

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

December 1, 2022

Via Electronic Filing

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

Re: Pittsburgh Water and Sewer Authority's Petition for Pilot Private Service Line Leak
Repair and Expanded Conservation Program for Low Income Customers
Docket No. P-2022-3030253

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Petition for Full Settlement Regarding the Pittsburgh Water and Sewer Authority's ("PWSA") Pilot Private Service Line Leak Repair and Expanded Conservation Program for Low Income Customers with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell, Esq.

DMC/lww

Enclosure

cc: Hon. Gail M. Chiodo w/enc.
Hon. Eranda Vero w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

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

Via Email Only

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

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

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

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

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

Roger D. Colton
Fisher, Sheehan & Colton
34 Warwick Road
Belmont, MA 02478
roger@fsconline.com



Dated: December 1, 2022

Deanne M. O'Dell, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of The Pittsburgh Water and Sewer :
Authority for Pilot Private Service Line : Docket No. P-2022-3030253
Leak Repair and Expanded Conservation :
Program for Eligible Low Income :
Customers and Authorization to Track Costs
as a Regulatory Asset for Future Base Rate
Recovery

**JOINT PETITION FOR FULL SETTLEMENT
REGARDING PWSA's PILOT PRIVATE SERVICE LINE LEAK REPAIR AND
EXPANDED CONSERVATION PROGRAM FOR LOW INCOME CUSTOMERS**

Date: December 1, 2022

Table of Contents

	Page
I. INTRODUCTION.....	2
II. BACKGROUND AND PROCEDURAL HISTORY.....	3
III. TERMS AND CONDITIONS OF SETTLEMENT.....	6
A. Pilot Program	6
1. Eligibility for Participation in Pilot Program.....	6
2. Landlord Consent Requirements	7
3. Length of Pilot Program	8
4. Data Tracking, Evaluation of Pilot Program and Future Program	8
B. Cost Recovery	9
1. The budget for the Pilot Program will be \$400,000	9
2. If PWSA proposes to implement another phase of the Pilot or to implement the program on a permanent basis, such request will be made as part of PWSA’s next base rate case which will also include PWSA’s proposed cost recovery for consideration by the parties and the Commission.....	9
C. Timeframe for Commission Action	10
1. All parties support the ability of PWSA to implement this program in the summer of 2023 and propose the following procedural schedule to accommodate that desire:	10
2. The parties jointly request that the Commission issue a final order no later than its April 20, 2023 public meeting.	10
IV. ADDITIONAL TERMS AND CONDITIONS.....	10
V. THE SETTLEMENT IS IN THE PUBLIC INTEREST	12

List of Supporting Exhibits

A	Stipulated Record – Pre-Served Testimony and Exhibits
B	<i>Pro Forma</i> Compliance Tariff Supplement
C	Pittsburgh Water and Sewer Authority Statement in Support of Settlement
D	Bureau of Investigations and Enforcement Statement in Support of Settlement
E	Office of Consumer Advocate Statement in Support of Settlement
F	Pittsburgh United Statement in Support of Settlement

I. INTRODUCTION

The Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”), the Bureau of Investigation and Enforcement, (“BIE” or “I&E”), the Office of Consumer Advocate (“OCA”), and Pittsburgh United (collectively, the “Joint Petitioners” or “Settling Parties”),¹ by their respective counsel, submit and join in this Joint Petition For Full Settlement (“Settlement” or “Joint Petition”) of PWSA’s January 3, 2022 Petition for Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery (“Petition”). Adoption of the Joint Petition will enable PWSA to implement a Pilot Program that will, *inter alia*, offer limited no cost repairs of leaks of private service lines for qualifying low income customers in an effort to mitigate increased costs associated with unnecessary high water consumption.

The Settling Parties respectfully request that Administrative Law Judges Eranda Vero and Gail M. Chiodo (“ALJs”) recommend that the Pennsylvania Public Utility Commission (“Commission” or “PUC”): (1) enter into the record the Petition, 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; (3) permit PWSA to file a compliance tariff supplement consistent with the *Pro Forma* Tariff set forth in Exhibit B to become effective on one day’s notice; and, (4) find that the terms of the Settlement are in accordance with the law and are in the public interest consistent with the reasons set forth in Section V as well as the Statements in Support from each of the Joint Petitioners included in Exhibits C-F attached hereto. Joint Petitioners also respectfully request that the Commission issue a final order in this matter no later than its April 20, 2023 public meeting so as to enable PWSA to implement the Pilot Program in the summer of 2023.

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

II. BACKGROUND AND PROCEDURAL HISTORY

1. PWSA, a municipal authority, is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §§ 5601, *et seq.* PWSA manages the water, wastewater conveyance and stormwater systems of the City of Pittsburgh pursuant to a 1995 Capital Lease Agreement dated July 15, 1995 which provides for PWSA's purchase of the water supply, distribution and wastewater collection systems in 2025. PWSA's management of the City's assets and other details of their relationship are governed by 71 P.S. §§ 720.211 to 720.213.
2. Effective April 1, 2018, PWSA became subject to the Public Utility Code with the exception of Chapters 11 (relating to certificates of public convenience) and 21 (relating to relations with affiliated interested). *See* 66 Pa.C.S. § 3201 *et seq.* ("Chapter 32"). The transition process established by Chapter 32 included a requirement that PWSA file: (1) a compliance plan to bring its existing information technology, accounting, billing, collection and other operating systems and procedures into compliance with Commission requirements; and, (2) a long-term infrastructure improvement plan ("LTIIP") by September 28, 2018. 66 Pa.C.S. § 3204(b).
3. The Commission has conducted numerous proceedings involving PWSA as the Authority continues to transition to the Commission's jurisdiction including: (1) Three Base Rate Cases (Docket Nos. R-2018-3002645, *et al.*, R-2020-3017951, *et. al.*, and R-2021-3024773, *et. al.*); (2) Compliance Plan – Stage 1 (Docket Nos. M-2018-2640802 and M-2018-2640803); (3) a Long-Term Infrastructure Improvement Plan (Docket Nos. P-2018-3005037 and P-2018-3005039); (4) Compliance Plan – Stage 2 – Customer Service Issues (Docket Nos. M-2018-2640802 and M-2018-2640803) and (5) Compliance Plan – Stage 2 – Stormwater Issues (Docket Nos. M-2018-2640802 and M-2018-2640803).

4. PWSA agreed to file a Petition for a proposed line repair and conservation program within one year after entry of the Commission’s final order which would include a proposal for line repair for low income customers as well as a cost recovery proposal as part of the Commission approved Joint Petition for Settlement of PWSA’s second rate case at Docket No. R-2020-3017951.²
5. Pursuant to Secretarial Letter dated December 8, 2021, the Commission granted the unopposed request of PWSA to extend the due date for the filing of the petition to January 3, 2022.
6. On January 3, 2022, PWSA filed its Petition requesting approval to implement a Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers (“Pilot Program”) and to authorize PWSA to track the Pilot Program costs as a regulatory asset so that it may seek cost recovery in its next base rate filing (“Petition”).
7. Included with the Petition was a procedural request that, after the due date for any interested stakeholders to file a written response to PWSA’s Petition, the Commission hold in abeyance any further action for 60 days or until March 25, 2022. PWSA proposed that during that time it would discuss the filed comments with the stakeholders in an effort to determine whether a consensus position could be presented to the Commission. PWSA proposed to file a report with the Commission on or before March 25, 2022 regarding the outcome of the discussions with the parties as well as any recommendations for future

² *Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Water*, Docket No. R-2020-3017951, Order entered December 3, 2020, adopting as own action the Recommended Decision dated October 29, 2020 which recommended approval of the Joint Petition for Settlement dated September 30, 2020 (see Appendix to the Recommended Decision for Terms and Conditions of Joint Petition for Settlement).

- consideration of the Petition. The Commission did not take action to hold the matter in abeyance and no report was filed as proposed on or before March 25, 2022.
8. On January 21, 2022, I&E filed an Answer to PWSA's Petition. On January 24, 2022: (1) OCA filed an Answer to PWSA's Petition; (2) OSBA filed a Notice of Appearance, Notice of Intervention, Public Statement and Answer to the Petition; and (3) Pittsburgh United filed a Petition to Intervene and Answer to PWSA's Petition.
 9. According to the Daily Actions report for this docket, the Petition was assigned to the Office of Administrative Law Judge on June 9, 2022.
 10. A Notice of Initial Call-In Telephone Prehearing Conference was issued on June 14, 2022, scheduling the prehearing conference for June 27, 2022.
 11. Prehearing Memorandums were filed by PWSA, I&E, OCA, OSBA and Pittsburgh United.
 12. A Prehearing Order dated July 8, 2022 memorialized the decisions from the Prehearing Conference including the process for discovery and a litigation schedule.
 13. PWSA pre-served the written Direct Testimony of Julie A. Mechling on August 12, 2022. Written rebuttal testimony on behalf of I&E, OCA, and Pittsburgh United was pre-served on September 13, 2022. Finally, on October 4, 2022, written surrebuttal testimony on behalf of PWSA and I&E was pre-served. No written rejoinder testimony was pre-served.
 14. Throughout the litigation process, the parties have engaged in good faith settlement negotiations. On November, 4, 2022, the parties informed the ALJs that they had reached a full settlement of all issues. Subsequently, on November 8, 2022, a Cancellation Notice for the hearing scheduled for November 9, 2022 was issued. The ALJs directed the parties to submit a Joint Petition for Full Settlement with statements in support on or before December 1, 2022.

III. TERMS AND CONDITIONS OF SETTLEMENT

15. The Settling Parties support approving PWSA's Pilot Petition as modified by the incorporation of the below terms and conditions.

A. Pilot Program

1. Eligibility for Participation in Pilot Program

- a. Customers who meet the low income eligibility requirements may be considered for inclusion in the Pilot Program even if they have stopped a leak before it is 200% of the previous month's usage or over 9,000 gallons.
- b. A customer who has received a notice of disconnection regarding unpaid charges attributable to high consumption and has applied for assistance through the Pilot Program will be made subject to a collections lock until service through the Pilot have been delivered.
- c. Participation in Other Low Income Customer Assistance Programs
 - i. Customers who meet the low income eligibility requirements may be considered for inclusion in the Pilot Program even if they are not participating in any of PWSA's other low income customer assistance programs.
 - ii. PWSA will work with customers qualifying for the Pilot Program to assist them with enrollment in all other available low income customer assistance programs for which they qualify.
- d. Coordination and Referrals to Other Programs
 - i. Other Utility Programs and Federal Weatherization Assistance Program
 - (a) PWSA, with the collaboration of members of the Low Income Assistance Advisory Committee ("LIAAC"), will seek to identify opportunities to coordinate with the Low Income Usage Reduction Programs ("LIURP") at local electric and gas utilities and the federal Weatherization Assistance Program ("WAP").
 - (b) So long as such coordination does not delay providing customers with the benefit of the Pilot Program or increase the costs of the Pilot Program, PWSA will implement the measures.

- (c) Any identified coordination opportunities which cannot be pursued due to time or cost constraints will be documented for further evaluation to the extent PWSA elects to propose continuing the program beyond the pilot period.
 - ii. Coordination with Existing Home Repair Programs
 - (a) To the extent PWSA is aware of home repair programs, including but not limited to the Whole Home Repair Program established in Section 135-C of Pennsylvania Act 54 of 2022, it will refer qualified customers to such programs to assist with repairs that cannot be completed through the Pilot Program.
 - (b) Customers eligible to receive assistance repairs through other home repair programs will not be eligible to participate in the Pilot Program for the same repairs so as to avoid duplicate payments for the same repair work.
 - (c) PWSA will not reduce the Pilot Program budget for any customers who are able to fund repairs through other available home repair programs.
 - iii. Health and Safety Issues
 - (a) PWSA will track the number of households deferred due to health and safety issues with the property that prevent the repairs from being completed in accordance with industry standards.
 - (b) PWSA will refer eligible customers with health and safety issues to local, state and/or federal programs that may perform repairs and will work with LIAAC members to identify relevant programming and referral channels.

2. Landlord Consent Requirements

- a. PWSA will share draft tenant notices and information related to landlord consent with members of LIAAC and consider any and all suggestions from members
 - i. PWSA will make least one telephone call, where it has an accurate telephone number for the landlord, and send one letter to the landlord that contains a copy of the landlord consent form and a description of the program and benefits to be provided.

- ii. If PWSA has an email address on file for the landlord, PWSA will email a link to the web-based version of the landlord consent form to the email address on file. The email will indicate that the tenant has applied for the program and provide a description of the program and the services to be provided.
 - iii. PWSA will create a web-based version of the final landlord consent form and accept an electronic signature as confirmation of consent to perform the repairs.
 - b. PWSA will investigate the feasibility of providing a link to the web-based version of the final landlord consent form via text message where PWSA has that information on file for a landlord.
- 3. Length of Pilot Program
 - a. PWSA will issue the Request for Proposal within three months of final Commission approval.
 - b. The Pilot Program will continue until the funds available for repair have been depleted, such that it may continue beyond one year.
- 4. Data Tracking, Evaluation of Pilot Program and Future Program
 - a. Within 30 days after Commission approval of the Pilot Program, PWSA will convene a collaborative of interested parties and members of LIAAC to identify the data to be tracked to assist in evaluation of the Pilot Program.
 - i. All parties, to the extent they have positions on the data to be tracked, shall provide them to PWSA within 14 days of the Commission's approval of the Pilot Program, on the following topics:
 - (a) a methodology for determining the impact of the Pilot Program on the uncollectibles that would have occurred if the leaks were permitted to continue unabated.
 - (b) metrics to measure other reductions in total costs to other ratepayers, including a reduction in the working capital associated with carrying low-income arrears.
 - (c) metrics to measure the reduction in the cost to the bill discount program based on reduction of the amount of usage charges that would have been discounted had the leaks been permitted to continue unabated.
 - (d) metrics to measure the dollar amounts saved by customers due to program participation as opposed to the amount they would have paid had the leak been permitted to persist unabated.

- (e) metrics to measure the qualitative benefits to low income customers, such as improved living conditions and economic stability.
 - (f) the number of referrals to other home repair programs.
- b. As part of PWSA's next base rate case, PWSA agrees to the following:
 - i. PWSA will share the results of its evaluation of the Pilot Program;
 - ii. PWSA will make a proposal for a line repair and conservation program, including whether to propose one or not, based on the results of its evaluation of the Pilot and all parties reserve their right to challenge PWSA's proposal;
 - iii. PWSA's proposal will include a proposed method for recovery of the costs of any future program and all parties reserve their right to challenge PWSA's proposed method for cost recovery; and
 - iv. PWSA's filing will include the metrics and data tracked pursuant to Paragraph A,4.a as long as the filing post-dates the agreed upon timing of the delivery of the Pilot evaluation.
 - v. All parties reserve the right to evaluate the program based on available information at the time of filing and make recommendations in the rate case proceeding, including, but not limited to budget and duration of any subsequently proposed program.

B. Cost Recovery

1. The budget for the Pilot Program will be \$400,000
 - a. At the same time PWSA files its compliance tariffs, it will file an update to the proposed not-to-exceed cost for in-home repairs of \$1,346 based on current economic conditions and it will provide the data and calculations underlying the update.
 - b. If PWSA proposes an increased not-to-exceed repair cost for the Pilot Program, PWSA will not propose to exceed the overall \$400,000 budget for the pilot.
 - c. If the Commission approves implementation of the Pilot Program as proposed and modified by the settlement, then PWSA agrees not to seek future base rate recovery for the costs of the Pilot Program.
2. If PWSA proposes to implement another phase of the Pilot or to implement the program on a permanent basis, such request will be made as part of PWSA's next base rate case which will also include PWSA's proposed cost recovery for consideration by the parties and the Commission.

C. Timeframe for Commission Action

1. All parties support the ability of PWSA to implement this program in the summer of 2023 and propose the following procedural schedule to accommodate that desire:
 - a. All parties waive the right to file briefs and, instead, propose to file a Joint Petition for Settlement with Statements in Support to be filed on December 1, 2022.
 - b. Included with the Joint Petition Settlement will be pro forma tariff pages to implement the Pilot and the parties request that they be permitted to become effective on one day's notice; and,
 - c. If the Administrative Law Judge recommends approval of the Settlement without modification, then all parties waive their right to file Exceptions.
2. The parties jointly request that the Commission issue a final order no later than its April 20, 2023 public meeting.

IV. ADDITIONAL TERMS AND CONDITIONS

16. 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.
17. 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.
18. 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.

19. 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.
20. 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.
21. 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.

22. This Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

V. THE SETTLEMENT IS IN THE PUBLIC INTEREST

23. This Settlement was achieved by the Joint Petitioners after an investigation of PWSA's January 3, 2022 Petition and supporting testimony. The Petitioners engaged in discovery and held several settlement discussions focused on PWSA's proposed budget and structure for the Pilot Program. Joint Petitioners also carefully reviewed and considered the direct, rebuttal, and surrebuttal testimony (including all the supporting exhibits) pre-served by the Settling Parties.

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

- a. **The Settlement Provides A Reasonable Resolution.** The Settlement represents a balanced compromise of the issues raised by the Settling Parties. The Settling Parties focused on how to accomplish the desire to assist qualifying low income customers who are unable to afford the costs of repairing private line leaks in a cost effective manner without unreasonably increasing costs to other ratepayers. By implementing the proposal on a pilot basis, within a specified budget and tracking of specific metrics, valuable information about the Pilot will be gathered to inform future program desire. By agreeing to forgo future base rate cost recovery for the Pilot and limiting the budget to be utilized, the Settlement reasonably addresses concerns about the cost of the Pilot for other ratepayers and enables the Pilot to go forward sooner. The Settling Parties agree that any cost recovery for a future program will be addressed as part of an upcoming base rate case.

- b. **Substantial Litigation And Associated Costs Will Be Avoided.** The Settlement amicably and expeditiously resolves a number of issues that could have derailed the ability of PWSA to implement the pilot including cost recovery, program design and how to evaluate the pilot. Approval of the Settlement will enable PWSA to implement the pilot on a quicker timeframe than would have been possible if the case were to be litigated thus enabling benefits to be realized by low income customers through the Pilot sooner and avoiding the costs of litigation.
- c. **The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.** The Joint Petitioners arrived at the Settlement, after conducting discovery and engaging in several in-depth discussions. The Settlement constitutes reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission's rules and practices encouraging settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by a substantial record.

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

Respectfully submitted,



Deanne M. O'Dell, Esq.
Karen Moury, Esq.
Sarah Stoner, Esq.
dodell@eckertseamans.com
kmoury@eckertseamans.com
sstoner@eckertseamans.com

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

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



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

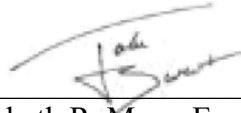
***Counsel for
Bureau of Investigation & Enforcement***

Lauren E. Guerra

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

*Counsel for
the Office of Consumer Advocate*

Dated December 1, 2022



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

Counsel for Pittsburgh United

Exhibit A
Stipulated Record

Exhibit A

Stipulated Record – Petition, Pre-Served Testimony and Exhibits

Petition of The Pittsburgh Water and Sewer Authority for Approval of Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery – filed January 3, 2022 with supporting Exhibits labelled as A through I.

Direct Testimony dated August 12, 2022

Party	St. No.	Witness	Exhibits
PWSA	1	Julie A. Mechling	JAM-1 to JAM-12

Rebuttal Testimony dated September 13, 2022

Party	St. No.	Witness	Exhibits
I&E	1-R	Brian LaTorre	1-R
OCA	1R	Roger D. Colton	RDC-1
Pittsburgh United	1-R	Mitchell Miller	Appendices A-B

Surrebuttal Testimony dated October 4, 2022

Party	St. No.	Witness	Exhibits
PWSA	1-SR	Julie A. Mechling	None
I&E	1-SR	Brian LaTorre	None

Exhibit B
***Pro Forma* Tariff Supplement**

THE PITTSBURGH WATER AND SEWER AUTHORITY
RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WATER SERVICE
TO THE PUBLIC IN THE TERRITORY DESCRIBED HEREIN

Issued: TBD

Effective: TBD

BY: William J. Pickering, Chief Executive Officer
1200 Penn Avenue, Pittsburgh, PA 15222
Tel: 412-255-8800

NOTICE

This tariff makes changes in rules and regulations regarding private service line leak repair as approved by the Commission in its Final Order dated XXXXX at Docket No. P-2022-3030253.

LIST OF CHANGES

PART III: RULES AND REGULATIONS, SECTION B - CONSTRUCTION AND MAINTENANCE OF FACILITIES, PARAGRAPH NO. 12D - OWNERSHIP AND MAINTENANCE OF WATER SERVICE LINES (PAGE No. 35)

Added language excepting participants in the Authority's Private Line Leak Repair Pilot Program.

- d. Where a Customer, unless qualified for participation in the Authority's Private Line Leak Repair Pilot Program as approved at PaPUC Docket No. P-2022-3030253, permits water to leak or flow unnecessarily from a Water Service Line or from any pipe, fixture or appliance, and the Authority gives written notice of the leak or other problem to the property Owner or Customer, the property Owner shall have 5 business days in which to make necessary repairs. Should no action be taken within the allowable 5-day period, the Authority may assess a daily charge for each day after such allowable 5-day period in which the waste of water continues or, in the Authority's discretion, may terminate water service to the Premises - after giving notice of termination consistent with Part II, Section C.3 of this tariff - until the leak or other condition is repaired. The daily charge shall be equivalent to the monthly minimum Meter charge that is predicated upon the Meter size supplying a particular account.
- e. Where a Customer permits water to leak or flow unnecessarily from a Water Service Line or from any pipe, fixture or appliance and the amount of water is creating a public hazard or damaging public infrastructure, as determined by the Authority, the Authority reserves the right to terminate water service to the property immediately, until the leak or other condition is repaired. Should the condition of a customer service line be such that there is a risk to public health or safety or of damage to public property, and the property Owner fails to take prompt action to cure the problem following notice to do so, the Authority shall have the right, but not the duty, to make the necessary repair or replacement and to charge the property Owner with the reasonable cost of the repair or replacement. Should the property Owner fail to reimburse the Authority within 30 days of the Authority's invoice therefor, the Authority shall have the right to file a lien against the property or properties served by the service line.
- f. Should a Customer observe any condition that interferes with the use or safety of the Curb Box, such as an open or damaged Curb Box lid, an uneven condition of the Curb Box and the adjacent ground surface, or a condition that

(C)

C = Change

Exhibit C
Pittsburgh Water and Sewer Authority Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of The Pittsburgh Water and Sewer :
Authority for Pilot Private Service Line : Docket No. P-2022-3030253
Leak Repair and Expanded Conservation :
Program for Eligible Low Income :
Customers and Authorization to Track Costs
as a Regulatory Asset for Future Base Rate
Recovery

**STATEMENT OF THE PITTSBURGH WATER AND SEWER AUTHORITY
IN SUPPORT OF JOINT PETITION FOR FULL SETTLEMENT
REGARDING PWSA's PILOT PRIVATE SERVICE LINE LEAK REPAIR AND EXPANDED
CONSERVATION PROGRAM FOR LOW INCOME CUSTOMERS**

Deanne M. O'Dell, Esq. (I.D. No. 81064)
Karen O. Moury, Esq. (I.D. No. 36879)
Sarah Stoner, Esq. (I.D. No. 313793)
dodell@eckertseamans.com
kmoury@eckertseamans.com
sstoner@eckertseamans.com

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

Attorneys for
The Pittsburgh Water and Sewer Authority

Date: December 1, 2022

Table of Contents

I. INTRODUCTION AND OVERALL REASONS IN SUPPORT OF SETTLEMENT.. 1

II. REASONS FOR SUPPORT OF SPECIFIC ISSUES..... 3

 A. Pilot Program 3

 1. Eligibility For Participation in Pilot Program..... 4

 2. Landlord Consent Requirements..... 7

 3. Length of Pilot Program..... 9

 4. Data Tracking, Evaluation of Pilot Program and Future Program..... 11

 B. Cost Recovery..... 14

 C. Timeframe for Commission Action..... 17

III. CONCLUSION 19

I. INTRODUCTION AND OVERALL REASONS IN SUPPORT OF SETTLEMENT

The Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”) submits this Statement in Support of the Joint Petition For Full Settlement (“Settlement” or “Joint Petition”) of PWSA’s January 3, 2022 Petition for Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery (“Petition”) entered into by PWSA, the Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and Pittsburgh United (“Pittsburgh United”)(collectively, “Joint Petitioners” or “Settling Parties”).¹ The Settlement fully resolves issues raised by I&E, OCA and Pittsburgh United regarding PWSA’s proposal to offer no-cost repairs for private service lines and/or installation of water saving devices as well as conservation education for eligible residential low income customers on a pilot basis (“Pilot Program”).

PWSA is required by the Public Utility Code to furnish and maintain adequate, efficient, safe, and reasonable service and facilities.² Pursuant to Section 523 of the Public Utility Code, the Commission may assess the just and reasonableness of a water utility’s proposed rates based on “action or failure to act to encourage cost-effective conservation by customers.”³ In furtherance of this statutory directive, the Commission adopted a Statement of Policy regarding water conservation measures which sets forth specific factors to be examined in assessing the action or failure of a water utility to act to encourage cost-effective conservation by their customers.⁴ Both leak detection and conservation are included in the list of factors of the

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

² 66 Pa. C.S. § 1501.

³ 66 Pa. C.S. § 523(b)(5).

⁴ 52 Pa Code § 65.20.

Statement of Policy. More specifically, the Statement of Policy directs that “a system of leak detection should be utilized on a regular basis, with leaks being repaired as expeditiously and economically as possible.”⁵ The Statement of Policy also requires evaluation of a conservation plan.⁶

The Settling Parties worked diligently to craft a reasonable settlement consistent with these requirements. Although the benefits of each provision of the Settlement will be discussed in greater detail in the following sections, when taken together all of the provisions demonstrate how the Settlement – as a package – has achieved a reasonable balance of many different (and sometimes conflicting) issues and is clearly in the public interest. More specifically, the Settlement: (1) establishes the program parameters for the Pilot Program based on the input received from the stakeholders in this proceeding; (2) commits PWSA to using existing revenue for the Pilot Program while establishing that any future program design would be presented and addressed in a future base rate proceeding to more fully address issues related to cost recovery; and, (3) avoids further litigation which should enable Commission action on a timeframe that supports implementation of the Pilot Program in the summer of 2023.

Each provision was considered individually and within the context of the overall settlement package. To achieve the Settlement, the Settling Parties agreed to compromise on a number of issues in the interest of designing a complete Settlement that reasonably resolves all concerns identified by the Settling Parties. Approving the Settlement without modification is important to support a goal of the Settling Parties that Commission act on the Petition on or before its April 20, 2023 public meeting to support a summer 2023 implementation timeframe.

⁵ 52 Pa Code § 65.20(5).

⁶ 52 Pa. Code § 65.20(7).

All parties generally supported the purpose for PWSA’s Petition, to assist qualifying low income customers with private line leak. They also recognized the value of implementing a Pilot Program sooner rather than later both to bring the benefits to qualifying low income customers and to enable the gathering of useful information about the Pilot Program to inform future program design. By reaching mutual agreement regarding the points of disagreement, it is hoped that the Pilot Program can be implemented on the proposed timeline. For all these reasons, PWSA urges the Administrative Law Judges (“ALJs”) to recommend that the Commission approve this Settlement as submitted and without modification.

II. REASONS FOR SUPPORT OF SPECIFIC ISSUES

A. Pilot Program

The purpose of the proposed Pilot Program is to offer no-cost repair for private service lines and/or installation of water saving devices⁷ as well as conservation education⁸ for eligible residential low income customers to further PWSA’s broader water conservation goals while also lowering the cost of service for eligible customers and lessening the burden of uncollectible expense for all ratepayers.⁹ To accomplish this goal, PWSA Witness Ms. Mechling set forth in her written direct testimony PWSA’s proposals regarding eligibility for the Pilot Program, the repair services to be offered, a proposed budget, a proposed length of time for the Pilot to operate and how the Pilot Program would be evaluated.¹⁰ As discussed below, witnesses for I&E, OCA, and Pittsburgh United offered proposed revisions to these various areas. All suggestions were

⁷ Eligible properties may receive a no cost repair of a leak on exposed plumbing and installation of: (1) two faucet aerators, (2) one low flow showerhead, and (3) one low flow toilet replacement. PWSA St. No. 1 at 20. Currently, PWSA’s Commission approved tariffs require customers to pay for the costs of repairing leaks that occur on the private side of the water service line. PWSA St. No. 1-SR at 6, citing PWSA Tariff Water – Pa. P.U.C. No. 1, Part III.B.12.d at Original Page No. 35 effective March 1, 2019.

⁸ PWSA will provide targeted conservation information and one-on-one assistance utilizing PWSA’s conservation tools. PWSA St. No. 1 at 15.

⁹ PWSA St. No. 1 at 15.

¹⁰ PWSA St. No. 1 at 15-31.

duly considered by PWSA and discussed among the parties with the Settling Parties ultimately agreeing to the modifications as set forth in the Sections III of the Joint Petition¹¹ and discussed further below.

1. Eligibility For Participation in Pilot Program

PWSA proposed to determine eligibility for the Pilot Program based on income at or below 150% of the Federal Poverty Level (“FPL”) which is consistent with the eligibility requirements of its Bill Discount Program and Hardship Grant Program. PWSA also proposed that the PGH2O Cares team would consider whether any other account indicators identify the customer as potentially eligible for the Pilot Program. Such indicators may include an internal designation that the account has been confirmed low income or that the customer may have previously participated in the Bill Discount Program. Customers satisfying the income requirements would also need to have high water consumption, which is defined as monthly consumption that is at or greater than 200% of the previous reading and over 9,000 gallons.¹²

In Rebuttal Testimony, OCA Witness Mr. Colton and Pittsburgh United Witness Mr. Miller offered recommendations regarding PWSA’s program eligibility proposals.¹³ They, along with I&E Witness LaTorre, also offered suggestions regarding coordination with other utility programs, the federal weatherization assistance program¹⁴ and how funding which might be available from the Whole Home Repair Program established in Section 125-C of Pennsylvania Act 54 of 2022 could be used to accomplish the goals of the Pilot Program.

¹¹ Joint Petition at 6-10.

¹² PWSA St. No. 1 at 15-18.

¹³ OCA St. 1R at 10-12, 15-16, 19; Pittsburgh United St. No. 1-R at 8.

¹⁴ Pittsburgh United St. No. 1-R at 13-14; OCA St. No. 1R at 15-16.

In Surrebuttal Testimony, PWSA Witness Ms. Mechling clarified that some of the parties' suggestions were contemplated within the original proposal. These included suggestions related to the interplay between the Pilot Program and other low income customer assistance programs and PWSA's current coordination with other utilities regarding low income customer issues.¹⁵ Ms. Mechling also explained in her Surrebuttal Testimony why PWSA opposed some of the recommendations. These reasons included concerns that they would increase the costs of the program and/or require additional staff time to be devoted to the proposed tasks. The recommendations PWSA opposed included expanding eligibility to all income-qualified customers, considering more than the prior month's consumption,¹⁶ and remediating without delay any situation in which needed repairs will cause a tenant's water service to be terminated.¹⁷

Ultimately, the Settling Parties reached a reasonable compromise regarding the eligibility for participation in the Pilot Program and the Joint Petition makes clear that: (1) PWSA will not exclude low income customers who locate and stop a leak before they achieve a loss that is 200% of the previous reading and over 9,000 gallons; (2) collections activities regarding unpaid charges attributable to high consumption for a customer who has applied for assistance through the Pilot Program will be suspended pending receipt of the repair services; (3) participation in one of PWSA's other low income customer assistance programs is not prerequisite and PWSA will work with customers to enroll in other low income customers assistance programs for which they qualify.¹⁸ This resulting settlement is reasonable because it addresses concerns about ensuring that qualifying low income customers have access to the Pilot Program, that any

¹⁵ PWSA St. No. 1-SR at 17-18, 25-26.

¹⁶ PWSA St. No. 1-SR at 16-17.

¹⁷ PWSA St. No. 1-SR at 22-23.

¹⁸ Joint Petition at 6, ¶III.15.A.1.a-1.c.

collections underway as a result of unpaid charges attributable to high consumption bills are suspended, and that PWSA assists the customers to enroll in other programs for which they may qualify. These are all good results for low income customers. In addition, they may all be implemented within the proposed budget for the program obviating any need to increase the proposed budget. In PWSA's view, these parameters narrowly focus on those customers who could most benefit from participation in the Pilot Program avoiding diluting the benefit of the program by unreasonably expanding the potential pool of customers eligible to participate.

In addition, the Settling Parties also reached a reasonable compromise regarding the coordination and referrals to other programs. PWSA agrees to collaborate with members of its Low Income Assistance Advisory Committee ("LIAAC") regarding potential opportunities to coordinate with programs available through the electric and gas utilities as well as the federal Weatherization Assistance Program ("WAP").¹⁹ While coordination with these programs may provide increased benefits for customers, the Joint Petition also recognizes that PWSA will prioritize providing benefits to qualifying customers through its Pilot Program so as not to delay benefits or increase costs while documenting any identified coordination opportunities that could not be pursued for further evaluation.²⁰ This result is a reasonable way to ensure that the most accessible benefits available to the customer are provided on a timely basis and noting where future coordination may present greater benefits for the customer.

PWSA also agrees as part of the Settlement to refer customers to other home repair programs that may be available to assist with repairs that cannot be completed through the Pilot Program. If customers are referred, the Settlement makes clear that the proposed budget for the

¹⁹ Joint Petition at 6, ¶ III.15.A.d.i.

²⁰ Joint Petition at 6-7, ¶ III.A.d.i.(b)-(c).

Pilot Program will not be reduced.²¹ This is an important settlement term because it ensures a more holistic approach to addressing leak issues by utilizing other funding sources, where available, and allowing more of the proposed Pilot Program budget to be used for customers without other options.

Finally, as part of the Joint Settlement, PWSA agrees to track the number of households deferred due to health and safety issues with the property, and to refer eligible customers to local, state and/or federal programs as may be identified through collaboration with LIAAC members.²² This is a reasonable resolution of the concern raised by Pittsburgh United about properties that may not receive services due to health and safety concerns which provides a potential pathway for the customer to address the issue without creating additional costs related to the Pilot Program. It also identifies an important issue to be evaluated during the Pilot Program to help inform a potential future program.

Both individually and taken together the Joint Petition's proposed resolution of issues related to eligibility and coordination with other programs is a reasonable compromise that results in a manageable Pilot Program structure that is poised to offer benefits for program participants without increasing the costs of the program or requiring additional significant staffing resources than originally contemplated.

2. Landlord Consent Requirements

While all eligible customers will have access to conservation education as part of the Pilot Program, for tenant-occupied properties, PWSA will require written consent by the owner of record as a condition of performing any repair services.²³ PWSA proposed to work with

²¹ Joint Petition at 7, ¶ III.A.d.ii.

²² Joint Petition at 7, ¶ III.A.1.D.iii.

²³ PWSA St. No. 1 at 17-18.

community based organizations to develop appropriate information that could b provided to tenants to advise them of their options and availability resources to pursue consent directly with the property owner.²⁴

In written rebuttal testimony, Pittsburgh United Witness Mr. Miller recommended that: (1) PWSA include members of its LIAAC in its collaborative process with community based organizations; and, (2) take affirmative steps to reach out to the property owner.²⁵ OCA Witness Mr. Colton recommended that PWSA permit landlords to provide written consent via a web-based form or a text-based form and that written consent should be able to be provided via an electronic signature.²⁶

In written surrebuttal testimony, PWSA Witness Mechling explained that while collaboration with LIAAC was a good idea, creating additional work for staff to affirmatively reach out to property owners would divert focus from the tasks necessary to implement the Pilot Program.²⁷ Regarding other methods of obtaining landlord consent beyond traditional paper signed forms, Ms. Mechling indicated that PWSA would be willing to consider other methods so long as doing so would not increase overall program costs.²⁸

The Settlement presents a reasonable compromise of these issues. First, it memorializes PWSA's agreement to collaborate with LIAAC regarding tenant notices and information related to landlord consent.²⁹ Second, PWSA agrees to create a web-based version of the final landlord consent form and accept an electronic signature as confirmation.³⁰ Third, PWSA agrees to

²⁴ PWSA St. No. 1 at 20-21.

²⁵ Pittsburgh United St. No. 1-R at 9-10.

²⁶ OCA St. No. 1R at 16.

²⁷ PWSA St. No. 1-SR at 21.

²⁸ PWSA St. No. 1-SR at 22.

²⁹ Joint Petition at 7, ¶ III.15.2.a.

³⁰ Joint Petition at 8, ¶ III.15.2.a.iii.

additional efforts to contact the property owner via telephone, letter and email where such information is on file.³¹ Finally, PWSA agrees to investigate the feasibility of providing a link to the web-based version of the final landlord form via text message where PWSA has a mobile telephone number for the landlord.³²

Taken together, these provisions balance concerns raised by the Settling Parties to ensure that the landlord is provided reasonable notice of the need to consent to the repairs offered via the Pilot Program and to provide a variety of convenient methods to grant that consent while ensuring that the time and costs associated with these commitments may be accomplished within the current proposed budget.

3. Length of Pilot Program

PWSA proposed that the Pilot Program be established for a one year period for a budget of \$400,000 as it is a new program with cost implications. PWSA proposed to evaluate the Pilot Program through focusing on the number of participants who receive service, how much the customers' usage changed after receiving service, and how long any such benefits in conservation were maintained, along with tracking costs and the number of eligible properties that did not receive services due to the lack of agreement by the property owner.³³

Pittsburgh United Witness Mr. Miller recommended that initial pilot be set up for two years. As part of the program evaluation, Mr. Miller proposed that PWSA discuss its finding with members of LIAAC and solicit feedback on PWSA's plans for continuation or reform of the pilot. He further recommended that if the program is successful, PWSA should seek approval from the Commission at least six months prior to the end of the second program year to extend or

³¹ Joint Petition at 7-8, ¶ III.15.2.a.i-ii.

³² Joint Petition at 8, ¶ III.15.2.b.

³³ PWSA St. No. 1 at 26-27.

reform the Pilot Program or to otherwise adopt the program as a permanent component of its low income program portfolio.³⁴

In response, PWSA Witness Ms. Mechling explained why a one year pilot is a reasonable balance of the projected costs of the new program and the time needed to evaluate whether the proposed program is cost efficient and providing measurable results. PWSA's view was informed by review of the data of 142 customers identified during the initial nine months of formation of the PGH2O Cares team, who would have benefitted from the program. Although recognizing concerns about the risks of a program "going dark" before ramping back up, Ms. Mechling did not view this as a significant issue in this situation since PWSA would have the framework in place for the no cost line leak repairs making it easier to open a new program period if a new pilot is approved or if the pilot is converted into a permanent program.³⁵

After some significant consideration and discussion of this particular issue, the Settling Parties agreed to propose that the Pilot Program continue until the funds available for repair have been depleted, such that it may continue beyond one year.³⁶ The Joint Petition also establishes that PWSA will issue the Request for Proposal within three months of final Commission approval as a way to establish identifiable timeframes for the Pilot Program. Taken together, these provisions ensure that all the financial benefits to be made available through the Pilot Program will be utilized, even if such benefits extend beyond a year of the opening of the program. This provision is also related to the agreement of PWSA in Section III.15.A.4.b wherein PWSA agrees to make a proposal for a line repair and conservation, including whether

³⁴ Pittsburgh United St. No. 1 at 16-17

³⁵ PWSA St. No. 1-SR at 27-28.

³⁶ Joint Petition at 8, ¶ III.15.3.b.

to propose one or not, as part of its next base rate case.³⁷ While the timing of PWSA's next rate case is unknown and the implementation date for the Pilot Program dependent on when the Commission takes action, the intention of the Settling Parties is to create the opportunity for sooner implementation of the Pilot Program so that the evaluation of the program can inform a potential future program as part of PWSA's next base rate case.

4. Data Tracking, Evaluation of Pilot Program and Future Program

A purpose of proposing the program as a pilot is to permit an evaluation of how the program is working and to propose changes based on that experience and information collected given that it is a new program with cost implications. As PWSA Witness Ms. Mechling explained, implementing the program on a pilot basis and then evaluating it would provide valuable input as to the future of the program, including the costs and benefits. To that end, PWSA proposed to evaluate the Pilot Program based on the number of participants who receive service, how the customers' usage changed after receiving services, and how long any such benefits in conservation were maintained. PWSA also proposed to keep track of the costs of the measures implemented to evaluate whether the costs of the Pilot Program were reasonable given the results of the program. Finally, PWSA proposed to track and identify the number of eligible properties which did not receive services as a result of the lack of agreement by the property owner. PWSA proposed to file the result of its evaluation with the Commission three months prior to the end of the pilot period and to include a recommendation as to whether or not to continue the pilot and, if so, any changes recommended for a future program.³⁸

³⁷ Joint Petition at 9, ¶ III.15.A.4.b.ii.
³⁸ PWSA St. No. 1 at 26-27.

Generally, the Settling Parties all agree that evaluating the Pilot Program is a good idea. Pittsburgh United Witness Mr. Miller suggested that PWSA include an assessment of the program impact on universal service program costs.³⁹ OCA Witness Mr. Colton suggested that PWSA identify appropriate metrics to measure the amount of uncollectible accounts expense that will be reduced as a result of the Pilot Program and recommended that PWSA be directed to work with interested stakeholders to develop the needed methodology to measure the effect of the Pilot Program in achieving the anticipated benefits.⁴⁰

Regarding a future program, Pittsburgh United advocated that PWSA extend the pilot phase to two years and establish a clear timeline during year two for PWSA to propose to continue the program (following its year-one evaluation).⁴¹

In response, PWSA Witness Ms. Mechling made clear that PWSA is open to input about how best to evaluate the Pilot Program and noted that PWSA has always welcomed such collaboration with interested stakeholders. However, Ms. Mechling explained that an assessment of the program impact on universal service program costs was unwarranted at this time particularly in view of the duration of the proposed pilot and the fact that the costs of PWSA's low income customers assistance programs are not likely to be impacted by implementation of the pilot.⁴² Ms. Mechling also maintained that a one year pilot period is a reasonable balance of the projected costs of the new program and the time needed to evaluate whether the proposed program is cost efficient and providing measurable results.⁴³

³⁹ Pittsburgh United St. No. 1 at 17-18.

⁴⁰ OCA St. No. 1R at 23-24.

⁴¹ Pittsburgh United St. No. 1 at 16-17.

⁴² PWSA St. No. 1-SR at 28-29.

⁴³ PWSA St. No. 1-SR at 27.

The Joint Settlement proposes to resolve all of these issues by establishing a collaborative process to identify the data to be tracked to assist in evaluation of the Pilot Program.⁴⁴ Prior to the convening of the collaborative, the Joint Settlement invites parties to provide their suggestions regarding six specifically identified topics for consideration.⁴⁵ The purpose of these settlement provisions is to memorialize the items that could be included as part of the evaluation and to establish a collaborative whereby the metrics for measuring these items can be developed. The timing of the collaborative, within 30 days after Commission of the Pilot Program, is aggressively set in the interest of having the metrics collaboratively developed in advance of PWSA issuing the Request for Proposal (“RFP”). By reaching agreement in advance of the issuing of the RFP, PWSA can ensure that the approved contractor starts collecting the data necessary to permit a good evaluation of the pilot from day one of implementation. As such, these settlement provisions positively enhance PWSA’s initial proposal by collaborating with interested stakeholders in a timely way to develop metrics that will enable all parties, and the Commission, to engage in a well-informed evaluation of the Pilot Program.

The Joint Settlement is also forward looking regarding the future of the program by establishing commitments regarding PWSA’s next base rate. While not providing a guarantee that PWSA will continue the program, PWSA does agree to make a proposal for a line repair and conservation program based on the results of its evaluation of the Pilot Program.⁴⁶ PWSA also agrees to share the results of its evaluation of the Pilot Program and to include the metrics and data to be tracked as a result of the collaborative process.⁴⁷ These provisions provide certainty

⁴⁴ Joint Petition at 8, ¶ III.15.A.4.a.

⁴⁵ Joint Petition at 8-9, ¶ III.15.A.4.a.i

⁴⁶ Joint Petition at 9, ¶ III.15.A.b.ii.

⁴⁷ Joint Petition at 9, ¶ III.15.A.b.i and iv.

of a future opportunity to review the results of the Pilot Program to inform the future of the program. While the timing of PWSA's next base rate case is currently unknown, the expectation of the parties is that by the time it is filed, there will be data from the Pilot Program available for evaluation. The Joint Petition's resolution of this issue is a reasonable approach to establishing reasonable parameters to evaluate the Pilot Program and to ensure that the evaluation and data measured will be available in a future rate case where the future of the program can be addressed.

B. Cost Recovery

Regarding the costs for the Pilot Program, PWSA sought Commission authorization to track the costs as a regulatory asset and seek cost recovery in its next base rate filing and made clear it would rescind its Petition and move to request implementation of the Pilot Program as part of its next base rate case if it were not permitted to seek future cost recovery.⁴⁸ As explained further by PWSA Witness Ms. Mechling, PWSA's current Commission approved tariff does not permit it incur expenses for private service line repairs and the Commission has never approved a proposal by PWSA to use rate revenue to cover such costs. Ms. Mechling also explained that addressing the issue of cost recovery has always been a driving factor for proposing a line repair program because PWSA does not have ratepayer funded usage reduction programs like other utilities nor does it have a source of funding beyond other ratepayers for a line repair program.⁴⁹

In response, I&E Witness Mr. LaTorre explained that I&E opposed PWSA's request to track the pilot program costs as a regulatory asset and seek cost recovery in the next base rate

⁴⁸ PWSA St. No. 1 at 31-32.

⁴⁹ PWSA St. No. 1-SR at 6-7.

filing. I&E’s opposition was based on its view that the proposed program does not meet the requirements for deferred expense approval.⁵⁰

Regarding the proposed budget, Mr. LaTorre recommended that \$60,000 of PWSA’s proposed \$400,000 budget for the Pilot Program be rejected on the basis that PWSA did not demonstrate the need to hire a new employee, that additional costs need not be incurred to develop materials and PWSA has “historically underspent its existing education and outreach budget.”⁵¹ OCA Witness Mr. Colton suggested that PWSA’s proposed not-to-exceed cost of \$1,346 for repairs was likely out-of-date given the inflation experienced in 2022 and recommended that PWSA be directed to submit an update regarding the 2023 investment per household, along with an updated budget.⁵²

PWSA Witness Ms. Mechling addressed each of I&E’s points in written surrebuttal testimony explaining why PWSA’s proposal for cost recovery was appropriate and consistent with the requirements evaluated by the Commission in the past for deferred expense approval. Regarding the budget, Ms. Mechling also explained the reasonableness in proposing to hire a new employee focused on the Pilot Program and noted that PWSA’s historical use or non-use of Commission approved spending categories is not relevant in evaluating the proposed budget here.⁵³ Ms. Mechling also did not express any concerns about filing an updated 2023 not-to-exceed amount per household so long as PWSA is permitted to update its total proposed budget accordingly.⁵⁴

⁵⁰ I&E St. No. 1-R at 8-12.

⁵¹ I&E St. No. 1-R at 6-8.

⁵² OCA. St. No. 1R at 19-20.

⁵³ PWSA St. No. 1-SR at 11-13.

⁵⁴ PWSA St. No. 1-SR at 24.

As part of the Joint Settlement, the Settling Parties agree that the budget for the Pilot Program will be \$400,000 and PWSA agrees not to seek future base rate recovery for the costs of the Pilot Program if the Commission approves implementation of the Pilot Program as proposed and modified by the settlement.⁵⁵ While PWSA does agree to file an update regarding the not-to-exceed cost for the in-home repairs based on current economic conditions, the Joint Petition makes clear such update will not exceed the overall \$400,000 budget.⁵⁶ Finally, the Joint Petition makes clear that cost recovery for any proposed future line repair program will be made as part of PWSA's next base rate case.⁵⁷

Taken together, all of these settlement provisions are a reasonable resolution of the cost recovery and budgeting issues raised by the Settling Parties. As explained in the written surrebuttal testimony of Ms. Mechling, with Commission approval to incur the costs of the Pilot Program consistent with the Settlement, PWSA will rely on existing available revenue to fund the Pilot Program.⁵⁸ As such, maintaining a certain budget and permitting PWSA flexibility to spend the budget as appropriate for the Pilot Program are significant considerations to limit the amount of the revenue will be reallocated to the Pilot Program. Going forward, however, cost recovery for any future line repair program will need more full consideration. By making clear such consideration will occur in a future base rate case and with the benefit of the evaluation of the Pilot Program, the Settlement achieves a reasonable resolution of the concerns identified.

⁵⁵ Joint Petition at 9, ¶ III.B.1.c.

⁵⁶ Joint Petition at 9, ¶ III.B.1.a.-b.

⁵⁷ Joint Petition at 9, ¶ III.B.2.

⁵⁸ PWSA St. No. 1-SR at 8.

C. Timeframe for Commission Action

In its Petition, PWSA had proposed to implement the Pilot Program on January 2, 2023 and requested that the Commission issue an order on or before its September 15, 2022 public meeting.⁵⁹ To support the requested timeline, PWSA also requested that the Commission take action to hold the Petition in abeyance for 60 days after the due date for any interested stakeholders to file a written response to the Petition to permit PWSA and the parties an opportunity to determine whether a consensus position could be presented to the Commission.⁶⁰ The Commission did not take action on the requested procedural process and, instead, assigned the matter to the OALJ on June 9, 2022.⁶¹

Even though PWSA's initial goal of a January 2, 2023 implementation date became unrealistic with the referral of the Petition to the OALJ, the Settling Parties worked together to fully resolve all concerns in an effort to clear the way for the Pilot Program to be implemented as soon as possible. To that end, Section III.15.C sets forth a proposed timeframe for Commission action with the goal of enabling PWSA to implement the Pilot Program in the summer of 2023. To support this goal, all parties waived their right to file briefs and, if the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement without modification, the Joint Petitioners will waive the filing of Exceptions.⁶²

Both of these procedural matters are extremely important components of the Settlement because it should permit the Settlement to be considered by the Commission on a faster track with the goal of implementing the Pilot Program in the summer of 2023. The concept of

⁵⁹ Petition at 28, ¶ VI.56.

⁶⁰ Joint Petition at 4, ¶ 7.

⁶¹ Joint Petition at ¶ 9.

⁶² Joint Petition at 11, ¶ 21.

implementing a no cost repair program for qualifying low income customers has been discussed among the parties in numerous proceedings and on an informal basis among interested stakeholders prior to the filing of PWSA's Petition on January 3, 2022. Though PWSA was hopeful the Pilot Program could be presented to the Commission on a consensus basis to avoid litigation, ultimately, the Commission referred the matter to the OALJ through which the parties presented their views in written testimony and during settlement discussions. With the benefit of this information, the parties were able to work collaboratively to present a full settlement to the Commission for its consideration. One driving factor of reaching full settlement was the desire to implement the program on a faster track than would be available if issues remained open for litigation. To that end, the agreement to waive exceptions is an important component of the overall desire of the Settling Parties to implement the Pilot Program and begin the process of evaluating the program design and give thoughtful consideration to a potential future program.

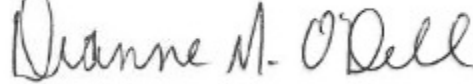
Similarly, the Joint Petition includes a proposed *pro forma* Tariff and requests that the Commission permit it to become effective on one day's notice of the subsequent issuance date.⁶³ By agreeing to the tariff language in advance and presenting it with the Joint Petition, the Settling Parties hope to decrease the amount of time necessary to finalize the Commission's action regarding the Pilot Program so that it can be implemented in the summer of 2023. The proposal set forth in these settlement provisions are reasonable and in the public interest because they should enable PWSA to implement the Pilot Program sooner. The Settling Parties were also mindful of the time necessary for the ALJs and the Commission to review the Joint Petition and believe they have proposed a reasonable balance of all the concerns.

⁶³ Joint Petition at ¶ III.C.1.b.

III. CONCLUSION

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

Respectfully submitted,



Deanne M. O'Dell, Esq. (I.D. No. 81064)
Karen O. Moury, Esq. (I.D. No. 36879)
Sarah Stoner, Esq. (I.D. No. 313793)
dodell@eckertseamans.com
kmoury@eckertseamans.com
sstoner@eckertseamans.com

Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000
717.237.6019 (fax)
Attorneys for
The Pittsburgh Water and Sewer Authority

Date: December 1, 2022

Exhibit D
Bureau of Investigation and Enforcement Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pittsburgh Water and Sewer Authority's :
Petition for Pilot Private Service Line :
Leak Repair and Expanded Conservation :
Program for Low Income Customers and : Docket No. P-2022-3030253
Authorization to Track Costs as a :
Regulatory Asset for Future Base Rate :
Recovery :

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR FULL SETTLEMENT REGARDING PWSA'S PILOT
PRIVATE SERVICE LINE LEAK REPAIR AND EXPANDED CONSERVATION
PROGRAM FOR LOW INCOME CUSTOMERS**

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

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

Dated: December 1, 2022

TABLE OF CONTENTS

I. INTRODUCTION and Procedural background..... 2

II. TERMS AND CONDITIONS OF SETTLEMENT (Joint Petition ¶15) 4

 A. Pilot Program..... 4

 1. Eligibility 4

 2. Landlord Consent Requirements 7

 3. Length of Pilot Program 8

 4. Data Tracking, Evaluation of Pilot Program and Future Program 8

 B. Cost Recovery 9

 1. Budgetary Issues 10

 2. Recovery of Costs 11

 C. Timeline for Commission Action..... 13

III. CONCLUSION 14

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pittsburgh Water and Sewer Authority’s :
Petition for Pilot Private Service Line Leak :
Repair and Expanded Conservation :
Program for Low Income Customers and : Docket No. P-2022-3030253
Authorization to Track Costs as a :
Regulatory Asset for Future Base Rate :
Recovery :

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR FULL SETTLEMENT REGARDING PWSA’S PILOT
PRIVATE SERVICE LINE LEAK REPAIR AND EXPANDED CONSERVATION
PROGRAM FOR LOW INCOME CUSTOMERS**

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

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by its Prosecutor Gina L. Miller, respectfully submits that the terms and conditions of the foregoing *Joint Petition for Full Settlement Regarding PWSA’s Pilot Private Service Line Leak Repair and Expanded Conservation Program for Low Income Customers* (“Joint Petition” or “Settlement”) are in the public interest and should be approved by Administrative Law Judge Eranda Vero and Administrative Law Judge Gail M. Chiodo (collectively “the ALJs”) and the Public Utility Commission (“Commission”) without modification for the reasons set forth below.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

Introduction

I&E is responsible for representing the public interest in Commission proceedings and enforcing compliance with the Pennsylvania Public Utility Code (“Code”).¹

Representing the public interest requires balancing the interests of ratepayers, the regulated utility, and the regulated community as a whole.² The Joint Petition identifies the issues resolved and this Statement in Support of the Joint Petition provides I&E’s rationale for supporting such resolution. For the reasons more thoroughly explained below, I&E supports the Joint Petition for Settlement filed in this case on December 1, 2022, regarding PWSA’s Pilot Private Service Line Leak Repair and Expanded Conservation Program for Low Income Customers (“Pilot Program”).

Procedural Background³

To be sure, I&E was on notice of the pendency of PWSA’s Petition for Pilot Program since September 30, 2020 when PWSA submitted the Joint Petition for the Settlement of its 2020 base rate case and I&E was a settling party. Specifically, in 2020, as a condition of settlement, PWSA agreed that it would “file a Petition for a proposed line repair and conservation program within one year after entry of the Commission’s final order in this matter.”⁴ On January 3, 2022, PWSA filed its Petition for the Pilot Program. I&E

¹ See Docket No. M-2008-2071852, Final Procedural Order entered on August 11, 2011, p. 10; 66 Pa. C.S. § 308.2(a).

² *Pa. P.U.C. v. Bell Atlantic-Pennsylvania, Inc.*, Docket Nos. R-00953409, *et al.*, 1995 Pa. PUC LEXIS 193 (Order entered September 29, 1995).

³ The history of this proceeding is set forth in the *Background and Procedural History* section of the Joint Petition, which I&E herein adopts and incorporates.

⁴ *Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Water*, Docket No. R-2020-3017951, Order entered December 3, 2020. Section III.F.7.c.

conceptually supported the Pilot Program, including the stated goals of addressing high water consumption resulting from private service line leaks from low income customers who could not afford the cost of repair and reducing the amount of uncollectible costs that result from such leaks.⁵ Yet, both because I&E opposed PWSA's cost-recovery budget⁶ and also opposed PWSA's regulatorily-inappropriate and surprising new condition that its Petition would be contingent upon PWSA being able to track costs as a regulatory asset for future baes rate recovery⁷ I&E filed an Answer opposing those aspects of PWSA's Petition on January 21, 2022. In an effort to conserve the resources of PWSA, ratepayers and all parties, I&E submitted an Answer to PWSA's Petition that clearly set forth its position on the Petition at the outset of this case. From I&E's perspective, doing so was essential to maximizing the opportunity to resolve this litigation in a manner consistent with the public interest and consistent with mitigating litigation costs that could otherwise subsume the \$400,000⁸ budget of the Pilot Program at issue.

In support of its position, and pursuant to the litigation schedule in this case, I&E served its testimonies and exhibit in this case as listed below:

- I&E Statement No. 1-R: the Rebuttal Testimony of Brian LaTorre
- I&E Exhibit No. 1-R: the Exhibit to accompany the Rebuttal Testimony of Brian LaTorre
- I&E Statement No. 1-SR: the Surrebuttal Testimony of Brian LaTorre⁹

⁵ PWSA Petition, pp. 2-3.

⁶ *I&E's Answer to PWSA's Petition*, P-2022-3030253, p. 5 (January 21, 2022).

⁷ I&E Answer, pp. 6-8.

⁸ PWSA's Petition, p. 3.

⁹ On October 4, 2022, alongside service of his surrebuttal testimony, I&E witness LaTorre submitted a verification statement attesting that the testimony and exhibits for this case were prepared by him and that the facts contained in them testimony were true and correct to the best of his knowledge, information and belief.

During the course of this proceeding, I&E and other parties engaged in substantial formal and informal discovery. In accordance with Commission policy favoring settlements,¹⁰ and to avoid the outcome of litigation costs subsuming Pilot Program benefits, I&E participated early and consistently in multiple extensive settlement discussions with PWSA, the Office of Consumer Advocate (“OCA”); the Office of Small Business Advocate (“OSBA”) and Pittsburgh United to the proceeding in an attempt to resolve issues that seemed insurmountable at the outset of this case. Following extensive settlement negotiations, the Joint Petitioners¹¹ reached a settlement on November 4, 2022, and notified the ALJs of the resolution prior to the scheduled start of evidentiary hearing set for November 9, 2022.

II. TERMS AND CONDITIONS OF SETTLEMENT (Joint Petition ¶15)

A. Pilot Program

1. Eligibility

The Settlement memorializes the eligibility criteria for customers’ participation in the Pilot Program. I&E did not oppose the metrics that PWSA proposed, which hinged upon customers meeting two criteria: economic need and excessive consumption. First, and consistent with existing parameters for its Bill Discount Program, PWSA proposed to establish eligibility for customers with an income at or below 150% of the Federal Poverty Level. The second layer of eligibility targets customers with high consumption (at or greater than 100% of previous reading and over 9,000 gallons), noting that PWSA may lower the consumption requirement if deemed necessary to ensure that the budgeted funds are utilized

¹⁰ 52 Pa. Code § 5.231.

¹¹ The “Joint Petitioners” include I&E, PWSA, OCA, and Pittsburgh United; however, OSBA does not oppose the Settlement.

to provide services.¹² Now, by way of the Settlement, PWSA has agreed to cast a wider net of eligibility to include that customers who meet the low income eligibility requirements may be considered for inclusion in the Pilot Program even if they have stopped a leak before it is 200% of the previous month's usage or over 9,000 gallons. Additionally, customers who meet the low-income eligibility requirements may now be considered for inclusion in the Pilot Program even if they are not participating in any of PWSA's other low-income customer assistance programs. I&E supports these modifications because they are intended to make the Pilot Program benefits more accessible to ratepayers in need who, without assistance, would otherwise not be able to afford to repair the leaks on their own. I&E submits that all ratepayers benefit from avoiding uncollectibles that may otherwise result from unrepaired leaks that produce high volumes of lost water.

Another important benefit of the Settlement is that it memorializes PWSA's commitment to coordinate and provide referrals to other programs that may assist ratepayers, provided that such coordination does not delay providing customers with the benefit of the Pilot Program or increase the costs. The Settlement contemplates PWSA coordinating with the Low-Income Usage Reduction Programs ("LIURP") at local electric and gas utilities and with the federal Weatherization Assistance Program ("WAP"). Aside from LIURP and WAP, and more specific to I&E's position in this case, PWSA has agreed that the extent it is aware of home repair programs, including but not limited to the Whole Home Repair Program established in Section 135-C of Pennsylvania Act 54 of 2022 ("Whole Home Repair

¹² PWSA Petition, pp. 13-14, ¶21.

Program”), it will refer qualified customers to such programs. These referrals will be made to assist customers with repairs that cannot be completed through the Pilot Program.

I&E submitted testimony about the Whole Home Repair Program and explained that as part of it, available funding will be distributed by a county agency or non-profit which would allow a homeowner or landlord to apply for up to \$50,000 in grants per unit to address habitability concerns, improve energy or water efficiency, or to make units accessible for individuals with disabilities. The program is being administered by the Pennsylvania Department of Community and Economic Development. Program guidelines are currently being created, with the program opening in 2023.¹³ After identifying it as an additional source of funding, I&E witness LaTorre recommended that PWSA should monitor the implementation of the Whole Home Repair Program so that it may refer customers who are eligible for benefits. By referring eligible customers to the Whole Home Repair Program, I&E submitted that PWSA could maximize Pilot Program funding. By way of the Settlement, PWSA has agreed that it will strive to refer customers who are eligible for funding through programs including but not limited to the Whole Home Repair Program, so that customers may receive assistants for repairs that cannot be completed through the Pilot Program. PWSA has also agreed that if customers receive benefits under such outside programs, that they will not be able to receive duplicative benefits under the Pilot Program and that the Pilot Program budget will not be reduced for use of outside funding. I&E avers that each of these commitments will ensure that eligible customers are adequately apprised of

¹³ I&E St. No. 1-R, pp. 12-13.

repair opportunities and that the Pilot Program will operate as efficiently and cost-effectively as possible; accordingly, these terms are in the public interest.

Finally, I&E commends PWSA's agreement to track the number of households deferred due safety issues and to refer eligible customers with such issues to local, state and/or federal programs that may perform repairs and will work with LIAAC members to identify relevant programming and referral channels. Although I&E avers that serving households in dire need of qualifying repairs under the Pilot Program is critical, I&E also recognizes that safety issues could prevent PWSA's ability to move forward with providing the repairs. In that event, it is imperative that PWSA track the number of impacted customers so that parties and the Commission have a better understanding of issues that may prevent remediation, and it is even more important that PWSA commit to referring such customers to other avenues of relief that may be available. To these ends, PWSA's commitments are in the public interest.

2. Landlord Consent Requirements

During the litigation phase of this case, I&E took no position regarding the landlord consent requirement provisions of the Settlement. However, I&E was involved in the discussion of these terms during settlement negotiations, where they were fully vetted. Accordingly, I&E supports these terms as they were an appropriate resolution to ensure that PWSA will take actions intended to mitigate landlord consent issues from being a barrier to Pilot Program entry and corresponding leak repair. I&E submits that the public interest is served when the Pilot Program goals of remediating private line leaks where cost would otherwise be a barrier to repair and result in unpaid charges that flow through to all ratepayers. Removing barriers to programming access benefits all PWSA customers who

may otherwise bear the costs of such water loss and maximize benefits; therefore, I&E supports these terms.

3. Length of Pilot Program

The Settlement contemplates that the Pilot Program, which was originally proposed only for a 1-year term,¹⁴ may extend beyond one year in duration and continue until the funds available for repair have been depleted. I&E's litigation position was that the Pilot Program should not extend beyond one year, as Pittsburgh United proposed.¹⁵ However, the only basis for I&E's position on limiting the term of the Pilot Program was that extension of time would compound the cost recovery, budgeting, and disincentivize PWSA from seeking additional funding sources outside of ratepayers.¹⁶ Now, because the Settlement contains provisions that address or, in some cases, eliminate, each of I&E's concerns, I&E no longer has any objection to the Pilot Program extending beyond one year. To that end, there is now a clear benefit to ensuring that all of the Pilot Program funds available are depleted because this will ensure that the program benefits are maximized and not arbitrarily forfeited simply as a function of time.

4. Data Tracking, Evaluation of Pilot Program and Future Program

Another significant benefit of the Settlement is that it memorializes PWSA's commitment to collaborate with interested parties in order to determine the data that should be tracked to enable future evaluation of the Pilot Program. Specifically, within 30 days of the Commission's approval of the Pilot Program, PWSA will convene a collaborative of

¹⁴ PWSA Petition, p. 3.

¹⁵ Pittsburgh United Statement No. 1-R, p. 15.

¹⁶ I&E St. No. 1-SR, pp. 3-5.

interested parties who will have had an advance opportunity to submit suggested tracking metrics to PWSA. The metrics to be considered include, *inter alia*, (1) a methodology for determining the impact of the Pilot Program on the uncollectibles that would have occurred if the leaks were permitted to continue unabated; (2) overall cost reduction; (3) qualitative benefits to low-income customers; and (4) the number of referrals to other home repair programs. Once the metrics are finalized, they will be tracked and included for evaluation of the Pilot Program as part of PWSA's next base rate case. In addition, PWSA's next base rate case will include not only the Pilot Program evaluation, but also PWSA's proposal for cost recovery of any future programming and cost recovery for such programming. Importantly, all parties reserve their right to evaluate the Pilot Program, including, but not limited to, the ability to make future recommendations regarding whether and how it should continue. I&E supports the collaborative evaluation discussion and the reporting that will result because both are necessary to ensure that parties and the Commission will ultimately have the tools necessary to gauge the effectiveness and cost-efficiency of the Pilot Program before it continues beyond this trial term.

B. Cost Recovery

The cost recovery terms of this Settlement completely resolve the issues I&E raised in this case. To be sure, I&E was very proactive in indicating early in this case, months before the litigation schedule was developed, that its primary issues were related to PWSA's program budget and its proposed cost recovery mechanism. Although these issues seemed insurmountable at the outset, I&E commends PWSA in reaching a resolution that will ensure maximum benefits not just for all Pilot Program participants, but for all PWSA ratepayers. At the same time, the Settlement ensures that the Pilot Program will not be contingent on

regulatory asset recovery, a cost recovery mechanism that was unsupported and would have been regulatorily inappropriate. For these reasons, which are further detailed below, I&E avers that the Settlement is in the public interest.

1. Budgetary Issues

The first issue that I&E raised was related to what it opined were excessive administrative costs, comprised of \$60,000, or 15% of \$400,000 budget that PWSA proposed for the Program.¹⁷ In its investigation, I&E discovered that \$40,000 of the \$60,000 proposed administrative budget was earmarked for hiring a new PGH20 Cares team employee specifically for the purpose of assisting with the Pilot Program.¹⁸ The other \$20,000 for the administrative costs was proposed to be devoted to developing program agreements and educational materials as follows: 1,200 for the legal agreement, \$10,000 for newsletter creation, printing, and inserting, and \$8,800 for program printing and mailing.¹⁹

I&E opposed PWSA's proposal to recover \$40,000 to fund a new PGH20 Cares Team employee for several important reasons. First, PWSA knew about its obligation to propose the Pilot Program since September of 2020, and it had an intervening base rate case in 2021 whereby it was authorized to implement rates sufficient to cover the cost of all required employees.²⁰ Additionally, despite its representation that an additional employee would be necessary for the Pilot Program, PWSA admitted that if the Pilot Program did not extend beyond a 1-year term, it would not terminate the employee, revealing that employment would not be contingent on Pilot Program needs.²¹ Additionally, I&E opposed the \$20,000

¹⁷ I&E St. No. 1-R, pp. 3-4.

¹⁸ PWSA St. No. 1, p. 23.

¹⁹ Id.

²⁰ I&E St. No. 1, p. 6; I&E Answer, pp. 4-6.

²¹ I&E St. No. 1-R, p. 7; I&E Ex. No. 1-R, Sch. 3, p. 2.

in administration costs both because PWSA had ample notice of such costs in its intervening 2021 base rate case, and because PWSA has demonstrably underspent its education and outreach budget in the past; therefore it could not substantiate a need for an additional \$20,000.²²

The Joint Petition resolves all of I&E's aforementioned budgetary concerns. Specifically, while Settlement adopts a \$400,000 budget, it does not seek to recover the \$400,000 from ratepayers to fund the Pilot Program. Instead, the Settlement memorializes PWSA's commitment to forgo future base rate recovery of costs for the Pilot Program budget in its entirety, which is an outcome consistent with I&E's position that PWSA had advance notice of the Pilot Program obligations and an intervening base rate case that should have covered the costs. While PWSA certainly did not agree with I&E's position on this issue during the litigation phase of this case,²³ the parties agreed to resolve this issue in order that programming would not be delayed. I&E avers that the Settlement outcome will protect ratepayers from paying unsubstantiated costs. At the same time, PWSA ensures that if it proposes to extend the Pilot Program, that proposal would be made as part of PWSA's next base rate case, meaning that it will not be denied the ability to seek recovery of costs as appropriate. I&E submits that each of these outcomes is in the public interest.

2. Recovery of Costs

Another critical issue for I&E in this case was PWSA's cost recovery proposal. At the outset of this case, not only did PWSA request authorization to track the pilot program cost as a regulatory asset and seek cost recovery in its next base rate filing, but it made this

²² I&E St. No. 1-R, pp. 7-8.

²³ PWSA St. No. 1-SR, p. 5.

case itself contingent on such recovery. Specifically, PWSA intended to rescind its Petition for the Pilot Program in this proceeding if the requested authorization for regulatory asset treatment were not approved and to then later request implementation as part of its next base rate case.²⁴ According to PWSA, regulatory asset recovery would provide clarity to customers, constrain costs, enable quick implementation, and it would be consistent with Commission decisions allowing such cost recovery for a variety of situations.²⁵ I&E disagreed entirely with PWSA's claims.

Instead, I&E's position has consistently been that regulatory asset recovery is not appropriate for the Pilot Program because it fails the standard necessary to warrant such recovery. Precedent demonstrates that deferred accounting treatment may be granted if the expense is (1) extraordinary; (2) unanticipated; (3) non-recurring; and (4) substantial.²⁶ As I&E witness LaTorre explained in his rebuttal testimony, PWSA's Pilot Program costs fail all prongs of the conjunctive standard necessary to establish regulatory asset treatment:

First, the costs are not extraordinary because not only do they result directly from the pilot program that PWSA itself designed, but they also result from a budget it unilaterally developed and proposed. Second, the costs are not unanticipated, because they should have been anticipated by PWSA over two years ago, since its 2020 base rate case settlement, when it committed to proposing the Pilot. Third, there is no basis that supports the criteria that the pilot program will result in non-recurring expenses, as the Commission may allow PWSA to extend the pilot program into future years. Finally, the \$400,000 budget that is proposed is not a substantial expense necessary to create a regulatory asset for future recovery.²⁷

²⁴ PWSA Statement No. 1, p. 31.

²⁵ Id. at pp. 31-32.

²⁶ *Petition of Columbia Gas of Pa., Inc. for Authority to Defer for Accounting and Financial Purposes Certain Start Up Expenses Assoc. with the Redesign of Upgrade of Financial Processes and Info. Systems*, Docket No. P-2012-2319920 (Order Entered December 5, 2012); I&E Answer at pp. 5-7; I&E St. no. 1-R, pp. 9-10.

²⁷ I&E St. No. 1-R, p. 10.

As demonstrated above, PWSA's Pilot Program costs fell far short of warranting regulatory asset recovery, and although that alone warranted denial of such recovery, I&E averred that an additional grounds for denial also existed. Specifically, I&E submitted that PWSA had access to rate stabilization funding that was more than sufficient to cover the Pilot Program costs, making regulatory asset recovery akin to double recovery.²⁸

Fortunately, as a condition of settlement, PWSA is no longer pursuing regulatory asset recovery for the Pilot Program costs. Instead, as I&E explained above, PWSA will not seek recovery of Pilot Program costs in its next base rate case but it also preserves the right to pursue recovery of any future programming costs in a future base rate case. I&E submits that this outcome is in the public interest because it does not offend regulatory standards for cost recovery, it ensures that ratepayers do not pay the same costs twice, and it also ensures that PWSA has a path forward for recovering costs in the future if the Pilot Program is ever renewed or converted into a permanent program. All of these outcomes are in the public interest; therefore, I&E fully supports the cost recovery terms of the Joint Petition.

C. Timeline for Commission Action

As a condition of Settlement, the Joint Petitioners have agreed to support PWSA's ability to implement the Pilot Program in the summer of 2023. I&E supports the identified implementation timeline and request for Commission action by no later than April 20, 2023, because they are necessary to facilitate customers' ability to reap the programming benefits as soon as possible. To be sure, reducing wasteful and unnecessary water loss and empowering customers who would not otherwise be able to afford repairs necessary to

²⁸ I&E St. No. 1-R, pp. 11-12.

remediate such water loss is an important goal that will benefit PWSA and its ratepayers. Ensuring timely implementation of the Pilot Program will maximize PWSA's ability to reduce water loss more expeditiously and cost-efficiently; accordingly, I&E submits that supporting the requested timeline for Commission action is in the public interest.

III. CONCLUSION

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the *Joint Petition for Settlement* as being in the public interest. Accordingly, I&E respectfully requests that Administrative Law Judge Eranda Vero and Administrative Law Judge Gail M. Chiodo, and the Commission, approve the terms and conditions contained in the foregoing *Joint Petition for Settlement* without modification.

Respectfully submitted,



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

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

Dated: December 1, 2022

Exhibit E
Office of Consumer Advocate Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of The Pittsburgh Water and Sewer :
Authority for Pilot Private Service Line :
Leak Repair and Expanded Conservation :
Program for Eligible Low Income : Docket No. P-2022-3030253
Customers and Authorization to Track Costs :
as a Regulatory Asset for Future Base Rate :
Recovery :

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

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

Christine Maloni Hoover
Deputy Assistant Consumer Advocate
PA Attorney I.D. # 50026
CHoover@paoca.org

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

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

Counsel for
Patrick M. Cicero
Consumer Advocate

Dated: December 1, 2022

I. INTRODUCTION

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement (Settlement) regarding Pittsburgh Water & Sewer Authority's (PWSA) Petition for Pilot Private Service Line Leak Repair and Expanded Conservation Program for Low Income Customers (Petition or Pilot Program)¹ finds the terms and conditions of the Settlement to be in the public interest for the reasons set forth below.

PWSA filed the Petition on January 3, 2022, requesting approval for the Pilot Program, the purpose of which is to “offer no-cost repair for private service line leaks for eligible residential low income customers to further PWSA’s broader water conservation goals while also lowering the cost of service for eligible customers and lessening the burden of uncollectible expense for all ratepayers.” Petition at 2.

For the reasons explained below, the OCA respectfully requests that the Joint Petition for Settlement be approved without modification as it is in the public interest.

II. OVERALL REASONS IN SUPPORT OF SETTLEMENT

The Pilot Program, which is proposed to be in effect for one year (or until the depletion of funds) beginning on January 2, 2023 (date subject to Commission approval), will further the goal of water conservation, reduce the amount of uncollectible costs resulting from high consumption outside of a customer’s financial ability to pay, and lower the overall cost of water service for eligible customers with private service line leaks. Additionally, as a condition of settlement, the costs associated with the Program will be recovered through existing base rates. If PWSA proposes

¹ *Petition of The Pittsburgh Water and Sewer Authority for Approval of Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery*, Docket No. P-2022-3030253.

to implement another phase of the Pilot or to implement the program on a permanent basis, that will occur as part of PWSA's next base rate case, allowing the parties to evaluate proposed cost recovery mechanism and the amount of costs proposed to be recovered, net of cost reductions attributable to the program in that proceeding.

For these reasons and the reasons explained more specifically below, the Settlement should be approved without modification as in the public interest.

III. REASONS FOR SUPPORT OF SPECIFIC ISSUES

A. Eligibility for Participation in Pilot Program (Settlement ¶ III.A.1)

The OCA expressed concerns with aspects of the eligibility requirements for the Pilot Program. As initially proposed by PWSA, the proposed Pilot was focused only on accounts meeting its definition of high consumption. PWSA St. 1 at 16. PWSA defined "high consumption" as monthly consumption that is at or greater than 200% of the previous month's usage and over 9,000 gallons, which indicated that customers would have to meet the high usage criteria, alone or combination, to be eligible. In response to discovery, however, PWSA clarified that it did not want to exclude those customers who locate and stop a leak before they achieve a loss that hits this target. OCA St. 1R at 8-9. Mr. Colton recommended the tariff should explicitly state that meeting both of the high usage criteria is not a mandatory eligibility requirement for participation in the program. *Id.*

Mr. Colton also recommended that the 200% criteria apply to more than one month of usage because low-income usage can be highly variable over the course of several months. OCA St. 1R at 10. In testimony, PWSA stated that, if an insufficient number of properties are identified as being eligible to receive services based on this criterion, it will consider customers with lower

consumption as appropriate to ensure the pilot budget is utilized to provide the services. PWSA St. 1SR at 17.

The resolution of these issues is reflected in the Settlement through PWSA's agreement that "customers who meet low-income eligibility requirements may be considered for inclusion in the Pilot Program even if they have stopped a leak before it is at or greater than 200% of the previous month's usage or over 9,000 gallons." Settlement at ¶ III.A.1.a. This is a reasonable compromise in the context of a pilot program and will help to ensure that customers who act to locate and stop a leak before it rises to the level of high consumption may still benefit from the program.

In addition, Mr. Colton recommended that eligibility for the Pilot Program should not be limited to customers who are participating in PWSA's Bill Discount Program (BDP). OCA St. 1R at 10-11. In testimony, PWSA confirmed that while it would use BDP participation as a start for identifying qualifying customers it will also consider other account indicators, such as prior participation in the BDP. PWSA St. 1SR at 17-18. The Settlement memorializes this agreement and specifies that customers who meet the low-income eligibility requirements may be considered for inclusion in the Pilot Program even if they are not participating in any of PWSA's other low-income customer assistance programs. Settlement ¶ III.A.1.c.i. This is consistent with the purpose of the Pilot Program, which is to reach low-income customers who may have a leak but who do not have the financial ability to repair it. OCA St. 1R at 4 (citing PWSA Response to OCA-I-40). The need for assistance with line leak repair exists for low-income households generally regardless of whether the customer is enrolled in a low-income assistance program.

Mr. Colton also recommended that since PWSA will be determining income eligibility for purposes of the Pilot Program that it automatically enroll customers in other eligible low-income

assistance programs. OCA St. 1R at 18. As Mr. Colton explained, customers who lack the financial means or ability to repair a leak, are also likely to lack the means to pay for the high consumption caused by the leak. *Id.* at 18-19. PWSA agreed to assist customers qualified for the Pilot Program with enrollment in other low-income assistance programs, including PWSA's arrearage forgiveness program. Settlement ¶ III.A.1.c. While the Settlement does not provide for *automatic* enrollment, customers will be advised of their opportunity to enroll in other available PWSA program as part of the same transaction. Further, PWSA agrees that it will provide referrals to and coordinate with other water and energy programs including the Low Income Usage Reduction Program, federal Weatherization Assistance Program and Whole Home Repair Program. Settlement ¶ III.A.1.d. These provisions will ensure that income-eligible customers are offered programs to help them with bill affordability for water and wastewater service, as well as other utility service, and get assistance with repairs that cannot be completed through the Pilot Program. Also, this is a step toward the cross-program enrollment and coordination of leak repair and weatherization services that Mr. Colton discussed in his testimony, to more efficiently and effectively deliver needed services to low-income customers. OCA St. 1R at 15-16.

Further, Mr. Colton recommended that a customer who has received a notice of nonpayment disconnection and has applied for assistance through the Pilot Program should have collection activity halted until services through the Pilot Program have been delivered. OCA St. 1R at 14-15. This recommendation is adopted in Paragraph III.A.1.b of the Settlement. This term is in the public interest because enrollment in the Pilot Program will help to repair leaks that have contributed to an unpaid bill and thus make it more likely that the customer will be able to resolve the outstanding balance without the need for disconnection of service.

B. Landlord Consent Requirements (Settlement ¶ III.A.2)

The OCA recommended changes related to landlord consent requirements proposed by PWSA, including making it easier for landlords to provide consent through electronic signatures on web-based forms in addition to traditional paper signed forms. OCA St. 1R at 16; PWSA St. No 1SR at 22. In Settlement, PWSA agreed to create a web-based version of the landlord consent form and accept electronic signatures as confirmation of consent to perform repairs. PWSA also agreed to contact landlords to obtain their consent through multiple means – calls, letters, and email. As part of these contacts, PWSA will describe the Pilot Program and benefits to be provided. Settlement ¶ III.A.2.a.i-iii. Additionally, PWSA agreed to investigate the feasibility of providing a link to the web-based version of the landlord consent form via text message where available. Settlement ¶ III.A.2.b. Individually and together, these changes will help facilitate landlord consent and make it easier for customers to begin receiving the benefits of the Pilot Program.

C. Data Tracking, Evaluation of Pilot Program and Future Program (Settlement ¶ III.A.4)

Data tracking will assist the parties in evaluating the effectiveness of the program in future proceedings. OCA witness Colton agreed with PWSA that the proposed Pilot Program is likely to reduce the utility's uncollectible expense. OCA St. 1R at 22. Mr. Colton explained that the necessary calculation is to determine the impact of the program on the uncollectibles that would have occurred if the leaks were permitted to continue unabated and recommended that PWSA work with the parties to develop the necessary methodology for determining the increase in uncollectibles. *Id.* at 23. Mr. Colton raised a concern that PWSA would not examine likely cost reductions other than uncollectibles, such as the reduction in working capital associated with carrying low-income arrears. *Id.* at 24-25. The proposed Settlement addresses both matters.

PWSA will convene a collaborative to identify the data to be tracked to assist in evaluation of the Pilot Program that addresses the impact on uncollectibles, as defined by Mr. Colton, and on other reductions in total costs to other ratepayers, to the BDP, and to program participants. Settlement ¶ A.4.a.i.(a)-(f). This will allow the OCA to provide input regarding data tracking to ensure that the data tracked is useful and appropriate for evaluating the existing Pilot Program and any proposals for a future program.

The results of PWSA's evaluation of the Pilot Program, informed by the metrics and data tracked pursuant to the collaborative, if available by that time, will be shared in PWSA's next base rate case in conjunction with PWSA's proposal to establish a permanent program (if any). Settlement ¶ III.A.4.b. The parties' reservation of their rights to challenge any proposal for a permanent line repair and conservation program (Settlement ¶ III.A.4.b.i., ii), allows the OCA protect consumer interests through assessment of customer benefit, as well as how a permanent program should be modified to efficiently and effectively deliver needed repair services to low-income customers while reducing costs associated with high consumption for all customers.

D. Cost Recovery (Settlement ¶ III.B)

PWSA sought Commission approval to track the Pilot Program costs as a regulatory asset for which it could seek cost recovery in its next base rate filing. Petition at 26-28. The OCA identified that it is also necessary to identify and quantify cost savings generated by program as an offset to program costs. OCA St. 1R at 22-26. OCA witness Colton explained:

The recoverable costs are not the total costs of providing the leak repairs. The recoverable costs are the total costs of providing the leak repairs net of the cost reductions (e.g., reduced uncollectibles, reduced working capital) that can be attributed to the program. In agreeing that cost recovery will be determined in PWSA's next base rate case, the Commission should make clear that the costs subject to recovery are net costs, not gross costs.

In Settlement, in response to cost recovery concerns raised by the OCA and other parties, PWSA agreed to withdraw its request for approval to create a regulatory asset. Settlement ¶ III.B.1.c. If the Settlement is approved, PWSA will not recover the costs of the Pilot Program in future rates, i.e. the costs will be funded through existing base rates. As such, participants will receive the benefits of the Pilot Program at no additional cost to any PWSA customer. The data that PWSA tracks for the Pilot Program will assist the OCA to evaluate any future proposal by PWSA for a line repair program, including the mechanism for recovery and calculation of costs and offsets, and recommend appropriate changes to improve the effectiveness of the program and benefits realized by participants and other PWSA customers.

The OCA also raised a concern about PWSA's proposed initial not-to-exceed amount for line repair and/or leak remediation services of \$1,346. OCA St. 1R at 19. As described by PWSA:

Eligible properties may receive a repair of a leak on exposed plumbing and installation of: (1) two faucet aerators, (2) one low flow showerhead; and, (3) one low flow toilet replacement. The proposed not to exceed cost of these three services is \$1,346. PWSA's contractor will have the flexibility, based on the needs of the specific property, to determine which of these services or any combination thereof would best address the high consumption and may implement them so long as the cost to implement is within the not-to-exceed initial cost.

Petition at 16. Information provided by PWSA indicated that, given dramatic market changes since PWSA's filing was made on January 3, 2022, the \$1,346 amount is out of date and insufficient to cover the identified services. OCA St. 1R at 19-20. OCA witness Colton recommended that PWSA update the not-to-exceed investment amount per household for changes in inflation for 2022 year-to-date and projections for 2023. *Id.* at 20. Settlement ¶ III.B.1.a provides PWSA's agreement to provide the requested update and supporting calculations when it files compliance tariffs in this proceeding. Increasing the not-to-exceed amount will help to ensure

that all of the services needed to best address the high consumption can be completed for a property, rather than having to forego services because the amount is artificially low.

E. Timeframe for Commission Action (Settlement ¶ III.C)

The parties agreed that PWSA should implement this program as soon as possible so that eligible low-income customers may begin receiving the benefits of the program and unnecessary waste of water can be avoided. Further, the sooner the program begins, the more data that can be collected to inform proposals for a permanent program, and evaluation of such proposals, in PWSA's next base rate case filing. The proposed schedule for Commission action in the Settlement will support PWSA's ability to implement the program in the summer of 2023. Settlement ¶ III.C.

IV. CONCLUSION

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

Respectfully Submitted,

/s/ Lauren E. Guerra

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

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

Christine Maloni Hoover
Deputy Assistant Consumer Advocate
PA Attorney I.D. # 50026
CHoover@paoca.org

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

Counsel for:
Patrick M. Cicero
Consumer Advocate

Dated: December 1, 2022
337468

Exhibit F
Pittsburgh United Statement in Support

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of The Pittsburgh Water and Sewer Authority for Approval of Pilot Private Service Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery : : Docket No. P-2022-3030253

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

Pittsburgh United, a signatory party to the Joint Petition for Settlement Regarding PWSA’s January 3, 2022 Petition for a Pilot Private Service Line, Leak Repair, and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery (Joint Petition) respectfully requests that the terms and conditions contained therein be approved by the Honorable Administrative Law Judges Eranda Vero and Gail M. Chiodo (ALJs) and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, Pittsburgh United asserts that the proposed Settlement is in the public interest and should be approved.

I. INTRODUCTION

Pursuant to 52 Pa Code § 54.1 and Section III.F.7.c of the Commission-approved Joint Petition for Settlement at Docket No. R-2020-3017951,¹ The Pittsburgh Water and Sewer Authority (PWSA or the Authority) filed a Petition requesting approval to implement a pilot program to repair

¹ Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Water, Docket No. R-2020-3017951, Order entered December 3, 2020, adopting the Recommended Decision dated October 29, 2020.

service line leaks and expand conservation programming for eligible low income customers (Pilot Program).

Pittsburgh United was a signatory party to the Joint Petition for Settlement at Docket No. R-2020-3017952 and intervened in this proceeding to ensure that PWSA's proposed Pilot Program is both compliant with the Public Utility Code (Code) and Commission regulations, policies, and orders (including the terms of the prior Joint Settlement) and equitably serves vulnerable low income consumers, tenants, and other vulnerable households in need of remediation. As demonstrated through extensive expert testimony and supportive data and information, low income consumers are more likely to live in homes with aging plumbing and fixtures and most often lack the resources to pay for needed repairs and invest in upgrades.² Thus, it is critical that PWSA implement a program to help low income customers remediate line leaks and reduce uncontrollably high water usage, as these customers cannot afford remediation on their own – compounding existing water affordability and access challenges already faced by low income consumers.³ In addition to the potential substantial benefits to low income households' health, safety, economic stability, and quality of life, comprehensive usage reduction and conservation programs have the added benefit of helping to reduce uncollectible expenses and control universal service program costs.⁴

PWSA presented a draft proposal for a Pilot Program at its November 19, 2021, Low Income Assistance Advisory Committee (LIAAC) meeting. PWSA also hosted an additional discussion on November 29, 2021, which was open to the parties of its prior rate case – including Pittsburgh United. PWSA subsequently filed the instant Petition for a Pilot Private Service Line, Leak Repair, and Expanded Conservation Program for Eligible Low Income Customers and

² See Pittsburgh United St. 1-R at 6:7-13.

³ Id.

⁴ Id. at 12:6-16.

Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery (Petition) with the Commission on January 3, 2022. Pittsburgh United filed its Petition to Intervene on January 24, 2022. Through the course of the proceeding, Pittsburgh United, the Bureau of Investigation and Enforcement (I&E), and the Office of Consumer Advocate (OCA) filed multiple sets of expert testimony. Pittsburgh United filed the written rebuttal testimony of Mitchell Miller, the former Director of the Commission's Bureau of Consumer Services, who has extensive experience in the design, implementation, and evaluation of low income utility programming.

The parties engaged in several productive settlement negotiations through the course of litigation. This proposed Settlement is a result of those negotiations and represents a reasonably balanced proposal that accounts for the competing interests of the parties in furtherance of the public interest. As such, Pittsburgh United asserts that the Commission should approve the terms of the Settlement without modification.

II. PROCEDURAL HISTORY

For the purposes of this Statement in Support, Pittsburgh United adopts the procedural history as set forth in Paragraphs 1-14 of the Joint Petition for Approval of Settlement.

III. TERMS AND CONDITIONS OF SETTLEMENT

A. PILOT PROGRAM

i. Eligibility for Participation in the Pilot Program

In its initial Petition, PWSA proposed to set income eligibility for its Pilot Program at 150% of the Federal Poverty Level (FPL) to maintain consistency with its Bill Discount Program (BDP).⁵ Further, PWSA proposed to limit Pilot Program eligibility to high consumption customers, defined as monthly consumption that is at or greater than 200% of the previous

⁵ Petition at 13, ¶ 19.

reading and over 9,000 gallons.⁶ PWSA explained that it has systems in place to identify both PWSA customers who are enrolled in the BDP program and those customers with high consumption.⁷ Because high consumption customers are identified on a monthly basis, PWSA explained that it intends to cross reference those accounts with BDP enrollees to identify those households eligible for the Pilot Program.⁸ In addition to identifying high consumption BDP participants for participation in the Pilot Program, the PGH2O Cares team will also review high consumption accounts to determine whether there are other indicators of a low income household, such as being designated as confirmed low income or prior participation in other low income programs.⁹

In his rebuttal testimony, Mr. Miller was largely supportive of PWSA's proposed eligibility criteria and identification methods for the initial pilot period.¹⁰ However, he further recommended that PWSA cross reference all customers with above-average usage with its low income account indicators, and use that list to identify need and guide future decisions regarding the Pilot Program.¹¹ Mr. Miller also recommended that PWSA coordinate programming with the local electric and gas utilities' Low Income Usage Reduction Programs (LIURP) and the federal Weatherization Assistance Program (WAP). This coordination would leverage program dollars and deliver more holistic program services to participants.¹²

The proposed Settlement adopts PWSA's initially proposed eligibility criteria,¹³ with the following clarifications: 1) customers who meet the income eligibility requirement but have stopped the leak before it reaches the 200% of previous month's usage or over 9,000 gallons may

⁶ Id. at ¶ 21.

⁷ Id. at ¶ 20, 21.

⁸ Id. at ¶ 21.

⁹ Id. at ¶ 22.

¹⁰ See generally Pittsburgh United St. 1-R.

¹¹ Pittsburgh United St. 1-R at 8:13-19.

¹² Id. at 13-14.

¹³ Joint Pet. at ¶ A.1.

still be considered for inclusion in the Pilot;¹⁴ 2) a customer who has received a shut-off notice attributable to high consumption, and has applied for assistance through the Pilot Program, will be protected from termination and/or further collections actions until services through the Pilot Program have been delivered;¹⁵ and 3) customers who are not currently participating in any other low income programming will be eligible for the Pilot, and PWSA will assist those customers to enroll in available low income assistance programs.¹⁶ The proposed Settlement also requires PWSA to collaborate with its LIAAC in the implementation of its program and identify ways to coordinate services with LIURP, WAP, and other home repair programs that may provide complementary services.¹⁷

Taken together, these provisions of the proposed Settlement reasonably address Pittsburgh United's recommendations to expand eligibility, improve identification of estimated need, and expand coordination of low income programming. Specifically, the provisions described above will help ensure that customers receiving assistance from the Pilot Program will be assisted in taking advantage of other low income programming available. Given its relatively low BDP enrollment rates compared to estimated need, it is important that PWSA take advantage of this additional avenue for outreach to and engagement with its low income customers. We believe these provisions of the proposed settlement are just, reasonable, and in the public interest and should be approved.

ii. Landlord Consent Requirements

In its initial Petition, PWSA specified that low income tenants will be eligible for the Pilot Program, but added the requirement that the property owner provide written consent before

¹⁴ *Id.* at ¶ A.1.a.

¹⁵ *Id.* at ¶ A.1.b.

¹⁶ *Id.* at ¶ A.1.c.

¹⁷ *Id.* at ¶ A.1.d.

services are provided to a tenant applicant.¹⁸ PWSA's Director of Customer Service, Julie Mechling, clarified in her direct testimony that all eligible customers, regardless of landlord consent, will have access to conservation education.¹⁹ PWSA's initial Petition also noted that PWSA would retain its authority to make necessary repairs or replacements of equipment, and would charge the property owner with the reasonable cost of the repair or replacement where a leak is creating a public hazard or damaging public infrastructure, as determined by PWSA.²⁰

In his rebuttal testimony, Mr. Miller raised concerns that, pursuant to PWSA's proposals, tenants would not have equitable access to leak repair and conservation services:

PWSA does not plan to broadly advertise the program, so landlords are unlikely to know about the program - and may be reluctant to take the tenant's word about the eligibility and terms of the program.²¹ There may also be tension between the landlord and the tenant arising from the high water costs (or any number of other issues), making it potentially difficult for a tenant to approach their landlord for approval. In these circumstances, landlords may be more receptive to communications directly from PWSA. Furthermore, PWSA staff will be more knowledgeable about the program and will be able to answer the landlord's questions that the tenant may not. PWSA could also answer technical questions about the work to be performed that a tenant is unlikely to know.²²

Mr. Miller recommended that PWSA take a more active role in attempting to secure landlord consent for repairs to be done. Mr. Miller specifically recommended that PWSA attempt at least two phone calls and send one letter and one email to the landlord explaining the benefits of the program.²³ Mr. Miller further recommended that any situation in which the lack of needed repair would cause the tenant's water service to be terminated should be considered a public safety hazard and remediated by PWSA without delay.²⁴

In the Joint Settlement Petition, PWSA commits to make at least one phone call and send

¹⁸ Pet. at 14, ¶ 23.

¹⁹ PWSA St. No. 1 at 17: 11-17.

²⁰ Pet. at 15, ¶ 23.

²¹ PWSA St. 1 at 22.

²² Pittsburgh United St. No. 1-R at 10:1-9.

²³ *Id.* at 10: 10-13.

²⁴ *Id.* at 11:10-12.

at least one written communication to the property owner/landlord containing a copy of the landlord consent form and a description of the program.²⁵ If PWSA has an email on file for the landlord, they will send a link to the web-based version of the landlord consent form, indicating that the tenant has applied for assistance and again providing a description of the Pilot Program.²⁶ PWSA further commits to create a web-based version of the consent form and accept an electronic signature as confirmation of consent.²⁷ Going forward, the Settlement requires PWSA to investigate the feasibility of providing a link to the consent form to the landlord via text message where the Company has that contact information on file.²⁸

Rather than relying exclusively on tenants to educate and request consent from their landlords, the Settlement will substantially improve PWSA's outreach to property owners/landlords - which will, in turn, improve the accessibility of this program for tenants. As discussed, it is essential that PWSA assist with landlord outreach, as there may be tension between the landlord and the tenant arising from the high water costs, or other issues, that make it difficult for a tenant to seek landlord approval on their own.²⁹ Thus, taken together, these provisions regarding landlord consent requirements are just, reasonable, and in the public interest and should be approved.

iii. Length of Pilot Program

In its initial Petition, PWSA proposed that the Pilot Program would run for one year, stating that one year would provide the Authority with sufficient time to evaluate whether the program is cost efficient and is providing measurable results.³⁰

Mr. Miller, in his rebuttal testimony, noted several concerns with PWSA's proposed

²⁵ Joint Pet. at ¶ A.2.i.

²⁶ Id. at ¶ A.2.ii

²⁷ Id. at ¶ A.2.b.

²⁸ Id. at ¶ A.2.c.

²⁹ See Pittsburgh United St. 1 at 10:3-6.

³⁰ Pet. at 21, ¶ 43

timeframe. First, pilot programs like the one PWSA has proposed, involving a new full-time employee, requests for proposals, third-party contractors, and, often, coordination and cooperation between landlords and tenants, can be slow to fully launch. If the program were to run for only one year, then ‘go dark’ during the evaluation process, it would forestall the progress the program made during the first year – adding unnecessarily to the administrative costs of the program to onboard new subcontractors, identify eligible participants, and reestablish internal supports.³¹ Mr. Miller also expressed concerns regarding the quality and scope of any data that could be gathered during such a short time frame, discussed further below.³²

To address these concerns, Mr. Miller recommended that the Pilot run for two years, that the budget for the Pilot Program be increased to \$400,000 per year, and that PWSA begin conducting its evaluation of the program within three months of the end of the first program year.³³ Mr. Miller further recommended that the Commission require PWSA to establish a clear process and timeline during year two of the Pilot Program for PWSA to propose to end, continue, or modify the program following its year-one evaluation.³⁴ He concluded that these recommendations, together, would help ensure that PWSA has sufficient time to evaluate the program and propose a continuation and/or modifications to the Pilot Program without the program going dark.³⁵ Mr. Miller further recommended that to the extent a substantial portion of the budget remains unspent at the end of the first program year, PWSA should consult with the LIAAC about possible adjustments to the eligibility guidelines, standard measures, and per-job budget to help improve enrollment.³⁶

In the Joint Settlement Petition, PWSA commits to a \$400,000 Pilot Program budget, as

³¹ Pittsburgh United St, 1-R at 16:8-14.

³² Id. at 17:16-18.

³³ Id. at 16:2-3.

³⁴ Id.

³⁵ Id. at 16:19-17:1-2.

³⁶ Id. at 15:6-10.

initially proposed, but will run the Pilot Program until that budget is fully spent.³⁷ In addition, PWSA commits to making a proposal regarding the future of the Pilot Program in its next base rate proceeding.³⁸ While Pittsburgh United's recommendations were not fully adopted in the proposed Settlement, PWSA's commitment to run the program until the initial \$400,000 budget is fully spent – coupled with its agreement to make a proposal regarding the program in its next rate case – reasonably addresses Mr. Miller's concerns while balancing the concerns of other parties. By running the program until the initially proposed \$400,000 budget is spent, PWSA will avoid the inefficiencies and additional administrative costs that may arise by this type of Pilot Program running intermittently. Additionally, as discussed further below, the extension of the program will assist PWSA in collecting comprehensive data and enable it to make a more fully informed recommendation regarding the continuance of the Pilot Program in the context of its next base rate proceeding. Thus, Pittsburgh United believes that these provisions are just, reasonable and in the public interest and should be approved.

iv. Data Tracking, Evaluation of Pilot Program and Future Program

In its initial Petition, PWSA proposed that evaluation of the Pilot Program would focus on the number of participants, how the participant's usage changed after receiving services, and how long any benefits in conservation were maintained.³⁹ PWSA also proposed to track the costs of implemented measures. Regarding tenant participants, PWSA proposed to track the number of eligible properties which did not receive services due to the lack of consent of the property owner.⁴⁰ PWSA proposed to file the results of its evaluation with the Commission three months prior to the end of the pilot period, and to include its recommendation of whether to continue the Pilot Program

³⁷ Joint Pet. at ¶ III.A.3.

³⁸ *Id.* at ¶ III.B.2.

³⁹ Pet. at ¶ 44.

⁴⁰ *Id.* at ¶ 44.

and outline any proposed changes.⁴¹

In his rebuttal testimony, Mr. Miller explained that he did not believe the proposed timeframe for evaluation would provide PWSA with adequate time to gather the necessary data, particularly in tracking any changes to monthly usage to evaluate the effectiveness of conservation programming.⁴²

The number of households that could be analyzed would likely be less than half those treated, as PWSA would need to begin evaluating those served in the first six months of the program [if it begins its evaluation three months before the end of the one year Pilot Program as proposed]. PWSA would need a full 30 days after treatment to begin comparison of usage pre-treatment versus usage post-treatment. Under PWSA's current proposal for evaluation, they will be able to evaluate very few accounts over a very short time period, which will make it difficult to determine the effectiveness of the conservation measures.⁴³

To address these concerns, as discussed in section III.A.iii above, Mr. Miller recommended that PWSA implement a two-year Pilot Program period and begin its analysis within three months of the end of the first program year.⁴⁴ Mr. Miller also recommended that, in addition to the metrics identified in PWSA's initial Petition, the evaluation should assess the effect of the Pilot Program on universal service program costs - quantifying the savings achieved through the Pilot Program in terms of dollars saved by the participant and for the Bill Discount Program.⁴⁵ Finally, Mr. Miller recommended that PWSA track the number of households that cannot be served due to either health and safety issues or other issues related to the condition of the home, and that PWSA use the health and safety deferral information to make future adjustments to the Pilot Program.⁴⁶

As discussed in the prior section, the Joint Petition requires PWSA to continue the Pilot Program until the funds available for repair have been depleted, such that it may continue beyond

⁴¹ Pet. at ¶ 45.

⁴² Pittsburgh United St. No. 1-R at 17:16-18.

⁴³ Id. at 17:20-18:3.

⁴⁴ Id. at 16:2-3.

⁴⁵ Id. at 18:8-11.

⁴⁶ Id. at 14:14-17.

one year.⁴⁷ In addition, PWSA must make a proposal regarding the Pilot Program in its next base rate proceeding, ensuring a forum for consideration of proposals to continue the program in subsequent years.⁴⁸ PWSA will also convene a collaborative within 30 days of Commission approval of the Pilot to identify specific data to be tracked.⁴⁹ All parties have agreed to provide their positions on data tracked, if any, to PWSA within 14 days of Commission approval of the Pilot program on several topics outlined in the Joint Petition at paragraph A.4.a.i(a)-(f). Further, PWSA agrees to share the results of its evaluation in its next base rate case and propose whether to make the program permanent and include any proposed changes at that time.⁵⁰

Proposing and discussing specific metrics amongst all interested parties through the collaborative process described above will likely result in useful data tracking, accurately representing both the successes of the program and identifying improvements to be made. This approach will allow a more holistic review of all relevant factors in evaluating the success of the program and determining whether and to what extent the program should continue after the initial pilot phase. For these reasons, Pittsburgh United recommends that the Commission approve this aspect of the settlement as just, reasonable, and in the public interest.

B. COST RECOVERY

In its initial Petition, PWSA proposed that the Commission authorize PWSA to track the Pilot Program costs as a regulatory asset so that it may seek cost recovery in its next base rate filing.⁵¹ While Pittsburgh United did not take a position on PWSA's cost recovery proposal, we understand that PWSA has since withdrawn that proposal based on concerns raised by I&E and

⁴⁷ Joint Pet. at ¶ A.3.b.

⁴⁸ Id. at ¶ B.2.

⁴⁹ Id. at ¶ A.4.a.

⁵⁰ Id. at ¶ A.4.b.

⁵¹ Pet. at 2.

OCA. In relevant part, the Joint Settlement Petition explicitly provides that PWSA will not seek future base rate recovery for the costs of the Pilot program.⁵² PWSA also agrees that contemporaneous with its compliance tariff filing, it will file an update to the proposed not-to-exceed cost for in-home repairs of \$1,346 based on economic conditions and will provide the calculations underlying the update.⁵³

Although Pittsburgh United did not take a position on PWSA's proposed cost recovery, we believe that its commitment to update the not-to-exceed costs for repairs is a reasonable provision. Given the lingering effect of the COVID-19 pandemic and current inflationary pressures on the costs of supplies and labor, a frequent assessment of whether the budget allocated can accomplish the goals intended is prudent. Pittsburgh United urges the Commission to approve these provisions as just, reasonable, and in the public interest.

C. TIMEFRAME FOR COMMISSION ACTION

In its initial Petition, PWSA proposed that the Pilot Program be implemented on January 2, 2022. However, due to the timeframe of this proceeding, the parties agree that the Pilot Program will begin in the summer of 2023.⁵⁴ To accommodate that timeframe, all parties waive the right to file briefs and instead are submitting Statements in Support to be filed with the Joint Petition for Settlement on December 1, 2022.⁵⁵ Parties jointly request that the Commission issue its Final Order no later than April 20, 2023.⁵⁶

Pittsburgh United supports the provisions of the Settlement related to the Timeframe for

⁵² Joint Pet. at ¶ B.1.c.

⁵³ Id. at ¶ B.1.a.

⁵⁴ Id. at ¶ C.1.

⁵⁵ Joint Pet. at ¶ C.1.a.

⁵⁶ Id. at ¶ C.2.

Commission Action,⁵⁷ and urges the Commission's swift approval to ensure the Pilot Program is implemented in a prompt manner so that assistance can be timely delivered to customers currently in need of remediation.

IV. CONCLUSION

The proposed Settlement was achieved by the Joint Petitioners after a reasonable investigation of PWSA's Joint Petition and extensive negotiation amongst the parties. Pittsburgh United asserts that the proposed Settlement is a reasonable resolution to a variety of complex issues, is in the public interest, and should be approved without modification. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings in this case, which would have been undertaken at substantial cost to the Joint Petitioners, the Commission, and ultimately PWSA's ratepayers. Accordingly, Pittsburgh United respectfully requests that ALJs Vero and Chiodo and the Commission approve the Settlement without modification.

Respectfully submitted,
Counsel for Pittsburgh United



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

⁵⁷ *Id.* at ¶ C.1-2.