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August 14, 2019

Via Email and First Class Mail

Hon. Mark A. Hoyer
Hon. Conrad A. Johnson
Administrative Law Judge
PA Public Utility Commission
Piatt Place, Suite 220
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Pittsburgh, PA 15222

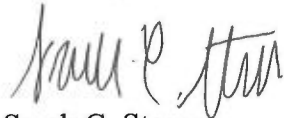
Re: Implementation of Chapter 32 of the Public Utility Code RE: Pittsburgh Water
and Sewer Authority; Docket Nos. M-2018-2640802 and M-2018-2640803 and

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

Dear Judge Hoyer and Judge Johnson:

On behalf of Pittsburgh Water and Sewer Authority ("PWSA") enclosed please find the
Supplemental Rebuttal Testimony of Robert A. Weimar – Supplemental Statement No. C-1R-
Supp. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Sarah C. Stoner

SCS/lww
Enclosure

cc: Rosemary Chiavetta, Secretary (COS only)
Certificate of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PWSA's Supplemental Rebuttal Testimony, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via First Class Mail and/or Email

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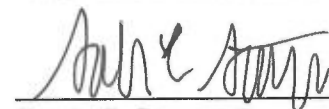
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Sarah C. Stoner, Esq.

Dated: August 14, 2019

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SUPPLEMENTAL REBUTTAL TESTIMONY OF

ROBERT A. WEIMAR

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos. M-2018-2640802 and M-2018-2640803

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Lead Service Line Replacement Policy

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND CURRENT POSITION WITH PWSA.**

3 A. My name is Robert “Bob” A. Weimar. My position with The Pittsburgh Water & Sewer
4 Authority (“PWSA” or “Authority”) is Executive Director.

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

6 A. Yes. On February 14, 2019, I submitted direct testimony marked as PWSA St. No. C-1.
7 The direct testimony was accompanied by 27 exhibits marked as RAW/C-1 through
8 RAW/C-27. On May 6, 2019, I served rebuttal testimony marked as PWSA St. C-1R.
9 The rebuttal testimony was accompanied by five exhibits marked RAW/C-28 through
10 RAW/C-32. On August 2, 2019, I submitted supplemental direct testimony marked as
11 PWSA St No. C-1SD. The supplemental direct testimony was accompanied by 17
12 exhibits marked RAW/C-28(A), updated RAW/C-10 (clean and redline versions) and
13 RAW/C-33 through RAW/C-46. The supplemental direct testimony was also
14 accompanied by five documents to be entered by stipulation (Stip Doc-1 through Stip
15 Doc-5).

16 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

17 A. The purpose of my supplemental direct testimony is to respond to the supplemental direct
18 testimony of Office of Small Business Advocate Witness Brian Kalcic regarding
19 PWSA’s Lead Service Line Replacement Policy.

20 **II. PWSA’S LEAD SERVICE LINE REPLACEMENT POLICY**

21 **Q. HOW DOES OSBA WITNESS KALCIC DESCRIBE PWSA’S CURRENT LEAD**
22 **SERVICE LINE REPLACEMENT POLICY?**

23 A. Witness Kalcic describes PWSA’s current Lead Service Line Replacement Policy as
24 providing for the “replacement of both the public and private portions of residential lead

service lines through December 31, 2026, at no direct cost to the customer, under most circumstances.” (OSBA St. No. 1-SD at 1).

Q. IS OSBA WITNESS KALCIC’S DESCRIPTION OF PWSA’S LEAD SERVICE LINE REPLACEMENT POLICY ACCURATE?

A. No. PWSA’s current Lead Service Line Replacement Policy does not have an end date of December 31, 2026, as stated in Mr. Kalcic’s testimony. PWSA’s current goal is to replace all public and private residential lead service lines that it knows of, that are operationally feasible to replace and where PWSA has received authority from the owner to replace the private side, by 2026. And, that 2026 goal is going to be reevaluated by March 31, 2021, after PWSA completes the results of its inventory of private-side lead service lines connected to residential structures and could change. Mr. Kalcic’s summary of the policy also omits that PWSA will replace private-side lead service lines at no direct cost to residential customers when PWSA is replacing the public side of the service line, which PWSA owns, in order to prevent known health hazards of partial lead service line replacements.

Q. DO YOU AGREE WITH WITNESS KALCIC’S IDENTIFICATION OF THE CIRCUMSTANCES UNDER WHICH AN ELIGIBLE RESIDENTIAL PROPERTY OWNER WOULD NOT QUALIFY FOR A FREE FULL-LINE LEAD SERVICE LINE REPLACEMENT UNDER PWSA’S CURRENT POLICY?

A. No. Mr. Kalcic states that under PWSA’s current policy an eligible residential property owner would not qualify for a free full-line lead service line replacement only if homeowners elect to initiate replacement of their private side lead service lines after January 1, 2019. (OSBA St. No. 1-SD at 2). Mr. Kalcic’s statement is misleading as that is not the only circumstances under which a residential property owner would not be eligible for full-line replacement at no direct cost to the property owner. Eligible

property owners do not qualify for a full-line lead service line replacement (at no direct cost to the property owner) if PWSA is not replacing the public side of the line.

Q. WHAT DOES OSBA WITNESS KALCIC RECOMMEND IN HIS SUPPLEMENTAL DIRECT TESTIMONY?

A. OSBA Witness Kalcic recommends that the Commission direct PWSA to make all non-residential services lines eligible for its lead service line replacement program. He further recommends that non-residential customers be provided \$1,000 to offset the cost of replacing their service line if they elect to initiate replacement of the portion of their service line that runs from the curb stop to the meter. (OSBA St. No. 1-SD at 3).

Q. WHAT IS MR. KALCIC'S RATIONALE FOR HIS RECOMMENDATION TO EXPAND PWSA'S LEAD SERVICE LINE REPLACEMENT POLICY?

A. Mr. Kalcic attempts to support his recommendation to expand PWSA's Lead Service Line Replacement Policy by citing to PWSA's decision to replace certain galvanized iron service lines less than 1-inch in diameter at no cost to the property owner. (OSBA St. No. 1-SD at 2-3). Mr. Kalcic's testimony implies that the inclusion of certain galvanized iron service lines is a recent change in PWSA's Lead Service Line Replacement Policy. (OSBA St. No. 1-SD at 3). Mr. Kalcic argues that since some non-residential service lines are composed of galvanized iron that PWSA's Lead Service Line Replacement Policy should be expanded to include all non-residential customers. (OSBA St. No. 1-SD at 3).

Q. HOW DO YOU RESPOND?

A. PWSA's Lead Service Line Replacement Policy has included galvanized iron service lines since the first version of the policy was adopted in January 2018. PWSA's inclusion of galvanized iron service lines (serving certain residential properties and dual use properties) in its Lead Service Line Replacement Policy does not justify the

expansion of the policy to include all non-residential customers. Galvanized iron service lines (serving certain residential properties and dual use properties) are included in PWSA's Lead Service Line Replacement Policy due to concerns that galvanized iron service lines were typically joined to a lead public service line and lead leaching from the public lead segment can be deposited on the inside of galvanized iron piles, leading to lead leaching if only the public side is replaced in these instances. Concerns regarding partial replacements are not applicable to non-residential service lines as non-residential services lines do not have a public and private portion (the entire service line is owned by the non-residential property owner).

Due to constraints on funding and other resources, PWSA must prioritize a wide variety of infrastructure and operational projects. PWSA's top priority is maintaining the water supply and treatment systems, and its water delivery infrastructure which requires immediate attention. Prioritizing the replacement of non-residential customer lead or galvanized service lines is not essential because: (1) PWSA does not own those lines or have any responsibility for their replacement; and (2) PWSA has implemented an effective corrosion control method.

Moreover, PWSA's voluntary decision to replace residential lead and galvanized iron service lines at no direct cost to the customer or on an income based sliding scale of reimbursement was informed, in part, by PWSA's concern that without such support from PWSA, a large percentage of private-side lead service lines would not be replaced due to customer inability to fund such investment. For non-residential customers, however, replacing a private lead service line can reasonably be viewed as a "cost of doing business," in the same manner as utility service itself. Non-utility customers

generally are not the beneficiary of utility social benefit programs (such as CAP). To do otherwise would impose unreasonable costs on remaining customers and force residential customers to bear an additional burden in their water rates.

Q. DID MR. KALCIC IDENTIFY THE POTENTIAL COST OF HIS RECOMMENDED CHANGES TO PWSA'S LEAD SERVICE LINE REPLACEMENT PROGRAM?

A. No. OSBA Witness Kalcic did not present any testimony on the potential cost of expanding PWSA's lead service line replacement program to include all non-residential customers. In addition, Mr. Kalcic has not identified a specific funding source that he proposes PWSA utilize to recover the costs of his recommendation.

Q. WHAT WOULD MR. KALCIC'S RECOMMENDATIONS COST PWSA AND ITS RATEPAYERS?

A. PWSA does not know at this stage what Mr. Kalcic's recommendations would cost PWSA and its ratepayers because PWSA does not know how many non-residential customers have lead service lines. While PWSA estimates that there are over 550 non-residential galvanized iron service lines, it does not have an estimate of the number of non-residential lead service lines. PWSA anticipates that it could cost several million dollars to implement Mr. Kalcic's recommendations.

Q. WHAT REQUIREMENTS HAS THE PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION IMPOSED REGARDING NON-RESIDENTIAL LINES?

A. Pursuant to a November 17, 2017 Consent Order and Agreement entered into by PWSA and the Pennsylvania Department of Environmental Protection ("PA DEP"), PWSA is required to provide a supplemental materials evaluation to the PA DEP for all structures connected to the system (including non-residential lines) by December 31, 2022. In addition, in the context of relay work, PWSA is required to notify a non-residential

customer that it will replace the main and offer to replace the non-residential service line. PWSA is not required to cover the cost of replacing the non-residential service line or to replace the service line if the owner refuses to pay for the cost of replacement. 25 Pa. Code § 109.1107(d)(4).

Q. IS PWSA IN COMPLIANCE WITH THE PA DEP'S REQUIREMENTS?

A. Yes. PWSA is on track to complete the service line material evaluation due to PA DEP by December 31, 2022. As required by PA DEP, PWSA offers to replace non-residential service lines at the customer's expense when it replaces a main that connects to the non-residential line.

Q. WHY CAN'T PWSA SUPPORT MR. KALCIC'S RECOMMENDATIONS?

A. PWSA cannot support Mr. Kalcic's recommendations due to cost and public policy considerations. It is necessary that PWSA commit its limited resources available after addressing residential lead removal to critical infrastructure repairs and replacement. Moreover, from a public policy standpoint, PWSA does not believe that PWSA customers generally should be required to subsidize lead line removal for non-residential customers who have the ability to fund the replacement as a business expense.

Q. ARE SOME NON-RESIDENTIAL CUSTOMERS ELIGIBLE UNDER PWSA'S LEAD SERVICE LINE REPLACEMENT PROGRAM?

A. Yes. Under PWSA's current lead service line replacement program, certain non-residential customers are eligible for full lead service line replacements and an income-based reimbursement policy for those who elect to replace a line on their own initiative. Eligible non-residential customers are dual use property owners (commercial & residential) with service lines 1-inch in diameter or less, for which the PWSA has

1 maintenance responsibility for the water service line from the water main to and
2 including the curb stop.

3 **Q. WHAT HAS PWSA DONE TO ADDRESS THE PUBLIC HEALTH CONCERNS**
4 **ASSOCIATED WITH NON-RESIDENTIAL LEAD SERVICE LINES?**

5 A. PWSA has implemented a corrosion control method for its drinking water using
6 orthophosphate. By introducing orthophosphate into PWSA's system, PWSA is
7 mitigating the health concerns associated with non-PWSA owned non-residential lead
8 service lines. Water test results have demonstrated that lead levels are trending
9 downward since orthophosphate was added to PWSA's system in April 2019, but it is too
10 soon to make any final conclusions. I expect that lead levels will be reduced to below the
11 lead action level as the effectiveness of orthophosphate continues to increase.

12 **III. CONCLUSION**

13 **Q. DOES THAT COMPLETE YOUR SUPPLEMENTAL REBUTTAL**
14 **TESTIMONY?**

15 A. Yes.

Daniel Clearfield
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August 19, 2019

Via Email and First Class Mail

Hon. Mark A. Hoyer
Hon. Conrad A. Johnson
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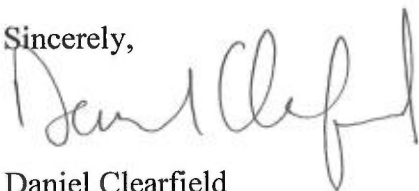
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Infrastructure Improvement Plan; Docket Nos. P-2018-3005037 and P-2018-3005039

Dear Judge Hoyer and Judge Johnson:

On behalf of Pittsburgh Water and Sewer Authority ("PWSA") enclosed please find the Rejoinder Testimony of Robert A. Weimar – Statement No. C-1RJ. Copies to be served in accordance with the attached Certificate of Service. PWSA is providing this Rejoinder testimony in lieu of presenting oral rejoinder at the hearings starting on Wednesday, August 21st.

Sincerely,



Daniel Clearfield

DC/lww

Enclosure

cc: Rosemary Chiavetta, Secretary (COS only)
Certificate of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PWSA's Rejoinder Testimony, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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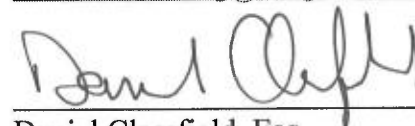
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Daniel Clearfield, Esq.

Dated: August 19, 2019

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REJOINDER TESTIMONY OF

ROBERT A. WEIMAR

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos. M-2018-2640802 and M-2018-2640803

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Lead Service Line Replacement Policy

TABLE OF EXHIBITS

PWSA Exhibits

Exh. No.	Document
RAW/C-47	PWSA Response to OSBA Interrogatory I-4, served August 12, 2019 [L0825712]

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND CURRENT POSITION WITH PWSA.**

3 A. My name is Robert “Bob” A. Weimar. My position with The Pittsburgh Water & Sewer
4 Authority (“PWSA” or “Authority”) is Executive Director.

5 **Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?**

6 A. The purpose of my rejoinder testimony is to respond to the supplemental rebuttal
7 testimony regarding PWSA’s Lead Service Line Replacement Policy by the Bureau of
8 Investigation and Enforcement (“I&E”) witness Israel Gray (I&E St. 4-RS); the Office of
9 Consumer Advocate witness Scott Rubin (OCA St. 2R-Supp.); the Office of Small
10 Business Advocate witness Brian Kalcic (OSBA St. 1-SR), and, Pittsburgh UNITED’s
11 witnesses Mitchell Miller (UNITED ST. C-1SUPP-R), Bruce Lanphear (UNITED ST. C-
12 2SUPP-R) and Gregory Welter (UNITED ST. C-3SUPP-R). I will discuss the testimony
13 of these witnesses’ opposition to PWSA’s proposed income based reimbursement policy
14 for customers who elect to replace their private-side lead service line. I will also discuss
15 Mr. Welter’s call that PWSA not only remove public side and private-side lead service
16 lines in the process of its small diameter main replacement program but also engage in a
17 “neighborhood” replacement program that would presumably replace additional private-
18 side lines at no direct cost to the ratepayer. I will also respond to OSBA witness Kalcic’s
19 claim that non-residential customer lead service line replacements should also be
20 subsidized by PWSA ratepayers.

Q. WITNESSES FOR I&E, OCA AND PITTSBURGH UNITED ALL HAVE SUBMITTED TESTIMONY OPPOSING PWSA’S PROPOSED INCOME BASED REIMBURSEMENT PLAN FOR REPLACING PRIVATE-SIDE LEAD SERVICE LINES WHEN A CUSTOMER REQUESTS SUCH A REPLACEMENT. CAN YOU PROVIDE A GENERAL RESPONSE?

A. Yes. I submit that these witnesses have overlooked or failed to appreciate several important facts in the process of expressing their opinion that the PUC should reject PWSA’s plan to require customers to contribute to the cost of replacing their private lead service line, which contribution would be based on the income of the customer, on a sliding scale.

First, none of the parties explicitly recognizes that PWSA is not obligated to replace any private-side lead service lines even if PWSA is above the “action levels” set forth in the “Lead and Copper Rule (“LCR”).¹ Under EPA’s LCR (which is also enforced by PADEP), if a water utility’s lead test results fall below the “action level” (which PWSA expects to be shortly) it has no obligation to replace any lines – public or private. Since 2016, PWSA’s water quality compliance tests have exceeded the “action level” for lead. As a result, PADEP’s Consent Order requires PWSA to replace public lead service lines. Notably, since 2018, PWSA has exceeded its obligation to replace at least seven percent of the public side lead lines each year that the Action Level is exceeded. PWSA’s planned 2020-2026 water main replacement programs are designed to continue lead service line replacements at this same rate, even though the Authority expects to be well below the lead “action level” shortly, which will eliminate the regulatory replacement requirements.

¹ See 25 Pa. Code §§ 109.1101 to 109.1108; 40 CFR Part 141 Subpart I.

1 Second, I am informed by counsel that, since lead in drinking water is a water
2 quality issue, the PUC does not have jurisdiction to direct PWSA to take action greater or
3 different than that required by the EPA/DEP.

4 Third, these witnesses appear not to recognize that, as a general rule, neither
5 PWSA, nor any water utility of which I am aware, is responsible for repairing or
6 replacing a water service line not owned by the utility (the portion of the line that extends
7 from the meter to the curb stop for PWSA's residential customers, or from the meter to
8 the main for Commercial properties). In fact, PWSA's Commission-approved tariff
9 provides that PWSA is not responsible (or liable) for the customer's own service pipe,
10 line, fixtures or other installations.²

11 Finally, PWSA expects that its corrosion prevention program, which was only
12 initiated in April of 2019, will continue to reduce lead levels in customer service lines not
13 only below the LCR "Action Levels" but to extremely low levels. This means that any
14 health concerns posed by the existing customer-owned service lines will be materially
15 reduced, if not eliminated.

16 Notwithstanding these above facts, PWSA has made the voluntary decision to
17 replace customer-owned lead service lines at no direct cost to the customer whenever
18 PWSA replaces a public side line, either as part of its Small Diameter Water Main
19 Replacement Program ("SDWMR"), or in response to an emergency or leak repair. This
20 was done principally to avoid creating "partial replacements", which can exacerbate lead

² See, e.g., PWSA Water Tariff at Part III, Section A, Paragraph B.12.

1 levels, for a period of time, in tap water at locations affected by the replacement.³ It has
 2 also committed to eliminating all lead lines in its system (that it can identify, that are
 3 operationally feasible to remove and where PWSA is given permission to do so). To do
 4 this, in 2021 PWSA will establish a plan and timeline to replace all lead service lines in
 5 its system and will establish a revised replacement timeline (its current goal is 2026) once
 6 it has completed its inventory of lead service lines in 2020. While PWSA has and will
 7 continue to try to obtain state or federal grants to cover the costs of lead line replacement,
 8 any such grants realistically will cover only a fraction of the total replacement cost. This
 9 means that the great bulk of the hundreds of millions of dollars it will need to fully
 10 replace all public and private-side lead lines in PWSA's system will have to come from
 11 ratepayer charges. Given that PWSA has no state or federal regulatory obligation to
 12 replace any private-side lines, and replacing facilities owned by customers is inconsistent
 13 with PWSA's approved tariff, PWSA's offer to voluntarily provide reimbursement to
 14 customers wishing to replace their own service lines – ranging from full reimbursement
 15 for low income customers (up to 300 Percent of the Federal poverty income level) to a
 16 \$1,000 stipend for non-low income customers of greater means – is extremely reasonable
 17 and necessary to maintain just and affordable rates.

18 **Q. MR. GRAY OPINED THAT PWSA HAS A STATUTORY MECHANISM**
 19 **AVAILABLE FOR THE RECOVERY OF COSTS FROM OTHER**

³ I should clarify that partial replacements would not exist for larger residential or non-residential customers. As I stated before, PWSA does not own any portion of larger residential or non-residential service lines. See PWSA St. No. C-1SR at 2.

**RATEPAYERS FOR THE REPLACEMENT OF THE PRIVATE-SIDE LINE.
I&E ST. NO. 4-RS AT 4, 6-7. PLEASE RESPOND.**

A. Mr. Gray made reference to 66 Pa.C.S. § 1311. He opined that this mechanism is available for PWSA to recover the costs of replacing private-side lead lines. While this section permits recovery of the costs of replacing private-side lead service lines (when the utility voluntarily decides to do so), that misses the point. The very real concern is PWSA's ability to finance all the "urgent" infrastructure improvements that it is planning, many of which are mandated by DEP *in addition to* financing the full cost of private lead line removal. These other projects, such as replacing the Clearwell, reinforcing water delivery, and upgrading treatment systems will already cause PWSA to utilize 100% of its borrowing capability and will require material additional rate increases for customers in the years ahead. The affordability of PWSA's rates is a concern not just for PWSA but for several of the parties in this proceeding; for example, Mr. Miller for Pittsburgh UNITED. Yet he, as well as witnesses for OCA and I&E, have called for PWSA to take on even more financial obligations and to impose additional rate burdens on its lower income customers in order to relieve other customers of a financial contribution to replace their own line even when that customer arguably has the financial wherewithal to make such a contribution.

Moreover, PWSA is under another directive when it comes to replacing private-side lead service lines: 72 P.S. 1719-E(c), (d), regarding municipal authorities. That statutory provision provides that, before using public funds for the replacement of private-side lines, a municipal authority shall consider the availability of public funds, equipment, personnel and facilities and the competing demands of the authority for public funds,

equipment, personnel and facilities. This is precisely what PWSA did in formulating its plan for reimbursement of customer initiated private-side lead service line replacement.

II. INCOME-BASED REIMBURSEMENT FOR PRIVATE-SIDE LEAD LINE REPLACEMENTS

Q. IS \$5,500 THE AVERAGE TOTAL COST TO REPLACE PRIVATE-SIDE LEAD LINES?

A. No. PWSA indicated that the average cost to replace private-side lead service lines is \$5,500. *See* RAW C-46 at p. 2, ¶ 2. That amount represents the cost of the replacement construction work only. It does not represent the total cost of replacing a private-side lead service line, which also includes Construction Management/Construction Inspection, data management, outreach efforts, and Program Management. The total cost for PWSA (or PWSA's contractor) to replace a private-side lead service line would be 25% to 35% (\$1,400 to \$2,000) higher than \$5,500, resulting in a total cost of up to \$7,500 for each private-side line replacement.

Q. DID ANY OF THE OTHER PARTIES PROVIDE COST ESTIMATES IF PWSA (OR PWSA'S CONTRACTOR) SHOULD PERFORM ALL REPLACEMENTS OF PRIVATE-SIDE LEAD LINES AND ABSORB THE FULL COST OF SUCH REPLACEMENTS?

A. No.

(A) Responses to Supplemental Rebuttal Testimony of Scott Rubin

Q. PLEASE SUMMARIZE MR. RUBIN'S TESTIMONY AS IT RELATES TO PWSA'S LEAD LINE REPLACEMENT PROPOSAL.

A. Mr. Rubin commends PWSA, and other water utilities, for implementing their lead service line replacement programs in a manner that avoids partial replacements by replacing the utility's portion of the service line at the same time as the customer-owned portion. Mr. Rubin testifies that where the programs of Philadelphia Water Department ("PWD"), York Water Company, Pennsylvania American Water Company ("PAWC"),

and PWSA differ “is in the treatment of lead service line removal when the utility is not replacing its portion of the service line.” Mr. Rubin then briefly explains the different treatments of customer-owned service lines under the different programs. Mr. Rubin also recommends that PWSA: 1) implement a procedure that groups ad hoc replacement requests geographically to enhance the efficiency of performing the work; and 2) rethink its proposed reimbursement method for ad hoc replacements. *See* OCA St. 2R-Supp at 3-5.

Q. HOW DOES PWSA’S LEAD LINE REPLACEMENT PROPOSAL WHEN PWSA IS NOT REPLACING ITS PORTION OF THE SERVICE LINE COMPARE TO THE PROGRAMS OF PWD, YORK WATER COMPANY, AND PAWC?

A. As Mr. Rubin testified, these utilities all have a different approach for the replacement of customer-owned lead service lines in circumstances when the utility is not replacing its portion of the line. Specifically:

- PWD will provide the customer with a 60-month, zero-interest loan. PWD does not assume responsibility for the work.⁴
- York Water will replace the line and will pay an amount not to exceed the Company’s average contracted cost for replacing customer-owned lead service lines in the year the replacement is made. Customers are required to pay the difference.⁵
- PAWC will group customer requests by geographic location and it will undertake replacements when the number of customer requests in a given location allows the Company to realize reasonable economies of scale by doing those replacements as a single project. The Company will proceed with replacements at the actual costs of such replacements up to the budget amount of \$6 million per year.⁶

⁴ City of Philadelphia Water Department website, *available at* <https://www.phila.gov/water/wu/drinkingwater/lead/Pages/programs.aspx>; <https://www.phila.gov/water/educationoutreach/customerassistance/Pages/HelpLoan.aspx> (Accessed: 16 August 2019).

⁵ *Petition of the York Water Company*, Docket No. P-2016-2577404, Joint Petition for Settlement (Jan. 23, 2017).

⁶ *Petition of Pennsylvania-American Water Company*, Docket No. P-2017-2606100, Joint Petition for Settlement on Remand (July 17, 2019).

- PWSA will reimburse customers for customer-owned lead line replacements, based on their income levels. Specifically, for households with income levels below 300 percent of the federal poverty level, as adjusted annually, PWSA will reimburse the entire cost of the private-side lead service line replacement. PWSA will reimburse 75 percent of the cost of the private-side lead service line replacement for households with income levels between 301 and 400 percent of the federal poverty level, as adjusted annually. For households with income levels between 401 percent and 500 percent of the federal poverty level, as adjusted annually, PWSA will reimburse 50% of the cost of the private-side lead service line replacement. The policy provides that all other households will be offered a \$1,000 stipend towards the replacement cost of a private-side lead service line replacement.

On the one end of the spectrum, PWD requires the individual customers seeking the replacement to ultimately pay and assume responsibility for the replacement. On the other end, York Water, PAWC, and PWSA all pay at least a portion of the line replacements. All three companies, however, utilize a different approach for determining the amount they will pay towards the replacements. As noted, York Water will only cover an amount not to exceed its average contracted costs.⁷ PAWC's payment obligations are subject to a payment cap. PWSA proposes to reimburse customers for replacements in an amount that is based on their income levels. In all three cases, payments made by the company for these replacements will ultimately be paid for by other ratepayers.

PWSA's proposal to reimburse customers for private lead line replacements based on customer income levels is not inconsistent with these varying approaches. Rather, PWSA's proposal is fair and reasonable in light of PWSA's financial situation and other

⁷ I note that York Water Company filed a Progress and Customer Outreach Efforts Report dated January 16, 2019 at Docket No. P-2016-2577404, wherein the Company reported that it had replaced 68 additional customer-owned service lines that were not adjoining to a Company-owned lead service line at no cost to the customer. Regardless, much like PWSA's proposal, the Settlement does not require York Water Company to necessarily pay the full cost of reimbursement.

1 financial obligations and reasonably balances the interests of individual consumers with
2 those of other rate payers that will ultimately pay for customer-owned lead line
3 replacements that are financed by the Company. Additionally, it should be noted that
4 PWSA has no legal obligation to fund the replacement of private lead lines, which I have
5 already discussed, and which I will discuss in more detail below.

6 **Q. HOW DO YOU RESPOND TO MR. RUBIN'S RECOMMENDATION TO**
7 **IMPLEMENT A PROCEDURE THAT GROUPS AD HOC REPLACEMENT**
8 **REQUESTS GEOGRAPHICALLY TO ENHANCE THE EFFICIENCY OF**
9 **PERFORMING THE WORK?**

10 A. It should be clarified that PWSA is not taking responsibility for the replacement of
11 private lead lines when it is not replacing the Authority's portion of the service line. In
12 these circumstances, the customer is required to hire a private contractor, and PWSA will
13 reimburse the customer for the lead line replacement expenses based on the customer's
14 income level. Cost efficiencies discussed by Mr. Rubin are definitely encountered when
15 there is a need to mobilize heavy equipment to excavate the water main in the street (and
16 to a lesser extent the curb-stop in the sidewalk) that is typical of the public side
17 replacements. More commonly, however, private-side replacements completed on an
18 individual basis are typically performed by smaller plumbing firms that utilize trenchless
19 technologies to complete their work, thereby eliminating the need to mobilize heavy
20 equipment. Accordingly, I do not believe that "grouping" is either necessary or
21 particularly cost effective for private-side replacements completed by the customer's
22 plumber. As an additional note I would point out that, in PWSA's experience to date
23 with its current private-side reimbursement program, a home owner can replace a private-
24 side lead service line at about 75% of the direct construction cost that PWSA averages

(\$5,500), which does not include an additional cost of up to \$2,000 for indirect construction costs.

(B) Responses to Supplemental Rebuttal Testimony of Brian Kalcic

Q. WHAT IS MR. KALCIC'S POSITION REGARDING PWSA'S LEAD SERVICE LINE REPLACEMENT PROGRAM?

A. In his Supplemental Rebuttal Testimony, Mr. Kalcic continues to maintain that the Commission should treat residential and non-residential service lines the same and direct PWSA to make all non-residential service lines eligible for its lead service line replacement program.

Q. HOW DO YOU RESPOND?

A. Mr. Kalcic's argument fails to recognize that residential and non-residential water service lines are being treated differently because they are different. As I testified in my Supplemental Rebuttal Testimony, non-residential water service lines do not have a public and private portion; a non-residential water service line is owned by the customer from the meter to the water main. Therefore, any concerns regarding partial replacements are not applicable to non-residential service lines. Further, prioritizing the replacement of non-residential customer lead or galvanized service lines is not essential because: (1) PWSA does not own those lines or have any responsibility for their replacement; and (2) PWSA has implemented an effective corrosion control process which has been used for decades by PAWC in its adjacent Pittsburgh system and other water utilities (e.g., DC Water) throughout the United States to obviate the immediate need for lead line replacement. Additionally, PWSA's voluntary decision to replace residential lead and galvanized iron service lines is due, in part, to PWSA's concern that without such support from PWSA, a large percentage of private-side lead service lines

would not be replaced due to customer inability to fund such investment. For non-residential customers, however, replacing a private lead service line can reasonably be viewed as a “cost of doing business,” in the same manner as utility service itself. A commercial or industrial customer should be able to pass on the cost of the lead service line replacement as a nominal overhead expense in its prices. Mr. Kalcic certainly has not produced any information that would justify a different treatment.

(C) Responses to Supplemental Rebuttal Testimony of Mitchell Miller, Bruce Lanphear and Gregory Welter

Q. PLEASE RESPOND TO PITTSBURGH UNITED’S RECOMMENDATION THAT PWSA SHOULD PAY ITS SHARE OF REPLACEMENT COSTS DIRECTLY TO THE CONTRACTORS PERFORMING REPLACEMENTS. SEE PITTSBURGH UNITED ST. C-1SUPP-R (MILLER) AT 3, 15; PITTSBURGH UNITED ST. NO. C-2-SUPP-R (WELTER) AT 6; PITTSBURGH UNITED ST. NO. C-3SUPP-4 (LANPHEAR).

A. PWSA is exploring this option and very much would like to do this. There are certain legal and operational hurdles (such as laws requiring competitive bidding for any PWSA construction project). We are currently determining whether PWSA can make a condition of doing the work on the customer-owned line that the plumber will accept full or partial payment from PWSA in the form of a check written to both the homeowner and the plumber. PWSA intends to continue to work on the details of the customer reimbursement program with CLRAC.

Q. PLEASE RESPOND TO PITTSBURGH UNITED’S RECOMMENDATION THAT, WHEN ASSESSING ELIGIBILITY FOR FINANCIAL SUPPORT TO REPLACE PRIVATE-SIDE LEAD SERVICE LINES AT RENTAL PROPERTIES, PWSA SHOULD USE THE INCOMES OF TENANTS, RATHER THAN LANDLORDS. SEE PITTSBURGH UNITED ST. C-1SUPP-R (MILLER) AT 3, 10-11, 15-16.

A. Presently PWSA’s Community Environmental Project allows the income of a tenant to be used to qualify for replacement, and PWSA is willing to consider the incomes of the

tenants with the new reimbursement policy. This is a detail that still needs to be worked out as PWSA establishes the reimbursement program procedures.

Q. PLEASE RESPOND TO PITTSBURGH UNITED'S RECOMMENDATION THAT PWSA ADOPT A ROBUST OUTREACH PROGRAM TO ENCOURAGE CUSTOMER PARTICIPATION FOR THE INCOME-BASED REIMBURSEMENT PROGRAM. SEE PITTSBURGH UNITED ST. C-1SUPP-R (MILLER) AT 16.

A. As Pittsburgh UNITED is aware through its participation in the CLRAC, PWSA has developed and implemented one of the most extensive and expansive public outreach programs for a LSLR project in the United States. We discuss our outreach plan and effort with CLRAC at every meeting and solicit input regarding other efforts we can undertake. We have no plans to diminish our outreach efforts moving forward.

Q. PLEASE RESPOND TO PITTSBURGH UNITED'S RECOMMENDATION THAT PWSA SHOULD BE REQUIRED TO FILE AN IMPLEMENTATION PLAN WITH THE COMMISSION WHICH DETAILS THE PROCESS FOR ADMINISTRATION OF THE INCOME-BASED REIMBURSEMENT PROGRAM AND ASSOCIATED COSTS. SEE PITTSBURGH UNITED ST. C-1SUPP-R (MILLER) AT 3, 16-17.

A. PWSA is willing to provide such information to the PUC in support of our desire for open and transparent relationships with interested parties. PWSA intends to develop its process and procedures over the next two months and will present the approach to CLRAC for comment before full implementation.

(D) Responses to General Concerns

Q. DID ANY OF THE OTHER PARTIES EXPRESS CONCERN OVER THE PROJECTED ADMINISTRATIVE COSTS OF THE JULY 2019 POLICY?

A. Yes. Mr. Rubin stated that the cost appears to be very high. OCA St. 2RSupp. at 5. Mr. Miller opined that amounts for administrative expenditures could be used to fund

1 additional private-side lead service line replacements. Pittsburgh UNITED St. No. C-1-
2 SUPP-R (Miller) at 11.

3 **Q. HOW DO YOU RESPOND?**

4 A. PWSA presented the estimate of cost to administer the program as a maximum amount as
5 to not overly bias the potential savings when the various scenarios were presented to the
6 PWSA Board. (The table and costs provided to the Board are shown in Mr. Miller's
7 testimony, App. A, 2). It intends to do everything reasonable to keep those costs low as
8 the program and processes are developed. In addition, the discussion of the
9 administrative cost missed the larger cost issue I mentioned previously: the cost per
10 private line replacement is significantly more costly when done by PWSA.

11 Administrative cost expenditures designed to facilitate private replacement (with PWSA
12 paying all or a portion of the cost) would seem to be well worth the effort, as this
13 approach results in a lower overall cost to the ratepayers than if PWSA performed all the
14 work directly.

15 I would also note that included in the cost estimate was an assumption that PWSA would
16 engage in an outreach program to inform customers of their opportunity to obtain a
17 private-side lead service line. This is an activity that the other parties want us to engage
18 in at a high level, which we are willing to do. However, additional outreach activities
19 will increase the administrative costs of the program.

20 **Q. DID ANY OF THE OTHER PARTIES EXPRESS CONCERN OVER THE**
21 **ABILITY OF CUSTOMERS TO AFFORD TO REPLACE THEIR OWN**
22 **PRIVATE-SIDE LEAD LINE?**

23 A. Yes. Mr. Rubin questions the ability of certain households to afford to pay to replace
24 their own private-side lead line. *See* OCA St. 2RSupp. at 5-7. He recommends that
25 PWSA reconsider both the practicality and usefulness of basing the reimbursement

1 amount on a household's income in comparison to the federal poverty level. The
 2 witnesses for Pittsburgh UNITED also expressed concern that PWSA's low and moderate
 3 income customer may be unable to pay for a lead service line replacement, even with the
 4 July 2019 Policy. Pittsburgh UNITED St. No. C-1-SUPP-R (Miller) at 5-6; Mr. Welter:
 5 Pittsburgh UNITED St. No. C-2-SUPP-R (Welter) at 6-7; Pittsburgh UNITED St. No. C-
 6 3-SUPP-R (Lanphear) at 4-5.

7 **Q. PLEASE RESPOND.**

8 A. PWSA believes that the sliding scale that we have proposed is reasonable and
 9 appropriately balances the ability of customers to pay a portion of these costs with the
 10 goal of reducing costs imposed on other ratepayers. I would note that PWSA's proposed
 11 sliding scale would only impose a payment obligation on customers whose household
 12 income levels exceed 300% of the Federal Poverty Level. For a family of four that
 13 amount currently is \$77,250.⁸ This is above the median household income in the
 14 Pittsburgh Metropolitan Area of \$58,521 (2017) and approximately the same as the
 15 median family income, which is \$77,460.⁹ And, PWSA's proposal would have
 16 customers pay only one half or three quarters of the cost of replacement for families of
 17 four with incomes up to \$103,000 and \$128,750 respectively.

18 PWSA is also willing to continue to monitor the results of the Customer Requested
 19 Replacement Program (and to consult with CLRAC about it) and continue to reevaluate

⁸ PWSA provided the Upper limits for a family of four at 300%, 400% and 500% of the Federal Poverty Level in answer to an OSBA Interrogatory I-4, which I attach as Exhibit RAW/C-47 to this Rejoinder.

⁹ The Census ACS 1-year survey reports that the median household income for the Pittsburgh Pennsylvania metro area was \$58,521 in 2017, the latest figures available, and that the median family income for Pittsburgh was \$77,460 in 2017. <https://www.deptofnumbers.com/income/pennsylvania/pittsburgh/>.

whether the income levels and levels of reimbursement are reasonable, and to modify them if appropriate.

Q. DID YOU REVIEW THE PAPER ATTACHED AS APPENDIX A TO MR. WELTER'S SUPPLEMENTAL REBUTTAL TESTIMONY?

A. Yes. The paper presents data from interviews with homeowners in Washington, DC and Providence, RI regarding lead service line replacements. According to Mr. Welter, requiring customers to pay for replacement, even in part, is likely to result in low participation.¹⁰

Q. DO YOU HAVE ANY COMMENTS OR RESPONSE?

A. Yes. First, I do not dispute that requiring some payment may deter some customers from undertaking replacement (although the new study Mr. Welter provides seems to find that even when the customer has no cost obligation, up to one in five customers nonetheless refuse to agree to have their lead lines replaced). But even if a payment requirement for non-low income customers would reduce the number of customer requested private service line replacements, PWSA believes that its proposal better balances the several goals of eliminating lead lines from its system while minimizing the burden on other low-income customers and recognizing that individual customers of means should have some responsibility for their own facilities. I would also note that PWSA has made a voluntary commitment to remove all public and private-side lead lines in its system; so a customer that declines to voluntarily remove his or her lead line under the customer replacement program will have an opportunity to have their lead line removed when the SDWMR program replaces the water main serving their residence.

¹⁰ Pittsburgh UNITED St. C-2SUPP-R (Welter), Appendix A at 53.

1
2 **Q. DID ANY OF THE OTHER PARTIES EXPRESS CONCERN THAT IT IS TOO**
3 **DIFFICULT FOR CUSTOMERS TO COMPLY WITH THE REQUIREMENTS**
4 **OF THE JULY 2019 POLICY?**

5 A. Yes. The witnesses for Pittsburgh UNITED opined that the steps required by customers
6 under the July 2019 Policy are too burdensome for low-income customers. Pittsburgh
7 UNITED St. No. C-1-SUPP-R (Miller) at 7-9; Pittsburgh UNITED St. No. C-2-SUPP-R
8 (Welter) at 3-4; Pittsburgh UNITED St. No. C-3-SUPP-R (Lanphear) at 5.

9 **Q. PLEASE RESPOND.**

10 A. This appears to be simply an opinion without any empirical evidence to back it up.
11 PWSA does not envision that the requirements to be exempted from making a
12 contribution for private lead line replacement under the July 2019 Policy will be
13 materially different than the steps that low income customers are required to take to
14 enroll in one of PWSA's low-income programs.

15 **III. NEIGHBORHOOD BASED REPLACEMENT PROGRAM**

16 **Q. IN ADDITION TO RECOMMENDING THAT PWSA ELIMINATE THE**
17 **INCOME-BASED REIMBURSEMENT PROGRAM, PITTSBURGH UNITED**
18 **WITNESS MR. WELTER RECOMMENDS THAT PWSA "CONTINUE THE**
19 **NEIGHBORHOOD-BASED REPLACEMENT PROGRAM BEYOND 2020 AND**
20 **OPERATE IT IN TANDEM WITH THE SMALL-DIAMETER WATER MAIN**
21 **REPLACEMENT PROGRAM ("SDWMR) [AS WELL AS TO INCLUDE**
22 **PRIVATE-SIDE LEAD REPLACEMENTS WHERE THE PUBLIC SIDE HAS**
23 **ALREADY BEEN REPLACED]."** CAN YOU RESPOND?

24 A. First, the 2019 LSLR Program, which replaces lines on a neighborhood basis, will be
25 complete in 2020, at which time PWSA intends to focus on replacing lead service lines
26 through our SDWMR program. As I have noted elsewhere, PWSA intends to prepare a
27 plan and timeline by March 31, 2021 to remove all known public and private-side lead
28 service lines. These plans may include a neighborhood based LSLR. That planning will
29 be based on an evaluation of the results of the lead line inventory, available resources,

1 and the locations of SDWMR replacements. PWSA cannot adequately plan for a
2 neighborhood LSLR until probably 2024 when it knows where all the 2020 – 2026
3 SDWMR areas will be. Therefore, while PWSA may include another neighborhood
4 LSLR at some point in the future, it would not be prudent to commit to it at this time.

5 **IV. TAP WATER MONITORING RESULTS, JANUARY-JUNE 2019**

6 **Q. DID ANY OF THE OTHER PARTIES COMMENT ON THE TAP WATER**
7 **MONITORING RESULTS FOR JANUARY-JUNE 2019?**

8 A. Yes. Two of Pittsburgh UNITED's witnesses commented on the test results. Mr. Welter
9 noted that PWSA began adding orthophosphate in April 2019, and that the results for the
10 sixth-month period between January and June 2019 found lead concentrations above the
11 "action level." Pittsburgh UNITED St. No. C-1-SUPP-R (Welter) at 8-9. He opined that
12 efforts to replace lead service lines should continue in the future notwithstanding the lead
13 level results in the future. In addition, Mr. Lanphear stated that the testing results over
14 the past three years show consistently high levels of lead, and these recent results
15 continue that trend. Pittsburgh UNITED St. No. C-1-SUPP-R (Lanphear) at 6.

16 **Q. PLEASE RESPOND.**

17 A. These comments appear to at least raise questions about whether the orthophosphate
18 program will be effective in addressing lead levels. Additional background on the
19 orthophosphate rollout will help put PWSA's initial experience in context.
20 Construction of the four new orthophosphate addition facilities (one each at both the
21 Aspinwall and Bruecken Pump Stations and two at Highland Park Reservoir No. 1) was
22 completed in April 2019. Start-up of the facilities were undertaken in phases, where
23 orthophosphate commenced at the Bruecken Pump Station on April 1, at the Aspinwall
24 Pump Station on April 15, and the Highland No. 1 Facilities on April 29th. Accordingly,

orthophosphate has only been applied to our water for up to two months prior to water samples being collected for the semiannual lead testing. PWSA anticipate that it will take up to six months of application for the orthophosphate to become fully effective in lowering the service line levels. Full routine orthophosphate application is currently underway, where recent water test results have demonstrated that lead levels are trending downward since orthophosphate was added according to the phasing above. PWSA is encouraged by the most recent round of lead sampling, collected by residential home owners between May and July 2019. This compliance data and our system-wide testing have demonstrated that the longer orthophosphate is present in our water system, the more effective it is at reducing lead levels. As demonstrated by these results, PWSA expects that lead levels will be reduced to below the lead action level as the effectiveness of orthophosphate continues to increase.

None of these witnesses has challenged PWSA's assumption that, once the corrosion control program using orthophosphate is fully introduced into its water system, measured lead levels should be reduced dramatically. This has been the experience with all other utilities that have implemented an orthophosphate corrosion control problem, such as the District of Columbia. This does not mean that PWSA should abandon its lead line replacement program; but what it does mean is that PWSA can implement a replacement program that balances PWSA's other infrastructure needs as well as financial and operational considerations and commitments.

CONCLUSION

Q. DOES THAT COMPLETE YOUR REJOINDER TESTIMONY?

A. Yes.

Exhibit RAW/C-47

**Response of Pittsburgh Water and Sewer Authority ("PWSA")
to the Interrogatories of Office of Small Business Advocate, Set I in
Docket No. M-2018-2640802 and Docket No. M-2018-2640803**

Request: OSBA-I-4 Please provide the income levels for families of four, based on the current federal poverty guideline levels, which will be considered eligible for all levels of the Income-Based reimbursement offered under PWSA's current Lead Service Line Replacement Program Policy.

Response:

Federal Poverty Level	Upper Limit of Income for Family of Four
300%	\$77,250
400%	\$103,000
500%	\$128,750

**Response
Provided by:**

Daniel T. Duffy, P.E., PMP, Lead Service Line Replacement Project Manager
The Pittsburgh Water and Sewer Authority

Dated: August 12, 2019