

COMMONWEALTH OF PENNSYLVANIA



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May 23, 2023

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
Pittsburgh Water and Sewer Authority
Docket No. R-2023-3039919 (Stormwater)

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Senior Assistant Consumer Advocate
PA Attorney I.D. # 85824
CAppleby@paoca.org

Enclosures:

cc: The Honorable Charles E. Rainey, Jr. (**email only:** crainey@pa.gov)
Bureau of Technical Utility Services (**email only:** pdiskin@pa.gov)
Office of Special Assistants (**email only:** ra-OSA@pa.gov)
Certificate of Service

*346538

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v. : Docket No. R-2023-3039919 (Stormwater)
Pittsburgh Water and Sewer Authority :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of May 2023.

SERVICE BY E-MAIL ONLY

Scott B. Granger, Esquire
Michael A. Podskoch, Jr., Esquire
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Dated: May 23, 2023
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Gina L. Miller
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PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. COMPLAINT INFORMATION

Patrick M. Cicero, Consumer Advocate

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Dauphin County

Phone: (717) 783-5048

Facsimile: (717) 783-7152

2. FULL NAME OF UTILITY AUTHORITY:

Pittsburgh Water and Sewer Authority
Docket No. R-2023-3039919 (Stormwater)

3. TYPE OF UTILITY:

Stormwater

4. COMPLAINT:

A. On May 9, 2023, the Pittsburgh Water and Sewer Authority (PWSA or the Authority) filed a three year base rate increase request. Through this filing, PWSA requests that the Commission approve its new tariffs pursuant to 52 Pa. Code § 53.52. Through this filing, PWSA requests that the Commission approve its new tariffs pursuant to 52 Pa. Code § 53.52. PWSA requests a total increase of \$46.8 million or 22.5% to be recovered in 2024; 45.4 million or 17.8% to be recovered in 2025 and \$53.9 million or 17.9% to be recovered in 2026.

B. PWSA is a municipal water and wastewater authority serving customers in the City of Pittsburgh and surrounding communities. PWSA provides water service to approximately 80,000 residential, commercial and industrial customers in: portions of the City of Pittsburgh; the Borough of Millvale; and portions of Reserve, O'Hara, and Blawnox Townships, Allegheny County. PWSA also provides wastewater conveyance service to customers located in the City of Pittsburgh, Allegheny County, and also conveys sewage for portions of 24 neighboring communities. PWSA provides stormwater service to the

City of Pittsburgh. PWSA became subject to regulation by the Pennsylvania Public Utility Commission on April 1, 2018, pursuant to Act 65 of 2017, 66 Pa. C.S. § 3201 *et seq.*

- C. Under PWSA’s proposal, a typical residential customer who receives water, wastewater, and stormwater service from PWSA and using an average of 3,000 gallons per month would see their total monthly bill increase from \$86.43 to \$103.41 per month or by 19.6% in 2024, increase from \$103.41 to \$123.55 or by 19.5% in 2025, and increase from \$123.55 to \$146.11 or by 18.3% in 2026.
- D. For stormwater, PWSA is requesting a \$19.2 million total increase to base rates for the three year period. The Authority is proposing to phase-in the overall increase over a three year period with \$6.5 million to be recovered in 2024, \$6.5 million to be recovered in 2025, and \$6.2 million to be recovered in 2026.
- E. Under Section 1311(c) of the Public Utility Code, PWSA is seeking to shift \$9.5 million of its stormwater cost of service to wastewater customers in FY 2024 and \$8.5 million for both FY 2025 and FY 2026. The breakdown of these proposed subsidies reveals that they represent a significant amount of PWSA’s wastewater revenue requirement:

	FY 2024	FY 2025	FY 2026
Net WW Rev. Requirement	\$50,117,240	\$56,480,222	\$65,254,949
SW Subsidy Amount	\$9,500,000	\$8,500,000	\$8,500,000
Percent of SW Subsidy	19%	15%	13%

- F. The Authority is proposing enhancements to its low income customer assistance programs.
- G. The Authority is also proposing a phase-out of the minimum water and wastewater charges.
- H. The Authority is also proposing to add two additional surcharges effective on January 1, 2025: 1) an Infrastructure Improvement Charge and 2) a Customer Assistance Charge. PWSA proposes to charge Bill Discount Program participants only 50% of the Infrastructure Improvement Charge and it does not propose to charge them any portion of the Customer Assistance Charge.
- I. The Authority stated that its proposal is driven by the following: 1) capital costs; 2) inflationary operating budget costs, specifically for essential items such as energy, employee benefits, and chemical costs; 3) costs related to the Wet Weather Consent Decree with the United States Environmental Protection Agency (“US EPA”); 4)

environmental compliance; 5) decreased consumption; and 6) funds to meet new financial obligations and improve financial metrics that impact PWSA's bond rating.

- J.** The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General assembly, as amended, 71 P.A. C.S. §§ 309-1 *et seq.*
- K.** A preliminary examination of PWSA's rate increase request indicates that PWSA's present rates and proposed charges, increases and changes in rates, rules and regulations contained within PWSA's proposed tariffs are or may be unjust, unreasonable, and in violation of 66 Pa. C.S. §§ 1301, *et seq.* and sound ratemaking principles.
- L.** The Authority's proposed base rates may be excessive, discriminatory, compensate PWSA for inadequate service, or otherwise contrary to the Public Utility Code, Commission regulations, or sound ratemaking policy.
- M.** The Authority's proposed large increases to the residential customer charges may result in charges that are unjust and unreasonable or otherwise contrary to law and sound ratemaking practices.
- N.** The Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether PWSA's proposed tariffs are just and reasonable, and are not unduly discriminatory or otherwise unlawful.

5. RELIEF

The Consumer Advocate respectfully requests that the Commission take the following actions:

- A.** Suspend and investigate the operation of the proposed tariffs, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B.** Consolidate all complaints filed against the proposed increase;
- C.** Hold full evidentiary hearings examining the reasonableness of PWSA's proposed increases in rates;
- D.** After providing the public with adequate notice, hold in-person public input hearings in the Company's service territory, as early as feasible, in order to provide customers with an opportunity to be heard on the record;

- E. Deny any rate, rule, or regulation in PWSA’s proposed tariffs that are unjust, unreasonable, unduly discriminatory, or inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;
- F. Determine the justness and reasonableness of PWSA’s current and proposed rates and tariff; and
- G. Grant such other relief that the Commission may deem to be necessary and proper.

6. VERIFICATION AND SIGNATURE

Verification:

I, Patrick M. Cicero, Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

/s/ Patrick M. Cicero
(Signature)

May 23, 2023
(Date)

7. LEGAL REPRESENTATION

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in the proceedings before the PUC involving the proposed residential water, wastewater conveyance, and stormwater service increases requested by the Pittsburgh Water and Sewer Authority (PWSA).

The Consumer Advocate has filed this Formal Complaint and will, in the course of the proceeding, investigate PWSA's proposed tariffs and proposed annual rate increases. The objective of the Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of PWSA's customers. The Consumer Advocate will seek to ensure that PWSA is permitted to implement only a level of rates that is fully justified and in accordance with sound ratemaking principles. The Consumer Advocate will strive to prevent PWSA from collecting from ratepayers all alleged costs that cannot be justified, or are unreasonable or unduly discriminatory, or otherwise violative of the Public Utility Code. The Consumer Advocate submits that the rates sought by PWSA may be unjustifiable and unlawful based upon information filed by PWSA in support of its claim.

PWSA serves customers in the City of Pittsburgh and surrounding communities. PWSA provides water service to approximately 80,000 residential, commercial and industrial customers in: portions of the City of Pittsburgh; the Borough of Millvale; and portions of Reserve, O'Hara, and Blawnox Townships, Allegheny County. PWSA also provides wastewater conveyance service to customers located in the City of Pittsburgh, Allegheny County, and also conveys sewage for portions of 24 neighboring communities. PWSA provides stormwater service to the City of Pittsburgh.