



December 7, 2018

VIA E-file

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

RE: Pa. PUC v. Pittsburgh Water and Sewer Authority, Docket Nos. R-2018-3002645, -3002647
Statement of Pittsburgh UNITED in Support of the Joint Petition for Settlement

Dear Secretary Chiavetta,

Please find the attached **Statement of Pittsburgh UNITED in Support of the Joint Petition for Settlement** for filing at the above noted dockets. Copies of the Statement are being served consistent with the attached Certificate of Service. Please contact me with any questions or concerns.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Elizabeth R. Marx".

Elizabeth R. Marx
Co-Counsel for Pittsburgh UNITED
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CC: The Honorable Mark A. Hoyer
The Honorable Conrad A. Johnson
Parties of Record

Enclosures.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : **Docket No. R-2018-3002645**
v. : **R-2018-3002647**
Pittsburgh Water and Sewer Authority :

Certificate of Service

I hereby certify that I have this day served copies of the **Statement of Pittsburgh UNITED in Support of the Joint Petition for Settlement** upon the parties of record in the above-captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below:

VIA FIRST CLASS MAIL AND/OR EMAIL

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Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
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December 7, 2018

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:		
	:		
v.	:	Docket No.	R-2018-3002645
	:		R-2018-3002647
Pittsburgh Water and Sewer Authority	:		
	:		

**STATEMENT OF PITTSBURGH UNITED
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

Pittsburgh UNITED, a signatory party to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions contained therein be approved by the Honorable Mark A. Hoyer, Deputy Chief Administrative Law Judge, the Honorable Conrad A. Johnson, Administrative Law Judge, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, Pittsburgh UNITED believes that the terms and conditions of the proposed Settlement are in the public interest and should be approved.

I. INTRODUCTION

Pittsburgh UNITED intervened in this proceeding to ensure that Pittsburgh Water and Sewer Authority’s (PWSA) proposed rates and terms and conditions of service are appropriately designed, implemented, and executed in a manner which allows all consumers in PWSA’s service territory to access safe and affordable water and wastewater service.

As a whole, and in light of the unique and time-limited procedural process designed by the legislature to bring PWSA under the jurisdiction of the Commission,¹ Pittsburgh UNITED asserts

¹ See 66 Pa. C.S. §§ 3201-3209.

that the proposed Settlement strikes an appropriate balance of the many and varied interests – resolving several of the more immediate issues in this proceeding, while expressly preserving other issues for further consideration in the pending Compliance Plan and Long-Term Infrastructure Improvement Plan (LTIIP) proceedings.

As the Commission has recognized from the start of this proceeding, the enormity of the issues facing PWSA in its transition to Commission oversight (pursuant to Chapter 32 of the Public Utility Code) are not easily resolved in the context of a single case.² Thus, the Commission determined in its Chapter 32 Final Implementation Order that some issues would be addressed in the tariff/base rate proceeding, while others would be addressed in the Compliance Plan proceeding.³ That said, the Commission has also been clear from the start that the statutory deadlines enshrined in Chapter 32 “do not accommodate a leisurely implementation schedule” – and “demand considerable effort on the part of all affected.”⁴ Ultimately, while the Commission expressed a clear desire that the full gamut of issues be addressed throughout the course of the Chapter 32 proceedings, the Commission declined to “dictate” which issues would be determined in which proceeding, and opted to instead “provide stakeholders with flexibility to coordinate issues between the tariff and compliance plans.”⁵

To that end, Pittsburgh UNITED made a concerted effort to conduct a thorough investigation and to create a detailed record in this proceeding of the issues it believed were most pressing to address in the context of the Commission’s determination of whether PWSA’s proposed rates and terms and conditions of service are just and reasonable, in compliance with

² See Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority, Final Implementation Order, Docket Nos. M-2018-2640802, -2640803 (order entered Mar. 15, 2018) (hereinafter FIO).

³ FIO at 24-26, 31-32.

⁴ FIO at 2-3.

⁵ FIO at 24-26, 31-32 (“The Commission expects that parties will harmonize the two proceedings such that PWSA and the Commission may meet the goals of Chapter 32 to the benefit of the affected public.”).

applicable laws, regulations, and prevailing public policy. Pittsburgh UNITED submitted over 300 pages of written expert testimony from five subject matter experts, along with exhibits and supportive data and documentation, on lead remediation and service line replacement costs, customer service issues, universal service and affordability issues, tenant/owner and lien related service issues, collections process and procedures, and public health.⁶ This testimony documented, in substantial detail, the aspects of PWSA's current policies and procedures which Pittsburgh UNITED asserts must be reformed in order to produce reasonable and just rates and terms and conditions of service consistent with all applicable policies, laws, and regulations governing public utilities.

The proposed Settlement resolves a number of the issues addressed in Pittsburgh UNITED's testimony. While Pittsburgh UNITED's positions were not fully adopted, the resolution of these issues represents a fair and balanced approach which satisfies the many and varied interests in a reasonable and just manner. In turn, the Settlement proposes to defer a number of unresolved issues addressed in Pittsburgh UNITED's testimony for further consideration and litigation in the pending Compliance Plan and LTIP proceedings. Pittsburgh UNITED asserts that, given the unique challenges associated with Chapter 32 implementation, this approach represents a reasonable resolution of this proceeding. Indeed, deferring these explicit issues will help preserve the resources of the Commission, PWSA, Pittsburgh UNITED, and other parties and interested stakeholders; ensures that PWSA has the revenue it needs to accomplish other critical systemic reforms; and provides a roadmap to the timely resolution of remaining issues in the context of PWSA's pending Compliance Plan and LTIP proceedings. While Pittsburgh UNITED does not support further delay of the relevant issues beyond the Compliance Plan and LTIP

⁶ See Pittsburgh UNITED Sts. 1-5; St. 2R; and Sts. 1SR-5SR.

proceedings, and asserts that each issue should be fully resolved and/or appropriately addressed before the conclusion of the Chapter 32 proceedings, Pittsburgh UNITED believes that the division of identified issues across the Chapter 32 proceedings (Base Rate/Tariff, Compliance Plan, and LTIP) will lend an appropriately balanced procedure to ensure that all aspects of PWSA's rates and terms of service are just and reasonable and in accordance with the Commission's governing laws, regulations, guidelines, and policies. This approach is consistent with the Commission's guidance in the Final Implementation Order, as described above, and will ensure that PWSA's terms, conditions, and quality of service, as well as its policies and procedures which implement those terms, conditions, and quality of service, are just and reasonable and consistent with the mandates contained in Chapter 32. As such, and for the specific reasons discussed in further depth below, we believe that the proposed settlement is in the public interest and should be approved.

II. DISCUSSION OF WHY SPECIFIC SETTLEMENT TERMS ARE IN THE PUBLIC INTEREST

For the reasons discussed below, Pittsburgh UNITED asserts that the proposed Settlement presents a reasonably balanced resolution to the issues raised in this proceeding. While many provisions of the Settlement are discussed with specificity below, Pittsburgh UNITED's silence with respect to any particular provision does not indicate that Pittsburgh UNITED is not in agreement with that provision. Pittsburgh UNITED supports the entirety of the provisions in the Settlement, and urges the Commission to approve the Settlement as a whole and without modification.

A. Revenue Requirement

Paragraph A.1 of the proposed Settlement decreases the amount of the approved revenue increase by \$6 million – from \$27 to \$21 million.⁷ As described in the “summary of customer impacts” chart attached to the Joint Petition, the impact of the proposed increase on an average residential customer will be decreased from 16.7% (as originally proposed) to 13.9% (as proposed in the settlement). In other words, the increase will be nearly \$2.00 less per month for the average residential customer, from \$10.61 (as originally proposed) to \$8.87 (as proposed in the settlement). This reduction is significant, particularly for low and moderate income consumers who already struggle to keep up with the cost of basic utility service, and is therefore squarely in the public interest.⁸ As Pittsburgh UNITED witness Mitchell Miller explained in his testimony, more than a quarter of PWSA’s residential consumers (approximately 28%) are estimated to be low income (income which is at or below 150% of the federal poverty guidelines).⁹ Thus, a reduction in the approved rate increase is critically important to ensure that service remains accessible to PWSA’s residential population. As discussed in subsection F, below, the proposed decrease to PWSA’s Bill Discount Rate for low income consumers – from a 50% discount on the minimum service charge to 75% on the minimum service charge – is also a critical component of this Settlement to help offset the increased costs of basic water and wastewater services.¹⁰

Paragraph A.1.a of the proposed Settlement proposes to expedite the effective date of the Settlement.¹¹ This is also an important provision, and is in the public interest, as it will trigger a

⁷ Joint Pet. at 7, § III.A.1.

⁸ Pittsburgh UNITED St. 2 at 11-12, 16-24 (“An increase in rates for water and wastewater service – two of the most essential human needs – will present significant challenges for low income households who are already struggling to pay these bills.”).

⁹ Pittsburgh UNITED St. 2 at 11:6-11. For context, the 2018 income threshold for a family of four at 150% FPL is \$37,650 before taxes. Id.

¹⁰ See below, section F.

¹¹ Joint Pet. at 7, § III.A.1.a.

number of corresponding obligations detailed throughout the Settlement and discussed in further detail below. It will also provide PWSA with earlier rate relief, which it asserts is necessary to expand its current capacity. As such, providing expedited rate relief should allow PWSA to better implement many of the reforms outlined in this Settlement, and is thus in the public interest.

Finally, paragraph A.2 of the proposed Settlement sets forth a number of requirements for PWSA to adhere to in its next base rate proceeding, including increased data tracking and reporting.¹² These requirements will improve the ability of the Commission and all interested stakeholders to conduct a detailed review of PWSA's future rate requests. As such, these requirements are in the public interest.

B. Revenue Allocation and Rate Design

As with paragraph A.2, paragraphs B.1 through B.6 of the proposed Settlement set forth a number of requirements for PWSA to adhere to in its next base rate proceeding with respect to revenue allocation and rate design.¹³ This includes, in relevant part, increased billing data, separate identification of uncollectible account expenses, and increased class consumption data. These data points will allow interested stakeholders and the Commission to conduct a more thorough assessment of PWSA's rate design to ensure that the resulting rates are just and reasonable.

Paragraph B.7 further requires PWSA to separate the minimum usage allowance from the minimum service charges in the next base rate proceeding, provided the change would not result in an unreasonable increase for affected customers.¹⁴ Charging for service and usage charges separately could potentially provide benefits to consumers, such as increased rate transparency and

¹² Joint Pet. at 7, § III.A.2.

¹³ Joint Pet. at 8, § III.B.1-6.

¹⁴ Joint Pet. at 8, § III.B.7.

enhanced ability for consumers to control their usage through conservation, but could also prove to be harmful to consumers with lower usage rates and/or low income consumers.¹⁵ There was simply insufficient data to support a thorough analysis of this type of rate redesign in this proceeding.¹⁶ As drafted, the proposed Settlement provision will allow for an appropriate investigation of the possible benefits and risks associated with eliminating the minimum usage allowance from the minimum service charge before any change is made, and is therefore in the public interest.

Finally of note in this section, paragraph B.10 of the proposed Settlement provides that this Settlement does not establish a precedent for the appropriate cost allocation of PWSA's public purpose program costs, including its low income assistance and lead service line replacement program costs.¹⁷ The parties to this proceeding explicitly reserved the right to make a new cost allocation proposal in future proceedings.¹⁸ Mr. Miller explained in rebuttal testimony that PWSA's current cost allocation for low income and lead service line replacement costs, which spreads the costs evenly across all customer classes, is just and reasonable.¹⁹ Indeed, as Mr. Miller explains, all customer classes share in the far-ranging benefits of these programs and, as such, appropriately share in their costs.²⁰ Importantly, allocation of public purpose programming across all customer classes is consistent with Commission policy and precedent, and was recently approved as a cost allocation method for low income program costs in PGW's service territory in November 2017.²¹ Thus, it is in the public interest to preserve PWSA's current cost allocation

¹⁵ See PWSA St. 5 at 16:21-17:16.

¹⁶ See *id.*

¹⁷ Joint Pet. at 9, § III.B.10.

¹⁸ *Id.*

¹⁹ Pittsburgh UNITED St. 2-R at 2:14-7:14.

²⁰ *Id.*

²¹ Pa. PUC et al. v. Phila. Gas Works, Docket No. R-2017-2586783, Final Order, at 73-75 (order entered Nov. 8, 2017). In upholding PGW's proposed cross-class recovery of universal service program costs, the Commission

method for its public purpose programming, as it ensures that all those who benefit from the programming share in the cost. However, given the myriad number of issues in this proceeding, it is likewise prudent to acknowledge that all parties retain the right to propose a new cost allocation for public purpose programming in future base rate proceedings – though it is not the intent of this provision to allow any particular proposal to be afforded heightened standing or consideration. As such, Pittsburgh UNITED asserts that this provision, in balance, is in the public interest and should be approved.

C. Infrastructure / Operations / Lead

PWSA distributes drinking water to thousands of Pittsburgh residents through lead service lines.²² PWSA’s water can cause those pipes to corrode, releasing lead into the drinking water that flows out of customers’ taps and into their homes.²³ Lead is a devastating toxin that can damage the brain, kidneys, and other organs, and is especially harmful to young children.²⁴ There is no safe level of lead in drinking water.²⁵

Lead levels in PWSA’s water have been persistently high for years. Lead concentrations are measured during PWSA’s biannual tap water monitoring program, conducted pursuant to the Safe Drinking Water Act’s Lead and Copper Rule. The concentration of lead in PWSA’s water has exceeded a regulatory threshold—known as the “lead action level”—three times since January 2016.²⁶ PWSA is in the process of changing the way it chemically treats its water, in an effort to

expressly concluded: “We agree with the conclusion of the ALJs that there is nothing within PGW’s allocation of universal service costs to all firm customers that violates the Code or our Regulations.” Id.

²² Pittsburgh UNITED St. 4, at 16; PWSA St. 1, at 9.

²³ Pittsburgh UNITED St. 4, at 7.

²⁴ Pittsburgh UNITED St. 5, at 6-8.

²⁵ Id. at 6.

²⁶ Pittsburgh UNITED St. 4, at 10-12. PWSA exceeds the lead action level when more than ten percent of its tap water samples taken over a six-month period contain lead levels above 15 parts per billion. Pittsburgh UNITED St.

better control the corrosion of its lead-containing infrastructure and reduce lead levels in its drinking water.²⁷ PWSA is also replacing a portion of the lead service lines in its system, as part of a broader lead remediation program.²⁸ PWSA has received \$50 million from the Pennsylvania Infrastructure Investment Authority (PennVEST) to replace lead service lines in 2019.²⁹

Pittsburgh UNITED shares “PWSA’s goals . . . to systematically eradicate lead service lines and to eliminate any potential health risks to individuals it serves.”³⁰ To that end, Pittsburgh UNITED’s testimony identified a number of specific, reasonable steps PWSA must take to achieve those goals.³¹

The proposed Settlement adopts a portion of UNITED’s recommendations for PWSA’s 2019 lead remediation program, including increased transparency and community input in PWSA’s lead remediation planning and programs; improved prioritization of vulnerable neighborhoods for service line removal; a comprehensive assessment of PWSA’s high costs for service line replacement; new limitations on PWSA’s use of partial service line replacements; an expanded commitment to replacing service lines running underneath a customer’s private property; increased public health protections for customers before and after service line replacement; and improved access to water filters that remove lead. While the Settlement does not adopt all of UNITED’s recommendations, the lead-related settlement terms are reasonable and in the public interest. The Settlement also preserves Pittsburgh UNITED’s right to seek further changes to PWSA’s lead remediation program in the Compliance Plan and LTIP proceedings. Pittsburgh

4, at 10-12; see also 40 C.F.R. § 141.80(c)(1), (3). PWSA exceeded the lead action level in the monitoring periods for January 1 to June 30, 2016; July 1 to December 31, 2016; and July 1 to December 31, 2017. Pittsburgh UNITED St. 4, at 12.

²⁷ Id. at 8, 13-14.

²⁸ Id. at 14-15.

²⁹ Joint Pet. at 9, § III.C.1.

³⁰ PWSA St. 1-R, at 38.

³¹ See Pittsburgh UNITED St. 4, at 56-58; Pittsburgh UNITED St. 5, at 34-37.

UNITED respectfully requests that the Commission approve the Settlement as quickly as possible so that PWSA can begin implementing these critical measures.

1. Transparency and Community Input

For PWSA's lead remediation efforts to succeed, customers must be informed about those efforts and have the ability to provide input on program design and implementation. The proposed Settlement establishes a Community Lead Response Advisory Committee (CLRAC), comprised of interested parties to this proceeding, representatives of community groups, and a public health expert agreed upon by the parties.³² The CLRAC will meet quarterly for at least two years.³³ PWSA staff will provide the CLRAC with regular updates on PWSA's lead remediation efforts.³⁴ PWSA will also consult with the CLRAC on a number of critical issues, described in more detail below.

In addition, the Settlement improves PWSA's process for providing information to customers about the composition of their service line. Some customers have experienced significant delays in receiving the results of curb box inspections at their homes. PWSA will undertake best efforts to notify customers of curb box inspection results within 90 days of the inspection, and all customers will receive results within 120 days.³⁵ PWSA will also make all historical service line records available for public viewing on its website map, and it will update that map every month with the locations of lead service line replacements.³⁶

These provisions are in the public interest because they will increase community knowledge of and involvement in PWSA's lead remediation efforts.

³² Joint Pet. at 9, § III.C.1.a.

³³ Id.

³⁴ Id.

³⁵ Joint Pet. at 10, § III.C.1.a.ii.

³⁶ Joint Pet. at 10, 13, § III.C.1.a.ii, C.1.d.ii.

2. Prioritizing Vulnerable Neighborhoods

The risks of lead exposure are not evenly distributed among PWSA's customers. Children and pregnant women are particularly vulnerable to adverse health effects from lead exposure, and the proportion of children in Pittsburgh with elevated concentrations of lead in their blood is much higher in some neighborhoods than others.³⁷ Low income individuals and people of color are also at disproportionate risk of lead exposure because they are more likely to live in older homes with aging infrastructure.³⁸ For these reasons, PWSA must prioritize service line replacements in neighborhoods with the highest concentration of elevated risk factors for lead exposure.³⁹

The Settlement will improve PWSA's process for selecting neighborhoods for lead service line replacement. PWSA has chosen seven neighborhoods for replacements in 2019: Morningside, Homewood, Perry, Mt. Washington, Southside, Northside, and Greenfield.⁴⁰ PWSA will work with the CLRAC to develop a plan for prioritizing replacements within those neighborhoods based on the set of health-protective factors recommended by Pittsburgh UNITED's expert Dr. Bruce Lanphear, including blood lead levels in children, tap water lead levels, age of water mains, age of housing stock, and data on race, income, and populations of pregnant women and young children.⁴¹ If PWSA performs additional replacements in other neighborhoods in 2019, it will consult with the CLRAC for how to prioritize those replacements using the same health-protective factors.⁴² PWSA will also provide regular updates to the CLRAC regarding its plans for prioritizing neighborhoods for lead service line replacements.⁴³

³⁷ Pittsburgh UNITED St. 5, at 5-7, 11-12.

³⁸ Id. at 6.

³⁹ Id. at 17-18.

⁴⁰ Joint Pet. at 11, § III.C.1.a.v.

⁴¹ Id.

⁴² Id.

⁴³ Joint Pet. at 9, § III.C.1.a.

These Settlement terms are in the public interest because they will ensure that PWSA prioritizes service line removal for customers with a higher risk of lead exposure.

3. Lead Service Line Replacement Costs

Minimizing the cost of lead service line replacements is important for ensuring that PWSA makes reasonable use of ratepayer funds and maximizes the number of replacements PWSA performs with available funds. Pittsburgh UNITED expert Gregory Welter found that contractors' lead service line replacement costs (\$12,541 per line) were more than double the average of the costs of seven other utilities (\$6,145 per line).⁴⁴ He recommended that PWSA investigate this discrepancy and better track its costs.⁴⁵

The proposed Settlement requires PWSA to investigate its lead service line replacement costs and present an analysis to the CLRAC.⁴⁶ PWSA's analysis will incorporate any information it obtains from other utilities performing lead service line replacements, and it will include any cost differences between replacements conducted by outside contractors and those conducted by PWSA work crews.⁴⁷ PWSA will consider suggestions from the CLRAC for lowering costs.⁴⁸ PWSA must also provide regular reports on its replacement costs throughout the two-year term of the CLRAC.⁴⁹

These Settlement terms are in the public interest because they help ensure that PWSA will make reasonable use of ratepayer funds.

⁴⁴ Pittsburgh UNITED St. 4, at 31-32.

⁴⁵ Id. at 36-37.

⁴⁶ Joint Pet. at 10, § III.C.1.a.iii.

⁴⁷ Id.

⁴⁸ Id.

⁴⁹ Joint Pet. at 9, § III.C.1.a.

4. Partial Lead Service Line Replacements

A partial lead service line replacement occurs when PWSA replaces the portion of a service line underneath public property but leaves the private-side lead service line in place.⁵⁰ Partial replacements are dangerous and can cause spikes in drinking water lead levels that can last for months.⁵¹ PWSA performed nearly 500 partial lead service line replacements between June 30, 2016 and August 15, 2018.⁵²

PWSA expects to replace at least 2,800 private-side lead service lines with the funding it receives from PennVEST.⁵³ PWSA currently offers to replace a customer's private-side lead service line at no direct cost when PWSA plans to replace the corresponding public-side lead service line.⁵⁴ But if the customer does not authorize PWSA to replace a private-side lead service line, PWSA performs a partial replacement.⁵⁵ PWSA does not track customers' reasons for declining PWSA's offer to replace their private-side lead service line at no direct cost.⁵⁶ Additionally, because it is the property owner, and not the resident, who must provide consent, non-resident landlords can refuse consent, leaving tenants exposed to elevated lead levels that can result from partial service line replacements. Together, these circumstances heighten the risk that customers, and especially tenants, will be exposed to partial replacements and the related health risks.

⁵⁰ Pittsburgh UNITED St. 4, at 45. PWSA divides service lines into two parts. The public side is the portion of the service line between the curb box and the water main, lying primarily under the street. The private side is the portion of the service line between the curb box and the residence, lying primarily under private property. Because PWSA only asserts ownership over the public side of service lines in its system, it needs customer consent to replace private-side lead service lines. Pittsburgh UNITED St. 4, at 6-7, 48.

⁵¹ Id. at 45-47; Pittsburgh UNITED St. 5, at 21-22.

⁵² Pittsburgh UNITED St. 4, at 47.

⁵³ Joint Pet. at 9, § III.C.1.

⁵⁴ Pittsburgh UNITED St. 4, at 21.

⁵⁵ Id. at 48.

⁵⁶ See id. at 50.

The proposed Settlement contains several terms aimed at reducing these risks. First, PWSA must consult with the CLRAC to identify ways to improve its outreach procedures for obtaining customer consent to replace private-side lead service lines.⁵⁷ To inform that consultation, PWSA will begin tracking why property owners refuse to authorize PWSA to replace their private-side lead service lines.⁵⁸ PWSA and the CLRAC will consider implementing a process whereby the property owner's refusal of a private-side replacement will be recorded on the property record.⁵⁹ This procedure could help incentivize property owners to accept PWSA's offer and ensure that would-be purchasers of the property know that the home still has a private-side lead service line.

In addition, the Settlement requires PWSA to consult with the CLRAC regarding whether to seek authorization from the City of Pittsburgh to replace private-side lead service lines at rental properties without the owner's consent.⁶⁰ If PWSA does not obtain this authority, it will not perform partial lead service line replacements in 2019 at rental properties that are not owner occupied.⁶¹ This settlement term will help protect tenants who do not want a partial replacement but are powerless to refuse one.

Taken together, these terms will reduce the number of partial lead service line replacements performed by PWSA in 2019. They will help protect public health and so are in the public interest.

⁵⁷ Joint Pet. at 12, § III.C.1.b.

⁵⁸ Joint Pet. at 10, § III.C.1.a.i.

⁵⁹ Joint Pet. at 13, § III.C.1.d.i.

⁶⁰ Joint Pet. at 12-13, § III.C.1.c.

⁶¹ Id.

5. Private-Side Lead Service Line Replacements

PWSA currently offers to replace a customer's private-side lead service line at no direct cost when PWSA plans to replace the corresponding public-side lead service line. At the outset of this proceeding, PWSA had not committed to extending this policy into 2019.⁶² Except in limited circumstances, PWSA does not offer to replace private-side lead service lines when the public-side service line is not made of lead.⁶³ Nevertheless, Pittsburgh UNITED's experts pointed out in their testimony that private-side lead service lines can leach lead into drinking water in the same manner as public-side lead service lines, and thus should be removed to reduce customers' risk of lead exposure.⁶⁴

The Settlement requires PWSA to continue to replace private-side lead service lines at no direct cost when PWSA replaces the corresponding public-side lead service line through 2019.⁶⁵ During this time, PWSA plans to replace at least 2,800 private-side lead service lines under this program.⁶⁶ In addition, PWSA, in consultation with the CLRAC, will study the feasibility of replacing all private-side lead service lines in its system.⁶⁷

These terms will increase the number of customers whose private-side lead service lines are replaced and will reduce customers' risk of exposure to lead. They are in the public interest.

⁶² PWSA St. 1, at 8-9.

⁶³ Pittsburgh UNITED St. 4, at 38.

⁶⁴ Id. at 40; Pittsburgh UNITED St. 5, at 22-23.

⁶⁵ Joint Pet. at 13, § III.C.1.d.iii.

⁶⁶ Joint Pet. at 9, § III.C.1.

⁶⁷ Joint Pet. at 12, § III.C.1.a.vi.

6. Tap Water Filters

Filters can offer short-term protection from elevated lead levels in drinking water.⁶⁸ PWSA currently offers filters and replacement cartridges free of charge to customers who receive lead service line replacements and to any customer who sends in a tap water sample with lead concentrations above 15 parts per billion.⁶⁹ However, many customers who are not eligible for a free filter are at risk of lead exposure.⁷⁰ And the cost of purchasing a filter and replacement cartridges can be a significant burden for low income customers.⁷¹

Under the terms of the proposed Settlement, PWSA must continue to provide filters and replacement cartridges free of charge to customers who (1) have had their service line replaced or (2) return a tap water sample showing elevated lead levels.⁷² PWSA will also expand its filter program to include low income customers who have not yet had their service lines replaced and whose service lines are made of either lead or an unknown material according to PWSA's historical records or curb box inspection results.⁷³ PWSA will also consult with the CLRAC to develop strategies to increase participation in PWSA's pre- and post-replacement tap water sampling program.⁷⁴ PWSA offers tap water sampling at no cost, but not all PWSA customers who receive a lead service line replacement return a water sample.⁷⁵

These proposed Settlement terms are in the public interest. They will help protect public health by increasing customers' awareness of drinking water lead levels and access to filters.

⁶⁸ See Pittsburgh UNITED St. 5, at 24-26.

⁶⁹ Pittsburgh UNITED St. 5, at 23-24; PWSA St. 1-R, at 24.

⁷⁰ See Pittsburgh UNITED St. 5, at 24-26.

⁷¹ Pittsburgh UNITED St. 2, at 85-86.

⁷² Joint Pet. at 10-11, 13, § III.C.1.a.iv(a), C.1.d.v.

⁷³ Joint Pet. at 11, § III.C.1.a.iv(b).

⁷⁴ Joint Pet. at 10-11, § III.C.1.a.iv(a).

⁷⁵ Pittsburgh UNITED St. 5, at 28-29.

D. Customer Service Issues

With respect to customer service issues, the proposed Settlement makes incremental progress in bringing PWSA's customer service policies and procedures into alignment with applicable laws, regulations, and prevailing public policy. The Settlement also proposes to defer several issues for further consideration in the pending Compliance Plan proceeding. Paragraph D.1 of the proposed Settlement makes clear that the deferral of specific issues does not diminish the importance of those issues or indicate that either PWSA or the parties have foregone their respective rights to further promote or challenge them.⁷⁶ On balance, Pittsburgh UNITED asserts that this approach is in the public interest, as it conserves resources of the Commission, PWSA, and interested stakeholders; preserves critically important issues for further investigation in a pending proceeding; and – as discussed in further detail below – resolves a number of pressing customer service issues in a fair and reasonable manner.

1. Informal Complaint Tracking

Paragraph D.2 of the proposed Settlement requires PWSA to track customer complaints and, in turn, to develop a review process to identify trends and target appropriate training and/or systems improvement to remedy common or repeat issues.⁷⁷ This complaint review process will help ensure that PWSA and its staff are learning from mistakes and continually improving their policies and procedures to better serve consumers.

⁷⁶ Joint Pet. at 14, § III.D.2.

⁷⁷ Joint Pet. at 14, § III.D.1.

2. Residential Customer Bill Redesign

PWSA is currently in the process of redesigning its residential customer bill to comply with the Commission's regulatory requirements, and targeted March 2019 for roll-out of its redesigned bill.⁷⁸ Mr. Miller explained through testimony that PWSA's current residential bill falls short of providing critical information to consumers about their charges, consumption rates, and dispute rights.⁷⁹ He further concluded that the details of PWSA's planned bill revisions were unclear, noting that PWSA would not commit to including several key elements, such as information explaining each component of the bill or the installment amounts for a current payment arrangement.⁸⁰

Paragraph D.3 of the proposed Settlement requires PWSA to adopt specific improvements to its residential customer bill, and provides the Commission and interested stakeholders the opportunity to review and provide input on PWSA's redesigned bill.⁸¹ Specifically, the Settlement ensures that PWSA's redesigned bill will eliminate the erroneous statement that a customer may only dispute their bill in writing, and will include an explanation of specific charges; payment arrangement installment amounts; and information about the fees associated with each of PWSA's bill payment options. Thus, this provision of the Settlement is in the public interest, as it will help to ensure that consumers are receiving critical billing information and, in turn, will provide more specific guidance to help PWSA bring their bill into compliance with the Commission's requirements and reduce the potential that these important issues will be overlooked in the course of PWSA's bill redesign process, which would ultimately require additional resources to address.

⁷⁸ Pittsburgh UNITED St. 2 at 44:14-19.

⁷⁹ Pittsburgh UNITED St. 2 at 42-45; Pittsburgh UNITED St. 2-SR at 13:8-17.

⁸⁰ Pittsburgh UNITED St. 2 at 45:1-14.

⁸¹ Joint Pet. at 14, § III.D.3.

3. Payment Arrangements

Paragraph D.5 of the proposed Settlement requires PWSA to revise its termination notice to notify consumers facing termination of service about the availability of payment arrangements.⁸² Providing notice to consumers facing imminent termination about the availability of a payment arrangement is squarely in the public interest, as it will help to ensure that consumers are informed about their options for repayment, will help consumers without the means to make a full payment on their arrears to avoid the loss of critical water and wastewater service, and – in turn – will help reduce PWSA’s overall uncollectible expenses.⁸³

In paragraph D.6, PWSA agrees to provide payment arrangements consistent with Chapter 14, and expressly acknowledges that victims of domestic violence with a Protection From Abuse Order (PFA) or other court order with evidence of domestic violence may be awarded an extended payment arrangement which “may exceed the standard term lengths” contained in Chapter 14.⁸⁴ Further consideration of PWSA’s policies with respect to victims of domestic violence with a PFA or other court order are expressly deferred for additional investigation in the Compliance Plan proceeding, as discussed below in section H. This initial acknowledgement by PWSA, coupled with its express recognition that the issue will be explored in further depth in the Compliance Plan proceeding, will help ensure that consumers who are the victim of domestic violence are able to obtain the relief to which they are entitled pursuant to Chapter 14 of the Public Utility Code and Chapter 56 of the Commission’s regulations, and is therefore in the public interest.⁸⁵

⁸² Joint Pet. at 15, § III.D.5.

⁸³ See Pittsburgh UNITED St. 2 at 47-49; OCA St. 3 at 17.

⁸⁴ Joint Pet. at 14, § III.D.6.

⁸⁵ Pittsburgh UNITED St. 2, at 46-49, 58; see also 66 Pa. C.S. §§ 1405, 1407, 1417; 56 Pa. Code § 56.285 (applicable to victims of domestic violence with a PFA or other court order which contains clear evidence of domestic violence).

4. Medical Certificates

Paragraph D.7(a)-(f) contains a number of specific revisions to PWSA's medical certificate process designed to bring PWSA into full compliance with the Commission's existing regulations and express policy regarding the termination of medically vulnerable consumers.⁸⁶ Specifically, PWSA will now accept three medical certificates, regardless of whether the consumer continues to pay their current charges as they come due. A fourth or subsequent medical certificate will also be accepted to prevent termination of service if the consumer keeps up with their current charges (irrespective of any underlying arrears). PWSA will also begin informing medically vulnerable consumers of the renewal payment obligations at the time a medical certificate is accepted. Finally, PWSA will train its employees to stop a termination if informed that a household is seeking a medical certificate. As Mr. Miller explained at length in his direct testimony, these changes are necessary to address critical issues with PWSA's current medical certificate policy, and are designed to bring PWSA into compliance with established Commission policies and procedures.⁸⁷ Thus, Pittsburgh UNITED asserts that these provisions are squarely in the public interest, as they ensure that medically vulnerable households are able to access the statutory and regulatory protections enshrined in the Public Utility Code, Commission regulation, and established Commission policy.⁸⁸

⁸⁶ Joint Pet. at 15-16, § III.D.7.

⁸⁷ Pittsburgh UNITED St. 2 at 51:10-56:3.

⁸⁸ See 66 Pa. C.S. § 1403; 52 Pa. C.S. §§ 56.111-.116; Chapter 14 Implementation, Final Order, Docket No. M-2014-2448824, at 14-15 (order entered July 9, 2015).

5. Complaint Procedures

Paragraph D.8 of the proposed Settlement requires PWSA to revise its internal policies to clarify that the dispute process is available to current customers, applicants for service, and tenants or occupants not listed on the current bill.⁸⁹ The Settlement further requires PWSA to train its employees to not evaluate or express any view as to the efficacy of an individual’s complaint or an opinion as to whether the individual has an actionable claim with the Commission.⁹⁰

PWSA’s current procedures provide inaccurate information about the Commission’s dispute process, noting that PWSA’s call center employees are instructed to explain to callers that “service and home must be in the complainant’s name or must have authority to act on behalf of the customer” before a complaint can be filed with the Commission.⁹¹ But as Mr. Miller explains, this instruction is incorrect: “applicants for service, former customers, and/or tenants or occupants who are not listed on the account and/or do not have a contract for service with PWSA ... may have an actionable dispute against PWSA, and are explicitly covered in the Commission’s regulations governing dispute rights.”⁹² Pittsburgh UNITED therefore asserts that the Settlement provisions requiring PWSA to inform all potential complainants of the right to file a dispute with the Commission is squarely in the public interest, as it will better ensure that consumers are accurately informed about their due process rights and will help to protect tenants in a manner consistent with the Public Utility Code.

⁸⁹ Joint Pet. at 16, § III.D.8.

⁹⁰ Id.

⁹¹ Pittsburgh UNITED St. 2 at 44, 59-62.

⁹² Id. (citing 52 Pa. Code § 56.166 (delegating authority to BCS to “resolve customer, applicant, or occupant informal complaints arising under this chapter.”)).

6. Discontinuance of Service to Leased Premises Act

Paragraphs D.9 and D.10 of the proposed Settlement require PWSA to adopt specific changes to its policies and procedures to better adhere to the Discontinuance of Service to Leased Premises Act (DSLPA), which governs the provision of public utility service to a tenant when an account is in a landlord's name.⁹³ PWSA's deficiencies with regard to implementation of DSLPA were described at length by Pittsburgh UNITED witness Daniel Vitek.⁹⁴ While several aspects related to PWSA's adherence to DSLPA were deferred for further consideration and resolution in the Compliance Plan proceeding,⁹⁵ the proposed Settlement addresses two pressing issues related to PWSA's current adherence to the law.

First, paragraph D.9 allows for tenants to submit as proof of identify any document issued by a public agency or public utility which contains the name and address of the tenant. As Mr. Vitek explained, PWSA's current policy, which requires tenants to provide a photo identification,⁹⁶ "is overly restrictive about the forms of identification that it requires tenants to produce to exercise their rights."⁹⁷ DSLPA provides:

Reasonable identification shall include, but not be limited to, a driver's license, photo identification, medical assistance or food stamp identification, or any similar document issued by any public agency which contains the name and address of the tenant.⁹⁸

Thus, the terms of the Settlement are in the public interest, as they will conform PWSA's identification requirements to the provisions of DSLPA.

⁹³ Joint Pet. at 16, §§ III.D.9, .10; see 66 Pa. C.S. Ch. 15 Subchapter B. Note that the Utility Service Tenants' Rights Act (USTRA), which specifically applies to service provided by a municipal authority, may also continue to apply to PWSA. See Pittsburgh UNITED St. 3 at 4:19-9:7 (discussing the similarities between the two Acts and assessing the continued applicability of USTRA in light of PWSA's transition to Commission oversight); see also 68 P.S. § 399.1 *et seq.* The Settlement proposes to defer this question to the Compliance Plan for further consideration. See section H.8(c).

⁹⁴ Pittsburgh UNITED St. 3 at 4-28.

⁹⁵ See section H, below.

⁹⁶ Pittsburgh UNITED St. 3 at 11:4-5.

⁹⁷ Pittsburgh UNITED St. 3 at 22:12-13.

⁹⁸ 66 Pa. C.S. § 1527(b) (emphasis added); see also Pittsburgh UNITED St. 3 at 22:14-23:2.

Paragraph D.10 similarly conforms PWSA’s policies and procedures to the requirements of DSLPA, and requires PWSA to create a notarized form for owners seeking to voluntarily discontinue service to a residential property occupied by a tenant. As Mr. Vitek explained, DSLPA prohibits a public utility from discontinuing service to a landlord ratepayer “unless the landlord ratepayer also submits a document bearing their notarized signature, swearing under penalty of perjury that the unit is unoccupied.”⁹⁹ Mr. Vitek explained the importance of this provision to prevent illegal self-help eviction, noting that “[i]f PWSA allows a landlord ratepayer to discontinue service to a leased premises, without requiring the appropriate documentation evidencing the tenant’s consent to the discontinuance, it is abdicating its responsibility under law and condoning constructive/self-help evictions in violation of the tenants’ due process rights.”¹⁰⁰ Thus, the provision in the Settlement requiring PWSA to create a notarized form for landlords to complete prior to the voluntary discontinuance of service to a leased premises is in the public interest, as it protects tenants from unlawful self-help evictions consistent with the provisions of DSLPA.

7. Settlement Compliance

To ensure that PWSA fulfills its commitments with regard to customer issues, paragraph D.11 of the proposed Settlement provides that PWSA will share its changes with its newly established Low Income Advisory Committee, established pursuant to paragraph F.3 of the Settlement.¹⁰¹ Given the myriad number of critical issues addressed in the proposed Settlement – as well as the significant additional issues PWSA must address in the pending Compliance Plan

⁹⁹ Pittsburgh UNITED St. 3 at 25:16-26:18; see also 66 Pa. C.S. § 1523(b)(1).

¹⁰⁰ Pittsburgh UNITED St. 3 at 26:10-18.

¹⁰¹ Joint Pet. at 16, § III.D.11.

and LTIIP proceedings – Pittsburgh UNITED asserts that this provision is critical to ensuring that important aspects of the Settlement are not overlooked with the passage of time.

E. Tariff Issues

Consistent with the resolution of critical customer service issues identified in this proceeding, discussed above, the proposed Settlement makes a number of changes to PWSA’s proposed tariff designed to bring PWSA into alignment with applicable laws, regulations, and prevailing public policy. The changes, and the reasons they are in the public interest, are discussed in further detail below. The Settlement also proposes to defer a number of specific tariff issues for further consideration in the pending Compliance Plan proceeding. As discussed above with respect to identified customer issues, Pittsburgh UNITED asserts that this approach is in the public interest.

1. Dual Water / Wastewater Fees

Paragraph E.1 of the proposed Settlement requires PWSA to revise its tariff to clarify that customer fees, such as a returned check fee or billing history fees, will not be assessed twice for water and wastewater customers.¹⁰² As originally proposed, PWSA’s water and wastewater tariffs “each contained language which allows PWSA to assess fees, such as a returned check fee, collection activity fees, and historical billing fees.” While PWSA explained in response to discovery that its practice is to only charge one fee for dual water and wastewater customers, Mr. Miller noted in direct testimony that the tariff language did not adequately reflect that intent.¹⁰³

¹⁰² Joint Pet. at III.E.1.

¹⁰³ Pittsburgh UNITED St. 2 at 32:4-15.

Clarifying the tariff to specify that only one fee will apply is in the public interest, as it properly shields consumers from duplicative fees.

2. Electronic Notice of Termination

Paragraph E.2 of the proposed tariff requires PWSA to clarify that it will only provide 72-hour notice of termination electronically if a consumer provides their express written consent to accept the notice electronically.¹⁰⁴ If electronic notice of termination is undeliverable, PWSA will provide an alternative 72-hour notice (either by phone or posting).

In direct testimony, Mr. Miller explained that PWSA's proposed tariff would have authorized PWSA to provide 72-hour notice of termination electronically, without explicit consent from the customer.¹⁰⁵ Chapter 14 authorizes utilities to provide 72-hour notice of termination electronically, but requires the customer to "affirmatively consent to be contacted using a specific electronic messaging format for purpose of termination."¹⁰⁶ Mr. Miller concluded that PWSA should be required to demonstrate that it has an appropriate policy for obtaining customer consent before its tariff is approved.¹⁰⁷ The proposed Settlement is in the public interest, as it aligns PWSA's tariff provision with the statutory requirements for electronic notice of termination, and ensures that PWSA will take measures to provide alternative notice if electronic notice is returned.

¹⁰⁴ Joint Pet. at 16-17, § III.E.2.

¹⁰⁵ Pittsburgh UNITED St. 2 at 49:18-50:18.

¹⁰⁶ 66 Pa. C.S. § 1406(b); Pittsburgh UNITED St. 2 at 49:18-50:18.

¹⁰⁷ Pittsburgh UNITED St. 2 at 50:9-51:8.

3. Medical Certificates

In addition to the revisions to PWSA's medical certificate policy, discussed above, PWSA also agreed to revise its proposed tariff to clarify that it accepts medical certificates from a physician assistant, consistent with the Chapter 14 definition of a medical certificate.¹⁰⁸ This revision is in the public interest, as it aligns PWSA's tariff with the law.

4. Collections Procedures

Paragraphs E.4 and E.5 of the proposed Settlement require PWSA to suspend its use of Jordan Tax Service (JTS) as a debt collection agency unless or until approved by the Commission in the context of the Compliance Plan proceeding, and relocates section G of its proposed water and wastewater tariff regarding collections expenses and lien fees to its Supplemental Service Conditions.¹⁰⁹ As Mr. Miller and Mr. Vitek explained at length, PWSA's current collections fees, and its associated collections policies and practices, are not just and reasonable and likely violate the Public Utility Code and Commission regulations.¹¹⁰

PWSA's current collections practice is to refer all debt to JTS for collections after just 90 days – often before termination is attempted as a collections method.¹¹¹ As soon as debt is referred, additional and recurring fees in excess of the regulatory maximum 1.5% late fee¹¹² attach, compounding the consumer's overall debt.¹¹³ “The full amount of any delinquency, together with

¹⁰⁸ Joint Pet. at 17, § III.E.3; 66 Pa. C.S. § 1403.

¹⁰⁹ Joint Pet. at 17, § III.E.4-5.

¹¹⁰ Pittsburgh UNITED St. 2 at 33-38.

¹¹¹ Id. at 33:4-14. (“Servicing charges apply regardless of whether enforcement proceedings have been initiated, and include any actual costs to JTS for collections efforts, along with a fee equal to 15% of gross collections. The gross collections fee is calculated based on the principle delinquency amount – together with any additional lien or interest charges.”).

¹¹² Id. at 37:7-9; 52 Pa. Code § 56.22 (accrual of late payment charges).

¹¹³ Id.

all associated fees and charges, must be paid before the delinquency is discharged.”¹¹⁴ As Mr. Miller explains, “pursuant to PWSA’s contract with JTS, any payments made to JTS to satisfy existing debt goes first to pay for the fees levied by JTS and associated interest charges.”¹¹⁵ To resolve debt which has been referred to JTS, a consumer must abide by JTS’ guidelines for payment arrangements, which fall short of the payment arrangement requirements in the Public Utility Code.¹¹⁶ In short, Mr. Miller and Mr. Vitek each concluded that these practices “(1) contradict the laws, regulations, and policies implemented and enforced by the Commission regarding residential collections and associated fees; (2) are regressive and unduly punitive, particularly for low income consumers; and (3) unreasonably exacerbate uncollectible expenses.”¹¹⁷

While this proceeding revealed substantial and troubling details about PWSA’s current collections practices and associated fees, Pittsburgh UNITED asserts that it is nevertheless prudent for the Commission to engage in a more focused and searching inquiry into PWSA’s current collections practices and arrearage management strategies, as well as the terms and conditions of PWSA’s contract with JTS, before determining the best course of action to remedy potential harms. This measured approach will shield consumers from excessive collections fees and unlawful collections practices in the short term while protecting other ratepayers from any potential negative consequences of prematurely ending PWSA’s contractual relationship with

¹¹⁴ Id. at 33:10-12.

¹¹⁵ Id. at 34:6-9.

¹¹⁶ Pittsburgh UNITED St. 2 at 35:5-15, 37:7-11; Pittsburgh UNITED St. 3 at 34:15-36:1-14.

¹¹⁷ Pittsburgh UNITED St. 2 at 34:11-37:2; see also Pittsburgh UNITED St. 3 at 30:8-37:2.

JTS.¹¹⁸ Thus, we assert that it is in the public interest for PWSA to suspend its use of JTS, pending a more thorough investigation of its collections practices in the Compliance Plan proceeding.

5. Responsibility for Prior Arrears

Paragraph E.6 prohibits PWSA from requiring a tenant to assume liability for debts to which they are not legally responsible as a condition to establishing residential service.¹¹⁹ PWSA's current practice requires tenants applying for service to "assume liability for prior debts which accrued at a residence as a condition to establishing service, even if the applicant did not previously reside at the property and/or were not on the property's mortgage, deed, or lease at the time debt was accrued." Mr. Miller concluded that this practice "is unreasonable, unjust, and inconsistent with the Commission's regulations regarding liability for prior utility debts."¹²⁰ This conclusion was consistent with informal directives from the Bureau of Consumer Services for PWSA to revise its applicant liability to "begin transferring balances instead of attaching prior balances to the residence where the balance accumulated."¹²¹ Indeed, "the only debt that PWSA can permissibly require a tenant to pay or assume as a condition to receipt of water and wastewater service is debt which accrued in the tenant's name within the last four years – or debt accrued at a property at which the tenant resided and in which he or she was listed on the mortgage, deed, or lease."¹²²

To be clear, the proposed settlement does not fully resolve the issue, and postpones further consideration of "PWSA's policies and procedures regarding initiation of new service or transferring service to new customers, and any associated payment obligations" for determination

¹¹⁸ See Pittsburgh UNITED St. 3 at 36:15-37:2 (explaining that PWSA's contract with JTS auto-renews every 180 days, and acknowledging that PWSA has a limited timeframe to withdraw from the contract).

¹¹⁹ Joint Pet. at 17, § III.E.6.

¹²⁰ Pittsburgh UNITED St. 2 at 38: 6-15.

¹²¹ Id. at 40:4-25.

¹²² Id. at 38:12-15.

in the Compliance Plan proceeding.¹²³ However, the Settlement takes the incremental step to ensure that tenants, in particular, are protected from being required to assume liability for the debts of others as a condition to receiving water and/or wastewater service at their rental property. This is a step in the right direction, and provides critical relief in the short term while preserving the issue for further exploration in the Compliance Plan proceeding. On balance, Pittsburgh UNITED asserts that this is a reasonable resolution of the issue and promotes the public interest.

6. Security Deposits

Paragraph E.7 of the proposed Settlement provides that PWSA will revise its proposed tariffs to clarify that consumers who are eligible for PWSA's Bill Discount Program (BDP) will not be charged a security deposit.¹²⁴ This revision is consistent with Chapter 14 of the Public Utility Code, and is thus in the public interest.¹²⁵

F. Low Income Customer Issues

PWSA offers two forms of direct bill payment assistance to low income consumers through its Bill Discount Program (BDP) and its Hardship Fund program.¹²⁶ These programs are designed to assist the roughly 28% of PWSA's residential customer class who struggle to pay their water and wastewater bills each month.¹²⁷ However, as Mr. Miller explained, the programs are undersubscribed compared to relative need¹²⁸ and, as proposed, do not produce a sufficient level

¹²³ Joint Pet. at 28, III.H.8.e.

¹²⁴ Joint Pet. at III.E.7.

¹²⁵ 66 Pa. C.S. § 1404(a.1); see also Pittsburgh UNITED St. 2 at 26:20-28:19.

¹²⁶ See Pittsburgh UNITED St. 2 at 63-65 (discussing PWSA's low income programming).

¹²⁷ Pittsburgh UNITED St. 2 at 11:6-11.

¹²⁸ Pittsburgh UNITED St. 2 at 77, 81 (estimating, for example, that PWSA's BDP has reached just 11.89% of estimated eligible customers).

of affordability – particularly for households with the lowest household income.¹²⁹ As described in further detail below, the proposed Settlement makes modest improvements to PWSA’s Bill Discount Program to help offset the immediate financial impact of the rate increase on PWSA’s economically vulnerable households.¹³⁰ In turn, the proposed Settlement takes decisive steps to further improve PWSA’s available programming over time through the creation of a Low Income Assistance Advisory Committee, through the collection of targeted data, and by requiring PWSA to create and file a detailed low income assistance program Plan in its next base rate proceeding.¹³¹ Together, these immediate and longer-term provisions will help to improve the accessibility of PWSA’s substantial low income population, and the ability of those consumers to reasonably maintain affordable service to their homes.

1. Low Income Data Collection

Paragraph F.1 of the proposed Settlement requires PWSA to immediately begin collecting a number of critical data points regarding consumption, bill payment, termination, and program participation for PWSA’s low income population.¹³² Mr. Miller explained the importance of collecting improved data regarding PWSA’s low income population in direct testimony:

In addition to better tracking low income customers, PWSA should also be required to begin tracking and reporting on a number of critical data points, which are important to ensure that PWSA’s programs are effective at delivering appropriate levels of affordability and, in turn, achieving measureable improvements to uncollectible expenses and termination rates.¹³³

¹²⁹ Pittsburgh UNITED St. 2 at 73 (“[T]hose with high usage (larger families) and those at the lowest levels of poverty (0-50% FPL) have disproportionately high water and wastewater burdens – some paying 8% of their income on water and wastewater service alone, even with the assistance of the BDP. On average, the amount of discount a customer receives through BDP is approximately \$15, which simply does not go far enough to create a true level of affordability.”).

¹³⁰ Joint Pet. at 17-18, § III.F.4.

¹³¹ Joint Pet. at 17-18, § III.F.1, 3, 4.a, 5-6.

¹³² Joint Pet. at 17, § III.F.1.

¹³³ Pittsburgh UNITED St. 2 at 66:4-18.

As proposed, the Settlement provision requires PWSA to improve relevant data tracking, which will in turn better inform PWSA, the Commission, and interested stakeholders in making appropriate adjustments to PWSA's universal service programs to best serve those in need. This improved data tracking is beneficial to PWSA's low income communities as well as the ratepayers who finance PWSA's universal service programming, and is therefore in the public interest.

2. Low Income Assistance Advisory Committee

Paragraph F.3 of the proposed Settlement requires PWSA to establish a Low Income Assistance Advisory Committee, with members from interested parties, BCS, the Dollar Energy Fund (which administers PWSA's programs), and local community and social service groups.¹³⁴ The charge of the Committee includes addressing issues related to program outreach, program design, fundraising efforts, and specific programmatic terms and conditions which have proven to create burdensome barriers to program enrollment, such as the Social Security Number requirement for Hardship Fund applicants.¹³⁵ The Committee will also review changes to PWSA's customer service policies and procedures.¹³⁶ Mr. Miller recommended the creation of a Low Income Assistance Advisory Committee in direct testimony, noting that "[o]ther regulated utilities which operate low income assistance programs have established advisory committees, which have proven to be a helpful tool to identify and resolve issues as they arise. ... This sort of collaborative and community approach to the provision of low income programming ensures that the programs are meeting the needs of the communities they are intended to serve."¹³⁷ Pittsburgh UNITED

¹³⁴ Joint Pet. at 18-19, § III.F.3.a-h.

¹³⁵ Joint Pet. at 19-20, §§ III.F.3.f, III.F.5; see also Pittsburgh UNITED St. 2 at 82:3-12.

¹³⁶ Joint Pet. at 19, § III.F.3.g.

¹³⁷ Pittsburgh UNITED St. 2 at 67:3-12.

asserts that the creation of this Committee is in the public interest, as it will help to advance collaborative and timely resolutions to challenging issues.

3. Bill Discount Program Revision

Paragraph F.4 of the proposed Settlement increases the rate discount available to low income consumers through the BDP from 50% to 75% off the water and/or wastewater service charge.¹³⁸ As noted above, PWSA's current BDP – at existing rates – is not producing adequate levels of affordability.¹³⁹ When the rate increase takes effect, the affordability gap will grow more pronounced – particularly for those at the lowest level of poverty and/or with higher levels of usage.¹⁴⁰ While the increase provides less relief than originally proposed by Pittsburgh UNITED,¹⁴¹ the provision is – on balance – a reasonable incremental step to help economically vulnerable households to withstand the financial pressure of the rate increase, and represents a reasonable compromise amongst the various party positions. As such, Pittsburgh UNITED asserts that this provision is squarely in the public interest, as it will help ensure that water and wastewater service will remain accessible to the residents of Pittsburgh regardless of income, and therefore should be approved.

4. Low Income Assistance Program Plan Requirement

Paragraph 4.a of the proposed Settlement requires PWSA to submit a detailed Plan as part of its next base rate proceeding that outlines the parameters for each of its low income assistance programs.¹⁴² Specifically, and in relevant part, the Plan must include the eligibility requirements,

¹³⁸ Joint Pet. at 19, § III.F.4.

¹³⁹ Pittsburgh UNITED St. 2 at 73

¹⁴⁰ Id. at 19-23 and Tables 3, 4, and 5.

¹⁴¹ See Pittsburgh UNITED St. 2 at 75-76.

¹⁴² Joint Pet. at 19, § III.F.4.a.i-vi.

benefits, budgets, and a needs assessment for each program, a newly proposed conservation program targeted at PWSA's highest users to help control the costs of the other universal service programs, and a proposal to provide scaled rate assistance based on household income.¹⁴³ It also must include any consensus issues adopted by the Low Income Assistance Advisory Committee.¹⁴⁴

This provision of the Settlement is intended to provide a necessary starting point in PWSA's next rate proceeding to fully assess the adequacy and availability of PWSA's low income assistance programming, and to make adjustments based on a more complete set of data and information. It will also help to better inform the Commission, stakeholders, and the broader community which PWSA serves about the available assistance programs and the terms and conditions to access those programs. As such, Pittsburgh UNITED asserts that this provision is in the public interest and should be approved.

G. Contractual Issues

The proposed Settlement specifically reserves a number of critical contractual issues for further exploration in the pending Compliance Plan proceeding. This includes PWSA's Services Contract with the City of Pittsburgh; PWSA's billing arrangement with ALCOSAN; the City of Pittsburgh's Discount for Pennsylvania American Water (PAWC) water customers; and PWSA's collection arrangement with JTS.¹⁴⁵

¹⁴³ Id.

¹⁴⁴ Id.

¹⁴⁵ Joint Pet. at 20, § III.G. While Pittsburgh UNITED has an interest in further investigation of each of the contracts reserved for the Compliance Plan proceeding, its testimony in this proceeding with respect to PWSA's existing contractual relationships was limited to addressing issues related to PWSA's contract with JTS. Pittsburgh UNITED reserves the right to take a further position with respect to the additional contracts in the context of the Compliance Plan proceeding.

In relevant part, and as discussed above, PWSA's current collections policies and associated fees are not compliant with the policies, regulations, and statutory obligations required of a regulated public utility.¹⁴⁶ A more detailed inquiry into PWSA's current contract with JTS is necessary to appropriately reform PWSA's collections policies without incurring potential costs associated with PWSA's contractual obligations to JTS.¹⁴⁷ Pittsburgh UNITED asserts that the Compliance Plan proceeding presents a reasonable opportunity to conduct this review.

H. Compliance Plan and LTIP

1. Consolidation of Compliance Plan and LTIP

Paragraphs H.1 through H.4 are procedural in nature, and require PWSA to petition the Commission for consolidation of the Compliance Plan and LTIP proceedings; establish with certainty that PWSA has the burden of proof; ensure the record from this proceeding – including testimony and responses to interrogatories – will be admissible in the pending Compliance Plan and LTIP proceedings; and revise and clarify its Compliance Plan and LTIP to provide supplemental information about its policies, practices, and procedures with respect to certain aspects of its operations. As a whole, these provisions are designed to protect the interests of the respected parties, reduce unnecessary litigation expenses, and provide a reasonable path forward to resolve a number of issues presented throughout this proceeding. As such, and in light of the unique procedural posture in this proceeding created by the mandates of Chapter 35, Pittsburgh UNITED asserts that this is a reasonable approach to resolving the issues at bar in this proceeding.

¹⁴⁶ See above, section E.4.

¹⁴⁷ See above, section E.4.

2. Issues to be Investigated in Compliance Plan

In addition to addressing certain procedural issues related to the Compliance Plan and LTIP proceedings, the proposed Settlement also explicitly lists a number of issues for consideration in the Compliance Plan proceeding, and in some instances requires PWSA to submit revisions and/or supplemental information about its plans.¹⁴⁸ Specifically, the Settlement lists the following non-exhaustive list of expressly preserved issues: fire hydrant service; flat rate billing for unmetered and unbilled municipal and government properties; infrastructure and operations issues; post 2019 lead service line remediation programming; unresolved customer service issues; line extension fees; third party collection activities; contractual issues identified in section G of the proposed Settlement; low income programming; and future data reporting obligations.¹⁴⁹ These provisions are not intended to present an exhaustive list of every issue which will be raised or considered in the Compliance Plan and LTIP proceedings, but nevertheless ensure that each of the identified issues will be addressed and resolved in a reasonable timeframe after the conclusion of this rate proceeding.

Of particular note is PWSA's express agreement to provide an explanation of PWSA's current policies and practices in its Compliance Plan with respect to certain customer issues, including its call center metrics, call center performance, compliance with DSLPA/USTRA, account handling for victims of domestic violence with a PFA or other order, policies for initiation of new service (including payment obligations), payment processing fees, and personal contact requirements prior to involuntary termination.¹⁵⁰ Requiring PWSA to explain these policies and practices in direct testimony as part of the Compliance Plan proceeding will reduce the need to

¹⁴⁸ Joint Pet. at 26, § III.H.5-14.

¹⁴⁹ Id.

¹⁵⁰ Id. at 28, § III.H.8.a-g.

conduct extensive discovery, and will allow parties to conduct a more thorough and targeted investigation.

While it may have been ideal for all issues raised in this proceeding to have been reasonably resolved in the context of a single proceeding, the procedural constraints imposed by the General Assembly – coupled with the practical realities associated with the transition of PWSA to Commission jurisdiction – do not afford that luxury. As such, Pittsburgh UNITED asserts that the proposed Settlement, on balance, sets forth a reasonable and just resolution of the issues, including the deferral of a number of issues for further consideration in the pending Compliance Plan and LTIP proceedings. This Settlement is therefore in the public interest and should be approved.

III. CONCLUSION

The Joint Petition was achieved by the Joint Petitioners after an extensive investigation of PWSA's filing and its associated policies, practices, procedures, and conditions for the provision of water and wastewater service. Pittsburgh UNITED asserts that the proposed Settlement is a reasonable resolution to a myriad number of complex issues, is in the public interest, and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues, at what would have been a substantial additional cost to the Joint Petitioners. In turn, with respect to the remaining unresolved issues which have been deferred for further consideration in the Compliance Plan and LTIP proceeding, the Settlement minimizes further litigation costs by ensuring that the discovery and testimony submitted in this proceeding will be admitted without objection in the pending Compliance Plan and LTIP proceedings. Formal consolidation of the Compliance Plan and LTIP proceedings will also mitigate added litigation costs. Accordingly, and for the reasons stated above, Pittsburgh

UNITED respectfully requests that the ALJs and the Commission approve the Settlement without modification.

Respectfully Submitted,

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