

RESPONSE TO
LANCE HAVER'S INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
QUESTIONS 1-27

Dated: March 2025

1 **PLEASE NOTE THAT THE WATER DEPARTMENT HAS RENUMBERED THE**
2 **DISCOVERY QUESTIONS POSED BY MR. LANCE HAVER AS SEVERAL NUMBERS**
3 **WERE REPEATED IN THE PROVIDED LIST OF QUESTIONS.**

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5 **THE ORIGINAL NUMBERING UTILIZED BY MR. HAVER IS NOTED WHERE**
6 **APPLICABLE.**

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1 **LH-I-1.** PLEASE LIST THE NAMES AND POSITIONS OF ALL PWD EMPLOYEES
2 IN THE COST CONTAINMENT COMMITTEE AND/OR GROUP

3 **RESPONSE:**

4 The Water Department does not have a “cost containment committee.” Costs are managed
5 at each responsibility center (unit/division) with the Finance Division serving in the leading
6 role.

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8 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-2.** PLEASE LIST THE NAMES AND POSITIONS OF ALL PWD EMPLOYEES
2 IN THE LOWERING PROCUREMENT COSTS COMMITTEE AND/OR
3 GROUP.
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5 **RESPONSE:**

6 The Water Department does not have a “lowering procurement costs committee.”
7 Procurement services and programs are administered by the Procurement Department. See
8 also response to LH-I-1, LH-I-3, and LH-I-4.
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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-3.** PLEASE LIST ALL SUCCESSFUL PROGRAMS IMPLEMENTED BY THE
2 COST CONTAINMENT GROUP; THE AMOUNT OF MONEY SAVED AND
3 HOW IT WAS SAVED
4

5 **RESPONSE:**

6 PWD does not have a “cost containment group.” See also response to LH-I-1.
7

8 Cost control at PWD starts with budgeting. PWD has an effective budget process through
9 which all program managers submit and justify their budget to senior management. During
10 the year, PWD Finance produces monthly budget monitoring reports that evaluate budget
11 performance. As noted in PWD Statement 4A, the Department has also implemented
12 operational changes with the goal of achieving efficiencies and cost savings for customers.
13 See, PWD Statement 4A at 14-15. Examples of ongoing initiatives designed to achieve
14 operational savings and efficiencies include our Northeast Water Pollution Control Plant
15 cogeneration facility, bio-solids recycling center and ongoing implementation of
16 Advanced Meter Reading Infrastructure.
17

18 As noted in PWD Statements 2A, 2B and 7, the Department’s request for rate relief
19 reflects the following adjustments during the rate period to help manage customer bill
20 impacts and meet the financial obligations and metrics:

- 21 • Temporarily reducing the SMIP/GARP budget by \$10 million in FY 2025 and FY
22 2026.
- 23 • Setting rates for FY 2026 to meet 1.27x debt service coverage, instead of the target
24 1.30x set forth under the 2018 Rate Determination.
- 25 • Leaving the Rate Stabilization Fund for FY 2026 slightly below the \$135 Million target
26 under the 2018 Rate Determination.
- 27 • Deferring the 20% cash funding target for capital projects.
- 28 • Refunding bonds to realize significant present value savings (\$21.8 million).

- 1 • Requesting and securing PennVest loans and grants with an aggregate value in excess
2 of \$500 million lowering the cost of our capital program.

3
4 Also, see PWD Statement 2A at pages 23-24 for examples of steps taken by the
5 Department to lower the cost burden on our customers.

6
7 Please also see the Water Department's Quarterly Reports to the Rate Board.

8 <https://www.phila.gov/departments/water-sewer-storm-water-rate-board/about/>.

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11 **RESPONSE PROVIDED BY:** Philadelphia Water Department

1 **LH-I-4.** PLEASE LIST ALL THE SUCCESSFUL PROGRAMS IMPLEMENTED BY
2 THE LOWERING PROCUREMENT COSTS GROUP, HOW MUCH WAS
3 SAVED AND HOW IT WAS SAVED.
4

5 **RESPONSE:**

6 PWD does not have a “lowering procurement costs group.” See also response to LH-I-2.
7

8 The City’s Procurement Department has oversight over the cost of purchasing supplies
9 and services. The Procurement Department manages and acquires goods and services for
10 the City, including the Department, using a fair, open, and cost-effective process.
11

12 Procurement Department services and programs can be accessed at their website:
13 <https://www.phila.gov/departments/procurement-department/>. Also, local bidding is
14 governed by Section 17-109 of the Philadelphia Code and requires the participation of the
15 Procurement Commissioner.
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17 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-5.** PLEASE PROVIDE A LIST OF ALL PWD VENDORS WITH EMPLOYEES
2 LIVING IN PHILADELPHIA; THE AMOUNT OF THE MONEY SPENT WITH
3 EACH OF THOSE VENDORS AND THE PERCENTAGE OF ALL
4 EXPENDITURES SPENT ON THOSE PHILADELPHIA VENDORS
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6 **RESPONSE:**

7 The Water Department objected to this information request. The Hearing Officer sustained
8 the Water Department's objection by her Order dated March 31, 2025. No further
9 response is required.
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11 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-6.** PLEASE PROVIDE HOW MUCH EXCESS CAPAITICY PWD HAS IN ITS
2 INFRASTRUCTURE AND AGREEMENTS, WITH EXCESS CAPACITY
3 DEFINED AS THE DIFFERENCE BETWEEN WHAT IS BEING CURRENTLY
4 USED AND WHAT COULD BE USED IF THERE WAS ADDITIONAL
5 DEMAND, IN BOTH WATER AND SEWER CAPACITY
6

7 **RESPONSE:**

8 This question needs clarification in order for the Water Department to formulate a
9 response. If Mr. Haver is referring to reserve capacity at our wastewater treatment plants,
10 there is only limited capacity available given negotiations to renew PWD's wholesale
11 wastewater agreement with the Delaware County Regional Water Quality Control
12 Authority ("DELCORA"). This wholesale wastewater agreement was expected to expire
13 (terminate with DELCORA leaving the system) in FY 2029. See, PWD Statement 7 at
14 pages 16-17.
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16 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-7.** ORIGINAL NUMBER LH-1-6
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3 PLEASE LIST THE EMPLOYEE (S) AND THEIR OFFICIAL TITLE (S)
4 TASKED WITH IDENTIFYING BUSINESSES WITH THE NEED FOR
5 WATER IN THEIR PROCESSING AND ALL THE REPORTS THE EMPLOYEE
6 (S) PROVIDED TO THE CITY'S COMMERCE DIRECTOR
7

8 **RESPONSE:**

9 The Water Department does not have employees tasked with the specific responsibility
10 stated in the above information request.
11

12 Philadelphia's Department of Commerce works to (among other things) attract businesses
13 to the City. Department of Commerce services and programs can be accessed at:

14 <https://www.phila.gov/departments/department-of-commerce/>
15

16 In addition, the Philadelphia Industrial Development Corporation ("PIDC") is
17 Philadelphia's public-private economic development corporation. PIDC works to attract,
18 manage, and invest public and private resources in the clients, communities, and markets
19 that energize Philadelphia's economy. PIDC's website is:

20 <https://www.pidcphila.com/who-we-are>
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22 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-8.** ORIGINAL NUMBER LH-1-6

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3 PLEASE PROVIDE THE INCENTIVE RATES OFFERED NEW BUSINESSES
4 TO LOCATE IN THE CITY OF PHILADELPHIA, HOW LONG THE
5 INCENTIVE RATES ARE IN EFFECT, HOW THE INCENTIVE RATES
6 COMPARE WITH OTHER WATER UTILITIES' INCENTIVE RATES, AND
7 THE BASIS FOR SETTING THE INCENTIVE RATES

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9 **RESPONSE:**

10 The Water Department does not have a program as surmised in the information request.

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12 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-9.** ORIGINAL NUMBER LH-1-7

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3 PLEASE PROVIDE THE TITLE(S) OF THE PERSON (S) TASKED WITH
4 DEVELOPING THE INCENTIVE RATES

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6 **RESPONSE:**

7 The Water Department does not have employees tasked with the specific responsibility
8 stated in the above information request.

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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-10.** ORIGINAL NUMBER LH-1-8

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3 PLEASE PROVIDE THE AMOUNT, IN TOTAL, PWD IS BILLED FOR THE
4 OPERATIONS OF THE WATER RATE BOARD, INCLUDING, BUT NOT
5 LIMITED TO ANY AND ALL LAWYERS IT CONTRACTS WITH,
6 CONSULTANTS IT CONTRACTS WITH AND OPERATING EXPENSES

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8 **RESPONSE:**

9 Please see the Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board)
10 budget as approved by City Council. This information request would be best directed to
11 the Rate Board.

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13 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-11.** ORIGINAL NUMBER LH-1-9

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3 PLEASE EXPLAIN WHO AT PWD REVIEWS THE INVOICES OR
4 REQUESTS FOR PAYMENTS MADE BY THE WATER RATE BOARD.

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6 **RESPONSE:**

7 The Water Department does not have employees tasked with the responsibility stated in
8 the above information request. The budget of the Philadelphia Water, Sewer and Storm
9 Water Rate Board (Rate Board) is approved by City Council. PWD does not review nor
10 approve Rate Board invoices.

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13 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-12.** ORIGINAL NUMBER LH-1-10

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3 PLEASE EXPLAIN WHO AT PWD EVALUATES THE REQUESTS AND
4 HOW SHE/HE DECIDES WHICH REQUEST SHOULD BE PAID AND
5 WHICH SHOULD BE REJECTED

6

7 **RESPONSE:**

8 The Water Department does not have employees tasked with the responsibility stated in
9 the above information request. The budget of the Philadelphia Water, Sewer and Storm
10 Water Rate Board (Rate Board) is approved by City Council. PWD does not review or
11 approve Rate Board invoices.

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14 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-13.** ORIGINAL NUMBER LH-1-10

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3 PLEASE LIST ALL THE OUTSIDE LEGAL COUNSELS PWD CONTRACTS
4 WITH, BY NAME AND FOR HOW MANY YEARS PWD HAS
5 CONTRACTED WITH THOSE LAWYERS

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7 **RESPONSE:**

8 The Water Department objected to this information request. The Hearing Officer sustained
9 the Water Department's objection by her Order dated March 31, 2025. No further
10 response is required.

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14 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-14.** ORIGINAL NUMBER LH-1-11

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PLEASE EXPLAIN WHO AT PWD DECIDES WHICH LAWYERS TO
CONTRACT WITH AND WHAT CRITERIA SHE/HE USES TO DECIDE
WHICH LAWYERS

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7 **RESPONSE:**

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The Water Department objected to this information request. The Hearing Officer sustained
the Water Department's objection by her Order dated March 31, 2025. No further
response is required.

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RESPONSE PROVIDED BY: Philadelphia Water Department

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1 **LH-I-15.** ORIGINAL NUMBER LH-1-12

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3 PLEASE LIST ALL OF THE LAWYERS PWD IS USING WHO HAVE
4 REPRESENTED CLIENTS OPPOSING RATE INCREASES

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6 **RESPONSE:**

7 The Water Department objected to this information request. The Hearing Officer sustained
8 the Water Department's objection by her Order dated March 31, 2025. No further
9 response is required.

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11 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-16.** ORIGINAL NUMBER LH-1-13

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3 PLEASE LIST THE AMOUNTS PAID TO EACH LAW FIRM AND/OR
4 LAWYER FOR LEGAL FEES BUDGETED FOR THIS RATE INCREASE;
5 AND THE AMOUNT BUDGETED AND SPENT IN THE LAST RATE CASE.
6

7 **RESPONSE:**

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9 The contract amount for services of outside regulatory counsel in connection with the
10 current rate case in FY25 is \$225,000 (three attorneys). The amount expended through
11 February 2025 was \$89,202.
12

13 The contract amount for services of outside regulatory counsel in connection with the last
14 rate case in FY23 was \$300,000 (three attorneys). The amount expended through June 30,
15 2023 was \$294,750.
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17 Please note that costs incurred in a rate proceeding are dependent upon hours expended
18 (e.g., a settlement generally takes less time and is less expensive).
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20 **RESPONSE PROVIDED BY:** Philadelphia Water Department
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1 **LH-I-17.** ORIGINAL NUMBER LH-1-14

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PLEASE LIST THE NAME OF AND THE AMOUNT OF THE
CONTRIBUTIONS GIVEN TO FEDERAL AND/OR STATE/AND OR
POLITICAL ACTION COMMITTEES GIVEN BY ANY OF THE LAWYERS,
LAW FIRMS, OR CONSULTANTS

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8 **RESPONSE:**

9

The Water Department objected to this information request. The Hearing Officer sustained the Water Department's objection by her Order dated March 31, 2025. No further response is required.

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13 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-18.** ORIGINAL NUMBER LH-1-15

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3 PLEASE PROVIDE THE NAME OF THE COMPANY AND/OR PERSON
4 WHO LAST PREFORMED A MANAGEMENT AND/OR OPERATIONS
5 AUDIT FOR PWD.

6
7 **RESPONSE:**

8 Auditor's Reports for City Departments, including PWD, are available at:

9 <https://controller.phila.gov/audits/>.

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11 Audited Annual Financial Reports (AFRs) and Annual Comprehensive Financial Reports
12 are available from the City Treasurer at:

13 <https://www.phila.gov/departments/office-of-the-director-of-finance/financial-reports/#/>.

14
15 **RESPONSE PROVIDED BY:** Philadelphia Water Department

1 **LH-I-19.** ORIGINAL NUMBER LH-1-16

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3 PLEASE PROVIDE A COPY OF THE AUDIT

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5 **RESPONSE:**

6 See response to LH-I-18.

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8 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-20.** ORIGINAL NUMBER LH-1-17

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3 PLEASE PROVIDE THE INDUSTRY STANDARD TIME BETWEEN
4 MANAGEMENT/OPERATIONS AUDIT.

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6 **RESPONSE:**

7 The City Controller annually audits all City operating departments. If Mr. Haver is
8 requesting something more, he needs to clarify this information request.

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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-21.** ORIGINAL NUMBER LH-1-18

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3 PLEASE PROVIDE THE NAME OF THE CONSULTANT WHO REVIEWED
4 OPERATION AND RECOMMENDED SAVINGS FOR THIS RATE CASE

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6 **RESPONSE:**

7 Please see response to LH-I-1. This was determined to be an internal responsibility. No
8 outside consultant was delegated this responsibility.

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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-22.** ORIGINAL NUMBER LH-1-19

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3 PLEASE PROVIDE THE NAME OF THE CONSULTANT WHO REVIEWS
4 PWD PROCUREMENTS AND RECOMMENDED SAVINGS FOR THIS RATE
5 CASE

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7 **RESPONSE:**

8 Please see response to LH-1-4.

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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-23.** ORIGINAL NUMBER LH-1-20

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3 PLEASE PROVIDE A LIST OF ALL RATE CASES PWD'S CONSULTANTS
4 PARTICIPATED IN WHERE THE CONSULTANT RECOMMENDED
5 AGAINST A RATE INCREASE, THE CASE AND THE YEAR IN WHICH THE
6 CONSULTANT FOUND WAYS TO MAKE A RATE INCREASE UNNEEDED
7 AND UNWARRANTED.

8
9 **RESPONSE:**

10 The Water Department objected to this information request. The Hearing Officer sustained
11 the Water Department's objection by her Order dated March 31, 2025. No further
12 response is required.

13
14 **RESPONSE PROVIDED BY:** Philadelphia Water Department

1 **LH-I-24.** ORIGINAL NUMBER LH-1-21

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3 PLEASE LIST ALL THE RECOMMENDATIONS FOR COST SAVINGS
4 PROVIDED BY THE CONSULTANTS AND ADOPTED BY PWD

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6 **RESPONSE:**

7 As stated in response to LH-I-21, no consultant was delegated the responsibility of
8 recommending cost savings for this proceeding. The information request states no time
9 frame. Clarification is needed to be more responsive. Please also see responses to LH-I-1
10 and LH-I-3.

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12 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-25.** ORIGINAL NUMBER LH-1-22

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3 PLEASE LIST ALL THE RECOMMENDATIONS FOR COST SAVINGS
4 PROVIDED BY THE CONSULTANTS AND NOT ADOPTED BY PWD

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6 **RESPONSE:**

7 Please see response to LH-I-24.

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9 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-26.** ORIGINAL NUMBER LH-1-23

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3 PLEASE PROVIDE A COPY OF THE PROGRAM THAT OFFERS REWARDS
4 TO PWD'S WORKFORCE FOR ESTABLISHING COST SAVINGS
5 PROGRAMS

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7 **RESPONSE:**

8 No such program exists. PWD is a governmental entity. Compensation is provided
9 through wages and benefits. Please see PWD Statement 4A at page 7 and PWD Statement
10 7 at pages 22-23 for a description of recent wage increases, signing bonuses and
11 associated benefits.

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13 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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1 **LH-I-27.** ORIGINAL NUMBER LH-1-24

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3 PLEASE PROVIDE THE LAST PROGRAM DEVELOPED FROM THE
4 EMPLOYEE PROGRAM AWARDED WORKERS FOR DEVELOPING COST
5 SAVINGS

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7 **RESPONSE:**

8 Please see response to LH-I-26.

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10 **RESPONSE PROVIDED BY:** Philadelphia Water Department

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