

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

RECOMMENDED DECISION

Before
Eranda Vero
Administrative Law Judge

and

Gail M. Chiodo
Administrative Law Judge

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I. INTRODUCTION

This Recommended Decision recommends approval without modification of the “Joint Petition for Settlement Regarding PWSA’s April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections” executed by the Pittsburgh Water and Sewer Authority (“PWSA” or “Authority”), the Office of Consumer Advocate (“OCA”), the Bureau of Investigation and Enforcement (“BIE” or “I&E”), Pittsburgh United, and the City of Pittsburgh (“City”), and filed with the Commission’s Secretary on March 14, 2022. The settling parties represented in the Settlement that the Office of Small Business Advocate (“OSBA”) does not oppose the Settlement. We recommend approval because the Settlement is supported by substantial evidence and is in the public interest.

This decision is issued pursuant to the Commission’s Order issued on May 20, 2021, directing that the Office of Administrative Law Judge (“OALJ”) issue a recommended decision on the matters raised in PWSA’s Stage 2 Compliance Plan no later than May 25, 2022.

II. HISTORY OF THE PROCEEDING

On March 15, 2018, the Commission entered a Final Implementation Order laying out the process for implementing Act 65 of 2017, which created Chapter 32 of the Public Utility Code and provided for Commission oversight of the PWSA as if it were a public utility, subject to certain Code exceptions. *See Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority*, Docket Nos. M-2018-2640802 and M-2018-2640803 (Final Implementation Order entered March 15, 2018).

By Secretarial Letter dated September 26, 2018, the Commission established a procedure to refer PWSA’s Compliance Plan to the OALJ. On September 28, 2018, PWSA filed its initial Compliance Plan with the Commission. By Corrected Secretarial Letter dated November 28, 2018 (*November 2018 Secretarial Letter*), the Commission established a two-stage review of PWSA’s Compliance Plan, with Stage 1 prioritizing health and safety issues related to the safe, adequate, reliable, and reasonable provision of water service and the revenues

necessary to support adequate water quantity and quality, and Stage 2 focusing on billing and collection issues as well as the development of a stormwater tariff. The *November 2018 Secretarial Letter* formally referred PWSA's initial Compliance Plan to the OALJ for Stage 1.

In addition, the *November 2018 Secretarial Letter* directed the Bureau of Consumer Services ("BCS") to schedule quarterly workshops to discuss PWSA's compliance with billing and collections requirements of Chapter 14 of the Code and the Commission's regulations at Chapter 56. The BCS held the workshops on February 21, 2019, April 23, 2019, July 25, 2019, and November 4, 2019. In accordance with the *November 2018 Secretarial Letter*, the focus of the workshops was the development of a report and directed questions regarding PWSA's compliance with Chapter 14 of the Code and Chapter 56 of the Commission's regulations for use in Stage 2 of the OALJ's Compliance Plan review proceedings.

On February 4, 2021, the Commission adopted an Opinion and Order on Stage 1 of PWSA's Compliance Plan proceeding. *See Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1*, Docket Nos. M-2018-2640802 and M-2018-2640803 (Opinion and Order entered February 4, 2021). In that Order, the Commission provided further direction regarding the commencement of the Stage 2 Compliance Plan review process.¹

On April 9, 2021, PWSA filed its Stage 2 Compliance Plan for Customer Service Issues, and on April 12, 2021, PWSA filed its Stage 2 Compliance Plan for Stormwater Issues. Also on April 9, 2021, PWSA filed a petition for amendment of the Commission's February 4, 2021 Final Order regarding the procedural process for the customer service issues.

On April 13, 2021, PWSA filed a combined base rate case at Docket Nos. R-2021-3024773 (water), R-2021-3024774 (wastewater), and R-2021-3024779 (stormwater),

¹ On September 28, 2018, PWSA filed its original Long-Term Infrastructure Improvement Plan (LTIPP), which was docketed at P-2018-3005037 (water) and P-2018-3005039 (wastewater), along with its Compliance Plan at M-2018-2640802 (water) and M-2018-2640803 (wastewater). These LTIPP and Compliance Plan proceedings were subsequently consolidated, upon motion by PWSA at each M-docket number respectively for water and wastewater. Subsequently, PWSA filed Amended LTIPs, which were approved by Orders entered August 27, 2020, that closed the dockets.

which included a proposed stormwater tariff and a request to implement stormwater rates for the first time (collectively, “2021 Rate Case”). PWSA also filed a Motion to Hold in Abeyance the Stage 2 Stormwater Compliance Plan pending resolution of the 2021 Rate Case to allow for the full range of stormwater issues to be addressed as part of that case, and then to proceed with any remaining issues regarding the Stormwater Compliance Plan after the 2021 Rate Case was concluded.

On May 20, 2021, the Commission issued an Order suspending PWSA’s stormwater tariff until January 12, 2022, and issuing the Technical Staff Report and Directed Questions on Stage 2 stormwater issues (*May 2021 Order*). Also, that same day, the Commission entered a separate Opinion and Order granting the Motion to hold the Stormwater Compliance Plan in abeyance, directing PWSA to file a revised Stormwater Compliance Plan, and providing revised deadlines for the filing of the revised Stormwater Compliance Plan, a second set of Directed Questions from the Commission’s Bureau of Technical Utility Services (“TUS”) identifying any remaining issues, and the assignment to OALJ with a Recommended Decision due by May 25, 2022.

The *May 2021 Order* also allowed time for additional informal workshops relating to PWSA’s compliance with Chapter 14 of the Code and Chapter 56 of the Commission’s regulations. By Secretarial Letter issued on May 28, 2021, BCS announced two additional informal workshops, which were held on June 17, 2021, and June 25, 2021.

On August 5, 2021, the Commission issued a Secretarial letter assigning the Stage 2 Compliance Plan for Customer Service Issues to the OALJ, including the Commission’s BCS Report and Directed Questions Stage 2, which focused only on customer services issues. Subsequently, this matter was assigned to the undersigned ALJs.

On August 25, 2021, a Notice was issued scheduling a telephonic prehearing conference on September 9, 2021.² On August 27, 2021, the undersigned ALJs issued a Prehearing Order.

² On August 26, 2021, a corrected Notice was issued to include information that was inadvertently omitted from the August 25, 2021, Notice.

On September 8, 2021, the City filed a Petition to Intervene and a prehearing memorandum. Also on September 8, 2021, in accordance with the prehearing order, prehearing memoranda were filed by PWSA, OCA, OSBA, and Pittsburgh United.

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.³ Various procedural matters were also discussed including, *inter alia*, a proposed litigation schedule, the possible impact of PWSA's water, wastewater and stormwater base rate proceeding which was pending before the Commission,⁴ the stormwater compliance plan filing, and consumer interest in a public input hearing.

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 concerning the customer service and collection issues. The schedule also included estimated dates for PWSA's revised Stormwater Compliance Plan filing, TUS Directed Questions on the Stormwater Compliance Plan, and a prehearing conference to address Stormwater Compliance Plan litigation. This Order also granted City's unopposed petition to intervene.

On November 18, 2021, the Commission approved a full settlement of the 2021 Rate Case, including approval of PWSA's initial stormwater tariff, stormwater rates, stormwater credit program, and a broad range of items related to stormwater service. PWSA's stormwater rates and stormwater tariff became effective on January 12, 2022.

In accordance with the litigation schedule, the parties pre-served to each other and the ALJs the testimony and exhibits.

³ BIE did not participate in the prehearing conference but subsequently entered a Notice of Appearance on September 13, 2021.

⁴ *Pa. Pub. Util. Comm'n v. PWSA*, Docket Nos. R-2021-3024773 (water), R-2021-3024774 (wastewater) and R-2021-3024779 (stormwater).

On January 20, 2022, PWSA submitted its revised Stormwater Compliance Plan, which reflected stormwater-related issues addressed through the 2021 Rate Case and provided updated information on remaining issues to be addressed through the Stage 2 proceeding.

On February 3, 2022, PWSA filed with the Commission a petition to separate the stormwater issues from other Stage 2 compliance issues. This petition was not opposed by any of the parties. Further, PWSA requested expedited consideration of the petition.

On February 14, 2022, the parties notified the ALJs via email that they had reached a full settlement regarding PWSA's Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA⁵ and Collections. Subsequently, the evidentiary hearings scheduled for February 15-16, 2022, were cancelled. The parties were directed to file a petition for settlement and statements in support thereof by March 14, 2022.

On February 22, 2022, TUS submitted its Technical Staff Report and Directed Questions Stage 2, Set 2, as directed by the Commission. That same day, a Secretarial Letter (*February 2022 Secretarial Letter*) was also issued, assigning the review of PWSA's Revised Stormwater Compliance Plan from TUS to OALJ, pursuant to the *May 2021 Order*. The *February 2022 Secretarial Letter* directed the OALJ to incorporate the Stage 2, Set 2 Report into its Prehearing Order and to conduct evidentiary hearings to address matters raised therein, culminating with a Recommended Decision to be issued by OALJ on the PWSA Stage 2 Compliance Plan issues pertaining to stormwater compliance by May 25, 2022.

On March 7, 2022, the Commission entered an Opinion and Order granting, in part, and denying, in part, PWSA's unopposed petition to separate the stormwater issues from the other Stage 2 issues. The Commission modified its *May 2021 Order* and the *February 2022 Secretarial Letter*, pertaining to the directed deadline for the issuance of a Recommended

⁵

Discontinuance of Service to Leased Premises Act.

Decision by the OALJ on Stage 2 Stormwater Compliance Plan issues, and extended this deadline by 60 days, from May 25, 2022, to July 25, 2022.⁶

On March 14, 2022, a “Joint Petition for Settlement Regarding PWSA’s April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections” (“Joint Petition” or “Settlement”) was filed. The Joint Petition was signed by PWSA, BIE, OCA, the City, and Pittsburgh United (collective, the “Joint Petitioners” or “Settling Parties”). The Joint Petition represents that OSBA does not oppose the Settlement. In the Settlement, the Joint Petitioners request that the ALJs: (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 of the Settlement as well as the Statements in Support from each of the Joint Petitioners.

After reviewing the Settlement, on March 31, 2022, the undersigned ALJs sent an email to the parties listing several concerns regarding the Settlement. Subsequently, a telephonic settlement conference convened on April 5, 2022, with all parties present. At this time, PWSA presented the testimony of Ms. Julie A. Quigley, Director of Customer Service, to clarify and address concerns raised by the ALJs.

On April 21, 2022, PWSA filed a “Petition to Reopen the Record and Admit Late File Exhibits JAQ-39 and JAQ-40.” No objection was filed to the admission of these exhibits. By Order issued on May 5, 2022, we admitted into the record the pre-served testimony and exhibits listed in Exhibit A of the Joint Petition, along with PWSA’s Late-Filed Exhibits JAQ-39 and JAQ-40.

On May 2, 2022, PWSA filed a Supplemental Statement in Support of the Joint Petition for Settlement.

⁶ This modification only relates to PWSA’s Stormwater Compliance Plan and any remaining stormwater issues associated with that plan.

III. TERMS AND CONDITIONS OF THE SETTLEMENT

The Joint Petition is a 26-page document signed by all the parties in this proceeding: PWSA, BIE, OCA, the City, and Pittsburgh United. The Joint Petition represents that OSBA does not oppose the Settlement. Attached to the Joint Petition are Exhibits A-F. Exhibit A is a list of the pre-served testimony and exhibits of the parties. Exhibits B-F are the Statements in Support of Settlement of PWSA (Exhibit B); BIE (Exhibit C); OCA (Exhibit D); Pittsburgh United (Exhibit E); and the City (Exhibit F).

The essential terms of the Joint Petition for Settlement are set forth on pages 10-23 in Section III of the Settlement. These terms are stated below verbatim and, for ease of reference, retain the same numbers and headings as they appear in the Settlement.

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. 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

A. 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.

B. 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.

C. 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

D. 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

E. 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 notice ^[7] 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.

F. 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.

G. 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.

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

- 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.

H. 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)^[8] 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

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

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.”

I. 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

J. 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.

K. 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.

L. 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.

M. 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.

Joint Petition for Settlement at 10-23.

IV. LEGAL STANDARDS

Chapter 32 of the Public Utility Code gives the Commission jurisdiction and oversight over PWSA. Under Chapter 32, the provisions in the Public Utility Code apply to PWSA in the “same manner as a public utility.”⁹ Therefore, the Commission has jurisdiction over the provision of water and wastewater¹⁰ service by PWSA.

The Commission encourages parties in contested on-the-record proceedings to settle cases.¹¹ Settlements eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion, which may entail review of the Commission’s decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a “settlement” reflects a compromise of the positions that the Parties of interest have held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.¹² In their supporting statements, the Joint Petitioners conclude, after extensive discovery and discussion, that this Settlement resolves all of the contested issues in this case, fairly balances the interests of the company and its customers, is in the public interest, and is consistent with the requirements of the Public Utility Code.

⁹ 66 Pa.C.S. § 3202(a)(1).

¹⁰ The term “wastewater” includes (but is not limited to) sewage, infiltration or inflow into sewers, and storm water which is or will become mixed within a combined sewer system. See 66 Pa.C.S. § 102. The term does not include storm water collected in a (stand-alone) municipal separate storm sewer. Id.

¹¹ See 52 Pa.Code § 5.231.

¹² Pa. Pub. Util. Comm’n v. CS Water & Sewer Assocs., 74 Pa.P.U.C. 767 (1991). See also Pa. Pub. Util. Comm’n v. York Water Co., Docket No. R-00049165 (Order entered October 4, 2004); Pa. Pub. Util. Comm’n v. Phila. Elec. Co., 60 Pa.P.U.C. 1 (1985).

After a full consideration of the terms of the Joint Petition and the Statements in Support, we recommend that the Commission adopt the terms of the Settlement as set forth in the Joint Petition without modification.

V. DISCUSSION OF THE JOINT PETITION

Each of the Joint Petitioners submitted thorough and well-written Statements in Support of the Settlement. Not every issue was of equal concern to every party. Accordingly, each of the Joint Petitioners' Statements in Support did not necessarily address each and every aspect of the Settlement. The position of each party is summarized briefly here. The reader is directed to the Statements in Support for a more detailed discussion of each Joint Petitioner's position.

A. **52 Pa. Code § 56.2 – Definitions**

In response to Directed Question number 1,¹³ PWSA acknowledged that its current tariff definitions for various terms are not the same as the definitions in either the Public Utility Code or the Commission's regulations.¹⁴ Based on PWSA's view that, while the terms may be different, its processes are consistent with the Commission's requirements,¹⁵ the Authority did not propose specific language changes to its existing definitions. At the same time, PWSA also made clear that it did not oppose revising definitions so long as the revisions recognize and give effect to its status as a municipal authority with the ability to pursue collections via the municipal lien process.¹⁶

¹³ 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").

¹⁴ PWSA St. No. 1 at 15-17.

¹⁵ PWSA St. No. 1-R at 14.

¹⁶ PWSA St. No. 1-R at 15.

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.”¹⁷ In its Statement in Support, PWSA avers that this settlement term is in the public interest because it ensures that residential customers are receiving the Commission-required protections, while allowing the Authority to pursue all the available collections paths in order to furnish and maintain adequate, efficient, safe and reasonable service and facilities. PWSA explains that its agreement to the adoption of 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.¹⁸

OCA agrees with PWSA that its adoption of the statutory and regulatory definitions listed in Section III.A.1-5 of the Settlement is in the public interest. In its Statement in Support, OCA explains that PWSA’s adoption of the definitions at issue resolves OCA’s concern regarding the Authority’s current practice of considering only the owners of properties as ‘customers of record’ and PWSA’s proposed workaround where tenants could receive some Chapter 56 protections but required additional notarized documentation (some requiring landlord consent).¹⁹ In particular, OCA took issue with PWSA’s proposed workaround as it 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.²⁰ In OCA’s view, PWSA’s adoption of the statutory and regulatory definitions listed in Section III.A.1-5 of the Settlement represents a fundamental change which, in conjunction with other terms of the Settlement, 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

¹⁷ Section III.A of the Settlement.

¹⁸ PWSA St. in Supp. at 5.

¹⁹ OCA St. in Supp. at 2.

²⁰ OCA St. 1 at 9-11.

protections under Chapter 56.²¹ Therefore, OCA states that PWSA’s modification of its definitions is in the public interest and should be adopted without modification.²²

In its Statement in Support, Pittsburgh United notes that PWSA’s current policy of not allowing tenants to be “customers of record” effectively prevents them from availing themselves of due process and consumer protections, including access to the Commission’s complaint processes.²³ Additionally, the same policy blocks tenants’ access to vital customer assistance programs, contradicts provisions of the Discontinuance of Service to Leased Premises Act (“DSLPA”)²⁴, and raises confidentiality issues.²⁵ Pittsburgh United supports PWSA’s adoption of the regulatory definitions of “Customer,” “Applicant,” and “Occupant” through the Settlement. In its view, PWSA’s adoption of 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.²⁶ For these reasons, Pittsburgh United asserts that these provisions of the settlement are just, reasonable, and in the public interest.²⁷

In its Statement in Support, the City of Pittsburgh supports the provisions of Section III.A of the Settlement because it provides for greater consistency with relevant statutory and regulatory definitions.²⁸

²¹ OCA St. in Supp. at 2-3, referencing OCA St. 1 at 7.

²² OCA St. in Supp. at 3.

²³ Pgh. United St. in Supp. at 3-4, referencing Pgh. United St. 1 at 8-12; see generally 66 Pa.C.S. Ch. 14; 52 Pa. Code Ch. 56.

²⁴ 66 Pa.C.S. § 1527(d).

²⁵ Pgh. United St. in Supp. at 4, referencing Pgh. United St. 1 at 8-9 and 18-19.

²⁶ Pgh. United St. in Supp. at 4; see Pgh. United St. 1 at 18; see generally 66 PA.C.S. Ch. 14; 52 Pa. Code Ch. 56.

²⁷ Id.

²⁸ City St. in Supp. at 3.

We find that the Settlement provisions regarding PWSA's adoption of Chapter 14 definitions for "Customer" and "Applicant" and Chapter 56 definitions for "Occupant" and "Unauthorized Use of Utility Service" are in the public interest. These provisions bring PWSA closer to a full compliance with the Public Utility Code and the Commission's regulations. They constitute an important step in providing PWSA's customers with the same rights and obligations as those enjoyed by customers of other public utilities within the Commonwealth. For these reasons, we recommend that these terms be approved by the Commission without modification.

B. Treatment of Persons Receiving and/or Seeking Service

In its Statement in Support, PWSA notes that 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.²⁹

First, PWSA notes that 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.³⁰ 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. According to PWSA, 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. According to PWSA, the totality of these provisions

²⁹ PWSA St. in Supp. at 6.

³⁰ PWSA St. in Supp. at 7-8.

reasonably addresses the concerns of OCA and Pittsburgh United regarding the process that tenants must follow in order to apply for service.³¹

Next, PWSA maintains that Section III.B.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.³² By way of 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.³³ 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.³⁴

According to PWSA, 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.³⁵ In the future, six months after successful implementation of its new SAP billing system,³⁶ 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.³⁷ PWSA notes that the Settlement carefully identifies the notices that will be provided for customers electing the opt-out

³¹ Id.

³² PWSA St. in Supp. at 8.

³³ 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.

³⁴ PWSA St. in Supp. at 8.

³⁵ PWSA St. in Supp. at 9.

³⁶ SAP remains on-target to go live in August 2022. See PWSA St. in Supp. at2, footnote # 3.

³⁷ Section III.1.b.ii of the Settlement. 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.

option to ensure that the modified information will, nonetheless, be sufficient to preserve PWSA's municipal lien process.³⁸ In PWSA's view, "[o]ffering 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."³⁹

Finally, PWSA supports Section III.B.1.v of the Settlement because it makes clear that any Tenant Applicant electing not to subscribe for service as a customer will still be eligible for protections under the DSPLA. PWSA argues that these provisions provide tenants with an additional option to receive service.⁴⁰

PWSA believes that 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 as well as the Commission's regulations.⁴¹ Importantly, PWSA supports these settlement provisions because they recognize its position as a municipal authority while developing processes that ensure compliance with Commission requirements. As such, PWSA states that the adoption of these Settlement terms is in the public interest.⁴²

In its Statement in Support, OCA avers that the Settlement terms in Section III.B.1.b (PWSA Notices to Tenant Applicants) achieve a compromise that protects private customer billing information through use of customer notifications and an "opt-out" provision.⁴³ Specifically, OCA points out that PWSA agrees to notify Tenants who apply for service that

³⁸ PWSA St. in Supp. at 8.

³⁹ Id.

⁴⁰ PWSA St. in Supp. at 9.

⁴¹ Id.

⁴² Id.

⁴³ OCA St. in Supp. at 4.

property owners will also receive copies of bills and notices related to the account, unless the Tenant Applicant chooses to opt-out.⁴⁴ In addition, 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, information on PWSA’s website, the Customer Usage Portal, and the Tenant Welcome Letter.⁴⁵ 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.⁴⁶ Therefore, these Settlement terms are in the public interest and should be adopted without modification.

In its Statement in Support, Pittsburgh United agrees with PWSA and OCA that, taken together with the rest of the Settlement, the provisions of Section III.B. are in the public interest. More specifically, Pittsburgh United argues that 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.⁴⁷ According to Pittsburgh United, these provisions will also help protect the confidential information of tenants and domestic violence victims. While acknowledging that “the ongoing privacy concerns” raised by the provisions of Section III.B which give the property owner account information for tenant customers, Pittsburgh United believes that the provisions of the proposed Settlement strike an appropriate balance of the various interests at this time and notes that “further revisions could always be made to PWSA’s policies if it later becomes necessary to further shield tenant confidentiality.”⁴⁸ For these reasons, Pittsburgh United asserts that these provisions are just, reasonable, and in the public interest and should be approved.

⁴⁴ Section III.B.1.b.i-ii of the Settlement.

⁴⁵ Sections III.B.1.b.i(a), B.1.d.i(c-d) of the Settlement.

⁴⁶ OCA St. in Supp. at 4-5.

⁴⁷ Pgh. United St. in Supp. at 6.

⁴⁸ Id. at 6-7.

Finally, the City of Pittsburgh avers that the provisions of Section III.B are in the public interest because they provide specific procedures for customers who are tenants, including application procedures. They explain 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. According to the City, these provisions comply with the relevant statutory and regulatory provisions of the Commission and reasonably address the other parties' concerns.⁴⁹

Upon review of the Section III.B of the Settlement and the accompanying Statements in Support filed by the Joint Petitioners, we are encouraged by the strides towards PWSA's compliance with Chapter 14 of the Code and the Commission's regulations at Chapter 56 achieved through the Settlement. Working in tandem with the terms of Section III.A of the Settlement, Section III.B provides the essential groundwork for allowing tenants to apply for service as customers of PWSA. This agreement represents a crucial step away from PWSA's historical process of always sending a bill to the property owner and a departure from its policy of requiring property owners to remain the customer of record.⁵⁰ It also showcases the Parties' efforts to seamlessly marry PWSA's rights and obligations under the Public Utility Code and the Commission's regulation with PWSA's role as a municipal authority with ability to pursue municipal liens.

In particular, Sections III.B.1 through III.B.3 address the rights afforded to tenants who wish to subscribe for service and present a new opt-out 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. We acknowledge that the framework set forth in this Section represents a compromise of the varying views of the Settling Parties.

⁴⁹ City St. in Supp. at 3.

⁵⁰ Pgh. United St. 1 at 11-12.

While we commend and encourage the Authority's efforts to bring its practices and policies in compliance with Chapter 14 of the Code and the Commission's regulations at Chapter 56, we would be remiss in our duty to ensure that the Settlement is in the public interest if we failed to address the privacy concerns raised by specific provisions of Section III.B. Section 56.32(c) of the Commission's regulation at Chapter 56 mandates that "Public utilities shall take all appropriate actions needed to ensure the privacy and confidentiality of identification information provided by their applicants and customers."⁵¹ Section III.B.1.i. of the Settlement regarding "PWSA Notices to Tenant Applicants" provides that every Tenant Customer of PWSA will have "copies of bills and notices related to the account, including high consumption notices and any termination notices" sent to the property owner, unless that Tenant Customer "[expresses] an affirmative desire to opt-out"⁵² or submits a Protection from Abuse order.⁵³ With the exception of the Tenant Customers who choose to opt-out and those who submit a Protection from Abuse order, every PWSA Tenant Customer will be impacted by these provisions, even those who are not delinquent in their payments and have no high consumption issues.

PWSA's stated reason for this provision is its interest in preserving intact its ability to pursue collections via the municipal lien process.⁵⁴ However, we find that other Settlement provisions belie PWSA's expressed need to have copies of the Tenant Customer's bills sent to the property owner in order to protect the municipal lien process. In particular, Section III.B.1.b.iii provides that for any Tenant Applicant and Tenant Customer who successfully expresses an affirmative desire to opt-out of PWSA sending the property owner copies of the bills and other notices related to the account, PWSA will still provide notices to the property owner (in addition to the customer), but will limit them to the following:

⁵¹ 52 Pa. Code § 56.32(c).

⁵² Section III.B.1.b.iii of the Settlement.

⁵³ Section III.B.4.a.i.

⁵⁴ See PWSA St. in Supp. at 6.

- 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.

Section III.B.1.b.iii (a)-(d). Importantly, PWSA supports the provisions of Section III.B.1.b.iii arguing that “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.”⁵⁵ In other words, the modified notices provided to the property owners through the provisions of Section III.B.1.b.iii can successfully preserve PWSA’s municipal lien process, without providing property owners access to private Tenant Customer information.

In its Statement in Support, PWSA also defends the opt-out process on the basis of cost containment. PWSA argues that offering the modified notices of Section III.B.1.b.iii only on an opt-out basis is an “important step to contain the costs of designing the new option and developing the new notices post implementation of SAP.”⁵⁶ However, we fail to see how the

⁵⁵ (Emphasis Added). PWSA St. in Supp. at 8.

⁵⁶ PWSA St. in Supp. at 8.

costs of designing the new option and developing the new notices for some (the Tenant Customers who opt-out of having copies of their bills sent to the property owner) is any different than the costs of designing the new option and developing the new notices for all Tenant Customers.

Although we believe that providing the property owner with copies of the bills belonging to the Tenant Customer serves no interest and protects no right that is not properly served and protected by the provisions of Section III.B.1.b.iii, we acknowledge that the use of the Tenant Welcome Letter to notify the Tenant Customer of PWSA's intention to release private customer information to the Property Owner⁵⁷, as well as the opt-out provision available to Tenant Customers who desire to restrict the release of their private information⁵⁸ sufficiently shield private customer billing information from disclosure to third parties.⁵⁹ The Commission has 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 (Opinion and Order entered Dec. 5, 2013). In that spirit and upon careful consideration, we find that the provisions of Section III.B of the Settlement fairly balance the interest of the parties involved, are in the public interest, and are consistent with the requirements of the Public Utility Code and Commission's regulation. Consequently, we recommend that the provisions of Section III.B of the Settlement be approved without modification.

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

In its Direct Testimony, PWSA explained that its current billing system, Cogsdale, prevents the Authority 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

⁵⁷ Sections III.B.1.b.i and III.B.1.d.i.(c) of the Settlement.

⁵⁸ Sections III.B.1.b.ii and III.B.1.c.ii of the Settlement.

⁵⁹ See for example the provisions of 52 Pa. Code §§ 54.8(a) (Electricity Generation Customer Choice – Privacy of Customer Information) and 62.78(a) (Natural Gas Supply Customer Choice – Privacy of Customer Information).

there.⁶⁰ 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.⁶¹ According to PWSA, 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.⁶² PWSA 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.⁶³ Thus, once PWSA's new system goes live, currently on-target for August 2022, it will be able to ensure at 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.⁶⁴

Upon their review of PWSA's current processes, both OCA and Pittsburgh United agreed that a tenant should not be responsible for an outstanding debt prior to his or her tenancy. OCA focused on the various forms in use for tenants.⁶⁵ In particular, OCA noted that, in order to become a Listed Tenant, 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.⁶⁶ 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

⁶⁰ PWSA St. No. 1 at 25-26.

⁶¹ PWSA St. No. 1 at 11-12.

⁶² PWSA St. No. 1 at 12.

⁶³ PWSA St. No. 1 at 25-26.

⁶⁴ PWSA St. No. 1-R at 25.

⁶⁵ OCA St. No. 1 at 9-10.

⁶⁶ OCA St. 1 at 7-8.

incurred at the property.⁶⁷ Additionally, 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.⁶⁸ Pittsburgh United raised similar concerns about PWSA's forms and practices.⁶⁹ In addition, Pittsburgh United 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.⁷⁰

Section III.C of the Settlement makes clear that PWSA will not request or require payment of an outstanding balance unless the applicant is legally responsible for it.⁷¹ 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.⁷²

PWSA supports the provisions of Section III.C because they represent a reasonable compromise of the issues raised by OCA and Pittsburgh United. In its Statement in Support, PWSA argues that the adoption of these settlement terms is in the public interest because they lay out the 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.⁷³

OCA also supports the adoption of these settlement terms because they help to reduce barriers to Tenants establishing service and avoiding termination, while allowing PWSA

⁶⁷ Id.

⁶⁸ Id. at 10.

⁶⁹ Pgh. United St. No. 1 at 24.

⁷⁰ Pgh. United St. No. 1 at 22-24.

⁷¹ Section III.C.1.iii of the Settlement.

⁷² Section III.C.1.ii of the Settlement.

⁷³ PWSA St. in Supp. at 14-15.

to pursue collection of prior debt from the party responsible for it. According to OCA, the provisions of Section III.C should be accepted without modification as in the public interest.⁷⁴

In its Statement in Support, Pittsburgh United opines that the provisions of Section III.C 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 the Code and regulations.⁷⁵

We agree with the Joint Petitioners that the provisions of the proposed Settlement concerning outstanding residential debt at a property are in the public interest. These terms will help tenants apply for and connect to service as customers without having to pay debts accrued by their landlord or a prior tenant. In addition, they will help ensure that victims of domestic violence escaping abuse will be able to establish service without having to pay for debts accrued by the abuser. Consequently, we recommend that these terms be approved without modification.

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

In response to Directed Question number 16, PWSA explained that it 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 2021.⁷⁶ OCA and Pittsburgh United identified additional information they recommended be included with the training materials on this topic.⁷⁷ Also related to this issue, Pittsburgh United sought assurances that

⁷⁴ OCA St. in Supp. at 8.

⁷⁵ Pgh. United St. in Supp. at 8.

⁷⁶ PWSA St. No. 1 at 53. PWSA Exh. JAQ-37 is a copy of training materials presented by PWSA to its vendor which was shared with the parties in discovery.

⁷⁷ OCA St. No. 1 at 15-16 and Pgh. United St. No. 1 at 33-34.

service terminations can be immediately ceased if Field Technicians (or the third-party vendor) identify a previously unidentified tenant occupied property.⁷⁸

In the Settlement, 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.⁷⁹

According to PWSA, these settlement terms are reasonable and should be adopted without modification because they provide more transparency about PWSA's processes, and ensure that customers are granted a reasonable amount of time to exercise their rights to stop a termination.⁸⁰

In its Statement in Support, OCA agrees with PWSA. OCA explains that these settlement terms 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.⁸¹

According to Pittsburgh United, the terms of Section III.D. of the Settlement 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, Pittsburgh United opines

⁷⁸ Pgh. United St. No. 1 at 28-29 and 37.

⁷⁹ 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.

⁸⁰ PWSA St. in Supp. at 16.

⁸¹ OCA St. in Supp. at 6-7.

that these terms are just, reasonable, and in the public interest and should be approved by the Commission.⁸²

We find that the terms of Section III.D achieve PWSA's compliance with the Commission's personal contact regulations, thus resolving an issue that has been continuously discussed in PWSA's formal proceedings since 2018.⁸³ Resolving this issue is in the public interest because it makes clear that PWSA's processes follow 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. Therefore, we recommend that these terms be adopted without modification.

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 unmanageable utility bills.⁸⁴ 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.⁸⁵ 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."⁸⁶

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

⁸² Pgh. United St. in Supp. at 9.

⁸³ See PWSA St. No. 1 at 51-53.

⁸⁴ Directed Question No. 11.

⁸⁵ PWSA St. 1 at 45.

⁸⁶ Id.

PWSA may ascribe “malicious” intent to actions of a customer. Pittsburgh United recommended that PWSA set forth a clear definition of “tampering” that requires willful action or intent.⁸⁷

Section III.E of the Settlement reasonably addresses the identified concerns. In particular, Section III.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.⁸⁸ 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.⁸⁹

Both PWSA and Pittsburgh United agree that the adoption of these settlement terms is reasonable and in the public interest.⁹⁰ In their respective Statements in Support, PWSA and Pittsburgh United opine that taken together, the terms of Section III.E reasonably address concerns related to the inoperable/missing valves 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 found to have willfully interfered with the Authority’s facilities. For all these reasons, PWSA and Pittsburgh United requests that these settlement terms be approved without modification.⁹¹

⁸⁷ Pgh. United St. No. 1 at 46-47.

⁸⁸ Section III.E.2 of Settlement.

⁸⁹ Section III.E.3 of Settlement.

⁹⁰ PWSA St. in Supp. at 18; Pgh. United St. in Supp. at 10-11.

⁹¹ Id.

We find that the terms of Section III.E are in the public interest because they clarify how PWSA will proceed in situations where it does not have access to its facilities to perform a shut of service. In addition, they 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. These terms will also help ensure that customers have notice and an opportunity to correct these issues before further action is taken.

F. 52 Pa. Code § 56.81 – Authorized Termination of Service - 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.⁹² PWSA indicated that it only serves its Waste of Water Notice on the property owner.⁹³ In testimony, Pittsburgh United 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.⁹⁴

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 the tenant is working with the property owner to address the issue.⁹⁵ Also, Section III.F of the Settlement references PWSA’s Pilot Private Service Line Leak and Expanded Conservation Program, pending at Docket No. P-2022-3030253, to which the Authority proposes to refer low income customers in need of line repair.⁹⁶

⁹² Directed Question No. 12.

⁹³ Pgh. United St. 1 at 45.

⁹⁴ Id. at 45-46.

⁹⁵ Section III.F.2 of the Settlement.

⁹⁶ Id.

In its Statement in Support, PWSA notes that the provisions of Section III.F of the Settlement 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.⁹⁷ Pittsburgh United also supports these terms for putting the tenants in a position to be proactive about these situations. These terms will help avoid terminations due to willful or negligent waste of water and avoid unnecessary conflicts between landlord and tenant in these situations.⁹⁸ As such, Pittsburgh United and PWSA agree that these provisions are just, reasonable, and in the public interest and should be approved by the Commission.

We find that the terms of Section III.F 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. As such, we find these provisions to be just, reasonable and in the public interest and recommend that they be adopted without modification.

G. Lead Service Line Replacements

In Direct Testimony, PWSA 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 (“LSL”) 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).⁹⁹ Pittsburgh United challenged PWSA’s “stand in their shoes” tariff language authorizing PWSA to replace a privately owned lead service line if the property owner is unavailable as too narrow and restrictive¹⁰⁰ and recommended that it be expanded to include

⁹⁷ PWSA St. in Supp. at 19-20.

⁹⁸ Pgh. United St. in Supp. at 12.

⁹⁹ PWSA St. No. 1 at 55-60.

¹⁰⁰ Pgh. United St. No. 1 at 44-45.

scenarios where the property owner outright refuses to let PWSA perform the work.¹⁰¹ In Rebuttal Testimony, PWSA opposed the recommendation due mostly to safety concerns about its workers.¹⁰² PWSA pointed out that, to date, it has not terminated service at any property due to a property owner's refusal to agree to a lead service line replacement, thus achieving a 97% success rate in getting the private side lead service line replaced without pursuing a service termination for unresponsive property.¹⁰³

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 a discussion with the Community Lead Response Advisory Committee ("CLRAC") about other possible actions PWSA could take to incentivize property owners to cooperate.¹⁰⁴

In its Statement in Support, PWSA argues that 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.¹⁰⁵ Pittsburgh United agrees that this settlement 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.¹⁰⁶

¹⁰¹ Pgh. United St. No. at 44-45.

¹⁰² PWSA St. No. 1-R at 50.

¹⁰³ PWSA St. No. 1-R at 48-50.

¹⁰⁴ Section III.G of the Settlement.

¹⁰⁵ PWSA St. in Supp. at 21.

¹⁰⁶ Pgh. United St. in Supp. at 13.

While the Settling Parties were not able to identify a more concrete solution in the context of this case, we believe that discussion among all stakeholders interested in these issues may lead to a better approach that addresses all the concerns involved. Consequently, we believe that the terms of Section III.G of the Settlement are reasonable and in the public interest. We recommend that they be adopted without modification.

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).”¹⁰⁷ 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 collections.¹⁰⁸ In addition, PWSA’s direct testimony describes in detail the Authority’s existing collections procedures.¹⁰⁹

I&E responded to PWSA’s testimony by stating that PWSA is experiencing a high level of uncollectible expense and that PWSA had not fully complied with collections-related commitments the Authority had made in the Compliance Plan 1 Settlement.¹¹⁰ I&E recommended that PWSA 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 and policies implemented by other utilities (regulated gas, electric, and water distribution companies)

¹⁰⁷ *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.

¹⁰⁸ PWSA Exh. JAQ-1 at 68-71.

¹⁰⁹ PWSA St. No. 1 at 26-29.

¹¹⁰ I&E 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. I&E submitted that PWSA has only partially complied with these Settlement terms. (I&E St. No. 1 at 11).

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.¹¹¹

In response, PWSA challenged I&E’s claim that its uncollectible levels were “unreasonably high” but pointing out that its cash receipts levels have consistently been 98% or higher (except for 2021 in which they dropped slightly to 95%)¹¹² and they compared favorably to other cash flow regulated companies, such as PGW.¹¹³ In addition, the Authority explained that it had already reached out to other utilities and was continuing to accumulate useful data from those discussions.¹¹⁴ Next, PWSA questioned the need for further 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 needed in light of PWSA’s ability to pursue a municipal lien and the administrative cost of establishing and maintaining such a system. PWSA also questioned the advisability of imposing new requirements on customers that would potentially make it harder for them to initiate or maintain service considering the continuing effects of the pandemic.¹¹⁵

Pittsburgh United and OCA also opposed I&E’s recommendations in rebuttal testimony.¹¹⁶ In particular, Pittsburgh United explained that the changes recommended by I&E are not required by the Code or Commission regulations, and that each of them would have a detrimental impact on the ability of low income and vulnerable customers to connect and

¹¹¹ I&E St. No. 1 at 13-14.

¹¹² According to PWSA, 2021 collections were significantly affected by policies designed to mitigate the economic effects of the Pandemic such as the Commission-imposed termination ban. PWSA St. No. 1R at 36-39.

¹¹³ Id.

¹¹⁴ PWSA St. No. 1R at 37-38.

¹¹⁵ PWSA St. No. 1R at 43-45.

¹¹⁶ See Pgh. United St. 1-R at 1, 3-10; OCA St. No. 1-R at 1-5.

maintain affordable water and wastewater service.¹¹⁷ According to Pittsburgh United late fees, deposits, liens, and other punitive charges compound affordability problems for low income households and disproportionately impact communities of color.¹¹⁸

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.¹¹⁹ 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.¹²⁰ 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.¹²¹ Finally, the Section III.H.3 of the Settlement establishes data reporting requirements related to collections to begin with the first Compliance Plan Quarterly Update Report to due after the Final Order is entered in this proceeding.¹²²

In its Statement in Support, PWSA agrees that the proposed settlement terms as set forth in Section III.H are a reasonable resolution of these various, sometimes conflicting, assertions and recommendations. PWSA notes that these provisions reaffirm its intention to develop a more fulsome written Collections Plan and set forth specific expectations regarding the

¹¹⁷ Pgh. United St. 1-R at 1.

¹¹⁸ Id. at 3-10.

¹¹⁹ Section III.H.1 of Settlement.

¹²⁰ Section III.H.2 of Settlement.

¹²¹ Id.

¹²² Section III.H.3 of Settlement.

Collections Plan.¹²³ Among those expectations are the identification of specific metrics that can be used to measure PWSA’s progress, reporting obligations to track PWSA’s progress, a description of the automation of the collections process, including a timeline for implementation; and an evaluation of engaging a third-party collections agency to assist with PWSA’s collections activities¹²⁴. PWSA generally supports the terms of Section III.H because “while its collection performance is strong, it is always willing to try to improve.”¹²⁵ According to the Authority, the collections provisions of the Settlement provide a path to making PWSA’s collections efforts even stronger in the months and years ahead.¹²⁶

In its Statement in Support, Pittsburgh United explains that it supports these terms because they 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. According to Pittsburgh United, these terms also ensure that the parties will have a chance to review the plan and provide feedback for PWSA’s consideration.¹²⁷

In its Statement in Support, I&E begins by noting that its agreement to join the Settlement was contingent on PWSA’s commitment to develop a comprehensive written Collections Plan.¹²⁸ According to I&E, PWSA’s agreement to develop the Collections Plan¹²⁹ is necessary to ensure that the Authority 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. With

¹²³ Section III.H.1 of Settlement.

¹²⁴ Section III.H.1.b-d of Settlement.

¹²⁵ PWSA St. in Supp. at 27.

¹²⁶ Id.

¹²⁷ Pgh. United St. in Supp. at 14.

¹²⁸ I&E St. in Supp. at 5.

¹²⁹ Section III.H.1 of Settlement.

PWSA being a cash flow utility without any shareholders, I&E considers these goals of paramount importance as 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.¹³⁰

Next, I&E supports the provisions of Section III.H.1.a. of the Settlement as being in the public interest. I&E maintains that the efficacy of PWSA's lien authority is not a basis for dismissing other collection tools, and notes that, 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, I&E supports PWSA's commitment to researching steps that other utilities have undertaken to ensure that income eligible customers are not assessed security deposits while complying with both the Fair Credit Act and the Equal Credit Opportunity Act.¹³¹

In addition, 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. I&E notes that, through 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. I&E supports PWSA's commitment to a measurable process and timeline for when it will make this information available, thus ensuring accountability and timeliness. According to I&E, PWSA's commitment to evaluating all available options for reducing uncollectible accounts is not only in the public interest, but also consistent with the utility's regulatory obligations as it acts to mitigate large debts and to protect ratepayers from unwarranted costs.¹³²

I&E also supports the provisions of Section III.H.1.c of the Settlement regarding the PWSA's SAP implementation timeline. I&E opines that PWSA's transition to the automated

¹³⁰ I&E St. in Supp. at 6.

¹³¹ I&E St. in Supp. at 7-8.

¹³² I&E St. in Supp. at 9-10.

system will benefit ratepayers by ensuring that their accounts are accurate, that payments are readily and promptly tracked, and that PWSA's resources will be taxed less once it no longer relies on manual entry of account data.¹³³ I&E anticipates that the transition to SAP will help PWSA 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 accounts that are most critical.¹³⁴

Furthermore, I&E holds that the provisions of Sections III.H.1.b and III.H.3 and the commitments that they memorialize are in the public interest. According to I&E, the goals, identifying metrics, and the reporting obligations included in these provisions are extremely important because they can be used by the Authority, the Joint Petitioners, and the Commission to evaluate and track the success of PWSA's collection efforts.¹³⁵ 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.¹³⁶

Finally, I&E supports the terms of Section III.H.2 of the Settlement regarding PWSA's Collection Plan review and reporting commitments. In its Statement in Support, I&E opines that these terms are in the public interest because they establish a process, through which I&E, other parties, and (if it elects to do so) BCS will have an opportunity to review PWSA's draft Collections Plan and provide helpful feedback for PWSA to consider as it finalizes the Collections Plan. In addition, I&E notes that 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. I&E

¹³³ I&E St. in Supp. at 10, 11, referencing PWSA St. No. 1R at 5.

¹³⁴ I&E St. in Supp. at 11.

¹³⁵ I&E St. in Supp. at 11-12.

¹³⁶ I&E St. in Supp. at 12, referencing 66 Pa.C.S. § 1402; 66 Pa.C.S. § 1301; 52 Pa. Code § 56.1.

presents that it was a proponent of these terms because it views them as a necessary component of PWSA's end state compliance with Chapter 32.¹³⁷

We find that Section III.H of the Settlement is in the public interest because it provides specific clarity and direction about the formulation of a written Collections Plan, thereby resolving the concerns raised by I&E regarding the completion of this commitment from prior cases. 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.¹³⁸ 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.¹³⁹ Consequently, we recommend that these provisions be adopted without modifications.

I. Pursuit of Payment Through the Lien Process

In its Direct Testimony, PWSA explained how many of its current processes were designed to preserve PWSA's ability to pursue a municipal lien for unpaid utility charges. In turn, OCA expressed confusion about when PWSA will rely on Chapter 56 to pursue collection of outstanding charges and when it will implement its lien process. OCA 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.¹⁴⁰ In Rebuttal Testimony, PWSA noted that the lien process is an important additional collections tool available to PWSA that does not result in the termination of service,¹⁴¹ whereas Pittsburgh

¹³⁷ I&E St. in Supp. at 13.

¹³⁸ Section III.H.2 of Settlement.

¹³⁹ Section III.H.1.b of Settlement.

¹⁴⁰ OCA St. No. 1 at 16-17.

¹⁴¹ PWSA St. No. 1-R at 9-10.

United explained that municipal liens have racially disparate impacts and detrimental impacts on low-income communities.¹⁴²

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.¹⁴³ The proposed Settlement also acknowledges that all parties reserve their right to challenge, in the appropriate forum, PWSA's pursuit of collections via liens.¹⁴⁴ 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.¹⁴⁵ PWSA agrees that it will only initiate its collections via the lien process in specific situations set forth in the Settlement, and then only after collections methods authorized by the Public Utility Code and Commission regulations are fully exhausted.¹⁴⁶

PWSA supports the provisions of Section III.I of the Settlement as they make clear that the lien process is not regulated by the Commission and that PWSA intends to continue to pursue both collections tools. According to PWSA, these terms are in the public interest because they identify 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.¹⁴⁷

Pittsburgh United supports these provisions because they preserve the parties' ability to challenge PWSA's lien process in the appropriate venue. In addition, Pittsburgh

¹⁴² Pgh. United St. No. 1 at 9.

¹⁴³ Section III. I of the Settlement.

¹⁴⁴ Id.

¹⁴⁵ Id.

¹⁴⁶ Section III.I.4. a-h of the Settlement.

¹⁴⁷ PWSA St. in Supp. at 28.

United believes that these terms are just, reasonable, and in the public interest because they 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.¹⁴⁸

Upon review, we find that the Settlement provisions of Section III.I 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. They provide more clarity regarding PWSA's collections processes while ensuring that appropriate residential customer protections are provided. As such, we recommend that these provisions be adopted without modification.

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

In its Direct Testimony, PWSA explained that it 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.¹⁴⁹ According to PWSA, 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 Code. The narrowing of issues only began to occur with the start of the written testimony in this proceeding.¹⁵⁰ In turn, OCA noted that the lack of tariff language to review presented difficulties to determine PWSA's compliance¹⁵¹ whereas Pittsburgh United noted the complexity of revising the tariffs and offered a post Final Order compliance process for consideration.¹⁵² Pittsburgh United also

¹⁴⁸ Pgh. United St. in Supp. at 15.

¹⁴⁹ PWSA St. No. 1 at 6-7.

¹⁵⁰ PWSA St. No. 1-R at 7-8.

¹⁵¹ OCA St. No. 1 at 5 and 18.

¹⁵² Pgh. United St. No. 1 at 8.

recommended that, after the entry of a Final Order, PWSA submit updated training materials and provide the parties at least 45 days to review and comment.¹⁵³

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 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 then explain why any recommendations offered are rejected. Section III.M.3 identifies two issues that were raised by Pittsburgh United committing PWSA to 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.

According to PWSA, the adoption of the 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

¹⁵³ Pgh. United St. No. 1 at 33-34.

direction from the Commission in the Final Order, the resources available to all the Settling Parties and a reasonable timeframe to complete all tasks.¹⁵⁴

In addition, Pittsburgh United supports these provisions because they allow an appropriate period for review, and an adequate process for the parties to raise and the Commission to resolve any additional concerns. In particular, Pittsburgh United opines that the terms of Section III.M are in the public interest as they 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.¹⁵⁵

We find that the provisions of the Settlement listed above are in the public interest because they propose an orderly process which can reasonably be accomplished, and which sets forth a path to conclude this long proceeding. 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. For these reasons, we recommend that the Commission adopt these provisions without modification.

K. Recommendation

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. 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

¹⁵⁴ PWSA St. in Supp at 31.

¹⁵⁵ Pgh. United St. in Supp. at 18-19.

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).

These 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. The Settlement represents a balanced compromise of the issues raised by the Settling Parties in this proceeding by recognizing PWSA's status as a municipal authority and the time and effort necessary to redesign processes to better align with Commission expectations and requirements. 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.

After careful consideration, we find that the Settlement 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.¹⁵⁶ In addition, 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. Accordingly, we find that approval of the Settlement is in the public interest and recommend that the Commission adopt it without modification.

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66 Pa.C.S. § 3204(c).

VI. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the Parties to this proceeding. 66 Pa.C.S. §§ 501, 1308(d), 3202(a)(1).

2. The provisions in the Public Utility Code apply to PWSA in the “same manner as a public utility.” 66 Pa.C.S. § 3202(a)(1).

3. PWSA’s Compliance Plan must ensure and maintain the provision of adequate, efficient, safe, reliable and reasonable service for its ratepayers. 66 Pa.C.S. § 3204(c).

4. “Public utilities shall take all appropriate actions needed to ensure the privacy and confidentiality of identification information provided by their applicants and customers.” 52 Pa. Code § 56.32(c).

5. The Commission encourages parties in contested on-the-record proceedings to settle cases. See 52 Pa. Code § 5.231.

6. To determine whether a settlement should be approved, the Commission must decide whether the settlement promotes the public interest. *Pa. Pub. Util. Comm’n v. CS Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm’n v. Phila. Elec. Co.*, 60 Pa. PUC 1 (1985).

7. 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 (Opinion and Order entered Dec. 5, 2013).

8. The Joint Petition for Settlement is in the public interest.

VII. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the “Joint Petition for Settlement Regarding PWSA’s April 9, 2021 Stage 2 Compliance Plan: Chapters 14 & 56, DSLPA and Collections” filed on March 14, 2022 by the Pittsburgh Water and Sewer Authority, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission, the Office of Consumer Advocate, Pittsburgh UNITED, and the City of Pittsburgh at Docket Nos. M-2018-2640802, and M-2018-2640803, including all terms and conditions stated therein, be approved without modification.

2. That the Pittsburgh Water and Sewer Authority, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission, the Office of Consumer Advocate, Pittsburgh United, and the City of Pittsburgh shall comply with the terms of the Joint Petition for Settlement submitted in this proceeding as though each term therein were the subject of an individual ordering paragraph.

3. That the docket at Docket Nos. M-2018-2640802 and M-2018-2640803 shall be marked closed.

Date: May 18, 2022

_____/s/
Eranda Vero
Administrative Law Judge

_____/s/
Gail M. Chiodo
Administrative Law Judge