



September 30, 2019

The Honorable Mark A. Hoyer
Deputy Chief Administrative Law Judge
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Pittsburgh, PA 15222
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The Honorable Conrad A. Johnson
Administrative Law Judge
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Re: Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority, Docket Nos. M-2018-2640802, -2640803

Petition of the Pittsburgh Water and Sewer Authority for Approval of Its Long-Term Infrastructure Improvement Plan, Docket Nos. P-2018-3005037, -3005039

Dear Judge Hoyer and Judge Johnson,

Enclosed, please find the **Reply Brief of Pittsburgh UNITED** and the **Statement of Pittsburgh UNITED In Support of the Joint Petition for Partial Settlement**. These documents were filed electronically with the Commission today in the above noted proceedings. Copies have been served on all parties of record consistent with the attached Certificate of Service.

Please do not hesitate to contact me or my co-counsel with any questions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Elizabeth R. Marx".

Elizabeth R. Marx
Co-Counsel for Pittsburgh UNITED

CC: Certificate of Service
Secretary Rosemary Chiavetta

Enc.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of Chapter 32 of the	:	Docket No.	M-2018-2640802
Public Utility Code Re Pittsburgh	:		M-2018-2640803
Water and Sewer Authority	:		

Petition of the Pittsburgh Water and Sewer	:	Docket No.	P-2018-3005037
Authority for Approval of Its Long-Term	:		P-2018-3005039
Infrastructure Improvement Plan	:		

Certificate of Service

I hereby certify that I have this day served copies of the **Reply Brief of Pittsburgh UNITED** and the **Statement of Pittsburgh UNITED In Support of the Joint Petition for Partial 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 EMAIL

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Respectfully submitted,

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of Chapter 32 of the	:	Docket No.	M-2018-2640802
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**STATEMENT OF PITTSBURGH UNITED
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

Pittsburgh UNITED, a signatory party to the Joint Petition for Partial Settlement (Joint Petition or Partial 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 or PUC). For the reasons stated more fully below, Pittsburgh UNITED believes that the terms and conditions of the proposed Partial Settlement are in the public interest and should be approved.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

On September 28, 2018, the Pittsburgh Water and Sewer Authority (PWSA) filed a Petition with the Pennsylvania Public Utility Commission for approval of its Compliance Plan, which it filed pursuant to section 3204(b)-(c) of the Public Utility Code.¹ On the same day, PWSA filed its Long-Term Infrastructure Improvement Plan (LTIIP) at a separate docket.² On November 28,

¹ See Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater).

² See Docket Nos. P-2018-3005037 (water) and P-2018-3005039 (wastewater); see also 66 Pa. C.S. § 3204(b).

2018, the Commission assigned the Compliance Plan to the Office of Administrative Law Judge and established a two-stage procedure for its review.³ On February 21, 2019, Judges Hoyer and Johnson ordered the consolidation of the Compliance Plan Stage 1 and LTIP proceedings.⁴

The Compliance Plan describes PWSA's plans to come into compliance with the Public Utility Code and Commission regulations. The Compliance Plan provides information about PWSA's low income assistance programs,⁵ as well as PWSA's compliance with the Public Utility Code and the Commission's regulations regarding residential customer billing, collections, and termination policies.⁶ Both the Compliance Plan and the LTIP also describe PWSA's plans to address drinking water contamination caused by the corrosion of lead-bearing infrastructure, including lead service lines.⁷ Pittsburgh UNITED submitted extensive public comments on both the Compliance Plan and LTIP, and subsequently intervened in this proceeding to protect its members' and all Pittsburgh residents' interest in safe and affordable drinking water.⁸

II. OVERALL REASONS IN SUPPORT OF PARTIAL SETTLEMENT

Pittsburgh UNITED asserts that the proposed Partial Settlement strikes an appropriate balance of the parties' many and varied interests – resolving several important issues, significantly narrowing the issues for litigation, and deferring a number of issues for litigation to Stage 2 of this proceeding.

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 relevant to the

³ Secretarial Letter (Corrected), at 1 (Nov. 28, 2018).

⁴ First Interim Order Granting Motion for Consolidation of Proceedings (Feb. 21, 2019).

⁵ Compliance Plan, at 75-76.

⁶ Id. at 37-48.

⁷ Id. at 119-21; LTIP, at 16-18, 27-29, 53-54.

⁸ See Pittsburgh UNITED Petition to Intervene ¶¶ 14-15.

Commission’s determination of whether PWSA’s Compliance Plan and LTIIP “adequately ensure and maintain the provision of adequate, efficient, safe, reliable, and reasonable service.”⁹ To that end, Pittsburgh UNITED submitted over 200 pages of written expert testimony from three subject matter experts, along with exhibits and supportive data and documentation, regarding customer service policies, practices, and procedures; low income customer assistance programs; and lead remediation issues, including the public health effects of lead exposure and the adequacy of PWSA’s lead remediation programs.¹⁰ This testimony documented, in substantial detail, the aspects of PWSA’s policies and procedures that Pittsburgh UNITED asserts must be reformed in order for PWSA to come into compliance with all applicable laws and regulations governing public utilities.

The proposed Partial Settlement resolves a number of the issues addressed in Pittsburgh UNITED’s testimony. While Pittsburgh UNITED’s positions were not fully adopted, and with the exception of those issues reserved for litigation, the resolution of the issues detailed in the Partial Settlement represents a fair and balanced approach that satisfies the many and varied interests at stake in a reasonable and just manner.

With respect to customer service issues, and consistent with the Commission’s May 15, 2019 Secretarial Letter, the Partial Settlement defers a number of customer service issues for litigation to Stage 2 of this proceeding.¹¹ This includes issues related to PWSA’s termination policies and procedures, as well as PWSA’s compliance with the tenant protections contained in Chapter 15 of the Public Utility Code, known as the Discontinuance of Service to Leased Premises Act (DSLPA). Deferral of these issues to Stage 2 permits the parties to more fully engage in the

⁹ 66 Pa. C.S. §§ 3204(c), 1352(a)(7).

¹⁰ See Pittsburgh UNITED Sts. C1 to C3; Sts. C-1SR to C-3SR; and Sts. C-1SUPP-R to C-3SUPP-R.

¹¹ Secretarial Letter, at 2 (May 15, 2019).

workshop process led by the Commission's Bureau of Consumer Services (BCS), and will allow for a more holistic review of PWSA's residential billing, collections, and termination procedures as part of a single proceeding.¹²

With respect to PWSA's low income assistance programs (which PWSA refers to collectively as its customer assistance programs),¹³ the Partial Settlement establishes a process for additional informal review and input into the development of PWSA's Low Income Assistance Program Plan, which PWSA must file as part of its next base rate proceeding.¹⁴ This additional review process will help to ensure that PWSA's programs are appropriately designed to achieve the overarching goals of universal service programming: that is, to enable low income consumers to afford water and wastewater service and, in turn, to reduce uncollectible expenses and terminations that result from a consumer's inability to pay.

With respect to lead remediation, the Partial Settlement contains several terms that will enhance the adequacy, reliability, and safety of PWSA's service. PWSA will develop a plan, in consultation with the Community Lead Response Advisory Committee, to find and replace all lead service lines in its system by 2026. PWSA will conduct lead service line replacements through its small-diameter water main replacement program in neighborhoods with the greatest vulnerability to lead exposure. PWSA will also continue its efforts to minimize harmful partial lead service line replacements and provide free tap water filters to the customers with the highest risk of lead

¹² Id.

¹³ Note that PWSA refers to *all* programs that provide services or assistance to low income customers as "Customer Assistance Programs." PWSA's Bill Discount Program (BDP) is most comparable to the Customer Assistance Programs provided by other regulated utilities, and is within PWSA's portfolio of Customer Assistance Programs – which also includes its Hardship Fund Program, Winter Moratorium, and Community Environmental Project.

¹⁴ PWSA is required to file a comprehensive Low Income Assistance Program Plan as part of its next base rate case. See Recommended Decision, Docket Nos. R-2018-3002645, -3002647, at 23, ¶¶ F.1 & F.3 (order entered Jan. 17, 2019) (hereinafter "Rate Case Settlement"); Opinion and Order, Docket Nos. R-2018-3002645, -3002647 (order entered Feb. 27, 2019) (approving the terms of the Rate Case Settlement).

exposure. The Partial Settlement builds on many of the provisions contained in the settlement of PWSA's rate case, approved by the Commission on February 7, 2019.¹⁵

For these reasons and as discussed in more detail below, the proposed Partial Settlement is in the public interest and should be approved. While the following section addresses many provisions in the Partial Settlement, 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 Partial Settlement and urges the Commission to approve the Partial Settlement without modification.

III. REASONS FOR SUPPORT OF SPECIFIC ISSUES

A. Financial Accounting Practices, and Commission Required Reports

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

B. Metered Service And Meter Testing

Pittsburgh UNITED has not taken a position on the provisions in the Partial Settlement related to metered service and meter testing described in this section. Pittsburgh UNITED supports a number of related provisions of the Partial Settlement described in section J.6, below, regarding lead testing after meter replacement and the provision of water filters free of charge in the event that certain meter replacements cause elevated levels of lead in drinking water. See below for a discussion of these related provisions and the reasons Pittsburgh UNITED asserts that they are in the public interest and should be approved.

¹⁵ See Rate Case Settlement, at 11-17, ¶ III.C.1.

C. Allocation of Public Fire Hydrants Costs (Does Not Include the Billing Plan for Public Fire Hydrants Within the City of Pittsburgh)

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

D. Water Conservation Measures, Unaccounted-For Water And Leak Detection (52 Pa. Code §§ 65.11 and 65.20)

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

E. Contracts/Agreements with Customers, Other Municipalities & City

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

F. Tariff and Other Miscellaneous Issues (Not Addressed Elsewhere)

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

G. Capital Projects/Construction/Bidding Processes

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

H. Long-Term Infrastructure Implementation Plan (LTIIP) (52 Pa. Code § 121)

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

I. Customer Service, Collections, and Customer Assistance Programs

1. Issues Deferred to Stage 2

The Partial Settlement proposes to defer certain issues for litigation to Stage 2 related to PWSA's policies and procedures for residential terminations and collections, as well as PWSA's compliance with DSLPA.¹⁶ While Pittsburgh UNITED continues to believe that these important

¹⁶ Joint Petition for Partial Settlement, at 39-41, ¶ MM.1. The Commission approved the parties' proposal to defer these issues as part of its May 15, 2019 Secretarial Letter. The proposed provisions in the Partial Settlement memorialize that deferral, and seek approval of certain additional interim steps to protect residential consumers and tenants from harm pending a more full resolution of these issues in the context of the Stage 2 proceeding.

issues should be immediately addressed, we recognize that the complexity of the current proceedings requires additional flexibility from the parties. The Partial Settlement also includes certain interim provisions to help prevent harm to residential customers and tenants pending the conclusion of the Stage 2 proceeding.¹⁷ As described below, these provisions are in the public interest and should be approved.

A brief procedural summary is helpful to understand why it is in the public interest to defer certain issues for litigation to Stage 2 and to implement interim procedures until a more final determination can be reached. In its November 28, 2018 Secretarial Letter, the Commission announced a two-stage proceeding for review of PWSA's Compliance Plan, and explicitly deferred issues related to PWSA's compliance with Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations to Stage 2.¹⁸ Chapters 14 and 56 cover a broad range of issues pertaining to a regulated utility's billing, collections, and termination policies, practices, and procedures.¹⁹ The November 28, 2018 Secretarial Letter established a work group process, led by BCS, to help identify and potentially resolve compliance issues related to PWSA's current billing, collections, and termination policies.²⁰ This work group process was designed to help narrow the number of billing, collections, and termination compliance issues subject to litigation in Stage 2.²¹ Despite this directive, the Commission's Stage 1 Staff Report posed several directed questions related to PWSA's process for service discontinuation, suspension, and termination procedures.²² Likewise, at least one party interpreted the Commission's directives for Stage 1 to include

¹⁷ Id. at 39-41, ¶ MM.2, .3.

¹⁸ Secretarial Letter (Corrected), at 1, 3-4 (Nov. 28, 2018).

¹⁹ 66 Pa. C.S. Ch. 14; 52 Pa. Code Ch. 56.

²⁰ Secretarial Letter (Corrected), at 4 (Nov. 28, 2018).

²¹ Id.

²² See Stage 1 Staff Report, at 8 (citing 52 Pa. Code § 65.12).

collections issues, as part of its Stage 1 inquiry into PWSA's revenue and financing requirements.²³ In response, PWSA submitted testimony describing its process for terminations and its cursory plan for collections,²⁴ and Pittsburgh UNITED's expert witness, Mr. Mitchell Miller, submitted testimony in response thereto.²⁵ Because these issues were included in testimony, and therefore subject to active litigation, the parties were unable to fully discuss PWSA's termination and collections process in the Commission's established work group process.

Moreover, the November 28, 2018 Secretarial Letter did not identify whether PWSA's compliance with DSLPA would be subject to litigation as part of Stage 1 or Stage 2 of this proceeding. Pittsburgh UNITED filed a Petition for Reconsideration and/or Clarification requesting, in relevant part, that the Commission clarify that DSLPA compliance should be litigated as part of the Stage 1 proceeding.²⁶ The Commission granted this request, and Pittsburgh UNITED subsequently included issues related to PWSA's compliance with DSLPA in its direct and surrebuttal testimony.²⁷

Through the course of litigation, it became clear that the issues related to PWSA's termination and collections policies, as well as its compliance with DSLPA, were enmeshed with other aspects of Chapters 14 and 56 that were explicitly reserved for litigation in Stage 2.²⁸ The parties found it difficult to separately address the Stage 1 issues because they were so intertwined. Accordingly, UNITED agreed to defer those issues to Stage 2 based on PWSA's assurances that

²³ See I&E St. 2, at 57-63 (arguing that "the Commission indicated that Stage 1 is directed towards issues that include 'the revenue and financing requirements of maintaining service that supports the public health and safety.' As I will explain below, PWSA's failure to enact a comprehensive [collections] plan to mitigate its high level of uncollectibles impacts its revenues and financing requirements." (quoting Reconsideration Order at 6)).

²⁴ PWSA St. C-4, at 7-20.

²⁵ Pittsburgh UNITED St. C-1, at 9-21 (terminations), 31-35 (collections); Pittsburgh UNITED St. C-1SR, at 2-7 (terminations), 12-14 (collections).

²⁶ Petition for Clarification and/or Reconsideration of Pittsburgh UNITED, at 3, 10-11.

²⁷ Pittsburgh UNITED C-1, at 21-31; Pittsburgh UNITED St. C-1SR, at 7-11.

²⁸ See Pittsburgh UNITED St. C-1, at 34; Pittsburgh UNITED St. C-1SR, at 10-11.

it will continue to work in good faith toward mutually agreeable solutions. Thus, to allow the parties to more fully engage in the work group process, the parties jointly requested that the Commission defer these discreet issues to Stage 2 litigation.²⁹ The Commission approved this request for deferral in its May 15, 2019 Secretarial Letter.³⁰ The Partial Settlement both memorializes the deferral of termination, collections, and DSLPA compliance issues to Stage 2 and provides for a number of substantive and procedural interim processes to help protect consumers over the short term.

The provisions in the Partial Settlement which defer termination, collections, and DSLPA compliance issues for litigation to Stage 2 are in the public interest for two primary reasons. First, this deferral will allow for a more holistic review of all consumer-related billing, collections, and termination issues. These issues are not easily severed, and in many ways depend on the resolution of other Chapter 14 and 56 compliance issues that are already deferred for litigation to Stage 2. For example, as Mr. Miller concluded in his direct testimony with regard to collections issues:

There are a number of contentious Chapter 56 compliance issues that are intimately related to and intertwined with the method and manner of PWSA's future collections process. For example, whether PWSA is able to continue its current practice of allowing debt to run with the property – rather than the person – is a serious issue which continues to be explored through the ongoing Commission-ordered Chapter 56 workshop led by BCS. If, as part of Stage 2, PWSA is required to assign debts to the consumer rather than the property, this would necessarily – and quite substantially – impact the method and manner in which PWSA conducts its collections.³¹

Examining these issues as a whole, as part of Stage 2, is in the public interest, as it will allow the Commission to holistically resolve interrelated issues and will avoid unintended consequences which could result from a more protracted review.

²⁹ See Joint Expedited Motion for Extension of Commission-Created Deadlines, at 9-11.

³⁰ Secretarial Letter, at 3 (May 15, 2019).

³¹ Pittsburgh UNITED St. C-1, at 34.

Second, deferral of termination, collection, and DSLPA issues to Stage 2 will also allow the parties to engage fully in the Commission-established work group process. Pittsburgh UNITED is hopeful that by taking these issues off the table in Stage 1, and fully engaging in the informal work group process, many of these issues may be resolved informally without the need for extensive litigation. Preservation of the Commission's, PWSA's, and the parties' resources in this manner is squarely in the public interest, and should be approved.

The interim provisions in the Partial Settlement are likewise in the public interest and should be approved. First, the interim provisions require PWSA to attempt to call residential consumers the day before terminating service to a residence, and to track certain metrics related to that interim call process.³² Pittsburgh UNITED does not believe this interim process is adequate to meet the requirements of section 56.94 of the Commission's regulations,³³ and has therefore explicitly preserved its right to continue to assert that PWSA's current and interim process is not compliant with the regulations.³⁴ Nevertheless, Pittsburgh UNITED believes this interim, short-term process represents a reasonable compromise that will both enable the parties to engage in the work group process and help prevent harm to vulnerable consumers pending full litigation of the issue. To prevent any unnecessary delay in the ultimate resolution of this critically important issue, the Partial Settlement permits any party to file a Petition with the Commission regarding PWSA's compliance with section 56.94, outside of the Stage 2 proceeding.³⁵

³² Joint Petition for Partial Settlement, at 39-41, ¶ MM.2.a.

³³ See 52 Pa. Code § 56.94; Pittsburgh UNITED St. C-1, at 11-17, Pittsburgh UNITED St. C-1SR, at 2-7 ("I do not believe that a phone call is an effective substitute for a final attempt at in person contact at the premises immediately before service is terminated. This last effort to put eyes on a consumer before shutting off their service is a critical back-stop to prevent unauthorized or dangerous termination of service.").

³⁴ Joint Petition for Partial Settlement, at 41, ¶ MM.2.a.vii.

³⁵ *Id.* at 41, ¶ MM.2.a.vi.

Second, the interim provisions require PWSA to take decisive steps to learn about other regulated utilities' collections practices,³⁶ and to provide certain critical information about PWSA's ultimate collections plan and DSLPA policies in advance of the Stage 2 proceeding.³⁷ Given the complexity of the collections and DSLPA issues, Pittsburgh UNITED asserts that requiring PWSA to actively learn about best practices of other regulated utilities and to disclose certain information about its current or planned policies in advance of subsequent litigation will help to narrow the issues that must ultimately be subject to full litigation, thereby preserving the resources of PWSA, the Commission, and the parties to the proceeding.

Together, these provisions of the Partial Settlement are just and reasonable, fairly balance the various interests at stake, and will result in a more holistic review of PWSA's compliance with a range of consumer-related billing, collections, and termination issues. As such, Pittsburgh UNITED asserts that these provisions should be approved without modification.

2. PWSA Low-Income Customer Assistance Programs

The terms of the Partial Settlement which pertain to PWSA's low income assistance programs are in the public interest and should be approved.

PWSA's water and wastewater charges have increased dramatically since 2016, and are expected to continue to climb as PWSA must make substantial investments into critical infrastructure repairs and improvements.³⁸ While these investments are necessary to ensure the delivery of safe and reliable water and wastewater service, it is critical that PWSA also offer effective programming to ensure that financially vulnerable consumers can continue to access and

³⁶ Id. at 41, ¶ MM.2.b.i.

³⁷ Id. at 41-42, ¶¶ MM.2.b.ii, MM.3.

³⁸ Pittsburgh UNITED St. C-1, at 41-42.

maintain affordable water and wastewater services.³⁹ As Mr. Miller explained in his direct testimony, effective low income assistance programs are designed to “(1) provide low income customers with access to affordable service and (2) minimize uncollectible expenses which will be recovered from other customers as a result of unaffordable bills.”⁴⁰ As currently designed and implemented, PWSA’s low income assistance programs are inadequate to fulfill these dual objectives.⁴¹

The Partial Settlement establishes a process to allow BCS and members of PWSA’s Low Income Assistance Advisory Committee (LIAAC) (which includes parties to this proceeding) to review PWSA’s low income programs in greater detail and to provide feedback for how PWSA could improve its current low income assistance programming.⁴² This collaborative review process builds on PWSA’s rate case settlement commitment to develop a detailed and comprehensive Low Income Assistance Program Plan, which it must file as part of its next base rate proceeding.⁴³

First, the Partial Settlement requires PWSA to share details of its internal affordability analysis and other critical data points with BCS and the LIAAC.⁴⁴ As Mr. Miller explained in his direct testimony:

There has been no formal analysis of PWSA’s assistance programs, the relative need, and the impact it has had on payment patterns or bill affordability. And the data and information which is available tends to show that PWSA’s current customer assistance programs are not providing an adequate, equitable, and accessible level of assistance to meet the needs of its low income customers.⁴⁵

³⁹ Pittsburgh UNITED St. C-1, at 35, 41-42.

⁴⁰ *Id.* at 40-42.

⁴¹ *Id.* at 38-40.

⁴² Joint Petition for Partial Settlement, at 42, ¶ NN. This approach to further review of PWSA’s low income assistance programming is consistent with Mr. Miller’s recommendations in his direct testimony. *See* Pittsburgh UNITED St. C-1, at 43-45.

⁴³ Rate Case Settlement, at 23, ¶¶ F.1 & F.3

⁴⁴ Joint Petition for Partial Settlement, at 42, ¶ NN.1.

⁴⁵ Pittsburgh UNITED St. C-1, at 38.

While this provision of the Partial Settlement does not require PWSA to conduct a third party affordability analysis, as recommended by Mr. Miller,⁴⁶ PWSA's agreement to conduct an internal affordability review indicates a reasonable compromise. Moreover, allowing BCS and the LIAAC to review PWSA's internal affordability analysis is in the public interest, as it allows all interested stakeholders to better understand the needs of PWSA's consumers and to assess whether PWSA's programs are adequate to meet those needs.

The Partial Settlement also expands the duration of the LIAAC to March 2026,⁴⁷ which will ensure that BCS, the parties, and other members of the community and stakeholders who participate in the LIAAC will be able to raise and address issues as they arise and can provide ongoing input and feedback to improve PWSA's low income assistance programs over the longer term.

The Partial Settlement establishes a process for BCS and the LIAAC to review and provide input and feedback on PWSA's comprehensive Low Income Assistance Program Plan, which PWSA is required to file as part of its next base rate proceeding.⁴⁸ Pittsburgh UNITED has actively participated in each of the LIAAC meetings to date, and believes this early and informal review process may help to narrow the issues subject to subsequent litigation over the design and structure of PWSA's low income assistance programs – which will ultimately produce a better outcome for PWSA's most vulnerable consumers.

Finally, the Partial Settlement requires PWSA to develop an outreach plan for its current low income assistance programs, with input from interested parties and other stakeholders.⁴⁹ This

⁴⁶ Id. at 43-44.

⁴⁷ Joint Petition for Partial Settlement, at 42, ¶ NN.2.

⁴⁸ Id. at 42-43, ¶ NN.3.

⁴⁹ Id. at 42-43, ¶ NN.4.a.

outreach plan must then be included as part of PWSA's comprehensive Low Income Assistance Program Plan, and will be subject to formal review as part of PWSA's next base rate proceeding.⁵⁰ As Mr. Miller concluded in his direct testimony, PWSA's low income assistance programs "are not currently reaching the eligible population."⁵¹ Indeed, "only a very small fraction of potentially eligible households have successfully accessed assistance through PWSA's [Bill Discount Program] or Hardship Fund programs."⁵² Requiring PWSA to explicitly develop a plan for improving outreach, subject to informal input from BCS and members of the LIAAC and formal review in PWSA's next base rate proceeding, will help to ensure that PWSA's programs are fully accessible to those in need within its service territory.

As a whole, the Partial Settlement provisions regarding PWSA's low income assistance programs are in the public interest and should be approved. These provisions establish a reasonable and balanced process and procedure for ongoing review of PWSA's low income assistance programs, and will help to ensure that PWSA's programs are appropriately designed and administered to achieve the overarching goals and objectives of universal service programs. Namely, that the programs provide an appropriate level of assistance to those in need to both improve affordability and reduce uncollectible expenses and terminations created by rate unaffordability.

J. Lead Service Line Remediation

Service lines connect buildings' interior plumbing to water mains. The portion of the service line between the water main and the curb stop is sometimes called the "public side" of the

⁵⁰ Id. at 42-43, ¶ NN.4.b.

⁵¹ Pittsburgh UNITED St. C-1, at 38-39 & T.1.

⁵² Id. Of the approximately 19,193 eligible customers, only 2,677 customers had accessed its BDP as of February 2019. Id.

line; the portion between the curb stop and the residence is often referred to as the “private side.”⁵³ PWSA distributes drinking water to thousands of Pittsburgh residents through lead service lines.⁵⁴ 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.⁵⁵ Lead is a devastating toxin that can damage the brain, kidneys, and other organs.⁵⁶ There is no safe level of lead in drinking water.⁵⁷

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 U.S Environmental Protection Agency’s Lead and Copper Rule and Pennsylvania Department of Environmental Protection (DEP) regulations.⁵⁸ The concentration of lead in PWSA’s water has exceeded a regulatory threshold—known as the “lead action level”—five times since January 2016.⁵⁹ PWSA recently began applying a chemical additive, orthophosphate, to its water, in an effort to better control the corrosion of its lead-containing infrastructure and reduce lead levels in its drinking water.⁶⁰ PWSA also seeks to reduce its customers’ exposure to lead by replacing lead service lines and providing filters to some customers. Pittsburgh UNITED’s testimony in this proceeding addressed the scope, pace, and methods of PWSA’s lead remediation efforts.

⁵³ Pittsburgh UNITED St. C-2, at 6, 9.

⁵⁴ LTIIP, at 28 (estimating that there will be 6,600 public-side lead service lines in PWSA’s system at the end of 2019).

⁵⁵ Pittsburgh UNITED St. C-2, at 6.

⁵⁶ Pittsburgh UNITED St. C-3, at 8-10.

⁵⁷ *Id.* at 9.

⁵⁸ Pittsburgh UNITED St. C-2, at 6-7; 40 C.F.R. § 141.86; 25 Pa. Code § 109.1103(a)(1), (c), (g)(2).

⁵⁹ Pittsburgh UNITED St. C-2, at 8; Pittsburgh UNITED St. C-SUPP-2, at 8. PWSA’s water exceeds the lead action level when more than 10 percent of its tap water samples taken over a six-month period contain lead levels above 15 parts per billion. Pittsburgh UNITED St. C-2, at 7; see also 40 C.F.R. § 141.80(c)(1), (3). PWSA’s water exceeded the lead action level in the monitoring periods for January 1 to June 30, 2016; July 1 to December 31, 2016; July 1 to December 31, 2017; July 1 to December 31, 2018; and January 1 to June 30, 2019. Pittsburgh UNITED St. C-2, at 8; Pittsburgh UNITED St. C-SUPP-2, at 8.

⁶⁰ PWSA St. C-1SD, at 23; see also Pittsburgh UNITED St. C-2, at 9.

At present, PWSA conducts most of its lead service line replacements through a neighborhood-based program.⁶¹ Through this program, PWSA-retained contractors conduct lead service line replacements at no direct cost to customers in designated work order areas—contiguous, multi-block sections of the city.⁶² Contractors remove all public-side lead service lines located in work order areas and all private-side lead service lines connected to those public-side lead service lines, as long as customers have authorized the replacement.⁶³ PWSA has replaced thousands of lead service lines through this program.⁶⁴ As PWSA and its contractors have gained more experience, costs have fallen and the percentage of customers who accept PWSA’s offer of a free private-side lead service line replacement has increased.⁶⁵

In its Compliance Plan and LTIP, PWSA proposes terminating the neighborhood-based program in 2020, and instead performing most of its lead service line replacements in conjunction with a small-diameter water main replacement program.⁶⁶ Through this program, PWSA expects to replace about 20 miles of small-diameter water main each year between 2021 and 2026.⁶⁷ When PWSA replaces the main, it will also replace all public-side service lines attached to the main, regardless of material. PWSA will also offer to replace, free of charge, any corresponding private-side service lines that are made of lead.⁶⁸ If a customer does not authorize PWSA to perform a private-side lead service line replacement, PWSA will conduct a partial service line replacement, cutting the pipe and replacing the public-side line only.⁶⁹

⁶¹ Pittsburgh UNITED St. C-2, at 10.

⁶² Id.

⁶³ Id.

⁶⁴ PWSA St. C-1, at 53, 57.

⁶⁵ Id. at 62 (describing a reduction in the average cost of a full lead service line replacement from \$12,300 in 2018 to \$9,500 in 2019); PWSA St. 1-R, at 32-33.

⁶⁶ Pittsburgh UNITED St. C-2, at 12.

⁶⁷ Pittsburgh UNITED St. C-2, Appendix B, 1, UNITED I-1.

⁶⁸ Pittsburgh UNITED St. C-SUPP-2, at 2-3; PWSA St. C-1SD, RAW-C-46 ¶ 4.2.d.

⁶⁹ PWSA St. C-1SD, at 30.

After a lead service line replacement, PWSA provides customers with a free tap water sampling kit, water filter, and replacement filter cartridges.⁷⁰ PWSA also provides a free tap water sampling kit to anyone who requests one, and free pre-replacement water filters and replacement filter cartridges to certain eligible customers.⁷¹ The Compliance Plan and LTIP are silent on PWSA's plans for providing customers with tap water sampling kits, water filters, and replacement filter cartridges beyond 2020.⁷²

Pittsburgh UNITED's testimony analyzed these proposed lead remediation plans for 2020-2026 and identified several deficiencies. Most importantly, Pittsburgh UNITED's witnesses explained that (1) PWSA lacked a strategy for developing an accurate and comprehensive inventory of the lead service lines in its system,⁷³ (2) PWSA's existing and proposed lead service line replacement programs, as designed, would not remove all the lead from PWSA's system,⁷⁴ and (3) PWSA's lead remediation plans provided inadequate protections for some customers, including pregnant women, children, Black, Latinx, and low income residents, who are most at risk of lead exposure.⁷⁵ Accordingly, Pittsburgh UNITED's expert witnesses offered various recommendations aimed at remedying these deficiencies.

The proposed Partial Settlement adopts a portion of Pittsburgh UNITED's recommendations, securing several important improvements to PWSA's lead remediation program. These improvements—discussed below—include commitments by PWSA to increased transparency and community engagement, a plan to find and replace all lead service lines in

⁷⁰ Pittsburgh UNITED St. C-3, at 17.

⁷¹ Id.

⁷² See generally Compliance Plan, at 119-21; LTIP, at 53-54; see also PWSA St. C-1, at 62-63; Pittsburgh UNITED St. C-3, at 35.

⁷³ Pittsburgh UNITED St. C-2, at 29-34; Pittsburgh UNITED St. C-2SR, at 6-7.

⁷⁴ Pittsburgh UNITED St. C-2, at 14-15, 26-28; Pittsburgh UNITED St. C-3, at 21-24; Pittsburgh UNITED St. C-2SR, at 2-4, 8; Pittsburgh UNITED St. C-3SR, at 5, 8-9.

⁷⁵ Pittsburgh UNITED St. C-3, at 25-35; Pittsburgh UNITED St. C-3SR, at 7, 10-11.

PWSA's system, the prioritization of lead service line replacements for communities most vulnerable to lead exposure, a commitment to minimizing the circumstances in which PWSA will conduct harmful partial replacements, and tap water filter distribution policies that will better protect residents' health. While the Partial Settlement does not adopt all of Pittsburgh UNITED's recommendations, the lead-related settlement terms are reasonable and in the public interest. Pittsburgh UNITED respectfully requests that the Commission approve the Partial Settlement as quickly as possible so that PWSA can begin implementing these critical measures.

1. Transparency and Community Engagement

For PWSA's lead remediation efforts to succeed, customers must be informed about those efforts and have the ability to provide feedback on program design and implementation. The settlement of PWSA's rate case created the Community Lead Response Advisory Committee (CLRAC), comprised of representatives from local community groups, academics, a public health expert, and other interested parties.⁷⁶ Pittsburgh UNITED has participated in each of the seven CLRAC meetings to date and has found the committee to be an effective way to communicate community preferences and concerns to PWSA about its lead remediation programming.⁷⁷ PWSA has been well-prepared for CLRAC meetings and appears to be carefully considering the feedback it receives. CLRAC members contribute unique expertise—ranging from public health to community organizing to engineering—in service of their shared goal of making PWSA's lead remediation efforts as effective as possible. CLRAC feedback has helped to shape, for instance, PWSA's efforts to prioritize lead service line replacements in vulnerable

⁷⁶ Rate Case Settlement, at 11, ¶ III.C.1.a

⁷⁷ CLRAC meeting agendas and presentations are available at <http://lead.pgh2o.com/resources/clrac/>.

communities in 2019-2020 and PWSA's strategies for increasing customer participation in various aspects of its lead remediation programs.

The Partial Settlement extends the CLRAC's term through 2026 (subject to the active participation of its members).⁷⁸ It also specifies a number of additional issues on which PWSA must consult with the CLRAC, including PWSA's inventory of service line materials, its lead service line replacement plans, and its filter programs.⁷⁹ Equally important are provisions requiring PWSA to gather information for presentation to the CLRAC to help ensure that the Committee has the data it needs to provide meaningful feedback. For instance, PWSA must report to the CLRAC twice each year the number of partial lead service line replacements it performs.⁸⁰ Although ultimate decision-making authority regarding lead remediation programming remains with PWSA and this Commission, the CLRAC promotes PWSA's accountability to its customers. These provisions are in the public interest and should be approved.

2. Lead Service Line Inventory

PWSA cannot replace the lead pipes if it does not know where to find them, so a complete and accurate inventory of service line materials is an essential component of an effective lead remediation program.⁸¹ DEP regulations and the Lead and Copper Rule require utilities with water lead levels that exceed the lead action level to prepare a materials evaluation that identifies the number of lead and copper pipes in their systems.⁸² PWSA, whose water lead levels first exceeded the lead action level in 2016, must submit an inventory of all residential

⁷⁸ Joint Petition for Partial Settlement, at 51, ¶ WW.1-WW.2.

⁷⁹ Id. at 51-52, ¶ WW.4.

⁸⁰ Id. at 52, ¶ WW.4.b.

⁸¹ Pittsburgh UNITED St. C-2, at 29-30.

⁸² 25 Pa. Code §§ 109.1107(a)(6)(i), 109.1103(g)(1); 40 C.F.R. §§ 141.84(b)(1), 141.86(a).

service lines to DEP by December 31, 2020.⁸³ In the run up to that deadline, PWSA has taken steps to improve its inventory by, for example, reviewing historical records of service line materials and conducting curb-box inspections.⁸⁴ Historical records and curb-box inspections, however, are often unreliable.⁸⁵ At present, PWSA lacks an accurate estimate of the number and location of the lead service lines in its system.⁸⁶

PWSA's Compliance Plan and LTIP do not explain how PWSA will complete its inventory. After filing the Compliance Plan and LTIP, however, PWSA submitted an inventory plan to DEP.⁸⁷ That plan indicates that PWSA is collaborating with researchers at the University of Pittsburgh to develop a machine-learning model that will predict the material composition of all public- and private-side service lines in PWSA's system.⁸⁸ PWSA expects the model to be complete by the end of this year.⁸⁹ PWSA is also improving its inventory by recording the composition of private-side service lines when it replaces water meters.⁹⁰ Pittsburgh UNITED supports these efforts.

The Partial Settlement will require PWSA to execute the inventory plans it has already made and further improve PWSA's inventorying efforts. PWSA is obligated under the settlement to use the machine-learning model to predict the location of lead service lines.⁹¹ Once the machine-learning model generates predictions for service line composition, PWSA must inform

⁸³ Pittsburgh UNITED St. C-2, Appendix C, 11-15, Consent Order and Agreement, In The Matter Of Pittsburgh Water and Sewer Authority regarding Violations of the Pennsylvania Safe Drinking Water Act and the Rules and Regulations Promulgated Pursuant Thereto Regarding the Lead and Copper Rule ¶ 3(c)(iii) (Nov. 17, 2017).

⁸⁴ Pittsburgh UNITED St. C-2, at 30. Pursuant to the rate case settlement, PWSA has also updated regularly the inventory information available on its online lead map. Rate Case Settlement, at 12, ¶ III.C.a.ii & 16, ¶ III.C.d.ii; PWSA, Lead Map, <http://lead.pgh2o.com/your-water-service-line/planned-water-service-line-replacement-map/>.

⁸⁵ Pittsburgh UNITED St. C-2, at 31; PWSA St. C-1SD, RAW-C-44, at 4.

⁸⁶ Pittsburgh UNITED C-2, at 30-32.

⁸⁷ PWSA St. C-1SD, RAW-C-44.

⁸⁸ *Id.* at 8-9.

⁸⁹ *Id.* at 9.

⁹⁰ *Id.* at 7.

⁹¹ Joint Petition for Partial Settlement, at 45, ¶ QQ.1.b.

the public of those results.⁹² Further, PWSA must present the CLRAC with a plan for investigating the model's predictions and to consider the CLRAC's feedback.⁹³ PWSA must also estimate the number of private-side lead service lines in its system; previously, it had estimated only the number of public-side lead service lines.⁹⁴ These terms are in the public interest and should be approved because they commit PWSA to developing a reliable and comprehensive inventory of its service lines and to sharing relevant information about the inventory with the CLRAC and PWSA customers; that information, in turn, supports PWSA's broader lead remediation efforts.

3. Replacement of All Lead Service Lines

Pittsburgh UNITED's testimony explains that eliminating the risk to customers from the corrosion of lead service lines requires replacement of all lead service lines in PWSA's system.⁹⁵ In the Compliance Plan, LTIIP, and public statements, PWSA expressed a goal of removing "all lead service lines" from its system by 2026.⁹⁶ But this goal referred to the removal of all public-side lead service lines, not all private-side lead service lines.⁹⁷ PWSA's current replacement programs, including the neighborhood-based program and the small-diameter water main replacement program, will replace some, but not all, public- and private-side lead service lines in PWSA's system; PWSA does not yet have a plan for removing lead lines not addressed by these efforts.⁹⁸ This incomplete plan will result in inequitable access to clean water based solely on a consumer's access to financial resources. Pittsburgh UNITED's experts therefore recommended

⁹² Id. at 45, ¶ QQ.1.b.

⁹³ Id. at 45, ¶ QQ.1.c.

⁹⁴ Id. at 45, ¶ QQ.2.a; Pittsburgh UNITED St. C-2, at 32.

⁹⁵ Pittsburgh UNITED St. C-2, at 16-18; Pittsburgh UNITED St. C-3, at 21-24.

⁹⁶ Pittsburgh UNITED St. C-2, at 14-16.

⁹⁷ Id.

⁹⁸ Pittsburgh UNITED St. C-2, at 26-27, 30-32; Pittsburgh UNITED St. C-SUPP-2, at 4-5.

that PWSA change its goal to replacing all public- and private-side lead service lines and to develop a comprehensive, just, and equitable plan capable of achieving that goal.⁹⁹

The Partial Settlement enacts many of those recommendations. PWSA has committed to the goal of replacing all public- and private-side lead service lines in its system by 2026.¹⁰⁰ PWSA will use the information it gains from completing the inventory about the number and location of lead service lines to develop a plan for reaching that 2026 goal, and it will submit the plan to the CLRAC for feedback.¹⁰¹ The plan must identify the methods PWSA will use to replace lead service lines and establish milestones for measuring PWSA's progress.¹⁰² PWSA may revise the plan and its 2026 target date based on new information, but, if it does so, it must explain its reasons to the CLRAC and set a new target date for removing all lead service lines from its system.¹⁰³ These provisions are in the public interest and should be approved because they require PWSA to commit to a long-term goal to remove all lead service lines and develop a detailed plan to reach that goal, with ongoing input and feedback from a broad range of stakeholders.

4. Prioritizing Lead Service Line Replacements for Vulnerable Communities

The risks of exposure to lead through drinking water 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

⁹⁹ Pittsburgh UNITED St. C-2, at 14-21.

¹⁰⁰ Joint Petition for Partial Settlement, at 45, ¶ QQ.2. The Partial Settlement recognizes that PWSA may not be able to remove all lead service lines from its system. Some service lines may not be operationally feasible to replace; customers may refuse to authorize replacement of others; and, despite PWSA's best efforts to build a complete materials inventory, there may be some lead service lines that PWSA wrongly believes to be non-lead. The Partial Settlement does not require PWSA to replace lines falling into any of these categories. *Id.* at 45-46, ¶ QQ.2.d.

¹⁰¹ *Id.* at 45, ¶ QQ.2.a-b & 52, ¶ WW.4.i.

¹⁰² *Id.* at 45, ¶ QQ.2.b.

¹⁰³ *Id.* at 46, ¶ QQ.2.c.

concentrations of lead in their blood is much higher in some neighborhoods than others.¹⁰⁴ Low income, Black, and Latinx individuals are also at disproportionate risk of lead exposure because they are more likely to live in older homes and rental homes with aging and poorly maintained infrastructure.¹⁰⁵ For these reasons, Pittsburgh UNITED's health expert, Dr. Bruce Lanphear, concluded that PWSA must prioritize service line replacements in neighborhoods with the highest concentrations of at-risk populations.¹⁰⁶

Pursuant to the rate case settlement, PWSA has worked with the CLRAC to prioritize lead service line replacements conducted through its neighborhood-based program according to children's blood lead levels, population of women of childbearing age and children under six, and income.¹⁰⁷ PWSA, however, expects to terminate the neighborhood-based program in 2020.¹⁰⁸ PWSA also informed the parties that it did not plan to consider public health criteria when selecting small-diameter water mains for replacement.¹⁰⁹ Thus, from 2021 onward, PWSA would no longer concentrate lead service line replacements in the most vulnerable neighborhoods.

The Partial Settlement remedies this problem by requiring PWSA to prioritize lead service line replacements for vulnerable communities as part of its small-diameter water main replacement program. Specifically, PWSA must work with the CLRAC to identify Priority Lead Neighborhoods where residents are at elevated risk of lead exposure, based on children's blood lead levels, the prevalence of women of childbearing age and children under the age of six,

¹⁰⁴ Pittsburgh UNITED St. C-3, at 6-8, 11-14.

¹⁰⁵ *Id.* at 7-8, 13; Pittsburgh UNITED St. C-3SUPP-R, at 3, 5.

¹⁰⁶ Pittsburgh UNITED St. C-3, at 24-28.

¹⁰⁷ Rate Case Settlement, at 14, ¶ III.C.1.a.v.

¹⁰⁸ Pittsburgh UNITED St. C-2, at 27.

¹⁰⁹ PWSA St. 1-R, at 62-63; Pittsburgh UNITED St. 3-CSR, at 7-8.

income, or other public-health or lead-related factors selected by PWSA and the CLRAC.¹¹⁰ PWSA must then seek, to the maximum extent possible, to replace at least 10 miles of small-diameter water main in Priority Lead Neighborhoods each year between 2021 and 2026 (constituting about half of PWSA's anticipated annual mileage for the small-diameter water main program).¹¹¹ PWSA must report to the CLRAC each year on whether it has reached this goal.¹¹² If it did not, PWSA must explain why and propose steps for reaching the 10-mile goal going forward.¹¹³ Operating the small-diameter water main replacement program in a manner that increases its public health benefit and protects those communities most at risk of lead exposure is in the public interest and, as such, these provisions of the Partial Settlement should be approved.

5. Partial Lead Service Line Replacements

A partial lead service line replacement occurs when a utility removes a public-side service line but not the private-side lead service line it was connected to.¹¹⁴ Partial replacements are dangerous and can cause spikes in drinking water lead levels that can last for months, as documented by post-replacement tap water monitoring in Pittsburgh.¹¹⁵ The rate case settlement includes several terms designed to reduce the number of partial replacements performed by PWSA. For instance, to better understand and reduce customer refusals of PWSA's offer to replace private-side lead service lines for free, PWSA has begun to track customers' reasons for refusal.¹¹⁶ PWSA must also follow up with those customers and consult with the CLRAC on outreach.¹¹⁷ When a landlord who does not live at a property refuses to authorize PWSA to

¹¹⁰ Joint Petition for Partial Settlement, at 50, ¶ VV.2.a.

¹¹¹ Id.; Pittsburgh UNITED St. C-2, Appendix B, 1, UNITED I-1.

¹¹² Joint Petition for Partial Settlement, at 46, ¶ QQ.3.b.

¹¹³ Id. at 46, ¶ QQ.3.b-c.

¹¹⁴ Pittsburgh UNITED St. C-2, at 9-10.

¹¹⁵ Id. at 10; Pittsburgh UNITED St. C-3, at 19-21.

¹¹⁶ Rate Case Settlement, at 12, ¶ III.C.1.a.i.

¹¹⁷ Id. at 15, ¶ III.C.1.b.

replace a private-side lead service line, PWSA may not perform a partial replacement under the terms of the rate case settlement.¹¹⁸

The Compliance Plan and LTIP, however, did not commit PWSA to continuing these critical policies for avoiding partial replacements after 2019. Accordingly, several settlement terms address this gap. Most importantly, PWSA must offer to replace a private-side lead service line for free whenever it replaces a public-side service line.¹¹⁹ This commitment is particularly important in the context of the small-diameter water main program, where PWSA will be replacing hundreds of public-side service lines; if PWSA did not simultaneously offer free private-side lead service line replacements, it would invariably conduct a large number of harmful partial replacements.¹²⁰ For the neighborhood-based program, the Partial Settlement extends the bar on performing partials at residences that are not occupied by the property owner.¹²¹ As with the rate case settlement, the Partial Settlement aims to minimize customer refusals of free private-side replacements by requiring that PWSA make at least one attempt to contact the property owner by mail, one attempt by telephone, and one attempt in person.¹²² It also requires PWSA to submit a biannual report to the CLRAC documenting the number of partial replacements conducted during the reporting period, to submit a quarterly report documenting the number of property owners who refuse to authorize a private-side replacement and the reasons for their refusal, and to consult with the CLRAC on improving outreach efforts for maximizing customer consent.¹²³ In this manner, the CLRAC can monitor trends in PWSA's partial replacements and suggest ways to minimize them. These terms are in the public interest

¹¹⁸ Id.

¹¹⁹ Joint Petition for Partial Settlement, at 49, ¶ VV.1.a.

¹²⁰ Pittsburgh UNITED St. C-2, at 24.

¹²¹ Joint Petition for Partial Settlement, at 49, ¶ VV.1.b.3.

¹²² Id. at 49, ¶ VV.1.b.ii & at 50, ¶ VV.3.a.ii.

¹²³ Id. at 52, ¶ WW.4.b, f.

and should be approved because they reduce partial replacements, which present significant public health risks to PWSA customers.

6. Tap Water Filters

Filters can offer short-term protection from elevated lead levels in drinking water.¹²⁴ Pursuant to the rate case settlement, PWSA currently offers filters and replacement cartridges free of charge to (1) customers who receive lead service line replacements, (2) any customer who submits a tap water sample that reveals lead concentrations above 15 parts per billion, and (3) low income customers eligible for PWSA's Customer Assistance Programs.¹²⁵ The Compliance Plan and LTIP did not indicate whether PWSA would continue providing filters in these circumstances after 2019.

The Partial Settlement commits PWSA to continuing its existing filter programs.¹²⁶ It also expands those programs in several important respects. First, PWSA will now provide free filters and replacement cartridges whenever tap water samples reveal lead levels in excess of 10 parts per billion, rather than the previous threshold of 15 parts per billion.¹²⁷ Although there is no safe level of lead in drinking water, lowering this threshold will better protect public health.¹²⁸

Second, under the terms of the Partial Settlement, PWSA must expand its low income filter program to include not just low income customers, but also low income tenants who are not customers but who would qualify for one of PWSA's Customer Assistance Programs.¹²⁹ A substantial portion of Pittsburgh residents who drink PWSA water are tenants: nearly half of PWSA's water accounts are for rental properties.¹³⁰ Purchasing a filter can be a financial burden

¹²⁴ Pittsburgh UNITED St. C-3, at 30.

¹²⁵ Rate Case Settlement, at 13, ¶ III.C.1.a.iv & 17, ¶ III.C.1.d.v.

¹²⁶ Joint Petition for Partial Settlement, at 48, ¶ TT.1-3.

¹²⁷ *Id.* at 48, ¶ TT.1.a.

¹²⁸ Pittsburgh UNITED St. C-3, at 32-33.

¹²⁹ *Id.* at 48, ¶ TT.2.

¹³⁰ Pittsburgh UNITED St. C-1SUPP-R, at 10.

for any low income resident, regardless of whether they rent or own their home.¹³¹ The Partial Settlement thus better protects tenants from the risks of drinking lead-contaminated water while lead service line replacement efforts are underway.¹³²

Third, the Partial Settlement addresses potential risks from water meter replacements. PWSA is embarking on a five-year effort to replace 50,000 water meters in its system.¹³³ Studies have shown that water meter replacements can cause tap water lead levels to increase sharply by physically disrupting a lead service line.¹³⁴ It is not clear whether water meter replacements in Pittsburgh are having a similar effect.¹³⁵ Consequently, PWSA will perform a three-month study to analyze post-meter replacement tap water testing submitted by customers who have a lead service line or galvanized or lead-bearing interior plumbing.¹³⁶ If more than 10 percent of these samples contain lead concentrations in excess of 10 parts per billion, PWSA will provide free filters and replacement cartridges to customers whenever it replaces a water meter at a residence that has a private-side lead or galvanized service line.¹³⁷ In addition, whenever PWSA conducts a meter replacement, it will record the material composition of the private-side service line and internal plumbing and inform the customer if either the line or plumbing has the potential to

¹³¹ Pittsburgh UNITED St. C-1, at 48-49.

¹³² Note that the adequacy of PWSA's proposed income-based reimbursement program for lead service line replacements is subject to litigation. If PWSA's reimbursement scheme is approved, certain tenants may never have their lead service line replaced – and would have to indefinitely rely on filters to help minimize their exposure to lead contaminated water. See Pittsburgh UNITED Main Brief at 33-34. While higher income renters may be able to relocate to a residence without lead service lines, low income tenants often lack sufficient mobility or access to affordable housing alternatives that would provide safe drinking water. See Pittsburgh UNITED C-1SUPP-R at 6-7, 15-16. Thus, ensuring low income tenants have ongoing access to free filters is of critical importance.

¹³³ LTIIP, at 25; PWSA St. C-1, at 31.

¹³⁴ Pittsburgh UNITED St. C-3, at 41; Pittsburgh UNITED St. C-2, at 37.

¹³⁵ See PWSA St. C-1R, at 54.

¹³⁶ Joint Petition for Partial Settlement, at 47, ¶ SS.1-3. The study includes homes with galvanized interior plumbing because the inside of galvanized steel and iron pipes can become covered in a scale containing lead that has leached from lead service lines; those galvanized pipes can then release lead over time, even after the lead service line has been replaced. Pittsburgh UNITED St. C-2, at 36-37.

¹³⁷ Joint Petition for Partial Settlement, at 47, ¶ SS.3.

release lead into the household's tap water.¹³⁸ These terms will help PWSA identify and, if necessary, mitigate risks to customers from water meter replacements.

Fourth, PWSA must consult with the CLRAC regarding ways to increase customer participation in its tap water sampling and filter distribution programs.¹³⁹ The CLRAC has already offered helpful suggestions to PWSA on strategies for customer outreach, and this term ensures that collaboration will continue.

These terms are in the public interest and should be approved because they will expand customers' access to tap water filters and better protect public health.

K. PWSA Compliance Plan Progress Reports

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

L. Other Issues

Pittsburgh UNITED did not take a position on these provisions of the Partial Settlement.

¹³⁸ Id. at 47, ¶ RR.1. PWSA will also do this whenever it performs a private-side lead service line replacement without a simultaneous meter replacement. Id. at 47, ¶ RR.2.

¹³⁹ Id. at 52, ¶ WW.4.e, g.

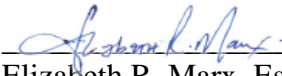
IV. CONCLUSION

The terms of the Partial Settlement will help PWSA “ensure and maintain adequate, efficient, safe, reliable and reasonable service.”¹⁴⁰ While Pittsburgh UNITED’s positions were not fully adopted, the terms as a whole nevertheless represent a reasonable resolution to many of the issues in these proceedings and help to narrow the number of issues that remain for litigation. Acceptance and approval of the Partial Settlement will also avoid further administrative and possible appellate proceedings on the settled issues. These terms are therefore in the public interest. Accordingly, and for the reasons stated above, Pittsburgh UNITED respectfully requests that the ALJs and the Commission approve the Partial Settlement without modification.

Respectfully Submitted,



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¹⁴⁰ 66 Pa. C.S. § 1352(a)(7).