**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, *et al*. :

:

v. :R-2018-3002645 *et al.*

:

Pittsburgh Water and Sewer Authority – Water :

Pennsylvania Public Utility Commission, *et al*. :

:

v. :R-2018-3002647 *et al.*

:

Pittsburgh Water and Sewer Authority :

– Wastewater :

**SECOND INTERIM ORDER**

**ADDRESSING FILING OF COMMENTS OR OBJECTIONS TO SETTLEMENT**

HISTORY OF THE PROCEEDING

On July 2, 2018, Pittsburgh Water and Sewer Authority (PWSA) filed Tariff Water – Pa. P.U.C. No. 1 (Water Tariff) and Tariff Wastewater – Pa. P.U.C. No. 1 (Wastewater Tariff) to become effective August 31, 2018, with the Pennsylvania Public Utility Commission (Commission). Through this filing, PWSA requests that the Commission approve its new tariffs pursuant to Act 65 of 2017, 66 Pa.C.S. § 3201 *et seq*. PWSA proposed increases to water and wastewater total annual operating revenues of approximately $27 million per year or 17.1% on a total revenue basis over the amount of annual revenues at present rates.

PWSA is a municipal water and wastewater authority serving customers in the City of Pittsburgh and surrounding communities. PWSA provides water service to approximately 80,000 residential, commercial and industrial customers in: portions of the City of Pittsburgh; the Borough of Millvale; and portions of Reserve, O’Hara, and Blawnox Townships, Allegheny County. PWSA also provides wastewater conveyance service to customers located in the City of Pittsburgh, Allegheny County, and also conveys sewage for portions of 24 neighboring communities. PWSA’s water and wastewater operations became subject to regulation by the Pennsylvania Public Utility Commission on April 1, 2018, pursuant to Act 65 of 2017, 66 Pa.C.S. § 3201 *et seq*.

Under the Authority’s original proposal, a typical residential water and wastewater conveyance customer using 3,000 gallons of water per month would see their total monthly bill increase from $63.62 to $74.23, an increase of $10.61 or 16.7%. For the water portion of the bill, this includes an increase from $42.07 to $49.84, an increase of $7.77 or 18.5%. For the wastewater conveyance portion of the bill, this includes an increase from $21.55 to $24.39, an increase of $2.84 or 13.2%.

On July 2, 2018, PWSA also filed two petitions: a petition for consolidation of proceedings and for authorization to use combined water and wastewater revenue requirements; and a petition for waiver of the statutory definition of fully projected future test year (FPFTY) to permit a FPFTY beginning January 1, 2019. *See*, 66 Pa.C.S. § 315(e).

On July 5, 2018, the Office of Consumer Advocate (OCA) filed a Notice of Appearance and Formal Complaint at Docket No. R-2018-3002645[[1]](#footnote-1) and at Docket No. R-2018-3002647.[[2]](#footnote-2) The Commission’s Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on July 6, 2018. On July 13, 2018, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance and Formal Complaint at Docket No. R-2018-3002645[[3]](#footnote-3) and at Docket No. R-2018-3002647.[[4]](#footnote-4)

On July 12, 2018, the Commission issued Suspension Orders at Docket No. R‑2018-3002645 (Water) and Docket No. R-2018-3002647 (Wastewater) ordering investigations into the lawfulness, justness and reasonableness of the proposed rate increases. The Tariffs were suspended by operation of law until March 31, 2019, unless permitted by Commission Order to become effective at an earlier date.

A Prehearing Conference Order was issued on July 12, 2018, scheduling an initial prehearing conference for Thursday, July 19, 2018 at 2:00 p.m.

On July 13, 2018, Pittsburgh UNITED filed a Petition to Intervene and Answer. Pittsburgh UNITED also filed two motions for admission *pro hac vice* on July 13, 2018.

On July 17, 2018, a Prehearing Conference Notice was issued.

A prehearing conference was held on Thursday, July 19, 2018, as scheduled. Counsel for PWSA, I&E, OCA, OSBA, and Pittsburgh UNITED attended the conference. On July 20, 2018, a Prehearing Order was issued establishing a litigation schedule for this proceeding.

On July 26, 2018, PWSA filed a Motion for a Protective Order. The requested Protective Order was issued on August 8, 2018.

On August 13, 2018, Pennsylvania-American Water Company (PAWC) filed a Formal Complaint at Docket No. C-2018-3003941 against the proposed Water Tariff. On August 24, 2018, James Ferlo filed a Formal Complaint at Docket No. C-2018-3004291 against the proposed Water Tariff and at Docket No. C-2018-3004311 against the proposed Wastewater Tariff. PWSA did not file an answer to the complaint of PAWC or the complaints of James Ferlo.

On August 16, 2018, Public Input Hearing Notices were issued scheduling four public input hearings in the City of Pittsburgh. Also, on August 16, 2018 a First Interim Order – Public Input Hearings was issued. Notice of the scheduled public input hearings was advertised in the Pittsburgh Post-Gazette newspaper on August 26, 2018.[[5]](#footnote-5)

On September 4, 2018, two public input hearings were held at the Allegheny Center Alliance Church, 250 East Ohio Street, Pittsburgh, Pennsylvania 15212 (afternoon and evening). On September 5, 2018, an evening public input hearing was held at the Kingsley Community Center, 6435 Frankstown Avenue, Pittsburgh, Pennsylvania 15206. On September 6, 2018, the last evening public input hearing was held at the Jeron X. Grayson Community Center, 1852 Enoch Street, Pittsburgh, Pennsylvania, 15219.

Peoples Natural Gas Company LLC (Peoples) filed a Formal Complaint at Docket No. C-2018-3004864 in the above-captioned proceedings on September 21, 2018. PWSA filed Preliminary Objections and an Answer to said complaint on October 5, 2018. On October 5, 2018, Peoples filed an Amended Complaint. On October 15, 2018, PWSA filed Preliminary Objections and an Answer to the Amended Complaint. On October 24, 2018, Peoples filed a Petition to Withdraw its Complaint. No objections were filed to said Petition.

On September 28, 2018, Duquesne Light filed a Formal Complaint at Docket No. C-2018-3005022. PWSA filed an Answer to Duquesne Light’s complaint on October 11, 2018.

On November 14, 2018, an evidentiary hearing was held. The parties attending the hearing participated from a hearing room in Harrisburg, while the presiding officers participated by telephone from a hearing room in Pittsburgh. The parties participating in the hearing waived cross-examination and all verified, pre-served written testimony and exhibits, with the exception of the evidence pre-served by Peoples, were admitted into the hearing record by stipulation. No parties participating in the hearing objected to Peoples’ petition for leave to withdraw its Complaint. The presiding officers determined that the petition for leave to withdraw the complaint was in the public interest and granted the Petition to Withdraw at the hearing.[[6]](#footnote-6)

On November 29, 2018, PWSA filed a Joint Petition for Settlement with the Commission’s Secretary’s Bureau. PWSA, I&E, OCA, OSBA and Pittsburgh UNITED (the Settlement parties) were parties to the Settlement.[[7]](#footnote-7)

On November 30, 2018, Duquesne Light filed a letter with the Commission’s Secretary’s Bureau indicating it did not object to the Settlement.

On November 30, 2018, OCA sent a letter to Complainant James Ferlo regarding the Settlement advising him of his right to comment, object to or join in the Settlement.

On December 5, 2018, OCA filed its Statement in Support of the Settlement.

On December 6, 2018, PAWC filed a letter indicating it did not oppose the Settlement.

PWSA, I&E and Pittsburgh UNITED each filed a Statement in Support of the Settlement on December 7, 2018.

On December 10, 2018, OSBA filed its Statement in Support of the Settlement. All Settlement Parties have filed their respective Statements in Support and the Settlement document has been served by OCA on Complainant James Ferlo, who has not joined in the Settlement nor filed a letter with the Commission indicating he does not object to the Settlement.

THEREFORE,

IT IS ORDERED:

1. That any comments or objections to the Joint Petition for Settlement filed on November 29, 2018 shall be filed by December 21, 2018.

Date: December 12, 2018 /s/

Mark A. Hoyer

Deputy Chief Administrative Law Judge



**R-2018-3002645 PENNSYLVANIA PUBLIC UTILITY COMMISSION ET AL v. PITTSBURGH WATER AND SEWER AUTHORITY - WATER**

**R-2018-3002647 PENNSYLVANIA PUBLIC UTILITY COMMISSION ET AL v. PITTSBURGH WATER AND SEWER AUTHORITY – WASTEWATER**

*Revised 12/11/18*

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1. Docket No. C-2018-3003165 (Water) [↑](#footnote-ref-1)
2. Docket No. C-2018-3003173 (Wastewater) [↑](#footnote-ref-2)
3. Docket No. C-2018-3003388 (Water) [↑](#footnote-ref-3)
4. Docket No. C-2018-3003384 (Wastewater) [↑](#footnote-ref-4)
5. Proof of Publication of Notice in Pittsburgh Post-Gazette was filed with the Commission’s Secretary’s Bureau on August 31, 2018.

   [↑](#footnote-ref-5)
6. An ordering paragraph granting the Petition will be included in the Recommended Decision. 52 Pa.Code § 1.2.

   [↑](#footnote-ref-6)
7. In the Settlement, the parties represent that Duquesne Light and PAWC indicated they do not oppose the Settlement. Settlement, p. 1, footnote 1. [↑](#footnote-ref-7)