



COMMONWEALTH OF PENNSYLVANIA

September 14, 2021

E-FILED

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

Re: Pittsburgh Water and Sewer Authority 2021 Rate Filing / Docket Nos. R-2021-3024773 (water), R-2021-3024774 (wastewater); R-2021-3024779 (stormwater)

Dear Secretary Chiavetta:

Enclosed please find the Statement in Support of the Joint Petition for Settlement, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceedings.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Erin K. Fure

Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245

Enclosures

cc: Brian Kalcic
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No. R-2021-3024773 (water)
v.	:	Docket No. R-2021-3024774(wastewater)
	:	Docket No. R-2021-3024779(stormwater)
Pittsburgh Water & Sewer Authority	:	

**STATEMENT IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

**Erin K. Fure
Assistant Small Business Advocate
Attorney ID No. 312245**

**Office of Small Business Advocate
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Date: September 14, 2021

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I. Introduction and Overall Reasons in Support of Settlement

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a complaint in the above-captioned proceeding, which was initiated by the Pittsburgh Water and Sewer Authority (“PWSA” or “Authority”) on April 13, 2021. A full recitation of the procedural history in this case is provided in Appendix A to the Joint Petition for Settlement (“*Settlement*”) that was filed in the proceeding on September 7, 2021. As a signatory to the *Settlement*, the OSBA adopts the procedural history outlined in Appendix A to the *Settlement*.

The OSBA was an active participant in the litigation and the negotiations that led to the *Settlement*. The *Settlement* sets forth a comprehensive list of issues that were resolved through the negotiation process. The OSBA submits this statement in support of the *Settlement*.

II. Reasons for Support of Specific Issues

A. Revenue Requirements and Quarterly Reporting

In PWSA’s initial filing, it sought a total increase to base rate revenues of \$32.2 million, to be phased-in over the course of 2022 and 2023. (*Settlement*, p. 4, ¶ 4). In contrast, the *Settlement* provides PWSA with an increase in 2022 retail tariff rate revenue of \$16,996,300 for water, wastewater, and stormwater and \$4,001,634 in 2023 for water, wastewater, and stormwater. (*Settlement*, p. 6, ¶ 9.A.1). In other words, the *Settlement* provides that PWSA will receive a total

increase to base rate revenues in the amount of approximately \$21 million (or, \$11.2 million less than its filed position) to be phased-in over the course of two years.

At a time when all types of utility service are becoming more expensive, and the COVID-19 pandemic continues to impact customers, the \$11.2 million reduction in the overall 2022 and 2023 revenue increase provided by the *Settlement* will benefit all of PWSA's consumers, including the Authority's small business customers.

Additionally, the *Settlement* provides that PWSA will not file for a general rate increase any sooner than March 2023, for rate implementation in January 2024. (*Settlement*, p. 6, ¶ 9.A.3). This provision provides assurance to small business customers that the Authority will not seek to increase rates for a significant period of time. Such assurance that water, wastewater, and stormwater rates will not increase for a set period of time provides certainty and predictability, which in turn allows small businesses to better budget and forecast their own financial needs during the stay-out period.

Paragraph 9.A.6 of the *Settlement* contains many reporting requirements for PWSA. These reporting requirements will enable the parties to the *Settlement* to evaluate PWSA's progress in meeting its commitments under the *Settlement*. Such information will further assist the OSBA in advocating for small business customers, and therefore, these provisions are in the public interest.

B. Cost Allocation and Rate Design

Appendix C of the *Settlement* contains the settlement revenue allocations for water, wastewater and stormwater service. The revenue allocation for stormwater service is unchanged from PWSA's filed stormwater proposal, which the OSBA did not oppose. The *Settlement*

results in an overall increase of 16.2% in water rates for commercial customers and an overall decrease of 28.6% in wastewater rates. (*Settlement*, at Appendix C).

Table 1 below compares the parties’ proposed water and wastewater increases for the Commercial class, adjusted for the overall level of the *Settlement* increase, to the Commercial increase provided by the *Settlement*.

Table 1

Comparison of Parties’ Proposed Commercial Water and Wastewater Increases
at Settlement Revenue Level to Settlement Increases 1/
(\$000)

<i>Commercial</i>	<i>Per Settlement</i>	<i>PWSA</i>	<i>OSBA</i>
Water	\$7,029	\$7,482	\$6,001
Wastewater	-\$7,537	-\$7,280	-\$7,142
Total	-\$508	\$202	-\$1,141

Source: Settlement Appendix C, HJS-15W-R, HJS-14WW-R, Sch. BK-4W-S and Sch. BK-4WW Corrected.

1/ Parties’ positions scaled to reflect the overall settlement water increase of \$15.1 m. and overall settlement wastewater decrease of \$17.8 m.

As shown in Table 1, the combined water and wastewater *Settlement* increase to the Commercial class reflects a compromise among the parties. Had the Commission given equal weight to the above positions, the overall water and wastewater increase to the Commercial class (assuming the *Settlement* increases were adopted) would have been (the sum of \$0.202 million plus -\$1.141 million, divided by 2 or) -\$0.470 million, which is \$0.038 million greater than the combined water and wastewater increase provided by the *Settlement*. As a result, the OSBA concludes that

the *Settlement* revenue allocations provide a reasonable result and a meaningful benefit to small business customers compared to PWSA's combined litigation position.

The OSBA also highlights Paragraph 9.B.2 of the *Settlement*, which requires PWSA to include "Services" as a functional cost category in the PWSA's cost study for water service in its next base rate case. The OSBA recommended including a Services cost component as an adjustment to PWSA's cost study in this proceeding, only to discover that data limitations precluded implementing such an adjustment at this time. Including a Services cost component in future water cost-of-service studies will result in a more accurate allocation of PWSA's claimed water revenue requirement to customer classes, and will provide a meaningful benefit to commercial customers in future base rate cases.

Finally, the OSBA highlights Paragraph 9.B.4 of the *Settlement*, which formally extends PWSA's lead service line replacement program to non-residential customers.

C. Stormwater

Paragraph 9.C.4.a of the *Settlement* includes education and outreach provisions that require PWSA to create a website that will assist customers in navigating and adjusting to the newly implemented stormwater fees. Additional outreach efforts (bill inserts, etc.) are also required as part of Paragraph 9.C.4.b of the *Settlement*. The OSBA believes that these provisions will greatly assist in educating customers about the stormwater fees, enhance customer understanding of stormwater fees, and empower customers in ensuring they are being billed correctly.

Paragraph 9.C.5 of the *Settlement* requires PWSA to track certain information related to implementing stormwater fees and service, and to present that information in the next rate case

filing. The collection and presentation of such information will assist the OSBA in representing small business customers of the Authority in the next rate case.

D. COVID-19 Expenses, Funding and Pandemic Measures

The OSBA took no position. The OSBA, however, highlights Paragraph 9.D.2 of the *Settlement* as being in the public interest because it requires PWSA to maximize its efforts to obtain government benefits to mitigate the cost impacts of COVID-19 and to file reports with the Commission when the Authority receives funding related to COVID-19. Such information will further assist the OSBA in advocating for small business customers, and therefore, these provisions are in the public interest.

E. Customer Service/Quality of Service

The OSBA took no position.

F. Low Income Customer Assistance Issues

The OSBA took no position on the specific low-income programs except for the potential cost recovery of low-income residential costs from commercial customers. The OSBA's issue has been reserved for litigation. (*Settlement*, p. 10, ¶ 9.B.5).

G. Miscellaneous Fees

The OSBA took no position. Nevertheless, the OSBA wishes to highlight its approval of Paragraph 9.G.3 of the *Settlement*, in which PWSA agrees not to charge customers for access to data in PWSA's possession which would be required for PWSA to respond to a customer dispute or complaint. Dealing with disputes or complaints involving utilities is a drain on small business customers, both in terms of time and resources. Each moment that a small business spends trying to resolve a dispute with a utility is time away from running the business itself, which can end up costing the small business customer profits. Eliminating an additional cost of data access

minimizes the total cost impact on small business customers who have a dispute or complaint with PWSA.

H. Future Notice of Proposed Rate Changes

The OSBA took no position.

I. Additional Terms and Conditions

The OSBA agrees with the provisions in Section IV of the *Settlement*. Settlement of this proceeding avoids the litigation of complex, competing proposals and saves the possibly significant costs of further administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Authority's customers as well. Avoiding further litigation of this matter will serve judicial efficiency, and will allow the OSBA to more efficiently employ its resources in other areas.

III. Conclusion

For the reasons set forth in the *Settlement*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Settlement* and respectfully requests that the ALJ and the Commission approve the *Settlement* in its entirety.

Respectfully submitted,

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Dated: September 14, 2021

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