

Deanne M. O'Dell
717.255.3744
dodell@eckertseamans.com

March 14, 2022

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Petition For Settlement Regarding PWSA's April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections in the above-referenced matter. Please note that the Joint Petition includes the following supporting exhibits:

A	Stipulated Record – Pre-Served Testimony and Exhibits
B	Pittsburgh Water and Sewer Authority Statement in Support of Settlement
C	Bureau of Investigations and Enforcement Statement in Support of Settlement
D	Office of Consumer Advocate Statement in Support of Settlement
E	Pittsburgh United Statement in Support of Settlement
F	City of Pittsburgh Statement in Support of Settlement

Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

Enclosure

cc: Hon. Eranda Vero w/enc. (via email only)
Hon. Gail M. Chiodo w/enc. (via email only)
Certificate of Service (via email only)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Joint Petition for Settlement and Statements in Support upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

Sharon Webb, Esq.
Erin K. Fure, Esq.
Office of Small Business Advocate
Forum Place Building
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov
efure@pa.gov

Christine Maloni Hoover, Esq.
Erin L. Gannon, Esq.
Lauren E. Guerra, Esq.
Lauren Myers, Esq.
Office of Consumer Advocate
555 Walnut St., 5th Fl., Forum Place
Harrisburg, PA 17101-1923
choover@paoca.org
egannon@paoca.org
lguerra@paoca.org
LMyers@paoca.org

Barbara R. Alexander
83 Wedgewood Drive
Winthrop, ME 04364
barbalexand@gmail.com

Gina L. Miller, Esq.
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North St., 2nd Floor West
Harrisburg, PA 17120
ginmiller@pa.gov

John W. Sweet, Esq.
Elizabeth R. Marx, Esq.
Ria M. Pereira, Esq.
The Pennsylvania Utility Law Project
118 Locust St.
Harrisburg, PA 17101
pulp@pautilitylawproject.org

Thomas J. Sniscak, Esq.
Kevin J. McKeon, Esq.
Whitney E. Snyder, Esq.
Hawke McKeon & Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
kjmckeon@hmslegal.com
wesnyder@hmslegal.com

John F. Doherty, Esq.
Laurence H. Baumiller, Esq.
City of Pittsburgh Department of Law
City-County Building, Suite 313
414 Grant Street
Pittsburgh, PA 15219
John.doherty@pittsburghpa.gov
Lawrence.baumiller@pittsburghpa.gov

Harold J. Woods, Jr., P.E.
Howard J. Woods, Jr. & Associates, L.L.C.
49 Overhill Road
East Brunswick, NJ 08816-4211
howard@howardwoods.com

Brian Kalcic
Excel Consulting
225 S. Meramec Ave., Suite 720T
St. Louis, MO 63105
Excel.consulting@sbcglobal.net



Deanne M O'Dell, Esq.

Dated: March 14, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Chapter 32 of the Public	:	
Utility Code Regarding Pittsburgh Water	:	Docket Nos. M-2018-2640802 (Water)
and Sewer Authority – Stage 2 (Customer	:	M-2018-2640803 (Wastewater)
Service and Collections)	:	

**JOINT PETITION FOR SETTLEMENT
REGARDING PWSA's APRIL 9, 2021 STAGE 2 COMPLIANCE PLAN: CHAPTERS
14 & 56, DSLPA AND COLLECTIONS**

Date: March 14, 2022

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A	Stipulated Record – Pre-Served Testimony and Exhibits
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I. INTRODUCTION

The Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”), the Bureau of Investigation and Enforcement, (“BIE” or “I&E”), the Office of Consumer Advocate (“OCA”), the City of Pittsburgh (“City”) and Pittsburgh United (collectively, the “Joint Petitioners” or “Settling Parties”),¹ by their respective counsel, submit and join in this Joint Petition For Settlement Regarding PWSA’s April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections² (“Settlement” or “Joint Petition”) and request that Administrative Law Judges Eranda Vero and Gail M. Chiodo (“ALJs”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”): (1) enter into the record the pre-served testimony and exhibits as described in Exhibit A; (2) approve the Settlement and all of its terms and conditions as set forth in Section III, without modification; and, (3) find that the terms of the Settlement are in accordance with the law and are in the public interest consistent with the reasons set forth in Section V as well as the Statements in Support from each of the Joint Petitioners included in Exhibits C-D attached hereto.

In further support of this Settlement, the Joint Petitioners state as follows:

II. BACKGROUND AND PROCEDURAL HISTORY

1. PWSA, a municipal authority, is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §§ 5601, *et seq.* PWSA manages the water, wastewater conveyance and stormwater systems of the City of Pittsburgh (“City”) pursuant to a 1995 Capital Lease Agreement dated July 15, 1995 which provides for PWSA’s purchase of the water supply, distribution and wastewater collection

¹ Joint Petitioners are authorized to represent that the Office of Small Business Advocate (“OSBA”) does not oppose the settlement.

² This Settlement does not address issues regarding PWSA’s Stage 2 Compliance Plan – Stormwater as referred to the Office of Administrative Law Judge (“OALJ”) pursuant to the Secretarial Letter issued on February 22, 2022.

systems in 2025. PWSA's management of the City's assets and other details of their relationship are governed by 71 P.S. §§ 720.211 to 720.213.

2. Effective April 1, 2018, PWSA became subject to the Public Utility Code with the exception of Chapters 11 (relating to certificates of public convenience) and 21 (relating to relations with affiliated interested). *See* 66 Pa.C.S. § 3201 *et seq.* ("Chapter 32"). The transition process established by Chapter 32 included a requirement that PWSA file: (1) a compliance plan to bring its existing information technology, accounting, billing, collection and other operating systems and procedures into compliance with Commission requirements; and, (2) a long-term infrastructure improvement plan ("LTIIIP") by September 28, 2018. 66 Pa.C.S. § 3204(b).
3. The Commission initiated this proceeding pursuant to Tentative Implementation Order on January 18, 2018 for the purpose of proposing methods by which the Commission and affected entities may carry out the requirements of Chapter 32.³ The Final Implementation Order was entered on March 15, 2018.⁴ As directed by the Commission, PWSA filed its Compliance Plan and its LTIIIP on September 28, 2018.
4. Two days prior to PWSA's filing of its Compliance Plan and LTIIIP, on September 26, 2018, the Commission issued a Secretarial Letter outlining the procedure for Commission review of PWSA's Compliance Plan and LTIIIP which included: (1) publication of notice of PWSA's filing; (2) invitation for interested stakeholders to file comments no later than 20 days after publication of the notice; and (3) an assignment of the matter to the Office of

³ *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket No. M-2018-2640802 (water) and M-2018-2640803 (wastewater), Tentative Implementation Order entered January 18, 2018.

⁴ *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket No. M-2018-2640802 (water) and M-2018-2640803 (wastewater), Final Implementation Order entered March 15, 2018.

Administrative Law Judge (“OALJ”) within 45 days with an initial report from technical staff.⁵ The *September 26, 2018 Secretarial Letter* also provided that the OALJ was to prepare a recommended decision no later than eight months from the date on which the matter was assigned to the OALJ and the Commission would issue appropriate orders on the filings no later than November 30, 2019.

5. On November 28, 2018, the Commission issued a Secretarial Letter which: (1) referred PWSA’s September 28, 2018 Compliance Plan filing to the OALJ; and (2) established two stages of review for PWSA’s Compliance Plan.⁶ Litigation related to Stage 2 was to begin after issuance of a final Commission Order in Stage 1, though Commission staff was directed to hold workshops related to Stage 2 issues in 2019.

- The topics to be addressed in Stage 1 were “urgent infrastructure remediation and improvement and the revenue and financing requirements of maintaining service that supports public health and safety.”⁷
- The issues reserved for Stage 2 were: (1) PWSA’s compliance with Chapter 14 of the Public Utility Code and Chapter 56 of the Commission’s regulations; and (2) development of a stormwater tariff.

6. On September 13, 2019, a Joint Petition for Partial Settlement regarding the Stage 1 issues was filed (“*Stage 1 Partial Settlement*”) and a Recommended Decision was issued October 29, 2019 adjudicating the partial settlement as well as the contested issues.
7. On January 24, 2020, the Commission issued a Secretarial Letter (“*January 2020 Secretarial Letter*”) which postponed its consideration and ruling on Stage 1 to no later than March 31, 2020. The *January 2020 Secretarial Letter* also provided future direction

⁵ *Procedure for Commission Review of the September 28, 2018 Compliance Plan and LTIP Filings of The Pittsburgh Water and Sewer Authority*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater), dated September 26, 2018 (“September 26, 2018 Secretarial Letter”).

⁶ *Assignment of the Pittsburgh Water and Sewer Authority Compliance Plan to the Office of Administrative Law Judge*, Docket No. M-2018-2640802 (water) and M-2018-2640803 (wastewater), dated November 28, 2018 Corrected (“November 28, 2018 Secretarial Letter”).

⁷ *Id.* at 3.

- regarding the Stage 2 Proceeding including the direction to PWSA to file its Stage 2 Compliance Plan within 60 days after entry of a final unappealable order on Stage 1.
8. On March 26, 2020, the Commission entered the first of three orders regarding the Compliance Plan Stage 1 proceeding which: (1) approved the *Stage 1 Partial Settlement*; (2) made two modifications related to PWSA’s lead service line replacement policy related to partial lead service line replacements; and (3) adjudicated the issues that were reserved for litigation.⁸ The third Commission order regarding the Compliance Plan Stage 1 proceeding was entered on February 4, 2021 (“*Stage 1 February 4, 2021 Order*”). The *Stage 1 February 4, 2021 Order*: (1) adjudicated PWSA’s Compliance Proposal regarding lead line remediation issues; and (2) reiterated the direction of the *January 2020 Secretarial Letter* regarding the initiation of the Stage 2 proceeding.⁹ PWSA subsequently received an extension from April 5, 2021 to April 9, 2021 to file its Stage 2 documents as directed by Ordering Paragraph 3 of the *Stage 1 February 4, 2021 Order*.
9. On April 9, 2021, PWSA filed two separate Stage 2 Compliance Plan documents: (1) Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections; and, (2) Stage 2 Compliance Plan: Stormwater. PWSA also filed a Petition for Amendment of the Commission’s February 4, 2021 Final Order Regarding Procedural Process for Customer Service and Collections Issues.

A. Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections

10. By Opinion and Order entered May 20, 2021 (“*May 2021 CP Stage 2 Scheduling Order*”), the Commission granted, in part, PWSA’s Petition for Amendment and directed, *inter alia*,

⁸ *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater), Opinion and Order entered March 26, 2020 (“*Stage 1 March 26, 2020 Order*”).

⁹ *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater), Opinion and Order entered February 4, 2021 (“*Stage 1 February 4, 2021 Order*”).

that the matter would be assigned to the OALJ no later than August 9, 2021 (120 days after PWSA had filed its Stage 2 Compliance Plan) with direction that the OALJ issue a recommended decision no later than May 25, 2022.¹⁰

11. On May 28, 2021 a Secretarial Letter was issued scheduling two additional workshops regarding PWSA's Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections. The workshops were held as scheduled on June 17, 2021 and June 25, 2021. PWSA provided follow-up written information as requested by Bureau of Consumer Services ("BCS") staff and the parties during the workshops.
12. On August 5, 2021, the Commission issued a Secretarial Letter assigning the Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections to the OALJ. Included with the Secretarial Letter was the Report and Directed Questions Stage 2 dated August 5, 2021 focused on customer service issues (not stormwater).
13. A Notice of Pre-Hearing Conference was issued August 25, 2021 and a prehearing conference was scheduled for September 9, 2021.
14. The prehearing conference was held on September 9, 2021, as scheduled. The following parties were present and represented by counsel: PWSA, OCA, OSBA, the City, and Pittsburgh United.¹¹ Various procedural matters were discussed including, *inter alia*, a proposed litigation schedule, the possible impact of the *PWSA 2021 Rate Case* that was then-pending,¹² the stormwater compliance plan filing, and consumer interest in a public input hearing.

¹⁰ *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater), Opinion and Order entered May 20, 2021 ("*May 2021 CP Stage 2 Scheduling Order*").

¹¹ The Commission's Bureau of Investigation and Enforcement did not participate in the prehearing conference but subsequently entered a Notice of Appearance on September 13, 2021.

¹² *Pa. Pub. Util. Comm'n v. PWSA*, Docket Nos. R-2021-3024773 (water), R-2021-3024774 (wastewater) and R-2021-3024779 (stormwater).

15. As to the litigation schedule proposed by the parties at the prehearing conference, the ALJs expressed their concern, *inter alia*, as to the status of the stormwater compliance plan filing and whether the schedule proposed by the parties allowed for a timely issuance of a recommended decision by May 25, 2022, as so ordered by the Commission. After some discussion, the parties agreed to meet among themselves and develop a new proposed litigation schedule.
16. On September 28, 2021, a Prehearing Order was entered memorializing the procedural matters addressed at the prehearing conference as well as a revised litigation schedule proposed by the parties regarding PWSA's Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections.
17. In accordance with the litigation schedule, the parties pre-served to each other and the ALJs the testimony and exhibits set forth on Exhibit A.
18. On February 14, 2022, the parties notified the ALJs that they had reached a full settlement regarding PWSA's Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections. Subsequently the scheduled evidentiary hearings were cancelled and this Joint Petition for Settlement and Statements in Support is being submitted in lieu of Main Briefs. No Reply Briefs will be submitted.

B. Stage 2 Compliance Plan: Stormwater

19. On April 13, 2021, PWSA filed a combined water, wastewater, and stormwater base rate case.¹³ As part of the *PWSA 2021 Rate Case*, PWSA submitted a proposed stormwater tariff and sought to implement stormwater rates for the first time.

¹³ Docket Nos. R-2021-3024773 (water); R-2021-3024774 (wastewater); and R-2021-3024779 (stormwater) ("*PWSA 2021 Rate Case*").

20. Also on April 13, 2021, PWSA filed a Motion to Hold in Abeyance the Stage 2 Stormwater Compliance Plan. Through the Motion, PWSA requested that the Stormwater Compliance Plan be held in abeyance pending resolution of the *PWSA 2021 Rate Case* in order to allow the full range of stormwater issues to be addressed part of the rate case, and then to proceed with any remaining issues regarding the Stormwater Compliance Plan after the base rate case was concluded.
21. On May 20, 2021, the Commission issued an Order suspending PWSA’s stormwater tariff until January 12, 2022. The suspension order also included the Technical Staff Report and Directed Questions on Stage 2 stormwater issues as Attachment B.¹⁴
22. In the separate *May 2021 CP Stage 2 Scheduling Order* entered on the same date, the Commission granted PWSA’s Motion to hold the Stormwater Compliance Plan in abeyance and directed PWSA to file a revised Stormwater Compliance Plan after the entry of a final Commission Order resolving the *PWSA 2021 Rate Case*, but no later than January 31, 2022, incorporating any changes or requirements resulting from the *PWSA 2021 Rate Case*. The Commission also directed that, to the extent any issues remain pending in the Stormwater Compliance Plan, Technical Utility Services (“TUS”) staff will issue a second set of directed questions identifying the remaining issues within thirty (30) days of PWSA filing the revised Stormwater Compliance Plan.
23. A Joint Petition for Settlement of the *PWSA 2021 Rate Case* was filed on September 7, 2021. On October 6, 2021, a Recommended Decision was entered recommending approval of the Joint Petition for Settlement. A final order adopting the Recommended Decision was entered by the Commission on November 18, 2021.

¹⁴ *Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Stormwater*, Docket Nos. R-2021-3024779 Order entered May 20, 2021.

24. In compliance with the *May 2021 CP Stage 2 Scheduling Order*, PWSA filed its revised Stormwater Compliance Plan on January 20, 2022. The revised Stormwater Compliance Plan reflects stormwater-related issues that were resolved through the *2021 Rate Case* and provides updated information. The filing also includes an appendix with PWSA's responses to each of the TUS Directed Questions that were included as Attachment B with the May 20, 2021 Order suspending PWSA's stormwater tariff until January 12, 2022.¹⁵
25. On February 3, 2022, PWSA filed an Unopposed Petition to Separate Stormwater Issues from Other Stage 2 Compliance Plan Issues requesting that the Commission separate any remaining stormwater issues from the customer service and collections issues that have been addressed during the current litigation and are the subject of this Joint Petition for Settlement.
26. On February 22, 2022, a Secretarial Letter was entered assigning the Stage 2 Compliance Plan – Stormwater to the OALJ. The Secretarial Letter includes a Technical Staff Report and Directed Questions, Stage 2, Set 2. The Secretarial Letter directs the OALJ to “incorporate the Stage 2, Set 2 Report into its Prehearing Order and to conduct evidentiary hearings to address matters raised therein.” The Secretarial Letter also states that as directed in the *May 2021 CP Stage 2 Scheduling Order* the OALJ shall issue a Recommended Decision by May 25, 2022.
27. On March 7, 2022, the Commission entered an Opinion and Order granting in part and denying in part PWSA's Unopposed Petition to Separate Stormwater Issues from Other Stage 2 Compliance Plan Issues. Through this Order, the Commission modified its *May 2021 CP Stage 2 Scheduling Order* to extend the previous deadline by 60 days and directed

¹⁵ *Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Stormwater*, Docket Nos. R-2021-3024779 Order entered May 20, 2021, Attachment B.

that the Recommended Decision on stormwater be issued no later than July 25, 2022. This modification only relates to PWSA's Stormwater Compliance Plan and any remaining stormwater issues associated with that plan.

III. TERMS AND CONDITIONS OF SETTLEMENT

The Settling Parties support approving PWSA's April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections as modified by the terms and conditions that follow.

A. 52 Pa. Code § 56.2 – Definitions

1. PWSA will adopt the definition of Customer set forth in 66 Pa.C.S. 1403
2. PWSA will adopt the definition of Applicant as set forth in 66 Pa.C.S. 1403
3. PWSA will adopt the definition of Occupant as set forth in 52 Pa Code § 56.2
4. PWSA will adopt the definition of Unauthorized Use of Utility Service set forth in 52 Pa. Code § 56.2
 - a. PWSA will use this definition to describe “theft of service” in its Tariffs
 - b. PWSA will adopt the definition of “user without contract” as set forth in 52 Pa Code § 56.2 noting that this would only apply if PWSA is not billing the property or the property owner.
5. PWSA will adopt the definition of Person set forth in 52 Pa Code § 56.2

B. Treatment of Persons Receiving and/or Seeking Service

1. **Tenants Applying for Service as a Customer**
 - a. Process for Tenant Applicants
 - i. Tenant Applicants will be required to submit **either** a Revised Owner/Tenant Form **or** provide other proof of tenancy
 - ii. The Revised Owner/Tenant Form will be changed to:
 - (a) Make clear tenant is the customer;
 - (b) State responsibilities of both owner and tenant; and.
 - (c) Include additional disclosure regarding liens.
 - (d) A draft of the revised form will be shared with the parties in accordance with Section L below.
 - iii. Other proof of tenancy that may be provided to establish service as a customer includes:

- (a) A copy of the lease, or, in lieu of a written lease, a written or oral attestation of the property owner; or,
- (b) A driver's license, photo identification, medical assistance, or food stamp identification or any similar document issued by any public agency which contains the name and address of the tenant; or,
- (c) Other utility bill or bank statement with the customer's name and address.

b. PWSA Notices to Tenant Applicants

- i. PWSA will notify the Tenant Applicant that the property owner will receive copies of bills and notices related to the account, including high consumption notices and any termination notices.
 - (a) Notice will be accomplished consistent with method of application including oral disclosure by a customer service representative, language included on the Owner/Tenant form, and information on PWSA's website, the Customer Usage Portal and the Tenant Welcome Letter.
 - (b) Depending on the method of application, PWSA will provide a method for Tenant Applicant to acknowledge that he or she has been informed about what information will be provided to the property owner. Such method may include oral acknowledgment or written confirmation on the Owner/Tenant Form.
- ii. No later than six months after successful implementation of its new SAP billing system, at the time and using the method that PWSA provides the notice in B.1.b.i, PWSA will also notify Tenant Applicants of the option to opt-out of PWSA sending the property owner copies of the bills and other notices related to the account.
- iii. For any Tenant Applicants and Tenant Customers expressing an affirmative desire to opt-out, PWSA will limit the notices to be provided to the property owner (in addition to the customer) to the following:
 - (a) A new account past due notice identifying only the amount overdue will be developed and sent to the property owner 30 days after the date the unpaid charges were issued;
 - (b) If charges continue to remain unpaid, PWSA will send a copy of the 10-day notice and all subsequent non-payment notices to the property owner in accordance with current processes;

- (c) A copy of any high consumption notice that is warranted based on PWSA's standard pre-bill review for accounts with usage that is at or greater than 200% of the previously recorded monthly usage and over 9,000 gallons;
 - (d) A copy of any other notices, such as Waste of Water, Lead Service Line Replacement or any other notice related to public safety, that require action by the property owner as a condition of PWSA continuing to provide water.
 - iv. Upon being offered the option to opt-out, Tenants will be informed that even if they opt-out, their landlord will still be provided with the notices listed in B.1.b.iii.
 - v. Any Tenant Application electing not to subscribe to service as a customer upon disclosure of the above information, will continue to be eligible for a continuance of service consistent with Section B.3 below.
- c. Property Owner
 - i. PWSA will not require property owner approval to allow a tenant to apply for service and/or become a customer
 - ii. PWSA will develop new Property Owner Letter to be sent at the time a tenant becomes a customer informing the Property Owner of the addition of the tenant and the information that will be shared with the Property Owner. If a tenant customer chooses to opt-out of the normal property owner notice process, the new Property Owner Letter will inform the property owner of that selection.
- d. A new Tenant Welcome Letter will be developed and sent to new tenant customer
 - i. The contents of the Tenant Welcome Letter will include:
 - (a) Notice of move-in date;
 - (b) Explanation of the responsibility of the tenant to pay for charges incurred at the property until PWSA is notified that the tenant is no longer at the property or a new Tenant Applicant is accepted as a customer for the account;
 - (c) Notice that the property owner will continue to receive a copy of the bill and all other notices related to the property;
 - (d) Once the process as described in Section B.1.b permitting tenants to limit the disclosure of account information to the property owner is implemented, this information will be included in the Tenant Welcome Letter;
 - (e) Information about PWSA's Customer Usage Portal;

- (f) Information about PWSA's customer assistance programs; and,
 - (g) Information about domestic violence protections and medical certificates.
 - ii. A draft of the new Tenant Welcome Letter will be shared with the parties in accordance with Section L below
- 2. Once Tenants Become Customers
 - a. PWSA will provide tenant customers all applicable rights of residential utility customers pursuant to the Public Utility Code, Commission regulations, and Commission policies and orders.
 - b. Tenant Customers will be eligible to apply for PWSA's customer assistance programs
- 3. Tenants Who Do Not Become Customers
 - a. Will be afforded all rights provided by the Discontinuance of Service to Leased Premises Act
 - b. PWSA will accept all applicable legal protections to cease a termination in lieu of payment including, but not limited to the presentation of a valid medical certificate or Protection from Abuse order or other court order containing clear evidence of domestic violence from anyone at the property
 - c. PWSA will develop a flyer explaining the rights of tenants in multi-unit residential dwellings to submit partial payments to maintain service pursuant to the Discontinuance of Service to Leased Premises Act
 - i. The flyer shall be included with the 30-day termination of service posting for non-payment;
 - ii. Provided to customers during personal contact at the time of service termination; and
 - iii. The information will also be included on PWSA's website
- 4. Domestic Violence Victims
 - a. If an applicant or customer provides PWSA with copy of a Protection from Abuse order or a court order issued by a court of competent jurisdiction in the Commonwealth which contains clear evidence of domestic violence,
 - i. PWSA will not send a copy of the bill or any other account notices to the property owner or landlord.
 - ii. The domestic violence victim will be subscribed to PWSA service as a customer and will receive all rights as required by the Public Utility Code and Commission regulations, policies, and orders.
 - iii. The domestic violence victim will be eligible to apply for PWSA's customer assistance programs

- b. PWSA will develop customer facing educational materials in the form of bill inserts and website content to inform customers about the availability of this process and will include this information in the Tenant Welcome Letter.
- c. PWSA will implement processes to identify domestic violence victims at the time an applicant is seeking service. Such screening will include: an electronic checkbox during the self-service account initiation process on the Customer Advantage Portal (going live with SAP implementation), updated checklist in training materials for customer service representatives, and a checkbox included on the Owner/Tenant Form.

C. 52 Pa. Code §§ 56.35 and 56.285 Outstanding Residential Debt at a Property

- 1. PWSA will not request or require the payment of an outstanding balance as a condition of furnishing new service, unless the applicant is legally responsible for the outstanding balance pursuant to the Public Utility Code and Commission regulations.
 - i. For tenants seeking to become a customer at a property with an outstanding balance, PWSA will isolate the existing debt and pursue payment through its lien process and/or the property owner or any prior tenant who incurred the outstanding charges.
 - ii. PWSA will no longer request or require completion of the Assumption Form to add tenant as a customer
 - iii. PWSA will not under any circumstances request or require a Tenant Applicant seeking to become a customer at a property with an outstanding balance to pay the outstanding balance as a condition of establishing service unless the applicant is legally responsible for the debts accrued pursuant to the Public Utility Code and Commission regulations.

D. 52 Pa Code § 56.94 Procedures immediately prior to termination (Personal Contact)

- 1. PWSA will establish a 14 day timeframe for persons to follow-up with customer service where a termination has been ceased because the customer has advised that:
 - a. Payment has been made;
 - b. A serious illness or medical condition exists regarding anyone in the property that would be aggravated due to termination of water service;
 - c. A dispute or complaint is properly pending; or,
 - d. Customer has indicated that he or she will contact customer service to make payment.
- 2. If at the time of service termination, personnel determine that the property is a previously unknown tenant-occupied premises, the attempted termination shall cease and PWSA will pursue its collection processes for tenant occupied properties which begins with its 37-day notices

3. PWSA will internally track the number of personal contact attempts at the time of termination and the results of that contact attempt and the data will be made available upon request

E. Inoperable/Missing Valves

1. For voluntary discontinuance requests pursuant to 52 Pa Code § 56.72,
 - a. Any usage occurring seven days after the customer requested discontinuance at the property regardless of the cause for the delay will either not be invoiced or will be credited to the account
 - b. PWSA will work with contractor to proactively identify, repair and replace curb boxes and curb stop valves as can be completed within the budget available for this project.
2. Regarding willful customer interference with access to the curb box and stop valves:
 - a. PWSA will develop guidelines to determine when the delay in processing a shut off is the fault of the customer
 - b. PWSA will develop a definition of tampering that requires willful action or intent for inclusion in its tariff
 - c. PWSA will develop warning notices to inform customers of the issues
 - d. Drafts of the revised guidelines and customer notices will be shared with the parties in accordance with Section L below
3. Cost recovery for willful customer interference
 - a. Upon completion of the tasks in the above sections, PWSA will pursue cost recovery from the customer or property owner who has been found to have willfully interfered with access to the curb box and stop valves for the costs to uncovering, repairing, or replacing the Curb Stop and/or Curb Box, and for the cost of restoring adjacent landscaping, sidewalks, or other property affected by the work

F. 52 Pa. Code § 56.81 – Authorized Termination of Service - Willful or Negligent Waste of Water

1. PWSA will revise current processes to mail 10-day notice¹⁶ to the property address in addition to the property owner
2. PWSA will add language to the 10-day notice to inform tenant to contact PWSA if he/she is working with the property owner to address the issue
3. PWSA's proposals to address the financial ability of low income customers to make needed repairs are set forth in its Petition for Low Income Line Leak Repair and Conservation Program and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery filed on January 3, 2022 and pending at Docket No. P-2022-3030253.

¹⁶ See PWSA Exhibit JAQ-6 for a copy of the current Waste of Water 10-Day Notice.

G. Lead Service Line Replacements

1. PWSA will use all reasonable efforts to avoid termination of service based on property owner refusal to cooperate and will open up a discussion with the Community Lead Response Advisory Committee (“CLRAC”) about other possible actions that PWSA could undertake to incent property owners to provide consent to permit PWSA to replace their private side lead service line.

H. Collections

1. PWSA will develop a written Collections Plan containing at least the following elements:
 - a. Results of the discussion with other utilities regarding their best collections processes during which PWSA will seek to elicit the following:
 - i. Information about the utility’s experience with credit scoring, and security deposits mechanisms to include:
 - (a) Costs of implementation;
 - (b) Benefits of exercising right to collect security deposits; and,
 - (c) PWSA will inquire what steps are taken to ensure income eligible customers are not assessed security deposits and how they return deposits that were inadvertently collected after learning a customer is low income.
 - (d) PWSA will inquire what steps are taken to comply with the Fair Credit Reporting Act and the Equal Credit Opportunity Act.
 - ii. Any publicly available analysis of the utility’s collections practices to include lessons learned and best practices.
 - iii. To the extent utilities are willing to share analytical information on a confidential basis, PWSA will work with the utilities to ensure any such information is appropriately anonymized and/or otherwise masked in PWSA’s prepared Collections Plan.
 - b. PWSA’s analysis based on its evaluation of other utility practices and other research about what actions can be taken to improve PWSA’s collections and, to the extent credit scoring and security deposits requirements are not recommended courses of action, PWSA’s analysis will explain its supporting reasons.
 - i. The Collections Plan will identify specific collections goals that PWSA proposes to work toward achieving based on its analysis
 - ii. The Collections Plan will identify specific metrics that can be used to measure PWSA’s progress toward the specific collections goals identified in the Collections Plan

- iii. The Collections Plan will include a proposed reporting obligation to track PWSA's progress and provide such information to interested parties as part of PWSA Quarterly Compliance Plan Progress Reports
 - iv. To the extent that the Collections Plan includes a recommendation to pursue credit checks and/or security deposits, PWSA agrees implementation of any such recommendation would occur only after Commission approval of proposed tariff revisions to be addressed in a future proceeding. PWSA agrees to serve the parties in this case any such future request filed with the Commission and all parties reserve their rights to challenge the filing at that time.
 - c. A description of the automation of the collections process which has or will be implemented with SAP, including a timeline for implementation.
 - d. Evaluation of engaging a third party collections agency to assist with PWSA's collections activities. Consistent with Section E.9.b of the Commission approved settlement at Docket No. R-2021-3024773, PWSA will provide notice to the parties of this proceeding and LIAAC if it elects to issue a Request for Proposal and consider comments and feedback regarding the proposal.
 - e. Recognizing that while PWSA intends to pursue collection of unpaid charges via a lien pursuant to the Municipal Claims and Tax Liens law, 52 P.S. §§ 7101-7455, and that the use of liens as a collections tools is not pursuant to the credit and collection regulations of the Commission, the Collections Plan may include evaluation of expanded processes to pursue collection of a lien.
2. A draft of the Collections Plan will be shared with the Parties within 30 days after entry of a final order in this proceeding
- a. PWSA will convene a collaborative to discuss the draft Collections Plan and will invite Bureau of Consumer Services staff to attend the meeting
 - b. PWSA will consider feedback and input from the parties regarding its draft Collections Plan
 - c. PWSA will include the final Collections Plan as part of its Updated Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections to be filed pursuant to Section K below.
3. Reporting
- a. Beginning with the first Compliance Plan Quarterly Update Report that is due after a Final Order is entered in this proceeding, PWSA will provide the following information:
 - i. Number of accounts entering the Collections Life Cycle (60+ days past due);

- ii. Dollar amounts of accounts entering the Collections Life Cycle (60+ days past due);
 - iii. Number of accounts that are between 180 and 9999 days overdue;
 - iv. Dollar amounts of accounts that are between 180 and 9999 days overdue;
 - v. Number of accounts receiving 10-day and 37-day notices;
 - vi. Number of scheduled terminations canceled during personal contact;
 - vii. Number of Notices of Intent to Lien issued; and,
 - viii. Number of liens filed.
- b. The data to be reported in the Compliance Plan Quarterly Update Report will encompass the below time periods:
- i. For the April 30th Quarterly Update Report, the data will be through March 31st;
 - ii. For the July 31st Quarterly Update Report, the data will be through June 30th;
 - iii. For the October 31st Quarterly Update Report, the data will be through September 30th; and,
 - iv. For the January 31st Quarterly Update Report, the data will be through December 31st.

I. Pursuit of Payment Through Lien Process

1. Although PWSA's use of liens as a collections tool is not pursuant to the Commission's credit and collections regulations, PWSA intends to continue to pursue collection of a lien pursuant to the Municipal Claims and Tax Liens law, 52 P.S. §§ 7101-7455.
2. Nothing in this settlement is intended to interfere with PWSA's ability to use liens as a collections tool nor to confer jurisdiction to the Commission beyond its current scope under the Public Utility Code. Likewise, all parties reserve their right to challenge, in the appropriate forum, PWSA's pursuit of collections via liens.
3. For informational purposes, a description of PWSA's current Lien Process is as follows:
 - a. PWSA's pursuit of collection on a lien involves sending two written Notices of Intent to Lien (30 days and 10 days in advance of filing date)¹⁷

¹⁷ See PWSA Exhibits JAQ-3 and JAQ-4 for Intent to Lien Notices.

to the property owner which notifies the property owner that PWSA plans to file the lien unless payment is made.

- b. If no payment is made of the outstanding charges, PWSA retains all rights to file the lien, reduce the lien to judgment and execute on the lien at a sheriff's sale.
4. To ensure that residential customers continue to have all Commission jurisdictional rights and protections available notwithstanding the availability of the lien process, PWSA agrees that it will only initiate its collections via the Lien Process for residential properties with a Notice of Intent to Lien in the following situations:
 - a. When service has been terminated after all Chapter 56 processes have been exhausted (i.e. Shut accounts)
 - b. When a tenant exercises rights under DSPLA to make a tenant payment because the property owner not paying the bill, PWSA will pursue a lien against the property owner for unpaid charges
 - c. Unpaid final bills
 - d. Inactive account balances
 - e. Wastewater Conveyance Only Accounts
 - f. Stormwater Only Accounts
 - g. Flat/unmetered party service line accounts
 - h. If a termination cannot occur because of a sustained issue with the curb box due to access to the curb box being repeatedly blocked by the customer despite multiple attempts by PWSA, the curb box is inoperable due to being shifted, or the curb box is buried and cannot be located
5. PWSA agrees to include the following language on its bills and all customer collection notices for the purpose of disclosing to customers its ability to pursue liens:

"PWSA may record a lien on the property if you or, if applicable, your tenant fails to respond to our normal collection process."

J. Compliance Tariffs

1. Parties propose that the Commission grant a period of 60 days after entry of its final order for PWSA to prepare and submit its Compliance Tariffs
2. PWSA agrees to use its best efforts to prepare its draft Compliance Tariffs within 45 days after entry of the Commission's final order and will share its drafts with the parties and the Bureau of Consumer Services staff for feedback and further discussion prior to filing
3. Upon filing of the Compliance Tariffs, Parties request that the Commission provide a 30 day comment period with a 15 day reply period

K. Updated Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections

1. PWSA will file an Updated Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections within 60 days after entry of a final order in this proceeding.

L. Revised Customer Notices

1. All parties recognize that PWSA's revisions of customer notices will be an on-going process that will be occurring simultaneously with the implementation of SAP and direction as received through this proceeding
2. The notices to be revised and/or newly created consistent with this settlement include:

Settlement Section Reference	Form	Purpose
B.1.a.ii	Owner/Tenant Form	Optional form for use by Tenant Applicants for Service
B.1.b.ii	New Landlord Notices in Lieu Bill	For tenant customers opting out of current bill and notice processes
B.1.c	New Property Owner letter when tenant accepted as a customer	To inform property owners of information about account that will be shared in future depending on whether or not tenant opts out of existing notice process
B.1.d	New Tenant Welcome Letter	To be issued when Tenant successfully applies for service as a customer
B.3.c	New Flyer Regarding Tenant Rights in Multi-Unit Residential Dwellings to Submit Partial Payment	To be included with 30-day termination notice posting
B.4.c	Customer Facing Educational Materials Regarding Domestic Violence Rights	Disclosure of right not to have account notices sent to any other person
E.2.d	Warning Notices to Customers Regarding Willful Interference with Curb Box and Stop Valves	To address willful interference with curb box and valves
F.2	Waste of Water 10-day Notice	Add language to inform tenant to contact PWSA if working with property owner to address issue
I.4	Bills and all other customer collection notices	Disclosure of PWSA ability to pursue liens

3. PWSA agrees to share drafts with the parties and the Bureau of Consumer Services Staff of its proposed revisions to its customer notices consistent with this settlement and direction from the Commission when such notices have

been drafted but no later than within 30 days of approval of PWSA's Compliance Tariffs.

4. PWSA will consider any feedback or suggestions offered and will explain why any recommendations were rejected.

M. Training Materials

1. All parties recognize that PWSA's revisions of its training materials will be an on-going process that will be occurring simultaneously with the implementation of SAP and direction as received through this proceeding
2. PWSA agrees to update its internal training materials to incorporate all approved Commission processes within 30 days after the Commission approves PWSA's Compliance Tariffs.
 - a. PWSA will provide drafts of its updated training materials to the Parties
 - b. PWSA will consider any feedback or suggestions offered and will explain why any recommendations were rejected.
3. In addition to all process changes as identified in this Settlement, PWSA agrees to specifically address the below issues as part of its updated training materials:
 - a. Making clear that medically vulnerable tenants will be protected from termination if they submit a medical certificate
 - b. Making clear that a customer may continue to renew a medical certificate beyond the first three certificates if that customer continues to pay any new monthly charges, and ensuring that consumers who submit a medical certificate are adequately informed of the medical certificate renewal requirements.

N. Summary Of Proposed Timeline Following Entry of Final Order

Timing	Action
<i>TBD</i>	<i>Commission Final Order</i>
Within 30 days of Commission Final Order	PWSA shares draft Collection Plan with parties, convenes collaborative to discuss
Within 45 days of Commission Final Order	PWSA uses best efforts to draft tariffs and share drafts with parties
Within 60 days of Commission Final Order	PWSA files Updated Stage 2 Plan (with Collections Plan) and Compliance Tariffs
Within 30 days after Compliance filing	Initial Comment period for all parties
With 15 days after Initial Comment Period	Reply Comment period for all parties
<i>TBD</i>	<i>Final Commission Action Regarding Compliance Filing</i>
30 days after Final Commission Action Regarding Compliance Filing	PWSA shares proposed revisions to customer notices and its updated training materials with parties

IV. ADDITIONAL TERMS AND CONDITIONS

28. The Commission's approval of the Settlement shall not be construed as approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement the Settlement.
29. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any party in this or any other proceeding, if it were fully litigated.
30. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. The Settlement represents a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.
31. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, PWSA or any Joint Petitioner may withdraw from this Settlement, upon written notice to the Commission and all parties within five (5) business days following entry of the Commission's Order, and, in such event, the Settlement shall be of no force and effect. In the event that the Commission disapproves the Settlement or PWSA or any other Joint Petitioner elects to withdraw from the Settlement as provided above, each of the Joint Petitioners reserves their respective

rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

32. All Joint Petitioners shall support the Settlement, and will make reasonable and good faith efforts to obtain approval of the Settlement by the ALJs and the Commission without modification. The Joint Petitioners agree that such good faith efforts do not necessarily include opposing or responding to comments or oppositions to the Settlement. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated the issues resolved by the Settlement and will result in the establishment of terms and conditions that – until changed on a going-forward basis as provided in the Public Utility Code – are in accordance with the law and in the public interest.
33. If the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to: (a) any modifications to the terms and conditions of this Settlement; or, (b) any additional matters proposed by the ALJs in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.
34. This Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

V. THE SETTLEMENT IS IN THE PUBLIC INTEREST

35. This Settlement was achieved by the Joint Petitioners after an extensive investigation of PWSA's April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections and supporting testimony which includes PWSA's responses to the Report and Directed Questions Stage 2 dated August 5, 2021 focused on customer service issues. The Petitioners engaged in extensive informal and formal discovery and held numerous settlement workshop discussions focused on the issues unique to PWSA as a municipal authority and its historical operations and how to reasonably transition operations and processes related to customer service and collections to conform to the requirements of Commission regulated utilities. They also carefully reviewed and considered the direct, supplemental direct, rebuttal, surrebuttal, and rejoinder testimony (including all the supporting exhibits) filed by PWSA and the Joint Petitioners.

36. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- a. **The Settlement Provides A Reasonable Resolution.** The Settlement represents a balanced compromise of the issues raised by the Settling Parties in this proceeding by recognizing PWSA's unique status as a municipal authority and the time and effort necessary to redesign processes to better align with Commission expectations and requirements. The Settlement is responsive to concerns about utilizing definitions applicable to regulated public utilities, ensuring appropriate disclosure of customer information (particularly for tenants and victims of domestic violence), providing guidelines regarding willful interference with curb box and stop valves, the development of a Collections Plan, and providing information about PWSA's lien process.
- b. **Substantial Litigation And Associated Costs Will Be Avoided.** The Settlement amicably and expeditiously resolves a substantial number of issues regarding the statutory requirement for PWSA to file a compliance plan to bring its existing information technology, accounting billing, collection and other operating systems and procedures into compliance with Commission requirements as required by 66 Pa. C.S. § 3204(b). Approval of the Settlement will provide clear direction and guidance from the Commission regarding the customer service and collections

issues addressed herein to satisfy the requirements of Section 3204(b) and to assist PWSA with its on-going transition to regulation by the Commission.

- c. **The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.** The Joint Petitioners arrived at the Settlement, after conducting extensive discovery and numerous in-depth discussions. The Settlement constitutes reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission's rules and practices encouraging settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by a substantial record.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the ALJs approve the Settlement as set forth herein, including all terms and conditions, without modification.

Respectfully submitted,



Deanne M. O'Dell, Esq.
Daniel Clearfield, Esq.
Karen Moury, Esq.
Lauren Burge, Esq.
dodell@eckertseamans.com
dclearfield@eckertseamans.com
kmoury@eckertseamans.com
lburge@eckertseamans.com

Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000
717.237.6019 (fax)

***Counsel for
The Pittsburgh Water and Sewer Authority***



Allison C. Kaster, Esq.
Gina L. Miller, Esq.
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
akaster@pa.gov
ginmiller@pa.gov

***Counsel for
Bureau of Investigation & Enforcement***

/s/ Christine Maloni Hoover

Christine Maloni Hoover
Erin L. Gannon, Esq.
Lauren E. Guerra, Esq.
Office of Consumer Advocate
555 Walnut St., 5th Fl., Forum Place
Harrisburg, PA 17101-1923
choover@paoca.org
egannon@paoca.org
lguerra@paoca.org

***Counsel for
the Office of Consumer Advocate***



Thomas J. Sniscak, Esq.
Kevin J. McKeon, Esq.
Whitney E. Snyder, Esq.
Hawke McKeon & Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
kjmckeon@hmslegal.com
wesnyder@hmslegal.com

John F. Doherty, Esq.
Lawrence H. Baumiller, Esq.
City of Pittsburgh Department of Law
City-County Building, Suite 313
414 Grant Street
Pittsburgh, PA 15219
John.doherty@pittsburghpa.gov
Lawrence.baumiller@pittsburghpa.gov

***Counsel for
the City of Pittsburgh***

Dated March 14, 2022



Ria Pereira, Esq.
Elizabeth R. Marx, Esq.
Lauren N. Berman, Esq.
John W. Sweet, Esq.
The Pennsylvania Utility Law Project
118 Locust St.
Harrisburg, PA 17101
pulp@pautilitylawproject.org

Counsel for Pittsburgh United

Exhibit A
Stipulated Record – Pre-Served Testimony and Exhibits

Direct Testimony

Party	St. No.	Witness	Exhibits
PWSA	1	Julie A. Quigley	JAQ-1 to JAQ-28
I&E	1	D.C. Patel	I&E Exh. No. 1
OCA		Barbara R. Alexander	BA-1 to BA-10
Pittsburgh United	1	Daniel G. Vitek, Esq.	Appendices A and B

Rebuttal Testimony

Party	St. No.	Witness	Exhibits
PWSA	1-R	Julie A. Quigley	JAQ-29 to JAQ-37
OCA	1R	Barbara R. Alexander	None
Pittsburgh United	1-R	Daniel G. Vitek, Esq.	None

Surrebuttal Testimony

Party	St. No.	Witness	Exhibits
PWSA	1-SR	Julie A. Quigley	None
I&E	1-SR	D.C. Patel	None
OCA	1SR	Barbara R. Alexander	None
Pittsburgh United	1-SR	Daniel G. Vitek, Esq.	None

Rejoinder Testimony

Party	St. No.	Witness	Exhibits
PWSA	1-RJ	Julie A. Quigley	JAQ-38

Exhibit B
Pittsburgh Water and Sewer Authority Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Chapter 32 of the Public :
Utility Code Regarding Pittsburgh Water : Docket Nos. M-2018-2640802 (Water)
and Sewer Authority – Stage 2 (Customer : M-2018-2640803 (Wastewater)
Service and Collections) :

**STATEMENT OF THE PITTSBURGH WATER AND SEWER AUTHORITY
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
REGARDING PWSA’s APRIL 9, 2021 STAGE 2 COMPLIANCE PLAN: CHAPTERS 14 & 56,
DSLPA AND COLLECTIONS**

Deanne M. O’Dell, Esq. (I.D. No. 81064)
Daniel Clearfield, Esq. (I.D. No. 26183)
Karen O. Moury, Esq. (I.D. No. 36879)
Lauren Burge, Esq. (I.D. No. 311570)
dodell@eckertseamans.com
dclearfield@eckertseamans.com
kmoury@eckertseamans.com
lburge@eckertseamans.com

Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000
717.237.6019 (fax)

Attorneys for
The Pittsburgh Water and Sewer Authority

Date: March 14, 2022

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I. INTRODUCTION AND OVERALL REASONS IN SUPPORT OF SETTLEMENT

The Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”) submits this Statement in Support of the Joint Petition for Settlement Regarding PWSA’s April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections (“Settlement” or “Joint Petition”) entered into by PWSA, the Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), Pittsburgh United (“Pittsburgh United”), and the City of Pittsburgh (“City”) (collectively, “Joint Petitioners” or “Settling Parties”).¹ The Settlement fully resolves all the customer service and collections issues involved in this Stage 2 Compliance Plan proceeding.² Although the benefits of each provision of the Settlement will be discussed in greater detail in the following sections, all of the provisions taken together demonstrate how the Settlement – as a package – has achieved a reasonable balance of many different (and sometimes conflicting) issues and is clearly in the public interest. The Settlement addresses three broad categories of issues: (1) residential customer protections; (2) collections policies; and, (3) post-Final Order processes.

First, the Settlement resolves long-standing and multiple concerns that have been expressed by various stakeholders about how PWSA should transition its historical processes and operations regarding residential customers to confirm that they are consistent with the Commission’s requirements. Reaching a consensus solution involved significant consideration of a number of different facets unique to PWSA including: (1) the technical and operational limits of PWSA’s current billing system (Cogsdale) and its on-going transition to a new

¹ As stated in the Joint Petition the Office of Small Business Advocate (“OSBA”) does not oppose the Settlement.

² As explained more fully in the Joint Petition, the litigation of Stage 2 Stormwater issues has been proceeding on a separate track from the litigation of the customer service and collections issues. *See* Joint Petition at ¶¶ 19-27.

platform, SAP³; and, (2) its status as a municipal authority created pursuant to the Municipality Authorities Act (“MAA”)⁴ and its ability to pursue collections via the municipal lien process.⁵ The Settling Parties spent a significant amount of time in this proceeding identifying reasonable and appropriate modifications and refinements to historical processes to address core concerns raised by the parties about PWSA’s processes in light of its new status as a Commission regulated entity, keeping in mind its ongoing upgrade of its current customer service and billing platform. Attention was paid to identifying solutions which would be cost effective and least disruptive to the Authority and its customers while addressing the concerns of the Settlement Parties. The consensus path forward for PWSA respects its unique status as a municipal authority, works mostly within the design capability of the new customer information and billing system in process (to control costs) and implements process revisions to address customer protection and disclosure concerns raised by the parties. PWSA has also agreed to the implementation of a number of new processes for domestic violence victims and tenants to safeguard their interests while preserving PWSA’s ability to hold the property owner ultimately responsible for nonpayment through enforcement of a (non-Commission regulated) municipal lien.

Second, the Settlement includes a number of substantial commitments regarding collections. Specifically, PWSA agrees to develop a written Collections Plan identifying what actions can be taken to improve collections and what metrics can be used to measure progress. PWSA also agrees to begin reporting on a number of metrics related to collections that will

³ SAP remains on-target to go live in August 2022.

⁴ 53 Pa.C.S. § 5601, *et seq.*

⁵ The Municipal Claims and Tax Liens law addresses liens and they are not within the jurisdiction of the Commission. *See* 53 P.S. §§7101, 7107, 7108, 7251

provide insight into its processes on an on-going basis. The adoption of the various residential customer protections provisions of the Settlement, which will enable PWSA to pursue termination of service in appropriate situations, coupled with the evaluation and focus on overall collections achieves a comprehensive approach that best serves the public interest by ensuring customers receive all Commission required protections while permitting PWSA to pursue collections as a necessary part of ensuring cost effective operations for all ratepayers.

Third, the Settlement acknowledges that upon entry of a Final Order in this proceeding, there is still a significant amount of work to be done to include drafting compliance tariffs, revising customer notices, and updating training materials. Recognizing this, the Settling Parties included a proposed procedural path for PWSA to reasonably accomplish all the post Final Order tasks that will be necessary while permitting the active involvement in the process by parties and, to the extent they so desire, staff from the Bureau of Consumer Services (“BCS”).

The Settling Parties worked diligently to craft a reasonable settlement that is in the public interest. Each provision was considered individually and within the context of the overall settlement package. To achieve the Settlement, the Settling Parties agreed to compromise on many issues in the interest of designing a complete Settlement that reasonably resolves all concerns identified by the Settling Parties and addresses the issues identified by BCS in the Directed Questions in this phase of the Stage 2 proceeding. Approving the Settlement without modification is important because this will enable PWSA to move forward without delay to implement the agreed-to processes and procedures to ensure that it is meeting or exceeding all regulatory requirements regarding this phase of its compliance plan proceeding. Approval of this Settlement is an important and necessary step to provide PWSA the certainty needed that its agreed-to approaches align with the Commission’s expectations so that PWSA can devote its

resources to implementation rather than continued litigation of these issues. As such, PWSA urges the Administrative Law Judges (“ALJs”) to recommend that the Commission approve this Settlement as submitted and without modification.

II. REASONS FOR SUPPORT OF SPECIFIC ISSUES

A. 52 Pa. Code § 56.2 – Definitions

PWSA acknowledged in response to Directed Question number 1,⁶ that its current tariff definitions for various terms are not the same definitions in either the Public Utility Code or the Commission’s regulations.⁷ PWSA did not propose specific language changes to its existing definitions based on its view that, while the terms may be different, PWSA’s processes are consistent with the Commission’s requirements.⁸ PWSA also made clear that it did not oppose revising definitions so long as its concerns about recognizing and giving effect to its status as a municipal authority with the ability to pursue collections via the municipal lien process was preserved.⁹

Both OCA and Pittsburgh United advocated that PWSA adopt the statutory or regulatory definitions for Applicant, Customer, Occupant and Person. In their view, not adopting these definitions raised questions about whether or not PWSA is affording its residential ratepayers all of the rights and protections contemplated by the statute.¹⁰ PWSA responded that its processes are not leading to that result and that no party presented evidence of any violations. Rather, in PWSA’s view, OCA and Pittsburgh United failed to recognize that PWSA’s processes and

⁶ See Pennsylvania Public Utility Commission Report and Directed Questions Stage 2 attached to *Assignment of the Pittsburgh Water and Sewer Authority Stage 2 Compliance Plan to The Office of Administrative Law Judge*, Secretarial Letter dated August 5, 2021 (“Directed Questions”).

⁷ PWSA St. No. 1 at 15-17.

⁸ PWSA St. No. 1-R at 14.

⁹ PWSA St. No. 1-R at 15.

¹⁰ United St. No. 1 at 17-22; OCA St. No. 1 at 6-7.

definitions were designed (in part) to support PWSA's lien authority and that changing definitions without addressing this concern could undermine PWSA's ability to fully pursue liens, which is a valuable collection tool that benefits paying customers by reducing the cost of uncollectible expense.¹¹

As part of the Settlement, PWSA agrees to adopt the statutory definitions for "Customer" and "Applicant" and the regulatory definitions for "Occupant," "Unauthorized Use of Utility Service" and "Person."¹² PWSA's agreement to adopt these terms is directly correlated to other settlement terms identifying processes and procedures related to PWSA's exercise of its municipal lien authority. These include the revised tenant notice process set forth in Section III.B.1.b, and the settlement terms in Section III.C.1 and Section I addressing PWSA's pursuit of payment through the municipal lien process. While these settlement terms are discussed more fully below, the inclusion of them as part of this Settlement is important and is integral to the ability of PWSA to agree to revise its current definitions. Recognizing PWSA's authority to pursue municipal liens and implementing process changes to support the lien process coupled with the adopting of statutory or regulatory definitions reasonably addresses concerns raised by the Settling Parties. This term is in the public interest because its implementation will make it easier for the Commission and the Settling Parties to be assured that residential customers are receiving the Commission required protections, while also enabling PWSA to fully pursue all collections paths available to furnish and maintain adequate, efficient, safe and reasonable service and facilities.

¹¹ PWSA St. No. 1-R at 15.

¹² Settlement at Section III.A.

B. Treatment of Persons Receiving and/or Seeking Service

Section III.B of the Settlement presents a consensus resolution for some of the most contentious issues in this proceeding. These include PWSA's handling of tenants who apply for service as a customer and PWSA's historical process of always sending a bill to the property owner given its ability to pursue a municipal lien for unpaid utility charges. Read together, Sections III.B.1 through III.B.3 address longstanding concerns from OCA and Pittsburgh United about the rights afforded to tenants who wish to subscribe for service and present a new opt-in process regarding the disclosure of nonpayment and usage information to a property owner. These Sections also set forth the rights of and education to be provided to tenants who do not become customers. Section III.B.4 addresses concerns regarding disclosures for domestic violence victims. As explained more fully below, the framework set forth in this Section is a reasonable compromise of the varying views of the Settling Parties. Once adopted, the process will provide full disclosure to all residential consumers who wish to become "customers" of PWSA about the protections available to them pursuant to Commission requirements and the processes available to PWSA to share nonpayment and usage information with the property owner in order to preserve its ability to pursue municipal liens.

1. Tenants Applying for Service as a Customer

In Direct Testimony, Ms. Quigley fully explained PWSA's processes for persons receiving and/or seeking service including PWSA's processes to add tenants to an account.¹³ In response, OCA and Pittsburgh United raised concerns that PWSA's processes as related to tenants: (1) create inappropriate restrictions on the ability of tenants to subscribe for service; (2) result in the improper sharing of nonpayment and usage information about the tenant to the

¹³ PWSA St. No. 1 at 11-15.

property owner; and, (3) provide inadequate information to the new tenant-customer and the property owner about the going forward consequences of adding the tenant as a customer to the account.¹⁴ In response, PWSA disputed that its processes were inappropriately restricting the ability of tenants to receive service and that sending a bill to the property owner inappropriately exposed confidential information of the tenant to the landlord.¹⁵ Ms. Quigley also explained further why continuing to send the property owner the bill even when a tenant is added to the account served to assure that PWSA's ability to pursue municipal liens would not be compromised and that developing unique notices for this particular situation would be burdensome and costly.¹⁶

The Settlement achieves a reasonable compromise of these concerns in a number of interrelated ways. First, Section III.B.1.a of the Settlement addresses the process for tenants to apply for service as a customer requiring them to submit either a Revised Owner/Tenant Form or provide other proof of tenancy. The Settlement specifies the revisions to be made to the Revised Owner/Tenant Form and the other ways in which the tenant may provide proof of tenancy. These proposals are carefully tailored to address specific concerns raised by OCA and Pittsburgh United, to be consistent with PWSA's current processes, and to streamline the process for tenant applicants. Section III.B.1.c.i also makes clear that PWSA will not require property owner approval to allow a tenant to apply for service and/or become a customer to address another barrier identified by OCA and Pittsburgh United regarding the tenant application process. In

¹⁴ See, generally, OCA St. No. 1 at 9-10, Pittsburgh United St. No. 1 at 13-16, 19, 24-25.

¹⁵ PWSA St. No. 1-R at 21-22, 27-28.

¹⁶ PWSA St. No. 1-R at 16-20. Under the Municipality Authorities Act, PWSA may "enforce the owner's duty to pay a tenant's bill for service rendered to the tenant by the authority only if the authority notifies the owner and the tenant within 30 days after the bill first becomes overdue." 53 Pa. C.S. §5607 (c) (10)(11).

total, these provisions reasonably address the identified concerns about the process for tenants to apply for service.

Second, Section B.III.1.b of the Settlement resolves concerns about the information PWSA provides to property owners regarding nonpayment and usage in order to assure its ability to pursue a municipal lien is preserved. As a compromise, the Settlement proposes that PWSA will notify Tenant Applicants that the property owner will receive copies of the bills and notices related to the account. The Settlement also addresses the different ways this notice will be offered so as to reach the intended audience.¹⁷ PWSA also agrees to implement a method for the Tenant Applicant to acknowledge that he or she has been informed about what information will be provided to the property owner. These provisions address concerns that tenant applicants who successfully subscribe for service as a customer are informed about the information that will still be provided to the property owner in furtherance of PWSA's ability to pursue a municipal lien. In the future, six months after successful implementation of its new SAP billing system, PWSA agrees to provide Tenant Applicants a method to opt-out of PWSA sending the property owner copies of the bills and other notices related to the account.¹⁸ The Settlement carefully identifies the notices that will be provided for customers electing the opt-out option to ensure that the modified information will, nonetheless, be sufficient to preserve PWSA's municipal lien process. Offering the modified notices on an opt-out basis is also important to contain the costs of designing the new option and developing the new notices post implementation of SAP.

¹⁷ See Section III.1.b.i.(a) which references oral disclosure, language to be included on the Owner/Tenant form, information to be added to PWSA's website, the Customer Usage Portal and the to-be-developed Tenant Welcome Letter.

¹⁸ Settlement at Section III.1.b.ii. The implementation date for this new process is necessary because this feature is not currently built into the SAP design and will need to be developed once SAP is fully implemented. PWSA has considered the cost and benefit of this after-implementation feature and has agreed that it may be implemented cost-effectively and is an appropriate way to address concerns raised in this proceeding.

Finally, Section III.B.1.v makes clear that any Tenant Applicant electing not to subscribe for service as a customer will still be eligible for protections under the Discontinuance of Services to Leased Premises Act (“DSPLA”). These provisions provide tenants with an additional option to receive service.

Taken together these Settlement provisions are a reasonable way to balance the legal requirements for PWSA to pursue liens with concerns about providing greater certainty and accountability that residential customers receive all Commission jurisdictional customer protections set forth in the Public Utility Code (Chapters 14 and 15) as well as the Commission’s regulations (Chapter 56). This result is achieved by: (1) streamlining the application process for tenants to become customers, (2) enhancing the notice provided to tenants about the information that will be shared with their landlords if they become customers, (3) providing tenants with an opt-out opportunity to limit the information to be provided to their landlords; and, (4) maintaining the ability of tenants to receive service pursuant to DSPLA. Importantly, these settlement provisions recognize the unique position of PWSA as a municipal authority with access to the non-Commission jurisdictional municipal lien process collections tool and develop processes in consideration of this status that still ensure compliance with Commission requirements. As such, adoption of these settlement terms is in the public interest.

2. Property Owner Notice and Tenant Welcome Letter

Sections III.B.1.c and d propose to-be-developed written notices for the Property Owner and the Tenant Welcome Letter. These ideas were developed during the settlement discussions to address concerns that the property owner and the tenant were both made aware of PWSA’s processes going forward. Both written letters will provide notice that a tenant has been added as a customer and explain the resulting information that will be shared. The Tenant Welcome Letter will include further information to educate the tenant about his or her responsibility for the

charges that are incurred during the tenancy as well as the resources available to the tenant including the Customer Usage Portal, PWSA's customer assistance programs and the availability of further protections for domestic violence victims and qualifying medical issues.¹⁹

These Settlement provisions are in the public interest because they provide a concrete process by which PWSA will inform both tenants and property owners about their rights and responsibilities when a tenant is permitted to become a customer of the Authority. Providing consumers clear and transparent information is important to ensuring that they understand their rights and responsibilities and the available resources to assist them if they become unable to pay for service. Ensuring good customer education in this manner is also important to support any future action that PWSA may take to seek collection on any unpaid charges. The ability to pursue collections for non-payment of services rendered is of particular importance for PWSA as a utility regulated on a cash flow ratemaking basis because it has no investors and must rely (for the most part) on revenues collected from its ratepayers to fund its operations. Ideally good customer education will have a positive impact on decreasing the amount of unpaid bills but, in situations where it does not, good customer education complements the ability of PWSA to pursue service termination so as to decrease the level of uncollectible expense. This will reduce the costs to other ratepayers who ultimately shoulder the burden of unpaid service.

3. Post Tenant Application Status

Sections III.B.2 and 3 set forth the rights available to tenants when they become customers of the Authority and when they do not. These Sections are responsive to claims raised by OCA and Pittsburgh United that PWSA was not providing tenants all their available rights under the Public Utility Code or the regulations. While PWSA disputed this, the processes for

¹⁹ Settlement at Section III.B.1.d.i.

Tenant Applicants set forth in the Settlement resolve the concerns expressed and these two Sections specifically set forth what is available for both Tenant Customers and those who are not customers. Specifically, Section III.B.2 makes clear that Tenant Customers will have access to all applicable rights of residential customers pursuant to the Public Utility Code, Commission regulations and Commission policies and orders. Tenant Customers will also be eligible to apply for PWSA's customer assistance programs.

For tenants who do not become customers, Section III.B.3 addresses the rights available to them including those afforded by DSPLA and the legal protections available to cease a termination including a valid medical certificate or Protection from Abuse Order. Also, regarding non-customer tenants, PWSA has committed in Section III.3.c. to develop a flyer explaining the rights in multi-unit residential dwellings regarding partial payments. This provision is directly responsive to concerns raised by OCA.²⁰

These provisions are a reasonable resolution of concerns raised by OCA and Pittsburgh United to provide assurances that tenants will continue to receive and be informed about their applicable rights pursuant to the Public Utility Code, Commission regulations and Commission policies and orders. The rights to be afforded depending on whether or not a tenant becomes a customer are specified and additional education for tenants in multi-unit residential dwellings about how to maintain service is proposed. Adoption of settlement terms making clear that tenants will receive all available rights and protection is in the public interest and offers clarity regarding issues that have caused concern for OCA and Pittsburgh United in the past.

²⁰ OCA St. No. 1 at 12-13.

4. Domestic Violence Victims

In Direct Testimony, Pittsburgh United witness Vitek raised specific concerns regarding victims of domestic violence and recommended that PWSA be especially careful about what information it provides to the property owner in these situations.²¹ In Rebuttal Testimony, Ms. Quigley explained that in the four years since PWSA has come under the jurisdiction of the Commission it has no record of a situation in which PWSA sent a bill to a different address for a property owner identified as an abuser in a domestic violence situation.²² While PWSA continued to support its current processes, Ms. Quigley testified that PWSA would work with customers on a case-by-case basis to reassess whether or not a bill should be sent to the abuser/property owner in the event he or she moves from the property and so requests.²³ In his Surrebuttal Testimony, Mr. Vitek further clarified Pittsburgh United's concern for domestic violence victims and alleged that working with victims on a case-by-case basis was not sufficient to address the concerns.²⁴

The Settlement reasonably resolves this issue because PWSA agrees to not send a copy of the bill or other account notices to the property owner or landlord upon presentation of a Protection from Abuse order or a court order issued by a court of competent jurisdiction.²⁵ The Settlement also commits PWSA to develop customer facing education materials and processes to identify domestic violence victims at the time an applicant is seeking service in an effort to inform consumers about the availability of this option.²⁶ These agreements will require a change in PWSA's existing standard operating processes regarding notices to property owners

²¹ Pittsburgh United St. No. 1 at 37-40.

²² PWSA St. No. 1-R at 23.

²³ PWSA St. No. 1-R at 22-23.

²⁴ Pittsburgh United St. No. 1-SR at 11-13.

²⁵ Settlement at III.B.4.a.

²⁶ Settlement at III.B.4.b and c.

will need to be done on a manual basis, and may implicate more accounts. However, PWSA is not anticipating that the number of instances in which it will need to apply the new procedure to be insurmountable. Upon consideration of all these factors, the Settlement reaches a reasonable resolution of the specific concerns related to domestic violence victims and adoption of them without modification is in the public interest.

C. 52 Pa. Code §§ 56.35 and 56.285 Outstanding Residential Debt at a Property

In her Direct Testimony, Ms. Quigley explained that PWSA's current billing system, Cogsdale, prevents PWSA from identifying the starting point of a tenant's responsibility for charges when there is pre-existing debt at the property at the time the tenant begins to reside there.²⁷ This limitation meant that PWSA's collections processes for pre-existing debt could not be isolated to ensure that they did not proceed against the new tenant. To avoid this from occurring, PWSA categorized tenants as either "unlisted" or "listed" and had various processes and procedures through which a tenant would be so categorized.²⁸ As explained by Ms. Quigley, these processes were designed to encourage payment of the outstanding charges prior to the addition of a tenant to the account due to PWSA's billing system limitations and the negative impact of those limitations on PWSA's debt collections processes.²⁹ Ms. Quigley also explained that, with the implementation of its new customer and billing system (SAP), PWSA will be able to create a new account for the tenant who is accepted as a customer, inactivate the account with the pre-existing debt and pursue its authority to lien for the pre-existing debt.³⁰ Thus, once PWSA's new system goes live, currently on-target for August 2022, it will be able to ensure at

²⁷ PWSA St. No. 1 at 25-26.

²⁸ PWSA St. No. 1 at 11-12.

²⁹ PWSA St. No. 1 at 12.

³⁰ PWSA St. No. 1 at 25-26.

the billing system level that tenants who become customers will only be subject to the collections processes for any unpaid charges for which they are responsible .³¹

Upon their review of PWSA's current processes, both OCA and Pittsburgh United agreed that a tenant should not be required to be responsible for an outstanding debt prior to his or her tenancy. OCA focused on the various forms in use for tenants.³² Pittsburgh United raised similar concerns about PWSA's forms and expressed concern that PWSA's processes would lead to confusion for tenants and abuse by ill-intentioned landlords.³³

During the settlement discussions, PWSA's current forms and processes as well as its post-SAP implementation process were fully discussed among the parties. Through the discussions, the Settling Parties reached consensus on how to streamline PWSA's processes and provide more clarity for consumers. Section III.C of the Settlement is the result of this effort and makes clear that PWSA will not request or require payment of an outstanding balance unless the applicant is legally responsible for it.³⁴ The Settlement also sets forth PWSA's future post-SAP implementation process to isolate existing debt and pursue payment via its municipal lien authority and PWSA's agreement to no longer utilize the Assumption Form to add a tenant as a customer. These settlement terms are a reasonable compromise of the issues raised by OCA and Pittsburgh United because they make clear that PWSA will not require payment of pre-existing debt for which the tenant was not responsible as a condition of becoming a customer of the authority. PWSA also agrees to cease requiring the Assumption Form as a condition of adding a tenant as a customer to further support its process going forward and to address concerns about

³¹ PWSA St. No. 1-R at 25.

³² OCA St. No. 1 at 9-10.

³³ Pittsburgh United St. No. 1 at 24.

³⁴ Settlement at III.C.1.

how that form may be misinterpreted in the context of the landlord/tenant relationship. Adoption of these settlement terms is in the public interest because they reasonably resolve issues raised by OCA and Pittsburgh United about requirements tenants would have to follow to be added to the account while recognizing that PWSA's billing level solution is a more ideal way to pursue collections for any pre-existing debt on the account and add the tenant to the account as a customer.

D. 52 Pa Code § 56.94 Procedures immediately prior to termination (Personal Contact)

In her Direct Testimony, Ms. Quigley discussed PWSA's compliance with the Commission's personal contact regulations – an issue which has been debated and discussed among the parties since PWSA's initial rate case proceeding in 2018.³⁵ In response to Directed Question number 16, Ms. Quigley explained that PWSA was moving forward to enter into a contract with a third-party vendor to comply with the requirements of Section 56.94 of the Commission's regulations in November 2021.³⁶ PWSA Exh. JAQ-37 is a copy of training materials presented by PWSA to its vendor which was shared with the parties through the discovery process. OCA and Pittsburgh United identified additional information they recommended to be included with the training materials on this topic.³⁷ Also related to this issue, Pittsburgh United sought assurances that service terminations can be immediately ceased if Field Technicians (or the third-party vendor) identify a previously unidentified tenant occupied property.³⁸

³⁵ PWSA St. No. 1 at 51-53.

³⁶ PWSA St. No. 1 at 53.

³⁷ OCA St. No. 1 at 15-16 and United St. No. 1 at 33-34.

³⁸ Pittsburgh United St. No. 1 at 28-29 and 37

During the settlement discussions, Ms. Quigley presented information about her training of the vendor as well as her experiences accompanying the vendor during the initial day of visits. Ms. Quigley also presented a demonstration of how PWSA's SpryMobile application³⁹ is utilized during this process to communicate information between the persons in the field and those working in customer service. Consistent with her Rebuttal Testimony, Ms. Quigley demonstrated how a Field Technician that is on-site to perform a termination of service can cease the termination if the property was not previously coded in PWSA's records as a tenant-occupied property.⁴⁰ She also presented information to show that PWSA is tracking data related to this process. Through these discussions, the Settling Parties were able to reach consensus as set forth in Section III.D of the Settlement.

More specifically, PWSA agrees to establish a 14-day timeframe for persons to follow-up with customer service where a termination has been ceased based on representations from the customer during the personal contact. PWSA also memorialized its process to cease termination if the property is identified as a previously unknown tenant-occupied premises. Finally, PWSA has agreed to internally track the results of its personal contact attempts.⁴¹

These settlement terms are reasonable and should be adopted without modification because they provide more transparency about PWSA's processes, ensure that customers are granted a reasonable amount of time to exercise their rights to stop a termination and fully resolve an issue that has been continuously discussed in PWSA's formal proceedings since 2018. Resolving this issue is in the public interest because it makes clear that PWSA's processes are in

³⁹ See PWSA St. No. 1-R at 31-32 for a further explanation of PWSA's use of SpryMobile.

⁴⁰ PWSA St. No. 1-R at 31.

⁴¹ PWSA also agrees in Section III.H.3.vi to include the number of scheduled terminations canceled during personal contact beginning with the first Compliance Plan Quarterly Update Report that is due after a Final Order is entered in this proceeding.

compliance with expectations regarding Section 56.81 of the Commission’s regulations and that customers are given a last opportunity, via a personal contact, to address the issue giving rise to the service termination.

E. Inoperable/Missing Valves

In response to Directed Question number 11, PWSA witness Quigley explained how PWSA is planning to address technical problems related to the curb box which houses the shut-off valve to include steps taken to immediately address the situation, scheduling it for replacement and PWSA’s planned proactive action to engage a contractor dedicated to repairing and replacing curb boxes and curb stop valves.⁴² Ms. Quigley also testified that so long as the residential customer is not responsible for the delay in terminating service at the curb stop or has not otherwise tampered with PWSA’s curb box, PWSA will remove charges assessed resulting from delays in terminating his or her service.⁴³

Upon review of the testimony and discovery responses, Pittsburgh United expressed concerns about the types of situations in which refunds may be denied and when PWSA may ascribe “malicious” intent to actions of a customer. Pittsburgh United recommended that PWSA set forth a clear definition of tampering, requiring willful action or intent.⁴⁴ In response PWSA further explained that it gives customers credit for consumption that occurs seven days after the customer requested discontinuance at the property, regardless of the reason for the delayed service termination. Moreover, its Tariff prohibits a customer from interfering with the Authority’s access to or use of Curb Stop.⁴⁵

⁴² PWSA St. No. 1 at 46.

⁴³ PWSA St. No. 1 at 45.

⁴⁴ Pittsburgh United St. No. 1 at 46-47.

⁴⁵ PWSA St. No. 1-R at 35-36.

Section E of the Settlement reasonably addresses the identified concerns. First, Section E.1 clearly states that PWSA will either not invoice or credit any usage occurring seven days after the customer requests discontinuance at the property regardless of the reason for the delay, and that PWSA will work with its contractor to proactively identify, repair and replace damaged facilities within the budget available for the project. To specifically address concerns raised by Pittsburgh United regarding willful customer interference with access to the curb boxes and stop valves, PWSA commits to develop: (1) guidelines to determine when a delay is the fault of customer; (2) a definition of tampering that requires willful action or intent to include in its tariff; and, (3) warning notices to inform customers of the situation.⁴⁶ Upon completion of these tasks, PWSA also commits to pursue cost recovery from the customer or property owner who has been found to willfully interfere with access.⁴⁷

Adoption of these settlement terms is reasonable and in the public interest. Importantly, the Settlement makes clear how PWSA will proceed in situations where it does not have access to its facilities to perform a shut of service. It also commits PWSA to developing clear guidelines for determining when the lack of access is attributable to willful interference by the customer and to inform that customer of PWSA's findings in this regard. In situations where the customer is found to have willfully interfered with PWSA's facilities, the Settlement permits PWSA to pursue cost recovery from that customer for the costs to access/repair the facilities. Taken together, these terms reasonably address concerns related to this issue, provide transparent information and notice to customers about the Authority's expectations regarding the Curb Stop and/or Curb Box and present a pathway for PWSA to seek cost recovery directly from customers

⁴⁶ Settlement at III.E.2.

⁴⁷ Settlement at III.E.3.

found to have willfully interfered with the Authority's facilities. For all these reasons, these settlement terms should be approved without modification.

F. 52 Pa. Code § 56.81 – Authorized Termination of Service - Willful or Negligent Waste of Water

In her Direct Testimony, Ms. Quigley explained the problems created by customers willfully or negligently wasting water, its processes to work with customers to identify the problem and provide guidance on how it might be fixed and, when a customer refuses to take action, PWSA's processes to terminate service.⁴⁸ In response, Pittsburgh United expressed concern about how tenants may be notified of a leak if the bill is going to the property owner and that the 10-day Waste of Water Notice is not mailed to the tenant.⁴⁹ In Rebuttal Testimony, Ms. Quigley explained that the property owner has the obligation to repair an issue on the private side of the line, that this process generally involves a waste of water outside the property, not the meter, and that PWSA posts a Waste of Water Termination Notice at the property three days prior to the termination date.⁵⁰ PWSA opposed any change to its current process as no widespread negative impacts to tenants were identified. Ms. Quigley also noted that PWSA is actively pursuing implementation of a Pilot Private Service Line Leak and Expanded Conservation Program for eligible low-income customers and that proceeding would be a more appropriate place to address these issues.⁵¹

In Section III.F of the Settlement, PWSA commits to revising its current process by mailing the 10-day Waste of Water Notice to the tenant in addition to the property owner and to add language to inform tenant to contact PWSA if he/she is working with the property owner to

⁴⁸ PWSA St. No. 1 at 48-49.

⁴⁹ United St. No. 1 at 45-46.

⁵⁰ PWSA St. No. 1-R at 32-34.

⁵¹ PWSA St. No. 1-R at 34 referencing Petition filed January 3, 2022 at Docket No. P-2022-3030253.

address the issue. This Section of the Settlement also references the pending Petition. Adoption of these settlement terms without modification is in the public interest because they will provide more information to tenants about an issue that may impact their continued receipt of water service and provide tenants time to work with PWSA within their ability. Accordingly, the Settlement is a reasonable resolution of this issue and should be adopted without modification.

G. Lead Service Line Replacements

In her Direct Testimony, Ms. Quigley directly responded to Directed Question number 20 addressing the applicability of DSLPA before PWSA proceeds to terminate tenant-occupied properties where the landlord ratepayer refuses to permit a lead service line replacement at the property, including the rights of tenants to apply for continued service and whether partial lead service line replacements constitute an “emergency” or “danger to life” as defined in 66 Pa. C. S. § 1503(a).⁵² Mr. Vitek, on behalf of Pittsburgh United, presented testimony claiming that PWSA’s approved “stand in their shoes” tariff language authorizing PWSA to replace a privately owned lead service line if the property owner is unavailable is too narrow and restrictive.⁵³ Mr. Vitek recommended that PWSA amend its tariff to permit it to step in and perform a lead service line replacement whenever a landlord fails to take prompt action to allow the service line to be replaced, including the property owner’s outright refusal to do so.⁵⁴ In her Rebuttal Testimony, Ms. Quigley opposed the recommendation for several reasons most significantly due to the Authority’s concerns about putting workers at risk when they arrive at a property to do work where the property owner has refused to allow PWSA access.⁵⁵ Ms. Quigley also presented

⁵² PWSA St. No. 1 at 55-60.

⁵³ United St. No. 1 at 44-45.

⁵⁴ United Statement at 44-45.

⁵⁵ PWSA St. No. 1-R at 50.

other information in her Rebuttal Testimony noting that PWSA has not terminated service at *any* property due to a property owner's refusal to agree to a lead service line replacement. In fact, PWSA's data shows that initiating the termination process via the 37-Day letter and the follow-up 10-day letter if still no response from the property owner resulted in a 97% success rate of getting the private side lead service line replaced without pursuing a service termination for unresponsive property.⁵⁶

During the settlement discussions, the parties reviewed the current termination notices utilized in this context and brainstormed other ideas to address the situation of uncooperative property owners. Ultimately, agreement was reached that PWSA will continue to use all reasonable efforts to avoid termination of service in this context and open up a discussion with the Community Lead Response Advisory Committee ("CLRAC") about other possible actions PWSA could take to incent property owners to cooperate.⁵⁷

The proposed settlement of this issue is a reasonable approach to continue the discussion about steps that may be taken to address uncooperative landlords given the Commission's direction that PWSA must terminate service rather than implement a partial lead service line replacement. While the Settling Parties were not able to identify a more concrete solution in the context of this case, discussion among all stakeholders interested in these issues may lead to a better approach that addresses all of the concerns involved. For these reasons, adoption of this settlement term without modification is in the public interest.

⁵⁶ PWSA St. No. 1-R at 48-50. Of the 272 37-Day letters sent to property owners, PWSA was able to successfully address 263 of the properties by getting a response from the property owner or determining that the private service line was not made of lead. The follow-up 0-Day letter was sent to 42 properties. Of these 42 properties six terminations were performed for vacant properties.

⁵⁷ Settlement at Section III.G.

H. Collections

PWSA had expressly agreed that one issue that would be deferred by the Compliance Plan Stage 1 Settlement into this Stage 2 proceeding was “PWSA’s plan for collections (to include strategies to reduce overall uncollectibles and to ensure collections practices for residential customers are consistent with legal requirements).”⁵⁸ In response to that commitment, PWSA’s Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections (PWSA Exh. JAQ-1) included a section addressing collections⁵⁹ and witness Quigley presented the Authority’s present plan for collections in her direct testimony by describing in detail PWSA’s existing collections procedures and showing that the Authority fully takes into account all “legal requirements,” including Commission regulations, Chapter 56 and Chapter 14 of the Public Utility Code.⁶⁰

I&E witness Patel responded to Ms. Quigley’s testimony. In addition to asserting that PWSA is experiencing an allegedly high level of uncollectible expense and that PWSA had not, in his view, fully complied with collections-related commitments the Authority had made in the Compliance Plan 1 Settlement,⁶¹ he offered a series of recommendations. Mr. Patel specifically recommended that PWSA should consider a variety of additional measures including exploring the implementation of a customer credit scoring mechanism and demanding a security deposit for customers whose credit score was unacceptable, research the billing and collection practices

⁵⁸ *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1*, Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater) (Joint Petition for Partial Settlement filed on September 13, 2019), Section III.MM.1.c.

⁵⁹ PWSA Exh. JAQ-1 at 68-71.

⁶⁰ PWSA St. No. 1 at 26-29.

⁶¹ Mr. Patel noted that, in addition to agreeing to formulate a plan for collections, PWSA had also agreed that it would: 1) Attempt to gather information about the policies and procedures in place at other Pennsylvania regulated utilities, and use the information it learned to inform its own processes; and 2) Provide parties in this case with an update of its collections plan that factored in all of the Stage 1 settlement commitments. Mr. Patel submitted that PWSA has only partially complied with these Settlement terms. (I&E St. No. 1 at 11).

and policies implemented by other utilities (regulated gas, electric, and water distribution companies) serving PWSA's service territory and implement any identified "best practices," and provide detailed quarterly collections progress reports identifying progress made in the implementation of these various collection measures and related results.⁶²

In response, Ms. Quigley took issue with Mr. Patel's underlying premise: that PWSA's uncollectible levels were "unreasonably high." In fact, PWSA's cash receipts levels have consistently been 98% or higher, except for 2021 in which they dropped slightly to 95%. Of course, 2021 collections were significantly affected by policies (such as the Commission-imposed termination ban) designed to mitigate the economic effects of the Pandemic.⁶³ Nonetheless, these cash receipts levels compared favorably to other cash flow regulated companies, such as PGW.⁶⁴

Ms. Quigley also disputed Mr. Patel's interpretation of PWSA's settlement commitment and whether or not PWSA had fulfilled it.⁶⁵ She also explained that PWSA had already reached out to other utilities and was continuing to accumulate useful data from those discussions.⁶⁶ Despite the lack of evidence that PWSA's collection practices had not produced an "unreasonably high" level of collections, Ms. Quigley detailed a number of steps that the Authority had or intended to take to attempt to improve collections even beyond its presently

⁶² I&E St. No. 1 at 13-14.

⁶³ PWSA St. No. 1R at 36-39.

⁶⁴ *Id.* Ms. Quigley also showed that the data upon which I&E witness Patel relied to characterize as "unreasonably high" (I&E Exh.1) were actually used solely to calculate a reserve for uncollectible expense for book reporting purposes. She also explained that the amounts of dollars listed as "uncollectible" were high (and higher than typical for investor-owned utilities) because PWSA does not have a policy of writing off unpaid accounts due to its ability to file a lien against the property which can remain valid for at least 29 years. PWSA St. No. 1R at 39.

⁶⁵ PWSA St. No. 1RJ at 8-11.

⁶⁶ Ms. Quigley explained that issues associated with the pandemic and the need to first implement a new SAP billing system (which also is a significant drain of resources) impacted PWSA's resources available for this settlement commitment. PWSA St. No. 1R at 37-38.

adequate levels. These include: (1) continuing to research collections practices of other Pennsylvania regulated utilities to identify “best practices” for utility collections; and (2) to contract with a collection agency to provide collections assistance where appropriate and in accordance with all Commission rules and requirements. The collections agency would permit PWSA to regularly pursue sheriff sales to collect unpaid liens. Ms. Quigley indicated that the Authority planned to supplement its established collections plan with these steps. As for the other suggestions that Mr. Patel had made in his testimony, Ms. Quigley questioned the need for modifications such as implementing a credit scoring and deposit requirement, pointing out that such a program would be administratively difficult and costly to implement and was not demonstrated to be needed in light of PWSA’s ability to pursue a municipal lien and the administrative cost of establishing and maintaining such a system. Ms. Quigley also questioned the advisability of imposing new requirements on customers that would potentially make it harder for them to initiate or maintain service in light of the continuing effects of the pandemic.⁶⁷

Mr. Patel’s responsive testimony continued to assert that PWSA’s uncollectible levels were unreasonable and that the Authority should take or at least explore the various steps he had recommended to improve its performance.

The proposed settlement terms as set forth in Section III.H are a reasonable resolution of these various, sometimes conflicting, assertions and recommendations. First, they reaffirm PWSA’s intention to develop a more fulsome written Collections Plan and set forth specific expectations regarding the Collections Plan.⁶⁸ In formulating that Plan, the Authority has agreed to include the following:

⁶⁷ PWSA St. No. 1R at 43-45.

⁶⁸ Settlement at Section III.H.1.

- The results of the discussion with other utilities regarding their best collections processes including information about the utility's experience with credit scoring, and security deposits mechanisms (if any);
- Any available information about or analyses of the utility's collections practices to include lessons learned and best practices;
- PWSA's analysis based on its evaluation of other utility practices and other research about what actions can be taken to improve PWSA's collections, specific collections goals;
- Identification of specific metrics that can be used to measure PWSA's progress toward the specific collections goals identified in the Collections Plan;
- Reporting obligations to track PWSA's progress and provide such information to interested parties as part of PWSA Quarterly Compliance Plan Progress Reports;
- Provide a description of the automation of the collections process which has or will be implemented with SAP, including a timeline for implementation; and
- An evaluation of engaging a third-party collections agency to assist with PWSA's collections activities.⁶⁹

The Settlement Terms also recognize that PWSA's use of liens pursuant to the Municipal Claims and Tax Liens law, 52 P.S. §§ 7101-7455 are not subject to Commission jurisdiction, and that the Collections Plan may include evaluation of expanded processes to pursue collections of a lien.⁷⁰

The Settlement commits PWSA to share a draft of the Collections Plan with the Parties within 30 days after entry of a final order in this proceeding,⁷¹ to include the final Collections Plan as part of its Updated Stage 2 Compliance Plan within 60 days of entry of a Final Order,⁷² and establishes data reporting requirements related to collections to begin with the first

⁶⁹ Consistent with Section E.9.b of the Commission approved settlement at Docket No. R-2021-3024773, PWSA will provide notice to the parties of this proceeding and LIAAC if it elects to issue a Request for Proposal and consider comments and feedback regarding the proposal.

⁷⁰ Settlement at Section III.H.1.3.

⁷¹ Settlement at Section III.H.2.

⁷² Settlement at Section III.K.

Compliance Plan Quarterly Update Report to due after the Final Order is entered in this proceeding.⁷³

The Settlement is in the public interest because it provides specific clarity and direction about the formulation of a written Collections Plan, resolving the concerns raised by I&E regarding the completion of this commitment from prior cases. More specifically, the Settlement sets forth the information for PWSA to request from other utilities in its consideration of the other utilities' collections practices⁷⁴ and the costs and benefits of various possible collection steps, such as implementing a credit score/deposit program or engaging a third party collection agent as part of developing a collections plan specifically for PWSA.⁷⁵ Additionally, the Settlement assures that the parties will have the ability to consider, discuss and provide feedback about the draft Collections Plan prior to its filing with the Commission.⁷⁶ The Settlement also identifies specific metrics regarding collections issues that will be reported in the Compliance Plan Quarterly Update Report to provide the parties and Commission on-going and real-time information about the collections process pending the development of a future reporting obligation to measure the progress of PWSA's implementation of its written Collections Plan.⁷⁷

Notably, in making these commitments, PWSA is not conceding that its present collections practices and procedures are inadequate or that its uncollectible levels are unreasonable – they are not. Nor is it conceding that the Commission has authority to dictate collections practices to a regulated entity absent a finding that: 1) its present practices do not

⁷³ Settlement at Section III.H.3.

⁷⁴ Settlement at Section III.H.1.a.

⁷⁵ Settlement at Section III.H.1.b.

⁷⁶ Settlement at Section III.H.2.

⁷⁷ Settlement at Section III.H.1.b.

comply with existing Commission regulations or orders;⁷⁸ or 2) its present practices are so deficient as to constitute inadequate service resulting in unreasonably high rates, a finding that could not be made on this record.⁷⁹ However, as indicated above, while PWSA's collection performance is strong, it is always willing to try to improve. The collections provisions of the Settlement provide a path to making PWSA's collections efforts even stronger in the months and years ahead and, therefore, should be approved as in the public interest.

I. Pursuit of Payment Through Lien Process

In her Direct Testimony, Ms. Quigley explained how many of its current processes were designed to preserve PWSA's ability to pursue a municipal lien for unpaid utility charges. In her Direct Testimony, OCA Witness Alexander expressed confusion about when PWSA will rely on Chapter 56 to pursue collection of outstanding charges and when it will implement its lien process. She also expressed concern about the disclosures regarding the lien process to customers and whether they may cause confusion for those customers about the availability of their Chapter 56 protections.⁸⁰ Ms. Quigley more fully explained PWSA's lien process in her Rebuttal Testimony and noted that it is an important additional collections tool available to PWSA that does not result in the termination of service.⁸¹ However, since termination of service for unpaid charges is important to prevent PWSA from expending resources and costs that will

⁷⁸ Insofar as PWSA is aware, the Commission does not have any regulations or orders that dictate specific collections practices, other than its regulations (Chapter 56) or Public Utility Code provisions (Chapter 14) setting forth protections and procedures for customers when a utility attempts to collect.

⁷⁹ Commission decisions have made clear that a utility need not provide the best possible service and it follows that failing to engage in "best practices" does not alone constitute the provision of inadequate service. See., e.g., *Wenrich v. Frontier Communications of PA*, C-2021-3025797 (Opinion and Order adopting ID entered Feb. 28, 2022). In the Initial Decision (entered Jan. 26, 2022), the ALJ held: "[n]either the Public Utility Code nor the Commission's regulations require that public utilities provide flawless service." *Pa. Pub. Util. Comm'n, Bur. of Investigation and Enforcement v. Verizon Pa. LLC*, Docket No. M-2020-3003591 (Opinion and Order entered July 15, 2021). Section 1501 only requires public utilities "to provide reasonable and adequate, not perfect, service."

⁸⁰ OCA St. No. 1 at 16-17.

⁸¹ PWSA St. No. 1-R at 9-10.

ultimately need to be paid by other ratepayers, she explained the PWSA places a high priority on making certain residential consumers are afforded all required Chapter 56 notices and protections so that it may terminate service if all else fails.⁸²

PWSA's lien process was well discussed during the settlement conversations given its role in PWSA's historical processes and PWSA's concerns about ensuring that its authority to pursue municipal liens be preserved as part of any revisions to existing processes. Section I.1 and 2 of the Settlement makes clear PWSA's intent to continue to pursue collection through pursuit of a municipal lien and that nothing in the settlement is intended to interfere with its ability to use liens or to confer jurisdiction to the Commission regarding liens. Section I.3 provides a description of PWSA's Lien Process for informational purposes and Section I.4 makes clear when PWSA's will implement its Lien Process to ensure that residential customers continue to have all Commission jurisdictional rights and protections available. Finally, Section I.5 proposes language PWSA agrees to include on all its bills and customer collection notices to disclose to customers its ability to pursue liens.

Taken together, all these Settlement provisions involving the lien process are a reasonable resolution of concerns regarding PWSA's ability to pursue a municipal lien and the customer protection requirements of the Public Utility Code. Importantly, the Settlement agreement makes clear that the lien process is not regulated by the Commission, that PWSA intends to continue to pursue both collections tools, identifies how exercising the lien collections tool for residential customers will not interfere with ensuring those customers receive their Commission required protections and appropriate disclosure will be provided to customers about the availability of the lien process. The provisions of Section III.C together with the

⁸² PWSA St. No. 1-R at 11-13.

commitments of Sections III.A and B represent a significant compromise by the Settling Parties of their varying concerns and result in processes and procedures that benefit the public interest by providing more clarity regarding PWSA's collections processes and ensuring appropriate residential customer protections are provided. As such, these terms should be adopted without modification.

J. Post Final Order Processes: Compliance Tariffs, Updated Stage 2 Plan, Revised Customer Notices, Training Materials, Timeline

In her Direct Testimony, Ms. Quigley explained that PWSA did not propose specific revisions to its current tariffs because such effort would be a significant undertaking that would be better done upon clear direction from the Commission.⁸³ As Ms. Quigley pointed out in Rebuttal Testimony, the scope of this proceeding is exceedingly broad, considering compliance with twenty-two subchapters of Chapter 56 in addition to Chapters 14 and 15 of the Public Utility. The narrowing of issues only began to occur with the start of the written testimony in this proceeding.⁸⁴ OCA Witness Alexander noted that the lack of tariff language to review presented difficulties to determine PWSA's compliance⁸⁵ and Pittsburgh United Witness Vitek noted the complexity of revising the tariffs and offered a post Final Order compliance process for consideration.⁸⁶ Mr. Vitek also made other recommendations regarding post-Final Order compliance to include a requirement that PWSA submit updated training materials and provide the parties at least 45 days to review and comment.⁸⁷ While PWSA did not support a requirement that its training materials be submitted to the Commission for review and

⁸³ PWSA St. No. 1 at 6-7.

⁸⁴ PWSA St. No. 1-R at 7-8.

⁸⁵ OCA St. No. 1 at 5 and 18.

⁸⁶ Pittsburgh United St. No. 1 at 8.

⁸⁷ Pittsburgh United St. No. 1 at 33-34.

approval,⁸⁸ PWSA does support allocating additional time after a Final Order is entered to undertake the process of preparing compliance tariffs and providing the parties a chance to review them, and suggested that an additional 20 day period for reply exceptions or comments be established.⁸⁹

Sections III.J through III.N set forth the Settling Parties' consensus recommendation for the post-Final Order processes. Section J proposes a 60-day period after entry of the Final Order for PWSA to prepare and submit its Compliance Tariff with a commitment by PWSA to use best efforts to prepare its drafts within 45 days and share those drafts with the parties and the Bureau of Consumer Services ("BCS") staff for feedback and further discussion prior to filing. Section III.J.3 proposes a 30-day comment after the filing of the Compliance Tariffs and a 15 day reply period. These provisions are important to provide the time necessary for PWSA to incorporate the directives of the Final Order into its three tariffs and to attempt to resolve any issues that may be identified by the Settling Parties or BCS prior to filing. Section III.K commits PWSA to filing an Updated Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections within 60 days of entry of a Final Order. Section III.L sets forth all the notices PWSA is committing to revise as part of the Settlement and establishes timelines and processes for the parties and BCS to review and provide feedback regarding the revised notices. PWSA also commits to considering any feedback received and to explaining why any recommendations are rejected. Section III.M addresses updates to PWSA's training materials and sets forth a timeline and process for PWSA to share its proposed revisions and the explain why any recommendations offered are rejected. Section III.M.3 identifies two issues that were raised by Pittsburgh United committing PWSA to

⁸⁸ PWSA St. No. 1-R at 52.

⁸⁹ PWSA St. No. 1-R at 8-9.

making sure these issues are addressed in the updated training materials. Finally, Section III.N lays out the complete post-Final Order timeline proposed by the parties.

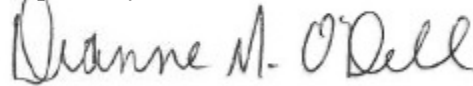
Adoption of the Settling Parties' proposed post-Final Order process is a reasonable resolution of the issues raised in this proceeding and in the public interest. The proposed timeline carefully considers the volume of drafting that will need to be completed upon direction from the Commission in the Final Order (which includes three separate tariffs, nine customer notices, a new Collections Plan and Updated Stage 2 Compliance Plan), the resources available to all the Settling Parties and a reasonable timeframe to complete all tasks. The Settlement proposes an orderly process which PWSA reasonably believes can be accomplished and which sets forth a path to conclude this long proceeding. For these reasons, PWSA supports adoption of the settlement terms without modification.

[signature appears on next page]

III. CONCLUSION

For all the reasons set forth herein and the Joint Petition for Settlement, PWSA respectfully requests that the ALJ recommend that the Commission adopt the Settlement as proposed without modification.

Respectfully submitted,



Deanne M. O'Dell, Esq. (I.D. No. 81064)

Daniel Clearfield, Esq. (I.D. No. 26183)

Karen O. Moury, Esq. (I.D. No. 36879)

Lauren Burge, Esq. (I.D. No. 311570)

dodell@eckertseamans.com

dclearfield@eckertseamans.com

kmoury@eckertseamans.com

lburge@eckertseamans.com

Eckert Seamans Cherin & Mellott, LLC

213 Market Street, 8th Floor

Harrisburg, PA 17101

717.237.6000

717.237.6019 (fax)

Attorneys for

The Pittsburgh Water and Sewer Authority

Date: March 14, 2022

Exhibit C
Bureau of Investigation and Enforcement Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Chapter 32 of the Public	:	Docket Nos. M-2018-2640802
Utility Code Regarding Pittsburgh Water	:	M-2018-2640803
and Sewer Authority – Stage 2	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 313863

Allison C. Kaster
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 93176

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, Pennsylvania 17120

Dated: March 14, 2022

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Utility Code Regarding Pittsburgh Water	:	M-2018-2640803
and Sewer Authority – Stage 2	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

**TO ADMINISTRATIVE LAW JUDGE ERANDA VERO AND ADMINISTRATIVE
LAW JUDGE GAIL M. CHIDO:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by its Prosecutors Gina L. Miller and Allison C. Kaster, respectfully submit that the terms and conditions of the foregoing *Joint Petition for Settlement* (“Joint Petition” or “Settlement”)¹ are in the public interest and should be approved by Administrative Law Judge Eranda Vero and Administrative Law Judge Gail M. Chiodo (collectively “the ALJs”) and the Public Utility Commission (“Commission”) without modification for the reasons set forth below.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

Introduction

I&E is responsible for representing the public interest in Commission proceedings and enforcing compliance with the Pennsylvania Public Utility Code (“Code”).²

¹ *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority Stage 2*, M-2018-2640802 et al., *Joint Petition for Settlement* (March 14, 2022).

² See Docket No. M-2008-2071852, Final Procedural Order entered on August 11, 2011, p. 10; 66 Pa. C.S. § 308.2(a).

Representing the public interest includes balancing the interests of ratepayers, the regulated utility, and the regulated community as a whole.³ I&E's role in this case was to investigate and develop a record of Pittsburgh Water and Sewer Authority's ("PWSA") Stage 2 Compliance Plan: Chapters 14 & 56, the Discontinuance of Service to Leased Premises Act, and Collections ("DSLPA"). As PWSA continues its full transition to the Commission's jurisdiction, Chapter 32 requires PWSA to file a plan to come into compliance with the Code and Commission rules, regulations, and orders.⁴ In this first prong of its second stage of its Compliance Plan, PWSA was required to file a plan demonstrating compliance or a path to compliance, inter alia, with Chapter 14 of the Code, Chapter 56 of the Commission's regulations, and DSPLA." After the conclusion of this case, the Commission will evaluate whether PWSA's plans to comply will ensure and maintain its provision of adequate, efficient, safe, reliable and reasonable service.⁵

The Joint Petition identifies the issues resolved and this Statement in Support of the Joint Petition provides I&E's rationale for supporting such resolution. The Joint Petition represents I&E's and other parties' diligent and good-faith efforts to resolve a number of complex, challenging issues in a manner that promotes the goals of Chapter 32 and is in the public interest. I&E did not address all of the issues resolved by this Settlement, as the crux of its case focused on its investigation into PWSA's collections practices and policies. Nevertheless, I&E heavily participated in all aspects of this case from start to finish, including the many settlement discussions over which each and every term comprising the

³ *Pa. P.U.C. v. Bell Atlantic-Pennsylvania, Inc.*, Docket Nos. R-00953409, *et al.*, 1995 Pa. PUC LEXIS 193 (Order entered September 29, 1995); I&E St. No. 1, p. 5.

⁴ 66 Pa. C.S. § 3204(b).

⁵ 66 Pa. C.S. § 3204(c).

Settlement was fully vetted. Accordingly, I&E's position is that all terms that comprise the Joint Petition either now demonstrate commitments that consistent with PWSA's obligation to ensure and maintain its provision of adequate, efficient, safe, reliable and reasonable service, or are necessary steps that PWSA must take to facilitate its ability to provide and maintain such service. Accordingly, and, for the reasons more thoroughly explained below, I&E supports the Joint Petition for Settlement filed in this case on March 14, 2022.

Procedural Background

The history of this proceeding is set forth in the *Background and Procedural History* section of the Joint Petition, which I&E herein adopts and incorporates. In addition, I&E offers the following additional procedural history specific to its participation in this proceeding: Pursuant to the litigation schedule in this case, I&E served its testimonies and exhibit in this case as listed below:⁶

- I&E Statement No. 1: the Direct Testimony of D.C. Patel
- I&E Exhibit No. 1: the Exhibit to accompany the Direct Testimony of D.C. Patel
- I&E Statement No. 1-SR: the Surrebuttal Testimony of D.C. Patel

During the course of this proceeding, I&E and other parties engaged in substantial formal and informal discovery. In accordance with Commission policy favoring settlements,⁷ I&E participated early and consistently in multiple extensive settlement discussions with PWSA and other parties to the proceeding. Following extensive settlement negotiations, the Joint Petitioners reached a settlement on February 14, 2022, and notified the

⁶ On January 28, 2022, alongside service of his surrebuttal testimony, I&E witnesses Patel submitted a verification statement attesting to the facts that the identified documents were prepared by him and that the facts contained in his testimony are true and correct to the best of his knowledge, information and belief.

⁷ 52 Pa. Code § 5.231.

ALJs of the resolution prior to the scheduled start of evidentiary hearings set for February 15, 2022.

II. OVERALL REASONS FOR SUPPORT OF THE SETTLEMENT

I&E asserts the Settlement is a reasonable resolution of the vast majority of issues raised by the Commission and parties for Stage 2 of PWSA's Compliance Plan proceeding focusing on Chapters 14 & 56, DSLPA and Collections. The terms are the product of multiple rounds of extensive testimony, and numerous in-depth settlement discussions held between the parties. The terms of the Settlement include, but are not limited to, the parties' attempt to address issues raised through the Commission's Directed Questions. Additionally, as I&E noted in Stage 1 of PWSA's Compliance Plan case, bringing PWSA into compliance with the Code and Commission regulations, rules, and orders is an enormous undertaking. With respect to areas for which immediate compliance could not be achieved, PWSA has undertaken a series of commitments to achieve compliance, and in many cases, agreed to provide updates by which the Joint Petitioners and the Commission can gauge PWSA's progress towards end-state compliance. I&E submits that the Settlement meets the applicable standard of adequately ensuring and maintaining PWSA's provision of adequate, efficient, safe, reliable and reasonable service.⁸ Accordingly, I&E fully supports this Settlement, and avers its approval is in the public interest.

⁸ 66 Pa. C.S. § 3204(c).

III. REASONS FOR SUPPORT OF SPECIFIC ISSUE ADDRESSED: COLLECTIONS (Joint Petition ¶III(H))

A. PWSA's Commitment to Develop a Collections Plan (Joint Petition ¶III(H)(1))

I&E's agreement to join the Settlement was contingent on PWSA's commitment to develop a comprehensive written Collections Plan. To be sure, central issues of this case are whether PWSA's collections policies and practices are consistent with the General Assembly's policy for Chapter 14 of the Code and with the Commission's policy underlying Chapter 56 of its regulations. By way of further context, the General Assembly's basis for enacting Chapter 14 expressly identifies the goal of providing protections against rate increases for timely paying customers resulting from other customers' delinquencies and eliminating opportunities for customers capable of paying to avoid the timely payment of public utility bills.⁹ Similarly, the Commission's regulations at Chapter 56 also expressly require, among other things, that public utilities shall utilize the procedures in Chapter 56 to effectively manage customer accounts to prevent the accumulation of large, unmanageable arrearages.¹⁰ Finally, I&E recognizes that the Commission's Directed Questions for this case directed the parties to parties should also discuss PWSA's procedures and the impact of those procedures on the collection of outstanding customer debt.¹¹

Considering the statutory and regulatory collections obligations PWSA must now meet as it continues its full transition to compliance as mandate in Chapter 32, I&E's review of PWSA's Stage 2 Compliance Plan focused on this case from a collections vantage point.

⁹ 66 Pa. C.S. § 1402.

¹⁰ 52 Pa. Code § 56.1.

¹¹ Pennsylvania Public Utility Commission Report and Directed Questions, Stage 2, Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority-Stage 2- Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's Regulations, Docket No. M-2018-2640802, p. 8 (August 5, 2021) "Directed Questions."

In this case, I&E's investigation concluded with the determination that further action is necessary to ensure PWSA's compliance with the collection policies of Chapter 14 and Chapter 56. Accordingly, PWSA's agreement to develop the Collections Plan set forth in this Settlement is necessary to ensure that it will further analyze available collections tools and evaluate them from a cost/benefit perspective to ensure that customers who have the ability to pay do so and to protect PWSA and its customers from large, unmanageable arrearages. These goals are important for every regulated utility, but are of paramount importance for PWSA, a cash flow utility without any shareholders to absorb the burden of uncollectible accounts. Here, every dollar that PWSA does not collect will drive up costs for those who are paying for service and could also impact PWSA's ability to provide safe, adequate, and reliable service as required.¹²

B. Full Evaluation of a Credit Scoring and Security Deposit Mechanism
(Joint Petition ¶III(H)(1)(a))

The Collections Plan will require PWSA to comply with I&E's recommendation that it consider an avenue to mitigate uncollectible levels by way of implementing a credit scoring methodology and security deposit mechanism.¹³ Generally, per 52 Pa. Code § 56.32(a) a public utility may require a cash deposit in an amount that is equal to 1/6 of an applicant's estimated annual bill at the time the public utility determines a deposit is required, based upon the conditions specified in 52 Pa. Code § 56.32(a)(1) and (2).¹⁴ At the outset of this case, PWSA indicated that it currently does not require security deposits from

¹² 66 PA. C.S. § 1501.

¹³ I&E St. No. 1, p. 14.

¹⁴ These conditions include that the applicant being assessed the deposit must be an applicant who was previously a customer of the utility, and whose service was terminated for reasons such as non-payment of an undisputed delinquent account, failure to permit access to meters, unauthorized use of service, fraud or misrepresentation of identity for the purpose of obtaining utility service, tampering with meters, failure to comply with a payment arrangement, and violation of tariff provisions so as to endanger safety.

residential customers, and, therefore, does not have any established credit scoring methodology or standards for residential customers.¹⁵

PWSA objected to considering implementation of a credit deposit/security deposit mechanism, in part, because it opined that such action may not be warranted in light of PWSA's authority to impose liens as a collection tool, and because implementing the mechanism would be burdensome and costly.¹⁶ In response, I&E explained that the efficacy of PWSA's lien authority is not a basis for dismissing other viable collections tools.¹⁷ I&E also questioned the basis for PWSA's determinations that a credit scoring/security deposit would be too costly and burdensome to implement because PWSA admitted that it had not conducted any analysis to support those determinations.¹⁸

As a result of good faith negotiations, the Settlement now memorializes PWSA's commitment to truly evaluate whether implementation of a credit scoring/security deposit mechanism would be cost-efficient, beneficial, and administrable. Additionally, PWSA has committed to researching steps that other utilities that have implemented this process have undertaken to ensure that income eligible customers are not assessed security deposits. I&E supports this research because the Code prohibits a public utility from requiring a cash deposit from a customer or applicant that is confirmed to be eligible for a customer assistance program,¹⁹ and ensuring that PWSA understands how other utilities have ensured compliance will better inform its decision on whether and how to implement this type of mechanism. Similarly, PWSA has committed to learning about the steps other utilities have

¹⁵ PWSA St. No. 1, p. 19.

¹⁶ PWSA St. No. 1-R, pp. 43-44.

¹⁷ I&E St. No. 1-SR, pp. 13-14.

¹⁸ I&E Exhibit No. 1, Sch. 2.

¹⁹ 66 Pa. C.S. §1404 (a.1).

taken to comply with both the Fair Credit Reporting Act and the Equal Credit Opportunity Act as part of their implementation of any credit scoring/security deposit mechanism. As Pittsburgh United witness Vitek explained, compliance with these Acts is an important part of protecting customers from discrimination;²⁰ accordingly I&E supports PWSA's commitment to educate itself on protocols to ensure compliance.

Importantly, I&E recommended that PWSA consider implementing a credit scoring/security deposit mechanism as part of an overall strategy to reduce uncollectible account levels. Serious evaluation of all available strategies is important because high levels of uncollectible accounts will negatively impact the net operating margin, cash liquidity, and the overall financial condition of PWSA, and this may impact working capital and add to borrowing costs that could negatively impact the rates of *all* customers.²¹ Not only is in the public interest for PWSA to avoid these outcomes, but the policy goals of Chapter 14 (*providing protections against rate increases for timely paying customers resulting from other customers' delinquencies*) and Chapter 56 (*effectively managing customer accounts to prevent the accumulation of large, unmanageable arrearages*) require such avoidance where possible.

C. Research of Collections Practices (Joint Petition ¶III(H)(1)(b))

Consistent with I&E witness Patel's recommendation,²² PWSA has committed to engaging with other utilities regarding their best collections practices so as to gain, where possible, industry information that may inform and benefit its own practices. I&E's

²⁰ United Statement No. 1-R, p. 5.

²¹ I&E St. No. 1, pp. 8-9.

²² I&E St. No. 1, p. 14.

agreement to enter the Settlement was, in part, contingent on this term, as I&E's testimony outlines the fact that PWSA previously agreed to perform collections research:

[A]s a condition of the partial settlement of its Stage 1 Compliance Plan case, PWSA agreed that this Stage 2 proceeding would include a plan for collection, including a strategy to reduce overall uncollectibles.²³ Additionally, PWSA committed to gathering information about the policies and procedures in place at other Pennsylvania regulated utilities,²⁴ and using the information it learned to inform its own processes.²⁵ Finally, PWSA promised to provide parties in this case with an update of its collections plan that factored in all of the Stage 1 settlement commitments.²⁶

While PWSA acknowledged its above-referenced commitments, witness Julie Quigley explained that PWSA experienced hardship in the form of intervening circumstances that forced PWSA to reprioritize its efforts and resources. These circumstances included the need for PWSA to devote efforts and resources to navigate the challenges of the COVID-19 pandemic and other unanticipated operational constraints.²⁷ Despite the hardships, witness Quigley also indicated that PWSA recently began the contemplated discussions with other jurisdictional utilities that either share or neighbor PWSA's service territory, including Pennsylvania-American Water Company and Peoples Gas, and that it anticipated opening discussions with Duquesne Light Company in the future.²⁸

I&E applauds PWSA's efforts to open the collections discussions with similarly situated utilities in an effort to gain knowledge that may inform and benefit its own practices.

²³ I&E St. No. 1, pp. 10-11, citing Joint Petition for Partial Settlement, *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority— Stage 1*, Docket Nos. M-2018-2640802 (water).and M-2018-2640803 (wastewater), p. 40, MM(1)(c), (September 13, 2019).

²⁴ I&E St. No. 1, pp. 10-11, citing Joint Petition for Partial Settlement at p. 41, MM(2)(a)(v).

²⁵ I&E St. No. 1, pp. 10-11, citing Joint Petition for Partial Settlement at p. 41, MM(2)(b)(i).

²⁶ I&E St. No. 1, pp. 10-11, citing Joint Petition for Partial Settlement at p. 42, MM(3).

²⁷ PWSA St. No. 1-R, p. 37.

²⁸ PWSA St. No 1-R, p. 45.

Now, by way of the settlement, PWSA has not only memorialized that commitment, but it has also agreed that its evaluation of other utility practices will be part of the Collection Plan that must be shared with parties in this case within 30 days of the entry of a final order in this case. For practical purposes, PWSA has now committed to a measurable process and timeline for when it will make this information available, which ensures accountability and timeliness. Furthermore, although I&E recognizes that not all of the utility collection practices of other jurisdictional utilities may translate well to PWSA, PWSA commitment to learn more about how regulated utilities address collections is an important component of its full transition to the Commission's jurisdiction. Additionally, ensuring that PWSA evaluates all available options to reduce uncollectible accounts as necessary to mitigate large debts and to protect ratepayers from unwarranted costs is not only in the public interest, but also consistent its regulatory obligations.

D. SAP Implementation Timeline (Joint Petition ¶III(H)(1)(c))

An additional benefit of the Settlement is that PWSA's Collections Plan will include a description of the automation of the collections process that has or will be implemented, including a timeline for implementation. From I&E's perspective, the importance of this term cannot be overstated because PWSA's efforts to track and pursue collection of delinquent accounts have been frustrated by the fact that it has been relying upon manual entry of data.²⁹ PWSA anticipates that in or around August of 2022, it will be able to implement the SAP billing system, which will "remedy the technical limitations of the

²⁹ PWSA St. No. 1R, p. 5.

Cogsdale billing system that have hindered so much of our [PWSA's] forward movement. . .

.³⁰

I&E too looks forward to PWSA's transition to the automated system, which it hopes will benefit ratepayers by ensuring that their accounts are accurate, that payments are readily and promptly tracked, and that PWSA's resources will be less taxed once it no longer relies on manual entry of account data. I&E anticipates that the transition to SAP will help PWSA more timely and accurately track accounts for purposes of collection to ensure that customers who are in arrears are promptly apprised of that fact and that they are given all regulatorily appropriate methods of notice and opportunity to pay before termination. Additionally, automation will better enable PWSA to track delinquencies from a timing perspective so that it can devote resources to those account that are most critical. For these reasons, PWSA's commitment to reporting on its progress in transitioning to the automated SAP system is in the public interest.

E. Establishing and Tracking Collection Goals (Joint Petition ¶III(H)(1)(b) & Joint Petition ¶III(H)(3))

The Settlement also memorializes PWSA's commitment include specific collections goals in its Collections Plan so that it will identify the targets is working to achieve. In order to ensure that there are measurable goalposts, PWSA has agreed that the Collections Plan will also identify metrics that can be used to measure its progress in meeting the established collections goals. I&E views these commitments as extremely important because absent PWSA establishing goals and identifying metrics that can be used to gauge its progress in

³⁰ Id.

attaining them, neither PWSA, the Joint Petitioners, nor the Commission will be able to evaluate the success of PWSA's efforts.

Additionally, PWSA's Collections Plan will include a proposed Quarterly Compliance Plan Progress Report obligation so that interest parties can track PWSA's progress in meeting its collections goals. While PWSA is still working to identify targeted goals, it has committing to using the Quarterly Compliance Plan Update process to provide the following metrics for evaluation: (1) Number of accounts entering the Collections Life Cycle (60+ days past due); (2) Dollar amounts of accounts entering the Collections Life Cycle (60+ days past due); (3) Number of accounts that are between 180 and 9999 days overdue; (4) Dollar amounts of accounts that are between 180 and 9999 days overdue; (5) Number of accounts receiving 10-day and 37-day notices; (6) Number of scheduled terminations canceled during personal contact; (7) Number of Notices of Intent to Lien issued; and (8) Number of liens filed. Additionally, the data to be reported in the Compliance Plan Quarterly Update Report will encompass the below time periods: for the April 30th Quarterly Update Report, the data will be through March 31st; for the July 31st Quarterly Update Report, the data will be through June 30th; for the October 31st Quarterly Update Report, the data will be through September 30th; and, for the January 31st Quarterly Update Report, the data will be through December 31st. I&E submits that tracking these metrics is an important first step for PWSA as it identifies collections goals and strives to develop ways to attain those goals. Overall, I&E fully supports these commitments because ensuring that PWSA's collections efforts are fruitful and cost effective is both in the public interest and consistent with PWSA's jurisdictional obligations.³¹

³¹ 66 Pa. C.S. § 1402; 66 Pa. C.S. § 1301; 52 Pa. Code § 56.1.

F. Collections Plan Review and Reporting (Joint Petition ¶III(H)(2))

Pursuant to the Settlement, PWSA has agreed that within 30 days after the entry of a final order in this case, it will share a draft of the Collections Plan with Parties. Additionally, it has committed to convening a meeting with the Parties to discuss the draft Collections Plan and to inviting the Commission's Bureau of Consumer Services ("BCS") to attend that meeting. Thereafter, once the Collections Plan is final, PWSA has agreed that it will be included as part of PWSA's Updated Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA.

I&E was a proponent of the above terms because in its view, they are a necessary component of PWSA's end state compliance with Chapter 32. Specially, while I&E presented, and PWSA responded, to a collections case here, I&E's review of the case ended with the determination that further evaluation of PWSA's collection methods and further analysis of its progress would be necessary to establish compliance with Chapter 14 of the Code and Chapter 56 of the Commission's regulations. By way of the above process, I&E, other parties, and (if it elects to do so) BCS will have an opportunity to review PWSA's draft Collections Plan. I&E anticipates that the input of attendees may provide helpful feedback for PWSA to consider as it finalizes the Collections Plan.

Finally, PWSA's commitment to ultimately file the Collections Plan with the Commission will enable the Commission to view, and, if deemed necessary, enable parties and the Commission to respond to the filing as appropriate. Even if no further action is necessary, I&E opines that PWSA's finalization and filing of the Collections Plan is necessary to enable any determination that it is achieving collections compliance. Accordingly, the review and reporting process for PWSA's Collections Plan is in the public interest.

IV. CONCLUSION

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the *Joint Petition for Settlement*, as each of terms comprising the Joint Petition encompasses commitments that either are now consistent with PWSA's obligation to ensure and maintain its provision of adequate, efficient, safe, reliable and reasonable service, or are necessary steps that PWSA must take to facilitate its compliance. Accordingly, I&E respectfully requests that Administrative Law Judge Eranda Vero and Administrative Law Judge Gail M. Chiodo, and the Commission, approve the terms and conditions contained in the foregoing *Joint Petition for Settlement* without modification.

Respectfully submitted,



Allison C. Kaster
Deputy Chief Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 93176

Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
Attorney I.D. No. 313863

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, Pennsylvania 17120
(717) 787-8754

Dated: March 14, 2022

Exhibit D
Office of Consumer Advocate Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of Chapter 32 of the	:	Docket Nos.	M-2018-2640802 (Water)
Public Utility Code Regarding Pittsburgh	:		M-2018-2640803 (Wastewater)
Water and Sewer Authority – Stage 2	:		

OFFICE OF CONSUMER ADVOCATE
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

Erin L. Gannon
Senior Assistant Consumer Advocate
PA Attorney I.D. # 83487
E-Mail: EGannon@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Lauren E. Guerra
Assistant Consumer Advocate
PA Attorney I.D. # 323192
E-Mail: LGuerra@paoca.org

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Counsel for
Patrick M. Cicero
Acting Consumer Advocate

Dated: March 14, 2022

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I. INTRODUCTION

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the reasons set forth below. A complete background and procedural history is provided in Section II of the proposed Settlement.

II. OVERALL REASONS IN SUPPORT OF SETTLEMENT

The terms and conditions of the Settlement satisfactorily address issues raised in the OCA's evaluation of PWSA's compliance with the requirements of Stage 2 of the Compliance Plan relating to Chapters 14 & 56, Discontinuance of Service to Leased Premises Act (DSLPA) and collections.¹ The OCA presented the testimony of one expert witnesses, Barbara R. Alexander.² *See* OCA St. 1; OCA St. 1R; OCA St. 1SR. This Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Public Utility Commission (PUC or Commission). While the Settlement does not reach all the recommendations proposed by the OCA, the OCA recognizes that the Settlement is a product of negotiation. The balance of compromises struck by the settling parties is critical to achieving settlement. Accordingly, the OCA urges the Commission to consider the Settlement as a whole.

In this Statement in Support, the OCA addresses those areas of the Settlement that specifically relate to certain issues that the OCA raised in this case. The OCA expects that other parties will discuss how the Settlement's terms and conditions address their respective issues and

¹ The proposed Settlement does not address issues regarding PWSA's Stage 2 Compliance Plan: Stormwater as referred to the Office of Administrative Law Judge pursuant to Secretarial Letter dated February 22, 2022.

² Ms. Barbara R. Alexander is a Consumer Affairs Consultant who runs her own consulting practice, Barbara Alexander Consulting LLC. She received her Bachelor of Arts degree from the University of Michigan and her J.D. from the University Of Maine School Of Law. Ms. Alexander's professional experiences and qualifications are provided in OCA Statement 1, Exhibit BA-1.

how those parts of the Settlement support the public interest standard required for Commission approval.

For these reasons and those that are discussed in greater detail below, the Settlement is in the public interest and the best interest of the Authority's customers, and should be approved by the Commission without modification.

III. REASONS FOR SUPPORT OF SPECIFIC ISSUES

A. Modification of Definitions (Settlement ¶ A, 1-5)

Prior to this proceeding, PWSA was not using certain definitions as provided in 66 Pa. C.S. § 1403 including the definition of "Customer" and "Applicant," and definitions set forth in 52 Pa. Code § 56.2 including the definition of "Occupant," "Unauthorized Use of Utility Service," and "Person." PWSA's system does not identify "Customers" as that term is defined in Chapter 56. As stated by PWSA, "Owners of properties are considered 'customers of record,' and they are always the primary receiver of information about service to their property, including bills and account notices." PWSA St. No. 1, at 11, lines 4-5.

PWSA's failure to use the Commission's definitions for Customer and Applicant means that Tenants are not treated as Applicants or Customers. OCA St. 1 at 10. Instead, PWSA proposed a complicated workaround where Tenants could receive some Chapter 56 protections but required additional notarized documentation (some requiring landlord consent) and raised concerns regarding disclosure of confidential customer information and whether Tenants would have to pay prior debt of the property owner to establish or maintain service. OCA St. 1 at 9-11; Pittsburgh United St. 1 at 11-16.

As a provision of the proposed Settlement, PWSA agreed to adopt all the statutory and regulatory definitions at issue. Settlement ¶ A, 1-5. In conjunction with other terms of the Settlement, discussed below, this fundamental change serves to bring the Authority closer to full

compliance with Commission rules and regulations and will help to ensure that customers, including Tenants, receive all benefits and protections under Chapter 56. OCA St. 1 at 7. Therefore, PWSA's modification of its definitions is in the public interest and should be adopted without modification.

B. Protection of Private Tenant Information (Settlement ¶ B.1.b.ii.)

As discussed above, PWSA currently does not handle Tenants as "Applicants" or allow them to become "Customers" for purposes of Chapters 14 and 56 and did not propose to change that practice as part of its Compliance Plan. OCA St. 1 at 7-9. PWSA proposed that a Tenant who seeks to pay PWSA directly for service to a leased premises could become a "Listed Tenant" who receives a copy of the bill sent to the property owner and is added onto the property's account. Id. at 9-11. The OCA, and other parties to this proceeding, expressed concerns with PWSA providing property owners duplicate bills containing the Tenant's private customer information. As noted by OCA witness Alexander, this practice raises "a significant issue with respect to the customer's privacy rights and the obligation of a public utility to protect the confidential information of its customers" because it results in landlord/owner awareness of private customer information including monthly usage, payment history, enrollment in low income assistance programs, receipt of public assistance program funds that may appear as a credit on the bill, and participation in extended payment plans, among other information. OCA St. 1SR at 3.

The OCA recommended that PWSA not issue duplicate bills where a Tenant exercises his/her right to become a "Customer" under the Chapter 56 definitions. OCA St. 1 at 10; OCA St. 1SR at 3. Recognizing PWSA's concern that it provide property owners with certain information about unpaid charges because it utilizes liens on the property as a collection tool, the OCA recommended that PWSA develop an alternative method to inform property owners of overdue

charges on Tenant accounts without sharing confidential customer information. OCA St. 1SR at 3-4. The parties discussed potential alternatives, costs and operational constraints. PWSA St. 1-R at 18-22; OCA St. 1SR at 3-4.

The Settlement terms in Paragraph B.1.b (PWSA Notices to Tenant Applicants) achieves a compromise that protects private customer billing information through use of customer notifications and an “opt-out” provision. Specifically, PWSA will expressly notify Tenants who apply for service that property owners will receive copies of bills and notices related to the account, unless the Tenant Applicant chooses to opt-out. Settlement ¶¶ B.1.b.i, ii. Tenant Applicants will receive notice about the information provided to property owners and the option to opt-out via the same method they applied for service, including oral disclosure by a customer service representative, language included on the Owner/Tenant form, and information on PWSA’s website, the Customer Usage Portal and the Tenant Welcome Letter. Settlement ¶¶ B.1.b.i(a), B.1.d.i(c-d). The opt-out will not be available until necessary software upgrades are in place but, as soon as it is, existing and new Tenant Applicants will be able to exercise that option. Settlement ¶ B.1.b.ii. For Customers who opt-out, notices provided to the property owner will not include the confidential information that the OCA and other parties raised concerns about. Notices will be limited to the following: an account past due notice identifying only the amount overdue which will be sent to the property owner 30 days after the date the unpaid charges were issued, 10-day notices issued in accordance with current processes, high consumption notices, and other notices related to public safety which require action by the property owner such as Waste of Water and Lead Service Line Replacement notices. Settlement ¶ B.1.b.iii.

The OCA finds that these terms strike a reasonable balance between PWSA’s interest in protecting its use of liens as a collection tool and protection of confidential customer information.

Therefore, these Settlement terms are in the public interest and should be adopted without modification.

C. Outstanding Residential Debt at a Property (Settlement ¶ C)

Another consequence of PWSA's proposal to continue its practice of treating Tenants as "Listed" and "Unlisted" Tenants related to responsibility for prior debt. To become listed on an account, a Tenant was required to sign a notarized Assumption Form, provide proof of identity in person at the PWSA office, and provide proof of lawful tenancy at the property. OCA St. 1 at 7-8. The OCA expressed concerns regarding the Assumption Form because it did not make clear that the signing Tenant would not be responsible for the owner/landlord's prior debt incurred at the property. Id. Moreover, PWSA's current billing system cannot isolate the debt owed to the owner/landlord from the ongoing debt incurred by the Tenant, so the Tenant trying to halt termination could be held accountable for the debt incurred before the Tenant's occupancy. OCA St. 1 at 9. If the Tenant did not complete the Assumption Form, the Tenant would be required to complete the Change of Address—Owner/Tenant Form that must be signed by both the property owner and the Tenant. Id. at 10. An Unlisted Tenant would still be allowed to pay the monthly bill to retain service but would not be permitted to negotiate a payment plan or participate in the universal service programs. Id.

To address the many concerns regarding a Tenant being responsible for prior debt at a property and the Assumption Form itself, the Settlement provides that PWSA will no longer request or require completion of the Assumption Form to add a Tenant as a Customer on an account. Settlement ¶ C.1.ii. Also, the Settlement provides that Tenant Applicants will not be asked or required to pay an outstanding balance as a condition of establishing service unless the Tenant Applicant is legally responsible for the debt. Settlement ¶ C.1.iii. This will be possible

due to improvements to PWSA's billing system that enable it to distinguish the Tenant's obligation from the prior debt. Settlement ¶ C.1.i.

Taken together, these provisions help to reduce barriers to Tenants establishing service and avoiding termination, while allowing PWSA to pursue collection of prior debt from the party responsible for it and should be accepted without modification as in the public interest.

D. Procedures Immediately Prior to Termination and Training Materials (Personal Contact) (Settlement ¶¶ D and M)

The OCA has expressed concerns regarding PWSA's procedures immediately prior to termination, particularly regarding PWSA's failure to attempt personal contact with residential customers at the time of termination of service, which is required by 52 Pa. Code § 56.94. OCA St. 1 at 14-16. During this proceeding, PWSA agreed to implement this requirement, by hiring a third-party to perform personal contact at termination. The Authority has developed training materials for its third-party contractor to implement its interpretation of the Chapter 56 requirements. *Id.* at 14-15. The OCA recommended that PWSA update those training materials to include medical certificate procedures and direction not to terminate if the third-party contractor becomes aware of a personal safety condition that warrants a delay in service termination including knowledge that the occupant is seriously ill or has a medical condition which would be aggravated by cessation of service pursuant to 52 Pa. Code § 56.112. OCA St. 1 at 15-16.

Pursuant to the Settlement, PWSA will update its internal training materials to incorporate all approved Commission processes and, specifically to address protections and procedures related to medical certificates. Settlement ¶ M.3.a-b. The OCA and other parties will have an opportunity to review and provide feedback on PWSA's drafts of its updated training materials, which will be shared within 30 days after the Commission's final action regarding PWSA's compliance filing. Settlement ¶ M.2.a-b. These provisions serve the important function of ensuring that PWSA's

customers receive the protections provided and required by Chapter 56 and, consistent with those protections, that terminations are halted where appropriate, including when there is risk of harm to the occupants related to a medical condition.

E. Tenants in Multi-unit Residential Dwellings (Settlement ¶ B.3.c.i-iii)

PWSA does not have a plan to individually meter multi-unit rental buildings. This is related to its use of liens as a collection tool. OCA St. 1 at 11-12. The OCA explained that using one meter per service line complicates the ability of a group of Tenants to pay the PWSA bill where service could be terminated due to the property owner/landlord's failure to pay, because PWSA does not accept partial payments on an account that do not equal the full amount due. Id. at 12. The OCA recommended that PWSA develop a fact sheet or other resources to educate tenants in multi-unit rental buildings to help ensure that partial payments result in payment in full to avoid termination. Id. at 12-13.

As part of the Settlement, PWSA agreed to develop a flyer explaining the rights of Tenants in multi-unit residential dwellings to submit partial payments to maintain service pursuant to the Discontinuance of Service Leased Premises Act. Settlement ¶ B.3.c. The flyer will be included with the 30-day termination of service posting for non-payment, provided to customers during personal contact at the time of service termination and also posted on PWSA's website. Settlement ¶ B.3.c.i-iii.

These Settlement terms are responsive to the concern raised by the OCA and may help Tenants in multi-unit rental buildings to avoid termination.

IV. CONCLUSION

The terms and conditions of the proposed Settlement, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this proceeding. Therefore, the OCA requests that the Commission approve the Settlement without modification as being in the public interest.

Respectfully Submitted,

/s/ Erin L. Gannon

Erin L. Gannon

Senior Assistant Consumer Advocate

PA Attorney I.D. # 83487

E-Mail: EGannon@paoca.org

Christine Maloni Hoover

Senior Assistant Consumer Advocate

PA Attorney I.D. # 50026

E-Mail: CHoover@paoca.org

Lauren E. Guerra

Assistant Consumer Advocate

PA Attorney I.D. # 323192

E-Mail: LGuerra@paoca.org

Office of Consumer Advocate
555 Walnut Street, 5th Fl., Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Counsel for:
Patrick M. Cicero
Acting Consumer Advocate

DATED: March 14, 2022
325024

Exhibit E
Pittsburgh United Statement in Support

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	:		

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

Pittsburgh United, a signatory party to the Joint Petition for Settlement Regarding PWSA's April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections (hereinafter Joint Petition or Settlement), respectfully requests that the terms and conditions contained therein be approved by the Honorable Administrative Law Judges Eranda Vero and Gail M. Chiodo (ALJs) and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, Pittsburgh United believes that the terms and conditions of the proposed Settlement are in the public interest and should be approved.

I. INTRODUCTION

Pittsburgh United intervened in this proceeding to ensure that the Pittsburgh Water and Sewer Authority's (PWSA) policies, practices, and procedures are compliant with the Public Utility Code (Code) and Commission regulations, policies, and orders and appropriately protect the rights of low income consumers, tenants, and other vulnerable households. Pittsburgh United asserts that the Commission should approve the terms of the Settlement, which adequately balance the interests of the parties and are in the public interest.

II. BACKGROUND AND PROCEDURAL HISTORY

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 November 28, 2018, the Commission assigned the Compliance Plan to the Office of Administrative Law Judge and established a two-stage procedure for its review.² On February 4, 2021, the Commission issued an Opinion and Order in the Stage 1 Compliance Plan proceeding, wherein the Commission initiated the timeline for review of PWSA's Stage 2 Compliance Plan proceeding and ordered PWSA to submit revisions to its Compliance Plan detailing how PWSA will reach compliance with the Commission's customer billing, collections, and termination standards in Chapters 14 and 15 of the Public Utility Code; Chapter 56 of the Commission's regulations; stormwater issues; and other issues deferred from the Stage 1 Compliance Plan proceeding. On April 9, 2021, PWSA filed its revised Stage 2 Compliance Plan. On May 20, 2021, the Commission issued an Order holding the stormwater issues in abeyance.

On August 5, 2021, the Commission issued a Secretarial Letter assigning the PWSA Stage 2 Compliance Plan proceeding to the Office of Administrative Law Judge. Included with the Secretarial Letter was the Report and Directed Questions Stage 2 dated August 5, 2021 focused on customer service issues (Directed Questions). On September 9, 2021, the Honorable ALJs Vero and Chiodo held a Prehearing Conference, after which the parties negotiated an agreed upon procedural schedule. Subsequently, PWSA, Pittsburgh United, the Bureau of Investigation and Enforcement, (I&E), and the Office of Consumer Advocate (OCA) submitted multiple rounds of

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

² Secretarial Letter (Corrected), at 1 (Nov. 28, 2018).

expert testimony. Pittsburgh United submitted expert testimony from Daniel G. Vitek, Esq., including his direct,³ rebuttal,⁴ and surrebuttal⁵ testimony.

The parties also engaged in lengthy settlement negotiations through the course of litigation. This Settlement is a result of those negotiations, and Pittsburgh United asserts it reflects an appropriate balance of the parties' interests and is just, reasonable, and in the public interest.

III. TERMS AND CONDITIONS OF SETTLEMENT

A. Regulatory Definitions

i. Definitions of Customer, Applicant, and Occupant

In its Stage 2 Compliance Plan, PWSA proposed to retain its tariff definitions of "Customer," "Applicant," and "Occupant" rather than to adopt the regulatory definitions of these terms set forth in 52 Pa. Code § 56.2 due to its policy of requiring property owners to remain the customer of record.⁶ In his direct testimony, Pittsburgh United's witness Daniel Vitek explained that the definitions of Customer, Applicant, and Occupant in the Commission's regulations require public utilities to allow tenants to individually apply for service and become customers of the utility.⁷ He explained that PWSA's policy effectively disallowed tenants from becoming "Applicants" or "Customers" as defined by Chapter 14 of the Public Utility Code and Chapter 56 of the Commissions regulations.⁸ Pursuant to the Public Utility Code and Commission regulations, "Customers" are entitled to avail themselves of due process and consumer protections that may not be available to tenants who are not named as Customers of the utility, including access to the

³ Pittsburgh United St. 1, the Direct Testimony of Daniel Vitek.

⁴ Pittsburgh United St. 1-R, the Rebuttal Testimony of Daniel Vitek.

⁵ Pittsburgh United St. 1-SR, the Surrebuttal Testimony of Daniel Vitek.

⁶ Pgh. United St. 1 at 11-12.

⁷ Id. at 8-10

⁸ Id. at 14; see 66 Pa. C.S. §1403; 52 Pa. Code §56.2.

Commission’s complaint processes.⁹ Mr. Vitek explained that PWSA’s policy of not allowing tenants to be Customers blocked tenants from being able to access vital customer assistance programs, contradicted provisions of the Discontinuance of Service to Leased Premises Act¹⁰ (DSLPA), and raised confidentiality issues.¹¹ Mr. Vitek recommended that the Commission require PWSA to allow tenants to independently apply for service and become customers of the utility.¹²

In the proposed Settlement, PWSA has agreed to adopt the regulatory definitions of “Customer,” “Applicant,” and “Occupant.”¹³ Taken together with the processes set forth later in the Settlement, PWSA’s agreement to adopt these regulatory definitions will ensure that tenants are able to apply for service and become customers of the utility, which will allow them to access PWSA’s customer assistance programs and avail themselves of the due process and consumer protections available to customers under the Public Utility Code.¹⁴ For these reasons, Pittsburgh United asserts that these provisions of the settlement are just, reasonable, and in the public interest and should be approved by the Commission.

B. Treatment of Persons Receiving and/or Seeking Service

PWSA’s proposed Stage 2 Compliance Plan did not provide a process for tenants or domestic violence victims who are not property owners to apply for service as customers, which PWSA asserted was due to PWSA’s policy of requiring service to always remain in the property owner’s name.¹⁵ In its Stage 2 Compliance Plan, PWSA proposed that a tenant seeking to subscribe

⁹ Pgh. United St. 1 at 8-12; see generally 66 Pa.C.S. Ch. 14; 52 Pa. Code Ch. 56.

¹⁰ 66 Pa. C.S. § 1527(d).

¹¹ Pgh. United St. 1 at 18-19.

¹² Id.

¹³ Joint Pet. at III. A.

¹⁴ See Pgh. United St. 1 at 18, see generally 66 PA.C.S. Ch. 14; 52 Pa. Code Ch. 56.

¹⁵ Pgh. United St. 1 at 11.

to service individually would only be allowed to become a “listed tenant,” not a customer, and that the landlord would continue to be the named customer and receive copies of all bills and notices associated with the account.¹⁶ Mr. Vitek explained that this proposal could deprive tenants of the ability to avail themselves of due process and consumer protections, including access to the Commission’s complaint process, and also raised serious concerns about the confidentiality of tenant information.¹⁷ He further explained that this policy contradicted provisions of DSLPA and could violate the rights of domestic violence victims and place them at risk of further harm.¹⁸

In the proposed Settlement, PWSA agreed to develop a process to allow tenants to apply for service and become PWSA customers without requiring approval from the property owner.¹⁹ As customers, these tenants will be eligible to apply for PWSA’s customer assistance programs and will be provided all applicable rights of residential utility customers pursuant to the Public Utility Code, Commission regulations, and Commission policies and orders.²⁰

Tenants will be able to apply to become customers by either submitting the tenant owner form from their landlord or providing other proof of tenancy, including, *inter alia*, a copy of the lease, photo identification, or any document issued by a public agency with the tenant’s name and address, a utility bill, or a bank statement.²¹ Tenants who apply for service and become customers will be informed that their landlord will receive copies of their bills and other notices about the account and that they have the ability to opt out.²² For tenants who opt out, the landlord will only be provided notices where the account becomes more than 30 days past due, copies of 10-day

¹⁶ Id. at 11-13.

¹⁷ Id. at 20-21, 25-26; see also 66 Pa. C.S. § 1417; 52 Pa. Code § 56.283.

¹⁸ Pgh. United St. 1 at 26-27 37-41.

¹⁹ Joint Pet. at III. B. 1.

²⁰ Id. at III. B. 2.

²¹ Id. at III. B. 1.

²² Id.

termination notices, and copies of notices of consumption spikes (exceeding 200% of previous month or 9,000 gal.), and copies of notices related to public safety.²³

Tenants who do not become customers will continue to be afforded the rights provided under DSLPA and PWSA will accept all applicable legal protections to cease a termination in lieu of payment including, but not limited to the presentation of a valid medical certificate or Protection from Abuse order or other court order containing clear evidence of domestic violence from anyone at the property.²⁴

The Settlement provides that, if an applicant or customer provides PWSA with copy of a Protection from Abuse order or a court order containing clear evidence of domestic violence, they will be subscribed to PWSA service as a customer and PWSA will not send a copy of the bill or any other account notices to the property owner or landlord.²⁵ PWSA will also implement processes to identify domestic violence victims during the application process, including an electronic checkbox during the account initiation process, updated checklist in training materials for customer service representatives, and a checkbox included on the Owner/Tenant Form.²⁶

Taken together with the rest of the Settlement, these provisions will help ensure that tenants and victims of domestic violence are able to avail themselves of the due process rights and consumer protections available to customers and access PWSA's customer assistance programs. These provisions will also help protect the confidential information of tenants and domestic violence victims. While the property owner will still receive certain account information for tenant customers, raising ongoing confidentiality concerns, we believe the provisions of the proposed

²³ Id.

²⁴ Id. at III. B. 3.

²⁵ Id. at III. B. 4.

²⁶ Id.

Settlement strike an appropriate balance of the interests at this time and note that further revisions could always be made to PWSA's policies if it later becomes necessary to further shield tenant confidentiality. For these reasons, Pittsburgh United asserts that these provisions are just, reasonable, and in the public interest and should be approved.

C. Outstanding Residential Debt at a property.

In its Stage 2 Compliance Plan, PWSA proposed that, in order to get a copy of the bill and make payments to PWSA, a tenant would need to become a "listed tenant," which would only be allowed in the following circumstances: (1) the landlord gave permission and all of the debts on the property were current or (2) the tenant completed an assumption form and assumed any outstanding debts at the property.²⁷ Mr. Vitek explained that the Commission regulations require public utilities to allow tenants to apply for service and become customers *without assuming outstanding debt for which they are not legally responsible*.²⁸ He also explained that PWSA's policy ran contrary to the statutory and regulatory prohibition on requiring domestic violence victims to pay for debts accrued under another person's name.²⁹

In the proposed Settlement, PWSA agrees that it will no longer request or require the payment of an outstanding balance as a condition of furnishing new service, unless the applicant is legally responsible for the outstanding balance.³⁰ For tenants seeking to become a customer at a property with an outstanding balance, PWSA will isolate the existing debt and pursue payment through its lien process and/or collections actions against the property owner or any prior tenant who incurred the outstanding charges.³¹ PWSA will no longer request or require completion of the

²⁷ Pgh. United St. 1 at 11-17.

²⁸ *Id.* at 22-24; see 52 Pa. Code § 56.35.

²⁹ Pgh. United St. 1 at 22-24.

³⁰ Joint Pet. at III. C.

³¹ *Id.*

Assumption Form to add a tenant as a customer and will not, under any circumstances, request or require a tenant applicant seeking to become a customer at a property with an outstanding balance to pay the outstanding balance as a condition of establishing service unless the applicant is legally responsible for the debt.³²

These provisions of the proposed Settlement will help ensure that tenants and victims of domestic violence are not required to pay debts for which they are not legally responsible under Code and regulations. These provisions will, in turn, help tenants apply for and connect to service as customers without having to pay debts accrued by their landlord or a prior tenant and will help ensure victims of domestic violence escaping abuse will be able to establish service without having to pay for debts accrued by the abuser. Thus, these terms of the settlement are just, reasonable, and in the public interest and should be approved by the Commission.

D. Procedures Immediately Prior to Termination

Section 1406(b)(1)(iv) of the Code provides that, after complying with the 10- and 3-day notice provisions and the additional 48-hour notice requirement during the winter months, a utility must attempt personal contact at the time service is terminated.³³ In its proposed Stage 2 Compliance Plan, PWSA indicated it had developed a Request for Proposals (RFP) process for a third-party vendor to post termination notices and to attempt personal contact at the residence immediately prior to termination.³⁴ In his direct testimony, Mr. Vitek was generally supportive of this plan to bring PWSA's termination process into compliance, but voiced concerns about the proposed training provided to the vendors and recommended that PWSA specify how the vendor

³² Id.

³³ 66 Pa. C.S. § 1406(b)(1)(iv).

³⁴ Stage 2 Plan at 58-59.

should proceed if they encounter a circumstance that would require cessation of the termination process when attempting to make personal contact with an adult occupant at the premises.³⁵

Under the terms of the proposed Settlement, PWSA agrees to instruct its third party vendor to cease termination if they encounter a previously unknown tenant-occupied premises, and that PWSA will then initiate its collection processes for tenant occupied properties, which begins with its 37-day notices.³⁶ PWSA will also establish a 14 day timeframe for a consumer to follow-up with customer service where a termination has been ceased because the customer has advised that payment has been made, a dispute is pending, or the customer has indicated they will contact customer service to make payment.³⁷ PWSA will also track the number of personal contact attempts at the time of termination and the results of that contact attempt, and will make that data available upon request.³⁸

Taken together, these terms will help ensure that – in compliance with the Code and Commission regulations – tenants who have not been previously identified by PWSA are not inadvertently terminated without receiving proper notice. These terms will also help ensure that customers have adequate time to submit payment or documentation to PWSA to avoid termination. As such, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

E. Inoperable/Missing Valves

In its Directed Question 11, the Commission asked about PWSA's policies for promptly shutting off service either due to a request for discontinuation or termination to avoid large

³⁵ United St. 1 at 36-37.

³⁶ Joint Pet. at III. D.

³⁷ Id.

³⁸ Id.

unmanageable utility bills.³⁹ In its response, PWSA indicated that it sometimes has difficulty locating curb stops and valves to disconnect service and that sometimes the stop is inoperable, in which case PWSA schedules a replacement.⁴⁰ PWSA noted that, “Assuming the customer was not responsible for the delay [in termination] or otherwise tampered with PWSA’s curb box, PWSA will remove charges assessed resulting from delays in terminating the service to residential customers.”⁴¹

When asked how PWSA determines whether a customer was “responsible for the delay” or “tampered” with the curb box, PWSA explained: “Customers can delay the operation of a curb stop by obstructing PWSA’s access (e.g., parking a car on the asset). A curb stop is considered to be tampered with if it is found to be in a position opposite of what PWSA’s records indicate.”⁴²

In testimony, Mr. Vitek voiced concern that PWSA’s process of determining whether the delay was the “fault” of the customer lacked specificity.⁴³ Mr. Vitek explained that allegations of tampering are serious accusations that could result in severe consequences to the customer or tenant, such as added fines and fees for theft of service.⁴⁴ He recommended that PWSA develop clear guidelines for determining under what circumstances PWSA will attribute a delay in termination to the fault of the customer, and that PWSA set forth a clear definition of “tampering” that requires willful action or intent.⁴⁵

Under the terms of the proposed Settlement, PWSA will develop: (1) guidelines to determine when the delay in processing a shut off is the fault of the customer; (2) a definition of

³⁹ Directed Question No. 11.

⁴⁰ PWSA St. 1 at 45.

⁴¹ Id.

⁴² Pgh United St. 1 at 46-47 (citing United II-4).

⁴³ Id.

⁴⁴ Id.

⁴⁵ Id. at 47.

tampering that requires willful action or intent for inclusion in its tariff; and (3) warning notices to inform customers of the issues.⁴⁶ These terms will help ensure that customers are not charged for delays in processing disconnections for issues that are not the customer's fault and that customers are not accused of tampering based solely on the position of the meter without evidence of intent. They will also help ensure that customers have notice and an opportunity to correct these issues before further action is taken. As such, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

F. Willful or Negligent Waste of Water

In Directed Question 12, the Commission asked PWSA about the procedures it follows to provide notice of an impending termination due to willful or negligent waste of water.⁴⁷ In response to discovery, PWSA indicates that it only serves its Waste of Water Notice on the property owner.⁴⁸ In testimony, Mr. Vitek recommended that PWSA also provide a copy of this notice to tenants because tenants may have a leak that they do not know about if the bill is going to the landlord, which could cause large bills and/or disputes between the landlord and tenant.⁴⁹

Under the terms of the proposed Settlement, PWSA will revise current processes to mail a 10-day notice of termination due to willful waste of water to the property address – in addition to the customer of record – and will add language to the 10-day notice to inform tenants to contact PWSA if he/she is working with the property owner to address the issue.⁵⁰ Also, pending approval

⁴⁶ Joint Pet. at III. E.

⁴⁷ Directed Question No. 12.

⁴⁸ Pgh. United St. 1 at 45.

⁴⁹ Id. at 45-46.

⁵⁰ Joint Pet. at III. F.

of PWSA's proposed Low Income Line Leak Repair and Conservation Program, pending at Docket No. P-2022-3030253, low income customers in need of line repair will be referred.⁵¹

These provisions will help ensure that tenants are informed when they have a leak that needs to be repaired, which they may not otherwise know about. Providing such notice will allow tenants to take action to remedy simple issues like leaky toilets or inform the landlord more promptly if more serious repairs are needed. Putting the tenants in a position to be proactive about these situations will help avoid terminations due to willful or negligent waste of water and avoid unnecessary conflicts between landlord and tenant in these situations. As such, these provisions are just, reasonable, and in the public interest and should be approved by the Commission.

G. Lead Service Line Replacements

In the Stage 1 Compliance Plan proceeding, the Commission issued a Final Order on Lead Terminations, in which it recommended that PWSA adopt tariff language that would provide PWSA with step-in rights to make the necessary replacement of the private side Lead Service Lines (LSLs) where the tenants is at risk of termination due to the landlord's failure to accept a free LSL replacement.⁵² PWSA subsequently adopted tariff language allowing the authority to "step in" to situations where an owner cannot be identified, is unable to be located, or is otherwise nonresponsive to requests for authorization.⁵³ In direct testimony, Mr. Vitek recommended that PWSA expand this language to allow for step in rights where tenants are at risk of termination due to the landlord's refusal of an LSL replacement.⁵⁴ In rebuttal testimony, PWSA indicated that it is not willing to replace private service lines where a landlord refuses due to concerns about the

⁵¹ Id.

⁵² Stage 1 Final Order on Lead Terminations (Feb 4, 2021) at 30-32.

⁵³ PWSA Tariff at p. 69, Pt. IV.3.h.

⁵⁴ Pgh. United St. 1 at 43-45.

security of workers and the time and costs involved in dealing with disputes from the landlord.⁵⁵ PWSA also pointed out that it has not performed any terminations due to landlord refusal of an LSL replacement.⁵⁶

Under the terms of the Settlement, PWSA will use all reasonable efforts to avoid termination of service based on property owner refusal to cooperate and will open up a discussion with the Community Lead Response Advisory Committee (CLRAC) about other possible actions that PWSA could undertake to incent property owners to provide consent to permit PWSA to replace their private side lead service line.⁵⁷ This term will help ensure that PWSA is taking all reasonable steps to avoid terminating service to tenants due to a landlord's refusal of an LSL replacement, while at the same time ensuring that tenants are not exposed to the dangers of lead poisoning due to a partial LSL replacement. Thus, this term is just, reasonable and in the public interest and should be approved by the Commission.

H. Collections

In its Stage 2 Compliance Plan, PWSA set out its plan for collection of overdue customer accounts.⁵⁸ In direct testimony, I&E witness D. C. Patel recommended, *inter alia*, that PWSA implement a credit scoring mechanism, begin charging security deposits, and increase its late fees.⁵⁹ In rebuttal, Mr. Vitek opposed these recommendations, and explained that these changes are not required by the Code or Commission regulations, and that each of Mr. Patel's recommendations would have a detrimental impact on the ability of low income and vulnerable

⁵⁵ PWSA St. 1-R at 48-50.

⁵⁶ *Id.* at 48

⁵⁷ Joint Pet. at III. G.

⁵⁸ Stage 2 Plan at 68.

⁵⁹ I&E St. 1 at 13-14.

customers to connect and maintain affordable water and wastewater service.⁶⁰ He further explained that late fees, deposits, liens, and other punitive charges compound affordability problems for low income households and disproportionately impact communities of color.⁶¹ Both PWSA and OCA also opposed these recommendations in rebuttal testimony.⁶²

Under the terms of the proposed Settlement, PWSA will develop a written Collections Plan and will collect information from other utilities about their use of credit scoring and security deposits, including what steps are taken to avoid charging security deposits to low income households and how they comply with the Fair Credit Reporting Act and the Equal Credit Opportunity Act.⁶³ A draft of the Collections Plan will be shared with the Parties within 30 days after entry of a final order in this proceeding and PWSA will convene a collaborative to discuss the draft Collections Plan and will invite Bureau of Consumer Services staff to attend the meeting.⁶⁴ PWSA will consider feedback and input from the parties regarding its draft Collections Plan and will include the final Collections Plan as part of its updated Stage 2 Compliance Plan to be filed pursuant to Section K below.⁶⁵

These terms will help ensure that PWSA develops a detailed collection plan that considers the possible implications of relevant federal laws on credit scoring and the Commission's prohibition on charging security deposits to low income households. The terms also ensure that the parties will have a chance to review the plan and provide feedback for PWSA's consideration. As such, these terms strike an appropriate balance of the many interests at stake in this proceeding and should be approved.

⁶⁰ Pgh. United St. 1-R at 1.

⁶¹ Id. at 3-10.

⁶² See PWSA St. 1-R at 36-46; OCA St. 1-R at 1-5.

⁶³ Joint Pet. at III H.

⁶⁴ Id.

⁶⁵ Id.

I. Pursuit of Payment Through Lien Process

Throughout this Stage 2 Compliance Plan proceeding, PWSA has indicated that it relies heavily on its ability to lien properties as a collection tool.⁶⁶ In rebuttal testimony, Mr. Vitek explained that municipal liens also have racially disparate impacts and detrimental impacts on low income communities.⁶⁷

The proposed Settlement acknowledges that PWSA intends to continue to pursue collections through its lien process, and indicates that nothing in the Settlement is intended to challenge its ability to do so at this time and in this proceeding.⁶⁸ The proposed Settlement also acknowledges that all parties reserve their right to challenge, in the appropriate forum, PWSA's pursuit of collections via liens.⁶⁹ Also, to ensure that residential customers continue to be afforded all Commission jurisdictional rights and protections available to them notwithstanding its utilization of the lien process.⁷⁰ PWSA agrees that it will only initiate its collections via the lien process in specific situations set forth in the Settlement – and after collections methods authorized by the Public Utility Code and Commission regulations are fully exhausted.⁷¹

These provisions preserve the parties' ability to challenge PWSA's lien process in the appropriate venue. They also help ensure that PWSA will observe the rights and protections available to residential customers under the Code and only pursue liens in specific circumstances and only after it has fully exhausted collections methods authorized by the Code. These terms are just, reasonable, and in the public interest, and should be approved.

⁶⁶ See generally PWSA St. 1, St. 1-R, St. 1-SR.

⁶⁷ Pgh. United St. 1 at 9.

⁶⁸ Joint Pet. at III. I.

⁶⁹ Id.

⁷⁰ Id.

⁷¹ Id. at III. I. 4. a-h.

J. Compliance Tariffs

PWSA did not provide proposed language to incorporate its current and/or proposed practices into its tariffs as part of its Stage 2 Compliance Plan, and instead stated that it will propose specific tariff language reflecting those changes once there is agreement or Commission direction about what must be included in its tariff.⁷² In direct testimony, Mr. Vitek noted the depth and complexity of the necessary tariff changes, and the shortened regulatory timeframe typically available to review compliance tariff language.⁷³ As such, he recommended that there be an additional process for review of PWSA's proposed tariff revisions resulting from this proceeding that would provide the parties at least 45 days to review and file Exceptions or otherwise submit further comments on PWSA's proposed tariff revisions.⁷⁴

In the Settlement, the parties propose that the Commission grant a period of 60 days after entry of its final order for PWSA to prepare and submit its Compliance Tariffs and PWSA will share its drafts with the parties and the Bureau of Consumer Services staff for feedback and further discussion prior to filing.⁷⁵ Upon filing of the Compliance Tariffs, the parties request that the Commission provide a 30 day comment period with a 15 day reply period.⁷⁶

These terms will help ensure that the parties have sufficient time to review PWSA's proposed tariff changes and provide feedback about the proposed changes for review by the Commission. As Mr. Vitek explained, PWSA's decision to delay submission of proposed tariff language until after the Commission issues a final decision in this proceeding would have truncated

⁷² PWSA St. 1 at 6-7.

⁷³ Pgh. United St. 1 at 7-8.

⁷⁴ Id.

⁷⁵ Joint Pet. at III J.

⁷⁶ Id.

the ability of the parties to review the detailed and voluminous tariff changes necessary to bring PWSA's policies and procedures into full compliance with the Code and Commission regulations.⁷⁷ These provisions allow an appropriate period of time for review, and an adequate process for the parties to raise and the Commission to resolve any additional concerns. Thus, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

K. Updated Stage 2 Compliance Plan

Under the terms of the Settlement, PWSA will file an updated Stage 2 Compliance Plan within 60 days after entry of a final order in this proceeding. This term will help ensure that PWSA's updated Stage 2 Compliance Plan is filed in a timely manner and will allow the parties and the Commission to further review and consult regarding the final Plan. Thus, this term is just, reasonable, and in the public interest and should be approved by the Commission.

L. Revised Customer Notices

Section L of the proposed Settlement identifies several documents and notices that will need to be revised to reflect the agreements in this Settlement.⁷⁸ It also acknowledges that PWSA's revision of customer notices will be an on-going process occurring simultaneously with the implementation of SAP and direction as received through this proceeding.⁷⁹ PWSA agrees to share drafts with the parties and the Bureau of Consumer Services Staff of the proposed revisions to its customer notices consistent with this settlement and direction from the Commission when such

⁷⁷ Pgh. United St. 1 at 7-8.

⁷⁸ Joint Pet. at III. L.

⁷⁹ Id.

notices have been drafted and will consider any feedback or suggestions offered.⁸⁰ PWSA will also explain why any recommendations were rejected.⁸¹

These terms will help ensure that the necessary revisions are made in a timely manner, that the parties have the opportunity to provide feedback on PWSA's proposed revisions, and that PWSA will take that feedback into consideration. Thus, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

M. Training Materials

Throughout the Stage 2 Compliance Plan proceeding, the parties made several recommendations about changes to be made to PWSA's training materials. For example, Mr. Vitek pointed out that training materials fail to adequately explain the renewal process and requirements for medical certificates.⁸² He also voiced concerns that the training PWSA proposes to provide to the vendor attempting personal contact at the residence lacks details about how the vendor should proceed when informed of a circumstance requiring the immediate cessation of termination while attempting personal contact at the residence.⁸³

In the proposed Settlement, PWSA agrees to make several changes to its training materials, including making clear that medically vulnerable tenants will be protected from termination if they submit a medical certificate; and, making clear that a customer may continue to renew a medical certificate beyond the first three certificates if that customer continues to pay any new monthly charges.⁸⁴ PWSA agrees to update its internal training materials to incorporate all approved Commission processes within 30 days after the Commission approves PWSA's Compliance

⁸⁰ Id.

⁸¹ Id.

⁸² Pgh. United St. 1 at 32-33.

⁸³ Id. at 36.

⁸⁴ Joint Pet. at III. M.

Tariffs.⁸⁵ PWSA will provide drafts of its updated training materials to the parties and will consider any feedback or suggestions offered and will explain why any recommendations were rejected.⁸⁶

These terms will help ensure that PWSA's training materials are updated to reflect the critical changes agreed to in this proceeding, and in turn that PWSA's staff are appropriately trained to implement those changes. The terms will also ensure that the parties will have the opportunity to provide feedback on PWSA's proposed revisions and that PWSA will consider that feedback in good faith. Thus, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

IV. ADDITIONAL TERMS AND CONDITIONS

Paragraph IV of the proposed Settlement sets forth several additional terms and conditions related to the proposed Settlement, including but not limited to (1) providing that, if the Commission modifies the Settlement, Joint Petitioners may elect to withdraw the Settlement and continue litigation; (2) agreeing that the proposed Settlement, if approved, will have the same force and effect as if the Joint Petitioners fully litigated the proceeding to a Commission determination; (3) agreeing that the proposed Settlement does not establish precedent as to any party's position and is presented without prejudice to any party's position in this case or in future cases, except to the extent necessary to effectuate the proposed Settlement; and (4) waiving the Joint Petitioners' right to file exceptions as to issues addressed in the Joint Settlement, if the proposed Settlement is adopted without modifications in the Recommended Decision.⁸⁷

The terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners and set forth additional rights and obligations

⁸⁵ Id.

⁸⁶ Id.

⁸⁷ Id. at IV.

of the Joint Petitioners in a fair and reasonable manner that is in the public interest and should be approved by the Commission.

V. CONCLUSION

The Joint Petitioners achieved the proposed Settlement after an extensive investigation of PWSA's filing and lengthy negotiations amongst the parties. Pittsburgh United asserts that the proposed Settlement – as a whole – is a reasonable resolution to a variety of complex issues, is in the public interest, and should be approved. Acceptance of the proposed Settlement avoids the necessity of further administrative and possible appellate proceedings about the settled issues – which would have been undertaken at a substantial cost to the Joint Petitioners. Accordingly, Pittsburgh United respectfully requests that ALJs Vero and Chiodo and the Commission approve the Settlement without modification.

Respectfully submitted,
Counsel for Pittsburgh United



John W. Sweet, Esq., PA ID: 320182
Lauren N. Berman, Esq., PA ID: 310116
Ria M. Pereira, Esq., PA ID: 316771
Elizabeth R. Marx, Esq., PA ID: 309014
PENNSYLVANIA UTILITY LAW PROJECT
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
PULP@pautilitylawproject.org

Exhibit F
City of Pittsburgh Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Chapter 32 of the Public :
Utility Code Regarding Pittsburgh Water and : Docket Nos. M-2018-2640802 (Water)
Sewer Authority – Stage 2 (Customer Service : M-2018-2640803 (Wastewater)
and Collections) :

**THE CITY OF PITTSBURGH’S
STATEMENT IN SUPPORT OF SETTLEMENT**

The City of Pittsburgh (“City”) respectfully requests that the Honorable Administrative Law Judges Eranda Vero and Gail M. Chiodo (“ALJs”) and the Pennsylvania Public Utility Commission (“Commission”) approve, without modification, the terms and conditions contained in the Joint Petition for Settlement Regarding Pittsburgh Water and Sewer Authority’s (“PWSA”) April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections (“Settlement”). The City hereby submits its Statement in Support of the Settlement in the above-captioned proceedings.

I. INTRODUCTION

The City intervened in this proceeding to ensure that the outcome is consistent with the terms and conditions between the City and PWSA as set forth in the 2019 Cooperation Agreement, which has the force and effect of law pursuant to Act 70 of 2020. Act of July 23, 2020, P.L. 677, No. 70 (codified at 71 P.S. §§ 720.211-720.213) (“Act 70 of 2020”); *see also* City Petition to Intervene at ¶¶ 10-12.

As part of its involvement in this proceeding, the City reviewed PWSA’s Stage 2 Compliance Plan filing regarding Chapter 14 of the Public Utility Code, Chapter 56 of the Commission’s Regulations, the Discontinuance of Service to Leased Premises Act (“DSLPA”) and PWSA’s collection practices, including PWSA’s supporting testimony and exhibits, discovery

propounded by the parties, and testimony from the intervening parties. While the City determined not to file any responsive testimony in this proceeding, it participated in numerous settlement discussions with the other parties. As a result of these settlement discussions, the parties reached a reasonably crafted and comprehensive agreement resolving the issues presently before the Commission.

The City supports the Settlement and submits that its terms and conditions are reasonable and in the public interest. The Settlement is also consistent with Act 70 of 2020. In addition, the City believes that the Settlement provides the best outcome for the City, PWSA, and residents of the City, who themselves are customers of PWSA. Just as the 2019 Cooperation Agreement seeks to achieve an equitable balancing of interests between the City and PWSA for the benefit of the City's residents, who are also PWSA ratepayers, the City submits that the overall Settlement achieves a similar equitable balancing of the interests of the respective parties and their constituencies in light of the facts and circumstances of this proceeding. Accordingly, the City submits that the ALJs and the Commission approve the Settlement, without modification.

II. STATEMENT IN SUPPORT

By way of its Stage 2 Compliance Plan filing, PWSA sought Commission approval regarding: (1) compliance with the billing and collection requirements of Chapter 14 of the Public Utility Code, 66 Pa. C.S. §§ 1401, *et seq.*, and Chapter 56 of the Commission's Regulations, 52 Pa. Code §§ 56.1, *et seq.*, (2) compliance with the DSLPA, 66 Pa. C.S. §§ 1521, *et seq.*, and (3) PWSA's collection practices, including strategies to reduce overall uncollectible amounts and ensuring its practices are consistent with legal requirements. In response to this filing, the intervening parties, including the Office of Consumer Advocate, the Commission's Bureau of Investigation and Enforcement, and Pittsburgh United raised several concerns regarding, *inter alia*,

tenant rights and remedies, termination of service, special protections for domestic violence victims, and procedures in the event of an inoperable or missing valve.

In this regard, the Settlement comprehensively addresses the concerns raised by the intervenors. More specifically, the Settlement provides for, *inter alia*, greater consistency with relevant statutory and regulatory definitions (Settlement, Section III.A), specific procedures for customers who are tenants, including application procedures, in what circumstances notice or bills may be provided to the property owner, and when a customer or tenant is a victim of domestic violence (Settlement, Section III.B), specific procedures for pre-termination of a customer (Settlement, Section III.D), revised processes and notices where there is alleged willful or negligent waste of water (Settlement, Section III.F), a detailed process to develop, with input from stakeholders, a written collections plan based upon, in part, the experience of other public utilities (Settlement, Section III.H), and a collaborative process to develop updated customer notices and internal training materials. (Settlement, Sections III.L and III.M). The City submits that the Company's filing, as modified by the terms and conditions of the Settlement, adequately resolves the issues currently before the Commission. Altogether, these provisions comply with the relevant statutory and regulatory provisions of the Commission and reasonably address the other parties' concerns.

Moreover, it is the Commission's policy to encourage settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. The Commission has also held that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util.*

Comm'n v. MXenergy Elec. Inc., Docket No. M-2012-2201861, *slip op.* at 8 (Opinion and Order entered Dec. 5, 2013). PWSA's filing, as modified by the terms and conditions of the Settlement, is in the public interest for the reasons stated above and should be approved by the ALJs and the Commission.

III. CONCLUSION

The City submits that PWSA's Stage 2 Compliance Plan regarding Chapter 14 of the Public Utility Code, Chapter 56 of the Commission's Regulations, the DSLPA, and PWSA's collection practices, as modified by the terms and conditions set forth in the Settlement, amicably resolves the various issues amongst and between the parties to the proceeding. Accordingly, the Settlement is reasonable, in the public interest, and should be approved by the ALJs and the Commission, without modification.

Respectfully Submitted,



Thomas J. Sniscak, Attorney I.D. #33891
Kevin J. McKeon, Attorney I.D. # 30428
Whitney E. Snyder, Attorney I.D. # 316625
Hawke McKeon & Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
kjmckeon@hmslegal.com
wesnyder@hmslegal.com

Krysia M. Kubiak
John F. Doherty
The City of Pittsburgh Department of Law
City-County Building, Suite 313
414 Grant Street
Pittsburgh, PA 15219

Dated: March 14, 2022

Counsel for the City of Pittsburgh