

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

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Charges	Fiscal Years 2026-2027
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Objection to the Hearing Examiner's Report

Lance Haver

Overview: It is unlikely that any member of the Philadelphia Water Rate Board will have the courage to put an end to the corrupt practices that continue to raise water rates on Philadelphians who are facing economic pressures from all sides.

Time and time again the Water Rate Board has refused to inform the public that it hires the entity it calls the Public Advocate, that the public is not legally represented in any fashion in the proceedings, that millions of dollars are spent on consultants, lawyers, experts, hearing examiners with the same outcome year after year: The Rate Board's lawyer gets in a back room with the lawyers for the Philadelphia Water Department and agrees to what PWD wants.

Yes, to give the rate board and its legal terms coverage and a proverbial fig leaf, the Philadelphia Water Department always asks for more than what it needs and expects, and then agrees to accept what it wanted all along.

This is evidenced by a simple fact: The lower rates do not force the Water Department to change a single operation, lessen the number of consultants they hire or change its procurement processes.

If the PWD really was getting less than it expected, it would have to change some operation to make up for the short fall. It doesn't because there is no short fall. It is simply a trick perpetrated on the public. PWD asks for more than it wants, gets what it really wants and then has a hearing examiner say the system worked.

The current system of eliminating the public from representation does not work for the public. Rates continue to skyrocket well above the inflation rate and the lawyers and consultants walk away with large pay checks. The amount of which the rate board refuses to disclose. The proposed settlement will lead to a 18.5 % increase, far above the Nation's inflation rate ,and far above any increase in labor costs.

The Hearing Examiner's report should be rejected as it fails to comprehend a basic fact. Settlements can contain terms that cannot be award by a regulator.

The Hearing Examiner either in an attempt to obfuscate that she is recommending the approval of a settlement or undertaking a corrupt practice writes: *"Finally, Mr. Haver asserts that the proposed settlement is not the public interest, because it does not contain steps, he recommends be undertaken to control costs, provide "living wage job opportunities" and avoid the necessity of rate increases. He argues that the First Settlement Petition should be rejected because PWD did not agree to undertake activities he identified. Objections at unnumbered pages 5-6.*

While I agree with Mr. Haver that it is important for PWD to focus on minimizing expenses and maximizing revenue to avoid the necessity of base rate increases, the failure to include his recommendations as part of the agreement do not justify rejecting the First Partial Settlement. First, these are general suggestions only. The associated costs, timelines or potential savings from implementing them have not been identified or established. In addition, it is important to recognize that the Rate Board cannot order PWD to undertake any of the suggestions made by Mr. Haver. PWD must voluntarily agree to implement any of these recommendations, as the Rate Board lacks authority to mandate such actions. For example, the Rate Board cannot require PWD to undertake a management audit, issue requests for proposals, or prioritize local purchasing"

Should the PWD really believe the Hearing Examiner does not know that PWD can agree to things in a settlement that the Rate Board cannot order? Especially when the Hearing Examiner writes *" While the Rate Board's jurisdiction is limited to the proposed settlement's revenue requirement to be recovered through rates and charges, it is important to note that the partial settlement includes additional*

voluntary commitments from PWD, aimed at benefiting the Department's customers. These are concessions that the Rate Board itself could not have mandated had these participants not reached a settlement."

Or should the public and the Rate Board understand that the Hearing Examiner is corrupt and has one standard for those in power, the water department and the Rate Board that hires her, and another for members of the public that challenge her decisions?

Finally, the settlement gives PWD more than what the Rate Board's own experts said is necessary.

PWD requested

PWD Proposal ⁹		
	FY 2026	FY 2027
September 1, 2025 Increase	\$73.630 Million	\$89.938 Million
September 1, 2026 Increase		\$58.858 Million
TOTAL		\$222.426 Million

The Rate Board's advocate:

PA Testimony ¹⁰		
	FY 2026	FY 2027
September 1, 2025 Increase	\$53.216 Million	\$65.033 Million
September 1, 2026 Increase		\$49.384 Million
TOTAL		\$167.633 Million

What the settlement gives PWD:

Joint Petitioners' Proposal		
	FY 2026	FY 2027
September 1, 2025 Increase	\$60.920 Million	\$74.446 Million
September 1, 2026 Increase		\$54.000 Million
TOTAL		\$189.366 Million

The Hearing Examiner in her attempt to burden the Philadelphia Water Rate Payers with another year of back door rate increases fails to point out that the settlement gives PWD 21.733 million more than what the Rate Board's experts say is needed.

The decision of the rate board isn't to decide if it could order PWD to cut costs, be an economic development tool for the City and lower rates. It's to decide if what is in the settlement agreement and what is not in the settlement agreement, if its totality is in the public interest. It is not.

The public has not been protected against the future rate increases, the service has not improved, the opportunities to hire Philadelphians has been missed . There is no reason to agree to this.

But of course, the Rate Board will. Not a single member or the rate board will stand for the average Philadelphian and say enough is enough. Instead, it will defend its own lawyers and protect the interest of the water department accept the settlement and hide when people cannot pay their bills. The Rate Board follows the Trump model of having no shame.

**Submitted by Lance Haver
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