

**ERRATA TO
PHILADELPHIA WATER DEPARTMENT
STATEMENT NO. 1**

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges	Fiscal Years 2026 - 2027
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**Errata to the
Direct Testimony and Schedules of
the Water Commissioner
on behalf of The Philadelphia Water Department**

Reference	Reads:	Should Read:
Statement 1 at page 4 (line 3).	...annual revenue increases to generate approximately <u>\$78.630</u> million in additional revenues...	...annual revenue increases to generate approximately <u>\$73.630</u> million in additional revenues...

The Department is attaching a clean copy of PWD Statement 1 with the above correction for the record.

Dated: March 19, 2025

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A summary fact sheet is included as PWD Exhibit 2. The Department is requesting annual revenue increases to generate approximately ~~\$73.630~~ ~~78.630~~ million in additional incremental revenues in FY 2026 and an additional \$58.858 million in additional incremental revenues in FY 2027 with proposed effective dates of September 1, 2025, and September 1, 2026, respectively. In addition to setting general rates, the Department is separately filing its annual TAP-R reconciliation. The proposed changes in the TAP-R surcharge rates are supported by a separate filing.

PWD Exhibit 2 presents the Department’s evaluation of the consolidated impact of its proposed rate requests on the typical monthly bill of residential and small commercial customers.

10. PLEASE INTRODUCE THE OTHER WITNESSES PROVIDING DIRECT TESTIMONY ON BEHALF OF THE DEPARTMENT.

10. In addition to my testimony, the following witnesses are providing direct testimony in support of the Department’s rate request:

Financial Panel

The financial panel is comprised of the following: the Department’s financial division, the Department’s financial advisors and the City’s Bond Counsel.

The financial division, PWD Statement 2A, consists of **Lawrence Yangalay, Lawrence Rich** and **Patricia Rogalski**. Mr. Yangalay is the Department’s Deputy Commissioner of Finance; Mr. Rich is the Assistant Deputy Commissioner of Finance; and Ms. Rogalski is

PHILADELPHIA WATER DEPARTMENT
STATEMENT 1

BEFORE THE
PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

In the Matter of the Philadelphia Water Department's Proposed Change in Water, Wastewater and Stormwater Rates and Related Charges	Fiscal Years 2026 - 2027
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Direct Testimony

of

Randy E. Hayman

on behalf of

The Philadelphia Water Department

Dated: February 2025, as corrected March 17, 2025

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q1. PLEASE STATE YOUR NAME AND POSITION WITH THE PHILADELPHIA**
3 **WATER DEPARTMENT.**

4 A1. My name is Randy E. Hayman. I am the Commissioner of the Philadelphia Water
5 Department, also referred to as “PWD” or the “Department.”

6
7 **Q2. HOW LONG HAVE YOU BEEN THE COMMISSIONER?**

8 A2. I was appointed as Water Commissioner in June 2019.

9
10 **Q3. WHAT ARE YOUR JOB RESPONSIBILITIES?**

11 A3. I am responsible for management and oversight of all units and staff of the Department.

12
13 **Q4. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
14 **RELEVANT WORK EXPERIENCE.**

15 A4. I earned my undergraduate degree from the University of Michigan and my law degree
16 from Georgetown University. Before being appointed Commissioner, I served as an
17 Assistant Attorney General for the State of Missouri. In addition, I worked in private law
18 firms, most recently as a partner at the environmental law firm of Beveridge & Diamond
19 in Washington, D.C. Previously, I served for fifteen years as General Counsel of the
20 District of Columbia Water and Sewer Authority and the Metropolitan St. Louis Sewer
21 District. My resume provides a more detailed description of my education and work
22 experience and is attached as Schedule REH-1.

1 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A5. My testimony addresses several points. First, I provide an overview of the Department.
3 Next, I introduce each witness that will present testimony on behalf of the Department to
4 support this rate filing.
5

6 **Q6. PLEASE IDENTIFY THE SCHEDULES THAT ACCOMPANY YOUR DIRECT**
7 **TESTIMONY.**

8 A6. The following schedule accompanies my direct testimony:

9 Schedule REH-1: Resume of Randy E. Hayman
10

11 **II. OVERVIEW OF THE DEPARTMENT**

12 **Q7. PLEASE PROVIDE AN OVERVIEW OF THE DEPARTMENT.**

13 A7. The Department is an operating department of the City of Philadelphia (“City” or
14 “Philadelphia”). It provides integrated water and wastewater services, including services
15 for sanitary wastewater and stormwater, for accounts and properties in Philadelphia. It
16 also provides water and wastewater services to some suburban municipalities and
17 municipal authorities pursuant to wholesale services contracts.
18

19 Under the Philadelphia Home Rule Charter, the Department is responsible for operating,
20 maintaining, repairing and improving the City’s water supply facilities, sewage system
21 and wastewater treatment plants. The Department operates under a dedicated Water Fund
22 established to ensure that the revenues received from our customers are used only for
23 Department purposes.
24

25 The Department’s primary mission is to (i) plan for, operate, and maintain both the

1 infrastructure and organization necessary to purvey high quality drinking water; (ii)
2 provide an adequate and reliable water supply to meet all household, commercial and
3 community needs; and, (iii) sustain and enhance the region's watersheds and quality of
4 life by managing wastewater and stormwater effectively.

5
6 **Q8. DOES THE DEPARTMENT PERFORM BILLING AND COLLECTION**
7 **FUNCTIONS FOR ITS WATER, WASTEWATER AND STORMWATER**
8 **CHARGES?**

9 A8. No. The Water Revenue Bureau ("WRB"), which is part of the City's Department of
10 Revenue, provides all billing and collection functions for charges by the Department.
11 This includes creating bills and collecting payments for the Department.

12
13 **III. OVERVIEW OF THE RATE FILING AND THE WITNESSES**

14 **Q9. PLEASE PROVIDE AN OVERVIEW OF THE RATE FILING.**

15 A9. As Commissioner, I have prioritized keeping water rates affordable for all in the face of
16 the Department's need for infrastructure investment. The Department is working to
17 expand assistance options and to take advantage of all state and federal funding, as
18 explained by the rate filing and testimony.

19
20 The rate filing provides supporting documentation (including financial accounting and
21 engineering data) and testimony to the Board with regard to: establishing revenue
22 requirements necessary to meet the System's immediate and long-term operating and
23 capital needs, maintaining the utility's financial stability (with reliance upon the Financial
24 Plan), and providing a fair allocation of costs among customer groups based upon cost of
25 service principles.

1
2 A summary fact sheet is included as PWD Exhibit 2. The Department is requesting
3 annual revenue increases to generate approximately \$73.630 million in additional
4 incremental revenues in FY 2026 and an additional \$58.858 million in additional
5 incremental revenues in FY 2027 with proposed effective dates of September 1, 2025,
6 and September 1, 2026, respectively. In addition to setting general rates, the Department
7 is separately filing its annual TAP-R reconciliation. The proposed changes in the TAP-R
8 surcharge rates are supported by a separate filing.

9
10 PWD Exhibit 2 presents the Department's evaluation of the consolidated impact of its
11 proposed rate requests on the typical monthly bill of residential and small commercial
12 customers.

13
14 **Q10. PLEASE INTRODUCE THE OTHER WITNESSES PROVIDING DIRECT**
15 **TESTIMONY ON BEHALF OF THE DEPARTMENT.**

16 A10. In addition to my testimony, the following witnesses are providing direct testimony in
17 support of the Department's rate request:

18
19 Financial Panel

20 The financial panel is comprised of the following: the Department's financial division,
21 the Department's financial advisors and the City's Bond Counsel.

22
23 The financial division, PWD Statement 2A, consists of **Lawrence Yangalay, Lawrence**
24 **Rich** and **Patricia Rogalski**. Mr. Yangalay is the Department's Deputy Commissioner of
25 Finance; Mr. Rich is the Assistant Deputy Commissioner of Finance; and Ms. Rogalski is

1 a Fiscal Analyst III. The panel’s testimony addresses the Department’s budgeting process;
2 operating revenues and expenses; and compliance with the financial requirements in the
3 Charter and Rate Ordinance. The panel sponsors the Department’s Financial Plan
4 (Schedule FP-1). Among other things, this panel provides a comprehensive overview of
5 the financial condition of the Department, describes the reasons the Department is
6 requesting rate relief and describes the applicable ratemaking and financial requirements.

7
8 The financial panel will be joined, at the technical hearings, by **Valarie J. Allen** of the
9 law firm Ballard Spahr who is the City’s Bond Counsel and who prepared Schedule FP-2.

10
11 The financial advisors, PWD Statement 2B, are **Peter Nissen**, the Managing Director of
12 Acacia Financial Group, Inc. and **Charles Matthews**, a Director, of PFM Financial
13 Advisors, LLC. The financial advisors provide additional support for the Department’s
14 Financial Plan, related policies and financial metrics as stated in PWD Statement 2A and
15 Schedule FA-1.

16
17 Capital Panel

18 The capital panel, PWD Statement 3, consists of **Stephen J. Furtek**, **Vahe Hovsepian**,
19 **Matthew Fulmer** and **William Dobbins**. Mr. Furtek is the Department’s General
20 Manager of the Engineering and Construction Division. Mr. Hovsepian is Water
21 Engineering Assistant Manager, Projects Control. Mr. Fulmer is the Department’s Capital
22 Program Manager. Mr. Dobbins is Manager, Facilities and Water & Sewer Sections, in
23 the Design Branch.

24
25 The capital panel addresses capital expenditures and capital planning in connection with

1 plant upgrades, main/sewer replacement and other major infrastructure improvements.

2
3 Operations Panel

4 The operations panel is comprised of the key personnel responsible for planning,
5 operations and maintenance for the Water and Wastewater Systems.

6
7 The key personnel responsible for operations and maintenance, PWD Statement 4A,
8 include **Benjamin Jewell, Brendan Reilly, Linda Kramer and Stephen Junod**. Mr.
9 Jewell is First Deputy Commissioner for the Department. Mr. Reilly is the Department's
10 Director of Water Operations. Ms. Kramer is the Manager of Water Treatment for the
11 Department. Mr. Junod is the Department's Water Operations Administration Manager.

12
13 The operations panel will, among other things, discuss current and future operational
14 challenges facing the Water and Wastewater Systems.

15
16 Planning and Environmental Services Panel.

17 The key personnel responsible for planning and environmental services, PWD Statement
18 4B, include **Marc Cammarata**, the Deputy Water Commissioner, Planning &
19 Environmental Services.

20
21 The planning and environmental services panel will, among other things, discuss current
22 and future challenges facing PWD related to the Consent Order and Agreement, Lead and
23 Copper Rule requirements and other environmental compliance requirements.

1 WRB Panel

2 The WRB testimony, PWD Statement 5, is presented by **Susan M. Crosby** and **Lakisha**
3 **Gaymon-Foreman**. Ms. Crosby is the Deputy Revenue Commissioner in charge of the
4 WRB. Ms. Gaymon-Foreman is Manager of the Customer Assistance Programs Division
5 within the WRB.

6
7 The WRB Panel will provide an overview of WRB; discuss the customer assistance
8 programs administered by WRB, including payment agreements and special rates
9 available to eligible customers under the Tiered Assistance Program (“TAP”) and Senior
10 Citizen Discount; and billing and collection activities.

11
12 Raftelis Financial Consultants Panel

13 The Department is presenting a panel from Raftelis Financial Consultants (“RFC”), in
14 PWD Statement 6, who will provide background on the City’s TAP and recent program
15 enhancements. They will also describe reporting RFC prepared in support of cost of
16 service development for the Rate Case. The members of RFC team who are providing
17 testimony are **Jon Davis**, **Henrietta Locklear** and **Jennifer Tavantzis**.

18
19 Black & Veatch Panel

20 The Department is also presenting a panel from Black & Veatch Management
21 Consulting, LLC (“Black & Veatch” or “B&V”) in PWD Statement 7. The members of
22 the Black & Veatch team providing testimony are **Ann Bui**, **Dave Jagt**, **Brian Merritt**,
23 **and David Sayers**.

24
25 The Black & Veatch panel prepared and sponsors the Department’s cost of service study,

1 as part of PWD Statement 7. This study is contained in Schedule BV-2. As part of PWD
2 Statement 7, this panel also outlines the miscellaneous fee updates, discusses the
3 proposed adjustment to the senior citizen income threshold, and provides updates to the
4 TAP Rate Rider.

5
6 Communications and Engagement Panel

7 The Department is also presenting testimony of our Public Affairs division in PWD
8 Statement 8. **Glen Abrams**, Deputy Commissioner of Communications and Engagement
9 will, together with **Laura Copeland** and **Paul Fugazzotto**, provide testimony in this
10 area. This panel will address PWD outreach regarding customer assistance programs,
11 federal grant programs as well as other activities.

12
13 **IV. CONCLUSION**

14 **Q11. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15 A11. Yes.

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