

**ECKERT
SEAMANS**
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
Harrisburg, PA 17101

TEL 717 237 6000
FAX 717 237 6019
www.eckertseamans.com

Daniel Clearfield
717.237.7173
dclearfield@eckertseamans.com

July 2, 2018

Via Hand Delivery

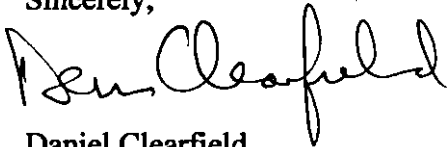
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: PA PUC v. Pittsburgh Water and Sewer Authority
Docket Nos. R-2018-3002645 and R-2018-3002647

Dear Secretary Chiavetta:

On behalf of the Pittsburgh Water and Sewer Authority ("PWSA") enclosed for filing is its Petition for Consolidation of Proceedings and For Authorization to Use Combined Water and Wastewater Revenue Requirements with regard to the above-referenced matters. Copies served in accordance with the attached Certificate of Service.

Sincerely,



Daniel Clearfield

DC/lww
Enclosure

cc: Certificate of Service w/enc.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

V.

PITTSBURGH WATER AND SEWER
AUTHORITY

:
: Docket No. R-2018-3002645
: R-2018-3002647
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:
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**PETITION BY
THE PITTSBURGH WATER AND SEWER AUTHORITY
FOR CONSOLIDATION OF PROCEEDINGS AND
FOR AUTHORIZATION TO USE COMBINED WATER AND WASTEWATER
REVENUE REQUIREMENTS**

Pursuant to Section 1311(c) and 3202(b) of the Public Utility Code and 52 Pa. Code §§ 5.41, 5.81, The Pittsburgh Water and Sewer Authority (“PWSA” or “Authority”) respectfully requests that the above-captioned proceedings be formally consolidated into a single proceeding and that the Pennsylvania Public Utility Commission (“PUC” or “Commission”) authorize (or grant a waiver) so as to permit the use of a consolidated, water/waste water revenue requirement by PWSA, in the above-captioned proceedings for the requested base rate increases. In support of this Petition, PWSA states as follows:

I. Background

1. PWSA is a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania that is regulated as a public utility by the Commission.¹ PWSA is responsible for producing and supplying water along with maintaining and operating the water

¹ See 66 Pa.C.S. §§ 102, 3201, 3202(a).

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and sewage infrastructure in most of the City of Pittsburgh. PWSA also manages stormwater that is conveyed both through its combined sewer systems and separate storm sewer systems.

2. The names, addresses and telephone number of PWSA's counsel are:

Daniel Clearfield, Esquire
Carl R. Shultz, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000

dclearfield@eckertseamans.com
cshultz@eckertseamans.com

3. On February 14, 2012, Act 11 was signed into law. That Act, *inter alia*, amends Chapter 13 (Rates and Distribution Systems) of the Public Utility Code establishes an exemption from the general prohibition on utilities combining different types of utility service for ratemaking purposes.² The benefits of this provision are that the costs of necessary upgrades to wastewater systems to maintain safe and reliable service, which can be substantial on a stand-alone basis, can be spread among the common customer base of the water and wastewater utilities.

4. In its Final Implementation Order, issued on August 2, 2012, the Commission clarified that 1311(c) applies to both a single company that provides water and wastewater service, as well as utilities owned by a single parent company that provide water and wastewater service separately.³

² 66 Pa.C.S. § 1311(c); *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Final Implementation Order entered August 2, 2012. Act 11 went into effect on April 16, 2012.

³ *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Final Implementation Order entered August 2, 2012, at p. 9. See, e.g., *Petition of The York Water Company for Authorization to Present Combined Filings for General Rate Increases under 66 Pa.C.S. § 1308(d) Covering Both Its Water and Wastewater Revenue Requirements Pursuant to 66 Pa.C.S. § 1311(c)*, Docket No. P-2017-2582839, Opinion and Order entered February 10, 2017.

II. Request for Consolidation of Proceedings

5. For the reasons set forth herein, PWSA requests that the two above-captioned proceedings be formally consolidated into a single proceeding.⁴

6. The above-captioned proceedings are interrelated and raise common issues of law and fact. PWSA initial tariff filings and rate requests contain coordinated plans, rate design changes and tariffs. In fact, as explained herein, PWSA is filing a Petition to use a combined revenue requirement under 66 Pa.C.S. § 1311(c). As explained below in Paragraph 10 of this Petition, PWSA has, in the past, developed water and wastewater rates using combined revenue requirements; and the use of 1311(c) continues the prior accounting and ratemaking practice of PWSA.

7. Formal consolidation of the above-captioned proceedings for all purposes is warranted and in the public interest, the interest of the parties and the interest of the Commission. Consolidation of the above-captioned proceedings will promote the efficient use of the time and resources of the parties and the Commission and will not delay the resolution of either proceeding. Chapter 32 directed that initial tariffs be filed by July 2, 2018.⁵ Since they are being filed on the same day, each of the above-captioned proceedings shares the same full suspension

⁴ 52 Pa.Code § 5.81(a) provides that: "The Commission or presiding officer, with or without motion, may order proceedings involving a common question of law or fact to be consolidated. The Commission or presiding officer may make orders concerning the conduct of the proceeding as may avoid unnecessary costs or delay." Cases have been consolidated for adjudication, *Re Middletown Taxi Co.*, 50 Pa. PUC 263 (1976); for hearing, *City of York v. York Telephone and Telegraph Co.*, 43 Pa. PUC 240 (1967); for briefing, *Clepper Farms, Inc. v. Grantham Water Co.*, 41 Pa. PUC 749 (1965); or for all purposes, *Commonwealth of Pennsylvania et al. v. Respond Power LLC*, Docket No. C-2014-2427659 and *Pa. PUC v. Respond Power LLC*, Docket No. C-2014-2438640 (Interim Order dated October 28, 2014)

⁵ See 66 Pa.C.S. § 3204(a); *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water And Sewer Authority*, Docket No. M-2018-2640802 and M-2018-2640803, Final Implementation Order entered March 15, 2018 at 44.

period.⁶ Within that shared timeframe, consolidation will advance administrative economy. For example, consolidation for purposes of the discovery and hearing will avoid the need for the parties to submit testimony in two different proceedings. Similarly for purposes of briefing and adjudication, consolidation will avoid the need for two briefs to be filed, two initial decisions to be served and two Commission orders to be entered. Thus, consolidation of the above-captioned proceedings will avoid unnecessary costs or delay and is plainly in the public interest.

III. Request for Consolidated Revenue Requirement

8. For the reasons set forth herein, PWSA further requests that the Commissioner authorize a combined revenue requirement by PWSA under 66 Pa. C.S. § 1311(c) or grant a waiver under 3202(b)⁷ so as to permit the use of a consolidated revenue requirement by PWSA for the purposes of this general rate increase request.

9. PWSA, as explained above, provides water and wastewater service as a single entity and, therefore, is eligible to combine its revenue requirements under 66 Pa. C.S. § 1311(c).⁸

10. This is PWSA's first rate case filing with the PUC. PWSA has, in the past, always determined water and wastewater revenue requirement and rates using combined

⁶ The rate case was filed on July 2, 2018. The application of the full suspension period (60 days plus 9 months) will end on March 31, 2019. Since rates not could be placed into effect before the end of March 2019, the first month that rates could be placed in effect is April 2019. *See* 66 Pa.C.S. § 315(e).

⁷ Under Section 3202(b) of the Public Utility Code, "Upon request of [PWSA], the Commission may suspend or waive the applicability of any provision of [the Public Utility Code] to [PWSA], except for this section [Section 3202]." 66 Pa.C.S. § 3202(b).

⁸ *See* footnote 3, *supra*. *See also Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water And Sewer Authority*, Docket No. M-2018-2640802 and M-2018-2640803, Final Implementation Order entered March 15, 2018, adopting, Tentative Implementation Order entered January 18, 2018, at p. 5, 16-17, 18 (suggesting that PWSA's revenue requirements are subject to petition for a combined revenue requirement under 66 Pa. C.S. § 1311(c)).

information.⁹ The use of 1311(c) continues the prior accounting and ratemaking practice of PWSA.¹⁰ The timing¹¹ and costs associated with an independent base rate filing for the wastewater utility make any other approach to filing impossible, given the extremely truncated time available to prepare its PUC filing.

11. Moreover, PWSA's bonds and other financial instruments apply to the combined water/wastewater system and are evaluated by bond rating agencies on a consolidated company basis. There is no practical way in which to fully separate PWSA's bonds or its revenue requirement between water and wastewater without creating risks of violating PWSA's bond covenants which require that PWSA attain certain financial metrics on an integrated system basis.

12. PWSA is not seeking any determination at this time as to the reasonableness or prudence of any specific costs, but it instead requesting an increase in both water and wastewater conveyance charges. PWSA intends to present specific costs and revenue requirements for both its water and wastewater utilities, as well as the appropriateness of any allocation of the wastewater revenue requirement to the combined customer base, in the combined general base rate proceeding before the Commission. Therefore, no party will be prejudiced by the granting of this Petition.

⁹ PWSA also manages stormwater that is conveyed both through its combined sewer systems and separate storm sewer systems. However, as previously explained, PWSA does not separately bill customers for stormwater management, rather the costs associated with stormwater management are recovered from customers through the sanitary sewer charges. See PWSA's Comments to Tentative Implementation Order, dated February 7, 2018, which is available at: <http://www.puc.state.pa.us/pcdocs/1552657.pdf>.

¹⁰ See PWSA Direct Testimony St. No. 2.

¹¹ Chapter 32 directed that initial tariffs be filed by July 2, 2018. See 66 Pa.C.S. § 3204(a); *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water And Sewer Authority*, Docket No. M-2018-2640802 and M-2018-2640803, Final Implementation Order entered March 15, 2018 at 44.

IV. Request for Expedited Approval

13. PWSA is proposing that the Commission grant the requested relief in an expedited manner. This relief is integral to the rate case, which PWSA anticipates will be subject to extensive *informal and/or formal discovery* and if a suspension and investigation order is issued must be fully decided before March 31, 2019.¹²

14. Alternatively, if the Commission for some reason does not choose to grant authorization (or a waiver) of the use of a consolidated revenue requirement, PWSA respectfully requests that the Commission permit PWSA to revise its financial presentation. The data to do this will already be in the record. Such a revision, while requiring the expenditure of extensive time and resources, will not make a material change to PWSA's financial statistics nor change its revenue requirement or overall rate increase request.

15. PWSA has served copies of this Petition on the following: the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, the Commission's Office of Special Assistants, the Commission's Bureau of Technical Utility Services, and to each of the Commissioners. If the Commission concludes that additional notice is necessary, PWSA will provide such additional notices as the Commission may direct.


V. Conclusion

WHEREFORE, PWSA respectfully requests that the Commission (1) consolidate the above-captioned proceedings into a single proceeding and (2) authorize (or grant a waiver) so as

¹² The rate case was filed on July 2, 2018. The application of the full suspension period (60 days plus 9 months) will end on March 31, 2019. Since rates not could be placed into effect before the end of March 2019, the first month that rates could be placed in effect is April 2019. *See* 66 Pa.C.S. § 315(e).

to permit PWSA to use a consolidated revenue requirement in the above-captioned proceeding;
and (3) take any other action deemed to be in the public interest.

Respectfully submitted,



Daniel Clearfield, Esq.
(PA Attorney ID No. 26183)

Carl R. Shultz, Esq.
(PA Attorney ID No. 70328)

Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000
717.237.6019 (fax)
dclearfield@eckertseamans.com
cshultz@eckertseamans.com

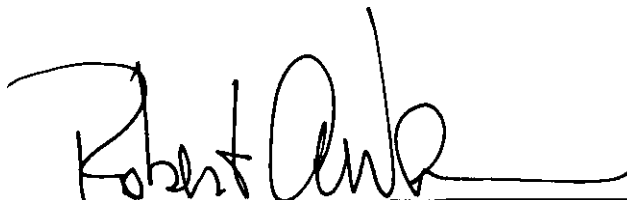
Dated: July 2, 2018

Counsel for
The Pittsburgh Water and Sewer Authority

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VERIFICATION

I, Robert A Weimar, am the Executive Director for The Pittsburgh Water and Sewer Authority ("PWSA" or "Authority"), and I hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief and that I expect the Authority to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to sworn falsification to authorities).

A handwritten signature in black ink, appearing to read "Robert A. Weimar", written over a horizontal line.

Robert A Weimar
Executive Director
The Pittsburgh Water and Sewer Authority

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PWSA's Petition for Consolidation of Proceedings and for Authorization to Use Combined Water and Wastewater Revenue Requirements upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Hand Delivery

John R. Evans, Esq.
Office of Small Business Advocate
300 North Second St., Suite 202
Harrisburg, PA 17101
jorevan@pa.gov

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut St., 5th Fl., Forum Place
Harrisburg, PA 17101-1923
tmccloskey@paoca.org

Richard Kanaskie, Esq.
Bureau of Investigation & Enforcement
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
rkanaskie@pa.gov

Hon. Charles E. Rainey, Jr.
Chief Administrative Law Judge
Office of Administrative Law Judge
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
crainey@pa.gov

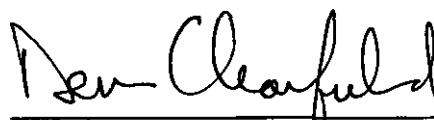
Paul Diskin, Director
Bureau of Technical Utility Services
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
pdiskin@pa.gov

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Via First Class Mail

Elizabeth R. Marx, Esq.
The Pennsylvania Utility Law Project
118 Locust St.
Harrisburg, PA 17101
pulp@palegalaid.net

Dated: July 2, 2018


Daniel Clearfield, Esq.