



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 24, 2022

Via Electronic Filing

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

Re: Pittsburgh Water and Sewer Authority's Petition for Pilot Private
Service Line Leak Repair and Expanded Conservation Program for
Low Income Customers
Docket No. P-2022-3030253
I&E Prehearing Memorandum

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Prehearing Memorandum of Bureau of Investigation and Enforcement (I&E)** in the above-captioned proceeding.

Consistent with the Pennsylvania Public Utility Commission's order regarding waiver of regulations regarding service requirements, issued at docket M-2021-3028321 on September 15, 2021, I&E is providing only electronic service on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gina L. Miller', is written over a light blue horizontal line.

Gina L. Miller

Prosecutor

Bureau of Investigation and Enforcement

PA Attorney ID No. 313863

(717) 787-8754

ginmiller@pa.gov

GLM/ac

Enclosures

cc: Administrative Law Judge Eranda Vero (*via email*)
Administrative Law Judge Gail M. Chiodo (*via email*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pittsburgh Water and Sewer Authority’s :
Petition for Pilot Private Service Line : Docket No. P-2022-3030253
Leak Repair and Expanded Conservation :
Program for Low Income Customers :

**PREHEARING MEMORANDUM OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGES ERANDA VERO AND GAIL M. CHIDO:

In accordance with the Prehearing Conference Order dated June 14, 2022, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) hereby submits this Prehearing Memorandum in the above-captioned docket. The I&E prosecutor assigned to this proceeding is Gina L. Miller. Ms. Miller may be contacted as follows:

By mail: Gina L. Miller
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

By E-mail: ginmiller@pa.gov

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I. BACKGROUND

On January 3, 2022, pursuant to Section 52 Pa. Code § 54.1 and Section III.F.7.c of its Joint Petition for Settlement at Docket No. R-2020-3017951, Pittsburgh Water and Sewer Authority (“PWSA”) filed a Petition for Approval of a 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”) with the Pennsylvania Public Utility Commission (“Commission”).

In its Petition, PWSA proposes to establish a line leak repair and conservation program as a mechanism to address high water consumption that results from private service line leaks from low-income customers who cannot afford the cost of repairs.¹ The proposal was borne out of PWSA’s 2021 base rate case settlement, and I&E notes that it supported the program conceptually as part of that settlement.² According to PWSA, the line leak repair and conservation program will not only help low income customers reduce their overall water bills, but all of PWSA’s ratepayers would benefit from a reduction of uncollectible costs that may otherwise result from high consumption that eligible low-income customers could not afford to remediate.³ PWSA proposes to implement the line leak repair and conservation program on a pilot basis for one year (“Pilot Program”) beginning on or after January 2, 2023.

¹ Id. at pp. 2-3.

² I&E also affirms PWSA’s representation on p. 3 of its Petition that prior to filing the Petition, it discussed the initial proposal with I&E, and that it considered I&E’s written and oral feedback prior to filing the Petition.

³ PWSA Petition, p. 3.

As proposed, Pilot Program eligibility would hinge upon customers meeting two criteria: economic need and excessive consumption. First, and consistent with existing parameters for its Bill Discount Program, PWSA proposes to establish eligibility for customers with an income at or below 150% of the Federal Poverty Level.⁴ The second layer of eligibility targets customers with high consumption (at or greater than 100% of previous reading and over 9,000 gallons), noting that PWSA proposes to lower the consumption requirement if deemed necessary to ensure that the budgeted funds are utilized to provide services.⁵ PWSA projects that 142 customers will benefit from this program in the initial nine months of formation,⁶ with a total of 250 benefitting during the Pilot Program term.⁷

To fund the Pilot Program, PWSA has established a \$400,000 budget, which is comprised of three primary cost categories: (1) staff time and materials development; (2) costs of contractors; and (3) costs of materials.⁸ Approximately 15%, or \$60,000 of its \$400,000 budget, is proposed for funding administrative costs that include the salary of a full-time employee (\$40,000) and materials (\$20,000).⁹ According to PWSA, these costs are incremental to the costs that are currently included in PWSA's base rates as a result of its recent rate case.¹⁰ In its Petition, PWSA not only requests approval to track Pilot Program costs as a regulatory asset for recovery as part of PWSA's base rate case, but it

⁴ PWSA Petition, p. 13, ¶19.

⁵ PWSA Petition, pp. 13-14, ¶21.

⁶ PWSA Petition, p. 21, ¶43.

⁷ PWSA Petition, pp. 19-20, ¶40.

⁸ PWSA Petition, p. 3.

⁹ PWSA Petition, p. 19, ¶38; pp. 20-21, ¶42.

¹⁰ PWSA Petition, pp. 20-21, ¶42.

also indicates that if its proposed cost recovery is denied, it will rescind its Petition and make a new request to implement the Pilot Program as part of its next base rate case.¹¹

On January 21, 2022, I&E filed an Answer to PWSA’s Petition. After I&E filed its Answer, other parties made the following filings on January 24, 2022: Pittsburgh United filed a petition to intervene; the Office of Small Business Advocate filed an Answer and entered its appearance; and the Office of Consumer Advocate filed an Answer. Subsequently, PWSA’s Petition was assigned to the Office of Administrative Law Judge (“OALJ”) for the development of an evidentiary record, including an Initial Decision. The OALJ assigned the proceeding to Administrative Law Judges (“ALJs”) Eranda Vero and Gail M. Chiodo for investigation and scheduling of hearings for PWSA’s Petition. ALJs Vero and Chiodo issued a Prehearing Conference Order in this case on June 14, 2022, which, among other things, scheduled a telephonic Prehearing Conference for June 27, 2022 at 10 a.m. and directed that parties file and serve a prehearing memorandum on or before 2 p.m. on June 24, 2022. I&E submits this Prehearing Memo in accordance with the directive in the Prehearing Order.

II. WITNESSES

I&E expects to call either or both of the following expert witnesses at this docket without being limited thereto:

- Christine S. Wilson, Fixed Utility Financial Manager
- D.C. Patel, Fixed Utility Financial Analyst

¹¹ PWSA Petition, p. 19, ¶38.

I&E witnesses may be contacted through the information listed above for Ms. Miller.

The witness list is provided without the benefit of complete discovery or analysis of the positions of other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of the witnesses listed above.

III. ISSUES

The following list represents I&E's preliminary determination of the potential issues in this proceeding:

- The prudence of, and basis for, PWSA's proposal to allocate 15% of the entire Pilot Program budget for administrative costs;
- PWSA's request to track Pilot Program costs as a regulatory asset for future base rate recovery

I&E notes that the above listing of issues is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery. I&E reserves the right to supplement this list, to delete entries from this list, as necessary to facilitate the development of a full and accurate record in this case.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on PWSA's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information sources and other public documents and reports. However, there may be issues of

Commission policy or legal representation that are not properly the subject of testimony or there may be factual issues that are clear on the record and need not be supported by testimony. I&E reserves the right to dispense with testimony, when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

At this time, I&E is not proposing any modifications to the Commission's Rules of Practice and Procedure for the conduct of discovery in this case.

VI. PROPOSED SCHEDULE

At this time, I&E is working with the Parties to develop a mutually agreeable procedural schedule. I&E anticipates agreement on a schedule in the near future, and remains committed to developing a schedule that is mutually agreeable to all parties and Your Honor.

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony, and briefs, and consistent with the provisions of the Commission's September 15, 2021 Order for Waiver of Regulations Regarding Service Requirements,¹² I&E proposes to both only serve and accept electronic delivery of documents. If ALJs Vero and Chiodo and/ or any party prefers to have additional service (or "hard copies") of documents by mail, I&E will certainly provide such service.

¹² Docket No. M-2021-3028321, *Re: Waiver of Regulations Regarding Service Requirements*, p. 6.

VIII. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of telephonic hearings.

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues. In the event settlement discussions fail to result in a complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding as warranted.

Respectfully submitted,



Gina L. Miller
Prosecutor
PA Attorney ID No. 313863

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Date: June 24, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pittsburgh Water and Sewer Authority's :
Petition for Pilot Private Service Line : Docket No. P-2022-3030253
Leak Repair and Expanded Conservation :
Program for Low Income Customers :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated June 24, 2022, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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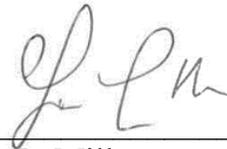
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