

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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January 24, 2022

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

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

Dear Secretary Chiavetta:

Attached for electronic filing please find the Answer of the Office of Consumer Advocate to the Pittsburgh Water and Sewer Authority's Petition for Approval of a Pilot Private Line Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery in the above-referenced proceeding. The OCA has attached the verification of Roger D. Colton, pursuant to the requirements of 52 Pa. Code § 1.36.

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

Respectfully submitted,

/s/ Christine Maloni Hoover  
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Enclosures:

cc: The Honorable Charles E. Rainey, Jr. (**email only**)  
Office of Special Assistants (**email only**: [ra-OSA@pa.gov](mailto:ra-OSA@pa.gov))  
Certificate of Service

\*323220

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Answer to The Pittsburgh Water and Sewer Authority Petition, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 24<sup>th</sup> day of January 2022.

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Dated: January 24, 2022  
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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ANSWER OF THE OFFICE OF CONSUMER ADVOCATE  
TO THE PITTSBURGH WATER AND SEWER AUTHORITY’S PETITION FOR  
APPROVAL OF PILOT PRIVATE SERVICE LINE LEAK REPAIR AND EXPANDED  
CONSERVATION PROGRAM FOR ELIGIBLE LOW INCOME CUSTOMERS  
AND AUTHORIZATION TO TRACK COSTS AS A REGULATORY ASSET FOR FUTURE  
BASE RATE RECOVERY

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AND NOW comes the Office of Consumer Advocate (OCA) and files this Answer<sup>1</sup> to the  
Petition of The Pittsburgh Water and Sewer Authority For Approval of Pilot Private Service Line  
Leak Repair and Expanded Conservation Program for Eligible Low Income Customers and  
Authorization to Track Costs as a Regulatory Asset for Future Base Rate Recovery (Petition). The  
OCA supports the creation of a pilot private service line leak repair program that includes an  
expanded conservation program for eligible low income customers (Pilot Program) by Pittsburgh  
Water and Sewer Authority (PWSA). However, for the reasons set forth below, the OCA submits

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<sup>1</sup> The OCA was assisted in the preparation of this Answer by its consultant, Roger D. Colton. Mr. Colton is a principal in the firm of Fisher, Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton’s work focuses on low-income energy issues, and he has testified and published extensively in this area. His verification is attached to this Answer.

that PWSA's Pilot Program and its Petition should not be granted as proposed. The OCA agrees with PWSA's proposal that the parties have until March 25 to discuss and attempt to resolve the issues and that after that date, the matter would be referred to the Office of Administrative Law Judge (OALJ) for further investigation and hearings. See Petition at 4.

## I. INTRODUCTION

On January 3, 2022, PWSA filed its Petition, including Exhibits A-I, seeking approval of its proposed Pilot Program and the associated cost recovery. Petition at i. PWSA filed its Petition pursuant to a settlement agreement approved as part of its 2020 rate case. Petition at 2; see also Pennsylvania Public Utility Commission, et al. v. Pittsburgh Water and Sewer Authority, Docket Nos. R-2020-3017951, et al. (Order entered December 3, 2020) (2020 Rate Case).

As stated above, the OCA supports the creation of the Pilot Program. In the 2020 Rate Case, the OCA presented the testimony of Roger Colton in which, after analyzing the information provided by PWSA, recommended, *inter alia*, a conservation program that was premised on direct investment by PWSA be included as a component to the low income assistance program under review in the case but importantly testifying that the conservation program was not in lieu of addressing affordability through a bill discount program and arrearage management program. See 2020 Rate Case, OCA St. 6 at 40-41. The OCA supports moving forward with the Pilot Program but does not support all of the provisions proposed by PWSA. In addition, there are a number of provisions and data gathering that should be added to the Pilot Program.

## II. OCA RESPONSE ON SPECIFIC COMPONENTS OF THE PROPOSED PILOT PROGRAM

The OCA supports a well-designed leak repair and usage reduction program for PWSA low income customers that operates in conjunction with the bill discount program and the arrearage

management program as set forth in the testimony of Mr. Colton in PWSA's 2020 rate case. See OCA St. 6 at 37-41. Although the OCA agrees that this approach is similar to Low-Income Usage Reduction Program (LIURP) (see PWSA Petition at 24), there are some differences between energy utilities and water utilities in this area and so the implementation of a pilot program is reasonable at this time.

There are a number of issues that the OCA has identified. In some areas, the OCA will need to conduct discovery to ensure the proposed Pilot Program and its components are reasonable. The OCA provides the following issues in this Answer but reserves the right to raise other issues that may arise during the proceeding.

**A. Budget:** The OCA will examine the proposed YEAR 1 administrative costs of 15% (Petition, at 21) as compared to projected ongoing costs. The OCA also will examine what an appropriate long-term budget for the program may be. The information from the Pilot Program will be helpful in determining what a reasonable budget may be. The OCA recommends that, during the operation of the pilot, PWSA engage a process to prepare a needs assessment (given different income eligibility levels, and different definitions of "high use"). Future budgets for the program would be tied to addressing the needs identified by this needs assessment.

There are other areas where the OCA would propose that the Pilot Program expand its parameters or consider other parameters.

**B. Cross-Enrollment:** PWSA references its willingness (and work to date) to develop a "cross-enrollment" process. Petition at 10. The OCA supports this idea and would encourage PWSA to seek additional cross-enrollment opportunities to the extent possible before and during the Pilot Program.

**C. Leak Detection Screening:** Regarding leak detection screening (using changes in monthly consumption as a flag for a potential leak), the flag proposed by PWSA is when the bill is higher than or equal to 200% of the immediately preceding month's consumption and over 9,000 gallons. Petition at 12. Regarding consumption and billing flags, there may be others that would be helpful in identifying leaks that could be used in the Pilot Program.<sup>2</sup> Regarding PWSA's definition of "high consumption" which proposes that a monthly bill be both equal to or higher than 200% and over 9,000 gallons, the OCA will evaluate the reasonableness of this proposed metric considering that bill affordability problems may arise even where monthly usage does not exceed 9,000 gallons.

**D. Reporting Requirements:** The OCA has identified additional reporting requirements that would be helpful for PWSA to gather during the Pilot Program:

1. How many customers meet PWSA's proposed 200% threshold, but have income between 150% and 250% of Poverty. This reporting requirement is important to gather in the Pilot Program to determine if there are set asides that are needed for these households.
2. How different percentage thresholds of increased usage would increase the numbers of potential participants: (150% of prior month; 175% of prior month; 200% of typical month).

**E. Larger Leaks:** If a leak has been identified and the leak repair is estimated to cost more than \$1,346, it is reasonable to expect that the leak may involve a more major leak, or a larger problem. The Petition states:

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<sup>2</sup> For example, an additional flag could be 200% over the average or typical monthly bill. Another flag could be a combination of arrearages and increased usage at a lower level than 200%. For example, an account could be flagged if arrears exceed 2-months and/or a certain dollar level (the level to be determined) and an increase in usage to 150% or 175% of a typical monthly bill.

PWSA proposes to limit the initial work to be done inside the property to a not-to-exceed budget of \$1,346. While this not-to-exceed amount is based on providing a one-time leak repair and replacement of two faucet aerators, one low flow showerhead and one toilet per property, the actual work to be done for an eligible property may vary based on the needs of the property. So long as the cost of the initial work to be done is within the not-to-exceed budget, the work will be performed at the time of the initial visit. **Any additional services that may be required at the property will be noted by the contractor and reported to the PGH2O Cares team for further evaluation.**

Petition at 20 (emphasis added). The Petition does not explain the timing of this process. Both from the perspective of preventing the waste of water, and preventing the customer from incurring a large (and unpayable) bill, the leak repair should occur as quickly as possible. PWSA should develop an expedited process when there is a leak repair that would exceed the proposed limit of \$1,346 and there are indications that it is a large leak or a bigger problem.

**F. Tenant access:** PWSA proposes that it will not provide services to a rental property without landlord or property owner consent. The Petition states:

For a tenant-occupied property, PWSA will attain access to the property by any adult person in the residence. While PWSA will not require written consent to assess a property, written consent will be required as a condition of performing any repair services. . .To be eligible, the property owner must provide written consent to the repairs by signing PWSA’s to-be-developed terms for providing the services (as discussed further below). If the property is occupied by a tenant who meets the income eligibility requirements, then PWSA will rely on that information to satisfy the income requirements for services. PWSA will not provide in home repair services for tenant occupied properties without the property owner’s consent. . .”

Petition at 14. PWSA argues that this is based on similar requirements in the energy LIURP regulations. Petition at 24. A water leak repair, however, seems to be different from energy efficiency improvements. A water leak repair is more in the nature of an emergency than an energy efficiency investment. This issue will need to be addressed in establishing the Pilot Program.

**G. Credits:** It is unclear whether PWSA proposes to offer credits where high consumption is found to be associated with leaks that need to be repaired. On page 23 of the Petition, footnote 24, PWSA states that it will “only credit customer accounts for high consumption through the ALCOSAN Leak Credit Request where proof of the leak repair is required to approve a credit adjustment.” It does not appear that PWSA proposes to provide its own credits for water and wastewater conveyance charges. The OCA will explore this issue to determine whether PWSA should offer credits for high consumption attributed to unrepaired leaks. The budget proposed for the pilot would need to be adjusted upwards for the credits recommended above.

**H. Efficiencies:** PWSA should examine whether there are clusters of homes needing assistance (i.e., multiple housing units needing assistance in the same neighborhood). Where clusters are found, there may be efficiencies that can be gained in leak repairs, deployment of contractors, and distribution of conservation equipment. In addition, PWSA should examine whether it could reduce the criterion to 150% if there are efficiencies to be gained by serving multiple units in close proximity to each other.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate submits this Answer and respectfully requests that the Public Utility Commission hold in abeyance any action until March 25, 2022 and then refer PWSA's Petition to the Office of Administrative Law Judge for resolution of the proceeding.

Respectfully submitted,

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Date: January 24, 2022  
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

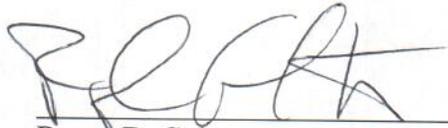
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VERIFICATION

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

DATED: January 24, 2022  
\*323222

Signature:

  
\_\_\_\_\_  
Roger D. Colton

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