



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

February 7, 2023

Via Electronic Filing

Secretary Rosemary Chiavetta
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 Pre-Served Testimony, Exhibit, and Verification Statement

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Pre-Served Testimony, Exhibit, and Verification Statement** of the Bureau of Investigation & Enforcement's (I&E) witness in the above-captioned proceeding. The following documents were admitted into the record by way of Paragraph 1 on page 35 of Administrative Law Judge Eranda Vero's and Gail M. Chiodo's Recommended Decision dated January 25, 2023:

Brian LaTorre:	I&E Statement No. 1-R	I&E Exhibit No. 1-R
	I&E Statement No. 1-SR	
	Verification Statement	

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.

Respectfully,

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 (*Cover Letter and Certificate of Service only – via email*)
Administrative Law Judge Gail M. Chiodo (*Cover Letter and Certificate of Service only – via email*)
Per Certificate of Service (*Cover Letter and Certificate of Service only – via email*)

**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 **Letter Regarding Pre-Served Testimony, Exhibit, and Verification Statement** dated February 7, 2023, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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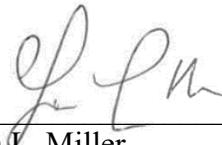
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**I&E Statement No. 1-R
Witness: Brian LaTorre**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PITTSBURGH WATER AND SEWER AUTHORITY

Docket No. P-2022-3030253

Rebuttal Testimony

of

Brian LaTorre

Bureau of Investigation & Enforcement

Concerning:

PROPOSED PILOT PROGRAM

COST RECOVERY

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Brian LaTorre, and my business address is Pennsylvania Public Utility
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg,
5 PA 17120.

6
7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
9 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
10 Analyst.

11

12 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND?**

13 A. An outline of my education and employment background is set forth in the
14 attached Appendix A.

15

16 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN COMMISSION
17 PROCEEDINGS.**

18 A. I&E is responsible for protecting the public interest in proceedings before the
19 Commission. I&E's analysis in the proceeding is based on its responsibility to
20 represent the public interest. This responsibility requires the balancing of the
21 interests of ratepayers, the regulated utility, and the regulated community as a
22 whole.

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. There are two main purposes of my testimony. Overall, the purpose of my rebuttal
3 testimony is to respond to the direct testimony of the Pittsburgh Water and Sewer
4 Authority (PWSA or Authority) petition for approval of a pilot private service line
5 leak repair and expanded conservation program (Pilot Program) for eligible low-
6 income customers and authorization to track costs via a regulatory asset for future
7 base rate recovery. Additionally, I make recommended adjustments to PWSA's
8 proposed Pilot Program and cost recovery proposal.

9

10 **Q. DOES YOUR REBUTTAL TESTIMONY INCLUDE AN EXHIBIT?**

11 A. Yes. I&E Exhibit No. 1-R supports my rebuttal testimony.

12

13 **PWSA PETITION**

14 **Q. PLEASE SUMMARIZE THE TIMELINE OF RELEVANT ORDERS AND**
15 **ACTIONS SURROUNDING THIS PETITION.**

16 A. In the Joint Petition of Settlement dated September 30, 2020 in the Authority's
17 2020 base rate proceeding, the parties¹ agreed that it would "file a Petition for a
18 proposed line repair and conservation program within one year after entry of the
19 Commission's final order in this matter." Additionally, the parties agreed that
20 PWSA's "petition will include a proposal for line repair for low income customers

¹ "Parties" included PWSA, I&E, the Office of Consumer Advocate, the Office of Small Business Advocate, Pittsburgh United and the City of Pittsburgh.

1 as well as a cost recovery proposal”.² The Commission approved the 2020
2 Settlement and later granted the Authority’s extension of the due date for this
3 Petition in a Secretarial Letter dated December 8, 2021, and PWSA filed the
4 Petition on January 3, 2022.³

5
6 **Q. IN THE 2020 SETTLEMENT, DID PARTIES AGREE THAT PWSA’S**
7 **PETITION WOULD BE CONTINGENT ON ANY SPECIFIC COST**
8 **RECOVERY PROPOSAL?**

9 A. No. I am advised by counsel that parties to the 2020 Settlement never agreed that
10 PAWC could condition its Petition on any type of recovery, and only agreed that it
11 could propose a recovery mechanism.

12
13 **Q. PLEASE EXPLAIN WHAT THE AUTHORITY IS REQUESTING IN ITS**
14 **PETITION.**

15 A. The Authority is requesting deferral and regulatory asset treatment of a low-
16 income line leak repair and conservation program with a total budget of
17 \$396,500.⁴ Approximately 15%, or \$60,000 of the program budget is allocated to

² *Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority – Water*, Docket No. R-2020-3017951, Order entered December 3, 2020. Section III.F.7.c.

³ 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.

⁴ PWSA Statement No.1, p. 23.

1 administrative costs that include the salary of a full-time employee and materials.

2 Below is the full breakdown of proposed costs for the program:⁵

PGH2O Cares New Full Time Employee		\$40,000
Legal Agreement		\$1,200
Newsletter Creation, Printing, and Inserting		\$10,000
Program Packet Printing and Mailing		\$8,800
Contractor Leak Repair (\$800 * 250)		\$200,000
Aerators (\$8 * 500)		\$4,000
Low Flow Showerhead (\$30 * 250)		\$7,500
Low Flow Toilet (\$500 * 250)		<u>\$125,000</u>
Total		<u>\$396,500</u>

3

4

5 **PWSA WITNESS MECHLING'S DIRECT TESTIMONY**

6 **Q. PLEASE SUMMARIZE MS. MECHLING'S DIRECT TESTIMONY.**

7 A. First, witness Mechling describes the scope of the Authority's existing customer
8 assistance programs. She explains current outreach efforts undertaken by PWSA's
9 PGH2O Cares team and explains current water conservation efforts made by the
10 Authority.⁶ Second, she outlines the proposed Pilot Program, beginning with
11 customer eligibility, and continuing with the proposed services to be covered,
12 budget, length of program, and program evaluation.⁷ Last, witness Mechling
13 explains that PWSA requests authorization to track the Pilot costs as a regulatory

⁵ I&E Exhibit No. 1-R, Schedule 1.

⁶ PWSA Statement No.1, pp. 6-14.

⁷ PWSA Statement No.1, pp. 15-30.

1 asset and seek cost recovery in its next base rate filing, but she indicates that
2 PWSA will rescind its Petition and move its request to implement the Pilot as part
3 of PWSA's next base rate case if the cost recovery proposal is not granted.⁸
4

5 **PROPOSED PILOT PROGRAM**

6 **Q. EXPLAIN THE AUTHORITY'S PROPOSED BUDGET FOR THE PILOT**
7 **PROGRAM.**

8 A. The Authority's proposed budget includes three categories of costs: PWSA staff
9 time and materials development, the cost of contractors to perform in-home
10 services, and the cost of materials needed to perform the in-home services.
11

12 **Q. WHAT IS THE AUTHORITY'S ADMINISTRATIVE EXPENSE CLAIM?**

13 A. The Authority is claiming a total of \$60,000, or 15% of the program budget, for
14 administrative costs. Costs include \$40,000 for the salary for a new full-time
15 employee assigned to the PGH2O Cares team to focus exclusively on the pilot
16 program, and \$20,000 for the program agreement and educational materials.⁹ The
17 new employee would be responsible for assisting with the preparation of the Pilot
18 agreements, identify and enroll potential eligible customers, prepare educational
19 materials and outreach about the Pilot, and provide leak diagnosing tablets. The
20 program agreement includes \$1,200 for the legal agreement, \$10,000 for

⁸ PWSA Statement No.1, pp. 31-32.

⁹ PWSA Statement No. 1, p. 23.

1 newsletter creation, printing, and inserting, and \$8,800 for program packet printing
2 and mailing.¹⁰

3
4 **Q. DO YOU AGREE WITH THE AUTHORITY'S BUDGET FOR STAFF**
5 **EXPENSE?**

6 A. No. If the Commission decides to allow the deferral treatment (although I
7 disagree with such treatment as discussed below), I recommend disallowance of
8 the entire \$40,000 budget for the new employee as proposed in this proceeding for
9 deferral treatment.

10
11 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

12 A. The Authority has not demonstrated it is necessary to hire a new employee outside
13 the Authority's current complement of PGH2O Cares team employees that
14 includes three employees that were only recently hired on April 25, 2022, May 23,
15 2022, and June 6, 2022.¹¹ PWSA has been aware that it would propose a line
16 repair petition program since the settlement of its 2020 base rate case and has
17 since filed for another rate increase that became effective on January 12, 2022. In
18 my opinion, the Authority's existing budget as established in the most recent base
19 rate case should be sufficient to fund the new employee, and the duties overlap
20 with current PGH2O employees. Additionally, in response to I&E-RE-5(D),¹²

¹⁰ I&E Exhibit No. 1-R, Schedule 1.

¹¹ I&E Exhibit No. 1-R, Schedule 2, p. 1.

¹² I&E Exhibit No. 1-R, Schedule 3, p. 1.

1 witness Mechling states that the outreach to be done by the new employee is very
2 similar to the work that the PGH2O Cares team is currently doing.

3
4 **Q. IF PWSA’S PILOT DID NOT CONTINUE BEYOND THE ONE-YEAR**
5 **TERM FOR WHICH IT IS BEING PROPOSED, WOULD PWSA**
6 **TERMINATE THE EMPLOYEE IT IS CLAIMING TO HIRE SIMPLY**
7 **FOR THE BENEFIT OF THE PILOT?**

8 A. No. In response to I&E-RE-6(E),¹³ witness Mechling states that if the pilot
9 program is not continued beyond the one-year term, the Authority would not
10 terminate the new employee, indicating that employment of this position is not
11 contingent on the Pilot Program itself. Instead, in I&E-RE-6(D)¹⁴ witness
12 Mechling states that the new employee would perform duties of existing PGH2O
13 Cares employees if their work is not consumed by the pilot program, which
14 conflicts with any claim that a new employee is needed simply for purposes of the
15 Pilot. Therefore, for this reason and the other reasons mentioned above, I
16 recommend that the expense for staff time be disallowed.

17
18 **Q. DO YOU AGREE WITH THE AUTHORITY’S BUDGET FOR PROGRAM**
19 **AGREEMENT AND EDUCATIONAL MATERIALS?**

20 A. No. If the Commission decides to allow the deferral treatment (although I

¹³ I&E Exhibit No. 1-R, Schedule 3, p. 2.

¹⁴ I&E Exhibit No. 1-R, Schedule 3, p. 2.

1 disagree with such treatment as discussed below), I recommend disallowance of
2 the entire budget of \$20,000 for program agreement and educational materials. As
3 explained above, the Authority has been aware of the pilot program since late
4 2020 and has since filed an additional base rate case that recently increased rates.
5 Additionally, the Authority has historically underspent its existing education and
6 outreach budget. From 2018-2020, the Authority spent an average of 44% of its
7 total education and outreach (Account 7742) budget, with a total spend of
8 \$163,337 compared to a total budget of total \$364,300 over the three-year
9 period.¹⁵ In my opinion, the routine administrative costs for this program should
10 be covered by funding already imbedded in the education and outreach budget in
11 the Authority's base rates.

13 **COST RECOVERY PROPOSAL**

14 **Q. EXPLAIN THE AUTHORITY'S PROPOSAL FOR COST RECOVERY.**

15 A. The Authority is requesting authorization to track the pilot program cost as a
16 regulatory asset and seek cost recovery in its next base rate filing. Witness
17 Mechling states that the Authority would rescind its Petition and move to request
18 the implementation of the pilot program as part of its next base rate case if the
19 requested authorization for regulatory asset treatment is not approved.¹⁶

¹⁵ *Pa. PUC v. Pittsburgh Water and Sewer Authority*, R-2021-3024773 et al., I&E Exhibit No. 2, Schedule 2, pp. 8, 15, and 22.

¹⁶ PWSA Statement No. 1, p. 31.

1 **Q. WHAT IS THE BASIS FOR THE AUTHORITY’S PROPOSED**
2 **REGULATORY ASSET TREATMENT?**

3 A. PWSA witness Mechling claims that cost recovery as a regulatory asset is
4 appropriate for several reasons. First, she opines that approval for deferral
5 treatment and the corresponding regulatory asset in this proceeding is important to
6 provide clarity to customers, constrain costs, and to enable the Pilot to begin one
7 year prior to potential new rate implementation in January 2024.¹⁷ Witness
8 Mechling states that deferring recovery of costs is an integral part of traditional
9 rate regulation used by the Commission to defer costs for a variety of situations,
10 including storm damage costs, environmental costs, pension and post-retirement
11 costs, and implementation costs of Commission directed requirements such as the
12 Commission’s authorization of PWSA to tracking of COVID-19 expenses as a
13 regulatory asset to seek cost recovery in its next rate case filing.¹⁸

14
15 **Q. DO YOU AGREE WITH THE AUTHORITY TRACKING PILOT**
16 **PROGRAM COSTS FOR REGULATORY ASSET TREATMENT?**

17 A. No. While I do not dispute that the Commission has previously authorized utilities
18 to track certain expenses via a regulatory asset, the proposed pilot program does
19 not meet the requirements to be treated as a regulatory asset. Specifically, it is my
20 understanding that deferred accounting treatment may be granted if the expense is:

¹⁷ PWSA Statement No. 1, pp. 31-32.

¹⁸ PWSA Statement No. 1, pp. 31-32.

1 (1) extraordinary; (2) unanticipated; (3) non-recurring; and (4) substantial.¹⁹

2 PWSA's pilot program costs fail all these established criteria.

3
4 **Q. HOW DOES PWSA'S PROPOSED PILOT FAIL TO MEET THE**
5 **CRITERIA?**

6 A. First, the costs are not extraordinary because not only do they result directly from
7 the pilot program that PWSA itself designed, but they also result from a budget it
8 unilaterally developed and proposed. Second, the costs are not unanticipated,
9 because they should have been anticipated by PWSA over two years ago, since its
10 2020 base rate case settlement, when it committed to proposing the Pilot. Third,
11 there is no basis that supports the criteria that the pilot program will result in non-
12 recurring expenses, as the Commission may allow PWSA to extend the pilot
13 program into future years. Finally, the \$400,000 budget that is proposed is not a
14 substantial expense necessary to create a regulatory asset for future recovery.
15 Furthermore, as a cash flow utility, regulatory asset treatment is inappropriate for
16 this ordinary, ongoing expense as it would embed more in rates than required for
17 ongoing operations in the next base rate proceeding via the amortization process
18 associated with regulatory asset accounts.

¹⁹ *Petition of Columbia Gas of Pa., Inc. for Authority to Defer for Accounting and Financial Purposes Certain Start Up Expenses Assoc. with the Redesign of Upgrade of Financial Processes and Info. Systems, Docket No. P-2012-2319920 (Order Entered December 5, 2012).*

1 **Q. PLEASE ELABORATE ON WHY THIS METHODOLOGY IS**
2 **INAPPROPRIATE FOR A CASH FLOW REGULATED UTILITY?**

3 A. First, as a cash flow municipal utility, PWSA has no investors, so any funds
4 expended for any ongoing purpose come only from ratepayer funds. PWSA's
5 normal base rate funding includes both its debt service coverage ratio (DSCR) and
6 a rate stabilization fund (RSF). The DSCR ensures adequate coverage above
7 minimum debt service requirements to maintain its credit rating and to protect
8 PWSA from any revenue shortfalls. The RSF is a \$3.3 million fund intended to
9 serve as a financial cushion for unforeseen expenses to further insure financial
10 stability.²⁰ The magnitude of the financial cushion already included in base rates
11 so dwarfs the \$396,500 claim for the leak repair program, it simply highlights how
12 this program fails to meet the extraordinary requirement associated with deferred
13 expense approval.

14 Additionally, as mentioned briefly above, a regulatory asset will be
15 expunged through an amortization expense established in a future base rate
16 proceeding for those expenses deemed extraordinary and receiving authorization
17 for deferred accounting treatment. The amortization expense will be included in
18 the expenses claimed in PWSA's revenue requirement claim to establish new
19 rates, so, not only will PWSA fund the program from customer money now, but it
20 will also recovery the same money in addition to normal expenses in a future

²⁰ *Pa. PUC v. Pittsburgh Water and Sewer Authority*, R-2021-3024773 et al., Statement No. 1, p. 18.

1 proceeding. This is clearly an issue of double recovery of the leak repair program
2 costs.

3
4 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING COST**
5 **RECOVERY?**

6 A. I recommend that the Commission reject regulatory asset treatment of the
7 proposed pilot program costs. Regulatory asset treatment is not appropriate for the
8 reasons explained above.

9
10 **Q. WHAT DO YOU RECOMMEND FOR PWSA'S RECOVERY OF**
11 **SUBSTANTIATED PILOT COSTS?**

12 A. I agree with PWSA that base rate recovery is appropriate, however, since the total
13 \$396,500 cost is not extraordinary, unanticipated, non-recurring, or substantial,
14 recovery of historic expenses via regulatory asset treatment should be
15 disallowed. Recovery of such routine expenses in base rates would allow for
16 review in the totality of all of PWSA's other labor and materials expenses.

17
18 **WHOLE HOME REPAIR PROGRAM**

19 **Q. WHAT IS THE WHOLE HOME REPAIR PROGRAM?**

20 A. The Whole Home Repair Program was established in Section 135-C of
21 Pennsylvania Act 54 of 2022. Funds from the Whole Home Repair Program will
22 be distributed by a county agency or non-profit and would allow a homeowner or

1 landlord to apply for up to \$50,000 in grants per unit to address habitability
2 concerns, improve energy or water efficiency, or to make units accessible for
3 individuals with disabilities. The program is being administered by the
4 Pennsylvania Department of Community and Economic Development (DCED).
5 Program guidelines are currently being created, with the program opening in
6 2023.²¹

7
8 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING THE WHOLE**
9 **HOME REPAIR PROGRAM?**

10 A. I recommend that the Authority monitor the implementation of the Whole Home
11 Repair Program so that it can determine whether it may be a source of funding for
12 repairs of customer-owned service lines. PWSA should refer any customers who
13 are eligible for benefits available to the Whole Home Repairs Program as soon as
14 it is available. This could effectively reduce any impact on the Authority's budget
15 for leak repairs and conservation.

16
17 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

18 A. Yes.

²¹ <https://dced.pa.gov/programs-funding/whole-home-repair-program/> accessed on September 2, 2022.

Brian LaTorre

Professional and Educational Background

Professional Experience

Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania
November 2021 to Present
Fixed Utility Financial Analyst, Bureau of Investigation and Enforcement

Pennsylvania House of Representatives, Lansdale, Pennsylvania
December 2018 to October 2021
Constituent Services Advisor
Organized meetings with local officials and stakeholders on issues impacting the community. Assisted residents and business owners with issues relating to state government, including LIHEAP and Unemployment Compensation.

SimiTree Healthcare Consulting, Conshohocken, Pennsylvania
June 2016 to March 2018
Analyst
Tracked and analyzed revenue cycle accounts receivable trends for home healthcare and hospice clients. Identified and corrected Medicare, Medicaid, and Private Insurance billing issues. Maintained external dashboards that displayed key performance indicators for clients.

Education and Training

Pennsylvania State University – Smeal College of Business
Bachelor of Science, Finance, 2016
Minor in Economics

Pennsylvania PUC Rate School, January 18 through February 8, 2022

Testimony Submitted

- R-2022-3032300 – Valley Energy, Inc.
- R-2022-3031113 – PECO Energy Company – Gas Division
- R-2022-3030235 – National Fuel Gas Distribution Corporation (§ 1307(f))
- R-2021-3030218 – UGI Utilities, Inc. – Gas Division

**I&E Exhibit No. 1-R
Witness: Brian LaTorre**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PITTSBURGH WATER AND SEWER AUTHORITY

Docket No. P-2022-3030253

Exhibit to Accompany

the

Rebuttal Testimony

of

Brian LaTorre

Bureau of Investigation & Enforcement

Concerning:

PROPOSED PILOT PROGRAM

COST RECOVERY

**Response of The Pittsburgh Water and Sewer Authority (“PWSA”)
to the Interrogatories of the Bureau of Investigation and Enforcement in
Docket No. P-2022-3030253 (PWSA Line Repair Petition)**

Request: I&E-RE-4 Reference PWSA Statement No. 1, p. 23 concerning the Pilot Program budget:

- A. Reconcile the difference between the requested \$400,000 total budget and the \$396,500 total in the breakdown of estimated costs; and
- B. Provide a breakdown of the \$20,000 budget for “Program Agreement and Educational Materials.”

Response:

- A. PWSA plans to add a line item for the Pilot Program to its 2023 operating budget, pending PWSA Board of Directors approval, in the amount of \$396,500. The reference to a \$400,000 budget on page 23 of PWSA Statement No. 1 was the result of rounding and was not intended to represent the pending budget request.

B.

Material	Estimated Cost
Legal Agreement	\$1,200
Newsletter Creation, Printing, and Inserting	\$10,000
Program Packet Printing and Mailing	\$8,800

Response provided by: Julie A. Mechling, Director of Customer Service
The Pittsburgh Water and Sewer Authority

Dated: August 29, 2022

**Response of The Pittsburgh Water and Sewer Authority (“PWSA”)
to the Interrogatories of the Bureau of Investigation and Enforcement in
Docket No. P-2022-3030253 (PWSA Line Repair Petition)**

Request: I&E-RE-12 Reference PWSA Exhibit JAM-7, p. 3 which references newly hired Contact Center employees. Provide the hire date and job descriptions of the newly hired PGH2O Cares employees.

Response: The following are the hiring dates of the most recently hired PGH2O Cares team members, and their corresponding job descriptions are attached as I&E-RE-12 Attach A and I&E-RE-12 Attach B.

PGH2O Cares Analyst – April 25, 2022

PGH2O Cares Analyst – May 23, 2022

PGH2O Cares Associate – June 6, 2022

Response provided by: Julie A. Mechling, Director of Customer Service
The Pittsburgh Water and Sewer Authority

Dated: August 29, 2022

**Response of The Pittsburgh Water and Sewer Authority (“PWSA”)
to the Interrogatories of the Bureau of Investigation and Enforcement in
Docket No. P-2022-3030253 (PWSA Line Repair Petition)**

Request: I&E-RE-5 Reference PWSA Statement No. 1, pp. 23-24 concerning the staffing budget for the Pilot Program:

- A. Indicate where internal staff time is included in the program budget;
- B. Provide a list of activities that will be tracked by allocated staff;
- C. Explain the methods that allocated staff will use to proactively reach out to customers; and
- D. Explain how the outreach performed by allocated staff differs from the current outreach activities performed by the PGH2O Cares team.

Response:

- A. Internal staff time is included in the reviewing of the program agreement, in the producing and issuance of print and social media educational materials, in the managing of the contractor(s), in the enrolling of customers into the program, and in the tracking of program enrollment to include eligible and ineligible customers and how they were scored.
- B. Staff will track:
 - a. contractor(s) spend
 - b. FPL of customer applicants
 - c. scoring details for both eligible and ineligible customers
 - d. work done in eligible customers' properties
 - e. success rate of methods used to engage public on the Program
 - f. impact of completed work in properties on the billed usage of the customer
- C. Staff will engage customers potentially eligible for the program by issuing newsletters, social media posts, handing out flyers at in-person events, and working with PWSA Billing personnel to develop lists of CAP rate customers with higher than average consumption to make outbound cold calls to those customers.
- D. Planned outreach for the Program is very similar to the work that the PGH2O Cares team is currently doing. Because PWSA does not want the enrollment rate of its existing customer assistance programs to be negatively affected by the labor hours it will take staff to perform the activities in I&E-RE-5.A-C, it is proposing to add an additional PGH2O Cares Analyst to focus on the Program.

Response provided by: Julie A. Mechling, Director of Customer Service
The Pittsburgh Water and Sewer Authority

Dated: August 29, 2022

**Response of The Pittsburgh Water and Sewer Authority (“PWSA”)
to the Interrogatories of the Bureau of Investigation and Enforcement in
Docket No. P-2022-3030253 (PWSA Line Repair Petition)**

- Request: I&E-RE-6** Reference PWSA Statement No. 1, p. 24 regarding the proposed new full-time employee:
- A. Explain why the costs associated with a new full-time employee are incremental and not already included in the Company’s budget as approved in the Company’s last base rate case;
 - B. Explain how the outreach performed by internal staff differs from the outreach that will be performed by the new employee;
 - C. Provide the anticipated hire date of the new employee;
 - D. Provide a list of additional responsibilities of the new employee outside of the proposed Pilot Program;
 - E. In the event that the Pilot Program is not continued beyond the one-year term, indicate whether the Company would terminate the new employee at the conclusion of the Program; and
 - F. Explain any residency requirements the new employee would be subject to.

Response:

- A. PWSA’s budgetary approval process begins in the third quarter of the preceding year. As such, PWSA could not secure approval for an additional PGH2O Cares Analyst in 2020 for 2021 if the role would not be filled until 2023.
- B. See I&E-RE-5.D.
- C. PWSA will work towards a mid-February 2023 hire date.
- D. The additional PGH2O Cares Analyst will perform all of the duties of existing Cares Analysts *if* Program work does not consume their 8 hour daily work schedule.
- E. PWSA would not terminate the additional Cares Analyst if the Program does not become permanent. The Analyst would focus on increasing enrollment in PWSA’s assistance programs and on customer conservation education.
- F. Prior to May 27, 2022, PGH2O Cares Analysts were required to have permanent residency in the City of Pittsburgh or the adjacent thirty-six (36) surrounding communities stated below at time of appointment and remain a permanent resident throughout employment with the PWSA. As of PWSA policy effective May 27, 2022, all non-union employees, including the PGH2O Cares Analyst role, must be domiciled within the County of Allegheny.

**I&E Statement No. 1-SR
Witness: Brian LaTorre**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PITTSBURGH WATER AND SEWER AUTHORITY

Docket No. P-2022-3030253

Surrebuttal Testimony

of

Brian LaTorre

Bureau of Investigation & Enforcement

Concerning:

PROPOSED PILOT PROGRAM

COST RECOVERY

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Brian LaTorre, and my business address is Pennsylvania Public Utility
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg, PA
5 17120.

6
7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in the
9 Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial Analyst.

10

11 **Q. ARE YOU THE SAME BRIAN LATORRE WHO SUBMITTED I&E
12 STATEMENT NO. 1-R AND EXHIBIT NO. 1-R?**

13 A. Yes.

14

15 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

16 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
17 Pittsburgh United (United) witness Mitchell Miller¹ regarding the proposed budget
18 and cost recovery proposal for the Pittsburgh Water and Sewer Authority (PWSA or
19 Authority) petition for approval of a pilot private service line leak repair and
20 expanded conservation program (Pilot Program).

¹ Pittsburgh United Statement No. 1 -R.

1 **Q. DOES YOUR SURREBUTTAL TESTIMONY INCLUDE AN EXHIBIT?**

2 A. No, however I refer to my rebuttal testimony and its accompanying exhibit in this
3 surrebuttal testimony.

4
5 **PITTSBURGH UNITED COST RECOVERY AND BUDGET PROPOSAL**

6 **Q. PLEASE SUMMARIZE PITTSBURGH UNITED WITNESS MILLER'S**
7 **RECOMMENDED CHANGES TO THE PILOT PROGRAM BUDGET.**

8 A. First, Mr. Miller recommends that the pilot program be extended from one year to two
9 years, and that the program budget be set at \$400,000 per year for a total cost of
10 \$800,000. Additionally, Mr. Miller recommends that any unspent budget from the
11 first year should be carried over and added to the budget for the next year.²

12
13 **Q. WHAT IS THE JUSTIFICATION FOR WITNESS MILLER'S**
14 **RECOMMENDATION?**

15 A. Mr. Miller states his concerns that the evaluation period is not long enough to
16 generate sufficient data on participant usage. Mr. Miller recommends that a second
17 year of the Pilot Program is necessary to give time for the Authority to fully evaluate
18 the Pilot Program before proposing a possible extension six months prior to the end of
19 the second year.³ He asserts that this longer Pilot Program period would prevent the
20 program from lapsing after the end of the first year while the evaluation process is
21 ongoing. Mr. Miller states that a lapse in the program would unnecessarily add to

² Pittsburgh United Statement No. 1-R, p. 15.

³ Pittsburgh United Statement No. 1-R, pp. 17-18.

1 administrative costs of the program and forestall progress made during the first year
2 of the program. Witness Miller believes that the Authority may be unable to retain
3 the newly added position if the program lapsed and would need to rehire and retrain
4 someone if the program were to resume.⁴

5
6 **Q. DO YOU AGREE WITH WITNESS MILLER'S RECOMMENDATIONS?**

7 A. No. I disagree with his recommendation for the addition of a second year to the Pilot
8 Program term with a \$400,000 budget for the additional year. I also disagree with and
9 his recommendation to carryover any remaining balance from one year to the next.
10 These recommendations conflict with the recommendation I made in direct testimony
11 to disallow regulatory asset treatment.⁵

12
13 **Q. WHAT IS THE BASIS FOR YOUR DISAGREEMENT WITH MR. MILLER'S**
14 **RECOMMENDATION FOR THE ADDITION OF A SECOND YEAR TO THE**
15 **PILOT PROGRAM TERM?**

16 A. First, the Authority's proposal to file the results of the evaluation three months prior
17 to the end of the pilot period⁶ allows for sufficient time to see how customers' usage
18 changed immediately after receiving services and how long those benefits were
19 maintained. Additionally, if appropriate, the Authority can recommend extension of
20 the Pilot beyond the first year when it files its evaluation with the Commission three

⁴ Pittsburgh United Statement No. 1-R, p. 16.

⁵ I&E Statement No. 1-R, pp. 9-12.

⁶ PWSA Statement No. 1, pp. 26-27.

1 months before the end of the Pilot term, preventing a lapse in the program. Finally, I
2 note that Mr. Miller has not supported his concerns about additional administrative
3 costs resulting from a lapse in the program and there is no substantiation of the type
4 and amount of costs that he speculates would result. In fact, the Authority states in
5 response to I&E-RE-6(E) that it plans to retain the additional employee if the Pilot
6 Program is not extended beyond the first year,⁷ indicating that there would be
7 minimal, if any, rehiring or retraining costs for additional years.

8
9 **Q. WHAT IS THE BASIS FOR YOUR DISAGREEMENT WITH MR. MILLER'S**
10 **RECOMMENDATION FOR A \$400,000 BUDGET FOR THE ADDITIONAL**
11 **YEAR ADDED THE PILOT PROGRAM?**

12 A. As discussed in my rebuttal testimony,⁸ Pennsylvania recently included the creation
13 of the Whole Home Repairs Program in the state budget, which may provide an
14 additional funding source for low-income customers to repair leaks in their homes and
15 offset Pilot Program costs for the Authority. Mr. Miller's recommendation for an
16 increased budget does not account for this potential additional funding source or any
17 others that may become available. The addition of a second year to the Pilot Program
18 at a cost of \$400,000 disincentivizes the Authority from seeking additional funding
19 sources like the Whole Home Repairs Program for its customers. This new funding
20 source, in addition to the reasons discussed above concerning the disallowance of the

⁷ I&E Exhibit No. 1-R, Schedule 3, p. 2.

⁸ I&E Statement No. 1-R, pp. 12-13.

1 additional year to the Pilot Program, are my bases for disallowance of the additional
2 program costs.

3

4 **Q. WHAT IS THE BASIS FOR YOUR DISAGREEMENT WITH MR. MILLER'S**
5 **RECOMMENDATION TO CARRY OVER ANY UNSPENT FUNDS FROM**
6 **YEAR ONE TO YEAR TWO OF THE PILOT PROGRAM?**

7 A. There currently is not any separate funding for the program in base rates, so there are
8 no budgeted funds to underspend.⁹ Even if the Authority's request for proposed
9 regulatory asset treatment is approved by the Commission, if the Authority does not
10 fully spend the proposed \$396,500 budget, the unspent amount would decrease the
11 amount of the regulatory asset, which would limit the double recovery of funding
12 from ratepayers at this non-profit cash flow utility.

13

14 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

15 A. Yes.

⁹ I&E Statement No. 1-R, pp. 9-12.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pittsburgh Water and Sewer Authority's	:	
Petition for Pilot Private Service Line	:	P-2022-3030253
Leak Repair and Expanded Conservation	:	
Program for Low Income Customers	:	

**VERIFICATION OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

I, Brian LaTorre, on behalf of the Bureau of Investigation and Enforcement, hereby verify that the documents preliminarily identified as I&E Statement No. 1-R, I&E Exhibit No. 1-R, and I&E Statement No. 1-SR were prepared by me or under my direct supervision and control. Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same at an Evidentiary Hearing in this matter. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

/s/Brian LaTorre
Brian LaTorre
Fixed Utility Valuation Analyst
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Dated: October 4, 2022