



September 14, 2021

VIA E-FILE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

Re: PA Public Utility Commission v. Pittsburgh Water and Sewer Authority
Docket Nos. R-2021-3024773 (Water); R-2021-3024774 (Wastewater); R-2021-3024779 (Stormwater)

Dear Secretary Chiavetta,

Please find the attached **Statement of Pittsburgh United in Support of the Joint Petition for Settlement** for filing at the above noted dockets. Copies of the Statement are being served consistent with the attached Certificate of Service. Please contact me with any questions or concerns.

Respectfully Submitted,

Lauren N. Berman, Esq.
Counsel for Pittsburgh United
pulp@putilitylawproject.org

cc: *The Honorable Eranda Vero*
Pamela McNeal, pmcneal@pa.gov
Certificate of Service

Encl.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2021-3024773
	:	R-2021-3024774
Pittsburgh Water and Sewer Authority	:	R-2021-3024779

Certificate of Service

I hereby certify I have on this day served copies of the **Statement of Pittsburgh United in Support of the Joint Petition for Settlement** in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party) and consistent with the Commission’s Emergency Order issued on March 20, 2020, in the manner and upon the persons listed below.

VIA EMAIL ONLY

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Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'L. N. Berman', with a long horizontal flourish extending to the right.

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Date: September 14, 2021

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. :
Docket No. R-2021-3024773 :
R-2021-3024774 :
R-2021-3024779 :
Pittsburgh Water and Sewer Authority :

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

Pittsburgh United, a signatory party to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions contained therein be approved without modification by the Honorable Eranda Vero, Administrative Law Judge, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, Pittsburgh United believes that the terms and conditions of the proposed Settlement are in the public interest and should be approved.

I. INTRODUCTION

Pittsburgh United intervened in this proceeding to ensure that the Pittsburgh Water and Sewer Authority’s (PWSA) proposed rates and terms and conditions of service – along with its newly proposed stormwater fee – are appropriately designed and implemented in a manner which allows all consumers in PWSA’s service territory to access safe and affordable water and wastewater service to their home, regardless of income.

The Commission’s regulations lend unambiguous support for settlements, and declare: “It is the policy of the Commission to encourage settlements.”¹ The Commission has also set explicit policy guiding settlement of a major rate case, explaining in its codified statement of policy that “the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.”² Settlements are preferred, at least in part, because they “lessen the time and expense that Parties must expend litigating a case and, at the same time, conserve resources.”³ In reviewing whether to approve a proposed settlement, the Commission must determine whether the terms and conditions are in the interest of the public based on a preponderance of the evidence “showing a likelihood or probability of public benefits that need not be quantified or guaranteed.”⁴ Historically, the Commission has defined the public interest as inclusive of ratepayers, shareholders, and the regulated community at large.⁵ Of course, proposed settlement terms must also be consistent with applicable law.⁶

Provisions regarding PWSA’s new stormwater tariff are a key feature of the proposed Settlement, ensuring improved equity in design and implementation of a new stormwater fee. As Pittsburgh United’s witness, Michele Adams, explained in testimony: “PWSA has historically included costs for stormwater services in its wastewater rates and continues to do so currently.”⁷ However, “[r]ecovering stormwater costs through wastewater rates is not a fair and equitable rate

¹ 52 Pa. Code § 5.231.

² 52 Pa. Code § 69.401.

³ See Commonwealth of Pa. et al. v. IDT Energy, Inc., Docket No. C-2014-2427657, at 35-37 (Tentative Order entered June 30, 2016).

⁴ See id. (quoting Popowsky v. Pa. PUC, 594 Pa. 583, 937 A.2d at 1040 (2007)).

⁵ See id. (citing Pa. PUC v. Bell Atlantic Pennsylvania, Inc., Docket No. R-00953409 (Order entered Sept. 29, 1995)).

⁶ See id. (citing Dauphin County Indus. Dev. Auth. v. Pa. PUC, 2015 Pa. Commw. LEXIS 381 (Sept. 9, 2015)).

⁷ Pittsburgh United St. 2, at 18:7-8.

structure because metered water usage is not well-correlated to how much stormwater a property generates.”⁸

Pittsburgh United supports PWSA’s adoption of a separate stormwater tariff, which will generate necessary revenues to address the significant stormwater problems facing the Pittsburgh region, while helping to ensure that all customers pay their fair share for stormwater services.⁹ Overall, with respect to stormwater tariff issues, the proposed Settlement represents a reasonable compromise among the parties that fulfills Pittsburgh United’s goal “to ensure that PWSA’s proposed stormwater tariff assures that all Pittsburgh residents, especially low income consumers, will receive safe, affordable stormwater services at just and reasonable rates and that PWSA’s proposed stormwater tariff will utilize ratepayer funds reasonably.”¹⁰

When determining whether a proposed rate increase is just and reasonable, special consideration must be given to the impact of the proposed rate increase, rate structure, and newly proposed stormwater fees on the ability of economically vulnerable consumers to afford water and wastewater service to their home. The proposed Settlement takes rate affordability into account by using structural rate design, including with regards to the new stormwater fee, together with enhanced universal service programming and improved policies and procedures to limit the disproportionate burdens on low-income households. The rate design and enhancements to universal service programming contained in the proposed Settlement will better match vulnerable

⁸ Pittsburgh United St. 2, at 18:11-13; see PWSA St. 7, at 3:7-8 & Exh. TI-3, at 3.

⁹ See, e.g., PWSA St. 7, Exh. TI-3 (PWSA Stormwater Advisory Group findings describing the growing problems associated with stormwater in Pittsburgh, the inadequacy of current stormwater infrastructure and funding levels, and the need for a more equitable stormwater management fee based on impervious area).

¹⁰ Pittsburgh United St. 2, at 4:2-5.

households with available assistance and ensure access to stable and affordable utility services over the long term.

As a whole, and in light of the totality of facts and circumstances presented in this case, Pittsburgh United asserts that the proposed Settlement strikes an appropriate balance of the many and varied interests of the parties to the Settlement.

Pittsburgh United made a concerted effort to conduct a thorough investigation and to create a detailed record in this proceeding of the issues it believes were most pressing to address in the context of the Commission's determination of whether PWSA's proposed rates and terms and conditions of service are just and reasonable, in compliance with applicable laws, regulations, and prevailing public policy. Pittsburgh United submitted written direct and rebuttal testimony from its subject matter experts, Harry Geller and Michele Adams. Mr. Geller, the former Executive Director of the Pennsylvania Utility Law Project and a nationally recognized expert in utility affordability with over five decades of experience representing low income utility consumers, focused his testimony on the unaffordability of PWSA's proposed rates for low income consumers; the inadequacy of PWSA's universal service programs to provide universally accessible service; and the crucial need for additional emergency relief as a result of the COVID-19 pandemic. This testimony documented, in substantial detail, the aspects of PWSA's current policies and procedures which Pittsburgh United asserts must be reformed in order to achieve reasonable and just rates and terms and conditions of service consistent with all applicable policies, laws, and regulations governing public utilities.

Ms. Adams, an engineer with over thirty years of experience in environmentally sensitive site design and sustainable water resources engineering, focused her testimony on the

implementation of the PWSA's newly proposed stormwater fee, including issues related to PWSA's stormwater master plan and its broader processes for planning, selecting, and prioritizing stormwater projects and investments, as well as its proposed stormwater tariff and rate structure.

The proposed Settlement reasonably addressed a number of issues raised in Pittsburgh United's testimony, and the recommendations of Pittsburgh United's witnesses therein. While Pittsburgh United's positions were not fully adopted, the resolution of these issues represents a fair and balanced approach which satisfies the many and varied interests in a reasonable and just manner. As such, and for the specific reasons discussed in further depth below, Pittsburgh United asserts that the proposed Settlement is in the public interest and should be approved without modification.

II. BACKGROUND

For the purposes of this Statement in Support, Pittsburgh United adopts the procedural history as set forth in Paragraphs 1-8 of the Joint Petition for Approval of Settlement.

III. REASONS FOR SUPPORT OF SPECIFIC ISSUES

For the reasons discussed below, Pittsburgh United asserts that the proposed Settlement presents a reasonably balanced resolution to the issues raised in this proceeding. While many provisions of the Settlement are discussed with specificity below, Pittsburgh United's silence with respect to any particular provision does not indicate that Pittsburgh United is not in agreement with that provision. Pittsburgh United urges the Commission to approve the Settlement as a whole and without modification.

A. Revenue Requirements and Quarterly Reporting

PWSA's initial rate proposal sought to increase overall rates by approximately \$32.2 million – which would have resulted in an average monthly increase of \$11.71 per month for an average residential customer using 3,000 gallons per month.¹¹ The proposed base rate filing also included the introduction of a new stormwater rate and adjustments to the wastewater conveyance rates where stormwater rates are currently recovered.

PWSA's proposed rate increase, if approved, would have resulted in a substantial increase in basic living expenses, falling especially hard on low income households who already struggle profoundly to make ends meet. PWSA estimates that more than 27% (26,681 of 97,619) of its residential customers are low income – meaning they have a household income that is at or below 150% of the federal poverty level (FPL).¹² This estimation was based on census data prior to the COVID-19 pandemic. Given the substantial negative economic impact of the COVID-19 pandemic – which has fallen disproportionately on lower wage workers – it is likely the number of low income customers in PWSA's service territory has substantially increased.¹³ For households at 150% FPL making only \$39,750 a year, the \$140.52 annual increase would represent a substantial increase in the price of basic services – especially as PWSA's proposed increase would represent only one in a series of recent rate increases borne by PWSA's customers since 2016, the most recent of which was only approved by the Commission last year.¹⁴

¹¹ PWSA St. 1, at 6:8-11.

¹² Pittsburgh United St. 1, at 10:5-8.

¹³ Id.

¹⁴ Id. at 14: 13-16.

Paragraph III.9.A.1 of the proposed Settlement provides for a total increase of \$20.998 million in base rate revenue, which is approximately 34.8% less than the originally proposed increase. The Settlement proposes to phase-in the total increase over a two-year period, collecting \$16.996 million effective January 12, 2022 and \$4.002 million starting on January 1, 2023.¹⁵ The rates to be collected are allocated to water, wastewater and a new stormwater rate. Further, in paragraph III.9.A.3, PWSA agrees to not file a general rate increase pursuant to 66 Pa. C.S. § 1308(d) any sooner than March 2023 - for rate implementation in January 2024.

While Pittsburgh United initially opposed a rate increase of any amount in light of the severe and ongoing economic impacts of the COVID-19 pandemic on consumers, it supports this rate increase as proposed.¹⁶ The significant reduction in overall rate increase, along with critical enhancements of PWSA's low income and COVID-19 related programs (discussed in further detail below), will help to mitigate the negative effects of the rate increase on PWSA's low income customers. In turn, the Settlement includes a number of specific provisions designed to provide enhanced protections for residential consumers over the short term – helping to ease the acute financial hardship residential consumers are experiencing as a result of the pandemic.

The proposed stormwater rates are mostly unchanged¹⁷ from PWSA's initial proposal because, in the proposed Settlement, the parties allocated the agreed upon adjustments to stormwater revenue requirements to a reduction in the stormwater gradualism adjustment, through which revenues from wastewater rates are used to subsidize stormwater services. "PWSA has

¹⁵ Joint Pet., App. A at ¶ 73.

¹⁶ Pittsburgh United St. 1, at 8:1.

¹⁷ The exception is the adjustment to the stormwater rates for Bill Discount Program customers, which are discussed in paragraph III.F.1, infra.

historically included costs for stormwater services in its wastewater rates and continues to do so currently.”¹⁸ “Recovering stormwater costs through wastewater rates is not a fair and equitable rate structure because metered water usage is not well-correlated to how much stormwater a property generates.”¹⁹ For example, “a large commercial property may generate a relatively small amount of wastewater relative to the property’s size, yet generate large volumes of stormwater runoff from driveways, parking lots, and roofs,” while “a property such as an apartment building may generate large amounts of wastewater and very limited stormwater.”²⁰ Instead, “[i]t is logical and equitable to base . . . stormwater rates on the amount of impervious surface area on each parcel that contributes to stormwater runoff” because “the amount of impervious surface area is a good proxy for the volume of stormwater runoff generated by a property.”²¹

PWSA’s stormwater tariff will “set stormwater rates based on the amount of impervious area on each parcel within its service area, which is calculated on the basis of Equivalent Residential Units or ERUs.”²² Setting PWSA’s stormwater rates “based on impervious area as the units of service for stormwater is fair and consistent with nationwide best practices.”²³ Pittsburgh United’s reasons for supporting the stormwater gradualism adjustment in the proposed Settlement are addressed in paragraph III.B.3, *infra*. Pittsburgh United supports the stormwater rates in the proposed Settlement because they represent a significant step toward a more equitable and fairer rate structure for stormwater services and the rates themselves are based on PWSA’s reasonable balancing of the various factors it considered to determine the stormwater rates.

¹⁸ Pittsburgh United St. 2, at 18:7-8.

¹⁹ Pittsburgh United St. 2, at 18:11-13; *see* PWSA St. 7, at 3:7-8 & Exh. TI-3, at 3.

²⁰ Pittsburgh United St. 2, at 18:14-17.

²¹ Pittsburgh United St. 2, at 14:1-11, 15:11-12;

²² Pittsburgh United St. 2, at 14:15-17.

²³ Pittsburgh United St. 2, at 35:11-12.

This Settlement approach, whereby PWSA reduces its proposed revenue requirement and agrees to file a subsequent rate case no earlier than March 2023, limits the scope of the increase approved during a still uncertain economic period, ensures PWSA has adequate revenue to maintain safe service, and preserves the resources of the Commission, PWSA, Pittsburgh United, and the other parties and interested stakeholders. Pittsburgh United thus asserts that the overall rate increase set forth in the proposed Settlement should be approved.

B. Cost Allocation and Rate Design

1. Minimum Charge (Paragraph III.B.3)

PWSA's minimum charge includes both a customer charge and the first 1,000 gallons of usage, which PWSA proposed to continue as part of this rate proceeding. Through testimony, Mr. Geller explained that isolating usage from the minimum customer charge can help to improve bill clarity, increase transparency, and promote conservation. However, he noted that severing these charges without first making critical changes to the structure of PWSA's Bill Discount Program (BDP), would have a substantial negative impact on and the ability of the program to effectively improve service affordability for PWSA's low income customers.²⁴ Mr. Geller recommended that PWSA remove the minimum usage charge, but only after restructuring its BDP.²⁵

In response, PWSA's expert testified that it does not have the technical capabilities to significantly alter the BDP's structure at this time.²⁶ But with its pending adoption of a new

²⁴ Pittsburgh United St. 1, at 23:17-19.

²⁵ *Id.* at 24:3-4.

²⁶ PWSA St. 5, at 25-27.

technological infrastructure, scheduled for implementation in August 2022, PWSA will have the additional systems capability necessary to make significant structural changes to its BDP to mitigate the effect of the elimination of the minimum usage rate on bill affordability for its low income consumers.

The proposed Settlement at III.B.3 provides that PWSA will maintain its minimum usage allowance in the short term, while it lays the foundation to transition away from its current rate structure. PWSA has committed to propose changes to its BDP at the same time it proposes an altered rate structure. The Settlement explicitly requires any BDP redesign to ensure, “at a minimum, the same level of benefits currently offered by the existing design” – accounting for variations in usage level and volumetric discounts.²⁷ To assist with the Commission’s eventual review of PWSA’s proposal, the Settlement requires PWSA to conduct a detailed analysis comparing the current BDP discount levels – by income and usage – with the benefits provided through any proposed program structure.

Pittsburgh United asserts that the proposed Settlement is squarely in the public interest, as it takes decisive steps to improve PWSA’s rate structure without disrupting critical rate assistance to economically vulnerable consumers.

2. Universal Service Cost Recovery (Paragraph III.B.5)

Through the proceeding, the Office of Small Business Advocate challenged PWSA’s allocation of universal service program costs to all customers, rather than requiring residential customers to bear the sole financial burden of ensuring all consumers can reasonably afford to

²⁷ Joint Pet. at ¶ III.B.3.c.i

access water and wastewater service to their home.²⁸ In response, Mr. Geller explained that all consumers share in the “cause” of universal service costs (namely, poverty), and that all consumers must share the burden of supporting universal service programs.²⁹

While universal service program participants may derive the most direct benefits from universal service programs, these programs provide important societal benefits that are also enjoyed by non-residential ratepayers that should not be ignored. Many universal service program participants are employed – yet do not receive a wage that is adequate to afford basic household needs. Many others are retired Seniors that do not receive enough in Social Security or retirement benefits to afford basic life necessities, such as utility services.

Moreover, low income customers faced with utility insecurity often struggle to cope with heightened levels of stress, anxiety, and depression, and must take time away from work to arrange payments, locate or apply for assistance programs, and arrange for reconnections – all of which significantly undermine worker productivity. Universal service programs also help utility companies to control uncollectible expenses, helping to bridge the gap in these circumstances, which benefits all customers. Thus, each of us, regardless of rate class, receives the benefits derived by a healthy and productive community- making it sound policy for all customers to share in the cost of providing universal access to our most vulnerable residents.³⁰

Mr. Geller further explained that PWSA’s decision to recover universal service costs from all ratepayers was a sound decision, made by PWSA’s Board of Directors. Given PWSA – a municipal authority – is a publicly owned utility, policy decisions of this nature should not be disrupted unless clearly contrary to law or the public interest.³¹ There are no laws prohibiting cross-class recovery of universal service costs, though there is law supporting the methodology. Mr. Geller noted that Philadelphia Gas Works – also a publicly owned utility – has recovered universal service costs from all ratepayers for many years, and its decision to do so has been previously affirmed by the Commission.³²

²⁸ See OSBA St. 1 at 13-19.

²⁹ See Pittsburgh United St. 1R, at 5-6.

³⁰ See Pittsburgh United St. 1R, at 6, internal cites omitted.

³¹ Pittsburgh United St. 1R, at 6:21 - 7:3.

³² See, e.g., 2018 Report on Universal Service Programs & Collections Performance, at 78.

Paragraph III.B.5 of the proposed Settlement provides that all parties reserve their right to address the issue of how to allocate the costs of PWSA’s customer assistance programs in the next rate proceeding. Pittsburgh United submits that this provision is in the public interest, as it preserves PWSA’s current universal service cost recovery mechanism – ensuring that all ratepayers share equitably in the cost to ensure that service is reasonably accessible and affordable to all consumers.

3. Stormwater Gradualism Adjustment (Paragraph III.B.6)

PWSA’s initial proposed stormwater tariff would have recovered \$12.4 million (33.8%) of overall stormwater costs through a “stormwater gradualism adjustment” that transfers these costs to wastewater rates.³³ PWSA articulated a variety of reasons for the stormwater gradualism adjustment that largely focus on aspects of customer acceptance of the new stormwater fee and avoiding rate changes or stormwater fees that may seem disproportionate to some customers.³⁴ Regardless of the rationale, “[t]he stormwater gradualism adjustment perpetuates a portion of the inequitable rate structure that the impervious-area-based stormwater rates are intended to correct,” and Pittsburgh United takes the position that “PWSA should eliminate or phase out the stormwater gradualism adjustment as quickly as possible.”³⁵ Among the parties more broadly, “it appears that there is broad agreement that the stormwater gradualism adjustment should be temporary and that PWSA should move toward recovering all stormwater costs of service through stormwater rates in the future.”³⁶

³³ See Pittsburgh United St. 2, at 19:1-6; Joint Pet., App. A, ¶ 75(c).

³⁴ See Pittsburgh United St. 2, at 21:3-18.

³⁵ Pittsburgh United St. 2, at 23:14-17.

³⁶ Pittsburgh United St. 2-SR, at 2:19 – 3:12 (citing testimony from PWSA, OCA, OSBA, and I&E).

The proposed Settlement retains a stormwater gradualism adjustment,³⁷ which Pittsburgh United supports for two reasons. First, the parties have agreed to keep most of the stormwater rates initially proposed by PWSA³⁸ and to allocate the agreed upon adjustments to stormwater revenue requirements to a reduction in the stormwater gradualism adjustment. The net result is that the stormwater gradualism adjustment in the proposed Settlement is reduced to \$10.6 million (instead of \$12.4 million), which represents 30.5% of overall stormwater costs (instead of 33.8%).³⁹ Pittsburgh United supports this modified gradualism adjustment as a further step toward a more equitable rate structure for stormwater services. As a result of the stormwater gradualism adjustment, the specific proposed stormwater rates are based on a variety of factors mostly related to customer acceptance of the new stormwater fee, from which PWSA’s consultants concluded that the stormwater fee for average residential customers should be under \$100 per year, yielding a fee per ERU of \$7.95 per month.⁴⁰

Second, in the proposed Settlement, PWSA commits in its next base rate case to “reduce or eliminate the gradualism adjustment through which wastewater rates subsidize stormwater costs” and to provide testimony and exhibits that present the rate impacts from eliminating the stormwater gradualism adjustment and from any future stormwater gradualism adjustment that PWSA may propose.⁴¹ This Settlement term addresses Pittsburgh United’s concerns about the stormwater gradualism adjustment, at least for now, because it helps to ensure that PWSA will “eliminate or phase out the stormwater gradualism adjustment as quickly as possible,” that the

³⁷ See Joint Pet., App. A ¶ 75(c).

³⁸ The exception is the adjustment to the stormwater rates for Bill Discount Program customers, which are discussed in paragraph III.F.1, *infra*.

³⁹ See Joint Pet., App. A ¶ 75(c).

⁴⁰ See Pittsburgh United St. 2, at 21:5-18.

⁴¹ Joint Pet. § III.B.6.

gradualism adjustment will be “reexamined in future base rate cases,” and that PWSA will “move toward recovering all stormwater costs through stormwater rates in the long term.”⁴²

C. Stormwater

1. Stormwater Credit Program (Paragraph III.C.1)

PWSA’s stormwater tariff includes a stormwater credit program “to encourage property owners to take steps to improve stormwater management on their properties, which in turn reduces the burden on PWSA’s system.”⁴³ Residential customers are eligible for a 50% credit on their stormwater fee if they disconnect their downspouts from storm sewers and divert drainage to street planters, or detain ³/₄ inch of rain from their property’s impervious surfaces.⁴⁴ A credit of up to 45% or 60% is available to nonresidential customers that meet the City of Pittsburgh’s 2016 or 2019 stormwater standards.⁴⁵ Nonresidential customers can also earn additional credits, up to 100% of their stormwater fees, for “regional efforts” or controlling at least 25% more runoff than required by the Pittsburgh 2019 stormwater standards.⁴⁶

Pittsburgh United supports implementation of a stormwater credit program to encourage property owners to make localized stormwater improvements on their properties and to help make the stormwater fee more affordable. However, no one knows yet whether the stormwater credit program will be utilized effectively and equitably by a wide range of customers. Pittsburgh United is concerned that many property owners may not participate, either because they lack sufficient

⁴² Pittsburgh United St. 2-SR, at 3:15 – 4:2.

⁴³ Pittsburgh United St. 2, at 30:5-7.

⁴⁴ Joint Pet., App. K, at 9-11.

⁴⁵ Joint Pet., App. K, at 9-11.

⁴⁶ Joint Pet., App. K, at 10.

incentives or because of the burden of paying upfront for the costs of stormwater retrofits.⁴⁷ To address these concerns, Ms. Adams stated that “PWSA should collect and track data on participation in the stormwater credit program and use those data to consider modifications to the stormwater credit program in future rate cases.”⁴⁸

The proposed Settlement does so by providing that “PWSA will track data on enrollment and actual costs of the stormwater credit program and provide this information in its next stormwater rate filing.”⁴⁹ It also creates a process through which interested parties will work with PWSA to “identify the appropriate data points necessary to enable an evaluation of the [stormwater credit] program” and identifies various types of data that may be collected.⁵⁰ “Collecting these data will allow PWSA to understand who is participating in and benefitting from the credit program and whether [future] changes may be appropriate to encourage broader participation, such as supplementing the credit program with a grant or reimbursement program for stormwater retrofits for low income property owners and low income rental properties.”⁵¹

2. Stormwater Master Plan (Paragraph III.C.2)

PWSA is in the process of developing a comprehensive stormwater master plan that “will become PWSA’s fundamental resource for guiding decisions regarding stormwater management and the use of green infrastructure in the most cost-effective manner for the next five years and beyond to improve water quality, alleviate flooding, reduce basement backups, create jobs, and

⁴⁷ See Pittsburgh United St. 2, at 30:8 – 31:11, 32:1-15; Pittsburgh United St. 2-SR, at 6:8 – 7:10.

⁴⁸ Pittsburgh United St. 2-SR, at 7:13 – 8:10; Pittsburgh United St. 2, at 31:13-23.

⁴⁹ Joint Pet. § III.C.1.a.

⁵⁰ Joint Pet. § III.C.1.a.i-ii.

⁵¹ Pittsburgh United St. 2-SR, at 8:6-10.

beautify neighborhoods for safer and more resilient communities.”⁵² Pittsburgh United “strongly support[s] PWSA’s development of a stormwater master plan,” but also identified a handful of concerns about the master planning process.⁵³

One concern about the stormwater master plan related to uncertainty about “public input opportunities during the development of PWSA’s stormwater master plan.”⁵⁴ The proposed Settlement builds on testimony from PWSA’s witnesses to clarify that “PWSA will create and publicize a Stakeholder Engagement Plan for its Stormwater Master Plan development process,” that “[c]ommunity outreach and engagement is a critical component of the Stormwater Master Plan and is targeted to begin in the fall of 2021,” and that “[c]ommunity members will have opportunities as part of this outreach to provide needed input as the Stormwater Master Plan is developed.”⁵⁵ By committing PWSA to this public input process, the proposed Settlement helps to ensure that “the stormwater master plan [will] identif[y] and address[] the full range of stormwater-related issues in PWSA’s service area.”⁵⁶

Another concern was that PWSA has previously “articulated a number of ways that it is selecting and prioritizing stormwater projects and maintenance,” but the “various goals and criteria [are] distributed across various documents and plans [which] makes it more difficult for customers to understand how PWSA will decide how to spend ratepayer funds for stormwater-related work.”⁵⁷ The proposed Settlement addresses this by ensuring that “[t]he Stormwater Master Plan

⁵² Pittsburgh United St. 2, at 6:14-18 (quoting a description provided by PWSA).

⁵³ Pittsburgh United St. 2, at 7:8 – 11:8.

⁵⁴ Pittsburgh United St. 2, at 8:8-22; Pittsburgh United St. 2-SR, at 8:18 – 9:10.

⁵⁵ Joint Pet. § III.C.2.a.

⁵⁶ Pittsburgh United St. 2, at 8:15-16.

⁵⁷ Pittsburgh United St. 2, at 9:22 – 10:17.

will comprehensively state PWSA’s criteria for selecting and prioritizing stormwater projects.”⁵⁸ This Settlement term fulfills Pittsburgh United’s request that, “[i]n the stormwater master plan and other documents, it would be helpful for PWSA to consolidate its various stormwater-related goals and criteria and articulate a clear vision for how it will select and prioritize stormwater projects and demonstrate that it is using ratepayer funds reasonably and equitably to deliver the best possible stormwater service to all customers.”⁵⁹

3. Commitment to Low Income and Other Impacted Communities (Paragraph III.C.3)

PWSA has previously expressed a commitment to seeking a set of stormwater solutions that “maximize a triple bottom line of environmental, economic, and societal benefits.”⁶⁰ However, PWSA’s stormwater projects necessarily seek to address a wide range of issues including “poor water quality, CSOs [combined sewer overflows] and SSOs [sanitary sewer overflows], illicit discharges, surface flooding, basement flooding, older sewer systems, and regulatory requirements.”⁶¹ In light of these multifaceted goals, “there is a risk that projects providing ‘societal benefits,’ especially to low income and environmental justice communities, [may] be deprioritized in favor of projects that focus on meeting regulatory requirements or supporting broader economic development and redevelopment projects.”⁶² To reduce that risk, PWSA must “ensure that all three of the triple bottom line benefits are carefully considered when selecting and prioritizing projects,” and “create processes and metrics to ensure that low income communities share equitably in the benefits created by PWSA’s implementation of green

⁵⁸ Joint Pet. § III.C.2.b.

⁵⁹ Pittsburgh United St. 2, at 10:17 – 11:2.

⁶⁰ Pittsburgh United St. 2, at 10:9-10 (quoting PWSA St. 7, at 23:11-12).

⁶¹ Pittsburgh United St. 2, at 10:7-9 (quoting PWSA St. 7, at 23:7-8).

⁶² Pittsburgh United St. 2, at 12:6-9.

infrastructure projects, PWSA’s improvements to gray infrastructure, and other actions guided by the stormwater master plan” and Capital Improvement Plan.⁶³

The proposed Settlement addresses these concerns in several ways. First, it provides that “PWSA’s Stormwater Master Plan will provide for consideration of services and projects in low income communities and other communities disproportionately impacted by localized flooding, basement backups, and other stormwater impacts, as part of its planning process.”⁶⁴ Second, it ensures that “PWSA’s Stormwater Master Plan will include identifying and tracking of projects based on census block data to ensure information is available to evaluate deployment of stormwater infrastructure in low income communities and other communities disproportionately impacted by localized flooding, basement backups, and other stormwater impacts.”⁶⁵ Third, it provides that “[b]eginning with the development of its 2023 Capital Improvement Plan, PWSA will factor into its consideration of project timeframes and overall planning projects that are targeted to areas of communities with higher concentrations of low income populations to the extent permitted by law and/or other regulatory directives and requirements.”⁶⁶ These proposed Settlement provisions will “help to ensure that all PWSA customers receive safe and effective stormwater services and that the benefits funded by ratepayer funds are distributed equitably.”⁶⁷

⁶³ Pittsburgh United St. 2, at 9:12-15, 11:3-7, 12:9-10.

⁶⁴ Joint Pet. § III.C.3.a.i.

⁶⁵ Joint Pet. § III.C.3.a.ii.

⁶⁶ Joint Pet. § III.C.3.a.iii.

⁶⁷ Pittsburgh United St. 2, at 12:18-20; see also Pittsburgh United St. 2, at 11:10-17, 13:4-8 (noting that PWSA’s green infrastructure projects, such as rain gardens and tree planters, can provide co-benefits such as “green spaces, shade, natural habitat, and cleaner air, in addition to providing services like flood protection and water pollutant filtration.”).

4. Education and Outreach to Customers (Paragraph III.C.4)

Effective education and outreach regarding the new stormwater tariff are essential for its success. “Convincing customers that the stormwater fee is a fairer way to fund essential [stormwater] services is critical to reducing instances of non-payment and securing ratepayer support for stormwater funding over time.”⁶⁸ Customers will need to be able to understand how PWSA calculated the amount of impervious surface area and the resulting stormwater fee for their properties and have access to a clear process to appeal that determination if there may have been an error.⁶⁹ And “the success of the [stormwater credit] program depends upon helping customers understand the value—to themselves, their communities, and the environment—of making stormwater improvements to their properties.”⁷⁰

The proposed Settlement addresses these critical customer education and outreach needs and will help to make implementation of the new stormwater tariff go more smoothly. PWSA is committing to an array of outreach activities—including bill inserts, social media and website content, and engagement at community meetings—both before and after the new stormwater rates are implemented to help customers understand the stormwater rates and why they are being implemented.⁷¹ These outreach efforts will help to “reduce confusion and resistance when [PWSA] implements the stormwater fee.”⁷² In addition, PWSA is committing to create a website where customers can see an aerial image of their property, learn how their stormwater fee was calculated and how to appeal it, and access a manual to understand how to participate in the stormwater credit

⁶⁸ Pittsburgh United St. 2, at 27:14-18.

⁶⁹ Pittsburgh United St. 2, at 16:9 – 18:2.

⁷⁰ Pittsburgh United St. 2, at 33:21 – 34:2.

⁷¹ Joint Pet. § III.C.4.b.

⁷² See Pittsburgh United St. 2, at 28:11 –29:12.

program.⁷³ The online resources will help customers determine if there was any error in setting their stormwater rates, facilitate the resolution of any disputes about the stormwater rate charged to a particular property, and make it easier for customers to take advantage of the stormwater credit program.⁷⁴ PWSA has also agreed to share drafts of its educational outreach materials with the parties in the fall of 2021, prior to the implementation of the stormwater fee,⁷⁵ which will help to ensure that the materials are as effective as possible.⁷⁶ For all of these reasons, Pittsburgh United supports the stormwater education and outreach terms in the proposed Settlement.

5. Stormwater Customer Service Issues (Paragraph III.C.5)

Implementation of the new stormwater tariff raises the risk that customers may be confused about the new stormwater rates, and there may be an increase in the number of customer inquiries and disputes while customers learn about the new tariff.⁷⁷ As discussed in the preceding subsection, the proposed Settlement requires PWSA to implement a variety of education and outreach efforts that will help to reduce customer confusion and disputes. In addition, the proposed Settlement requires PWSA to track and report on various metrics related to stormwater customer service issues, including customer call statistics, customer disputes, stormwater arrearages, and stormwater collection activities.⁷⁸ These data will help PWSA, the parties, and the Commission evaluate whether PWSA is providing a reasonable quality of customer service to stormwater customers and identify any adjustments or improvements that may be needed in the future.⁷⁹

⁷³ Joint Pet. § III.C.4.a.

⁷⁴ See Pittsburgh United St. 2, at 16:9 – 18:2, 34:12-15.

⁷⁵ Joint Pet. § III.C.4.c.

⁷⁶ See Pittsburgh United St. 2, at 28:15-18; Pittsburgh United St. 2-SR, at 10:7-19.

⁷⁷ See OCA St. 5, at 31:21 – 32:1.

⁷⁸ Joint Pet. § III.C.5.

⁷⁹ See generally OCA St. 5, at 31:21 – 35:12.

D. COVID-19 Expenses, Funding and Pandemic Measures

1. COVID-19 Expenses (Paragraph III.D.1)

Paragraph III.D.1 of the proposed Settlement states, in part, that PWSA will continue to track extraordinary, nonrecurring incremental COVID-19 related expenses and will maintain detailed accounting records of such. PWSA may claim the aforementioned expenses for ratemaking purposes in its next general base rate proceeding. Pittsburgh United did not take a formal position on tracking of these specific expenses, however, as discussed below regarding future COVID-19 related funding, detailed tracking of these expenses will help to ensure that any costs that PWSA attempts to recover in the future will be accurately accounted for. Thus, Pittsburgh United believes this provision is in the public interest and should be approved.

2. Future COVID-19 Funding (Paragraph III.D.2)

In recognition of the extraordinary circumstances posed by COVID-19, and the need to take appropriate actions to mitigate the harm that has resulted as a result of the pandemic, Paragraph III.D.2 requires PWSA to exercise prudent efforts to maximize (and track) utilization of government benefits, whether in the form of a direct grant or otherwise, to minimize costs to be deferred. PWSA is further required to provide a report detailing its efforts, any amounts obtained as part of efforts and their intended use, and, if denied, the reason for such denial as part of the next base rate case.

Importantly, this provision requires that PWSA pursue and track efforts to obtain government benefits – such as assistance to low income consumers through the Low Income Household Water Assistance Program, set to launch January 2021⁸⁰ – to minimize costs to

⁸⁰ Pittsburgh United St. 1, at 26:16-19.

ratepayers associated with the pandemic, and preserves the right of all parties to challenge the reasonableness and prudence of these incurred costs. Ensuring that PWSA take all reasonable steps to minimize the additional costs to their customers of this pandemic is squarely in the public interest. Thus, Pittsburgh United asserts that paragraph III.D.2 of the proposed Settlement should be approved without modification.

3. Customer Protections (Paragraph III.D.3)

In paragraph III.D.3, PWSA commits to continue several critically important customer protections for at least one year following entry date of a final order in this proceeding. These protections include waiver of reconnection fees, targeting outreach to customers with existing debt, and continued reliance on self-certification of income for eligibility in low income assistance programs. Additionally, PWSA agrees to offer at least one extended payment arrangement of no less than 60 months for a customer < 250% of the Federal Poverty Level, no less than 24 months for customers between 250-300% of the Federal Poverty Level, and no less than 12 months for those customers over 300% of the Federal Poverty Level. Finally, PWSA commits to offering victims of domestic violence with a Protection from Abuse Order or other court order which contains clear evidence of domestic violence a payment arrangement that exceeds the term lengths identified in 66 Pa. C.S. § 1405, if warranted based on the customers' facts and circumstances, including their ability to pay.

Pittsburgh United supports these COVID-19 related customer protections for the reasons explained more fully below. Given that we do not know the extent of the toll of the COVID-19 pandemic on the health and livelihoods of PWSA's customers, or its long-term impacts, it is essential that consumers in PWSA's service territory can connect to and maintain water and

wastewater services necessary to remaining in homes, sanitizing, and defending themselves, their families, and their communities against any further spread of COVID-19.⁸¹ Mr. Geller further explained in his testimony,

Until very recently, many of the emergency measures necessary to protect public health – including protections from eviction, foreclosure, and utility terminations, as well as short-term emergency unemployment assistance – have somewhat masked the extent of the problem. While Pennsylvania continues on its road to recovery from the COVID-19 pandemic, available data suggests unprecedented levels of evictions, foreclosures, and utility terminations await low income families in the coming months.⁸²

Continuing to waive reconnection fees is vital at this time. By extending its waiver of reconnection fees, the Settlement helps to ensure that at-need customers will be able to restore critical water and wastewater services necessary to mitigate the spread of the COVID-19 virus without facing additional fees or costs that can serve to compound existing affordability challenges.

In addition, paragraph III.D.3 of the proposed Settlement obligates PWSA to perform targeted outreach to customers with existing debt to assist them with enrollment in PWSA's customer assistance programs, when eligible, and/or to negotiate appropriate payment arrangements. PWSA's low income customers in particular face much higher arrears and rates of termination for non-payment compared to residential customers as a whole:

As of March 2021, over 10% of PWSA's residential customers were at risk of termination. At that time, residential customers were carrying approximately \$9,471,127.27 in arrears. One year prior to that, in March 2020, nearly 7% of PWSA's residential customers were at risk of termination, and residential customers were carrying \$5,378,580.82 in arrears. Low income customers carry an outsized percentage of overall arrears. As of March 2020, PWSA had 2,581 customers enrolled in BDP. These

⁸¹ Pittsburgh United St. 1, at 27:17 - 28:4.

⁸² Pittsburgh United St. 1, at 12:16 – 13:9 (internal cites omitted).

customers were carrying approximately \$2,332,222.81 in arrears – *or roughly 43% of total residential arrears*. As of March 2021, PWSA had 2,739 customers enrolled in BDP. These customers were carrying approximately \$2,962,281.02 in arrears – *or roughly 31% of total residential arrears*.

The Authority's BDP and low income customers also face correspondingly higher risk of involuntary termination for nonpayment compared to residential customers as a whole. For example, from April 2019 to March 2020, 135 BDP customers were terminated for nonpayment. This equates to roughly 6% of BDP participants. In any given month during this period, with the exception of March 2020 when terminations were halted as a result of the pandemic, between 10-37% of BDP participants received a notice of termination. Comparatively, during that same time period, 1,784 residential customers were terminated for non-payment – just 2% of the total residential population. Between 1-5% of residential customers received notice of termination each month during this timeframe.⁸³

As low income customers continue to manage the economic consequences of the COVID-19 pandemic, it is crucial that PWSA be proactive in reaching out to these customers before they are at risk of termination. It is therefore in the public interest for PWSA to perform targeted and affirmative outreach to customers with existing debt to help connect these households with resources to help improve affordability and reduce arrears, especially during the pendency of the COVID-19 pandemic.

This same paragraph of the Settlement also requires PWSA to provide additional payment arrangements to households with arrears, regardless of a consumer's prior broken payment arrangements, for at least one year from the date of the final order in this matter. By expanding and clarifying the availability of payment arrangements to assist those that have fallen behind through the pandemic, regardless of the number of prior payment arrangements a customer had in the past, PWSA will provide critical relief to customers who are struggling profoundly to afford their

⁸³ Pittsburgh United St. 1, at 18:5 – 19:5, internal cites omitted.

monthly bills in the wake of widespread economic hardship associated with the ongoing COVID-19 pandemic.

Pittsburgh United recognizes that PWSA is taking affirmative steps to prevent utility terminations for residential customers, as many customers – especially low income customers – are just beginning to recover from the health and economic impacts of COVID-19. It is absolutely critical to ensure that PWSA’s residential customers are able to maintain services as they continue to fight against the impacts of the pandemic’s resurgence. The customer protections related to COVID-19 included in the proposed Settlement will help to do exactly that. As such, Pittsburgh United asserts that these provisions of the Settlement are squarely in the public interest and should be approved without modification.

E. Customer Service/Quality of Service

The proposed Settlement contains a number of provisions regarding various customer service and quality of service issues raised by the parties in this proceeding. Pittsburgh United did not raise any of these issues, but believes the terms contained therein are reasonably and appropriately balanced. Pittsburgh United notes that paragraph III.E.10 explicitly acknowledges the pendency of the PWSA Stage 2 Compliance Plan at docket M-2018-2640802, the designated proceeding to address various customer service issues, and all parties agree that the provisions of the Settlement may be changed or modified in that proceeding. As Mr. Geller explained in testimony, the Stage 2 proceeding is the forum in which the parties have agreed to explore numerous billing, collection, and termination standards.⁸⁴ As such, it is squarely in the public

⁸⁴ See Pittsburgh United St. 1, at 6.

interest for the parties to agree that any decisions reached here may be augmented further by this pending proceeding.

F. Low Income Customer Assistance Programs

PWSA offers two forms of direct bill payment assistance to low income consumers through its Bill Discount Program (BDP) and its Hardship Grant Program.⁸⁵ In addition, PWSA operates a Winter Shut-Off Moratorium Program.⁸⁶ As described in further detail below, the proposed Settlement makes moderate but essential improvements to the BDP, Hardship Grant Program, and Winter Shut-Off Moratorium Program to help remediate existing unaffordability and offset the additional financial impact of the rate increase on PWSA's economically vulnerable households.⁸⁷ Together, these immediate and long-term provisions will help to improve the accessibility and affordability of services to PWSA's substantial low income population.

1. Bill Discount Program (BDP) (Paragraph III.F.1)

In paragraph III.F.1 PWSA commits to increasing the volumetric discount from 20% to 50% for BDP participants with household income between 0-50% of the Federal Poverty Level. The existing BDP discount on fixed charges will remain as settled in the 2020 Rate Case.⁸⁸ This modest increase to the volumetric discount for families at the lowest end of the income spectrum will not only improve bill affordability, but will tie usage to their discount, providing them more control over their bill amounts. Improving bill affordability for those customers at the lowest end

⁸⁵ See, e.g., PWSA St. No. 6, at 23: 24; 26.

⁸⁶ Id. at 24.

⁸⁷ Joint Pet. § III.F.1-3.

⁸⁸ PA Public Utility Commission et al., v. Pittsburgh Water and Sewer Authority - Water Docket Nos. R-2020-3017951 et al.; and PA Public Utility Commission et al., v. Pittsburgh Water and Sewer Authority – Wastewater, Docket Nos. R-2020-3017970 et al., Joint Petition at 10.

of the income levels will help mitigate this high water and wastewater burden for those with the fewest resources and is therefore squarely in the public interest and should be approved without modification.

Paragraph III.F.1.a of the Petition proposes an 85% discount on the stormwater fee for all BDP participants. Any increase in rates, including the imposition of a new stormwater fee, is burdensome for low income customers.⁸⁹ If these customers are unable to pay this new fee, they are at risk of having their water service terminated and having a lien placed on their property.⁹⁰ While Ms. Adams recommended that PWSA provide a 100% discount on the stormwater fee for BDP participants,⁹¹ Pittsburgh United asserts that an 85% discount on the stormwater charge for BDP participants as proposed in paragraph III.F.1 of the Petition represents a reasonable compromise on this issue given the varied positions and interests of the parties.

Paragraph III.F.1.b of the proposed Settlement outlines both immediate and long-term enhancements to PWSA's Arrearage Forgiveness Program. Paragraphs III.F.1.b.i-v detail the immediate improvements to be made to the existing AFP structure. Paragraph III.F.1.b.vi details the significant structural change to be implemented to PWSA's AFP upon implementation of its new customer information and billing system (SAP).

As part of the enhancements to PWSA's current AFP structure, PWSA is required to automatically enroll BDP customers who have a pre-existing arrearage and negotiate a payment

⁸⁹ Pittsburgh United St. 1, at 14:4 – 17:3, 48:7-19.

⁹⁰ PWSA St. 6, at 29:14 – 30:6, 31:10 – 32:3. Consistent with paragraph III.E.10, PWSA's collections methods may be at issue in the separate, ongoing Compliance Plan proceeding. In noting PWSA's assertions regarding the consequences of stormwater unaffordability and PWSA's current collections methods, Pittsburgh United is not taking a position at this time on the appropriateness of those methods.

⁹¹ Pittsburgh United St. 2, at 27:3-4.

arrangement.⁹² PWSA is required to attempt to contact all current BDP enrollees with outstanding arrearages who are not enrolled in the AFP to establish payment arrangements and enroll in AFP.⁹³ The payment arrangements offered will be for a term of no less than 60 months.⁹⁴ In addition to increasing access to the AFP through these enhancements, PWSA will increase the monthly credit from a flat \$15 per payment received to \$30 per payment received.⁹⁵

PWSA's existing Pilot Arrearage Forgiveness Program has a low enrollment rate compared to the number of PWSA's BDP customers, and PWSA's confirmed and estimated low income customer counts. As Mr. Geller stated in his direct testimony:

PWSA reports that from February to April 2021, a total of 143 customers enrolled in the PAFP. Of the 143 customers who enrolled in the PAFP, a total of 24 customers were subsequently removed from the program in March and April. This enrollment level is very low compared to the 248 customers that enrolled in the BDP during this same timeframe (February to April, 2021) and the level of arrears associated with BDP customer accounts (\$2,962,281 as of March 2021). It is likely that more than 143 of the 248 BDP enrollees entered the program with arrears and should have been enrolled in the arrearage forgiveness program.⁹⁶

The proposed Settlement at paragraph III.F.b.i addresses a number of these concerns, ensuring the program effectively reaches eligible households and provides meaningful relief. Automatic enrollment of existing BDP enrollees with arrears will ensure that more at-need customers are able to access arrearage forgiveness and will be provided this benefit as an integrated component of the BDP. This is consistent with the arrearage forgiveness provided by other major Pennsylvania utilities – in which arrearage forgiveness is provided concurrently with

⁹² Joint Pet. at § III.F.1.b.i.

⁹³ *Id.* at § III.F.1.b.ii.

⁹⁴ *Id.* at § III.F.1.b.iii.

⁹⁵ *Id.* at § III.F.1.b.iv.

⁹⁶ Pittsburgh United St. 1, at 39:1-8.

the bill discount under customer assistance programs. Further, increasing the monthly credit amount is a reasonable intermediate step in ensuring that low income consumers are given a reasonable means to catch up on past due bills upon entry into the BDP. In addition, PWSA and other ratepayers who pay for the program will benefit in terms of reduced collections expenses and uncollectible expenses. As PWSA begins to implement its SAP, it is required to consider alternative designs for its AFP, such as a percentage of forgiveness structure that could provide a more equitable means for low income customers to catch-up on their arrears – especially those customers who carry higher balances. The proposed settlement requires PWSA to work with its vendors to ensure that the tech capabilities are in place to allow for alternative AFP structures.

With the enhancements of its AFP in this case and explicit plans to consider structural changes to its program as its technological capabilities expand, PWSA will be taking an important step towards increasing bill affordability for its low income customers. As such, Pittsburgh United asserts that the enhancements to its existing program, commitment to implementing a plan to automate arrearage forgiveness for BDP participants, and eventual restructuring of the AFP is in the public interest and should be approved without modification.

2. Hardship Grant (Paragraph III.F.2)

Paragraph III.F.2 of the proposed Settlement requires PWSA to eliminate the sincere effort of payment requirement from its hardship grant eligibility criteria, extend eligibility to Wastewater Conveyance only customers, and provide \$100,000 of funding annually through rates. Further, PWSA commits to continuing to explore any and all possibilities for ongoing funding of the

hardship grant, including soliciting and evaluating ideas from Low Income Assistance Advisory Committee (LIAAC) members.

Mr. Geller explained in his direct testimony, “[f]or the most vulnerable low income customers who are seeking grant assistance, often after many months of financial hardships, hardship funding is out of reach as a result of the up-front payment requirement.”⁹⁷ Elimination of the sincere effort of payment requirement will remove a significant boundary to assistance for low income customers.⁹⁸ Extending availability to wastewater conveyance only customers will further expand the program to reach more at-need customers.

Ultimately, the provisions of this Settlement will help to stabilize program funding and increase the availability of hardship fund assistance so that a greater number of at-need customers can access assistance in the future. Pittsburgh United asserts that the improvements to PWSA’s Hardship Grant Program in the proposed Settlement are in the public interest, as they improve the stability and accessibility of the Hardship Grant Program for low income customers who struggle most to afford their water and wastewater bills. Thus, these provisions should be approved without modification.

3. Winter Shut-off Moratorium (Paragraph III.F.3)

In Paragraph III.F.3 of the proposed Settlement, PWSA agrees to automatically extend the Winter Shut-off Moratorium to all confirmed low income customers. As stated in Mr. Geller’s

⁹⁷ Pittsburgh United St. 1, at 44:20 – 45:3.

⁹⁸ See *id.* at 44:16-18.

testimony, given the increased arrears amongst low income customers, and the disproportionate economic struggles that low income households have faced as a result of the pandemic, it is essential that eligible customers are able to maintain services necessary to remaining in their homes safely during the winter months.⁹⁹ This may have the added benefit to PWSA of helping to reduce the administrative costs that PWSA currently incurs in administration of its Winter Shut-off Moratorium.¹⁰⁰ As such, Pittsburgh United asserts that this improvement to the Winter Shut-Off Moratorium is squarely within the public interest and should be approved without modification.

4. Administration (Paragraph III.F.4)

In his testimony on behalf of Pittsburgh United, Mr. Geller raised several concerns regarding the administration of PWSA's low income customer programs, noting PWSA's low enrollment numbers and high administrative costs.¹⁰¹

Through its LIAAC, PWSA indicated that it conducted a manual review of BDP enrollment data from its program administrator, the Dollar Energy Fund (DEF), in March 2021.¹⁰² PWSA manually reviewed 1,172 account discrepancies identified through DEF and PWSA BDP enrollment data.¹⁰³ Various other discrepancies related to low income programming were discovered, including but not limited to inaccurate dismissal codes, eligibility coding errors with BDP and the Winter Moratorium, unexplained gaps in enrollment, recertification letters not being issued, and lack of cross enrollment/ program education.¹⁰⁴ As a result of this audit and its

⁹⁹ Id. at 47:8-11.

¹⁰⁰ Id. at 47:11-12.

¹⁰¹ Id. at 35-36, internal cites omitted.

¹⁰² Id. at 30:15-16.

¹⁰³ Id. at 30:16-17.

¹⁰⁴ Id.

findings, PWSA implemented manual account audit procedures, whereby the Cares Team will regularly review DEF data in order to determine errors.¹⁰⁵

Based on the information provided by PWSA, it appears that these issues related to PWSA's low income program administration have resulted in a substantial number of consumers being inappropriately turned away, removed, or otherwise excluded from PWSA's low income programs.¹⁰⁶ At the same time, through testimony, Mr. Geller explained that PWSA's current program administrative costs are very high, and that its manual review process to catch errors of its program administrator compounds these costs.¹⁰⁷

It is essential that PWSA continue to evaluate the administration of its low income programs to ensure that the programs are appropriately structured to incentivize enrollment and accuracy as proposed in paragraph III.F.4 of the proposed Settlement. Given the short timeframe for litigation of PWSA's rate proceeding, and the many other issues in this proceeding, there was not time to fully explore the driving issues causing high administrative costs – or, comparatively – whether such costs may be within reason. Further investigation is needed. PWSA's commitment to consider cost effective methods for administering the programs, including how to realize synergies with other area utility programs, and access and collect appropriate data for program adoption will provide valuable information to PWSA to inform further decisions about its program administration. This continued evaluation will ideally improve the ability of the Cares Team to

¹⁰⁵ Id.

¹⁰⁶ Pittsburgh United St. 1, at 34, 35.

¹⁰⁷ Pittsburgh United St. 1, at 34-36.

fully engage in vital community engagement and outreach in order to increase enrollment in PWSA's low income programs.¹⁰⁸

5. Outreach (Paragraph III.F.5)

PWSA estimates that more than 27% – 26,681 out of 97,619 – of its residential customers are low income.¹⁰⁹ PWSA began tracking confirmed low income customers when its PGH2O Cares Team was formed in March 2021 and, as of April 2021, PWSA indicated that just 5,544 customers were confirmed to be low income – far lower than its estimated low income customer counts. The following categories were included in PWSA's count of confirmed low income customers: (1) Bill Discount Customers; (2) Payment Arrangement customers; (3) Lead Service Line Reimbursement customers; (4) Hardship Grant customers; and (5) ALCOSAN Clean Water Assistance Fund customers.¹¹⁰

As Mr. Geller raised in his direct testimony, “only a small percentage of PWSA's low income customers have been able to enroll in the BDP program. In April 2019, just 1,809 customers were enrolled in BDP; in two years, that number has grown to 4,270 – but remains far behind estimated need.”¹¹¹ This disparity between the estimated number of low income customers and confirmed low income customers is a clear indication that more extensive and targeted outreach is required for PWSA to reach its most at-need customers.

¹⁰⁸ PWSA St. 6, at 9.

¹⁰⁹ Pittsburgh United St. 1, at 10:5-6.

¹¹⁰ Id. at 10:10-15.

¹¹¹ Id. at 37:6-8 (internal cites omitted).

Paragraph III.F.5 requires that PWSA establish a concrete target enrollment for its BDP (20%) within 18 months of a final order in this proceeding. Further, PWSA will establish quantitative goals related to unsolicited customer contacts, focusing those contacts on areas with residents in the lowest income tiers. This paragraph also requires that PWSA track and monitor the success of their enrollment attempts and report that information on a quarterly basis as part of its LIAAC meetings. Accurate counts of low income customers by income tier are critical metrics which allow the Authority to measure the needs, budgets, and goals of its low income programs. Such information is critical to determining how to improve program design, target outreach, and connect appropriate consumers with assistance. Further, providing consistent information about program enrollment levels to the advisory group, will in turn help to inform the advisory group, allowing it to give more valuable feedback to PWSA.

The evaluation of customer assistance programs and possible future enhancements in the proposed Settlement represent a balanced approach that will allow the Commission, the Joint Petitioners, and other interested stakeholders to evaluate the water and wastewater burdens borne by PWSA's low income customers. Moreover, the proposed Settlement expressly reserves the parties' right to raise issues regarding implementation of a fixed payment PIPP, as well as issues of cost allocation related to PWSA's customer assistance programs and lead service line replacement programs, in subsequent rate filings.¹¹² Given this balanced approach to evaluations of PWSA's administration of its low income programs and the contemplation of future improvements to these programs, Pittsburgh United asserts that the proposed Settlement with

¹¹² Joint Pet. § III.B.5.

respect to the evaluation of customer assistance programs and future enhancements is in the public interest and should be approved without modification.

G. Miscellaneous Fees (Paragraph III.G)

Pittsburgh United did not take a formal position on each individual fee addressed in this paragraph. However, Pittsburgh United supports lowering of the returned check fee from \$30.45 to \$20 and agrees that PWSA should be required to provide cost-based support for its proposed fees and charges.¹¹³ As part of the whole of this Settlement, Pittsburgh United asserts that these proposals are in the public interest and should be approved without modification.

IV. ADDITIONAL TERMS AND CONDITIONS

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

¹¹³ Id. at § III.G.4.

As a whole, the additional terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners and set forth additional rights and obligations of the Joint Petitioners in a fair and reasonable manner that is in the public interest and should be approved.

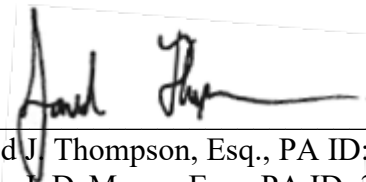
V. CONCLUSION

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of PWSA's filing and negotiations 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. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings about the settled issues – which would have been undertaken at a substantial cost to the Joint Petitioners. Accordingly, Pittsburgh United respectfully requests that ALJ Vero and the Commission approve the Settlement without modification.

Respectfully submitted,
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Date: September 14, 2021