on the  
21     record.

22            MR. BRYANT: Recording is resumed  
23     (automated voice recording).

24            MR. HICKS: We have brief redirect,

1 Your Honor. The first question I have I'd  
2 like to direct to Mr. Yangalay. Are you  
3 there, sir?

4 MR. YANGALAY: Yes. Can you hear  
5 me?

6 MR. HICKS: I can, loud and clear.  
7 Mr. Yangalay, you received some questions  
8 about audits in general, most of which were  
9 really outside the scope of your testimony.  
10 But I wanted to ask you specifically, does  
11 the controller for the City of Philadelphia  
12 audit PWD annually? You're on mute, I think.

13 MR. YANGALAY: Can you hear me  
14 again?

15 MR. HICKS: We can now.

16 MR. YANGALAY: Yes, I said it is  
17 correct.

18 MR. HICKS: I just wanted to be  
19 clear. Could you say with clarity what is  
20 correct?

21 MR. BRYANT: If I may interject.  
22 He's having a microphone issue. He can  
23 unmute himself. I have asked him to unmute,  
24 and you can see --

1 THE HEARING OFFICER: It looks like  
2 he's okay now. Mr. Yangalay --

3 MR. BRYANT: He should be okay. I  
4 think he's back now. Okay.

5 MR. HICKS: Can I repeat the  
6 question, Mr. Yangalay?

7 MR. YANGALAY: Thank you -- thank  
8 you.

9 MR. HICKS: Your Honor, may I  
10 repeat the question?

11 THE HEARING OFFICER: Sure.

12 MR. HICKS: Mr. Yangalay, the  
13 question was, after having heard questions  
14 regarding management audits in general, I  
15 wanted to ask you whether the City of  
16 Philadelphia's controller's office audits the  
17 Philadelphia Water Department every year. Is  
18 that true? I was optimistic we could hear  
19 you.

20 MR. DASENT: Yeah, we have audio  
21 problems, and I'm just wondering if Mr.  
22 Jewell or anyone else in the water panel can  
23 answer that question.

24 MR. YANGALAY: I can answer --

1 MR. DASENT: There he is.

2 MR. YANGALAY: This is the audio.

3 MR. HICKS: We can hear you now.

4 Go ahead.

5 MR. YANGALAY: You can?

6 MR. HICKS: Yes, we can hear you.

7 MR. YANGALAY: Even Ben is here.

8 My answer was yes. PWD is audited annually  
9 by the city comptroller's office. We get  
10 financial audit as well as internal control  
11 audit of the department.

12 MR. HICKS: Thank you. That was  
13 the one question I had for you. And I also  
14 wanted to ask Pete if you would come forward  
15 for another financial advisor question. Are  
16 you out there?

17 MR. DASENT: If you pose a question  
18 between Pete and Chuck, I'm sure we can --

19 MR. MATTHEWS: I'm not sure Pete's  
20 on the line.

21 MR. DASENT: Chuck's here.

22 MR. MATTHEWS: Right.

23 MR. HICKS: Chuck, you are the  
24 recipient then --

1 MR. MATTHEWS: Okay.

2 MR. HICKS: -- of this question.

3 And actually, the question really relates to  
4 the -- on cross examination, there were a  
5 number of questions about comparison to other  
6 companies, most of which, again, were  
7 irrelevant. And in review of your testimony,  
8 isn't there information in this filing  
9 regarding PWD's comparison to relevant peers,  
10 other peer companies?

11 MR. MATTHEWS: Yeah, that is  
12 correct. In our FA testimony 2B, there's a  
13 memo included that shows comparable metrics  
14 to other comparable water authorities that --

15 MR. HICKS: Are you referring to  
16 Statements 2A and 2B?

17 MR. MATTHEWS: Correct.

18 MR. HICKS: And the schedule that  
19 reflects that information, is that FP1? Take  
20 your time.

21 MR. NISSEN: I believe that that  
22 is, yeah.

23 MR. HICKS: Thank you. Your Honor,  
24 that's all I have.



1                   THE HEARING OFFICER: Any recross  
2   based on the redirect, Mr. Haver?

3                   MR. HAVER: Yes. So Mr. Nissen,  
4   you have submitted testimony with comparison  
5   rates. Is that correct?

6                   MR. NISSEN: The financial advisory  
7   testimony, which I believe is Statement 2B,  
8   includes certain comparative information  
9   regarding largely northeast water and sewer  
10   systems. There is not in that Statement 2B a  
11   comparison of bills. I believe that the  
12   comparison of bills is contained in Statement  
13   2A, specifically in the FP1 portion of  
14   Statement 2A, to be clear.

15                  MR. HAVER: So it's within your  
16   area of expertise and within your testimony  
17   that you have compared rates. Is that  
18   correct?

19                  MR. NISSEN: No, it is not -- no,  
20   it is not.

21                  MR. HAVER: What --

22                  MR. NISSEN: Mr., Mr. Matthews and  
23   I prepared Statement 2B. Statement 2A does  
24   contain within FP1 illustrations of

1 comparative bill rates to peer utilities  
2 across the northeast.

3 MR. HAVER: Who prepared 2A?

4 MR. NISSEN: I believe that's the  
5 financial panel.

6 MR. DASENT: That's correct.

7 MR. HAVER: I previously asked  
8 about comparison of rates, and the hearing  
9 examiner ruled me out of order. Is that  
10 correct?

11 MR. HICKS: Objection, Your Honor.  
12 It's a mischaracterization of what happened.  
13 And in fact, his comparisons were to PGW, not  
14 to peer water utilities.

15 THE HEARING OFFICER: I think FP1  
16 speaks for itself. Isn't FP1 the financial  
17 plan?

18 MR. HICKS: Yes, it is, Your Honor.

19 MR. HAVER: I am asking  
20 specifically about a comparison of rates  
21 between Philadelphia Water Department in the  
22 southwestern region of the United States  
23 water rates.

24 MR. HICKS: And I object to that --

1 THE HEARING OFFICER: FP1 speaks  
2 for itself. Doesn't it?

3 MR. NISSEN: Yes.

4 MR. HAVER: How does the  
5 Philadelphia Water Department rates compare  
6 with the rates for the southwestern portion  
7 of the United States?

8 MR. HICKS: Objection, Your Honor.  
9 The same question asked and answered multiple  
10 times, but the comparison reflected on 2A and  
11 2B is not with southwestern utilities. So  
12 it's beyond the scope of the testimony as  
13 well that.

14 THE HEARING OFFICER: Objection  
15 sustained. Nobody's testified to comparing  
16 rates to utilities in the southwest portion  
17 of the United States.

18 MR. HAVER: I don't have any more  
19 questions.

20 THE HEARING OFFICER: Mr. Bakare,  
21 did you have any questions?

22 MR. BAKARE: For this panel? Your  
23 Honor, no, I do not. Thank you.

24 THE HEARING OFFICER: Thank you

1 very much. The witnesses are excused.

2 MR. DASENT: Your Honor, please, we  
3 call the operations panel next.

4 THE HEARING OFFICER: Sure.

5 MR. DASENT: We have to make sure  
6 we have everyone on camera and in the virtual  
7 room. On the panel, that's what I'm trying  
8 to say. And that would include principally  
9 Mr. Jewell, but also Steve Junod and Linda  
10 Kramer, if they're here.

11 MR. BAKARE: Your Honor, may I ask  
12 a procedural question?

13 THE HEARING OFFICER: Sure.

14 MR. BAKARE: So we have the  
15 operations panel and then Mr. Baudino, and  
16 then we're wrapped for the day. So it's  
17 12:25. Are we intending to push through and  
18 wrap up without a lunch break? I just want  
19 to know when to tell Mr. Baudino he can  
20 expect to be present so that he's there when  
21 you call him for planning purposes.

22 THE HEARING OFFICER: Does anybody  
23 have any questions for Mr. Baudino?

24 MR. DASENT: I do not, for the

1 Water Department?

2 THE HEARING OFFICER: Because I  
3 don't think anybody did except for the Water  
4 Department. So maybe he can be excused at  
5 this point.

6 MR. BAKARE: That would be  
7 fantastic. I will just note that there was a  
8 very, very minor errata that we were going to  
9 provide for his testimony, just a  
10 typographical error, nothing substantive. I  
11 could circulate that to everybody and then we  
12 can just admit that to the record, if that's  
13 acceptable.

14 THE HEARING OFFICER: That's fine.

15 MR. BAKARE: Thank you.

16 MR. BALLENGER: No objection.

17 MR. DASENT: No objection.

18 MR. HAVER: As I noted on the  
19 matrix, I am not available from 1:00 to 2:30.

20 MR. DASENT: Do you have questions  
21 for the operations panel? I think you do.

22 MR. HAVER: Yeah.

23 MR. DASENT: The department's  
24 prepared to plan around Mr. Haver's

1 availability.

2 THE HEARING OFFICER: Well, I guess  
3 I'm not clear. You're not available?

4 MR. HAVER: From 1:00 until 2:30.  
5 I'm happy to push ahead if we can get it all  
6 done by 1:00.

7 THE HEARING OFFICER: Let's see if  
8 we can. I mean --

9 MR. HAVER: That's fine by me. But  
10 I'm just --

11 THE HEARING OFFICER: But on the  
12 other hand, it's a shame you can't be  
13 available. I mean, the schedule was set a  
14 while ago.

15 MR. HAVER: And I listed that on  
16 the schedule. I had no inclination that  
17 there was going to be a settlement and that  
18 the Water Department would have no other  
19 questioners. Had I known that days in  
20 advance like the Rate Board's advocate knew,  
21 I would have made different plans, but I did  
22 not know that.

23 THE HEARING OFFICER: Well, you  
24 knew the hearings were scheduled for today

1 and tomorrow and Friday.

2 MR. HAVER: Absolutely.

3 THE HEARING OFFICER: You knew that  
4 they were scheduled from 9:00 to 5:00.

5 MR. HAVER: And I was asked when --

6 THE HEARING OFFICER: I don't see  
7 what the settlement has anything to do with  
8 that except that it shortens the time.

9 MR. HAVER: I don't imagine that  
10 you would, but I will try and explain it to  
11 you using smaller words. I did not --

12 MR. DASENT: We're ready to  
13 proceed.

14 THE HEARING OFFICER: Let's  
15 proceed. If you can't be here, that's your  
16 problem.

17 MR. DASENT: And we'll try to work  
18 out an accommodation also, Your Honor, if we  
19 need to recall someone. We want to make sure  
20 everyone's heard.

21 THE HEARING OFFICER: Of course.  
22 Let's see what we can do, though the schedule  
23 is established.

24 MR. DASENT: Well, Mr. --

1 THE HEARING OFFICER: You want to  
2 call the operations panel at this point?

3 MR. DASENT: Yeah. Mr. Jewell is  
4 available. And if anyone else on his panel  
5 needs to be raised to the panel status, it  
6 would be Linda Kramer, if she's in the room.  
7 Steve Junod, I think his testimony is coming  
8 up, so I hope he would also be elevated to  
9 the panel and able to speak together with Mr.  
10 Mr. Jewell. We have no corrections or  
11 additions.

12 MR. JEWELL: -- I'm not late as  
13 well. It's one of the panels.

14 MR. DASENT: Oh, thank you.

15 MR. JEWELL: And I believe Steve  
16 Junod is, is enrolled in this meeting as  
17 simply Steve for whoever's elevating.

18 MR. HICKS: Correct.

19 MR. BRYANT: I'm sorry, Madam  
20 Hearing Officer, I --

21 THE HEARING OFFICER: I didn't get  
22 that either.

23 MR. BRYANT: I do see a gentleman  
24 named just Steve. Is this --



1 MR. DASENT: That's him. That's  
2 our guy.

3 MR. BRYANT: There's no last name.  
4 I'm sorry. And Linda --

5 MR. DASENT: Kramer.

6 MR. BRYANT: She has declined being  
7 a panelist. So you can just call on her and  
8 she can speak. I'll --

9 MR. DASENT: She can raise her  
10 hand?

11 MR. BRYANT: Yes.

12 MR. DASENT: How about Brendan  
13 Reilly?

14 MR. BRYANT: I saw Brendan Reilly.  
15 I'll promote.

16 MR. DASENT: Yeah, I do see a  
17 picture.

18 THE HEARING OFFICER: So let me  
19 just clarify. That would be statement 4A in  
20 the filing for the operations?

21 MR. DASENT: That's correct.

22 THE HEARING OFFICER: Does that  
23 include 4B also?

24 MR. DASENT: Mr. Cammarata has not

1 had any questions addressed to him, so I was  
2 directing it to 4A. Mr. Cammarata is  
3 available, but I heard no questions directed  
4 to him, and therefore we're focusing on  
5 operations purely.

6 THE HEARING OFFICER: I do see  
7 that, nobody indicated questions for him. So  
8 we're just talking 4A. Okay. Mr. Haver, do  
9 you have any questions for this panel?

10 MR. HAVER: Yes. How many rate  
11 cases have you been involved in?

12 MR. HICKS: Objection, Your Honor.  
13 To the extent that it refers to something  
14 other than PWD, it's beyond the scope.

15 THE HEARING OFFICER: Sustained.

16 MR. HAVER: How many rate cases  
17 have you been involved with with PWD?

18 MR. JEWELL: I have provided verbal  
19 testimony in two rate cases and contributed  
20 to written testimony and -- more than two.

21 MR. HAVER: The other people who  
22 are part of the panel?

23 MR. DASENT: Brendan.

24 MR. REILLY: Good afternoon. I

1 don't believe I've responded with any verbal  
2 testimony for any rate cases, but I have  
3 supported in previous rate cases with  
4 collection of information and assistance with  
5 preparation.

6 MR. DASENT: Mr. Junod?

7 MR. JUNOD: I believe I provided  
8 written testimony for all the cases before  
9 the Rate Board, and prior to the Rate Board,  
10 the previous five or six.

11 MS. KRAMER: Hi. I'm here. I  
12 don't know how to get the camera on.

13 MR. DASENT: That's okay. We hear  
14 you. Linda Kramer?

15 MS. KRAMER: Yes.

16 MR. DASENT: Mr. Haver's question  
17 was how many cases have you participated in  
18 before the Water Department previously? No.

19 MR. HAVER: I'm just going to pass  
20 on that. I'm going to assume the answer is  
21 somewhat similar to everybody else's. My  
22 next question is, when was the last time the  
23 Philadelphia Water Department underwent not a  
24 financial audit, Mr. Hicks, but a management

1     audit?

2                   MR. JEWELL: To the best of my  
3     knowledge, the, the last audit of that type  
4     was conducted approximately 10 years ago and  
5     kind of limited scope to field operations.  
6     I'm not aware of any other audits conducted  
7     prior to or since that time. We are also in  
8     preparing to engage in a benchmarking study,  
9     so kind of a comparison of PWD to other peer  
10    utilities to evaluate best practices for our  
11    capital improvement program. But to the  
12    extent that your question is asking about  
13    completed management audits, the only one to  
14    my knowledge is approximately 10 years ago  
15    related to field operations.

16                  MR. HAVER: Did that management  
17    audit find any savings?

18                  MR. JEWELL: The audit was  
19    primarily focused on efficiency, safety.  
20    There were many findings associated with it.  
21    Some of -- many they were -- many of them  
22    were evaluated for whether they could be  
23    implemented. Some of them were found to be  
24    unable to be implemented based on the

1 constraints within which we operate, city,  
2 department, with other partner agencies, and  
3 others of which were implemented. But I do  
4 not think the purpose of that audit was  
5 necessarily to find savings.

6 MR. HAVER: The purpose was to make  
7 the Water Department more efficient?

8 MR. JEWELL: The purpose was to  
9 improve the department's operations and  
10 safety and efficiency, yes.

11 MR. HAVER: Was it successful?

12 MR. JEWELL: I think it -- there  
13 were some elements within it that were  
14 successful and identified areas of  
15 improvement and other elements that were not  
16 implemented because they could not be.

17 MR. HAVER: I'm asking about water  
18 utilities in the southwest portion of the  
19 United States. Are you familiar with any?

20 MR. HICKS: Objection, Your Honor.

21 THE HEARING OFFICER: Sustained.

22 MR. HAVER: To the best of your  
23 knowledge, are there sections of the United  
24 States where there is a scarcity of water?

1                   THE HEARING OFFICER: Again, I just  
2   don't understand how that's relevant to this  
3   case.

4                   MR. HICKS: I would object to  
5   beyond the scope of the testimony of all of  
6   these operations witnesses as well, Your  
7   Honor.

8                   THE HEARING OFFICER: It's not just  
9   the scope of the testimony, it's the scope of  
10  the proceeding.

11                  MR. HICKS: Agree.

12                  THE HEARING OFFICER: Rates are set  
13  on a cost-plus basis.

14                  MR. HAVER: If more --

15                  THE HEARING OFFICER: It's not  
16  benchmarked.

17                  MR. HAVER: If more water was sold,  
18  if we had more living-wage jobs -- we have  
19  had direct testimony that the bond ratings  
20  consider the economic viability of a region.  
21  If we had more living-wage jobs because we  
22  brought water --

23                  THE HEARING OFFICER: No, you're  
24  misstating. And Mr. Haver, if you want to

1 present expert testimony on, you can. You  
2 can't use these witnesses to do that. I'm  
3 allowing you to make your own statements, but  
4 you can't be asking questions outside the  
5 scope of their testimony or outside the scope  
6 of the proceedings. It's as simple as that.

7 MR. HAVER: They're experts.

8 THE HEARING OFFICER: They're not  
9 experts.

10 MR. HAVER: You're saying these  
11 witnesses do not --

12 THE HEARING OFFICER: They're PWD  
13 employees.

14 MR. HAVER: You're saying Mr.  
15 Jewell is not an expert?

16 THE HEARING OFFICER: Yes. He's a  
17 PWD employee, presented as such. They're  
18 fact witnesses

19 MR. HAVER: So there are no expert  
20 witnesses being presented?

21 THE HEARING OFFICER: No, stop  
22 that, Mr. Haver. Come on. Stop making those  
23 kinds of ridiculous statements. This is a  
24 panel to talk about PWD's operations. These

1 are PWD employees. If you have a question  
2 about the operational information contained  
3 in their statements or in the filing, go ask  
4 it.

5 MR. HAVER: I am asking it.

6 THE HEARING OFFICER: Well, you're  
7 not though.

8 MR. HAVER: I most certainly am.

9 THE HEARING OFFICER: Well, if you  
10 have an actual question, go ahead and ask it.  
11 And if there's an objection, I'll deal with  
12 it.

13 MR. HAVER: Are there water  
14 intensive industries currently located in the  
15 City of Philadelphia?

16 MR. JEWELL: There are certainly a  
17 variety of industrial users that consume the  
18 water that we produce in the delivery of the  
19 goods and services that they're manufacturing  
20 or producing.

21 MR. HAVER: Could you give us two  
22 examples?

23 MR. JEWELL: Coca-Cola is present  
24 in the city, utilizing water for bottled



1 water. We -- there's a large chemical  
2 manufacturer, Advanced -- it's also utilizing  
3 water as part of their chemical manufacturing  
4 processes.

5 MR. HAVER: And there are other  
6 industries like this throughout the nation.  
7 Is that correct?

8 MR. HICKS: Objection.

9 THE HEARING OFFICER: He can't  
10 answer that. He didn't testify to that.

11 MR. HAVER: Is Philadelphia water,  
12 according to the water utility standards,  
13 affordable?

14 MR. JEWELL: I'm not aware of the  
15 water utility standards, but I do believe  
16 compared to other utilities, our rates would  
17 be found to be affordable.

18 THE HEARING OFFICER: Do you have a  
19 basis for making that statement, Mr. Jewell?  
20 Did you do a study?

21 MR. JEWELL: I have not done the  
22 study, no.

23 MR. HAVER: I was asking about the  
24 company that installed or designed or

1     operated or all three the meter reading  
2     devices. Mr. Jewell, you told me that you  
3     were not the correct person to ask. I'm now  
4     trying to find out who the correct person to  
5     ask is.

6                   MR. JEWELL: Thank you, Mr. Haver.  
7     And I appreciate your willingness to allow us  
8     to defer this question to this panel because  
9     I do believe this is the most appropriate  
10    place. Steve Junod is here, who has been a  
11    key leader in the development of our new AMI  
12    system and is available to answer those sorts  
13    of questions. Thank you.

14                   THE HEARING OFFICER: What was the  
15    question?

16                   MR. HICKS: Yeah, what was the  
17    question?

18                   THE HEARING OFFICER: I'm sorry,  
19    what was the question?

20                   MR. HAVER: The first question was,  
21    does Philadelphia Water Department use  
22    unionized city employees to read meters?

23                   MR. JUNOD: We do not have any  
24    employees that read meters.

1                   MR. HAVER: Who reads the meters  
2     for the Philadelphia Water Department?

3                   MR. JUNOD: It's an RF technology.  
4     So there's a radio attached to the meter that  
5     sends a signal to our network and that  
6     information is transmitted to our billing  
7     system.

8                   MR. HAVER: And who installs those  
9     devices?

10                  MR. JUNOD: In the past or  
11     currently?

12                  MR. HAVER: Currently.

13                  MR. JUNOD: Philadelphia Water  
14     Department.

15                  MR. HAVER: In the past.

16                  MR. JUNOD: A combination of  
17     Philadelphia Water Department and contractors  
18     that were subcontracted to -- under Census.

19                  MR. HAVER: I'm sorry, is under  
20     Census the company?

21                  MR. JUNOD: Census is the company  
22     who we procured the AMI technology from. And  
23     they had two installation contractors. One  
24     was US Facilities, which I believe is a local

1 MBE, and the other was CCI, Contract Callers  
2 -- something with the I. I don't know. And  
3 they're right outside the city.

4 MR. HAVER: If there is a problem  
5 with the meter reading system, who works on a  
6 resolution?

7 MR. JUNOD: Depends on what the  
8 problem is. If it's at the meter register,  
9 that's handled by PWD. If it's an issue,  
10 say, with the network device that's down,  
11 then that's handled by a contractor that's  
12 contracted with Census.

13 MR. HAVER: And who is that  
14 contractor?

15 MR. JUNOD: So I'm not sure who it  
16 is right now because it changed during the  
17 implementation. And now we're in the O&M  
18 phase. So it could be different contractors,  
19 but usually they're a local contractor. We  
20 haven't had any issues with the network since  
21 we installed it, so.

22 MR. HAVER: And just help me  
23 understand. So the water department now puts  
24 on the device. Prior it was other people in

1 the water department putting on the device.

2 Is that correct?

3 MR. JUNOD: So during the  
4 implementation of AMI, it was a combination  
5 of contractors that were hired and PWD  
6 personnel.

7 MR. HAVER: And these devices read  
8 the meter and send an electronic reading to a  
9 tower?

10 MR. DASENT: An RF signal, yeah.  
11 It's RF technology. And --

12 MR. HAVER: To a tower?

13 MR. JUNOD: And I believe -- yeah.  
14 And we have 38, I believe, collectors spread  
15 throughout the city on City of Philadelphia  
16 assets.

17 MR. HAVER: And who owns those  
18 towers?

19 MR. JUNOD: So the -- you're  
20 talking about the towers, where they're  
21 located, or the devices on the tower? So all  
22 of the -- all of the towers are City of  
23 Philadelphia property. And then the devices  
24 that are on the tower that receive and

1 collect the data are owned by PWD.

2 MR. HAVER: And if the devices on  
3 the tower are faulty and need repairs, who  
4 does the repairs?

5 MR. JUNOD: So that's part of our  
6 O&M maintenance package. So we contract  
7 Census --

8 MR. HAVER: I'm sorry, I don't know  
9 what those initials refer to.

10 MR. JUNOD: Census. Census is the  
11 name of the company.

12 MR. HAVER: No, sir. The O&M, I  
13 believe you said.

14 MR. JUNOD: Operation and  
15 maintenance. So the ongoing operation and  
16 maintenance, if we determine that there is an  
17 issue with one of our collectors, we contact  
18 Census and they'll -- they have a group  
19 located in Philadelphia who will go out and  
20 troubleshoot and depending on what is needed,  
21 if it's an issue with the tower and it's  
22 under warranty, then it's at their charge.  
23 If it's due to vandalism or some type of  
24 issue like that, out of their scope, then,

1     you know, it would be up to PWD to pay.

2                   MR. HAVER:   And where is Census  
3     located?

4                   MR. JUNOD:   Census is located in  
5     North Carolina.

6                   MR. HAVER:   And what taxes do they  
7     pay the City of Philadelphia?

8                   MR. JUNOD:   That's out of my scope.

9                   MR. HICKS:   That's way out of the  
10    scope of his testimony.

11                   THE HEARING OFFICER:   Go ahead.  
12    You can't answer it.   Go ahead.

13                   MR. HICKS:   Well, he's actually  
14    answered that the question is beyond the  
15    scope of his testimony, Your Honor.   Are  
16    there any more questions, Mr. Haver?

17                   MR. HAVER:   I'm looking through my  
18    notes.   I'll certainly let you know.

19                   MR. HICKS:   I'm sure you will.

20                   MR. HAVER:   I do not have Enron's  
21    counsels to be in your ear, but I think Mr.  
22    Clearfield is still hireable.   Right?

23                   MR. HICKS:   I have never worked for  
24    Enron, and Mr. Clearfield is not a party to

1 this proceeding.

2 MR. HAVER: But you're not going to  
3 say he never worked for Enron. Are you?

4 THE HEARING OFFICER: Mr. Haver,  
5 can you confine yourself to the case here?

6 MR. HAVER: I was trying to, but --

7 THE HEARING OFFICER: Did you have  
8 a question for this witness?

9 MR. HAVER: I was looking through  
10 my notes and Mr. Hicks was hurrying me. I  
11 don't have any more questions for this panel.

12 THE HEARING OFFICER: Mr. Bakare,  
13 do you have any questions?

14 MR. BAKARE: No, Your Honor, not  
15 for this panel. Thank you.

16 THE HEARING OFFICER: Did you want  
17 to take a minute to decide redirect or not?

18 MR. HICKS: Yes. Give us a minute,  
19 Your Honor.

20 THE HEARING OFFICER: Well, it's  
21 12:47. How about if we resume at 12:55?

22 MR. HICKS: Sounds good.

23 (Off the record.)

24 THE HEARING OFFICER: We've taken a



1 short break. Mr. Dasent or Mr. Hicks.

2 MR. DASENT: Yeah. We have no  
3 redirect for this panel, Your Honor. We also  
4 have no questions for Mr. Baudino. I thought  
5 we stated that before, but we're wrapping up  
6 for today's list of witnesses.

7 THE HEARING OFFICER: The witnesses  
8 on this panel can be excused. It seems like  
9 we've come to the end of our witnesses for  
10 today.

11 MR. DASENT: Yeah.

12 THE HEARING OFFICER: Are there any  
13 other matters then today before we adjourn or  
14 tomorrow?

15 MR. DASENT: No, except to  
16 anticipate tomorrow Mr. Hayman, the  
17 commissioner will be on first at 10:00. And  
18 Mr. Mierzwa and Mr. Morgan will be ready also  
19 for Mr. Haver to cross, as I understand it.  
20 And Rob can correct me if I'm wrong. And  
21 then after that, the capital panel and  
22 communications and engagement panel will be  
23 available for Mr. Haver as well. And any  
24 other party.

1 THE HEARING OFFICER: Are there any  
2 -- excuse me. Any other matters before we  
3 adjourn today?

4 MR. HAVER: When will we see in  
5 writing the proposed settlement?

6 MR. DASENT: We're writing it up  
7 now, and so I'll move as fast as I can, Mr.  
8 Haver, to share a joint petition for  
9 settlement with the whole service list.

10 MR. HAVER: Will we have the  
11 numbers before tomorrow?

12 MR. DASENT: Gave you the numbers  
13 already.

14 MR. HAVER: Well, there seemed to  
15 be some other things that you were including  
16 that I couldn't quite follow.

17 MR. DASENT: Well, they weren't  
18 numbers though. And we were dealing with the  
19 cost of service aspects of the case. What  
20 else? Customer service aspects of the case.  
21 Those are two that just jumped to mind. We  
22 have particular detailed interaction with the  
23 public advocate to make sure we have a final  
24 document that we can share with the service

1 list, but that'll come quickly.

2 MR. HAVER: So the numbers you  
3 spoke about this morning, you confirmed are  
4 the numbers. There's no additional amounts,  
5 no reductions. That's the number that you  
6 and the Rate Board's advocate agreed to?

7 MR. DASENT: Yeah, the public  
8 advocate. I agree to that, yes.

9 MR. HAVER: Thank you.

10 THE HEARING OFFICER: Thank you  
11 very much. Then this hearing is adjourned.  
12 We'll resume tomorrow at 10 o'clock.

13 (Proceedings concluded at 12:55 p.m.)

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1 CERTIFICATE OF DIGITAL REPORTER

2

3 I, TONYA BULLOCK, a Digital Reporter for the  
4 State of Pennsylvania, do hereby certify:

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6 That the foregoing proceeding hereinbefore  
7 set forth was accurately captured with annotations  
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10 I further certify that I am not related to  
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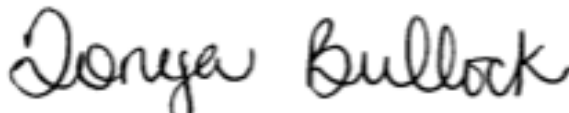
14

15 IN WITNESS THEREOF, I have hereunto set my  
16 hand this 21st day of May, 2025.

17

18

19



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Tonya Bullock  
Digital Reporter

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24