

Sanchez Exhibit 1

176

176

Supplemental Public Comment

Jay Sanchez - Public Input Submission – PWSA Rate Increase

1. Written Statement

The Post-Gazette reported that if this request is approved, the average residential bill will jump from \$100.27 to \$123.02 in 2026, and to \$135.49 in 2027.

Audacy described it plainly as a 33 percent increase over two years. That's massive.

As a Pittsburgh resident and taxpayer, I want clean, safe water. But I **refuse** to quietly shoulder the cost of decades of mismanagement and political avoidance.

PWSA's own history is clear: City control kept rates artificially low, critical maintenance was deferred, capital budgets went underspent, and only after the lead crisis and a consent decree did this Authority start the catch-up work we're now paying for.

My question is: why should ratepayers absorb the full impact of leadership's past failures, while current and future industrial users- like the bipartisan supported AI data centers- stand to strain our system without guarantees they'll bear their share? And will PWSA commit to protecting residential customers from another rate shock if those industrial demands grow?

Safety and clean water aren't optional, but neither is accountability. This increase needs safeguards, not just for the work today but for what's coming tomorrow.

2. Supporting Facts

- PWSA must replace over 13,000 lead water lines by 2027 (state rule).
- Aging pumps, pipes, and reservoirs require urgent replacement.
- Costs for chemicals, power, and workers have gone up.
- Past leaders deferred maintenance for decades, making fixes more expensive now.
- Some past rate hikes didn't lead to all planned work getting done.
- Big businesses and banks benefit from reliable water without paying extra unless rules change.
- Executives may not live within the service area, meaning they may not feel the rate hike impact directly.
- This hike comes right after Duquesne Light's price increase, which doubled electric bills (my own bill rose from \$107 to \$298 in two months).



3. Follow-Up Questions for PWSA

- What specific percentage of the \$84.4M increase is for debt service vs. direct infrastructure work?
- What protections are in place to ensure industrial expansions pay for the capacity they use?
- Will PWSA commit on record that residential customers will not subsidize new corporate water demands?
- How will PWSA prevent another rate spike once the current projects are completed?
- Has PWSA evaluated non-ratepayer funding sources (state/federal grants, industrial surcharges) for these projects?
- How many current executives live within the service area, and are they subject to residency requirements?

PWSA Rate Hike – Key Points at a Glance

This summary highlights critical facts, concerns, and questions regarding the Pittsburgh Water and Sewer Authority's proposed rate increase, for inclusion in the public record.

Key Facts

- Proposed increase: 33% over two years (2026–2027).
- Average bill: \$100.27 → \$123.02 in 2026 → \$135.49 in 2027.
- Over 13,000 lead water lines must be replaced by 2027.
- Aging pumps, pipes, and reservoirs need urgent replacement.
- Costs for chemicals, power, and workers have risen.

Concerns

- Decades of deferred maintenance have made repairs costlier.
- Some past rate hikes didn't result in all planned work.
- No guarantee big businesses will pay their fair share.
- Executives may not live in the service area.
- Industrial growth (e.g., AI data centers pushed by Gov Shapiro and Senator McCormick) could strain infrastructure without added corporate contributions.
- Recent Duquesne Light price hikes already burden residents (my own bill rose from \$107 to \$298 in two months).

Key Questions for PWSA

- What share of the \$84.4M increase is for debt service vs. direct work?
- How will residential customers be protected from subsidizing corporate demands?
- Will PWSA commit to avoiding future rate shocks?
- What non-ratepayer funding sources have been explored?
- How many executives live within the service area?

Supplemental Public Comment – PWSA Rate Increase

This supplemental comment expands upon my original submission by raising additional concerns regarding executive compensation, repeated rate hikes despite prior increases, and chronic underspending of approved capital budgets. These points are relevant to the Pennsylvania Public Utility Commission's mandate to ensure that rates are just and reasonable.

1. Executive Compensation and Bonuses

PWSA executives, including the CEO, earn over \$200,000 annually, with the CEO receiving a \$44,550 bonus in 2023. This is high for a public, non-profit utility, especially given that past projects were delayed or underspent. If critical infrastructure work was not completed as planned, what performance metrics justified this bonus? Before placing a steep rate hike burden on ratepayers, has PWSA re-evaluated salaries, raises, and bonuses for positions earning above \$125,000 to ensure that rate increases are truly the last and necessary step - not the first?

2. Timing of Rate Hikes and Tariff Costs

PWSA delayed major infrastructure work until after market conditions - including the Trump administration's tariffs on steel and aluminum - had significantly increased material costs. Acting earlier could have reduced these costs. Why weren't critical projects prioritized before tariffs, pandemic supply chain disruptions, and rising interest rates drove expenses higher?

3. Repeated Rate Increases

PWSA has already implemented multiple rate increases in recent years, including hikes in 2021, 2022, 2023, and 2024. These were intended to fund infrastructure upgrades, yet PWSA is now seeking another \$84.4 million increase over two years. What evidence demonstrates that funds from prior increases were fully and effectively utilized for their intended purpose?

4. Underspending and Accountability

In 2022, PWSA underspent its capital budget by nearly 30% (budgeted \$158.9M, spent \$111.1M). Underspending on approved projects can result from delays, poor project management, scope changes, or strategic deferrals. However, without clear explanations, it undermines public trust and raises concerns about whether new rate increases will result in timely, effective project completion. If previously approved funds were not fully spent or deployed as intended, why should ratepayers believe this new request will be different?

5. Questions for PWSA

- What specific performance metrics justified the CEO's 2023 bonus given the underspending and project delays?
- Were salaries, raises, and bonuses for positions earning over \$125,000 reviewed before deciding to raise rates?
- Why weren't critical infrastructure projects prioritized before market conditions drove up costs?
- How did PWSA use funds from prior rate increases, and what percentage went to direct infrastructure work vs. other expenses?
- What are the specific reasons for the 30% underspending in 2022, and how will PWSA prevent this in the future?

Oral Supplemental Statement – PWSA Rate Increase

This is a condensed version of my supplemental comment, designed to be delivered verbally in under three minutes at the public input hearing.

I want to expand on my earlier comments with three concerns that go directly to the PUC's mandate for just and reasonable rates.

First, EXECUTIVE COMPENSATION: PWSA executives make over \$200,000 a year, and the CEO received a \$44,550 bonus in 2023. This is a public, non-profit utility. If critical infrastructure projects were delayed or left incomplete, what performance justified that bonus? Before burdening ratepayers with a steep increase, was there any serious review of salaries, raises, and bonuses for positions over \$125,000 to ensure rate hikes are truly a last resort - not the first lever pulled?

Second, TIMING AND COST CONTROL: PWSA delayed major infrastructure work until after market conditions - tariffs on steel and aluminum, pandemic supply chain issues, and rising interest rates - made those projects far more expensive. Why weren't the most urgent projects tackled before these cost spikes, when ratepayers could have gotten more for their money?

Third, REPEATED HIKES AND CHRONIC UNDERSPENDING: In 2022 alone, PWSA underspent its capital budget by nearly 30%. If previously approved funds were not fully used to complete the work, why should we trust that this new \$84.4 million request will be handled differently? And what happened to the work those earlier increases were supposed to fund?

FOR THE RECORD, I AM ASKING:

1. What specific performance results justified the CEO's 2023 bonus when key projects were delayed and capital budgets went underspent?
2. Were any high-paid salaries, raises, or bonuses reduced or frozen before turning to ratepayers for more money?
3. Why were critical infrastructure projects not prioritized before tariffs and inflation drove costs higher?
4. How much of the money from prior rate increases went directly to infrastructure work, and how much went elsewhere?
5. What exact factors caused the 30% underspending in 2022, and what has changed to prevent it from happening again?

Rate increases may sometimes be necessary - but accountability and transparency are not optional. Before approving another steep increase, the public deserves clear answers to these questions.