

Schumaker & Company



Water/Wastewater Industry Projects

WATER/WASTEWATER UTILITY ASSIGNMENTS

City of Toledo, Department of Public Utilities

Toledo, Ohio

Provided an independent performance audit of the City of Toledo Department of Public Utilities (DPU) for the specific purpose of assessing current operations and proposing improvements in planning and processes to assure that future capital expenditures are made on a timely basis, scheduled maintenance and repairs are done when necessary, appropriate staffing levels are maintained, and best management practices of the industry are incorporated in the DPU's long term plans. This assignment involved four consultants over roughly 692 hours during a 6-month effort, for a total project cost of approximately \$149,787.

Philadelphia Water Department

Philadelphia, Pennsylvania

Provided a management support study for the Philadelphia Water Department (PWD) customer service and field operations activities to optimize operations, including evaluation of its resource utilization, so as to ensure that it is cost effective, to improve customer service, and to meet its core services and regulatory requirements in a responsible way. Subsequently provided assistance to PWD management and staff for implementing recommendations. The study portion of this assignment involved six consultants over roughly 1,576 hours during a 1-year effort, for a total project cost of approximately \$355,200. The implementation assistance portion of this assignment involved six consultants over roughly 2-3 years.

Utilities, Inc./Twin Lakes

Northbrook, Illinois

Provided a management and operations audit of Twin Lakes utility organization and its affiliate, Water Service Corporation (WSC), on behalf of the Indiana Utility Regulatory Commission (IURC), including operations, customer service/support units, and financial management. The study was organized into three task areas. The first task area was a detailed analysis of the financial management of Twin Lakes Utilities. The second task area was examinations of the water and wastewater utility operations, workforce, and service levels. The third task area comprised key Utilities, Inc. units that support Twin Lakes Utilities, including customer service operations, and included an examination of their operations, workforce, and contribution to the mission of the utilities. This assignment involved three consultants over roughly 216 hours during a 4-month effort, for a total project cost of approximately \$42,000.

Tennessee-American Water Company

Chattanooga, Tennessee

Schumaker & Company and its subcontractor Work & Greer, PC (Work & Greer), a certified public accounting firm, conducted an affiliate audit of Tennessee-American Water Company (TAWC) at the request of the Tennessee Regulatory Authority (TRA). The audit included an investigation and assessment of the American Water Works Service Company management performance and decisions relating to internal processes and internal controls involving affiliate relationships and transactions, and the resulting recommendations of any management process changes needed for those controls and implementation. Further, the audit evaluated the charges allocated to TAWC, including the efficiency of processes and/or functions performed on behalf of TAWC, as well as the accuracy and reasonableness of the allocation factors utilized. This assignment involved ten consultants in roughly 304 hours during a 6-month effort for total project costs of approximately \$184,964.

WATER/WASTEWATER UTILITY ASSIGNMENTS

Pennsylvania-American Water Company

Hershey, Pennsylvania

Assisted the Pennsylvania Public Utility Commission (PaPUC) staff in a stratified management and operations audit of Pennsylvania-American Water Company (PAWC). Specifically, it was intended that the management audit encourage economies, efficiencies or improvements which benefit the utility and its ratepayers and identify which, if any, cost saving measures can be instituted. The ultimate purpose was to explore economically practical opportunities for giving ratepayers lower rates and/or better service. This audit consisted of three phases. The first phase was a diagnostic review assessing the condition of each functional area or business unit against evaluative criteria or expected business practice. While this review was primarily limited to determining if appropriate management controls, systems and processes were in place, it was of sufficient scope to identify significant problems, if any, requiring additional focused analysis. The second phase was an in-depth analysis of pre-identified areas or issues. These analyses were of sufficient depth to provide specific recommendations for changes together with projected costs and potential dollar savings or other quantifiable benefits, if any. The third phase was an in-depth, focused analysis of two issues approved by the Bureau of Audits resulting from the first phase, specifically items in the human resources and water operations areas. This assignment involved eight consultants in roughly 3,093 hours during a 12-month effort for total project costs of approximately \$651,694.

Water Services Corporation

West Columbia, South Carolina

Northbrook, Illinois

Assisted the South Carolina Office of Regulatory Staff (SOR) staff to conduct a management audit of Water Services Corporation (WSC) with regard to five subsidiary water and wastewater companies operating in South Carolina with a focus on the following three areas: 1) basic corporate decision-making; 2) major operational activities; and 3) staff functions. The final report consisted of audit findings and management recommendations. A cost/benefit analysis accompanied each recommendation. The bottom line of this project focused on WSC was to determine whether the rates charged to the South Carolina ratepayers could be reduced through the implementation of greater efficiencies in organizations, operations, or both. Additionally, another relevant analysis was the determination of whether the ratepayers of South Carolina were being properly and economically served by the range of corporate services provided to the WSC operations in South Carolina by the managers located in both West Columbia and Northbrook. Significant consideration was given to the investigation and quantification of potential benefits that would result from the consolidation or merger of the affiliated companies of WSC. This assignment involved five consultants in roughly 520 hours during a 10-month effort for a total project cost of approximately \$75,000.

United Water New Jersey

Harrington Park, New Jersey

For the New Jersey Board of Public Utilities, analyzed financial management, information technology and other support services, customer service, and human resources in a comprehensive management and operations review. Schumaker & Company was a subcontractor on this assignment, in which six consultants spent 1,500 hours during a five-month period, with fees and expenses totaling \$65,500.

General Waterworks Corporation of Pine Bluff

Pine Bluff, Arkansas

For the Arkansas Public Service Commission, performed a management and operations review, including a review of affiliated relationships and transactions. At the request of the Arkansas Public Service Commission, our final report was submitted as testimony in a general rate hearing of General Waterworks Corporation of Pine Bluffs. This five-month assignment involved four consultants and approximately 500 hours.

WATER/WASTEWATER UTILITY ASSIGNMENTS

Pennsylvania Gas & Water Company

Wilkes-Barre, Pennsylvania

Reviewed PG&W gas operations; cash flow statements; dividends paid to PG&W's parent company (Pennsylvania Enterprises, Inc.); allocation of fees (affiliated relationships and transactions with affiliated companies); management information systems; data processing; staffing and compensation levels; and recruiting, hiring, and promotion for the Pennsylvania Public Utilities Commission. Schumaker & Company was a subcontractor on this assignment.

Kentucky-American Water Company

Lexington, Kentucky

For the Kentucky Public Service Commission, performed a comprehensive management and operations review involving executive management, corporate planning, operations planning, engineering and construction, transmission and distribution, treatment and pumping, financial systems, customer service and marketing, human resource management, support functions, and comparative analysis. This project also included a review of Kentucky-American's relationships and transactions with its parent company (American Water Works Company) and other affiliate companies (primarily American Water Works Service Company). This eight-month engagement involved over 10 consultants and 2,000 hours of effort for a total project cost of approximately \$223,307.

Philadelphia Suburban Water Company

Philadelphia, Pennsylvania

For the Pennsylvania Public Utility Commission, performed a comprehensive management review involving all company functions. Specific emphasis was placed on staffing and compensation levels, management information systems, allocation of fees from affiliated companies, customer service, engineering and construction, operations and maintenance, water purchase agreements, and capacity planning. This project also included PSW's relationships and transactions with its parent company and other affiliate companies. This 13-month engagement involved 10 consultants and over 3,000 hours for a total project cost of approximately \$289,400.