



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

October 25, 2018

Via E-Filing

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

Re: Petition of Pittsburgh Water and Sewer Authority for Approval of Its Long-
Term Infrastructure Improvement Plan
Docket No. P-2018-3005037 and P-2018-3005039

Dear Secretary Chiavetta:

Enclosed for filing please find the Bureau of Investigation and Enforcement's
Comments in the above-referenced proceeding.

Copies are being served on parties as identified in the attached certificate of
service. If you have any questions, please contact me at (717) 787-8754 or contact John
Coogan at (717) 783-6151.

Respectfully,

Gina L. Miller

Prosecutor

Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

John M. Coogan

Prosecutor

Bureau of Investigation and Enforcement
PA Attorney ID. No. 313920

Enclosure
GLM/smw/jfm

cc: Charles E. Rainey, Jr.
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

CERTIFICATE OF SERVICE

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

I hereby certify that I am serving the foregoing **Comments of the Bureau of Investigation and Enforcement** on October 25, 2018, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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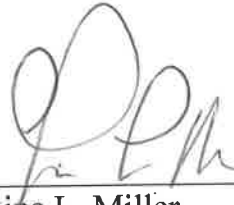
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF THE
BUREAU OF INVESTIGATION & ENFORCEMENT**

I. INTRODUCTION

A. PWSA’s OBLIGATIONS UNDER CHAPTER 32 OF THE PUBLIC UTILITY CODE

On December 21, 2017, pursuant to Act 65 of 2017 (“Act 65”), the Pennsylvania Public Utility Commission (“Commission”) was granted jurisdiction over the provision of utility water, wastewater, and stormwater service by entities created by Pennsylvania cities of the second class under the Municipal Authorities Act.¹ In accordance with Act 65, the Pennsylvania Public Utility Code (“Code”) was amended to establish regulatory deadlines, requirements, and obligations for subject entities, including Pittsburgh Water and Sewer Authority (“PWSA”), and those amendments are now codified in Chapter 32 of the Code. As relevant here, Chapter 32 not only required PWSA to address the replacement and improvement of aging infrastructure through the filing of a Petition for

¹ At present, Pittsburgh is Pennsylvania’s sole city of the second class.

Approval of its Long-Term Infrastructure Improvement Plan (“LTIIIP”),² but it also indicated that PWSA’s LTIIIP should be included as part of a Compliance Plan that detailed PWSA’s plan to revise its operations and procedures as necessary to comply with the Code and with the Commission’s regulations and orders.³

Chapter 32 mandated that PWSA’s LTIIIP and Compliance Plan filings be submitted to the Commission within 180 days of April 1, 2018, i.e., no later than September 28, 2018.⁴ On March 15, 2018, the Commission issued a Final Implementation Order that both memorialized the timeline for PWSA’s LTIIIP and Compliance Plan filings and that provided additional guidance regarding PWSA’s transition to the Commission’s jurisdiction.⁵ The Commission’s Final Implementation Order also indicated that PWSA would reserve the right to propose a unified LTIIIP filing that encompasses its water, wastewater, and stormwater services as long as that filing segregated PWSA’s discrete services and operations as they existed at the time of filing.⁶

On September 28, 2018, PWSA timely filed an LTIIIP Petition in the above-captioned docket numbers. PWSA’s LTIIIP Petition included PWSA’s LTIIIP, consisting of a 54-page narrative with various figures and tables, and five appendices. On the same

² 66 Pa. C.S. § 3204(b).

³ 66 Pa. C.S. § 3204(b).

⁴ 66 Pa. C.S. § 3204(b); *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, M-2018- 2640802 et al, Final Implementation Order (entered on March 15, 2018) (“Final Implementation Order”), p. 8.

⁵ See Final Implementation Order.

⁶ Id. at p. 43.

day, PWSA also timely filed a Petition for Approval of Compliance Plan.⁷ PWSA's Compliance Plan filing consisted of a 125-page narrative with various figures and tables, along with three appendices, including PWSA's LTIIIP.⁸

B. PWSA's LTIIIP

PWSA has elected to file a unified LTIIIP, meaning that it has filed one LTIIIP addressing three categories of infrastructure projects: water, sewer and a hybrid of water/sewer.⁹ Additionally, PWSA indicates that it is not requesting approval for a distribution system improvement charge ("DSIC") at this time.¹⁰ Nonetheless, PWSA recognizes that if it does elect to file a petition for a DSIC in the future, it must file an updated LTIIIP to support the requested charges.¹¹ However, irrespective of the fact that PWSA is not seeking to recover a DSIC at this time, PWSA's LTIIIP is still subject to the requirements imposed by the Code and by the Commission's regulations.

Pursuant to 52 Pa. Code § 121.3 and 66 Pa. C.S. § 1352(a), PWSA's LTIIIP must include each of the following eight elements:

- (1) identification of the types and age of eligible property owned or operated by the utility for which the utility would seek DSIC recovery;
- (2) an initial schedule for the planned repair and replacement of eligible property;

⁷ *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority, M-2018- 2640802 et al, Petition for Approval of Compliance Plan (filed on September 28, 2018) ("PWSA Compliance Plan Petition").*

⁸ PWSA Compliance Plan Petition at Exhibit C.

⁹ PWSA LTIIIP Petition, Attachment A, p. 4, Section 1.1.3.

¹⁰ *Id.* at p. 3, ¶ 5. Pursuant to Chapter 13 of the Public Utility Code, water and wastewater utilities, electric distribution companies, natural gas distribution companies and city natural gas distribution operations are required to file an LTIIIP with the Commission for its review and approval as a prerequisite for implementation of a DSIC. Here, PWSA is filing its LTIIIP in response to the Chapter 32 mandate, rather than as a prerequisite to DSIC implementation.

¹¹ *Id.* at p. 4, ¶ 6.

- (3) a general description of the location of the eligible property;
- (4) a reasonable estimate of the quantity of eligible property to be improved;
- (5) projected annual expenditures to implement the plan and measures taken to ensure that the plan is cost effective, including means to finance the expenditures;
- (6) a description of the manner in which the replacement of aging infrastructure will be accelerated and how the repair, improvement or replacement will ensure and maintain adequate, efficient, safe, reliable and reasonable service;
- (7) a workforce management and training program designed to ensure that the utility will have access to a qualified workforce to perform work in a cost-effective, safe and reliable manner; and
- (8) a description of outreach and coordination activities with other utilities, Department of Transportation and local governments regarding the planned maintenance/construction projects and roadways that may be impacted by the LTIIIP.¹²

The Commission is required to periodically review PWSA's LTIIIP at least once every five years.¹³ If PWSA's LTIIIP is not adequate and sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service, the Commission must order a new or revised LTIIIP.¹⁴ Finally, PWSA bears the burden of proof to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost effective and are designed to ensure and maintain efficient, safe, adequate, reliable and reasonable service to consumers.¹⁵

PWSA's LTIIIP Petition seeks Commission review and approval of its planned capital expenditures from 2019 through 2023, as well as certain expenditures related to

¹² 66 Pa. C.S. §§ 1352(a)(1)-(6); 52 Pa. Code § 121.3(a)(1)-(8).

¹³ 66 Pa. C.S. § 1352(b)(1).

¹⁴ 66 Pa. C.S. §§ 1352(a)(7).

¹⁵ 52 Pa. Code § 121.4(d).

PWSA's Small Diameter Water Main Replacement Program and lead-service line replacements through 2026. Pursuant to Commission regulations, PWSA's LTIP Petition is subject to a 30-day comment period, and if comments raise material factual issues, it will be referred to the Office of Administrative Law Judge ("OALJ") for hearings and a decision.¹⁶

As explained more thoroughly below, the Bureau of Investigation & Enforcement ("I&E")'s review of PWSA's LTIP has identified issues of material fact that warrant assignment of the LTIP to the OALJ for hearings culminating in the issuance of a decision. Additionally, because some of the issues that I&E's review identified are common to both PWSA's LTIP Petition and its Compliance Plan, and resolution of such issues in one case would impact the other, I&E requests that PWSA's LTIP be consolidated with its Compliance Plan proceeding in order the both cases may be assigned to the same ALJ(s) and be litigated together on the same timeline. In I&E's view, such consolidation would also conserve the resources of all interested parties and the Commission while providing for a universal resolution of common or inextricably-linked issues. Accordingly, I&E requests that the LTIP Petition be referred to the OALJ and that it be consolidated with PWSA's Compliance Plan proceeding currently pending at docket numbers M-2018-2640802 and M-2018-2640803.

¹⁶ 52 Pa. Code § 121.4(c).

II. I&E COMMENTS

A. PWSA'S FAILURE TO COMPLY WITH CERTAIN LTIIIP REQUIREMENTS

As addressed above, the Pennsylvania Public Utility Code and Commission regulations enumerate eight requirements for LTIIIP filings.¹⁷ I&E has reviewed PWSA's LTIIIP filing to determine whether PWSA has met these requirements, and its review identified areas of deficiency or lack of specificity that warrant further investigation. Specifically, I&E avers that PWSA's LTIIIP fails to (1) describe how the manner of proposed infrastructure replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service; (2) set forth a workforce management and training program that will ensure that PWSA has access to a qualified workforce to perform work in a cost-effective, safe, and reliable manner; and (3) describe the outreach and coordination activities with other utilities, the Department of Transportation, and local governments regarding planned maintenance and construction projects and roadways that may be impacted by its LTIIIP. I&E will explain each of these deficiencies more fully below.

¹⁷ 66 Pa. C.S. §§ 1352(a)(1)-(6); 52 Pa. Code § 121.3(a)(1)-(8).

(1) PWSA'S LTIP FAILS TO DESCRIBE HOW THE MANNER OF PROPOSED INFRASTRUCTURE REPLACEMENT WILL ENSURE AND MAINTAIN ADEQUATE, EFFICIENT, SAFE, RELIABLE, AND REASONABLE SERVICE

i. Lack of a Comprehensive Risk Management Plan

I&E cannot determine whether the replacement of infrastructure proposed in PWSA's LTIP will ensure and maintain adequate, efficient, safe, reliable, and reasonable service. This is in part because PWSA has failed to present a comprehensive risk management plan where PWSA adequately identifies, explains, and prioritizes all risks to its system. PWSA's adoption of a comprehensive risk management plan is critical because the plan is necessary to PWSA's development of an infrastructure replacement program and budget that will optimize the effectiveness of dollars spent by ensuring that PWSA replaces the highest risk infrastructure first. Absent PWSA's implementation of a comprehensive risk identification and tracking measures, developing a baseline risk for its water and wastewater system will be extremely difficult. In turn, the lack of such identification and tracking measures will also impede PWSA's and stakeholders' ability to ensure the effectiveness of infrastructure replacement.

While portions of PWSA's LTIP certainly do address risks such as likelihood and consequence of failure for the water system¹⁸ and for the wastewater system,¹⁹ PWSA's proposed methodology for measuring and tracking risk to infrastructure is inadequate for several reasons. First, regarding its water system, PWSA only provides a detailed risk

¹⁸ PWSA LTIP Petition, Attachment A, pp. 20-22, Sections 2.3.2.1 and 2.3.2.2.).

¹⁹ Id. at pp. 35-38, Sections 3.3.1 and 3.3.2.

evaluation methodology for its Small Diameter Main Replacement Program (SDWMR).²⁰ PWSA has not provided a similar, detailed methodology for replacement of its large diameter water mains, hydrants, valves, meters, service lines, or other eligible, critical water infrastructure. While PWSA provides general policies for replacement of other water infrastructure, PWSA should provide a level of detail similar to the selection criteria for the SDWMR.²¹ Alternatively, PWSA should substantiate why such level of detail is not possible or appropriate for non-SDWMR infrastructure.

Second, although the methodology for replacement of small diameter main and sewer system property appears detailed,²² I&E avers PWSA has not provided adequate basis to validate these methodologies. To evaluate their prudence, PWSA should be required to provide detail on how it developed such methodologies, e.g., internal studies evaluating different methodologies, reference to industry standards, and comparisons to methodologies used by similar water utilities.

Lastly, PWSA's LTIP includes a Program Management Plan which contemplates devoting a specific section to its risk management plan. However, instead of including the section, PWSA simply indicates that its risk management plan is to be determined. As part of an approved LTIP, PWSA should be required to either complete its risk management plan or provide a detailed outline and timeline projecting its completion.²³

²⁰ Id. at pp. 21-23, Section 2.3.2.

²¹ See Id. at Table 2-3.

²² PWSA's methodology for replacement of sewer system property is reflected at PWSA LTIP Petition, Attachment A, pp. 35-23, Section 3.3.

²³ PWSA LTIP, Appendix E, p. 2.

Without the elements of a comprehensive risk management plan identified above, the Commission will be unable to determine the effectiveness and efficiency of PWSA's infrastructure replacement program as necessary to ensure that ratepayer funds are spent for the best use. Accordingly, I&E submits that there is a material issue of facts as to whether the replacement of infrastructure proposed in PWSA's LTIP will ensure and maintain adequate, efficient, safe, reliable, and reasonable service for its customers. For this reason, and the others explained below, I&E requests that PWSA's LTIP be assigned to the OALJ for hearings culminating in the issuance of a decision.

ii. PWSA's LTIP Metering is too Attenuated to Ensure Reasonable Service

As part of its LTIP, PWSA has included a 5-year plan to complete its Unmetered and Flat Rate Properties meter installation program.²⁴ The intent of the meter installation program is, in part, to address the fact that the City of Pittsburgh did not provide water meters on municipal and government building in the past, and as a result, there are estimated to be between 200 and 400 sites that are currently unmetered.²⁵ Additionally, PWSA currently estimates that it has 500 flat rate customers that will also need to have meters installed.²⁶

To facilitate its meter installation program, PWSA has designated certain property as "eligible water system property to be improved." PWSA describes such property as including "[i]nstallation of meters serving customers who were previously unmetered.

²⁴ PWSA LTIP Petition, Attachment A, p. 25, Section 2.3.7.

²⁵ Id.

²⁶ Id.

Meter installation includes a new meter pipe and ancillary piping improvements. Some replacements may require the service line replacement to separate party lines.”²⁷ PWSA estimates that it will spend \$18,697,143 to complete its Unmetered and Flat Rate Properties meter installation program.²⁸ However, PWSA’s investment for metering does not appear to be significant until the mid to late part of the anticipated five year term, as illustrated by PWSA’s intent to spend nothing in 2018, and to only spend \$345,000 in 2019.²⁹ PWSA’s proposed investments for years 2020 through 2023 are \$3,148,310, \$4,934,833, \$5,067,500, and \$5,021,500 respectively, revealing that the most targeted year for replacement is the last year of the program.³⁰

For purposes of additional context, the spending plan contemplated in PWSA’s LTIP appears to directly comport with its proposal for a meter installation and replacement campaign as detailed in its Compliance Plan.³¹ I&E reaches this conclusion because PWSA’s Compliance Plan incorporates its LTIP when it summarizes a proposed timeline for its multi-step and multi-year plan for metering that extends for the next five years, from 2018 through 2024. Significantly, PWSA’s Compliance Plan also does not contemplate meaningful installation activity until the latter part of the term, as illustrated by the fact that it does not anticipate that it will have identified all locations where service is either unmetered or unbilled until December 31, 2019.³²

²⁷ PWSA LTIP Petition, Attachment A, Appendix B, Table 2-5.

²⁸ Id. at p. 3 of 5.

²⁹ Id.

³⁰ Id.

³¹ PWSA Compliance Plan, pp. 109-111.

³² Id. at p. 110, Table 13.

I&E submits that there is a material issue of fact as to whether the 5-year plan to complete the Unmetered and Flat Rate Properties meter installation program outlined in PWSA's LTIP will ensure and maintain adequate, efficient, safe, reliable, and reasonable service for its customers. More specifically, under the Commission's regulations, PWSA has a clear obligation to ensure that its service territory is universally metered, as set forth more fully below:

Universal metering. A public utility shall provide a meter to each of its water customers except fire protection customers and shall furnish water service, except fire protection service, exclusively on a metered basis; except that flat rate service may continue to be provided pending implementation of a reasonable metering program or under special circumstances as may be permitted by the Commission for good cause.³³

Accordingly, because PWSA currently estimated that several hundred customers are not receiving water service on a metered basis, it is not in compliance with the above regulation. To its credit, through its LTIP filing, PWSA seeks to address and satisfy the universal metering requirement; however, in I&E's view, the five-year plan for universal metering is too back-loaded and attenuated to ensure adequate, efficient, safe, reliable, and reasonable service for its customers. I&E raises this concern because from the limited amount of detail available in PWSA's LTIP, and after review of PWSA's anticipated spend for its Unmetered and Flat Rate Properties meter installation program, it does not appear that any significant metering will begin taking place until the end of the five year plan.

³³ 52 Pa. Code § 65.7.

I&E submits that such a result is not consistent with PWSA's obligation to provide efficient, safe, reliable, and reasonable service for its customers because customers at unmetered properties are currently receiving free service and flat rate customers are paying a cost for service that is not tied to their actual water usage. PWSA's provision of free water service to unmetered properties necessitates the inequitable result that all other customers must subsidize the free water service. Additionally, because it is impossible to gauge flat rate customers' use of water, it is not possible to measure whether the flat rate they pay is commensurate with their water usage, meaning that the rate impact from this lack of metering is unquantifiable. While I&E submits that the current implications of unmetered and flat rate service are not consistent with PWSA's provision of adequate or reasonable water service, the gravity of these issues is only further compounded by the fact that they may also impact wastewater charges if those charges are calculated in relation to metered water. With these issues in mind, I&E submits that PWSA's 5-year plan to complete its Unmetered and Flat Rate Properties meter installation program is insufficient to ensure that its customers receive reasonable service; therefore, I&E requests that PWSA's LTIP be assigned to the OALJ for hearings culminating in the issuance of a decision.

(2) IT IS UNCERTAIN WHETHER PWSA WILL HAVE A QUALIFIED WORKFORCE TO PERFORM THE LTIP PROJECTS ASSOCIATED WITH THE EXPANDED INCREASE IN CAPITAL SPENDING

PWSA plans to exponentially increase its total capital spending, from an average of approximately \$36 million per year from 2014 to 2018, to \$255 million per year from 2019 to 2023.³⁴ This reflects an average annual increase of approximately 600% in total capital spending. To support its expanded capital spending, PWSA projects its workforce headcount will increase by 74% by 2023. This reflects an increase from 301 to 524 employees.³⁵

I&E recognizes the need to increase capital spending on PWSA infrastructure, along with the accompanying need for increased workforce spending. However, I&E asserts PWSA's LTIP fails to adequately demonstrate either (i) a 74% increase in headcount is realistic given PWSA's difficulty in recruiting and retaining employees or (ii) its projected increase in headcount is sufficient to accomplish the capital improvement projects projected through 2023.

First, PWSA has not demonstrated that a 74% increase in headcount by 2023 is realistic. PWSA has openly discussed its problems recruiting and retaining personnel for various reasons. In its Compliance Plan filing, PWSA highlights the following difficulties:³⁶

³⁴ PWSA LTIP Petition, Attachment A, p. 42.

³⁵ Id. at p. 48.

³⁶ PWSA Compliance Plan, Appendix A, pp. 5, 8.

- PWSA has experienced frequent leadership turnover in the last several years;
- PWSA operates in a union environment, which can limit workforce flexibility;
- Compensation at PWSA is limited, and often not competitive as compared to the private sector;
- PWSA's financial constraints have curtailed some employee development and training opportunities;
- PWSA's requirement employees live within the City of Pittsburgh hinders recruitment and retention.
- Water-sector utilities generally struggle to recruit and retain staff with the necessary skills and competencies to manage utility operations; and
- Utilities generally have aging workforces which make knowledge retention and succession planning significant challenges.

Without addressing all of these challenges in detail in the LTIIIP, it is unclear that PWSA will meet its headcount projections by 2023. Although PWSA's LTIIIP acknowledges a few of these challenges, it does so in very brief, general terms without specific plans for addressing them as it relates to the LTIIIP timeline.³⁷ To the extent PWSA addresses all of these problems through the Compliance Plan proceeding, the LTIIIP proceeding should be consolidated therein so PWSA can demonstrate the reasonableness of its headcount projections.

Second, even if PWSA achieves a 74% increase in headcount by 2023, the LTIIIP does not demonstrate this increase is adequate to implement a 600% average annual

³⁷ PWSA LTIIIP Petition, Attachment A, p. 49.

increase in capital spending. Although it may not be necessary for headcount and capital spending to increase at the exact same percentage, without further proof, PWSA has not provided adequate support that it will be able to meet the labor requirements of its expanded capital spending projections. PWSA should be required to either demonstrate with greater detail how this discrepancy between increased headcount and capital spending can be reconciled, or it should revise its LTIIP.

Additionally, this 74% increase is not projected to occur until 2023, the final year of PWSA's LTIIP. Starting in 2019, PWSA projects rapidly expanding its capital spending, peaking at \$330 million in 2021. It is insufficient for PWSA to put its expanded workforce into place in 2023 when its greatest capital spending will be two years earlier. PWSA's LTIIP should demonstrate that it is planning to meet the labor needs for each year of projected capital spending.

PWSA claims its workforce "will be supplemented by contracted personnel."³⁸ However, PWSA provides no further detail of its plans to supplement headcount with contracted personnel, e.g., projected number of contracted personnel, projects to be completed by contracted personnel, current efforts at outreach for contracted personnel. PWSA does provide some detail regarding engineering firms that are pre-qualified to provide design services.³⁹ However, PWSA does not provide substantiation that these firms will be able to satisfy PWSA's expanded capital spending needs. Additionally, this detail only concerns engineering services, not labor or pipeline construction contractors.

³⁸ Id. at p. 48.
³⁹ Id. at p. 47.

Increased competition for qualified contractors is a common problem in the utilities sector, where many other distribution utilities are also implementing accelerated capital improvement projects. PWSA will likely encounter similar problems recruiting contractors; therefore, it should be required to demonstrate how its plans to use contracted personnel will meet its capital spending projections.

For the reasons described above, it is a disputed issue of material fact whether PWSA will have a qualified workforce to perform its LTIP projects. Accordingly, PWSA's LTIP should be assigned to the OALJ for hearings.

(3) PWSA's DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, DEPARTMENT OF TRANSPORTATION AND LOCAL GOVERNMENTS REGARDING THE PLANNED MAINTENANCE / CONSTRUCTION PROJECTS AND ROADWAYS THAT MAY BE IMPACTED BY THE LTIP IS INSUFFICIENT

As described above, PWSA projects to increase its annual capital spending through 2023 by an average of 600% over historic spending. Included in this spending is an accelerated main replacement program.⁴⁰ Along with increased main replacement will be increased roadwork leading to road closures and repairs.

In its LTIP, PWSA describes its current practice as it relates to coordinating with local utilities and government regarding construction. These efforts include the following:⁴¹

- Soliciting information from local utilities and government regarding their intentions to undertake paving and other public works projects;

⁴⁰ PWSA LTIP Petition, Attachment A, p.18.

⁴¹ Id. at p. 53.

- Attending monthly coordination meetings with local utilities and government; and
- Coordinating with government regarding PWSA road projects pre-scheduled for paving.

PWSA also states it has created a “comprehensive capital improvement outreach protocol” so PWSA can communicate the benefits, impacts, and expectations of construction work to residents, business owners, and other stakeholders.⁴²

To manage the coordination for increased capital spending, PWSA simply states that it will “continue the proactive means to identify opportunities to coordinate pipe replacement and road paving.”⁴³ PWSA provides no further detail how it will engage with local utilities and government to coordinate its expanded capital spending projected in the LTIP.

I&E asserts it is insufficient for PWSA to only state that it will continue its current coordination practices. PWSA is proposing an increase of historic proportions to its capital spending which will lead to increased disruption in Pittsburgh’s dense urban environment. More roads will need to be closed more often, and the need to coordinate with other utilities will increase. Without a more developed coordination strategy, local government may be unwilling or incapable of allowing the road closures necessary to accommodate PWSA. Similarly, other utilities may be unable to accommodate PWSA’s accelerated construction plans when faced with competing demands. For these reasons,

⁴² Id. at p. 54.

⁴³ Id. at p. 53.

PWSA has not demonstrated that simply continuing its current coordination practices is sufficient to manage its expanded capital spending.

PWSA needs to provide greater detail on how it will refine its coordination efforts. This detail should at least include protocols on how it will coordinate with local utilities and government for increased capital spending through 2023 when overlapping projects make such coordination desirable. Without such detail, PWSA has not provided sufficient basis that its outreach and coordination activities with local utilities and government are cost effective or reasonable. Therefore, it is a disputed issue of material fact whether PWSA's LTIP provides an adequate description of outreach and coordination activities with local utilities and government regarding the planned maintenance/construction projects and roadways that may be impacted by the LTIP. Accordingly, PWSA's LTIP should be assigned to the OALJ for hearings.

B. REQUEST TO CONSOLIDATE PWSA'S LTIP PROCEEDING INTO ITS COMPLIANCE PLAN PROCEEDING

(1) AREAS OF INTERRELATIONSHIP

As explained above, two of the issues of material fact that I&E has identified in PWSA's LTIP are also implicated within its Compliance Plan. First, the 5-year plan for PWSA to complete its Unmetered and Flat Rate Properties meter installation program is both outlined in PWSA's Compliance Plan⁴⁴ and also adopted through the infrastructure replacement, improvement, and spending plan encompassed in its LTIP Petition

⁴⁴ PWSA Compliance Plan, pp. 109-111.

program.⁴⁵ While I&E concludes that the 5-year plan is inadequate and insufficient to fulfill PWSAs obligation of ensuring and maintaining adequate, efficient, safe, reliable and reasonable service for its ratepayers, I&E is also mindful that any changes made to the plan in PWSA's LTIP to address this issue must also be made in its Compliance Plan to provide for a consistent resolution.

The importance of consistency and harmony between PWSA's LTIP and its Compliance Plan is further demonstrated in a second issue of material fact that I&E raised regarding PWSA's projected workforce. More specifically, PWSA's LTIP projects its workforce headcount will increase by 74% by 2023, reflecting an increase from 301 to 524 employees.⁴⁶ However, PWSA's Compliance Plan appears to contradict the increased projection, because it highlights a list of challenges that PWSA faces in recruiting and retaining personnel.⁴⁷ Unfortunately, instead of addressing the recruiting and retention challenges acknowledged in its Compliance Plan, PWSA's LTIP simply concludes that the workforce will increase by 74% within five years. I&E submits that the disparity that exists in PWSA's LTIP and Compliance Plan regarding its ability to recruit and retain an increased workforce must be resolved so that the positions are not contradictory. A consistent resolution of this matter must be reached so that PWSA's projects and projected costs are realistically planned and funded; therefore, a resolution of the workforce issue in each of these filings will impact the other.

⁴⁵ PWSA LTIP Petition, Attachment A, p. 25, Section 2.3.7; Id. at Attachment A, Appendix B, Table 2-5; Id. at Attachment A, Appendix B, Table 2-6, p. 3 of 5.

⁴⁶ PWSA LTIP Petition, Attachment A, p. 48.

⁴⁷ PWSA Compliance Plan, Appendix A, pp. 5, 8.

Importantly, the two examples of interrelationship between PWSA's LTIP and Compliance Plan issues may not be the only areas of interdependency between the two filings. I&E submits that further review of each of the filings may result in identification of additional areas of commonality or other issues that are so inextricably linked that resolution in one filing would impact the other. Accordingly, I&E avers that consolidating PWSA's LTIP into its existing Compliance Plan proceeding would not only ensure consistent resolution to the issues identified above, but it may also provide for consistent resolution of other issues that while not yet identified may also require a global resolution. As noted below, litigating issues that are common to both proceedings in separate proceedings that may be litigated on different timelines may not only advance the possibility of inconsistent determinations on those issues, but it will impose an undue burden upon the parties' and the Commission's resources.

(2) CONSERVATION OF PARTIES' AND THE COMMISSION'S RESOURCES

Finally, I&E avers that consolidating PWSA's LTIP into its Compliance Plan proceeding would conserve the resources of both the parties to each proceeding and the Commission. More specifically, if both the LTIP and Compliance Plan are separately litigated proceedings, any issues that are common to both proceedings would have to be raised separately, in each proceeding. Parties may then be required to litigate similar, related, or identical issues twice, once in the LTIP proceeding and once in the Compliance Plan proceedings. I&E submits that this scenario would impose an undue

burden on the litigants' and the OALJ's resources and time in developing two records and potentially holding two sets of hearings regarding the same or interrelated issues. In turn, the Commission's resources would be burdened by the need to review and reconcile two inextricably-linked proceedings and the need to ensure that resolutions between those two proceedings are consistent. With these concerns in mind, I&E recommends that the Commission consolidate PWSA's LTIP filing into its Compliance Plan proceeding currently pending at docket numbers M-2018-2640802 and M-2018-2640803. Consolidation of these proceedings will ensure consistent resolutions of issues and proposals that are common or interrelated between the filings and preserve the resources of PWSA, other parties, and the Commission by eliminating unnecessary duplication of processes.

III. CONCLUSION

WHEREFORE, for the reasons state herein, the Bureau of Investigation & Enforcement asserts that PWSA's Petition for Approval of its Long-Term Infrastructure Improvement Plan raises issues of material fact and should be referred to the OALJ and be consolidated with the proceeding identified as PWSA's Petition for Approval of Compliance Plan at M-2018-2640802 and M-2018-2640803.

I&E submits that such action is necessary to ensure that PWSA's LTIIP reflects reasonable and prudent costs to repair, improve or replace property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

Respectfully submitted,



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Dated: October 25, 2018