

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	Docket Nos. R-2025-3055010 (Water)
	:	R-2025-3055011 (Wastewater)
v.	:	R-2025-3055012 (Stormwater)
	:	
PITTSBURGH WATER AND SEWER AUTHORITY d/b/a Pittsburgh Water	:	

**JOINT PETITION FOR SETTLEMENT OF ALL
ISSUES WITH ALL PARTIES**

Date: November 21, 2025

Table of Contents

	Page
I. INTRODUCTION.....	3
II. BACKGROUND	3
III. TERMS AND CONDITIONS OF SETTLEMENT.....	6
A. Revenue Requirements, Rates, and Charges.....	6
1. Rates Effective 2026.....	6
2. Rates Effective February 1, 2027	7
B. Pre-Existing Wholesale Contracts	8
C. Stormwater	8
D. Damaged Wastewater Sewer Laterals.....	8
E. Customer Service	9
1. Updated Root Cause Analysis 2025	9
2. Call Center	9
3. Small Business Customers.....	9
4. Customer Complaints, Work Order and Service Logs	10
5. Third Party Payment Processing Fees	10
F. Low-Income Customer Assistance Programs	11
1. Cross Enrollments.....	11
2. Bill Discount Program (“BDP”).....	11
3. Arrearage Forgiveness Program (“AFP”).....	12
4. Hardship Fund	12
5. Line Repair and Water Conservation Program (“LRC”).....	12
6. Identification of “Confirmed” Low-Income Customers.....	13
7. Allocation of Costs for Low-Income Programs.....	13
IV. ADDITIONAL TERMS AND CONDITIONS.....	13
V. THE SETTLEMENT IS IN THE PUBLIC INTEREST	16

List of Supporting Appendices

A	Procedural History, Stipulation of Facts, Conclusions of Law and Ordering Paragraphs
B	Rate Case Tables
C	Revenue Comparison of 2026 Settlement Rates Over Existing Rates
D	Water, Wastewater and Stormwater Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates
E	Rates to Collect Proposed Settlement Level of Water, Wastewater and Stormwater Revenues with Comparison to Originally Requested and Existing Rates
F	Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Existing Rates
G	Allocation of Proposed 2026 Settlement Rate Increase By Customer Class and By Utility Service
H	Example Semi and Annual PENNVEST Reporting Format
I	<i>Pro Forma</i> Supplement No. 18 to Tariff Water – Pa. P.U.C. No. 1 (red-line of current tariff)
J	<i>Pro Forma</i> Supplement No. 17 to Tariff Wastewater – Pa. P.U.C. No. 1 (red-line of current tariff)
K	<i>Pro Forma</i> Supplement No. 9 to Tariff Storm Water – Pa. P.U.C. No. 1 (red-line of current tariff)
L	Pittsburgh Water and Sewer Authority Statement in Support
M	Bureau of Investigation and Enforcement Statement in Support
N	Office of Consumer Advocate Statement in Support
O	Office of Small Business Advocate Statement in Support
P	Pittsburgh United Our Water Table Statement in Support

I. INTRODUCTION

The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water (“Pittsburgh Water,” “PW,” or the “Authority”), the Bureau of Investigation and Enforcement, (“BIE” or “I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Pittsburgh United Our Water Table (“OWT”) (collectively, the “Joint Petitioners” or “Parties”), by their respective counsel, submit and join in this Joint Petition For Settlement (“Settlement” or “Joint Petition”), between and among all of the active parties in the above-captioned consolidated proceeding; and request that Administrative Law Judges Emily I. DeVoe and Ann Quimby (collectively, the “ALJs”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”): 1) approve the Settlement and all of its terms and conditions without modification; and, 2) find that the terms of the Settlement are in accordance with the law and are in the public interest.

In support of this Settlement, the Joint Petitioners state as follows:

II. BACKGROUND

1. Pittsburgh Water, a municipal authority, is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §§ 5601, *et seq.* Pittsburgh Water owns and operates the water supply, distribution and wastewater collection systems formerly owned by the City of Pittsburgh.
2. Pittsburgh Water became subject to the Commission’s jurisdiction effective April 1, 2018. *See* 66 Pa. C.S. § 3201 *et seq.* (“Chapter 32”). The Authority provides water service to approximately 80,000 residential, commercial and industrial customers in portions of the City; the Borough of Millvale; and portions of Reserve, O’Hara, and Blawnox Townships, Allegheny County. The Authority also provides wastewater

conveyance and stormwater service to customers located in the City and conveys wastewater for portions of twenty-four neighboring communities.

3. On June 4, 2025, Pittsburgh Water a multi-year base rate increase request for water, wastewater conveyance and stormwater service over two years (collectively, the “Rate Filing”). The Rate Filing included a \$63.7 million or 25.9% increase in the FPFTY (FY 2026), \$20.7 million or 6.7% in FY 2027. Pittsburgh Water also proposed to remove the minimum water and wastewater charge to be effective January 1, 2027, and to expand the PENNVEST charge starting in FY 2026.
4. In support of its proposals, Pittsburgh Water also filed: (a) Petition for Consolidation of the Water, Wastewater, and Stormwater Rate Proceedings and for Authorization to use Combined Revenue Requirements (“Revenue Consolidation Petition”); (b) Petition for Waiver of Statutory Definition of Fully Projected Future Test Year (“FPFTY Petition”); and (c) Petitions for Authorization to Increase the Water¹ and Wastewater² DISC Caps to 7.5% (collectively, “DSIC Petition”). On June 26, 2025, Pittsburgh Water filed a Petition to Consolidate the DSIC Petition with Base Rate Filings for Water, Wastewater and Stormwater (“DSIC Consolidation Petition”).
5. By Scheduling Order entered July 24, 2025 , the ALJs granted the Revenue Consolidation Petition, granted the DSIC Consolidation Petition, and directed a

¹ Docket No. P-2025-3055650 (water).

² Docket No. P-2025-3055652 (wastewater).

litigation schedule for this proceeding. In a second Order entered on July 24, 2025, the ALJs granted the FPPTY Petition.

6. A more complete description of the related proceedings and the procedural history of this proceeding as well as a stipulation of facts, proposed conclusions of law and ordering paragraphs are attached hereto as Appendix A.
7. Section III below sets forth the agreed-to proposals of the Joint Petitioners for which they are seeking Commission approval. In support of the agreed-to proposals:
 - Appendix B includes updated Rate Case Tables consistent with the Settlement.³
 - Appendix C provides a comparison of revenues from the Settlement over Existing Rates.
 - Appendix D sets forth proof of revenue for water, wastewater and stormwater rates.
 - Appendix E provides the rates to collect the Settlement Level of water, wastewater and stormwater rates.
 - Appendix F sets forth the customer bill impacts and a comparison of the existing rates, Pittsburgh Water's original request and proposed settlement rates.
 - Appendix G sets forth the revenue allocation comparison of existing rates, Pittsburgh Water's original request and the settlement proposed rates.
 - Appendix H contains an example of the semi and annual reporting format for the PENNVEST Charge.
 - Appendices I-K present the red-lined *pro forma* tariff supplements implementing the settlement.

³ The Rate Case Tables were developed in collaboration with the parties in as part of Pittsburgh Water's 2022 base rate case per directive from the Administrative Law Judge and have been used by the parties in all subsequent base rate cases. The traditional regulated utilities template was adjusted to recognize Pittsburgh Water's cash flow method for calculating the revenue requirement. *See* Pittsburgh Water St. No. 1 at 6.

8. Joint Petitioners submit that this Settlement is in accordance with the law, just and reasonable, and in the public interest. Section V below sets forth the reasons why the Settlement is in the public interest and should be approved. Appendices L-P include individual Statements in Support of the Settlement from each Joint Petitioner explaining why they support the Settlement (or specific terms of the Settlement).

III. TERMS AND CONDITIONS OF SETTLEMENT

9. The Joint Petitioners join in recommending approval of Pittsburgh Water's June 4, 2025 base rate filing in this proceeding as modified by the terms and conditions that follow.

A. Revenue Requirements, Rates, and Charges

1. Rates Effective 2026

- a. Upon final approval of the Commission, a total base rate revenue increase of \$25 million for rates effective in 2026 (inclusive of 5% DSIC, exclusive of PENNVEST charges)⁴ will be implemented and allocated as follows:
 - i. Revenue Comparison of 2026 Settlement Rates over Existing Rates are shown on Appendix C.
 - ii. Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates are shown on Appendix D.
 - iii. The rates to collect the proposed settlement level of water, wastewater and stormwater revenues from each class as well as a comparison with the original request are shown on Appendix E.

⁴ The total base rate (plus DSIC) revenue increase will be \$42.6 million as compared to the as-filed request of \$63.7 million. The \$42.6 million is inclusive of the \$25.0 million settlement amount plus the \$17.6 million PENNVEST surcharges as shown in Appendix G.

- iv. Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Rates shown on Appendix F.
 - v. Allocation of 2026 settlement rate increase by customer class and by utility service as shown on Appendix G.
 - b. Distribution System Improvement Charge (“DSIC”)
 - i. Pittsburgh Water withdraws its request to increase its DSIC cap for both water and wastewater conveyance to 7.5%, but such withdrawal shall not be construed as precluding Pittsburgh Water from requesting an increase to the cap in the future.
 - c. PENNVEST Charge (“PVC”)
 - i. Upon final approval of the Commission, effective 2026, Pittsburgh Water will begin charging all debt service (principal and interest or interest only, depending upon the charges from PENNVEST) on existing and future PENNVEST loans through the existing PENNVEST Charge when those charges are required to be paid by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service.
 - (a) The amount of \$17.6 million to be recovered from the PENNVEST charge is not included in the above agreed-to base rate and DSIC revenue requirements.
 - (b) After January 1, 2027, Pittsburgh Water will file semi-annual and annual updates in the format provided in Appendix H (for water and wastewater conveyance).
 - ii. As part of its next base rate filing, Pittsburgh Water will provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years, the most recent reconciliation filing that supports the PENNVEST charge and supporting calculations for the PENNVEST charge.
2. Rates Effective February 1, 2027
- a. Pittsburgh Water agrees to withdraw its request for a multi-year rate plan to set rates for 2027 but such withdrawal shall not be construed as precluding Pittsburgh Water from making alternative ratemaking proposals in the future.
 - b. Removal of Minimum Allowance
 - i. Pittsburgh Water’s proposal to remove the usage component from the fixed minimum/service charge as filed will be approved for implementation on February 1, 2027.

- ii. Rates will be adjusted only as a result of the rate structure change on a revenue neutral basis.
- iii. The allocation of the PENNVEST charge will be recalculated to account for additional billed usage effective February 1, 2027 due to the removal of the usage component from the fixed minimum/service charge.
- iv. The tariff supplement filing for rates effective February 1, 2027 will include a customer bill impact analysis of the impact of the rate structure change.

B. Pre-Existing Wholesale Contracts

1. Pittsburgh Water will continue to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates intended to move closer to Pittsburgh Water's tariffed wholesale rate.
2. Pittsburgh Water will issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039.

C. Stormwater

1. Education and Outreach
 - a. Pittsburgh Water will annually report progress on current stormwater activities as well as information relating to specific planned stormwater activities as identified in the Capital Improvement Plan within the following calendar year and stormwater related public events and outreach on its website.
 - b. Pittsburgh Water will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects in its service territory. Parties to this proceeding will be invited to participate and given an opportunity to provide feedback. The first meeting will be held within 90 days of a final order in this proceeding, and will be held biannually until Pittsburgh Water's next rate case is filed.
 - c. Pittsburgh Water will use its best efforts to maximize all sources of external funding and will explore the availability of any grants including state and federal for which Pittsburgh Water may be eligible to assist with stormwater planning and mitigation.

D. Damaged Wastewater Sewer Laterals

1. Within 60 days of a final Commission Order in this proceeding, Pittsburgh Water agrees to convene a meeting of interested stakeholders

to discuss issues related to customer owned damaged wastewater laterals.

2. In its next base rate case, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

E. Customer Service

1. Updated Root Cause Analysis 2025

- a. Pittsburgh Water will formally track the recommendations, document system-wide steps taken in response, and evaluate – on an on-going basis – whether or how the steps and implementation taken in response to the analysis have achieved their intended purpose.
- b. Pittsburgh Water will continue to include analysis of its customer disputes as well as informal complaints to the Commission’s Bureau of Customer Service, formal complaints, and Payment Arrangements.
- c. Pittsburgh Water will report on the implementation of its current and future recommendations during its regularly scheduled LIAAC meetings. The report will include an evaluation of the success and failure of Pittsburgh Water’s negotiated payment plans. The documented results of Pittsburgh Water’s evaluation will also be reported as part of its next base rate filing.

2. Call Center

- a. Pittsburgh Water’s call center will continue to make good faith efforts to meet its internal standards of an average answer time of 1 minute and an abandonment rate of 3% or less for all its customer queues each quarter.

3. Small Business Customers

- a. Pittsburgh Water will continue to offer payment arrangements for a minimum of six months but will extend payment arrangements up to 24 months for small business customers.
- b. Pittsburgh Water will develop a comprehensive informational campaign about all its programs which support small business customers.
 - i. As part of this informational campaign, Pittsburgh Water will specifically highlight
 - (a) Its new plan to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way

- (b) Its new Leak Credit and Electronic Billing Credit programs.
- (c) Pittsburgh Water will work with representatives of the Office of Small Business advocate in developing the informational campaign and invite representatives from local non-profit community development corporations to participate in developing the information campaign.

4. Customer Complaints, Work Order and Service Logs

- a. Pittsburgh Water agrees to continue to maintain the customer complaint log within its asset management system to include all work order and service request data relative to Field Operations' maintenance of assets so that the information can be made available via Microsoft Excel in response to any discovery requests by the parties in, e.g., Pittsburgh Water's next base rate case.
- b. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable reporting mechanism which identifies the basis for why service termination was halted when field representatives attempt to contact the customer at the premises immediately prior to termination of service. The purpose of the discussion is to inform Pittsburgh Water's development of more detailed tracking mechanism to inform future improvements to customers communications, particularly regarding payment options.
- c. As part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

5. Third Party Payment Processing Fees

- a. Pittsburgh Water withdraws its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee incurred when the customer elects to pay his or her bill through this method but such withdrawal shall not be construed as precluding Pittsburgh Water from making a similar proposal in the future.
- b. Pittsburgh Water will evaluate the cost and feasibility of implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees. The results of the evaluation, and Pittsburgh Water's preliminary determination as to whether or not it can be implemented, will be presented to the Low-Income Assistance Advisory Committee ("LIAAC") for discussion. As part of its next base rate filing, Pittsburgh Water will detail its proposed

implementation of this process or present the reasons why it is not recommending its implementation.

F. Low-Income Customer Assistance Programs

1. Cross Enrollments

- a. Effective September 1, 2026, when a customer enrolls in the Bill Discount Program and has a past due balance, Pittsburgh Water will automatically enroll the customer in the Arrearage Forgiveness Program (“AFP”) without the need for the customer to separately apply for the AFP.

2. Bill Discount Program (“BDP”)

a. **Bill Discounts of Volumetric** (consumption/conveyance) Charges

- i. Pittsburgh Water will expand the volumetric discount from 60% to 70% for customers between 0-50% of Federal Poverty Level.
- ii. Pittsburgh Water will implement a new volumetric discount of 30% for customers between 50.1%-100% of Federal Poverty Level.

b. **Fixed Credit for Volumetric** (consumption/conveyance) Charges

- i. Upon final approval of the Commission, effective 2026 until implementation of the new rate structure change in 2027, BDP participants at 100.1-200% FPL will receive a fixed credit of \$5.00 for their water consumption charges and/or a \$2.50 credit for their wastewater conveyance charges.
- ii. Upon implementation of the rate structure change in 2027, all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate.

c. **Other Credits/Discounts** for BDP Participants

- i. All existing bill discounts will continue to include 100% off minimum/service charges, 85% discount off SW charge and 50% discount off PENNVEST Charge.

3. Arrearage Forgiveness Program (“AFP”)

- a. Effective September 1, 2026, Pittsburgh Water will implement a new Arrearage Forgiveness Program as proposed in its initial filing with the exception of the changes noted herein.
- b. Existing AFP participants will be transitioned to the new AFP effective September 1, 2026.
 - i. Educational materials about the transition will be provided to existing AFP participants prior to launch.
 - ii. Existing AFP participants will have the option to remove themselves from the program should they not agree with new AFP terms.
- c. Existing BDP participants with arrearages who are not already enrolled in AFP prior to September 1, 2026, will be automatically enrolled in the AFP. Pittsburgh Water will contact these eligible customers, provide information about the new AFP, and said customers will be given the option to remove themselves from the AFP should they not agree to be enrolled.

4. Hardship Fund

- a. Pittsburgh Water will allow eligible customers to apply for Hardship Fund grants up to two times per year per utility service. The total grant available for a household in a given year will be \$450 for water and \$450 for wastewater.
- b. Pittsburgh Water will track the number of Hardship Fund applicants and recipients by FPL range and will track the number of BDP participants who have accessed the Hardship Fund program.
- c. Pittsburgh Water will commit royalties from the water and sewer insurance program as a funding source for the Hardship Fund

5. Line Repair and Water Conservation Program (“LRC”)

- a. Pittsburgh Water will implement its permanent Line Repair and Water Conservation Program (“LRC”) as proposed in its initial filing with the exception of the changes noted herein.
- b. Landlord Consent
 - i. Pittsburgh Water agrees to present data to its LIAAC regarding barriers to performing services related to a lack of landlord consent. Pittsburgh Water will identify some recommendations for how the process might be improved including permitting landlord consent through an electronic signature, a web portal (and a QR code), or through text messaging.

- ii. Pittsburgh Water will initiate a discussion with the LIAAC as to how to maximize the ability, and ease, of landlords to provide consent when the landlord is not the customers.
 - c. Pittsburgh Water will ensure that neither training materials nor customer facing materials require participation in BDP as a condition to receive services pursuant to the LRC.
- 6. Identification of “Confirmed” Low-Income Customers
 - a. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable approach to internally identifying and tracking residential customers as “confirmed low-income.” The discussion will include consideration of various factors that could indicate low-income status as well as the consequences to the customers and Pittsburgh Water resources of seeking additional information from customers and maintaining responsibility to safeguard the information.
 - b. Pittsburgh Water will also open a discussion related to these issues during a regularly scheduled LIAAC meeting.
 - c. As part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.
- 7. Allocation of Costs for Low-Income Programs
 - a. Pittsburgh Water will continue to recover the costs of its low-income customer assistance programs from all customer classes.

IV. ADDITIONAL TERMS AND CONDITIONS

10. The Commission’s approval of the Settlement shall not be construed as approval of any Joint Petitioner’s position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement the Settlement.

11. It is understood and agreed among the Joint Petitioners that the Settlement is a “black box” settlement,⁵ the result of compromise and does not necessarily represent the position(s) that would be advanced by any party in this or any other proceeding, if it were fully litigated.
12. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable to the Joint Petitioners and consistent with the public interest. The Settlement represents a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.
13. This Settlement is conditioned upon the Commission’s approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, Pittsburgh Water or any Joint Petitioner may withdraw from this Settlement, upon written notice to the Commission and all parties within five (5) business days following entry of the Commission’s Order and, in such event, the Settlement shall be of no force and effect. In the event that the Commission disapproves the Settlement or

⁵ As used herein, black box settlement refers to a settlement in which the agreed upon level of rates and revenue requirements are specified but not linked to particular assumptions or positions made or taken by the parties in the litigation.

Pittsburgh Water or any other Joint Petitioner elects to withdraw from the Settlement as provided above, each of the Joint Petitioners reserves their respective rights to fully litigate this case including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

14. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated the issues resolved by the Settlement and will result in the establishment of terms and conditions that – until changed on a going-forward basis as provided in the Public Utility Code – are in accordance with the law and in the public interest.

15. If the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to: (a) any modifications to the terms and conditions of this Settlement; or, (b) any additional matters proposed by the ALJs in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

16. This Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

17. Pittsburgh Water will serve a copy of the Settlement upon the customer complainants. The Joint Petitioners recognize that this Joint Petition does not bind

the customer complainants. Nothing herein is intended to limit in any way any position which any Joint Petitioner may take concerning any comment or objection to the Settlement that may be filed by the customer complainants.

18. Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized, or otherwise emphasized, or set forth in the body, a footnote, a parenthetical, an appendix, an exhibit, or otherwise, is material consideration to the entry into this Settlement by the signatory parties.

19. Unless otherwise expressly indicated, all terms and conditions contained herein shall take effect upon issuance of a final order in this proceeding, without the need or requirement for additional Commission review or approval.

V. THE SETTLEMENT IS IN THE PUBLIC INTEREST

20. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Pittsburgh Water's filings. The Joint Petitioners engaged in extensive informal and formal discovery and numerous settlement discussions. They also carefully reviewed and considered the direct, rebuttal, surrebuttal, and rejoinder testimony (including all the supporting exhibits) filed by Pittsburgh Water and the Joint Petitioners.

21. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- a. **The Settlement Provides A Reasonable Resolution.** The Settlement represents a balanced compromise of the issues raised by the active parties in this proceeding and fairly and reasonably balances the need to provide Pittsburgh Water with the opportunity to receive sufficient revenue to fund the provision of

adequate, efficient, safe and reasonable service while recognizing concerns about rate affordability. The Settlement is also responsive to concerns about recovery of PENNVEST costs, revisions to low-income customer assistance programs, and implementation of a rate structure change in 2027.

- b. **Substantial Litigation And Associated Costs Will Be Avoided.** The Settlement amicably and expeditiously resolves a substantial number of issues permitting Pittsburgh Water to provide safe and effective service at just and reasonable rates by focusing resources on implementing the agreed-to rates, recovering PENNVEST costs through the PENNVEST Charge, implementing new low-income customer assistance programs and features; and, implementing the processes and customer education campaigns necessary to implement a new rate structure removing the minimum usage allowance.
- c. **The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.** The Joint Petitioners arrived at the Settlement after conducting extensive discovery and numerous in-depth discussions. The Settlement contains reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission's rules and practices encouraging settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by substantial evidence of record.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the ALJs approve the Settlement as set forth herein, including all terms and conditions, without modification.

Respectfully submitted,



Deanne M. O'Dell, Esquire
Daniel Clearfield, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market St., 8th Fl.
Harrisburg, PA 17101
dodell@eckertseamans.com
dclearfield@eckertseamans.com

Lauren M. Burge, Esquire
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street 44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com

*For Pittsburgh Water and Sewer
Authority, d/b/a Pittsburgh Water*

/s/ Steven C. Gray

Steven C Gray, Esq.
Rebecca Lyttle Esq.
Office of Small Business Advocate
Forum Place | 555 Walnut Street, 1st
Floor
Harrisburg, PA 17101
swebb@pa.gov
relyttle@pa.gov

For Office of Small Business Advocate



Ria Perera, Esquire
Elizabeth Marx, Esquire
Lauren Berman, Esquire
John Sweet, Esquire
PA Utility Law Project
118 Locus Street
Harrisburg, PA 17101
PULP@pautilitylawproject.org

For Pittsburgh United Our Water Table

/s/ Michael Podskoch

Scott B Granger, Esq.
Michael A. Podskoch, Jr., Esq.
Bureau of Investigation & Enforcement
PA Public Utility Commission
P.O Box 3265
Harrisburg, PA 17105
sgranger@pa.gov
mpodskoch@pa.gov

*For Bureau of Investigation and
Enforcement*

/s/ Christy Appleby

Christy Appleby, Esq.
Harrison William Breitman, Esq.
Katherine "Katie" M. Kennedy, Esq.
Office of Consumer Advocate
5th Floor, Forum Place Bldg.
555 Walnut Street
Harrisburg, PA 17101-1921
OCAPWSA2025paoca.org

For Office of Consumer Advocate

Dated: November 21, 2025

Appendix A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PROCEDURAL HISTORY, STIPULATION OF FACTS, CONCLUSIONS OF
LAW AND ORDERING PARAGRAPHS**

Procedural History

1. On June 4, 2025, Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water (“Pittsburgh Water,” “PW,” or the “Authority”) filed a multi-year base rate increase request for water,¹ wastewater conveyance² and stormwater service³ over two years (collectively, the “Rate Filing”).⁴ The Rate Filing included a proposed \$63.7 million or 25.9% increase in the FPFTY (FY 2026), and a \$20.7 million or 6.7% increase in FY 2027. Pittsburgh Water also sought approval to increase its current 5% Distribution

¹ **Docket No. R-2025-3055010.** Pittsburgh Water filed Supplement No. 16 Tariff Water - Pa. P.U.C. No. 1 (Supplement No. 16) with the Commission to become effective August 8, 2025. Supplement No. 16 proposes a multi-year rate increase that would increase Pittsburgh Water’s total annual operating revenues for water service by approximately \$42.7 million, or 26.3%, through rates effective August 8, 2025, and by approximately \$14.4 million, or 7%, through rates effective January 1, 2027.

² **Docket No. R-2025-3055011.** Pittsburgh Water filed Supplement No. 15 Tariff Wastewater - Pa. P.U.C. No. 1 (Supplement No. 15) with the Commission to become effective August 8, 2025. Supplement No. 15 proposes a multiyear ate increase that would increase Pittsburgh Water-WW’s total annual operating revenues for wastewater service by approximately \$14.5 million, or 24.9%, through rates effective August 8, 2025, and by approximately \$5.5 million, or 7.6%, through rates effective January 1, 2027.

³ **Docket No. R-2025-3055012.** Pittsburgh Water filed Supplement No. 7 Tariff Storm Water - Pa. P.U.C. No. 1 (Supplement No. 7) with the Commission to become effective August 8, 2025. Supplement No. 7 proposes a multiyear rate increase that would increase Pittsburgh Water-SW’s total annual operating revenues for stormwater service by approximately \$6.4 million, or 21.9%, through rates effective August 8, 2025, and by approximately \$788,574, or 2.2%, through rates effective January 1, 2027.

⁴ *See* PUC Docket Nos. R-2025-3055010 (Water), R-2025-3055011 (Wastewater), R-2025-3055012 (Wastewater).

System Improvement Charge (“DSIC”) cap for water and wastewater conveyance to 7.5%.⁵

2. In addition, Pittsburgh Water sought Commission approval: (1) to expand the definition for recovery through the PENNVEST charge starting in FY 2026; and, (2) effective in FY 2027, Pittsburgh Water sought Commission approval for a rate structure change which would ultimately remove the water and wastewater minimum charges and shift greater reliance to volumetric charges for rate recovery.

3. Pittsburgh Water’s initial rate proposals included various other proposals regarding its provision of service to include: (1) taking ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way; (2) a new electronic bill credit to incentivize customers to switch from paper billing to electronic billing; (3) reinstatement of the requirement that customers incurring third-party credit card fees be required to pay those fees individually; (4) introduction of a new Leak Credit program for water and wastewater customers; (5) removal of various developer fees; (6) tariff revisions to address break-in connections; and, (6) changes to current customer notification procedures.

4. Finally, Pittsburgh Water’s initial rate filing included proposed revisions and changes to its low-income customer assistance programs including the introduction of a newly restructured Arrearage Forgiveness program; recertification revisions for the Bill Discount Program; automatic enrollment for various low-income customer assistance programs; and committing to a permanent Line Repair and Water Conservation Program.

5. That same day, Pittsburgh Water also filed in the Rate Filing a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year (“FPFTY Petition”), and a Petition for Consolidation of Water, Wastewater and Stormwater Rate Proceedings and

⁵ See PUC Docket Nos. Docket Nos. P-2025-3055650 (Water) and P-2025-3055652 (Wastewater).

for Authorization to Use Combined Water, Wastewater and Stormwater Revenue Requirements (“Revenue Consolidation Petition”).

6. On June 26, 2025, Pittsburgh Water filed a Petition to Consolidate its DSIC Petition and Base Rate Case Filings for Water, Wastewater, and Stormwater (“DSIC and BRC Consolidation Petition”).
7. On June 12, 2025, the Commission’s Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance. Formal Complaints were separately filed by the Office of Small Business Advocate (“OSBA”) and the Office of Consumer Advocate (“OCA”) on June 25, 2025.
8. On June 25, 2025, Pittsburgh United Our Water Table (“OWT”) filed a Petition to Intervene and Answer.
9. On June 26, 2025, Pittsburgh Water filed a Petition to Consolidate the DSIC Petition with Base Rate Filings for Water, Wastewater and Stormwater (“DSIC Consolidation Petition”).
10. On July 10, 2025, the Commission entered three individual Suspension Orders which, in total, suspended the Rate Filing by operation of law until March 8, 2025, unless otherwise directed by Order of the Commission. The Suspension Orders also assigned the Rate Filing to the Office of Administrative Law Judge (“OALJ”) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision. Pittsburgh Water’s filing and the above-described petitions and complaints were assigned to Administrative Law Judges Emily I. DeVoe and Ann Quimby (collectively, the “ALJs”).
11. On July 10, 2025, a Telephonic Prehearing Conference Notice was issued by the ALJs in the Rate Filing scheduling a Prehearing Conference for July 14, 2025.
12. On July 11, 2025, in accordance with the Prehearing Conference Order, Prehearing Memoranda were filed by Pittsburgh Water, I&E, OCA, OSBA, and OWT.

13. On July 14, 2025, a Prehearing Conference was held as scheduled. The following parties were represented by counsel: Pittsburgh Water, I&E, OCA, OSBA, and OWT. Various procedural matters were discussed including a litigation schedule, which was adopted at the prehearing conference. The parties also agreed to other procedural matters including the manner of service. None of the parties opposed the Petition to Intervene filed by OWT, Pittsburgh Water's Revenue Consolidation Petition or Pittsburgh Water's DSIC Consolidation Petition.

14. After the Prehearing Conference, the FPFTY Petition and DSIC Petition were assigned to ALJs. The ALJs issued an Order on July 24, 2025 granting the FPFTY Petition.

15. On July 24, 2025, a Scheduling Order was issued which, *inter alia*, memorialized the litigation scheduled adopted at the Prehearing Conference, granted the Petitions to Intervene filed to that date, granted Pittsburgh Water's Revenue Consolidation Petition, granted Pittsburgh Water's DSIC Consolidation Petition, and modified the Commission's discovery regulations.⁶

16. *Pro se* consumer complaints filed by Marc Bilder, Formal Complaint Docket Number C-2025-3056528 and Caryn Lenz, Formal Complaint Docket Number C-2025-3056859 were served on Pittsburgh Water July 28, 2025 and August 14, 2025, respectively.

17. An Interim Order Providing Information to *Pro Se* Complainants was entered July 30, 2025 to notify consumers filing a *pro se* Formal Complaint about their options for participation in this proceeding including the directive to file correspondence with the Commission's Secretary's Bureau indicating an intent to participate as a party of record. No such correspondence was filed.

⁶ On July 29, 2025, an Amended Prehearing Order was issued concerning only service of testimony, work papers, briefs, settlement petitions, or statements in support upon the ALJs' technical advisors.

18. A *pro se* consumer complaint filed by Harry Bolton on July 7, 2025 and docketed to C-2025-3056203. On July 25, 2025 Pittsburgh Water requested that the complaint be consolidated with the rate filing. An Interim Order Directing Complainant to File Correspondence clarifying whether he wanted the complaint to be treated as a stand-alone complaint or as part of the rate case was entered on July 30, 2025. Mr. Bolton did not respond and the complaint has proceeded as a stand-alone complaint.

19. On October 16, 2025, *pro se* complainant Marc Bilder contacted ALJ DeVoe via email and requested to withdraw his formal complaint. ALJ DeVoe shared this request with the parties, and no party objected to Mr. Bilder’s withdrawal request.

Parties

20. Pittsburgh Water is a municipal authority. It is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. §§ 5601, *et seq.* Pittsburgh Water is regulated as a public utility pursuant to the Public Utility Code. 66 Pa. C.S. § 3201, *et seq.* As a public utility, the Authority provides water service to approximately 80,000 residential, commercial and industrial customers in portions of the City of Pittsburgh (“City”); the Borough of Millvale; and portions of Reserve, O’Hara, and Blawnox Townships, Allegheny County. The Authority also provides wastewater conveyance service and stormwater service to customers located in the City and conveys wastewater for portions of twenty-four neighboring communities.

21. The Bureau of Investigation and Enforcement (“I&E”) was created by the Commission pursuant to 66 Pa. C.S. § 308.2(a)(7) as a prosecutory bureau for purposes of, *inter alia*, representing the public interest in ratemaking matters before the Office of Administrative Law Judge (“OALJ”). *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011, at 4-5).

22. The Office of Consumer Advocate (“OCA”) is empowered to represent the interests of Pennsylvania consumers before the Commission, pursuant to Act 1976-161 of

the General Assembly, as amended, 71 Pa. C.S. §§ 3-901 *et seq.* The OCA is statutorily charged with representing the interests of consumers in matters properly before the Commission related to Pittsburgh Water (a water and sewer authority in a City of the Second Class). 66 Pa. C.S. § 3206(a).

23. The Office of Small Business Advocate (“OSBA”) is authorized by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50, to represent the interests of small business consumers of utility services in matters before the Commission.

24. Pittsburgh United Our Water Table (“OWT”) is a coalition of community, labor, faith, and environmental organizations committed to advancing the vision of a community and economy that works for all people. Its members work collectively to build a community whereby all workers are able to care for themselves and raise their families, sharing in the prosperity generated by economic growth and development.

Progress of the Proceeding

25. The parties in this proceeding began serving discovery to Pittsburgh Water on June 9, 2025, with the last set of discovery served to Pittsburgh Water on September 23, 2025. Pittsburgh Water reports that it responded to almost 718 discovery requests (inclusive of subparts) and that the parties collectively responded to 65 discovery requests from Pittsburgh Water and each other.

26. Four public input hearings were held on each of the following days: two on August 12, 2025 (in-person) and two on August 13, 2025 (telephonic).

27. On July 31, 2025, Pittsburgh Water filed the Verified Statement of Julie Mechling concerning its Proof of Publication for each hearing as well as a description of its published notification of the Public Input Hearings on its website and social media.

28. Pursuant to the litigation schedule, written direct testimony was served on September 5, 2025 by I&E, OCA, OSBA, and OWT. On September 30, 2025, written

rebuttal testimony was served by Pittsburgh Water, I&E, OCA, OSBA and OWT. Written surrebuttal testimony from Pittsburgh Water, I&E, OCA, OSBA, and OWT was served on October 14, 2025. Finally, on October 20, 2025, written rejoinder testimony was served by Pittsburgh Water.

29. Prior to the evidentiary hearing, all the parties continued to discuss potential settlement of the issues and, on October 22, 2025, Pittsburgh Water notified the ALJs that full settlement of all issues with all parties had been reached. Pursuant to the litigation schedule, the parties stated that they would not be filing Main Briefs on October 19, 2023 but, instead, would be submitting a Joint Petition for Settlement together with Statements in Support on November 21, 2025.

30. The evidentiary hearings were canceled. On November 6, 2025, Pittsburgh Water, I&E, OCA, OSBA and OWT (collectively “Stipulating Parties”), submitted a Joint Stipulation for Admission of Evidence Into the Record which was granted by Interim Order entered November 12, 2025. As directed by paragraph 3 of the Interim Order, all parties filed the statements (with all appropriate verifications) and exhibits entered into the record on or before November 17, 2025.

Specific Information Regarding Pittsburgh Water’s Base Rate Proposals

31. Pittsburgh Water’s original base rate filing requested a multi-year total overall increase of \$84.4 million in its combined water, wastewater conveyance and stormwater rates, inclusive of the Distribution System Improvement Charge (“DSIC”) cap increase from 5.0% to 7.5% and the expansion of the PENNVEST charge. The Rate Filing included a \$63.7 million or 25.9% increase in the FPFTY (FY 2026), and a \$20.7 million or 6.7% increase in FY 2027. (Pittsburgh Water St. No. 1 at 3-4; Pittsburgh Water St. No. 2 at 3-5).

32. Pittsburgh Water also proposed a rate structure change to remove the current minimum allowance water and wastewater charges included in its fixed charges to be

effective January 1, 2027. (Pittsburgh Water St. No. 1 at 3-4; Pittsburgh Water St. No. 2 at 66-67; Pittsburgh Water St. No. 6 at 25-29).

33. Pittsburgh Water witnesses testified that the major cost drivers behind its proposed rate increase included: (a) increasing operating budget costs; (b) capital costs; (c) continued adherence to financial obligations; and (d) improvements to the financial metrics that impact Pittsburgh Water’s bond rating. (Pittsburgh Water St. No. 1 at 4-5; Pittsburgh Water St. No. 2 at 5).

34. Pittsburgh Water’s estimated increase in operating costs, as explained by Pittsburgh Water, was impacted by inflation and tariffs. (Pittsburgh Water St. No. 2 at 10-13).

35. Pittsburgh Water witnesses testified that the 2025-2029 Capital Improvement Plan (“CIP”) approved by Pittsburgh Water’s Board of Directors on December 20, 2024 includes over \$1.2 billion in capital improvements, which is the result of multiple decades of deferred maintenance and lack of capital investment. The CIP includes detailed information about Pittsburgh Water’s construction projects related to Water Treatment Plant, Water Pumping and Storage, Water Distribution, Wastewater, Stormwater, and Miscellaneous Projects. (Pittsburgh Water St. No. 2 at 27-33; Pittsburgh Water Exhibit EB-4; Pittsburgh Water St. No. 3; Pittsburgh Water St. No. 4).

36. As explained in direct testimony, the criteria Pittsburgh Water uses to evaluate and prioritize capital projects include: (a) regulatory compliance; (b) safety; (c) operating efficiency; (d) quality of service; (e) organizational goals; and (f) social impact. (Pittsburgh Water St. No. 3 at 17).

37. Pittsburgh Water’s witnesses explained that when a legal mandate has been issued, Pittsburgh Water prioritizes its capital projects accordingly such that it places the highest priority on non-negotiable regulatory requirements. The current CIP includes funding for projects that are related to the Consent Order and Agreement (“COA”) issued by the Pennsylvania Department of Environmental Protection (“DEP”) on September 6,

2019. Specific obligations under the 2019 COA include construction of a clearwell bypass system to ensure uninterrupted water supply service should the existing clearwell prematurely fail and the rehabilitation or replacement of designated mains and pumpstations. (Pittsburgh Water St. No. 3 at 27-28).

38. Pittsburgh Water's witnesses testified that the Capital Budget, as reflected in the CIP, includes \$344.2 million for FY 2026 and \$287.3 million for FY 2027. Included in these amounts are costs associated with the COA, the anticipated Wet Weather Consent Decree, and unrelated water main replacement program (which entails lead service line identification and replacement). As further explained by Pittsburgh Water's witnesses, the majority of the remaining capital requirements in FPFTY 2026 represent funding for annual replacement costs associated with meters, sewer lines, valves, hydrants, catch basins, and stormwater improvements. (Pittsburgh Water St. No. 2 at 30; Pittsburgh Water St. No. 3; Pittsburgh Water St. No. 4).

39. For all the reasons explained in its supporting witnesses' testimony, Pittsburgh Water's proposed capital revenue requirements of \$151.1 million in the FPFTY and \$171.9 million in FY 2027 to support the CIP make up about 76% of the total revenue requirement sought by this rate case. (Pittsburgh Water St. No. 2 at 32-34).

40. As explained in Pittsburgh Water's direct testimony, the total approved budget in the 2025-2029 CIP for construction projects that are necessary to comply with the 2019 COA and the 2024 CD is approximately \$265 million. Pittsburgh Water claimed that a failure to timely comply with the obligations established by the 2019 COA or the 2024 CD (or both) would result in the imposition of civil penalties, including one-time amounts and per days amounts for continuing violations. (Pittsburgh Water Exhibits BK-1 through BK-4; Pittsburgh Water Exhibit BK-5).

41. Pittsburgh Water witnesses explained that transitioned the Lead Service Line Replacement program to its ongoing water main replacement program. This approach allows Pittsburgh Water to complete the replacement of the publicly owned portions of

the individual lead service lines concurrent with the replacement of aging water distribution mains. (Pittsburgh Water St. No. 3 at 47-48).

42. Pittsburgh Water witnesses explained that, as a municipal authority, Pittsburgh Water’s only available sources to fund capital improvements are debt, grants, and internally generated funds (pay-as-you-go or “PAYGO”). DSIC is the only source of internally generated funds in this rate case. (Pittsburgh Water St. No. 2 at 32-33, 35-37).

43. Pittsburgh Water anticipates that its CIP projects will result in significant construction expenditures, requiring the Authority to increase its debt service by \$17.4 million in the FPFTY and \$16.8 million in FY 2027. The service revenue requirement included in this rate request is comprised of Water Infrastructure Finance and Innovation Act (“WIFIA”) Loans, Public Debt, PENNVEST Loans and a Capital Line of Credit. (Pittsburgh Water St. No. 2 at 32-38).

44. As of January 31, 2025, according to Pittsburgh Water’s evidence, Pittsburgh Water had \$1.3 billion of bonds outstanding, comprised of approximately \$894.1 million (70%) issued under the Senior Lien; \$137.2 million (11%) issued as Subordinate Bonds; and \$240.2 million (19%) issued as Secondary Subordinate Lien. Current Pittsburgh Water management plans to be prudent with future debt issuances, with the goal of minimizing risks and keeping debt costs as low as possible for ratepayers. This is being achieved through the continued pursuit of low-cost financing from PENNVEST and WIFIA. (Pittsburgh Water St. No. 2 at 40-43).

45. Pittsburgh Water explained that its most important financial metrics are debt service coverage ratios; additional bonds test; reserves and liquidity; and bond ratings. (Pittsburgh Water St. No. 2 at 43-44).

46. As a part of this proceeding, Pittsburgh Water is proposing to remove the minimum water and wastewater allowance portion of its fixed charges effective January 1, 2027. (Pittsburgh Water St. No. 1 at 3-4; Pittsburgh Water St. No. 2 at 66-67; Pittsburgh Water St. No. 6 at 25-29).

47. Pittsburgh Water also proposed to:

- a. take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way (Pittsburgh Water St. No. 2 at 40; Pittsburgh Water St. No. 5 at 8-9);
- b. implement a new electronic bill credit to incentivize customers to switch from paper billing to electronic billing (Pittsburgh Water St. No. 2 at 27);
- c. reinstitute the requirement that customers incurring third-party credit card fees be required to pay those fees individually (Pittsburgh Water St. No. 2 at 26-27);
- d. introduce a new Leak Credit program from water and wastewater customers (Pittsburgh Water St. No. 6 at 38-39);
- e. remove various developer fees (Pittsburgh Water St. No. 6 at 50);
- f. implement tariff revisions to address break-in connections (Pittsburgh Water St. No. 5 at 6-8; Pittsburgh Water St. No. 6 at 50); and,
- g. implement changes to current customer notification procedures (Pittsburgh Water St. No. 4 at 26-28; Pittsburgh Water St. No. 6 at 51-53).

48. Pittsburgh Water proposed to continue implementation of stormwater charges based on the amount of impervious surface area on a property. Pittsburgh Water's 2025-2029 stormwater capital budget is \$40.5 million, with \$7.5 million designated for the FPFTY and \$2 million designated for FY 2027. (Pittsburgh Water St. No. 4 at 16-17).

49. Under Pittsburgh Water's proposal, residential customers would continue to be billed for stormwater charges under a three-tiered rate structure based on the number of Equivalent Residential Units ("ERUs"), which is the amount of impervious area found on a typical residential property in the service area and is about 1,650 square feet. The amount of ERUs of impervious area is also the billing unit that Pittsburgh Water proposes to continue using to calculate stormwater charges for non-residential properties.

(Pittsburgh Water St. No. 8 at 48-53).

50. Pittsburgh Water's filing includes a proposal to continue offering a stormwater credit program that allows customers to reduce their monthly stormwater charges. In addition, Pittsburgh Water proposed two updates as follows: (a) more explicitly showing

how non-residential properties can receive existing 45% and 60% credits through passive management of stormwater via the property's green space; and (b) a one-time \$40 credit for installed rain barrels that capture and retain roof runoff from residential properties.

(Pittsburgh Water St. No. 8 at 55).

51. In its filing, Pittsburgh Water described existing low-income customer assistance programs and proposed enhancements to these programs, including:

- a. Extending the Bill Discount Program ("BDP") recertification requirement from two years to five years for customers on fixed incomes of social security and/or retirement benefits (Pittsburgh Water St. No. 6 at 32-33);
- b. Automatically enrolling customers into the BDP when they apply for and are granted a Hardship Grant through one of the community-based organizations partnering with Dollar Energy Fund (Pittsburgh Water St. No. 6 at 33);
- c. Introduce a new fixed bill credit for income-eligible customers in 2026 to mitigate impacts on those customers driven by the proposed transition to greater reliance on volumetric charges (Pittsburgh Water St. No. 6 at 33);
- d. Conversion of the existing Pilot Line Repair and Water Conservation program to a permanent program with an increase to \$1,600 for the per-property program benefit (Pittsburgh Water St. No. 6 at 33-35); and,
- e. Introduction of a new Arrearage Forgiveness Program to freeze a customer's debt and reduce the customer's balance by 1/24th of the original pre-program balance amount with on-time payments of monthly billed charges eliminating the balance within a two-year period (Pittsburgh Water St. No. 6 at 35-38).

52. Pursuant to Section 1330 of the Public Utility Code and the Commission's Policy Statement at 52 Pa. Code § 69.3302, Pittsburgh Water further proposed to implement a multi-year rate increase. The intent of this proposal, as explained by Pittsburgh Water's witnesses, was to give the Authority a level of financial security and better access to the capital markets, as well as to reduce the frequency of filing base rate cases. (Pittsburgh Water St. No. 2 at 53; Pittsburgh Water Exhibit EB-10).

Key Positions of Opposing Parties

53. I&E, OCA, OSBA, and OWT (collectively, “Opposing Parties”) submitted testimony challenging many of the proposals in Pittsburgh Water’s Rate Filing. (I&E St. Nos. 1-4; OCA St. Nos. 1-7; OSBA St. No. 1; OWT St. No. 1).

54. I&E and OCA proposed adjustments resulting in a decrease to Pittsburgh Water’s projected pro forma revenue requirements. I&E modified its proposed adjustments in Surrebuttal Testimony and recommended an increase of \$22,916,334 to the FPFTY revenues. (I&E St. No. 1-SR at 1; I&E Exhibit No. 1-SR). OCA modified its proposed adjustments in Surrebuttal Testimony and recommended an increase of \$18,882,465 to the FPFTY revenues. (OCA Statement St. No. 2-SR at 1; OCA Exhibit DM-SR-1). OSBA did not offer a recommendation for a specific total revenue requirement but did offer conclusions and recommendations specific to wholesale water revenue, number of customers, uncollectible expense, the PENNVEST Surcharge, Distribution System Improvement Charge (“DSIC”), and the 2025 Cost of Service Study (OSBA St. No. 1). OWT did not offer a recommendation for a specific total revenue requirement.

55. In addition, I&E and OCA opposed Pittsburgh Water’s proposal to increase its DSIC cap from 5.0% to 7.5%. (I&E St. No. 1 at 17-18; OCA St. No. 1 at 30-37). OSBA did not object to increasing the DSIC to 7.5% but recommended that Pittsburgh Water exclude any revenue from its PENNVEST Surcharge from the calculation of the 7.5% cap. (OSBA St. No. 1 at 15-18). That recommendation to exclude revenues from PENNVEST was later withdrawn by OSBA. (OSBA St. No. 1-SR at 15).

56. Further, I&E and OCA opposed Pittsburgh Water’s proposal for a multi-year rate plan. (I&E St. No. 1; I&E St. No. 3; I&E St. No. 4; OCA St. No. 1; OCA St. No. 2; OCA St. No. 7; OWT St. No. 1).

57. The OCA’s position was that, in order to avoid setting three years of rates based on what it identified as historically inaccurate and now significantly more ambitious projections, and in recognition of what it viewed as several statutory, regulatory, and

practical deficiencies of Pittsburgh Water’s multi-year rate plan (“MYRP”) proposal, Pittsburgh Water’s rates should be set solely based on the FPFTY ending December 31, 2026. (OCA St. 2).

58. Additionally, Opposing Parties raised issues concerning the appropriateness of Pittsburgh Water’s allocation of certain costs to customer classes in the cost of service studies, as well as the proposed rate design and allocation of any rate increase to the customer classes. (I&E St. No. 1; OCA St. No. 1; OCA St. No. 4; OSBA St. No. 1).

59. As to cost allocation, OCA noted that revenues for the Wholesale class are less than the indicated cost of service. OCA’s witness explained that Pittsburgh Water is a party to three wholesale contracts that obligate Pittsburgh Water to terms that under-recover actual costs to provide wholesale service in FY 2026, and this shortfall is allocated to other customers. On that basis, OCA recommended that Pittsburgh Water issue a notice of termination for each of the Wholesale agreements and negotiate new agreements that provide for movement toward cost of service rates. (OCA St. 4).

60. Despite I&E’s recommendation to deny the MYRP, it took the view that the elimination of the minimum charge should occur on the first day of FY 2027 on a revenue neutral basis. (I&E St. No. 1 at 21). OCA stated that delaying the elimination of the minimum charge beyond FY 2027 would not be accepted. (OCA St. 1 at 40).

61. OSBA opposed the funding of CAP by non-residential customers. (OSBA 1 at 18-19; OSBA St. 1-R at 3-7).

62. Additionally, OCA challenged the adequacy of Pittsburgh Water’s existing customer service, critiqued a root cause analysis performed by Pittsburgh Water of complaints, and opposed Pittsburgh Water’s proposal to resume the imposition of charges associated with credit cards and debit cards. (OCA St. 7).

63. OCA and OWT also contended that Pittsburgh Water’s proposals to address low-income customer assistance issues were inadequate and offered recommendations to enhance Pittsburgh Water’s handling of those issues. Among the enhancements proposed

by OCA and OWT are: (a) enrollment of more participants, including tenants, in the BDP; (b) various changes to the BDP and Arrearage Forgiveness Program (“AFP”); (c) increasing the frequency that customers can receive Hardship Fund grants; (d) expanding the Line Repair and Water Conservation Program; (e) and re-filing a proposed Damaged Wastewater and Sewer Lateral program. (OCA St. 6; OWT St. No. 1).

Settlement Provisions

64. In establishing a proposed base rate increase, the Joint Petition for Settlement (“Settlement”) fairly balances Pittsburgh Water’s revenue needs with the challenges raised by the parties concerning, *inter alia*, a rate increase, rate structure, and revenue allocation. The Settlement is also responsive to other issues raised by the parties by Pittsburgh Water resulting in a number of revisions to Pittsburgh Water’s initial proposals related to programs for low-income customers as well as an agreed-to path for implementation of Pittsburgh Water’s rate structure change effective in 2027. As such, it represents a comprehensive resolution of issues in dispute and a reasonable compromise of differing objectives and views.

65. The Settlement provides for a total increase of about \$25 million in base rate revenue, inclusive of 5% DSIC (but exclusive of amounts recovered under the PENNVEST charge), which is approximately 60% less than the originally proposed increase for the FPPTY, and reflects none of the increase based rate or DSIC cap increases proposed for FY 2027, which totaled \$14.5 of the requested \$20.7 million for 2027. The rates to be collected are allocated to water, wastewater and stormwater rates.

66. On balance, the Settlement comprehensively resolves all issues raised during the proceeding in a manner that is consistent with the public interest.

PROPOSED CONCLUSIONS OF LAW

1. The Joint Petition for Settlement is in the public interest.
2. The rates, terms and conditions contained in Pittsburgh Water’s base rate increase filings of June 4, 2025 at Docket Nos. R-2025-3055010 (water); R-2025-3055011(wastewater); and, R-2025-3055012 (stormwater), as modified by the Settlement, are – until changed on a going-forward basis as provided in the Public Utility Code – Commission-made, just and reasonable, and in the public interest.

PROPOSED ORDERING PARAGRAPHS

THEREFORE, IT IS ORDERED:

1. That the Joint Petition for Settlement filed on November 21, 2025 by The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, Pittsburgh United Our Water Table is granted, and the Settlement is thereby adopted, in full, without modification or correction.
2. That the Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water is authorized to file tariffs, tariff supplements or tariff revisions containing rates, rules and regulations, consistent with the Joint Petition for Settlement, to produce a total increase of \$25 million in base rate revenue (inclusive of DSIC), effective upon approval in 2026, consistent with the rates, rules and regulations set forth in the pro forma tariffs included in Appendices I (Water), J (Wastewater) and K (Storm Water) to the Joint Petition for Settlement.
3. That the Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water shall be permitted to file tariffs in the form set forth in Appendices I (Water), J (Wastewater) and L (Storm Water) to the Joint Petition for Settlement, to become effective upon at least one day's notice, for service rendered on and after their effective date in 2026, so as to produce an annual increase in revenues consistent with this Order.
4. That The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and Pittsburgh United Our Water Table shall be bound by the terms of the Joint Petition for Settlement submitted in this proceeding, as though each term and condition stated therein had been the subject of an individual ordering paragraph.
5. That the complaints of the Office of Consumer Advocate at Docket Nos. C-2025-3055943 (water); C-2025-3055944 (wastewater); and C-2025-3055944 (stormwater) are deemed satisfied and marked closed.

Appendix A

Joint Petition for Settlement Pittsburgh Water Rate Case, Docket Nos. R-2025-3055010, *et al.*

6. That the complaints of the Office of Small Business Advocate Docket Nos. C-2025-3056056 (water); C-2025-3056054 (wastewater); and C-2025-3056058 (stormwater) are deemed satisfied and marked closed.

7. That upon acceptance and approval by the Commission of the tariffs and allocation of proposed settlement rate increase filed by The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water consistent with this Order, the Commission's investigation at Docket Nos. R-2025-3055010 (water); R-2025-3055011(wastewater); and, R-2025-3055012 (stormwater) shall be terminated, and these dockets shall be marked closed.

8. That the Petitions of The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water for Authorization to Increase Water and Wastewater DSIC Caps to 7.5% at Docket No. P-2025-3055650 (water) and Docket No. P-2025-3055652 (wastewater) are deemed withdrawn, and these dockets shall be marked closed.

Appendix B

TABLE I
Pittsburgh Water
FPFTY 2026-2027 INCOME SUMMARY
Docket Nos.:R-2025-3055010; R-2025-3055011; R-2025-3055012

Legend
Orange - Filed Proposal Inputs
Blue - Settlement Inputs
White - Calculations (Do not input / override)

	(A)	(B)	(C)	(D)	(E)
	FPFTY 2026				
	Pittsburgh Water	Pittsburgh Water	Pittsburgh Water	Settlement	Settlement
	Revenue at Current Rates	Rate Increase to Meet Revenue Requirements	Revenue At Proposed Rates	Adjustments	Revenue At Settlement Rates
INCOME SUMMARY	\$	\$	\$	\$	\$
Beginning Unrestricted Cash	84,061,488		84,061,488	0	84,061,488
Revenues:					
User Charge Revenues	235,876,667	37,040,607	272,917,274	(13,939,211)	258,978,063
Pennvest Surcharge	0	17,579,103	17,579,103	0	17,579,103
DSIC Revenues	10,135,778	8,758,401	18,894,178	(6,859,797)	12,034,382
Other Misc. Revenues	4,327,687	0	4,327,687	0	4,327,687
Subtotal: Total Revenues	250,340,131		313,718,242		292,919,234
Less: Uncollectible Revenues	(4,823,236)	(1,374,424)	(6,197,660)	865,337	(5,332,323)
Less: Stormwater Credit Program Cost	(288,016)	0	(288,016)	0	(288,016)
Total Revenues Net of Uncollectible	245,228,879	62,003,687	307,232,567	(19,933,670)	287,298,896
Revenue Requirements:					
O & M Expense	152,096,214		152,096,214	0	152,096,214
Senior Lien Debt Service (2)	84,368,436		84,368,436	0	84,368,436
All Other Debt Service (2)	26,098,253		26,098,253	0	26,098,253
Debt Coverage Capital (5)	21,092,109		21,092,109	0	21,092,109
Cash-Financed Capital (DSIC)	18,894,178		18,894,178	(6,859,797)	12,034,382
Restricted Reserve Contributions	3,670,000		3,670,000	0	3,670,000
Operating Reserve Contribution	0		0	0	0
Other Expenses (3)					
Water and Wastewater Leak Credit	662,322		662,322	0	662,322
Arrearage Funding	280,094		280,094	0	280,094
Total Revenue Requirements	307,161,607		307,161,607	(6,859,797)	300,301,810
Revenue Surplus / (Deficit)	(61,932,727)		70,960	(13,073,874)	(13,002,914)
Fund Balance Transactions from Surplus					
Contributions (to)/from Operations	0		70,960	0	(13,002,914)
Contributions (to)/from Rate Stabilization Fund	0		0	0	0
Contributions (to)/from Operating Reserve	0		0	0	0
Ending Unrestricted Cash Balance	22,128,761		84,132,448		71,058,574
KEY FINANCIAL METRICS			<u>Filed Proposal</u>		<u>Settlement</u>
Debt Service Coverage					
Senior (1.25 Requirement)	1.12		1.94		1.71
Total (1.10 Requirement)	0.86		1.48		1.30
Days Cash on Hand (4)	53.9		205.1		173.2
Days Cash on Hand with ALCOSAN (4)	31.20		118.6		100.2

Table I - FPFTY 2026 Income Summary

This table shows revenues at Company existing and proposed rates for FPFTY 2026, the impact of the Settlement adjustments to the revenue requirements, and any adjustments required to meet the Company's Key Financial Metrics. Ultimately, this schedule presents the revenue increase required to meet revenue requirements and key ratios in FPFTY 2026.

The **key inputs for the User** in this schedule are those in blue to manually adjust the total revenue requirements by type by a specified dollar amount. This will result in a change to the total revenue requirements and the year end surplus/(deficit).

Base Rate + Wholesale + DSIC Check \$ 25,000,000

(1) Company Filed Proposal.

(2) Includes Principal and Interest payments on existing and proposed debt.

(3) Several programs funded, including assistance with sewer laterals and components of the customer assistance program.

(4) Calculated using Operating & Maintenance Expenses (excludes non-operating expenses).

(5) Additional revenue required to meet senior and total debt service coverage ratio requirements

TABLE I(A)
Pittsburgh Water
FPFTY 2026-2027 KEY RATIOS
Docket Nos.:R-2025-3055010; R-2025-3055011; R-2025-3055012

	(A)	(B)	(C)
	FPFTY 2026		
	Pittsburgh Water	Pittsburgh Water	Settlement
	Revenue at	Revenue At	Revenue At
	Current Rates	Proposed Rates	Settlement Rates
	\$	\$	\$
<u>Key Ratio Breakdown</u>			
Debt Service Coverage			
Operating Revenues	250,340,131	313,718,242	292,919,234
Less:			
Bad Debt Expenses	(5,111,252)	(6,485,675)	(5,620,338)
Net Collected Revenues	245,228,879	307,232,567	287,298,896
Less:			
Current Expenses	(152,096,214)	(152,096,214)	(152,096,214)
Adjustments:			
City Services	6,000,000	6,000,000	6,000,000
Other Transfers to Reserves	(3,670,000)	3,670,000	3,670,000
Water and Wastewater Leak Credit	(662,322)	(662,322)	(662,322)
Arrearage Funding	(280,094)	(280,094)	(280,094)
Revenues Available for Debt Service	94,520,249	163,863,937	143,930,266
Senior Lien Debt Service	84,368,436	84,368,436	84,368,436
All Other Debt Service	26,098,253	26,098,253	26,098,253
Total Debt Service	110,466,689	110,466,689	110,466,689
Senior Lien Debt Service Coverage	1.12	1.94	1.71
Total Debt Service Coverage	0.86	1.48	1.30
Days Cash on Hand			
Ending Cash Balance	22,128,761	84,132,448	71,058,574
Operating Expenses	152,096,214	152,096,214	152,096,214
Adjustments:			
(Loss) / Gain on ALCOSAN Billings	(2,383,047)	(2,383,047)	(2,383,047)
Add: Adjustments to ALCOSAN Placeholder	0	0	0
Net Operating Expenses	149,713,166	149,713,166	149,713,166
Days Cash on Hand (x 365)	54	205	173
Including ALCOSAN			
Add: ALCOSAN Charges	109,172,088	109,172,088	109,172,088
Days Cash on Hand (x 365)	31	119	100

Legend
Orange - Filed Proposal Inputs
Blue - Settlement Inputs
White - Calculations (Do not input / override)

Table I(A) - FPFTY 2026 Key Ratios

This table demonstrates the calculation of Key Financial Metrics in FPFTY 2026. Additional information is introduced in this schedule such that the ratios can be calculated in accordance with bond requirements and internal policies.

There are **no adjustments** in this schedule for the User.

(1) Company Filed Proposal.
(2) Revenue adjusted to meet to Revenue Requirements.

TABLE II
Pittsburgh Water
RATE FILING REVENUE DETAIL
Docket Nos.:R-2025-3055010; R-2025-3055011; R-2025-3055012

Description	(A)	(B)	(C)	(D)	(E)
	Pittsburgh Water Revenue at Current Rates	Pittsburgh Water Rate Increase to Meet Revenue Requirements	Pittsburgh Water Revenue At Proposed Rates	Settlement Adjustments	Settlement Revenue At Settlement Rates
	\$	\$	\$	\$	\$
FPFTY 2026					
Retail User Charge Revenues					
Water	146,412,253	21,978,416	168,390,670	(8,343,746)	160,046,924
Water - Public Hydrants	1,875,259	782,189	2,657,448	(289,745)	2,367,702
Wholesale/Contract Revenues	1,048,333	109,671	1,158,004	(35,779)	1,122,225
Converted Wholesale Customer	3,802,209	775,339	4,577,548	(234,355)	4,343,192
Sewer	54,402,195	6,972,861	61,375,056	(2,656,641)	58,718,415
Stormwater	25,041,365	5,675,340	30,716,706	(2,102,311)	28,614,395
Stormwater Only	3,295,052	746,791	4,041,844	(276,633)	3,765,210
Subtotal: Retail User Charge Revenues	235,876,667	37,040,607	272,917,274	(13,939,211)	258,978,063
Pennvest Surcharge					
Water	0	12,305,372	12,305,372	0	12,305,372
Sewer	0	5,273,731	5,273,731	0	5,273,731
Stormwater	0	0	0	0	0
Subtotal: Pennvest Surcharge	0	17,579,103	17,579,103	0	17,579,103
DSIC Revenues					
	Current		Filed Proposal		Settlement
Water	5.0%		7.5%		5.0%
Sewer	5.0%		7.5%		5.0%
Stormwater (NSWO)	0.0%		0.0%		0.0%
Stormwater Only	0.0%		0.0%		0.0%
Water	7,415,668	6,479,851	13,895,519	(5,060,745)	8,834,774
Sewer	2,720,110	2,278,549	4,998,659	(1,799,052)	3,199,607
Stormwater (NSWO)	0	0	0	0	0
Stormwater Only	0	0	0	0	0
Subtotal: DSIC Revenues	10,135,778	8,758,401	18,894,178	(6,859,797)	12,034,382
Other System Revenues					
Other Operating & Non-Operating Revenues	4,327,687	0	4,327,687	0	4,327,687
Subtotal: Other System Revenues	4,327,687	0	4,327,687	0	4,327,687
Subtotal: Total Revenues before Uncollectible	250,340,131		313,718,242		292,919,234
Less: Uncollectible Revenues	(4,139,104)	(1,179,474)	(5,318,578)	742,597	(4,575,981)
Less: Uncollectible Revenues (SW Only)	(684,132)	(194,949)	(879,081)	122,740	(756,341)
Less: Stormwater Credit Program	(288,016)	0	(288,016)	0	(288,016)
Subtotal: Less: Uncollectible Revenues	(5,111,252)	(1,374,424)	(6,485,675)	865,337	(5,620,338)
Total Revenues Net of Uncollectible	245,228,879	62,003,687	307,232,567	(19,933,670)	287,298,896
Summary of Increases					
Revenue from Base Rates			37,040,607		23,101,396
Revenue from PENNVEST Surcharge			17,579,103		17,579,103
Revenue from DSIC			8,758,401		1,898,604
Revenue from Other System Revenues			0		0
Total Revenue Increase before Uncollectible			63,378,111		42,579,103

Legend

Orange - Filed Proposal Inputs
Blue - Settlement Inputs
White - Calculations (Do not input / override)

Table II - FPFTY 2026 Revenue Detail

This table illustrates the projection of system revenues in FPFTY 2026.

One important input to note is the DSIC percentage input which drives the level of revenues recovered from DSIC charges.

The **key inputs for the User** in this schedule are those in blue to manually adjust the total revenue by type by a specified dollar amount. This schedule also introduces the reconcilable charges and anticipated revenues. If these charges are not supported, Pittsburgh Water intends to shift to base rate recovery.

(1) Company Filed Proposal.

Base Rates + DSIC Revenue	246,012,444	291,811,452	271,012,444
Difference in Revenue			25,000,000

2026 Adjustments

Base Rates and Wholesale	23,101,396
DSIC	1,898,604
Total	25,000,000

Total Overall Adjustment Before Bad Debt	42,579,103
Check	42,579,103

Base Rates and Wholesale	23,101,396
Wholesale	614,875
Resulting Base Rates Adjustment	22,486,521

Appendix C-G

Pittsburgh Water and Sewer Authority
2026 COS & Rate Design
FPPTY CCOS Comparison - Water

	2026 Revenue at Existing Rates		Original Request (FPPTY 2026)		Revenue at Settlement Proposed Rates (FPPTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Base Rate Revenues								
Residential	\$ 56,108,058	36.6%	\$ 63,458,192	35.9%	\$ 60,705,677	36.2%	\$ 4,597,619	8.2%
Residential - CAP	1,675,022	1.1%	1,983,848	1.1%	1,696,960	1.0%	21,938	1.3%
Commercial	58,478,739	38.2%	67,447,988	38.2%	64,125,518	38.2%	5,646,779	9.7%
Industrial	3,522,467	2.3%	4,507,573	2.5%	4,142,661	2.5%	620,194	17.6%
Health or Education	23,503,188	15.3%	27,160,439	15.4%	25,805,687	15.4%	2,302,499	9.8%
Private Fire System	893,548	0.6%	1,165,372	0.7%	1,064,680	0.6%	171,132	19.2%
Municipal - Residential	65,038	0.0%	71,639	0.0%	69,194	0.0%	4,155	6.4%
Municipal - Commercial	2,166,193	1.4%	2,595,619	1.5%	2,436,547	1.5%	270,355	12.5%
Public Fire	1,875,259	1.2%	2,657,448	1.5%	2,367,702	1.4%	492,443	26.3%
Wholesale + Fox Chapel	4,850,542	3.2%	5,735,551	3.2%	5,465,417	3.3%	614,875	12.7%
Subtotal: Base Rate Revenues	\$ 153,138,054	100.0%	\$ 176,783,669	100.0%	\$ 167,880,043	100.0%	\$ 14,741,989	9.6%
Pennvest Surcharge Revenues								
Residential	\$ -	0.0%	\$ 3,599,437	2.0%	\$ 3,599,437	2.1%	\$ 3,599,437	N/C
Residential - CAP	-	0.0%	\$ 128,994	0.1%	\$ 128,994	0.1%	\$ 128,994	N/C
Commercial	-	0.0%	\$ 4,766,207	2.7%	\$ 4,766,207	2.8%	\$ 4,766,207	N/C
Industrial	-	0.0%	\$ 362,733	0.2%	\$ 362,733	0.2%	\$ 362,733	N/C
Health or Education	-	0.0%	\$ 1,890,086	1.1%	\$ 1,890,086	1.1%	\$ 1,890,086	N/C
Private Fire System	-	0.0%	\$ 15,671	0.0%	\$ 15,671	0.0%	\$ 15,671	N/C
Municipal - Residential	-	0.0%	\$ 1,197	0.0%	\$ 1,197	0.0%	\$ 1,197	N/C
Municipal - Commercial	-	0.0%	\$ 232,727	0.1%	\$ 232,727	0.1%	\$ 232,727	N/C
Wholesale - Fox Chapel	-	0.0%	\$ 1,308,319	0.7%	\$ 1,308,319	0.8%	\$ 1,308,319	N/C
Subtotal: Pennvest Revenues	\$ -	0.0%	\$ 12,305,372	7.0%	\$ 12,305,372	7.3%	\$ 12,305,372	N/C
DSIC Revenues								
Residential	\$ 2,805,403	37.8%	\$ 5,029,322	36.2%	\$ 3,215,256	36.4%	\$ 409,853	14.6%
Residential - CAP	83,751	1.1%	158,463	1.1%	91,298	1.0%	7,547	9.0%
Commercial	2,923,937	39.4%	5,416,065	39.0%	3,444,586	39.0%	520,649	17.8%
Industrial	176,123	2.4%	365,273	2.6%	225,270	2.5%	49,146	27.9%
Health or Education	1,175,159	15.8%	2,178,789	15.7%	1,384,789	15.7%	209,629	17.8%
Private Fire System	44,677	0.6%	88,578	0.6%	54,018	0.6%	9,340	20.9%
Municipal - Residential	3,252	0.0%	5,463	0.0%	3,520	0.0%	268	8.2%
Municipal - Commercial	108,310	1.5%	212,126	1.5%	133,464	1.5%	25,154	23.2%
Public Fire	-	-	-	-	-	-	-	-
Wholesale - Fox Chapel	95,055	1.3%	441,440	3.2%	282,576	3.2%	187,520	0.0%
Subtotal: DSIC Revenues	\$ 7,415,668	100.0%	\$ 13,895,519	100.0%	\$ 8,834,774	100.0%	\$ 1,419,107	19.1%
Total: User Charge Revenues	\$ 160,553,722		\$ 202,984,560		\$ 189,020,190		\$ 28,466,468	17.7%
Other Revenues								
Miscellaneous Revenues	2,212,168		2,212,168		2,212,168		\$ -	0.0%
Subtotal: Other Revenues	\$ 2,212,168		\$ 2,212,168		\$ 2,212,168		\$ -	
Total: Water Revenues	\$ 162,765,890		\$ 205,196,728		\$ 191,232,357		\$ 28,466,468	17.5%

**Appendix C: Joint Petition for Settlement
Revenue Comparison**

Pittsburgh Water and Sewer Authority
2026 COS & Rate Design
FPPTY CCOS Comparison - Wastewater Conveyance

	2026 Revenue at Existing Rates		Original Request (FPPTY 2026)		Revenue at Settlement Proposed Rates (FPPTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Base Rate Revenues								
Residential	\$ 24,166,775	44.4%	\$ 26,557,325	43.3%	\$ 25,684,423	43.7%	\$ 1,517,648	6.3%
Residential - CAP	994,227	1.8%	1,144,552	1.9%	1,002,495	1.7%	8,268	0.8%
Commercial	20,154,024	37.0%	23,207,025	37.8%	22,076,159	37.6%	1,922,135	9.5%
Industrial	1,241,254	2.3%	1,422,681	2.3%	1,355,475	2.3%	114,222	9.2%
Health or Education	7,102,562	13.1%	8,175,120	13.3%	7,777,813	13.2%	675,252	9.5%
Municipal - Residential	18,717	0.0%	19,577	0.0%	19,259	0.0%	542	2.9%
Municipal - Commercial	724,636	1.3%	848,775	1.4%	802,791	1.4%	78,154	10.8%
Subtotal: Base Rate Revenues	\$ 54,402,195	100.0%	\$ 61,375,056	100.0%	\$ 58,718,415	100.0%	\$ 4,316,220	7.9%
Pennvest Revenues								
Residential	\$ -	0.0%	\$ 1,922,488	3.1%	\$ 1,922,488	3.3%	\$ 1,922,488	N/C
Residential - CAP	-	0.0%	77,632	0.1%	77,632	0.1%	77,632	N/C
Commercial	-	0.0%	2,233,949	3.6%	2,233,949	3.8%	2,233,949	N/C
Industrial	-	0.0%	156,894	0.3%	156,894	0.3%	156,894	N/C
Health or Education	-	0.0%	785,791	1.3%	785,791	1.3%	785,791	N/C
Municipal - Residential	-	0.0%	549	0.0%	549	0.0%	549	N/C
Municipal - Commercial	-	0.0%	96,428	0.2%	96,428	0.2%	96,428	N/C
Subtotal: Pennvest Revenues	\$ -	0.0%	\$ 5,273,731	8.6%	\$ 5,273,731	9.0%	\$ 5,273,731	N/C
DSIC Revenues								
Residential	\$ 1,208,339	44.4%	\$ 2,135,986	42.7%	\$ 1,380,346	43.1%	\$ 172,007	14.2%
Residential - CAP	49,711	1.8%	91,664	1.8%	54,006	1.7%	4,295	8.6%
Commercial	1,007,701	37.0%	1,908,073	38.2%	1,215,505	38.0%	207,804	20.6%
Industrial	62,063	2.3%	118,468	2.4%	75,618	2.4%	13,556	21.8%
Health or Education	355,128	13.1%	672,068	13.4%	428,180	13.4%	73,052	20.6%
Municipal - Residential	936	0.0%	1,509	0.0%	990	0.0%	55	5.8%
Municipal - Commercial	36,232	1.3%	70,890	1.4%	44,961	1.4%	8,729	24.1%
Subtotal: DSIC Revenues	\$ 2,720,110	100.0%	\$ 4,998,659	100.0%	\$ 3,199,607	100.0%	\$ 479,498	17.6%
Total: User Charge Revenues	\$ 57,122,305		\$ 71,647,446		\$ 67,191,753		\$ 10,069,448	17.6%
Other Revenues								
Miscellaneous Revenues	1,064,777		1,064,777		1,064,777		-	0.0%
Total: Wastewater Conveyance Revenues	\$ 58,187,081		\$ 72,712,222		\$ 68,256,529		\$ 10,069,448	17.3%

Pittsburgh Water and Sewer Authority
2026 COS & Rate Design
FPPTY CCOS Comparison - Stormwater

	2026 Revenue at Existing Rates		Original Request (FPPTY 2026)		Revenue at Settlement Proposed Rates (FPPTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Base Rate Revenues								
Residential	\$ 11,075,819	39.1%	\$ 13,586,044	39.1%	\$ 12,656,183	39.1%	\$ 1,580,365	14.3%
Residential - CAP	147,815	0.5%	181,277	0.5%	168,882	0.5%	21,067	14.3%
Commercial	11,869,553	41.9%	14,559,670	41.9%	13,563,172	41.9%	1,693,620	14.3%
Industrial	169,612	0.6%	208,052	0.6%	193,813	0.6%	24,201	14.3%
Health or Education	1,270,699	4.5%	1,558,690	4.5%	1,452,010	4.5%	181,311	14.3%
Municipal (Metered & Unmetered)	698,969	2.5%	857,383	2.5%	798,702	2.5%	99,733	14.3%
Other	3,103,953	11.0%	3,807,433	11.0%	3,546,843	11.0%	442,891	14.3%
Subtotal: Base Rate Revenues	\$ 28,336,418	100.0%	\$ 34,758,549	100.0%	\$ 32,379,605	100.0%	\$ 4,043,187	14.3%
Pennvest Revenues								
Residential	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	N/C
Residential - CAP	-	0.0%	-	0.0%	-	0.0%	-	N/C
Commercial	-	0.0%	-	0.0%	-	0.0%	-	N/C
Industrial	-	0.0%	-	0.0%	-	0.0%	-	N/C
Health or Education	-	0.0%	-	0.0%	-	0.0%	-	N/C
Municipal (Metered & Unmetered)	-	0.0%	-	0.0%	-	0.0%	-	N/C
Other	-	0.0%	-	0.0%	-	0.0%	-	N/C
Subtotal: Pennvest Revenues	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	N/C
DSIC Revenues								
Residential	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	-	0.0%
Residential - CAP	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Commercial	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Industrial	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Health or Education	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Municipal (Metered & Unmetered)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Subtotal: DSIC Revenues	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Total: User Charge Revenues	\$ 28,336,418		\$ 34,758,549		\$ 32,379,605		\$ 4,043,187	100.0%
Other Revenues	1,050,743		1,050,743		1,050,743		-	
Total: Stormwater Revenues	\$ 29,387,161		\$ 35,809,292		\$ 33,430,348		\$ 4,043,187	

SUMMARY #1

	2026 Revenue at Existing Rates		Original Request (FPFTY 2026)		Revenue at Settlement Proposed Rates (FPFTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Base Rate & DSIC Grand Totals								
Base Rate Revenues	\$ 235,876,667		\$ 272,917,274		\$ 258,978,063		\$ 23,101,396	9.8%
Pennvest Revenues	-		17,579,103		17,579,103		17,579,103	N/C
DSIC Revenues	10,135,778		18,894,178		12,034,382		1,898,604	18.7%
Subtotal: Water & Wastewater User Charges	246,012,444		309,390,555		288,591,547		42,579,103	17.3%
Other Revenues	4,327,687		4,327,687		4,327,687		-	
Total Revenues	\$ 250,340,131		\$ 313,718,242		\$ 292,919,234		\$ 42,579,103	17.0%

SUMMARY #2

	2026 Revenue at Existing Rates		Original Request (FPFTY 2026)		Revenue at Settlement Proposed Rates (FPFTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Water & Wastewater Conveyance Grand Totals								
Water Revenues	\$ 153,138,054		\$ 176,783,669	64.8%	\$ 167,880,043	64.8%	\$ 14,741,989	9.6%
Wastewater Conveyance Revenues	54,402,195		61,375,056	22.5%	58,718,415	22.7%	4,316,220	7.9%
Stormwater Revenues	28,336,418		34,758,549	12.7%	32,379,605	12.5%	4,043,187	14.3%
Subtotal: Water & Wastewater User Charges	235,876,667		272,917,274	100.0%	258,978,063	100.0%	23,101,396	9.8%
Water Pennvest	\$ -		\$ 12,305,372	65.1%	\$ 12,305,372	102.3%	\$ 12,305,372	N/C
Wastewater Pennvest	-		5,273,731	27.9%	5,273,731	43.8%	5,273,731	N/C
Stormwater Pennvest	-		-	0.0%	-	0.0%	-	0.0%
Subtotal: Water & Wastewater Pennvest	-		17,579,103	93.0%	17,579,103	146.1%	17,579,103	N/C
Water DSIC	\$ 7,415,668		\$ 13,895,519	73.5%	\$ 8,834,774	73.4%	\$ 1,419,107	19.1%
Wastewater DSIC	2,720,110		4,998,659	26.5%	3,199,607	26.6%	479,498	17.6%
Stormwater DSIC	-		-	0.0%	-	0.0%	-	0.0%
Subtotal: Water & Wastewater DSIC	10,135,778		18,894,178	100.0%	12,034,382	100.0%	1,898,604	18.7%
Other Revenues	4,327,687		4,327,687		4,327,687		-	
Total Revenues	\$ 250,340,131		\$ 313,718,242		\$ 292,919,234		\$ 42,579,103	17.0%
					\$ 176,714,817	65.21%	\$ 16,161,095	5.96%
					\$ 61,918,022	22.85%	\$ 4,795,717	1.77%
					\$ 32,379,605	11.95%	\$ 4,043,187	1.49%
					-		-	
					271,012,444		25,000,000	

Pittsburgh Water and Sewer Authority
 2026 COS & Rate Design
 Water Revenue Proof

	2026 Revenue @ Existing Rates			FPFTY 2026 Revenue @ Filed Rates (Original Request - Full FPFTY)			FPFTY 2026 Revenue at Settlement Proposed Rates (Full FPFTY)		
	Units	Rates	Revenue	Units	Rates	Revenue	Units	Rates	Revenue
Base Rate Revenues									
<u>Minimum Charges</u>									
Residential									
5/8"	715,644	\$ 31.54	\$ 22,571,412	715,644	\$ 34.33	\$ 24,568,059	715,644	\$ 33.30	\$ 23,828,443
3/4"	30,876	55.26	1,706,208	30,876	58.63	1,810,260	30,876	57.38	1,771,716
1"	29,376	121.38	3,565,659	29,376	124.40	3,654,374	29,376	123.28	3,621,512
1 1/2"	732	240.01	175,687	732	245.89	179,991	732	243.71	178,397
2"	156	401.04	62,562	156	408.86	63,782	156	405.96	63,330
Unmetered	3,996	80.68	322,397	3,996	92.53	369,750	3,996	80.68	322,397
<i>Subtotal: Residential</i>	<u>780,780</u>		<u>\$ 28,403,925</u>	<u>780,780</u>		<u>\$ 30,646,216</u>	<u>780,780</u>		<u>\$ 29,785,795</u>
Residential - CAP-BDP									
5/8"	58,896	\$ -	\$ -	58,896	\$ -	\$ -	58,896	\$ -	\$ -
3/4"	636	-	-	636	-	-	636	-	-
1"	408	-	-	408	-	-	408	-	-
Unmetered	12	49.14	590	12	58.20	698	12	54.84	658
Adjustment for Bill Credit FPL50-100									103,482
<i>Subtotal: Residential - CAP-BDP</i>	<u>59,952</u>		<u>\$ 590</u>	<u>59,952</u>		<u>\$ 698</u>	<u>59,952</u>		<u>\$ 104,141</u>
Commercial									
5/8"	33,960	\$ 31.54	\$ 1,071,098	33,960	\$ 34.33	\$ 1,165,847	33,960	\$ 33.30	\$ 1,130,749
3/4"	8,484	55.26	468,826	8,484	58.63	497,417	8,484	57.38	486,826
1"	17,532	121.38	2,128,034	17,532	124.40	2,180,981	17,532	123.28	2,161,368
1 1/2"	9,960	240.01	2,390,500	9,960	245.89	2,449,064	9,960	243.71	2,427,370
2"	9,840	401.04	3,946,234	9,840	408.86	4,023,182	9,840	405.96	3,994,678
3"	3,120	911.28	2,843,194	3,120	917.88	2,863,786	3,120	915.44	2,856,158
4"	2,412	1,562.27	3,768,195	2,412	1,561.39	3,766,073	2,412	1,561.72	3,766,859
6"	1,056	3,774.85	3,986,242	1,056	3,721.10	3,929,482	1,056	3,741.01	3,950,507
8"	108	6,877.76	742,798	108	6,725.03	726,303	108	6,781.61	732,413
10" & Above	-	11,393.44	-	-	11,054.16	-	-	11,179.84	-
Unmetered	12	97.86	1,174	12	116.21	1,395	12	109.41	1,313
<i>Subtotal: Commercial</i>	<u>86,484</u>		<u>\$ 21,346,294</u>	<u>86,484</u>		<u>\$ 21,603,529</u>	<u>86,484</u>		<u>\$ 21,508,242</u>
Industrial									
5/8"	72	\$ 31.54	\$ 2,271	72	\$ 34.33	\$ 2,472	72	\$ 33.30	\$ 2,397
3/4"	12	55.26	663	12	58.63	704	12	57.38	689
1"	72	121.38	8,739	72	124.40	8,957	72	123.28	8,876
1 1/2"	-	240.01	-	-	245.89	-	-	243.71	-
2"	60	401.04	24,062	60	408.86	24,532	60	405.96	24,358
3"	36	911.28	32,806	36	917.88	33,044	36	915.44	32,956
4"	72	1,562.27	112,483	72	1,561.39	112,420	72	1,561.72	112,444
6"	24	3,774.85	90,596	24	3,721.10	89,306	24	3,741.01	89,784
8"	24	6,877.76	165,066	24	6,725.03	161,401	24	6,781.61	162,759
10" & Above	24	11,393.44	273,443	24	11,054.16	265,300	24	11,179.84	268,316
<i>Subtotal: Industrial</i>	<u>396</u>		<u>\$ 710,130</u>	<u>396</u>		<u>\$ 698,134</u>	<u>396</u>		<u>\$ 702,578</u>
Health or Education									
5/8"	336	\$ 31.54	\$ 10,597	336	\$ 34.33	\$ 11,535	336	\$ 33.30	\$ 11,188
3/4"	84	55.26	4,642	84	58.63	4,925	84	57.38	4,820
1"	228	121.38	27,675	228	124.40	28,363	228	123.28	28,108
1 1/2"	744	240.01	178,567	744	245.89	182,942	744	243.71	181,322
2"	1,560	401.04	625,622	1,560	408.86	637,822	1,560	405.96	633,303
3"	1,068	911.28	973,247	1,068	917.88	980,296	1,068	915.44	977,685
4"	792	1,562.27	1,237,318	792	1,561.39	1,236,621	792	1,561.72	1,236,879
6"	408	3,774.85	1,540,139	408	3,721.10	1,518,209	408	3,741.01	1,526,332
8"	36	6,877.76	247,599	36	6,725.03	242,101	36	6,781.61	244,138
10" & Above	24	11,393.44	273,443	24	11,054.16	265,300	24	11,179.84	268,316
<i>Subtotal: Health or Education</i>	<u>5,280</u>		<u>\$ 5,118,849</u>	<u>5,280</u>		<u>\$ 5,108,113</u>	<u>5,280</u>		<u>\$ 5,112,090</u>
Municipal - Residential									
5/8"	1,728	\$ 31.54	\$ 54,501	1,728	\$ 34.33	\$ 59,322	1,728	\$ 33.30	\$ 57,536
3/4"	24	55.26	1,326	24	58.63	1,407	24	57.38	1,377
1"	-	121.38	-	-	124.40	-	-	123.28	-
1 1/2"	-	240.01	-	-	245.89	-	-	243.71	-
<i>Subtotal: Municipal - Residential</i>	<u>1,752</u>		<u>\$ 55,827</u>	<u>1,752</u>		<u>\$ 60,729</u>	<u>1,752</u>		<u>\$ 58,914</u>
Municipal - Commercial									
5/8"	372	\$ 31.54	\$ 11,733	372	\$ 34.33	\$ 12,771	372	\$ 33.30	\$ 12,386
3/4"	36	55.26	1,989	36	58.63	2,111	36	57.38	2,066
1"	240	121.38	29,131	240	124.40	29,856	240	123.28	29,588
1 1/2"	168	240.01	40,322	168	245.89	41,310	168	243.71	40,944
2"	264	401.04	105,875	264	408.86	107,939	264	405.96	107,174
3"	60	911.28	54,677	60	917.88	55,073	60	915.44	54,926
4"	12	1,562.27	18,747	12	1,561.39	18,737	12	1,561.72	18,741
6"	24	3,774.85	90,596	24	3,721.10	89,306	24	3,741.01	89,784
8"	-	6,877.76	-	-	6,725.03	-	-	6,781.61	-
10" & Above	-	11,393.44	-	-	11,054.16	-	-	11,179.84	-
<i>Subtotal: Municipal - Commercial</i>	<u>1,176</u>		<u>\$ 353,070</u>	<u>1,176</u>		<u>\$ 357,102</u>	<u>1,176</u>		<u>\$ 355,608</u>
<i>Subtotal: Minimum Charges</i>			<u>\$ 55,988,687</u>			<u>\$ 58,474,523</u>			<u>\$ 57,627,367</u>

Pittsburgh Water and Sewer Authority
 2026 COS & Rate Design
 Water Revenue Proof

	2026 Revenue @ Existing Rates			FPFTY 2026 Revenue @ Filed Rates (Original Request - Full FPFTY)			FPFTY 2026 Revenue at Settlement Proposed Rates (Full FPFTY)		
	Units	Rates	Revenue	Units	Rates	Revenue	Units	Rates	Revenue
Fire Protection Charges									
Public (City per Hydrant)	90,636	\$ 20.69	\$ 1,875,259	90,636	29.32	\$ 2,657,448	90,636	26.12	\$ 2,367,702
Private									
1" or Less	16,596	\$ 31.39	\$ 520,948	16,596	\$ 41.30	\$ 685,415	16,596	\$ 37.63	\$ 624,492
1 1/2"-3"	288	97.60	28,109	288	126.95	36,562	288	116.08	33,430
4"	36	314.87	11,335	36	418.82	15,078	36	380.31	13,691
6" or Greater	204	654.54	133,526	204	891.45	181,856	204	803.69	163,953
<i>Subtotal: Fire Protection Charges</i>			\$ 2,569,178			\$ 3,576,357			\$ 3,203,269
Volume Charge									
Residential	1,691,339	\$ 16.38	\$ 27,704,132	1,691,339	\$ 19.40	\$ 32,811,976	1,691,339	\$ 18.28	\$ 30,919,882
Residential - CAP - FPL0-50	31,670	6.55	207,501	31,670	7.76	245,758	31,670	5.48	173,690
Residential - CAP - FPL51-100	39,763	16.38	651,318	39,763	19.40	771,402	39,763	12.80	508,843
Residential - CAP - FPL101-200	49,793	16.38	815,614	49,793	19.40	965,990	49,793	18.28	910,286
Commercial	2,239,593	16.58	37,132,444	2,239,593	20.47	45,844,459	2,239,593	19.03	42,617,276
Industrial	170,445	16.50	2,812,337	170,445	22.35	3,809,438	170,445	20.18	3,440,083
Health or Education	888,132	20.70	18,384,339	888,132	24.83	22,052,326	888,132	23.30	20,693,597
Private Fire System	7,364	27.11	199,629	7,364	33.47	246,462	7,364	31.11	229,114
Municipal - Residential	562	16.38	9,211	562	19.40	10,909	562	18.28	10,280
Municipal - Commercial	109,356	16.58	1,813,122	109,356	20.47	2,238,517	109,356	19.03	2,080,939
<i>Subtotal: Volume Charge</i>	5,228,017		\$ 89,729,648	5,228,017		\$ 108,997,238	5,228,017		\$ 101,583,990
Pennvest Volume Charge									
Residential	1,691,339	\$ -	\$ -	1,691,339	\$ 2.13	\$ 3,599,437	1,691,339	\$ 2.13	\$ 3,599,437
Residential - CAP - FPL0-50	31,670	-	-	31,670	1.06	33,699	31,670	1.06	33,699
Residential - CAP - FPL51-100	39,763	-	-	39,763	1.06	42,311	39,763	1.06	42,311
Residential - CAP - FPL101-200	49,793	-	-	49,793	1.06	52,984	49,793	1.06	52,984
Commercial	2,239,593	-	-	2,239,593	2.13	4,766,207	2,239,593	2.13	4,766,207
Industrial	170,445	-	-	170,445	2.13	362,733	170,445	2.13	362,733
Health or Education	888,132	-	-	888,132	2.13	1,890,086	888,132	2.13	1,890,086
Private Fire System	7,364	-	-	7,364	2.13	15,671	7,364	2.13	15,671
Municipal - Residential	562	-	-	562	2.13	1,197	562	2.13	1,197
Municipal - Commercial	109,356	-	-	109,356	2.13	232,727	109,356	2.13	232,727
Wholesale - Fox Chapel	614,766	-	-	614,766	2.13	1,308,319	614,766	2.13	1,308,319
<i>Subtotal: Pennvest Volume Charge</i>	5,842,783		\$ -	5,842,783		\$ 12,305,372	5,842,783		\$ 12,305,372
Wholesale									
Fox Chapel	614,766	(by contract)	\$ 3,802,209	614,766	7.45	4,577,548	614,766	7.06	\$ 4,343,192
All Others (Set by Contract)	158,318		\$ 1,048,333	158,318		1,158,004	158,318		\$ 1,122,225
<i>Subtotal: Wholesale</i>			\$ 4,850,542			\$ 5,735,551			\$ 5,465,417
Total: Base Rate Revenues			\$ 153,138,054			\$ 189,089,041			\$ 180,185,415
DSIC Revenues									
Residential			\$ 2,805,403			\$ 5,029,322			\$ 3,215,256
Residential - CAP-BDP			83,751			158,463			91,298
Commercial			2,923,937			5,416,065			3,444,586
Industrial			176,123			365,273			225,270
Health or Education			1,175,159			2,178,789			1,384,789
Private Fire System			44,677			88,578			54,018
Municipal - Residential			3,252			5,463			3,520
Municipal - Commercial			108,310			212,126			133,464
Public Fire			-			-			-
Wholesale - Fox Chapel			95,055			441,440			282,576
Total: DSIC Revenues			\$ 7,415,668			\$ 13,895,519			\$ 8,834,774
Other Revenues									
Other Revenues			\$ 2,212,168			\$ 2,212,168			\$ 2,212,168
<i>Total: Other Revenues</i>			\$ 2,212,168			\$ 2,212,168			\$ 2,212,168
Total Revenues			\$ 162,765,890			\$ 205,196,728			\$ 191,232,357

	2026 Revenue @ Existing Rates			FPFTY 2026 Revenue @ Filed Rates (Original Request - Full FPFTY)			2024 Revenue at Settlement Proposed Rates		
	Units	Rates	Revenue	Units	Rates	Revenue	Units	Rates	Revenue
Base Rate Revenues									
Minimum Charges									
Residential									
5/8"	1,000,620	\$ 8.25	\$ 8,255,115	1,000,620	\$ 8.38	\$ 8,385,196	1,000,620	\$ 8.33	\$ 8,337,010
3/4"	31,296	13.19	412,794	31,296	13.56	424,374	31,296	13.42	420,084
1"	29,640	27.35	810,654	29,640	28.63	848,593	29,640	28.16	834,539
1 1/2"	732	52.06	38,108	732	54.53	39,916	732	53.62	39,246
2"	168	85.98	14,445	168	90.33	15,175	168	88.72	14,905
Unmetered	3,996	28.29	113,047	3,996	31.45	125,674	3,996	33.44	133,624
Subtotal: Residential	1,066,452		\$ 9,644,163	1,066,452		\$ 9,838,928	1,066,452		\$ 9,779,409
Residential - CAP-BDP									
5/8"	85,488	-	\$ -	85,488	-	\$ -	85,488	-	\$ -
3/4"	636	-	-	636	-	-	636	-	-
1"	432	-	-	432	-	-	432	-	-
Unmetered	12	20.04	240	12	23.07	277	12	24.98	300
Adjustment for Bill Credit FPL50-100									73,849
Subtotal: Residential - CAP-BDP	86,568		\$ 240	86,568		\$ 277	86,568		\$ 74,148
Commercial									
5/8"	47,712	\$ 8.25	\$ 393,624	47,712	\$ 8.38	\$ 399,827	47,712	\$ 8.33	\$ 397,529
3/4"	9,900	13.19	130,581	9,900	13.56	134,244	9,900	13.42	132,887
1"	20,664	27.35	565,160	20,664	28.63	591,610	20,664	28.16	581,813
1 1/2"	10,332	52.06	537,884	10,332	54.53	563,404	10,332	53.62	553,951
2"	10,776	85.98	926,520	10,776	90.33	973,396	10,776	88.72	956,032
3"	3,120	195.00	608,400	3,120	206.15	643,188	3,120	202.02	630,302
4"	2,424	335.31	812,791	2,424	355.86	862,605	2,424	348.25	844,152
6"	1,236	817.77	1,010,764	1,236	873.63	1,079,807	1,236	852.94	1,054,231
8"	108	1,499.45	161,941	108	1,607.85	173,648	108	1,567.70	169,311
10" & Above	-	2,500.18	-	-	2,690.20	-	-	2,619.81	-
Unmetered	12	32.01	384	12	36.54	438	12	39.39	473
Subtotal: Commercial	106,284		\$ 5,148,050	106,284		\$ 5,422,167	106,284		\$ 5,320,680
Industrial									
5/8"	72	\$ 8.25	\$ 594	72	\$ 8.38	\$ 603	72	\$ 8.33	\$ 600
3/4"	12	13.19	158	12	13.56	163	12	13.42	161
1"	72	27.35	1,969	72	28.63	2,061	72	28.16	2,027
1 1/2"	-	52.06	-	-	54.53	-	-	53.62	-
2"	84	85.98	7,222	84	90.33	7,588	84	88.72	7,452
3"	36	195.00	7,020	36	206.15	7,421	36	202.02	7,273
4"	84	335.31	28,166	84	355.86	29,892	84	348.25	29,253
6"	24	817.77	19,626	24	873.63	20,967	24	852.94	20,471
8"	24	1,499.45	35,987	24	1,607.85	38,588	24	1,567.70	37,625
10" & Above	24	2,500.18	60,004	24	2,690.20	64,565	24	2,619.81	62,875
Subtotal: Industrial	432		\$ 160,747	432		\$ 171,849	432		\$ 167,737
Health or Education									
5/8"	336	\$ 8.25	\$ 2,772	336	\$ 8.38	\$ 2,816	336	\$ 8.33	\$ 2,799
3/4"	84	13.19	1,108	84	13.56	1,139	84	13.42	1,128
1"	228	27.35	6,236	228	28.63	6,528	228	28.16	6,420
1 1/2"	744	52.06	38,733	744	54.53	40,570	744	53.62	39,890
2"	1,560	85.98	134,129	1,560	90.33	140,915	1,560	88.72	138,401
3"	1,068	195.00	208,260	1,068	206.15	220,168	1,068	202.02	215,757
4"	792	335.31	265,566	792	355.86	281,841	792	348.25	275,812
6"	408	817.77	333,650	408	873.63	356,441	408	852.94	347,999
8"	36	1,499.45	53,980	36	1,607.85	57,883	36	1,567.70	56,437
10" & Above	24	2,500.18	60,004	24	2,690.20	64,565	24	2,619.81	62,875
Subtotal: Health or Education	5,280		\$ 1,104,437	5,280		\$ 1,172,865	5,280		\$ 1,147,518
Municipal - Residential									
5/8"	1,728	\$ 8.25	\$ 14,256	1,728	\$ 8.38	\$ 14,481	1,728	\$ 8.33	\$ 14,397
3/4"	24	13.19	317	24	13.56	325	24	13.42	322
1"	-	27.35	-	-	28.63	-	-	28.16	-
1 1/2"	-	52.06	-	-	54.53	-	-	53.62	-
Subtotal: Municipal - Residential	1,752		\$ 14,573	1,752		\$ 14,806	1,752		\$ 14,720
Municipal - Commercial									
5/8"	372	\$ 8.25	\$ 3,069	372	\$ 8.38	\$ 3,117	372	\$ 8.33	\$ 3,099
3/4"	36	13.19	475	36	13.56	488	36	13.42	483
1"	240	27.35	6,564	240	28.63	6,871	240	28.16	6,757
1 1/2"	168	52.06	8,746	168	54.53	9,161	168	53.62	9,007
2"	264	85.98	22,699	264	90.33	23,847	264	88.72	23,422
3"	60	195.00	11,700	60	206.15	12,369	60	202.02	12,121
4"	12	335.31	4,024	12	355.86	4,270	12	348.25	4,179
6"	24	817.77	19,626	24	873.63	20,967	24	852.94	20,471
8"	-	1,499.45	-	-	1,607.85	-	-	1,567.70	-
10" & Above	-	2,500.18	-	-	2,690.20	-	-	2,619.81	-
Subtotal: Municipal - Commercial	1,176		\$ 76,903	1,176		\$ 81,091	1,176		\$ 79,540
Subtotal: Minimum Charges			\$ 16,149,113			\$ 16,701,983			\$ 16,583,751

Pittsburgh Water and Sewer Authority

2026 COS & Rate Design

Wastewater Conveyance Revenue Proof

	2026 Revenue @ Existing Rates			FPFTY 2026 Revenue @ Filed Rates (Original Request - Full FPFTY)			FPFTY 2026 Revenue at Settlement Proposed Rates (Full FPFTY)		
	Units	Rates	Revenue	Units	Rates	Revenue	Units	Rates	Revenue
Volume Charge									
Residential	2,174,044	\$ 6.68	\$ 14,522,613	2,174,044	\$ 7.69	\$ 16,718,397	2,174,044	7.32	\$ 15,905,015
Residential - CAP - FPL0-50	44,633	2.67	119,260	44,633	3.08	137,292	44,633	2.19	97,959
Residential - CAP - FPL51-100	58,140	6.68	388,378	58,140	7.69	447,100	58,140	5.12	297,744
Residential - CAP - FPL101-200	72,807	6.68	486,348	72,807	7.69	559,882	72,807	7.32	532,643
Commercial	2,526,258	5.94	15,005,974	2,526,258	7.04	17,784,858	2,526,258	6.63	16,755,479
Industrial	177,423	6.09	1,080,506	177,423	7.05	1,250,832	177,423	6.69	1,187,738
Health or Education	888,611	6.75	5,998,124	888,611	7.88	7,002,255	888,611	7.46	6,630,296
Municipal - Residential	620	6.68	4,145	620	7.69	4,771	620	7.32	4,539
Municipal - Commercial	109,046	5.94	647,733	109,046	7.04	767,684	109,046	6.63	723,251
<i>Subtotal: Volume Charge</i>	6,051,583		\$ 38,253,082	6,051,583		\$ 44,673,072	6,051,583		\$ 42,134,664
Pennvest Volume Charge									
Residential	2,174,044	\$ -	\$ -	2,174,044	\$ 0.88	\$ 1,922,488	2,174,044	0.88	\$ 1,922,488
Residential - CAP - FPL0-50	44,633	-	-	44,633	0.44	19,734	44,633	0.44	19,734
Residential - CAP - FPL51-100	58,140	-	-	58,140	0.44	25,707	58,140	0.44	25,707
Residential - CAP - FPL101-200	72,807	-	-	72,807	0.44	32,191	72,807	0.44	32,191
Commercial	2,526,258	-	-	2,526,258	0.88	2,233,949	2,526,258	0.88	2,233,949
Industrial	177,423	-	-	177,423	0.88	156,894	177,423	0.88	156,894
Health or Education	888,611	-	-	888,611	0.88	785,791	888,611	0.88	785,791
Municipal - Residential	620	-	-	620	0.88	549	620	0.88	549
Municipal - Commercial	109,046	-	-	109,046	0.88	96,428	109,046	0.88	96,428
<i>Subtotal: Pennvest Volume Charge</i>	6,051,583		\$ -	6,051,583		\$ 5,273,731	6,051,583		\$ 5,273,731
Total: Base Rate Revenues			\$ 54,402,195			\$ 66,648,787			\$ 63,992,145
DSIC Revenues									
Residential			\$ 1,208,339			\$ 2,135,986			\$ 1,380,346
Residential - CAP-BDP			49,711			91,664			54,006
Commercial			1,007,701			1,908,073			1,215,505
Industrial			62,063			118,468			75,618
Health or Education			355,128			672,068			428,180
Municipal - Residential			936			1,509			990
Municipal - Commercial			36,232			70,890			44,961
Total: DSIC Revenues			\$ 2,720,110			\$ 4,998,659			\$ 3,199,607
Other Revenues									
Other Revenues			1,064,777			1,064,777			1,064,777
Total: Other Revenues			\$ 1,064,777			\$ 1,064,777			\$ 1,064,777
Total Revenues			\$ 58,187,081			\$ 72,712,222			\$ 68,256,529

		Existing	Filed	Proposed
Pittsburgh Water and Sewer Authority				
<i>2026 COS & Rate Design</i>				
Water Rates				
			FPFTY 2026	
		Existing	Original Request	Proposed
Base Rates		Rebuttal		
<u>Minimum Charges</u>				
Residential				
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
	2"	401.04	408.86	405.96
	Unmetered	80.68	92.53	80.68
Residential - CAP-BDP				
	5/8"	\$ -	\$ -	\$ -
	3/4"	-	-	-
	1"	-	-	-
	Unmetered	49.14	58.20	54.84
Commercial				
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
	2"	401.04	408.86	405.96
	3"	911.28	917.88	915.44
	4"	1,562.27	1,561.39	1,561.72
	6"	3,774.85	3,721.10	3,741.01
	8"	6,877.76	6,725.03	6,781.61
	10" & Above	11,393.44	11,054.16	11,179.84
	Unmetered	97.86	116.21	109.41
Industrial				
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
	2"	401.04	408.86	405.96
	3"	911.28	917.88	915.44
	4"	1,562.27	1,561.39	1,561.72
	6"	3,774.85	3,721.10	3,741.01
	8"	6,877.76	6,725.03	6,781.61
	10" & Above	11,393.44	11,054.16	11,179.84

		FPFTY 2026		
		Existing	Original Request	Proposed
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
	2"	401.04	408.86	405.96
	3"	911.28	917.88	915.44
	4"	1,562.27	1,561.39	1,561.72
	6"	3,774.85	3,721.10	3,741.01
	8"	6,877.76	6,725.03	6,781.61
	10" & Above	11,393.44	11,054.16	11,179.84
Municipal - Residential				
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
Municipal - Commercial				
	5/8"	\$ 31.54	\$ 34.33	\$ 33.30
	3/4"	55.26	58.63	57.38
	1"	121.38	124.40	123.28
	1 1/2"	240.01	245.89	243.71
	2"	401.04	408.86	405.96
	3"	911.28	917.88	915.44
	4"	1,562.27	1,561.39	1,561.72
	6"	3,774.85	3,721.10	3,741.01
	8"	6,877.76	6,725.03	6,781.61
	10" & Above	11,393.44	11,054.16	11,179.84
Fire Protection Charges				
	Public (City per Hydrant)	\$ 20.69	\$ 29.32	\$ 26.12
	Private			
	1" or Less	\$ 31.39	\$ 41.30	\$ 37.63
	1 1/2"-3"	97.60	126.95	116.08
	4"	314.87	418.82	380.31
	6" or Greater	654.54	891.45	803.69

<u>Volume Charge</u>	Existing	Original Request	Settlement Proposed
Residential	\$ 16.38	\$ 19.40	\$ 18.28
Residential - CAP - FPL0-50	6.55	7.76	5.48
Residential - CAP - FPL51-100	16.38	19.40	12.80
Residential - CAP - FPL101-200	16.38	19.40	18.28
Commercial	16.58	20.47	19.03
Industrial	16.50	22.35	20.18
Health or Education	20.70	24.83	23.30
Private Fire System	27.11	33.47	31.11
Municipal - Residential	16.38	19.40	18.28
Municipal - Commercial	16.58	20.47	19.03
Wholesale - Fox Chapel	By Contract	7.45	7.06
Wholesale	12.96	12.41	11.77
PENNVEST Surcharge			
Residential	\$ -	\$ 2.13	\$ 2.13
Residential - CAP - FPL0-50	-	1.06	1.06
Residential - CAP - FPL51-100	-	1.06	1.06
Residential - CAP - FPL101-200	-	1.06	1.06
Commercial	-	2.13	2.13
Industrial	-	2.13	2.13
Health or Education	-	2.13	2.13
Private Fire System	-	2.13	2.13
Municipal - Residential	-	2.13	2.13
Municipal - Commercial	-	2.13	2.13
Wholesale	-	2.13	2.13
BDP Fixed Bill Credits			
Residential - CAP - FPL0-50	-	-	-
Residential - CAP - FPL51-100	-	-	-
Residential - CAP - FPL101-200	-	(5.00)	(5.00)
DSIC	5.0%	7.5%	5.0%

Pittsburgh Water and Sewer Authority				
<i>2026 COS & Rate Design</i>				
Wastewater Conveyance Rates				
Base Rates				
	<u>Minimum Charges</u>	Existing	Original Request	Settlement Proposed
	Residential			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	Unmetered	28.29	31.45	33.44
	Residential - CAP-BDP			
	5/8"	\$ -	\$ -	\$ -
	3/4"	-	-	-
	1"	-	-	-
	Unmetered	20.04	23.07	24.98
	Commercial			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	3"	195.00	206.15	202.02
	4"	335.31	355.86	348.25
	6"	817.77	873.63	852.94
	8"	1,499.45	1,607.85	1,567.70
	10" & Above	2,500.18	2,690.20	2,619.81
	Unmetered	32.01	36.54	39.39
	Industrial			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	3"	195.00	206.15	202.02
	4"	335.31	355.86	348.25
	6"	817.77	873.63	852.94
	8"	1,499.45	1,607.85	1,567.70
	10" & Above	2,500.18	2,690.20	2,619.81

		FPPTY 2026		
		Existing	Original Request	Settlement Proposed
	Health or Education			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	3"	195.00	206.15	202.02
	4"	335.31	355.86	348.25
	6"	817.77	873.63	852.94
	8"	1,499.45	1,607.85	1,567.70
	10" & Above	2,500.18	2,690.20	2,619.81
	Municipal - Residential			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	3"	195.00	206.15	202.02
	4"	335.31	355.86	348.25
	6"	817.77	873.63	852.94
	8"	1,499.45	1,607.85	1,567.70
	10" & Above	2,500.18	2,690.20	2,619.81
	Municipal - Commercial			
	5/8"	\$ 8.25	\$ 8.38	\$ 8.33
	3/4"	13.19	13.56	13.42
	1"	27.35	28.63	28.16
	1 1/2"	52.06	54.53	53.62
	2"	85.98	90.33	88.72
	3"	195.00	206.15	202.02
	4"	335.31	355.86	348.25
	6"	817.77	873.63	852.94
	8"	1,499.45	1,607.85	1,567.70
	10" & Above	2,500.18	2,690.20	2,619.81
	<u>Volume Charge</u>			
	Residential	\$ 6.68	\$ 7.69	\$ 7.32
	Residential - CAP - FPL0-50	2.67	3.08	2.19
	Residential - CAP - FPL51-100	6.68	7.69	5.12
	Residential - CAP - FPL101-200	6.68	7.69	7.32
	Commercial	5.94	7.04	6.63
	Industrial	6.09	7.05	6.69
	Health or Education	6.75	7.88	7.46
	Municipal - Residential	6.68	7.69	7.32
	Municipal - Commercial	5.94	7.04	6.63
	<u>PENNVEST Surcharge</u>			
	Residential	\$ -	\$ 0.88	\$ 0.88
	Residential - CAP - FPL0-50	-	0.44	0.44
	Residential - CAP - FPL51-100	-	0.44	0.44
	Residential - CAP - FPL101-200	-	0.44	0.44
	Commercial	-	0.88	0.88
	Industrial	-	0.88	0.88
	Health or Education	-	0.88	0.88
	Municipal - Residential	-	0.88	0.88
	Municipal - Commercial	-	0.88	0.88
	<u>BDP Fixed Bill Credits</u>			
	Residential - CAP - FPL0-50	-	-	-
	Residential - CAP - FPL51-100	-	-	-
	Residential - CAP - FPL101-200	-	(2.50)	(2.50)
	DSIC	5.0%	7.5%	5.0%

Pittsburgh Water and Sewer Authority			
<i>2026 COS & Rate Design</i>			
Stormwater Rates			
FPFTY 2026			
		Existing	Original Request
			Settlement Proposed
Base Rate			
	Residential		
	Tier 1	\$ 5.03	\$ 6.17
	Tier 2	10.06	12.34
	Tier 3	20.12	24.68
	Other	10.06	12.34
	Residential - CAP		
	Tier 1	\$ 0.75	\$ 0.93
	Tier 2	1.51	1.85
	Tier 3	3.02	3.70
	Other	1.51	1.85
	Non-Residential		
	Commercial	\$ 10.06	\$ 12.34
	Industrial	10.06	12.34
	Health or Education	10.06	12.34
	Municipal	10.06	12.34
	Other	10.06	12.34

FY 2025 **FY 2026**

Pittsburgh Water

FPFTY 2026 COS & Rate Design Model

Customer Impacts Summary

Rate Summary

Water Rates

Minimum Charge

	FY 2025	FY 2026
	<i>FTY</i>	<i>FPFTY</i>
5/8"	\$ 31.54	\$ 33.30
3/4"	55.26	57.38
1"	121.38	123.28
1 1/2"	240.01	243.71
2"	401.04	405.96
3"	911.28	915.44
4"	1,562.27	1,561.72
6"	3,774.85	3,741.01
8"	6,877.76	6,781.61
10" & Above	11,393.44	11,179.84

Minimum Charge - CAP

	FY 2025	FY 2026
5/8"	-	-
3/4"	-	-
1"	-	-

Fire Min. Charge

	FY 2025	FY 2026
1" or Less	\$ 31.39	\$ 37.63
1 1/2"-3"	97.60	116.08
4"	314.87	380.31
6" or Greater	654.54	803.69

Volume Charge

	FY 2025	FY 2026
Residential	\$ 16.38	\$ 18.28
Residential - CAP - FPL50	6.55	5.48
Residential - CAP - FPL100	16.38	12.80
Residential - CAP - FPL101-200	16.38	18.28
Commercial	16.58	19.03
Industrial	16.50	20.18
Health or Education	20.70	23.30
Private Fire	27.11	31.11

Water New Charges

	FY 2025	FY 2026
DSIC (%)	5.0%	5.0%
BDP Fixed Credit	\$ -	\$ (5.00)
BDP Fixed Credit - FPL50	\$ -	\$ -
Pennvest Surcharge	\$ -	\$ 2.13
Infrastructure Improvement Charge (\$/Kgal)	\$ -	\$ -
BDP percentage of Infrastructure Improvemen	50.0%	50.0%

<u>Sewer Rates</u>	<u>FY 2025</u>	<u>FY 2026</u>
<i>Minimum Charge</i>		
5/8"	\$ 8.25	\$ 8.33
3/4"	13.19	13.42
1"	27.35	28.16
1 1/2"	52.06	53.62
2"	85.98	88.72
3"	195.00	202.02
4"	335.31	348.25
6"	817.77	852.94
8"	1,499.45	1,567.70
10" & Above	2,500.18	2,619.81

<i>Minimum Charge - CAP</i>		
5/8"	-	-
3/4"	-	-
1"	-	-

<u>Volume Charge</u>	<u>FY 2025</u>	<u>FY 2026</u>
Residential	\$ 6.68	\$ 7.32
Residential - CAP - FPL50	2.67	2.19
Residential - CAP - FPL100	6.68	5.12
Residential - CAP - FPL101-200	6.68	7.32
Commercial	5.94	6.63
Industrial	6.09	6.69
Health or Education	6.75	7.46

<u>Sewer New Charges</u>		
DSIC (%)	5.0%	5.0%
BDP Fixed Credit	\$ -	\$ (2.50)
BDP Fixed Credit - FPL50	\$ -	\$ -
Pennvest Surcharge	\$ -	\$ 0.88
Infrastructure Improvement Charge (\$/Kgal)	\$ -	\$ -
BDP percentage of Infrastructure Improvement	50.0%	50.0%

<u>Stormwater Rates</u>	<u>FY 2025</u>	<u>FY 2026</u>
<i>Residential Rate (per ERU)</i>		
Tier 1	\$ 5.03	\$ 5.75
Tier 2	10.06	11.50
Tier 3	20.12	22.99
<i>Residential Rate - CAP (per ERU)</i>		
Tier 1	\$ 0.75	\$ 0.86
Tier 2	1.51	1.72
Tier 3	3.02	3.45
<i>Non-Residential Rate (per ERU)</i>		
Stormwater Only	\$ 10.06	\$ 11.50
	10.06	11.50
		-
Stormwater DSIC	0.0%	0.0%

Customer Impacts	Adjusted				Rebuttal Model	
	<i>*NEW DSIC remains at 5.0%</i>				FY 2026	FY 2026
	FY 2025	FY 2026	FY 2026	FY 2026	FY 2026	FY 2026
	FTY	FPFTY	% Changes	\$ Changes	% Changes	\$ Changes
<i>Residential</i>						
5/8" 1 kgal Tier 1	\$ 46.81	\$ 49.46	5.7%	\$ 2.65	11.3%	\$ 5.27
5/8" 3 kgal Tier 2	\$ 100.27	\$ 115.29	15.0%	\$ 15.02	22.6%	\$ 22.71
5/8" 5 kgal Tier 2	\$ 148.69	\$ 175.37	17.9%	\$ 26.67	26.2%	\$ 39.00
5/8" 7 kgal Tier 2	\$ 197.12	\$ 235.45	19.4%	\$ 38.33	28.1%	\$ 55.30
5/8" 12 kgal Tier 3	\$ 328.24	\$ 397.14	21.0%	\$ 68.90	30.0%	\$ 98.31
1" 20 kgal Tier 3	\$ 539.48	\$ 632.60	17.3%	\$ 93.12	25.0%	\$ 135.11
<i>Residential - CAP - FPL50</i>						
<i>*NEW Vol Discount at 70%</i>						
5/8" 1 kgal Tier 1	\$ 0.75	\$ 0.86	15.1%	\$ 0.11	24.0%	\$ 0.18
5/8" 3 kgal Tier 2	\$ 20.88	\$ 21.01	0.6%	\$ 0.13	35.9%	\$ 7.51
5/8" 5 kgal Tier 2	\$ 40.25	\$ 40.30	0.1%	\$ 0.05	36.4%	\$ 14.67
5/8" 7 kgal Tier 2	\$ 59.62	\$ 59.59	0.0%	\$ (0.03)	36.6%	\$ 21.84
5/8" 12 kgal Tier 3	\$ 109.56	\$ 109.54	0.0%	\$ (0.02)	36.6%	\$ 40.09
<i>Residential - CAP - FPL100</i>						
<i>*NEW Vol Discount at 30%</i>						
5/8" 1 kgal Tier 1	\$ 0.75	\$ 0.86	15.1%	\$ 0.11	24.0%	\$ 0.18
5/8" 3 kgal Tier 2	\$ 49.94	\$ 42.51	-14.9%	\$ (7.42)	10.7%	\$ 5.33
5/8" 5 kgal Tier 2	\$ 98.36	\$ 83.31	-15.3%	\$ (15.06)	18.7%	\$ 18.39
5/8" 7 kgal Tier 2	\$ 146.79	\$ 124.10	-15.5%	\$ (22.69)	21.4%	\$ 31.45
5/8" 12 kgal Tier 3	\$ 269.36	\$ 227.80	-15.4%	\$ (41.56)	23.9%	\$ 64.42
<i>Residential - CAP - FPL101-200</i>						
<i>*NEW Fixed Bill Credit</i>						
5/8" 1 kgal Tier 1	\$ 0.75	\$ 0.86	15.1%	\$ 0.11	24.0%	\$ 0.18
5/8" 3 kgal Tier 2	\$ 49.94	\$ 50.77	1.7%	\$ 0.83	10.7%	\$ 5.33
5/8" 5 kgal Tier 2	\$ 98.36	\$ 107.68	9.5%	\$ 9.32	18.7%	\$ 18.39
5/8" 7 kgal Tier 2	\$ 146.79	\$ 164.60	12.1%	\$ 17.81	21.4%	\$ 31.45
5/8" 12 kgal Tier 3	\$ 269.36	\$ 308.62	14.6%	\$ 39.25	23.9%	\$ 64.42
<i>Commercial</i>						
5/8" 3 kgal 1 ERU	\$ 99.13	\$ 115.42	16.4%	\$ 16.29	25.0%	\$ 24.75
5/8" 5 kgal 2 ERU	\$ 156.48	\$ 187.13	19.6%	\$ 30.65	29.0%	\$ 45.36
5/8" 12 kgal 5 ERU	\$ 352.19	\$ 432.37	22.8%	\$ 80.19	33.0%	\$ 116.36
1" 13 kgal 8 ERU	\$ 425.81	\$ 491.83	15.5%	\$ 66.02	23.5%	\$ 99.91
2" 80 kgal 50 ERU	\$ 2,504.07	\$ 2,990.97	19.4%	\$ 486.90	28.6%	\$ 716.69
4" 160 kgal 100 ERU	\$ 5,126.60	\$ 5,864.70	14.4%	\$ 738.10	21.9%	\$ 1,121.49
<i>Industrial</i>						
1" 30 kgal 3 ERU	\$ 779.33	\$ 978.10	25.5%	\$ 198.77	37.6%	\$ 293.28
1" 60 kgal 5 ERU	\$ 1,511.04	\$ 1,942.62	28.6%	\$ 431.58	41.8%	\$ 631.55
2" 100 kgal 10 ERU	\$ 2,580.69	\$ 3,239.27	25.5%	\$ 658.58	37.6%	\$ 971.34
4" 680 kgal 30 ERU	\$ 16,763.15	\$ 21,494.76	28.2%	\$ 4,731.61	41.3%	\$ 6,922.55
6" 400 kgal 50 ERU	\$ 10,662.14	\$ 12,459.89	16.9%	\$ 1,797.75	25.6%	\$ 2,733.96
8" 800 kgal 100 ERU	\$ 21,068.83	\$ 24,823.86	17.8%	\$ 3,755.03	26.9%	\$ 5,673.62
<i>Health or Education</i>						
5/8" 5 kgal 3 ERU	\$ 187.25	\$ 220.05	17.5%	\$ 32.80	26.3%	\$ 49.29
5/8" 10 kgal 10 ERU	\$ 401.78	\$ 477.83	18.9%	\$ 76.05	28.2%	\$ 113.15
1" 40 kgal 5 ERU	\$ 1,215.25	\$ 1,457.68	19.9%	\$ 242.43	29.2%	\$ 355.01
2" 50 kgal 32 ERU	\$ 1,784.43	\$ 2,057.54	15.3%	\$ 273.10	23.2%	\$ 414.33
4" 200 kgal 25 ERU	\$ 5,990.88	\$ 6,903.00	15.2%	\$ 912.11	22.9%	\$ 1,370.87
6" 650 kgal 50 ERU	\$ 19,015.94	\$ 22,243.20	17.0%	\$ 3,227.26	25.1%	\$ 4,781.17

Pittsburgh Water and Sewer Authority

2026 COS & Rate Design

Allocation of Proposed Settlement Rate Increase

Base Rates and DSIC

	Proposed Settlement Revenue Increase*			Proposed Settlement % Increase			% of Proposed Settlement Increase		
	Water	Wastewater Conveyance	Total (Water and Conveyance Only)	Water	Wastewater Conveyance	Total (Water and Conveyance Only)	Water	Wastewater Conveyance	Total (Water and Conveyance Only)
Revenue Increase									
Residential	\$ 5,007,472	\$ 1,689,655	\$ 6,697,127	8.5%	6.7%	7.9%	31.0%	35.2%	32.0%
Residential - CAP	29,484	12,563	42,047	1.7%	1.2%	1.5%	0.2%	0.3%	0.2%
Commercial	6,167,428	2,129,939	8,297,367	10.0%	10.1%	10.0%	38.2%	44.4%	39.6%
Industrial	669,340	127,777	797,117	18.1%	9.8%	15.9%	4.1%	2.7%	3.8%
Health or Education	2,512,128	748,304	3,260,431	10.2%	10.0%	10.1%	15.5%	15.6%	15.6%
Private Fire System	180,473	-	180,473	19.2%	N/A	19.2%	1.1%	0.0%	0.9%
Municipal - Residential	4,423	596	5,019	6.5%	3.0%	5.7%	0.0%	0.0%	0.0%
Municipal - Commercial	295,509	86,884	382,392	13.0%	11.4%	12.6%	1.8%	1.8%	1.8%
Public Fire Protection	492,443	-	492,443	26.3%	N/A	26.3%	3.0%	0.0%	2.3%
Wholesale & Bulk	802,396	-	802,396	16.2%	N/A	16.2%	5.0%	0.0%	3.8%
Total: Revenue Increase	\$ 16,161,095	\$ 4,795,717	\$ 20,956,813	10.1%	8.4%	9.6%	100.0%	100.0%	100.0%

* Includes Base Rate Revenues and DSIC only

	Stormwater		
	Proposed Settlement Revenue Increase*	Proposed Settlement % Increase	% of Proposed Settlement Increase
Revenue Increase			
Existing Accounts			
Residential			
Tier 1	\$ 98,820	14.3%	2.4%
Tier 2	1,017,829	14.3%	25.2%
Tier 3	450,849	14.3%	11.2%
Residential-CAP	21,067	14.3%	0.5%
Non-Residential	1,984,465	14.3%	49.1%
Stormwater Only (New Accounts)			
Residential	12,867	14.3%	0.3%
Non-Residential	457,291	14.3%	11.3%
Total: Revenue Increase	\$ 4,043,187	14.3%	100.0%

Total after Rate Calculations \$ 25,000,000

PENNVEST Surcharge

	Proposed PENNVEST Surcharge Revenue			Proposed PENNVEST Surcharge Revenue %Increase			% of Proposed PENNVEST Surcharge Revenue		
	Water	Wastewater Conveyance	Total (Water and Conveyance Only)	Water	Wastewater Conveyance	Total (Water and Conveyance Only)	Water	Wastewater Conveyance	Total (Water and Conveyance Only)
Revenue Increase									
Residential	\$ 3,599,437	\$ 1,922,488	\$ 5,521,925	N/A	N/A	N/A	29.3%	36.5%	31.4%
Residential - CAP	128,994	77,632	206,626	N/A	N/A	N/A	1.0%	1.5%	1.2%
Commercial	\$ 4,766,207	\$ 2,233,949	\$ 7,000,156	N/A	N/A	N/A	38.7%	42.4%	39.8%
Industrial	362,733	156,894	519,627	N/A	N/A	N/A	2.9%	3.0%	3.0%
Health or Education	\$ 1,890,086	\$ 785,791	\$ 2,675,877	N/A	N/A	N/A	15.4%	14.9%	15.2%
Private Fire System	15,671	-	15,671	N/A	N/A	N/A	0.1%	0.0%	0.1%
Municipal - Residential	\$ 1,197	\$ 549	\$ 1,745	N/A	N/A	N/A	0.0%	0.0%	0.0%
Municipal - Commercial	232,727	96,428	329,155	N/A	N/A	N/A	1.9%	1.8%	1.9%
Public Fire Protection	\$ -	\$ -	\$ -	N/A	N/A	N/A	0.0%	0.0%	0.0%
Wholesale & Bulk	1,308,319	-	1,308,319	N/A	N/A	N/A	10.6%	0.0%	7.4%
	-	-	-	-	-	-	-	-	-
Total: Revenue Increase	\$ 12,305,372	\$ 5,273,731	\$ 17,579,103	N/A	N/A	N/A	100.0%	100.0%	100.0%

Appendix H

Appendix H: Example Semi and Annual PENNVEST Reporting Format

Joint Petition for Settlement

R-2025-3055010, R-2025-3055011, R-2025-3055012

Pittsburgh Water

FY 2026 PENNVEST Charge

Semi-Annual Adjustments Calculation - February (Example)

	Actual	Projected											Total	
	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>		
PENNVEST Charge														
<u>Allocated PENNVEST Debt Service</u>														
PENNVEST Debt Service	\$ 132,909	133,740	135,823	137,906	139,990	142,073	144,156	146,240	148,323	150,406	152,490	154,573	\$ 1,718,630	
Average Effective Billing Units	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	5,782,170	
Surcharge Unit Rate													\$ 0.297	

per billed kgal

Revenue Proof

	<u>2026 Units</u>	<u>2026 Rate</u>	<u>2026 Revenue</u>
Residential	1,691,339	\$ 0.297	\$ 502,715
Residential - CAP	121,226	\$ 0.149	18,016
Commercial	2,239,593	\$ 0.297	665,672
Industrial	170,445	\$ 0.297	50,661
Health and Education	888,132	\$ 0.297	263,979
Municipal - Residential	562	\$ 0.297	167
Municipal - Commercial	109,356	\$ 0.297	32,504
Private Fire System	7,364	\$ 0.297	2,189
Wholesale (Fox Chapel)	614,766	\$ 0.297	182,726
	5,842,783		\$ 1,718,630

Pittsburgh Water
 FY 2026 PENNVEST Charge
 Loan Summary - February (Example)

		Loan Number: P33000072-555 Legacy Loan Number: 85556 Amort. Date: 10/1/2022 Interest Rate: 1.00% Loan Amount: 35,441,231 Loan Status: Amortization Project Name: Wastewater Sysm Impro				Loan Number: P33000088-666 Legacy Loan Number: 81136 Amort. Date: 5/1/2028 Interest Rate: 1.00% Loan Amount: 63,521,855 Loan Status: Construction - Drawdown Project Name: Wastewater Sysm Impro			
Date		Interest:	Principal:	Total Payment:	Projected Balance:	Interest:	Principal:	Total Payment:	Projected Balance:
Actual	1/1/2026	26,592.18	106,317.27	132,909.45	\$31,804,296.53	\$ -	\$ -	\$ -	\$ 996,325
	2/1/2026	26,503.58	106,405.87	132,909.45	\$31,697,890.66	830	0	830	3,496,325
	3/1/2026	26,414.91	106,494.54	132,909.45	\$31,591,396.12	2,914	0	2,914	5,996,325
	4/1/2026	26,326.16	106,583.29	132,909.45	\$31,484,812.83	4,997	0	4,997	8,496,325
	5/1/2026	26,237.34	106,672.11	132,909.45	\$31,378,140.72	7,080	0	7,080	10,996,325
	6/1/2026	26,148.45	106,761.00	132,909.45	\$31,271,379.72	9,164	0	9,164	13,496,325
Projected	7/1/2026	26,059.48	106,849.97	132,909.45	\$31,164,529.75	11,247	0	11,247	15,996,325
	8/1/2026	25,970.44	106,939.01	132,909.45	\$31,057,590.74	13,330	0	13,330	18,496,325
	9/1/2026	25,881.33	107,028.12	132,909.45	\$30,950,562.62	15,414	0	15,414	20,996,325
	10/1/2026	25,792.14	107,117.31	132,909.45	\$30,843,445.31	17,497	0	17,497	23,496,325
	11/1/2026	25,702.87	107,206.58	132,909.45	\$30,736,238.73	19,580	0	19,580	25,996,325
	12/1/2026	25,613.53	107,295.92	132,909.45	\$30,628,942.81	21,664	0	21,664	28,496,325
		\$ 313,242	\$ 1,281,671	\$ 1,594,913		\$ 123,716	\$ -	\$ 123,716	

Appendix H: Example Semi and Annual PENNVEST Reporting Format
Joint Petition for Settlement
R-2025-3055010, R-2025-3055011, R-2025-3055012

Pittsburgh Water

FY 2026 PENNVEST Charge

Semi-Annual Adjustments Calculation - August (Example)

Example Only

	Actual							Projected					Total
	January	February	March	April	May	June	July	August	September	October	November	December	
PENNVEST Charge													
<u>Allocated PENNVEST Debt Service</u>													
PENNVEST Debt Service	\$ 132,909	133,740	137,906	142,073	146,240	150,406	154,573	158,740	162,906	167,073	171,240	175,406	\$ 1,833,213
Average Effective Billing Units	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	481,848	5,782,170
Surcharge Unit Rate													\$ 0.317
													per billed kgal

	<u>2026 Units</u>	<u>2026 Rate</u>	<u>2026 Revenue</u>
Residential	1,691,339	\$ 0.317	\$ 536,232
Residential - CAP	121,226	\$ 0.159	19,217
Commercial	2,239,593	\$ 0.317	710,054
Industrial	170,445	\$ 0.317	54,039
Health and Education	888,132	\$ 0.317	281,579
Municipal - Residential	562	\$ 0.317	178
Municipal - Commercial	109,356	\$ 0.317	34,671
Private Fire System	7,364	\$ 0.317	2,335
Wholesale (Fox Chapel)	614,766	\$ 0.317	194,909
	5,842,783		\$ 1,833,213

Pittsburgh Water
 FY 2026 PENNVEST Charge
 Loan Summary - August (Example)

Loan Number:	P33000072-555	Loan Number:	P33000088-666
Legacy Loan Number:	85556	Legacy Loan Number:	81136
Amort. Date:	10/1/2022	Amort. Date:	5/1/2028
Interest Rate	1.00%	Interest Rate	1.00%
Loan Amount:	35,441,231	Loan Amount:	63,521,855
Loan Status:	Amortization	Loan Status:	Construction - Drawdown
Project Name:	Wastewater Sysm Impro	Project Name:	Wastewater Sysm Impro

	Date	P33000072-555				P33000088-666			
		Interest:	Principal:	Total Payment:	Projected Balance:	Interest:	Principal:	Total Payment:	Projected Balance:
Actual	1/1/2026	26,592.18	106,317.27	132,909.45	\$31,804,296.53	\$ -	\$ -	\$ -	\$ 996,325
	2/1/2026	26,503.58	106,405.87	132,909.45	\$31,697,890.66	830	0	830	5,996,325
	3/1/2026	26,414.91	106,494.54	132,909.45	\$31,591,396.12	4,997	0	4,997	10,996,325
	4/1/2026	26,326.16	106,583.29	132,909.45	\$31,484,812.83	9,164	0	9,164	15,996,325
	5/1/2026	26,237.34	106,672.11	132,909.45	\$31,378,140.72	13,330	0	13,330	20,996,325
	6/1/2026	26,148.45	106,761.00	132,909.45	\$31,271,379.72	17,497	0	17,497	25,996,325
	7/1/2026	26,059.48	106,849.97	132,909.45	\$31,164,529.75	21,664	0	21,664	30,996,325
Projected	8/1/2026	25,970.44	106,939.01	132,909.45	\$31,057,590.74	25,830	0	25,830	35,996,325
	9/1/2026	25,881.33	107,028.12	132,909.45	\$30,950,562.62	29,997	0	29,997	40,996,325
	10/1/2026	25,792.14	107,117.31	132,909.45	\$30,843,445.31	34,164	0	34,164	45,996,325
	11/1/2026	25,702.87	107,206.58	132,909.45	\$30,736,238.73	38,330	0	38,330	50,996,325
	12/1/2026	25,613.53	107,295.92	132,909.45	\$30,628,942.81	42,497	0	42,497	55,996,325
		\$ 313,242	\$ 1,281,671	\$ 1,594,913		\$ 238,300	\$ -	\$ 238,300	

Appendix H: Example Semi and Annual PENNVEST Reporting Format

Joint Petition for Settlement

R-2025-3055010, R-2025-3055011, R-2025-3055012

Pittsburgh Water

FY 2026 PENNVEST Charge

Annual Reconciliation (Example)

	<u>PENNVEST</u> <u>Charges Billed</u>	<u>PENNVEST</u> <u>Debt Service</u> <u>Costs</u>	<u>Difference</u>	<u>Residential</u> <u>Mortgage</u> <u>Lending</u> <u>Rate</u>	<u>Interest</u>	<u>Total</u> <u>Over/(Under)</u>
January	\$ 143,219	\$ 132,909	\$ 10,310	7.25%	\$ 1,308	\$ 11,618
February	143,219	133,740	9,479	6.75%	1,120	10,599
March	143,219	137,906	5,313	6.75%	628	5,940
April	143,219	142,073	1,146	6.75%	135	1,281
May	143,219	146,240	(3,021)	6.75%	(357)	(3,377)
June	143,219	150,406	(7,187)	7.25%	(912)	(8,099)
July	143,219	154,573	(11,354)	7.00%	(1,391)	(12,745)
August	152,768	158,740	(5,972)	7.00%	(732)	(6,704)
September	152,768	163,323	(10,555)	7.00%	(1,293)	(11,848)
October	152,768	167,906	(15,139)	6.50%	(1,722)	(16,861)
November	152,768	172,490	(19,722)	6.50%	(2,243)	(21,965)
December	152,768	177,073	(24,305)	6.75%	(2,871)	(27,176)
Total	\$ 1,766,373	\$ 1,837,380	\$ (71,007)			\$ (79,337)

Pittsburgh Water
 FY 2026 PENNVEST Charge
 Loan Summary - Annual Reconciliation (Example)

Loan Number:	P33000072-555	Loan Number:	P33000088-666
Legacy Loan Number:	85556	Legacy Loan Number:	81136
Amort. Date:	10/1/2022	Amort. Date:	5/1/2028
Interest Rate	1.00%	Interest Rate	1.00%
Loan Amount:	35,441,231	Loan Amount:	63,521,855
Loan Status:	Amortization	Loan Status:	Construction - Drawdown
Project Name:	Wastewater Sysm Impro	Project Name:	Wastewater Sysm Impro

Date	P33000072-555				P33000088-666			
	Interest:	Principal:	Total Payment:	Projected Balance:	Interest:	Principal:	Total Payment:	Projected Balance:
1/1/2026	26,592.18	106,317.27	132,909.45	\$31,804,296.53	\$ -	\$ -	\$ -	\$ 996,325
2/1/2026	26,503.58	106,405.87	132,909.45	\$31,697,890.66	830	0	830	5,996,325
3/1/2026	26,414.91	106,494.54	132,909.45	\$31,591,396.12	4,997	0	4,997	10,996,325
4/1/2026	26,326.16	106,583.29	132,909.45	\$31,484,812.83	9,164	0	9,164	15,996,325
5/1/2026	26,237.34	106,672.11	132,909.45	\$31,378,140.72	13,330	0	13,330	20,996,325
6/1/2026	26,148.45	106,761.00	132,909.45	\$31,271,379.72	17,497	0	17,497	25,996,325
7/1/2026	26,059.48	106,849.97	132,909.45	\$31,164,529.75	21,664	0	21,664	30,996,325
8/1/2026	25,970.44	106,939.01	132,909.45	\$31,057,590.74	25,830	0	25,830	36,496,325
9/1/2026	25,881.33	107,028.12	132,909.45	\$30,950,562.62	30,414	0	30,414	41,996,325
10/1/2026	25,792.14	107,117.31	132,909.45	\$30,843,445.31	34,997	0	34,997	47,496,325
11/1/2026	25,702.87	107,206.58	132,909.45	\$30,736,238.73	39,580	0	39,580	52,996,325
12/1/2026	25,613.53	107,295.92	132,909.45	\$30,628,942.81	44,164	0	44,164	58,496,325
	\$ 313,242	\$ 1,281,671	\$ 1,594,913		\$ 242,466	\$ -	\$ 242,466	

Actual

Appendix I

Supplement No. 187
Tariff Water - Pa. P.U.C. No. 1

THE PITTSBURGH WATER AND SEWER AUTHORITY
d/b/a PITTSBURGH WATER

RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WATER SERVICE
TO THE PUBLIC IN THE TERRITORY DESCRIBED HEREIN

Issued: TBD

Effective: TBD

BY: William J. Pickering, Chief Executive Officer
1200 Penn Avenue, Pittsburgh, PA 15222
Tel: 412-255-8800

NOTICE

This Tariff Supplement makes changes in rates, rules and regulations as approved by Commission Order entered at Docket No. R-2025-3055010 on February XX, 2026.

LIST OF CHANGES

TABLE OF CONTENTS (PAGE No. 3) :

Updated to add page numbers for new Part I Sections K and L and Riders AFP and LWC

LIST OF TERRITORIES SERVED (PAGE No. 7)

Corrected to Add "Fox Chapel" and portions Of Ross, McKees Rocks, Sharpsburg, Penn Hills, Shaler, Swissvale, and Wilkinsburg

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A - RATES FOR METERED SERVICE - NUMBER 1 MINIMUM OR BASE CHARGE (PAGE No. 8)

Changed "Base" to "Service" to describe fixed charge. Added rates for Minimum or Service Charges which will increase for all customer classes effective the date of this supplement.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A - RATES FOR METERED SERVICE - NUMBER 2 CONSUMPTION CHARGE (PAGE No. 8A)

Replaced "Base" with Service Charge. Added rates for Consumption Charges which will increase for all customer classes effective the date of this supplement.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A-RATES FOR METERED SERVICE - NUMBER 3 PENNVEST CHARGE (PVC) (NEW PAGE No. 8B, 8C, 8D)

Added PVC charge of \$2.13. Revised language to include all current and future PENNVEST loans in the charge and added information about the loans to be recovered. Moved text from Page 8C to 8D

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A.1 - RATES FOR UNMETERED SERVICE (PAGE No. 9)

Increased rates for Commercial Unmetered Service effective as of the date of the supplement.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION B - FIRE PROTECTION RATES (PAGE Nos. 10 AND 11)

Added rates for Private and Public Fire Protection Rates all rate classes effective as of the date of this supplement.

PART I: SCHEDULE OF RATE AND CHARGES, SECTION H - MISCELLANEOUS CHARGES, FEES, AND PENALTIES, No.4.A. (PAGE 15A)

Set to \$0.00 Developer Fees for Water and Sewer Use Review Letters.

LIST OF CHANGES (con't)

**PART I: SCHEDULE OF RATES AND CHARGES, SECTION I - SALES FOR RESALE
(WHOLESALE) (PAGE NO. 16)**

Added rates for Sales for Resale classes effective as of the date of the supplement.

PART I: SCHEDULE OF RATES AND CHARGES, NEW SECTIONS K AND L (NEW PAGE NO. 16A)

Added New Section K to offer a one-time credit for enrollment in paperless billing. Add New Section L giving Pittsburgh Water discretion to offer a credit resulting from a leak for which customer has no actual or constructive notice.

RIDER BDP - BILL DISCOUNT PROGRAM (RESIDENTIAL) (PAGE NO. 19)

Update application requirements. Change "base" to "service" charge. Added new discounted consumption charges for participants at or below 50% and between 50.1%-100% of Federal Poverty Level. Added temporary new Fixed Discount Bill Credit for participants at 100.1%-200% of Federal Poverty Level until subsequent rate structure change in 2027 when all participants will receive a bill credit equal to one unit of consumption.

RIDER AFP - ARREARAGE FORGIVENESS PROGRAM (PAGE 19A)

Updated terms for New Arrearage Forgiveness Program effective September 1, 2026 and included cost recovery through Rider AFP.

RIDER LWC - LINE REPAIR AND WATER CONSERVATION PROGRAM (PAGE 19B)

Added language regarding the Line Repair and Water Conservation Program available to residential rate payers earning 200% of the Federal Poverty Level or less and designed to help customers reduce water loss by offering immediate repairs, replacements and conservation education.

PART II - DEFINITIONS (PAGE 20)

Updated definition No. 2 to include d/b/a Pittsburgh Water

PART III - RULES AND REGULATIONS, SECTION B.12.D (PAGE NO. 35)

Included reference to Line Repair and Water Conservation program described in Rider BDP paragraph 6.

PART III - RULES AND REGULATIONS, SECTION B.12.H (PAGE NO. 36)

Add new paragraph h regarding Pittsburgh Water's assumption of ownership over water service lines that are 2 inches or less.

PART III - RULES AND REGULATIONS, SECTION C.3.J (PAGE NO. 40)

Added cross references to Part VI regarding Lead Service Line Replacement termination processes.

TABLE OF CONTENTS

	Page No.
Title Page	1
List of Changes	2
Table of Contents	3
List of Territories Served	6
PART I:	
PART I: SCHEDULE OF RATES AND CHARGES	8
Section A - Rates for Metered Service.....	8
PennVest Charge (PVC).....	8B
Section A.1 - Rates for Unmetered Service.....	9
Section B - Fire Protection Rates.....	10
Section C - Returned Check Charge.....	12
Section D - Construction Rates.....	12
Section E - Service Termination or Resumption Rates.....	12
Section F - Meter Test Rates.....	13
Section G - Collection Expenses and Fees described in the Authority's Supplemental Service Conditions.....	13
Section H - Miscellaneous Charges, Fees, and Penalties (includes processing fees, permits, connections and meter fees).....	14
Section I - Sales for Resale (Wholesale).....	16
Section J - New Automatic Payment Enrollment Credit.....	16
Section K - E-Bill Credit.....	16A (C)
Section L - Leak Credit.....	16A (C)
Rider DIS - Demand Based Industrial Service.....	17
Rider BDP - Bill Discount Program (Residential).....	19
Rider AFP - Arrearage Forgiveness Program.....	19A (C)
Rider LWC - Line Repair and Water Conservation Program.....	19B (C)

North Oakland
North Shore
Northview Heights
Perry North
Perry South
Pittsburgh Central Business District
Point Breeze
Point Breeze North
Polish Hill
Regent Square
Ridgemont
Shady Side
South Oakland
South Shore
Southside Flats
Southside Slopes
Spring Garden
Spring Hill-City View
Squirrel Hill North
Squirrel Hill South
Stanton Heights
Strip District
Summer Hill
Swisshelm Park
Terrace Village
Troy Hill
Upper Hill
Upper Lawrence
West End
West Oakland
Fox Chapel

(C)

The Borough of Millvale.

Portions of Townships of Reserve, O'Hara, Ross,
McKees Rocks, Sharpsburg, Penn Hills, Shaler, Swissvale,
Wilkinsburg and Blawnox.

(C)

(c) - Change

PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Metered Service

1. Minimum (or ~~Base~~ **Service**) Charge: Each customer will be assessed a service charge based upon the size of the customer's meter as follows except that residential customers residing in newly constructed townhomes who are required to install a meter larger than 5/8" for fire protection and due to City ordinance requirements, may request assessment of the 5/8" minimum charge and usage allowance: (C)

<u>Meter Size</u>	<u>Minimum Gallons</u>	<u>Per Month Rate</u> <u>Effective as of the date of</u> <u>this supplement</u>	(C)
5/8"	1,000	\$31.54 33.30	(I)
3/4"	2,000	\$55.26 57.38	(I)
1"	5,000	\$121.38 123.28	(I)
1 1/2"	10,000	\$240.01 243.71	(I)
2"	17,000	\$401.04 405.96	(I)
3"	40,000	\$911.28 915.44	(I)
4"	70,000	\$1,562.27 1,561.72	(ID)
6"	175,000	\$3,774.85 3,741.01	(ID)
8"	325,000	\$6,877.76 6,781.61	(ID)
10" or Larger	548,000	\$11,393.44 11,179.84	(ID)

~~[text previously on page moved to next page]~~ (C)

(C) = Change (I) = Increase (D) = Decrease

{text from previous page carried over here}

2. Consumption Charge: In addition to the Minimum or Base **(C)**
Service Charge, the following water consumption charges
will apply for each 1,000 gallons above the Minimum Gallons
for each meter size **effective the date of this supplement:** **(C)**

Customer Class	Consumption Charge Rate per 1000 Gals.		
		Effective Date of this Supplement	
Residential	\$16.38	18.28	(I)
Commercial	\$16.58	19.03	(I)
Industrial**	\$16.50	20.18	(I)
Health or Education	\$20.70	23.30	(I)

The rate under this schedule applies to all customers, except public fire protection and private fire protection customers, unless otherwise specifically identified in this tariff.

** Rate applies to any new bulk water customers.

(I) = Increase (C) = Change

3. **PennVest Charge (PVC)**: In addition to the charges provided in this tariff, and pursuant to the Commission's Statement of Policy at 52 Pa. Code §§ 69.361 et seq., and Section 1307(a) of the Public Utility Code, the PVC will apply uniformly to all classes of water customers (with the exception of public fire protection customers and customers served pursuant to pre-existing wholesale contracts) for each 1,000 gallons consumed. The PVC will apply to unmetered customers based on the estimated billed consumption used to determine their rate for unmetered service.

a. **Purpose**. The purpose of the PVC is to begin timely recovery of specific interest only and principal and interest ("PI") obligations due by **Pittsburgh Water WSA** (C) for loans, not grants, received from the Pennsylvania Infrastructure Investment Authority ("**PENNVEST**") when they first become due and until fully repaid and will remain in effect until costs are fully recovered. (C)

b. The currently effective PVC is:

Customer Class	PennVest Charge Rate per 1000 Gals.
	Effective as of the date of this supplement
All Customers	\$2.13

(I)

The above charge per 1000 Gallons is determined as follows:

$$PVC = PI / \text{Consumption}$$

$$PVC = \text{PennVest Charge per 1,000 gallons}$$

$$PI = \text{Annual Interest Only and/or Principal and Interest payments per PennVest Loans identified below}$$

Consumption = total projected billed consumption in 1000s gallons used by all customers in forecast year

(I) = Increase (C) = Change

- c. **Computation.** The PVC will be adjusted to conform to the specific interest only and principal and interest ("PI") obligations payable pursuant to the final PENNVEST amortization schedules. ~~The loans may not be included in the PVC until the plant is used and useful. When applicable, the final settlement date of loans funded through the PennVest Programmatic Financing (Pro-Fi) program is what will be used to determine which loans closed on or after January 1, 2025.~~ The PVC includes all interest and/or interest and principal on all current and future PENNVEST loans. Currently, the PVC is recovering the following loans: (C)

Loan Source	Loan Number / Identifier	Start Date of Interest Only Payments	Start of Final Amortization Schedule
PENNVEST	83126	2/10/2009	10/1/2011
PENNVEST	12696	12/16/2009	5/1/2011
PENNVEST	81026	8/21/2013	3/1/2015
PENNVEST	81027	11/16/2013	5/1/2015
PENNVEST	80191	3/8/2019	4/1/2020
PENNVEST	85175	6/9/2020	3/1/2022
PENNVEST	85205	3/23/2022	9/1/2023
PENNVEST	81034	3/29/2022	10/1/2023
PENNVEST	87102	12/30/2022	12/1/2027
PENNVEST	80203	12/30/2022	12/1/2027
PENNVEST	80214	8/4/2023	3/1/2025
PENNVEST	80209	8/22/2023	5/1/2025
PENNVEST	80230	3/12/2024	10/1/2025
PENNVEST	80208	4/5/2024	10/1/2026
PENNVEST	80233	8/6/2024	5/1/2026
PENNVEST	82245	8/9/2024	5/1/2026
PENNVEST	80238	8/26/2024	2/1/2026
PENNVEST	80255	5/20/2025	6/20/2028
PENNVEST	80254	5/20/2025	6/20/2028
PENNVEST	80268	7/16/2025	8/16/2028
PENNVEST	80300	?	?

- d. **Semi-Annual Adjustments.** The PVC is subject to change on a semi-annual basis effective February 1 and August 1 based on the status of applicable PENNVEST loans. Semi-annual updates to be filed by Pittsburgh Water WSA at least ten (10) days prior to the effective date of the update. Supporting data for each semi-annual update will be provided. [Text moved to next page] (C)

(I)= Increase (C)= Change

[Text from previous page added here]

- e. **Annual Reconciliation.** The PVC will be subject to annual reconciliation based on actual consumption for the prior 12 months ending December 31. The PVC will be adjusted to reflect either a credit, as calculated below, or an increase in the charge as determined by the reconciliation process to be effective February 1. Supporting data for each annual reconciliation will be provided. (C)
- f. **Credit Calculation:** An over-collection occurs after the annual PI is fully recovered within the 12-months subject to the Annual Reconciliation. Interest on over-collections will be calculated in the first full month after the over-collection occurred at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.).
- g. The charge will be effective the first billing cycle immediately following the effective date of the tariff supplement. The PVC shall remain in effect if and until included in the general base rates of the Authority; provided, however, that the charge may be continued or adjusted by the Authority as additional PENNVEST loans, which have been approved for other Pittsburgh Water WSA Infrastructure Improvement projects, become due and payable. (C)
- h. The charge will be reflected as a separate line item on each customer's bill.
- i. The Authority will segregate all revenues dedicated for PENNVEST repayment so long as the charge remains in effect. (C)

(I)= Increase (C)= Change

Section A.1 - Rates for Unmetered Service

As of September 1, 2018, enrollment for Unmetered Service will be closed and no new Unmetered Service customers will be accepted by the Authority. Customers who are receiving unmetered service will be assessed a monthly customer charge per unmetered connection as follows:

<u>Customer Class</u>	<u>Customer Charge Per Month</u>	
	Effective as of date of this supplement	(C)
Residential (per unit)	\$80.68	
Commercial	\$97.86 109.41	(I)

(I) = Increase (C) = Change

Section B - Fire Protection Rates

1. Private Fire Protection: A customer charge for non-residential private fire protection service will be assessed as follows:

<u>Meter Size</u>	<u>Line Size (if unmetered)</u>	<u>Customer Charge Per Month</u> Effective as of date of supplement	
1" or Less	2"	\$31.39 37.63	(C)
1 1/2"-3"	3"	\$97.60 116.08	(I)
4"	4"	\$314.87 380.31	(I)
6" or Greater	6" or Greater	\$654.54 803.69	(I)

In addition to any customer charge as applicable above, all customers shall be charged for consumption pursuant to the following terms:

- a. In the event of a confirmed fire, no charge shall be made for the use of water to fight the fire using private fire hydrants or fire abatement equipment. Customers whose fire equipment has been activated to fight a fire should notify the Authority to assure that the associated water use will not be billed.
- b. For consumption of water related to testing, training on, and maintenance of private fire hydrants and fire abatement equipment, consumption charges shall be billed in accordance with the following rates for water consumption. Water used from private fire protection for these purposes should be based on meter readings where possible. If a meter cannot be used, the Authority will estimate the usage.

Consumption Charge
Rate per 1,000 Gals.

	Effective as of date of supplement	
Private Fire Protection	\$27.11 31.11	(I)

(I)= Increase, (D)= Decrease, (C)= Change

2. Public Fire Protection: For public fire protection, the charges will be assessed as follows:

	Per Hydrant Charge Per Month	
	Effective as of the date of this supplement	(C)
Public Fire Protection	\$20.69 26.12	(I)

No charge shall be made for the use of water to fight a confirmed fire or for reasonable testing, training on, and maintenance of public fire hydrants and abatement equipment.

For use other than public fire protection, charges based on metered usage of a hydrant as set forth in Part II, Section H.3.

(I)= Increase, (C)= Change

4. Activities Related to Permits/Approvals Issued by the Authority

a. Development Permits - required for constructing or renovating a structure larger than a single-family home including single-family homes with a fire service line or multi-family homes

<u>Activity</u>	<u>Fee</u>
Developer Fee - Water and Sewer Availability Letter	\$40.00
Developer Fee - Water and Sewer Use Review Letter	\$320.00
Developer Fee - Water and Sewer Use Review Letter - Expedited*	\$550.00
Tap-in Plan Review	\$420.00
Tap-In Plan Review - Expedited*	\$740.00
Developer Permit Revisions Review	\$140.00
Developer Permit Revisions Review - Expedited*	\$250.00
Private Construction of Public Facilities Plan Review	\$680.00
Private Construction of Public Facilities Plan Review - Expedited*	\$1,190.00

(C)

(C)

*Expedited = guaranteed review within 15 business days

b. Residential Permit - for new water and/or sewer taps or reconnecting to existing water service (fee does not apply for water service party line separations)

<u>Activity</u>	<u>Fee</u>
Residential Permit	\$40.00

Section I - Sales for Resale (Wholesale)

1. Application: This schedule applies to all new sales of water to other water utilities or public authorities for resale.
2. Rates and Terms of Service: A customer consumption charge per 1,000 gallons of usage will be assessed as follows:

	<u>Consumption Charge Rate per 1000 Gals.</u>	
	Effective as of date of supplement	(C)
Sales for Resale	\$12.96 11.77	(D)

3. Contracts stipulating the negotiated rate and negotiated terms of Sale for Resale Service may be renegotiated and/or entered into between the Authority and Customer or Applicant when the Authority, in its sole discretion, deems such offering to be economically advantageous to the Authority. Service under this rate is interruptible, and the Authority reserves the right to interrupt service at Authority's discretion.

Section J - New Automatic Payment Enrollment Credit

Customers enrolling in paperless billing and establishing automatic bill payments for the first time will receive a one-time credit of \$5.00. For customers receiving water, wastewater, and/or storm water service from **Pittsburgh Water PWSA**, this credit will only be applied once per **Pittsburgh Water PWSA** account. **(C)**

(C)= Change; (I) Increase

Section K - E-Bill Credit

Customers enrolling in e-billing for the first time will receive a one-time credit of \$15.00. For customers receiving water, wastewater, and/or storm water service from Pittsburgh Water, this credit will only be applied once per Pittsburgh Water account. Customers enrolling in e-billing and receiving the credit are prohibited from switching back to paper billing for six (6) months.

Section L - Leak Credit

Where a customer has received a bill for higher than usual consumption as a result of a leak that they had neither actual nor constructive notice of, and the customer has provided evidence that the leak that resulted in higher than usual consumption has been repaired, in the form of:

- i. An invoice from the registered plumber who made the repair(s) describing the location of the leak(s) and the repair(s) made;
- ii. A letter or email from the registered plumber who made the repair(s) describing the location of the leak(s) and the repair(s) made; or
- iii. A receipt for the purchase of materials along with a letter or email from the customer who made the repair(s) describing the location of the leak(s) and the repair(s) made;

and the customer has enrolled in all of the free leak alerts within the Customer Advantage Portal to receive alerts of higher than usual consumption via text and/or email, the Authority may, in its sole discretion, reduce the initial invoice for higher than usual charges assessed under Part I of this tariff down to average monthly consumption for the customer. Average monthly consumption will be established by the average number of gallons used in the 12 months preceding the apparent beginning of the leak. Should the customer incur a second, subsequent bill for higher than usual consumption, the Authority may, in its sole discretion, additionally reduce the subsequent invoice for higher than usual charges assessed under Part I.

Rider BDP - Bill Discount Program (Residential)

1. Bill Discount Program: This rider is a program designed to enroll residential ratepayers who satisfy the criteria set forth below in a monthly discounted rate program.
2. Availability: This rider is available for a Residential customer that meets the low-income criteria of annual household gross income at or below 200% of the Federal Poverty Level.
 - a. A residential ratepayer who meets the eligibility criteria should complete an application for the Bill Discount Program ~~except that residential ratepayers who apply for and are granted a Hardship Grant through one of the community based organizations partnering with Dollar Energy Fund will be automatically enrolled in the Bill Discount Program.~~ (C)
 - b. Eligible customers may be asked to verify income every two years ~~or, for customers on fixed incomes of social security and/or retirement benefits, every five years.~~ (C)
3. Rate (Minimum or ~~Base~~ ~~Service~~ Charge): The Minimum or ~~Base~~ ~~Service~~ Charge for residential service pursuant to Rider BDP will be 0% of the prevailing Minimum Service Charge under Part I, Section A. Any other rates, fees and charges will be at the prevailing amounts under this tariff. (C)
4. Rate (Consumption Charge): The Consumption Charge for residential service pursuant to Rider BDP for participants with income at or below 50% of the Federal Poverty Level will pay 30% of the prevailing Consumption Charge under Part I, Section A (which represents a 70% discount off the charge). ~~Participants with income between 50.1%-100% of Federal Poverty Level will pay 70% of the prevailing Consumption Charge (which represents a 30% discount off the charge.)~~ Any other rates, fees and charges will be at the prevailing amounts under this tariff. (C)
5. PennVest Charge ("PVC"): BDP participants will pay 50% of the PVC.
6. Fixed Discount Bill Credit: Participants at 100.1% to 200% of Federal Poverty Level will receive a temporary fixed bill credit of \$5.00 pending the implementation of rate structure changes in 2027 in which all participants will receive a bill credit equal to one unit of consumption. (C)

(D) = Decrease (C) = Change

Rider AFP: Arrearage Forgiveness Program

Effective September 1, 2026

- a. Residential ~~C~~customers at or below 200% of Federal Poverty Level with prior arrearages ~~receiving residential service pursuant to Rider BDP~~ who maintain an active, income based payment plan for current charges, as documented by the Authority, and all customers participating in the existing Arrearage Forgiveness Program shall be eligible to participate in the New Arrearage Forgiveness Program. Existing Bill Discount Participants with arrears not already enrolled in the Arrearage Forgiveness Program will be automatically enrolled in the new Arrearage Forgiveness Program but given the option to remove themselves should they not agree. ~~Customers who negotiate a payment arrangement for their pre-existing arrearages will be automatically enrolled in the Arrearage Forgiveness Program.~~
- b. Eligible participants will have their pre-existing billed charges in arrears frozen and shall be forgiven in 1/24th increments with each payment of monthly current charges with any remaining balance after 24 months forgiven in increments of \$30 per each payment received. Bill charges in arrears includes any amounts outstanding for Pittsburgh Water's wastewater conveyance and stormwater service, if applicable. Forgiven arrearages will be recovered through Rider AFP as part of Pittsburgh Water's revenue requirements.
- c. The Authority will cease assessing any interest on the arrears subject to the Arrearage Forgiveness Program. ~~and pursuing collections while the customer is in an active, income based payment plan.~~
- d. Should the participating customer fail to make on-time payments of current charges ~~default on the payment plan~~, he or she will have the opportunity to make two catch-up payments to continue to receive the benefits of the Arrearage Forgiveness Program. Failure to make the two catch-up payments will result in immediate removal of the customer from the Arrearage Forgiveness Program.
- e. Customers removed from the Arrearage Forgiveness Program will be eligible to continue having their pre-existing billed charges in arrears frozen and reenter the program if they make all missed current bill payments incurred during their prior enrollment in the Arrearage Forgiveness Program.
- f. The Authority reserves the right to propose to alter or eliminate the Arrearage Forgiveness Program in a future base rate case.

(C) = Change, (I) = Increase

Rider LWC: - Line Repair and Water Conservation Program

- a. Program Description. Designed to help customer reduce water loss from leaking pipes and old, inefficient water fixtures, this program offers immediate repairs and replacements as well as education about effective water conservation practices.
- b. Eligibility. Residential ratepayers earning 200% of the federal poverty level or less are eligible.
- c. Benefit. Eligible ratepayers may receive up to \$1,600 for qualifying repairs to be performed by a Pittsburgh Water contractor.
- d. Requirements. All projects are subject to the approval of Pittsburgh Water and eligible participants must comply with all required program elements to include providing written consent to the repairs in a form developed by Pittsburgh Water.

PART II: Definitions:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Applicant: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Authority or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. The term does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the service territory of the Authority.
2. Authority or PWSA or Pittsburgh Water: The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania. (C)
3. Authority Water Main: The Authority has a duty to operate, maintain, inspect, repair, replace or abandon only those Water Mains that are a part of or connected to the public water distribution system and that fall into one of the following classifications: (1) Water Mains leased to the Authority by the City under the Capital Lease Agreement effective July 27, 1995, as amended; (2) Water Mains constructed by the City or the Authority for public use since July 27, 1995; and (3) Water Mains dedicated to public use and accepted by the Authority on or after July 27, 1995.
4. Authority service line: The water line from the distribution facilities of the Authority which connects to the customer service line at the hypothetical or actual line or the actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the Authority's responsibility for the street service connection.
5. Automatic Meter Reading: Metering using technologies that automatically read and collect data from metering devices and transfer that data to a central database for billing and other purposes.

(C) - Change

- d. Where a Customer, unless qualified for participation in the Authority's Private Line Leak Repair Pilot Program as approved at PaPUC Docket No. P-2022-3030253 **or the Line Repair and Water Conservation Program described in Rider LWC of this Tariff**, permits water to leak or flow unnecessarily from a Water Service Line or from any pipe, fixture or appliance, and the Authority gives written notice of the leak or other problem to the property Owner or Customer, the property Owner shall have 5 business days in which to make necessary repairs. Should no action be taken within the allowable 5-day period, the Authority may assess a daily charge for each day after such allowable 5-day period in which the waste of water continues or, in the Authority's discretion, may terminate water service to the Premises - after giving notice of termination consistent with Part II, Section C.3 of this tariff - until the leak or other condition is repaired. The daily charge shall be equivalent to the monthly minimum Meter charge that is predicated upon the Meter size supplying a particular account. **(C)**
- e. Where a Customer permits water to leak or flow unnecessarily from a Water Service Line or from any pipe, fixture or appliance and the amount of water is creating a public hazard or damaging public infrastructure, as determined by the Authority, the Authority reserves the right to terminate water service to the property immediately, until the leak or other condition is repaired. Should the condition of a customer service line be such that there is a risk to public health or safety or of damage to public property, and the property Owner fails to take prompt action to cure the problem following notice to do so, the Authority shall have the right, but not the duty, to make the necessary repair or replacement and to charge the property Owner with the reasonable cost of the repair or replacement. Should the property Owner fail to reimburse the Authority within 30 days of the Authority's invoice therefor, the Authority shall have the right to file a lien against the property or properties served by the service line.
- f. Should a Customer observe any condition that interferes with the use or safety of the Curb Box, such as an open or damaged Curb Box lid, an uneven condition of the Curb Box and the adjacent ground surface, or a condition that

C = Change

could impair access to the Curb Box, they shall contact the Authority for repair or replacement of the Curb Box.

- g. Customers and property Owners may not cover, obscure, damage, tamper, or interfere with the Curb Stop or Curb Box. Customers and property Owners shall not interfere in any way with the Authority's access to or use of the Curb Stop. If the Curb Box or Curb Stop is damaged by the Customer and/or Property Owner, or the Curb Box or Curb Stop is covered so as to preclude or interfere with access, the Customer or property Owner, as applicable, is responsible for the cost of the Authority's work in uncovering, repairing, or replacing the Curb Stop and/or Curb Box, and for the cost of restoring adjacent landscaping, sidewalks, or other property affected by the work.
- h. The Authority assumes ownership of water services lines that are two (2) inches or less in diameter and which are located in the public right-of-way, from the Authority Main to the Curb Stop. (C)
13. Conversion of Party Water Service Lines and Converting Flat Rate or Unmetered Customers to Metered Customers:
- a. Non-Municipal Residential Property Owners whose properties are served by a Party Water Service Line must install separate services lines to each individual property. Each Customer shall have an individual Water Service Line and Meter of a size, type, location, and setting approved by the Authority. The cost of installation of the Water Service Line from the residence to the Curb Stop is the responsibility of the property Owner. Installation and the cost of installation of the Meter and the Water Service Line from the Water Main to and including the Curb Stop is the responsibility of the Authority. No connections fees or service fees will be imposed. All plans for installation of the Water Service Lines and the scheduling of such work is subject to the permitting process and the prior approval of the Authority.

(C) = Change

of violation of any law or ordinance, or upon notice to the Authority from any such authority that it has ordered an existing violation on the property to be corrected and that such order has not been complied with or

- h. material violation of any provisions of this tariff.
- i. Whenever two or more Properties have been supplied from a single main connection, and one or more of the Customers becomes delinquent or permits water to flow unnecessarily or leak from any pipe, fixture, or appliance, the Authority will send a notice of termination to all the commonly supplied Premises. The Authority will not terminate service to the commonly supplied Premises.
- j. Notice of termination shall be in the form required by the Commission and shall be provided as follows:
 - i. to Customers at least 10 days prior to the scheduled shut off, **including termination scenarios covered by Part VI of this tariff;** (C)
 - ii. to Customers who are Owners with Tenants at least 37 days prior to the scheduled shut off, **including termination scenarios covered by Part VI of this tariff;** (C)
 - iii. to Protected-Tenants by posting a notice of termination on the Premises at least 30 days prior to the scheduled shut off, **including termination scenarios covered by Part VI of this tariff;** (C)
 - iv. to Customers who permit water to flow unnecessarily, as described in the Water Tariff and these Supplemental Service Conditions, upon 24 hours' notice or, if the resulting condition threatens injury to persons or damage to property, immediately; and
 - v. by telephone call to the telephone number on file with the Authority; by electronic mail to an e-mail address on file with the Authority but only if the customer's express written consent to accept

Appendix J

Supplement No. 17
Tariff Wastewater - Pa. P.U.C. No. 1

THE PITTSBURGH WATER AND SEWER AUTHORITY
d/b/a PITTSBURGH WATER

RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WASTEWATER CONVEYANCE SERVICE
TO THE PUBLIC IN THE TERRITORY DESCRIBED HEREIN

Issued: TBD

Effective:

TBD

BY: William J. Pickering, Chief Executive Officer
1200 Penn Avenue, Pittsburgh, PA 15222
Tel: 412-255-8800

NOTICE

This Tariff Supplement makes changes in rates, rules and regulations as approved by Commission Order entered at Docket No. R-2025-3055011 1 on February XX, 2026.

LIST OF CHANGES

TABLE OF CONTENTS (PAGE NO. 3) :

Updated to add page numbers for new Part I Sections K and L

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A - WASTEWATER CONVEYANCE - NUMBER 1 MINIMUM OR BASE CHARGE (PAGE NO. 9)

Changed "Base" to "Service" to describe fixed charge. Added rates for Minimum or Service Charges which will increase for all customer classes effective the date of this supplement.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A - WASTEWATER CONVEYANCE - NUMBER 2 CONVEYANCE CHARGE (PAGE NO. 9A)

Added rates for Conveyance Charges which will increase for all customer classes effective the date of this supplement.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A-RATES FOR METERED SERVICE - NUMBER 3 PENNVEST CHARGE (PVC) (NEW PAGE NO. 9B AND 9C)

Added PVC Charge \$0.88. Revised language to include all current and future PENNVEST loans in the charge and added information about the loans to be recovered.

PART I: SCHEDULE OF RATES AND CHARGES, SECTION A.1 - RATES FOR UNMETERED SERVICE (PAGE NO. 11)

Added rates for Unmetered Service for all rate classes effective as of the date of the supplement.

LIST OF CHANGES (con't)

PART I: SCHEDULE OF RATE AND CHARGES, SECTION H - MISCELLANEOUS CHARGES, FEES, AND PENALTIES, No.4.A. (PAGE 14A)

Set to \$0.00 Developer Fees for Water and Sewer Use Review Letters.

PART I: SCHEDULE OF RATES AND CHARGES, NEW SECTIONS K AND L (PAGE 14C)

Added New Section K to offer a one-time credit for enrollment in paperless billing. Add New Section L giving Pittsburgh Water discretion to offer a credit resulting from a leak for which customer has no actual or constructive notice.

RIDER BDP - BILL DISCOUNT PROGRAM (RESIDENTIAL) (PAGE NO. 17 AND NEW PAGE NO. 17AA)

Update application requirements. Change "base" to "service" charge. Added new discounted conveyance charges for participants at or below 50% and between 50.1%-100% of Federal Poverty Level. Added temporary new Fixed Discount Bill Credit for participants at 100.1%-200% of Federal Poverty Level until subsequent rate structure change in 2027 when all participants will receive a bill credit equal to one unit of conveyance.

RIDER AFP - ARREARAGE FORGIVENESS PROGRAM (PAGE 17A AND NEW PAGE 17AB)

Updated terms of forgiveness arrearage programs and included cost recovery through Rider AFP. Added new page 17AB for overflow text

PART II - DEFINITIONS (PAGES 18, 19, 24)

Updated definition No. 3 to include d/b/a Pittsburgh Water Break in connections. Updated definition no. 50 regarding Storm Water Collection System. Added No. 6A to define Break-In Connection.

PART III - RULES AND REGULATIONS, SECTION B.3 (PAGE 33)

Add new Section 3.a. to address break-in connections

{text from previous page carried over here}

2. Conveyance Charge: In addition to the Minimum or Base Charge, the following wastewater conveyance charges (based on water consumption/usage or wastewater flows, at the Authority's discretion) will apply for each 1,000 gallons above the Minimum Gallons for each meter size **effective with the date of this supplement:** (C)

Customer Class	Conveyance Charge Rate Per 1000 Gals.
	Effective as of the date of this supplement
Residential	\$6.68 7.32
Commercial	\$5.94 6.63
Industrial	\$6.09 6.69
Health or Education	\$6.75 7.46

(C)

(I)

(I)

(I)

(I)

(C) = Change (I) = Increase (D) = Decrease

3. **PennVest Charge (PVC)**: In addition to the charges provided in this tariff, and pursuant to the Commission's Statement of Policy at 52 Pa. Code §§ 69.361 et seq., and Section 1307(a) of the Public Utility Code, the PVC will apply uniformly to all classes of wastewater conveyance customers (with the exception of customers served pursuant to pre-existing wholesale contracts) for each 1,000 gallons conveyed. The PVC will apply to unmetered customers based on the estimated billed consumption used to determine their rate for unmetered service.

a. **Purpose.** The purpose of the PVC is to begin timely recovery of specific interest only and principal and interest ("PI") obligations due by **Pittsburgh Water PWSA** for loans, not grants, received from the Pennsylvania Infrastructure Investment Authority ("**PENNVEST**") when they first become due and until fully repaid and will remain in effect until costs are fully recovered. (C)

b. The currently effective PVC is: (C)

Customer Class	PennVest Charge Rate per 1000 Gals.
All Customers	\$0. 8800

(I)

The above charge per 1000 Gallons is determined as follows:

$$PVC = PI / \text{Conveyance}$$

PVC = PennVest Charge per 1,000 gallons

PI = Annual Interest Only and/or Principal and Interest payments per PENNVEST identified below

Conveyance = total projected billed conveyance in 1000s gallons conveyed by all customers in forecast year

(C) = Change (I) = Increase (D) = Decrease

- c. **Computation.** The PVC will be adjusted to conform to the specific interest only and principal and interest ("PI") obligations payable pursuant to the final PENNVEST amortization schedules. The principal on the loans may not be included in the PVC until the plant is used and useful. ~~When applicable, the final settlement date of loans funded through the PennVest Programmatic Financing (Pro-Fi) program is what will be used to determine which loans closed on or after January 1, 2025~~ The PVC includes interest and/or interest and principal on all current and future PENNVEST loans. Currently, the PVC is recovering the following loans:

Loan Source	Loan Number / Identifier	Start Date of Interest Only Payments	Start of Final Amortization Schedule
PENNVEST	71362	2/16/2009	5/1/2011
PENNVEST	27772	11/16/2009	3/1/2011
PENNVEST	27784	1/7/2010	9/1/2011
PENNVEST	71396	10/17/2013	5/1/2015
PENNVEST	58113	6/3/2014	1/1/2016
PENNVEST	71404	7/10/2014	5/1/2015
PENNVEST	75373	5/14/2021	9/1/2022
PENNVEST	75385	2/18/2022	7/1/2023
PENNVEST	77104	4/19/2022	4/1/2027
PENNVEST	71452	4/19/2022	4/1/2027
PENNVEST	71459	5/22/2023	4/1/2028
PENNVEST	71465	4/16/2025	4/1/2030

- d. **Semi-Annual Adjustments.** The PVC is subject to change on a semi-annual basis effective February 1 and August 1 based on the status of applicable PENNVEST loan. Semi-annual updates to be filed by Pittsburgh Water WSA at least ten (10) days prior to the effective date of the update. Supporting data for each semi-annual update will be provided.
- e. **Annual Reconciliation.** The PVC will be subject to annual reconciliation based on actual consumption for the prior 12 months ending December 31. The PVC will be adjusted to reflect either a credit, as calculated below, or an increase in the charge as determined by the reconciliation process to be effective February 1. Supporting data for each annual reconciliation will be provided.

(C)= Change (I)= Increase (D) = Decrease

Section A.1 - Wastewater Conveyance (Unmetered Service)

1. Customer Charge. As of September 1, 2018 enrollment for Unmetered Service will be closed and no new Unmetered Service customers will be accepted by the Authority. Customers who are receiving unmetered service will be assessed a monthly customer charge per unmetered connection as follows:

<u>Customer Class</u>	<u>Customer Charge</u>	
	Effective as of the date of this supplement	(C)
Residential (per unit)	\$28.29 33.44	(I)
Commercial	\$32.01 39.39	(I)

~~(C)~~

2. Treatment Rate: In addition to the Customer Charge, Customers who are receiving unmetered service will be required to pay rates for Wastewater/Sewage treatment to Premises, as set forth in Section A.3.

Section B - Bulk Wastewater Conveyance

1. Application: This schedule applies to all bulk wastewater conveyance for other wastewater utilities or public authorities.
2. Rates and Terms of Service: Contracts stipulating the negotiated rate and negotiated terms of Bulk Wastewater Conveyance may be entered into between the Authority and Customer or Applicant when the Authority, in its sole discretion, deems such offering to be economically advantageous to the Authority.

(D)= Decrease (I) = Increase (C)= Change

4. Activities Related to Permits/Approvals Issued by PWSA
a. Development Permits - required for constructing or renovating a structure larger than a single-family home including single-family homes with a fire service line or multi-family homes

<u>Activity</u>	<u>Fee</u>
Developer Fee - Water and Sewer Availability Letter	\$40.00
Developer Fee - Water and Sewer Use Review Letter	\$320.00
Developer Fee - Water and Sewer Use Review Letter - Expedited*	\$550.00
Tap-in Plan Review	\$420.00
Tap-In Plan Review - Expedited*	\$740.00
Developer Permit Revisions Review	\$140.00
Developer Permit Revisions Review - Expedited*	\$250.00
Private Construction of Public Facilities Plan Review	\$680.00
Private Construction of Public Facilities Plan Review - Expedited*	\$1,190.00
DEP Sewage Facilities Planning Review	\$240.00
DEP Sewage Facilities Planning Review - Expedited*	\$410.00

(C)
(C)

*Expedited = guaranteed review within 15 business days

- b. Residential Permit** - for sewer taps or reconnecting to existing sewer service

<u>Activity</u>	<u>Fee</u>
Residential Permit	\$40.00

- c. Other Permits** (for any customer wanting to schedule an operation of a PWSA facility such as a fire hydrant or waterline shut)

<u>Activity</u>	<u>Fee</u>
Termination Only Permit	\$250.00

Section I - Reserved for Future Use

Section J - New Automatic Payment Enrollment Credit

Customers enrolling in paperless billing and establishing automatic bill payments for the first time will receive a one-time credit of \$5.00. For customers receiving water, wastewater, and/or storm water service from Pittsburgh Water, this credit will only be applied once per Pittsburgh Water account. (C)

Section K - E-Bill Credit

Customers enrolling in e-billing for the first time will receive a one-time credit of \$15.00. For customers receiving water, wastewater, and/or storm water service from Pittsburgh Water, this credit will only be applied once per Pittsburgh Water account. Customers enrolling in e-billing and receiving the credit are prohibited from switching back to paper billing for six (6) months. (C)

Section L - Leak Credit

Where a customer has received a bill for higher than usual consumption as a result of a leak that they had neither actual nor constructive notice of, and the customer has provided evidence that the leak that resulted in higher than usual consumption has been repaired, in the form of: (C)

- i. An invoice from the registered plumber who made the repair(s) describing the location of the leak(s) and the repair(s) made;
- ii. A letter or email from the registered plumber who made the repair(s) describing the location of the leak(s) and the repair(s) made; or
- iii. A receipt for the purchase of materials along with a letter or email from the customer who made the repair(s) describing the location of the leak(s) and the repair(s) made;

and the customer has enrolled in all of the free leak alerts within the Customer Advantage Portal to receive alerts of higher than usual consumption via text and/or email, the Authority may, in its sole discretion, reduce the initial invoice for higher than usual charges assessed under Part I of this tariff down to average monthly consumption for the customer. Average monthly consumption will be established by the average number of gallons used in the 12 months preceding the apparent beginning of the leak. Should the customer incur a second, subsequent bill for higher than usual consumption, the Authority may, in its sole discretion, additionally reduce the subsequent invoice for higher than usual charges assessed under Part I.

(D)= Decrease (I) = Increase (C)= Change

Rider BDP - Bill Discount Program (Residential)

1. Bill Discount Program: This rider is a program designed to enroll residential ratepayers who satisfy the criteria set forth below in a monthly discounted rate program
2. Availability: This rider is available for a Residential customer that meets the low-income criteria of annual household gross income at or below 200% based on the Federal Poverty Level.
 - a. A residential ratepayer who meets the eligibility criteria should complete an application for the Bill Discount Program ~~except that residential ratepayers who apply for and are granted a Hardship Grant through one of the community based organizations partnering with Dollar Energy Fund will be automatically enrolled in the Bill Discount Program.~~ (C)
 - b. Eligible customers may be asked to verify income every two years ~~or, for customers on fixed incomes of social security and/or retirement benefits, every five years.~~ (C)
3. Rate (Minimum or ~~Base~~ Service Charge): The Minimum or ~~Base~~ Service Charge for residential service pursuant to Rider BDP will be 0% of the prevailing Minimum Service Charge under Part I, Section A. Any other rates, fees and charges will be at the prevailing amounts under this tariff. (C)
4. Rate (Conveyance Charge): The Consumption Charge for residential service pursuant to Rider BDP for participants with income at or below 50% of the Federal Poverty Level will pay 30% of the prevailing ~~Consumption~~ Conveyance Charge under Part I, Section A (which represents a ~~67%~~ discount off the charge). ~~Participants with income between 50.1%-100% of Federal Poverty Level will pay 70% of the prevailing Conveyance Charge (which represents a 30% discount off the charge.)~~ Any other rates, fees and charges will be at the prevailing amounts under this tariff. (C)
5. PennVest Charge ("PVC"): BDP participants will pay 50% of the PVC charge.

(D)= Decrease (I) = Increase (C)= Change

6. Fixed Discount Bill Credit: Participants at 100.1% to 200% of Federal Poverty Level will receive a temporary fixed bill credit of \$2.50 pending the implementation of rate structure changes in 2027 in which all participants will receive a bill credit equal to one unit of conveyance.

Rider AFP: Arrearage Forgiveness Program

(C)

Effective September 1, 2025

a. ~~Residential customers at or below 200% of Federal Poverty Level with prior arrearags receiving residential service pursuant to Rider BDP who maintain an active, income based payment plan for current charges, as documented by the Authority, and all customers participating in the existing Arrearage Forgiveness Program shall be eligible to participate in the new Arrearage Forgiveness Program. Existing Bill Discount Participants with arrears not already enrolled in the Arrearage Forgiveness Program will be automatically enrolled in the New Arrearage Forgiveness Program but given the option to remove themselves should they not agree. Customers who negotiate a payment arrangement for their pre-existing arrearages will be automatically enrolled in the Arrearage Forgiveness Program.~~

b. Eligible participants will have their pre-existing billed charges in arrears frozen and shall be forgiven in 1/24th increments with each payment of monthly current charges with any remaining balance after 24 months forgiven in increments of \$30 per each payment received. Billed charges in arrears includes any amounts outstanding for Pittsburgh Water PWSA's water and stormwater service, if applicable. Forgiven arrearages will be recovered through Rider AFP as part of Pittsburgh Water's revenue requirements.

(C)

(C)

c. The Authority will cease assessing any interest on the arrears subject to the Arrearage Forgiveness Program, and pursuing collections while the customer is in an active, income based payment plan.

(C)

[text previously on this page moved to page 17AB]

(C)

(c) = change

B

[text from prior page 17AA moved here]

(C)

- d. Should the participating customer **fail to make on-time payments of current charges** ~~default on the payment plan~~, he or she will have the opportunity to make two catch-up payments to continue to receive the benefits of the Arrearage Forgiveness Program. Failure to make the two catch-up payments will result in immediate removal of the customer from the Arrearage Forgiveness Program.
 - e. Customers removed from the Arrearage Forgiveness Program will be eligible to **continue having their pre-existing billed charges in arrears frozen and** reenter the program if they make all missed **current bill** payments incurred during their prior enrollment in the Arrearage Forgiveness Program.
6. The Authority reserves the right to propose to alter or eliminate the Arrearage Forgiveness Program in a future base rate case.
- (c) = Change, (I) = Increase**

(C)

(C)

PART II: Definitions:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. ALCOSAN: The Allegheny County Sanitary Sewer Authority, Allegheny County, Pennsylvania.
2. Applicant: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Authority or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. The term does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the service territory of the Authority.
3. Authority or PWSA **or Pittsburgh Water**: The Pittsburgh Water and Sewer Authority **d/b/a Pittsburgh Water**, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania. (C)
4. Authority Collection Main: The Authority has a duty to operate, maintain, inspect, repair, replace or abandon only those Wastewater Collection Mains that are a part of or connected to the public Wastewater collection, transmission and conveyance and that fall into one of the following classifications: (1) Wastewater Collection Mains leased to the Authority by the City under the Capital Lease Agreement effective July 27, 1995, as amended; (2) Wastewater Collection Mains constructed by the City or the Authority for public use since July 27, 1995; and (3) Wastewater Collection Mains dedicated to public use and accepted by the Authority on or after July 27, 1995.

(C) - Change

6. Bona Fide Service Applicant: (For Line Extension Purposes) A person or entity applying for wastewater conveyance service to an existing or proposed structure within the Authority's certificated service territory or areas served by PWSA as of December 21, 2017 for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:
 - a. applicant is requesting wastewater conveyance service to a building lot, subdivision or a secondary residence;
 - b. the request for service is part of a plan for the development of a residential dwelling or subdivision; or
 - c. the applicant is requesting special utility service.
- 6A. Break-In Connection: An unauthorized connection in which a Customer Lateral connects to the Main without using a factory-installed connection. (C)
7. Capital Lease Agreement: The agreement bearing that title between the City and the Authority on July 15, 1995, effective July 27, 1995, and includes any amendments thereto.
8. City: The City of Pittsburgh, Pennsylvania.
9. City Lien Verification Letter: A written letter from the City to a Person regarding any liens, claims, or taxes due the City from that Person.
10. Combination Sewer or Combined Sewer: Sewers designed and built to carry sanitary Sewage and/or industrial waste combined with Storm Water.
11. Commercial or Commercial Property: Any property used, acquired or leased for purposes of carrying on a trade, business, profession, vocation, or any commercial, service, financial, or utility business or activity including, but not limited to, hotels, office buildings, gas service stations, laundries, commercial establishments, stores, malls, car washes, and parking lots.
12. Commission or PUC: The Pennsylvania Public Utility Commission.

(C) - Change

44. Residential Tenant: A Person who leases a Dwelling Unit in a Residential Property pursuant to a current lease agreement.
45. Sanitary Sewers: Those portions of the Sewer System in the City of Pittsburgh that were designed and built to carry sanitary sewage and/or industrial waste separately from Storm Water discharge, and portions of the Sewer System designated as Sanitary Sewers by the Authority.
46. Sewage: Wastewater that contains the waste products or other discharges from the bodies of human beings or animals and any noxious or deleterious substances harmful or inimical to public health or to animal or aquatic life, or to the use of waters for domestic water supply or for recreation, or which constitutes pollution under the Pennsylvania Clean Streams Law, Act of June 22, 1937, P.L. 1987, as amended.
47. Sewer System: The entire system consisting of the Authority Collection Main and the Authority Storm Water Sewers.
48. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes.
49. Storm Water: Drainage or runoff resulting from precipitation or snow or ice melt.
50. Storm Water Collection System or Storm Water Sewers: A separate network of ~~gutters, ditches, swales,~~ pipes and inlets which receives discharges of storm water and/or conveys surface water, subsurface drainage or storm water from buildings, grounds, parking lots, streets, etc. but excludes sewage. Storm Water Collection System may be Authority Storm Water Sewers or Private Storm Water Sewers. (C)
51. Tariff: All the service rates, rules and regulations issued by the Authority, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

(C) - Change

3. Customer's Responsibilities: All customer laterals, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All equipment and appliances furnished by the Authority and on property owned or leased by the customer shall be protected properly by the customer. All leaks on the customer lateral or any pipe or fixtures in or upon the customer's premises must be repaired immediately by the customer.

a. Break-In Connections

The Authority does not permit Break-In Connections to its Mains. If a pre-existing Break-In Connection is identified resulting in a nonfunctioning lateral, the Customer is responsible for properly terminating the Break-In Connection and connecting to the Main via a factory-installed connection. Prior to terminating the Break-In Connection, the Customer must obtain prior written authorization from the Authority approving the work to be completed. The requirements for tap-in and tap termination procedures are governed by the Authority's Manual for Developers.

4. Right to Reject: The Authority may refuse to connect with any piping system or furnish wastewater conveyance through a lateral already connected if such system or lateral is not properly installed or maintained. The Authority, at any time, may request a Gravity Sewer Test be performed on the building lateral, at the sole expense of the owner, whenever it has evidence the lateral is leaking excessively, as determined by the Authority. Generally, leakage is considered excessive when the groundwater flow exceeds one hundred (100) gallon per inch of nominal diameter per mile of pipe per day. The Gravity Sewer Test shall be in accordance with Section 312.6 of the International Plumbing Code®
5. Individual Laterals: Except as otherwise expressly authorized by the Authority and/or as expressly approved by the Health Department, each individual customer shall be served only through a separate lateral connected directly to the Authority's conveyance main, and that lateral shall not serve any other customer or premise. No additional attachment may be made to any customer's lateral for any purpose without the express written approval of the Authority.

(C) - Change

Appendix K

THE PITTSBURGH WATER AND SEWER AUTHORITY
d/b/a PITTSBURGH WATER

RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF STORM WATER COLLECTION, CONVEYANCE,
TREATMENT AND/OR DISPOSAL SERVICE
TO THE PUBLIC IN THE TERRITORY DESCRIBED HEREIN

Issued: TBD

Effective: TBD

By: William J. Pickering, Chief Executive Officer
1200 Penn Avenue, Pittsburgh, PA 15222
Tel: 412-255-8800

NOTICE

This Tariff Supplement makes changes in rates, rules and regulations as approved by Commission Order entered at Docket No. R-2025-3055012 on February XX, 2026.

LIST OF CHANGES

TABLE OF CONTENTS (PAGE No. 3)

Added new Section K E-Bill Credit

PART I: SCHEDULE OF RATES AND CHARGES SECTION A.1 RESIDENTIAL SERVICE, No. 3 SERVICE CHARGE (PAGE No. 7)

Added rates which will increase for all customer classes effective the date of the supplement.

PART I: SCHEDULE OF RATES AND CHARGES SECTION A.2 NON-RESIDENTIAL SERVICE, No. 3 SERVICE CHARGE (PAGE No. 8)

Added rates which will increase for all customer classes effective as of the date of the supplement.

PART I: SCHEDULE OF RATES AND CHARGES SECTION A.3 PENNVEST CHARGE (PAGE No. 8B)

Revised and updated text regarding computation of the PVC.

PART I: SCHEDULE OF RATES AND CHARGES NEW SECTION K - E-BILL CREDIT (PAGE No. 16)

Added text to describe E-Bill Credit

RIDER BDP - BILL DISCOUNT PROGRAM (RESIDENTIAL) (PAGE No. 17)

Revised eligibility and verification requirements.

RIDER AFP - ARREARAGE FORGIVENESS PROGRAM (NEW PAGE 17A)

Added new page for new Arrearage Forgiveness Program

PART II: DEFINITIONS (PAGE NOS. 18 AND 27)

Updated definition No. 3 to include d/b/a Pittsburgh Water.
Updated definition number 67 to clarify Storm Water Collections System.

PART III: RULES AND REGULATIONS SECTION E.9 ERU ADJUSTMENTS (PAGES 38)

Revised customer notice requirements related to impervious area or annual parcel updates.

PART I: SCHEDULE OF RATES AND CHARGES

Section A - Storm Water Management Service Charge

Section A.1 - Residential Service

1. Applicability:

The rates under this schedule apply throughout the Authority's service territory for service rendered on and after the effective date shown at the bottom of this page.

2. Availability:

The rates under this schedule are available to residential customers.

3. Rate:

Each residential customer receiving service under this schedule will be assessed a monthly service charge at the following rate. Rates shall be calculated based upon the Equivalent Residential Unit (ERU) as determined by the Authority.

Service Charge

	Effective As of date of supplement	(C)
Tier 1 (Impervious area of 400 square feet to less than 1,015 square feet, 0.5 ERUs)	\$5.03 5.75	(I)
Tier 2 (Impervious area of 1,015 square feet to less than 2,710 square feet, 1 ERU)	\$10.06 11.50	(I) / (I)
Tier 3 (Impervious area greater than or equal to 2,710 square feet, 2 ERUs)	\$20.12 22.99	(I) / (I)

(c) = Change (I) = Increase

Section A.2 - Non-Residential Service

1. Applicability:

The rates under this schedule apply throughout the Authority's service territory for service rendered on and after the effective date shown at the bottom of this page.

2. Availability:

The rates under this schedule are available to non-residential customers.

3. Service Charge:

Rates for developed properties are determined on an Equivalent Residential Unit basis. Each Customer receiving service under this schedule will be assessed the following monthly service charge(s) based upon the total amount of measured impervious area contained on the property. Measured impervious area shall be divided by 1,650 square feet and rounded up to the nearest whole number to determine the number of ERUs represented on the property. The service charge applicable to each developed property shall be calculated as follows:

Calculation of Service Charge

Service Charge = (Total IA / 1,650 square feet per ERU
(quotient rounded up to nearest whole number)) * ERUR

Where:

IA = The Customer's property impervious area (sq. ft.) as measured by the Authority.

ERUR = The equivalent rate in dollars and cents for one (1) ERU.

	Effective As of the date of the supplement	(C)
Rate per (1) ERU	\$ 10.06 11.50	(I)

The minimum service charge for any developed property is equal to that charged for Tier 2 residential properties.

(c) = Change (I) = Increase

c. **Computation.** The PVC will be adjusted to conform to the specific interest only and principal and interest ("PI") obligations payable pursuant to the final PENNVEST amortization schedules. ~~The loans may not be included in the PVC until the plant is used and useful. When applicable, the final settlement date of loans funded through the PennVest Programmatic Financing (Pro-Fi) program is what will be used to determine which loans closed on or after January 1, 2025.~~ **The PVC includes interest and/or interest and principal on all current and future PENNVEST loans.** Currently, the PVC is recovering the following loans: (C)

Loan Source	Loan Number / Identifier	Start Date of Interest Only Payments	Start of Final Amortization Schedule

The total costs identified above for recovery will be divided by the applicable ERUs for all customers in the forecast year.

d. **Semi-Annual Adjustments.** The PVC is subject to change on a semi-annual basis effective February 1 and August 1 based on the status of applicable PennVest loans. Semi-annual updates to be filed by Pittsburgh Water at least ten (10) days prior to the effective date of the update. Supporting data for each semi-annual update will be provided.

e. **Annual Reconciliation.** The PVC will be subject to annual reconciliation based on actual number of ERUs assessed for the prior 12 months ending December 31. The PVC will be adjusted to reflect either a credit, as calculated below, or an increase in the charge as determined by the reconciliation process to be effective February 1. Supporting data for each annual reconciliation will be provided.

d. Land Operations Permits (may be required for construction project, administered by City of Pittsburgh but requires review by PWSA before permit will be issued)

Activity	Fee
Review of City Land Operation Permit	\$80.00

e. City of Pittsburgh Department of Mobility and Infrastructure (DOMI) Approvals (PWSA required to submit approval letter if affected)

Activity	Fee
Review of City Street Vacation Permits	\$100.00
Review of City Encroachment Permits	\$100.00

Section I - Reserved for Future Use

Section J - New Automatic Payment Enrollment Credit

Customers enrolling in paperless billing and establishing automatic bill payments for the first time will receive a one-time credit of \$5.00. For customers receiving water, wastewater, and/or storm water service from Pittsburgh Water PWSA, this credit will only be applied once per Pittsburgh Water PWSA account

(C)

Section K - E-Bill Credit

Customers enrolling in e-billing for the first time will receive a one-time credit of \$15.00. For customers receiving water, wastewater, and/or storm water service from Pittsburgh Water, this credit will only be applied once per Pittsburgh Water account. Customers enrolling in e-billing and receiving the credit are prohibited from switching back to paper billing for six (6) months.

(C)

Rider BDP - Bill Discount Program (Residential)

1. Bill Discount Program: This rider is a program designed to enroll residential ratepayers who satisfy the criteria set forth below in a monthly discounted rate program.
2. Availability: This rider is available for a Residential customer that meets the low-income criteria of annual household gross income at or below 200% based on the Federal Poverty Level.
 - a. A residential ratepayer who meets the eligibility criteria should complete an application for the Bill Discount Program ~~except that residential ratepayers who apply for and are granted a Hardship Grant through one of the community based organizations partnering with Dollar Energy Fund will be automatically enrolled in the Bill Discount Program.~~ (C)
 - b. Eligible customers may be asked to verify income every two years ~~or, for customers on fixed incomes of social security and/or retirement benefits, every five years.~~ (C)
3. Rate (Storm Water Service Charge): The Storm Water Service Charge for residential customers pursuant to Rider BDP for participants with income at or below 200% of the Federal Poverty Level will pay 15% of the applicable Storm Water Service Charge under Part I, Section A.1 (which represents an 85% discount off the service charge). Any other rates, fees and charges will be at the prevailing amounts under this tariff.
4. PennVest Charge ("PVC"): BDP participants will pay 50% of the PVC charge.

(C) = Change

Rider AFP: Arrearage Forgiveness Program

Effective September 1, 2026

- a. Residential customers at or below 200% of Federal Poverty Level with prior arrearages who maintain an active, income based payment plan for current charges, as documented by the Authority, and all customers participating in the existing Arrearage Forgiveness Program shall be eligible to participate in the New Arrearage Forgiveness Program. Existing Bill Discount Participants with arrears not already enrolled in the Arrearage Forgiveness Program will be automatically enrolled in the new Arrearage Forgiveness Program but given the option to remove themselves should they not agree.
- b. Eligible participants will have their pre-existing billed charges in arrears frozen and shall be forgiven in 1/24th increments with each payment of monthly current charges with any remaining balance after 24 months forgiven. Bill charges in arrears includes any amounts outstanding for Pittsburgh Water's water and wastewater conveyance service, if applicable. Forgiven arrearages will be recovered through Rider AFP as part of Pittsburgh Water's revenue requirements.
- c. The Authority will cease assessing any interest on the arrears subject to the Arrearage Forgiveness Program.
- d. Should the participating customer fail to make on-time payments of current charges, he or she will have the opportunity to make two catch-up payments to continue to receive the benefits of the Arrearage Forgiveness Program. Failure to make the two catch-up payments will result in immediate removal of the customer from the Arrearage Forgiveness Program.
- e. Customers removed from the Arrearage Forgiveness Program will be eligible to continue having their pre-existing billed charges in arrears frozen and reenter the program if they make all missed current bill payments incurred during their prior enrollment in the Arrearage Forgiveness Program.
- f. The Authority reserves the right to propose to alter or eliminate the Arrearage Forgiveness Program in a future base rate case.

PART II: Definitions

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. ALCOSAN: The Allegheny County Sanitary Authority, Allegheny County, Pennsylvania.
2. Applicant: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Authority or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. The term does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the service territory of the Authority.
3. Authority or PWSA or Pittsburgh Water: The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania. (C)
4. Authority Collection Main: The Authority has a duty to operate, maintain, inspect, repair, replace or abandon only those Wastewater Collection Mains that are a part of or connected to the public Wastewater collection, transmission and conveyance and that fall into one of the following classifications: (1) Wastewater Collection Mains leased to the Authority by the City under the Capital Lease Agreement effective July 27, 1995, as amended; (2) Wastewater Collection Mains constructed by the City or the Authority for public use since July 27, 1995; and (3) Wastewater Collection Mains dedicated to public use and accepted by the Authority on or after July 27, 1995.

(C) - Change

does not immediately infiltrate into the ground and travels along the ground surface potentially picking up pollutants until it has infiltrated, collected or reaches a receiving water body.

59. Sanitary Sewers: Those portions of the Sewer System in the City of Pittsburgh that were designed and built to carry sanitary sewage and/or industrial waste separately from Storm Water discharge, and portions of the Sewer System designated as Sanitary Sewers by the Authority.
60. Service, Storm Water Service, or Storm Water Management Service: Operation, maintenance, monitoring, regulation, or improvement of overland or underground infrastructure that conveys, supports, or provides relief to associated infrastructure that provides conveyance of storm water, whether that infrastructure also conveys wastewater or not.
61. Service Territory: The land area where the Authority has the exclusive right to provide storm water service.
62. Sewage: Wastewater that contains the waste products or other discharges from the bodies of human beings or animals and any noxious or deleterious substances harmful or inimical to public health or to animal or aquatic life, or to the use of waters for domestic water supply or for recreation, or which constitutes pollution under the Pennsylvania Clean Streams Law, Act of June 22, 1937, P.L. 1987, as amended.
63. Sewer System: The entire system consisting of the Authority Collection Mains and the Authority Storm Water Sewers.
64. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes.
65. Sheet Flow: Runoff which flows over the ground surface as a thin layer, not concentrated in a channel.
66. Storm Water: Drainage or runoff resulting from precipitation or snow or ice melt.
67. Storm Water Collection System or Storm Water Sewers: A separate network of ~~gutters, ditches, swales,~~ pipes and

(C)

-
6. Return Check Charges: The Customer will be responsible for the payment of a charge for each time a check or automatic transfer of funds presented to the Authority for payment on that Customer's utility bill is returned by the payor bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the Customer by the bank with interest. Interest shall be calculated at the applicable rate for late payment charges.
7. Disputed Bills: In the event of a dispute between the Customer and the Authority with respect to any bill, the Authority will promptly make such investigation as may be required by the particular case and report the result to the Customer. The Customer is not obligated to pay the disputed portion of the bill during the pendency of the Authority's investigation. When the Authority has made a report to the Customer sustaining the bill as rendered, the Customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Authority determines that the bill originally rendered is incorrect, the Authority will issue a corrected bill with a new due date for payment. Any amounts received by the Authority in excess of the amount determined to be due by the Authority's investigation of the dispute shall be refunded to the Customer with interest computed at 1.5% per month.
9. ERU Adjustments: The determination of the number of ERUs or tier applicable to a customer may be adjusted from time to time as more accurate information is obtained or the condition of the property is altered, consistent with the following:
- a. If an ERU adjustment will increase a Customer's bill, the following shall apply, **except when the change is initiated by the Customer:** (c)
 - i. For ERU adjustments occurring outside of a base rate case filed with the Commission **as a result of impervious area updates or annual parcel updates,** the Authority will provide written notice to the Customer **at least sixty (60) days in advance of the effective date of the ERU adjustment when the change is made to the account.** (c)

(c) - Change

Appendix L

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	Docket Nos. R-2025-3055010 (Water)
	:	R-2025-3055011 (Wastewater)
v.	:	R-2025-3055012 (Stormwater)
	:	
PITTSBURGH WATER AND SEWER AUTHORITY d/b/a Pittsburgh Water	:	

**STATEMENT OF THE PITTSBURGH WATER AND SEWER AUTHORITY
IN SUPPORT OF JOINT PETITION FOR FULL SETTLEMENT WITH ALL
PARTIES**

Dated: November 21, 2025

Table of Contents

I.	INTRODUCTION	1
II.	SETTLEMENT.....	3
A.	Rates Effective 2026	3
1.	Revenue Requirements, Cost Allocation, Resulting Rates	3
2.	Distribution System Improvement Charge (“DSIC”).....	12
3.	PENNVEST Charge (“PVC”).....	16
B.	Rates Effective February 1, 2027.....	21
1.	Multi-Year Rate Plan (“MYRP”).....	21
2.	Removal of Minimum Allowance.....	26
C.	Pre-Existing Wholesale Contracts	30
D.	Stormwater.....	32
E.	Damaged Wastewater Sewer Laterals.....	36
F.	Customer Service	37
1.	Updated Root Cause Analysis 2025.....	37
2.	Call Center	40
3.	Small Business Customers.....	42
4.	Customer Complaints, Work Orders and Service Logs	45
5.	Third-Party Payment Processing Fees	47
G.	Low Income Customer Assistance Programs	51
1.	Cross Enrollments.....	52
2.	Bill Discount Program (“BDP”)	54
3.	Arrearage Forgiveness Program (“AFP”).....	59
4.	Hardship Fund.....	63
5.	Line Repair and Water Conservation Program (“LRC”)	66
6.	Identification of “Confirmed” Low-Income Customers.....	69
7.	Allocation of Costs for Low-Income Customer Assistance Programs	72
H.	Consumer Testimony	73
I.	Additional Terms and Conditions	76
III.	THE SETTLEMENT SATISFIES THE PUBLIC INTEREST	77
IV.	CONCLUSION.....	788

I. INTRODUCTION

The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water submits this Statement in Support of the Joint Petition For Full Settlement Of All Issues With All Parties entered into by Pittsburgh Water, the Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Pittsburgh United Our Water Table (“OWT”) (collectively, “Joint Petitioners” or “Parties”). The Settlement fully resolves all the issues involved in this rate proceeding. Although the benefits of each provision of the Settlement will be discussed in greater detail in the following sections, all of the provisions taken together demonstrate how the Settlement – as a package – has achieved a reasonable balance of many different (and sometimes conflicting) issues and is clearly in the public interest.

As explained by Pittsburgh Water’s Chief Executive Officer, William J. Pickering, Pittsburgh Water is continuing its once in a generation effort to replace its antiquated water, wastewater, and stormwater systems – much of which is mandated by the Pennsylvania Department of Environmental Protection (“DEP”) via consent decree. To do this, Pittsburgh Water needs sufficient capital to finance the necessary large capital expenditures as well as an operating budget sufficient to pay the costs for much needed upgrades and maintenance.¹

Mr. Pickering also made clear that Pittsburgh Water is mindful of the impact of any requested rate increase on its customers and, therefore, the initial rate proposals were

¹ Pittsburgh Water St. No. 1 at 4-5.

thoughtfully considered to try to hold the requested rate increase to only the minimum amount needed to allow Pittsburgh Water to continue its efforts to maintain and improve the service it provides to customers.²

Also of importance is the fact that the initial rate proposal included the implementation of several requirements from prior rate case settlements to include a major rate structure change to eliminate the minimum allowance which has been a part of Pittsburgh Water's rate structure for decades. In addition, Pittsburgh Water proposed to revamp its current Arrearage Forgiveness Program wherein customers are required to make a monthly installment payment for past arrears until they are paid off to one in which Pittsburgh Water will forgive the past arrears in 1/24 month increments and write off any remaining amount after that.

In consideration of all these needs and requirements, Pittsburgh Water sought a multi-year total overall rate increase of \$84.4 million, which was inclusive of a proposed increase in the Distribution System Improvement Charge ("DSIC") cap to 7.5% and an expansion of the PENNVEST Charge with the effective date of Commission approved rates in this proceeding. Pittsburgh Water also proposed a \$63.7 million or 25.9% increase in the Fully Projected Future Test Year ("FPFTY") Fiscal Year ("FY") 2026 and \$20.7 million or 6.7% in FY 2027. In 2027, Pittsburgh Water also proposed to implement its rate structure change to remove the minimum allowance component in its fixed charges thus shifting to more reliance on volumetric charges for the recovery of costs.

² Pittsburgh Water St. No. 1 at 5.

In response, most of the other parties opposed Pittsburgh Water’s request for a Multi-Year Rate Plan (“MYRP”) as well as an increase in the DSIC cap. They also raised issues with Pittsburgh Water’s projected need for the level of revenue requested. Many of the other parties also submitted multiple new proposals regarding various customer service issues, low-income customer assistance programs, and new reporting metrics for the Commission’s consideration.

The final settlement terms, as set forth in the Joint Petition at Section III, represent careful consideration of all the issues raised by all Parties to achieve a reasonable path forward to meet the shared goal of ensuring that Pittsburgh Water continues to provide adequate, efficient, safe and reasonable service and facilities as required by 66 Pa. Code § 1501. For these reasons, as supported by the specific explanations below for each terms of the settlement, Pittsburgh Water respectfully requests that the Administrative Law Judges (“ALJs”) recommend that the Commission adopt the settlement without modification.

II. SETTLEMENT

A. Rates Effective 2026

1. Revenue Requirements, Cost Allocation, Resulting Rates

a. Pittsburgh Water’s Initial Proposals (2026)

As set forth in the Introduction, Pittsburgh Water presented evidence justifying a \$63.7 million rate increase for 2026 based upon a calendar year 2026 FPFTY. The revenue requirement was determined by calculating the level of additional revenues Pittsburgh Water needed in order to fund its capital and operating budgets and maintain financial metrics at least at (or above) its minimum requirements, considering the levels

needed to maintain or improve on its current bond rating. The increase was needed in order to fund its operating budget and to cover the cost of a new long-term bond that it will issue in 2026.

In particular, Pittsburgh Water explained that it needs the additional rate increase to continue its once in a generation effort to replace its antiquated water, wastewater, and stormwater systems. It needs sufficient capital to finance these large capital expenditures, and an operating budget sufficient to pay the costs for much needed upgrades and maintenance to these facilities, as well as to cover increased operating cost increases and to continue meeting its financial and regulatory obligations.³ As a cash flow regulated entity, the rate increase is also necessary for Pittsburgh Water to maintain adequate financial metrics, such as debt service coverage (“DSC”) and days of cash on-hand (“DCOH”), and to maintain or improve its bond rating, which keeps borrowing costs down.⁴ The proposed rate increase produced the following financial metrics (as revised in rebuttal):

Financial Metrics - 2026	Present Rates ⁵	Proposed Rates ⁶
DSC – Senior Bonds	1.22x	1.85x
DSC – Total Bonds	.94x	1.42x
Days of Cash (w/Alcosan)	26	118

³ Pittsburgh Water St. No. 2 at 5.

⁴ Pittsburgh Water St. No. 2 at 6-7.

⁵ Pittsburgh Water Exh. EB-12.

⁶ Pittsburgh Water Exh. EB-13.

These proposed metrics were minimally adequate to permit Pittsburgh Water to fund the increased operating budget and pay for its 2026 new bond, which is crucially important to maintaining Pittsburgh Water’s financial status.

b. Positions of Other Parties and Pittsburgh Water’s Response

In response to Pittsburgh Water’s revenue requirement proposals, several parties submitted testimony with alternative recommendations. I&E recommended an increase of \$22,916,334, which translates into an authorized revenue requirement of \$268,145,213.⁷

The I&E revenue requirement position was driven by the testimony of I&E witnesses Okum, Sakaya, and Cline. Ms. Okum disputed many aspects of Pittsburgh Water’s FPFTY Operating Budget and recommended that projected expenses be lowered by approximately \$19 million.⁸ She proposed to “normalize” (or spread recovery over a number of years) certain Pittsburgh Water budgeted expenditures.⁹

Mr. Sakaya, along with Mr. Patel, disputed the projected spending in Pittsburgh Water’s Capital Budget, even though they did not take issue with any specific project included within Pittsburgh Water’s proposed capital improvement plan (“CIP”). Mr. Sakaya claimed that, because of past variances between budgeted and actual capital expenditures, Pittsburgh Water’s FPFTY capital expenditure would fall short of their budgeted amount.¹⁰ Based on this, Mr. Patel ultimately recommended that approximately one half of the revenue requirement associated with Pittsburgh Water’s anticipated \$150

⁷ I&E St. No. 1-SR at 4–5; I&E Exh. 1-SR.

⁸ I&E St. No. 2-SR at 2.

⁹ *Id.* at 5–6.

¹⁰ I&E St. No. 3 at 5–7.

million 2026 bond issuance be denied, or an adjustment of approximately \$5.3 million.¹¹

Mr. Sakaya also recommended that approximately \$4.4 million in Pittsburgh Water's revenue requirement be denied on the ground that Pittsburgh Water had excessive Lost and Unaccounted for Water.¹²

OCA recommended an FPFTY increase of about \$18.9 million, inclusive of increased DSIC revenue (at 5%). It was not clear whether the recommendation was inclusive or exclusive of increased PENNVEST costs of \$17.6 million that will be recovered through Pittsburgh Water's previously authorized PENNVEST Charge.¹³ This was principally on the basis of a recommended lowering or normalizing of budgeted expenditures,¹⁴ as well as an adjustment to revenue requirement so that Pittsburgh Water's allowed total debt service coverage should only be 1.2x.¹⁵

OSBA did not make an overall revenue requirement recommendation. Instead, OSBA's witness, Mr. Kubas, recommended several adjustments to Pittsburgh Water's pro forma revenues, including an adjustment to reflect greater wholesale revenues, increased customers and decreased uncollectible accounts expense.¹⁶

In rebuttal testimony, Pittsburgh Water witness Barca explained that the financial metrics that I&E and OCA claimed would be produced by their recommendations were

¹¹ I&E St. No. 1-SR at 16.

¹² I&E St. No. 3-SR at 19.

¹³ OCA St. No. 2SR at 1; OCA Exh. DM-SR-1.

¹⁴ OCA St. No. 2 at 16.

¹⁵ OCA St. No. 3 at 22–23.

¹⁶ OSBA St. No. 1 at 4–11.

based implicitly on the assumption that Pittsburgh Water would not incur the FY 2026 budgeted expenses that the parties were recommending be disallowed.¹⁷ Mr. Barca explained that this key assumption – that Pittsburgh Water would not actually expend any amounts normalized out of FPFTY expenses – was the basis upon which I&E and OCA could claim that their recommendations would nonetheless produce metrics that were closer to those that Pittsburgh Water showed would occur if the *full* rate increase were to be awarded.¹⁸ However, if Pittsburgh Water *did* incur the level of operating expenses it was projecting (which it fully intended to, and in many cases, was required to incur) but only received the level of increase advocated by these parties, Pittsburgh Water would find itself unable to meet its Bond Indenture requirements.¹⁹ This would, in turn mean that Pittsburgh Water would be in default and would not be able to issue additional debt under the “Additional Bonds Test.”²⁰ Failure to satisfy the Additional Bonds Test would stop all future borrowing for Pittsburgh Water’s CIP.²¹

Further, Mr. Barca also explained that the level of expenses resulting from the “normalization” adjustments made by I&E and OCA actually produced a level of 2026 expenses that were between \$3 million and \$8 million lower than Pittsburgh Water’s actual 2025 expenses.²² Mr. Barca also went through each of the expense adjustments

¹⁷ Pittsburgh Water St. No. 2-R at 6–8.

¹⁸ Pittsburgh Water St. No. 2-R at 6–7.

¹⁹ Pittsburgh Water St. No. 2-R at 12.

²⁰ Pittsburgh Water St. No. 2-R at 8–14.

²¹ Pittsburgh Water St. No. 2-R at 12–13.

²² Pittsburgh Water St. No. 2-R at 9.

recommended by the three parties and showed why they were unreasonable or otherwise incorrect.²³

Regarding Pittsburgh Water's Capital Budget, Mr. Barca explained that the debt service (and DSC) associated with bond issuances, and not Pittsburgh Water's capital budget, is the capital requirement amount that Pittsburgh Water claims in its rate cases.²⁴ Mr. Barca further explained that the amount of long term debt financing that Pittsburgh Water must engage in is not based on the degree to which Pittsburgh Water has or has not met its budgeted capital expenditure level but by how much it has spent to fund capital improvements, funded by short term capital or cash, which must be refinanced using a long term bond.²⁵ Mr. Barca explained that Pittsburgh Water had already expended \$118 million per Exh. EB-27 and is expected to incur at least an additional \$35–40 million by the end of the year.²⁶ Therefore, Pittsburgh Water had demonstrated that it would need to issue a bond of at least \$150 million in 2026 and that no adjustment to Pittsburgh Water's debt costs, as proposed by Mr. Patel, was justified or reasonable.²⁷

With regard to I&E's lost and unaccounted for water adjustment, Pittsburgh Water's testimony showed that Pittsburgh Water's level of unaccounted for water is due to several factors that are either outside of Pittsburgh Water's control (i.e., the topography

²³ *Id.* at 39–78.

²⁴ *Id.* at 16–21.

²⁵ Pittsburgh Water St. No. 2-RJ at 14–16.

²⁶ *Id.* at 14–16.

²⁷ *Id.*

of the service territory),²⁸ can only be addressed over time (i.e., the age of the system),²⁹ or the current inability of Pittsburgh Water to aggressively address leaks on parts of the system it does not own (i.e., customer owned lines).³⁰ However, Pittsburgh Water explained that it is attempting to address the unaccounted for water issue in all reasonable ways, including, proposing to take over the customer owned service lines in part to permit Pittsburgh Water to more aggressively address leaking customer-owned lines, aggressively replacing old meters and distribution facilities and implementing a variety of conservation plans and activities.³¹

Pittsburgh Water witnesses also demonstrated that the adjustment proposed by OCA witness Walters to reduce Pittsburgh Water's allowed DSC to 1.2x (even though the results of all other OCA adjustments would have produced a much higher allowed revenue requirement and DSC) was inconsistent with the experienced DSCs of Pittsburgh Water's peers³² and would have a negative effect on the view of bond rating analysts, potentially jeopardizing its current bond rating.³³

Pittsburgh Water also addressed the proposed adjustments of OSBA, showing that they were either incorrectly calculated or otherwise unreasonable.³⁴

²⁸ Pittsburgh Water St. No. 5R at 5–7.

²⁹ *Id.* at 8.

³⁰ *Id.* at 10–12.

³¹ *Id.*; Pittsburgh Water St. No. 3R at 10–12.

³² Pittsburgh Water St. No. 7 at 31.

³³ Pittsburgh Water St. No. 7-R at 16.

³⁴ Pittsburgh Water St. No. 2-R at 96–97.

c. Proposed Settlement

The Settlement would permit Pittsburgh Water to raise base rates by \$25 million inclusive of additional DSIC revenues but exclusive of the PENNVEST Charge increase of \$17.6 million. Breaking down the Settlement increase in comparison to Pittsburgh Water’s final position (as supported by revisions identified in rebuttal testimony) shows allocations as follows:

Item	Pittsburgh Water Final Position	Settlement
Base Rates	\$36,155,597	\$23,101,396
PENNVEST	\$17,579,103	\$17,579,103
DSIC	\$8,758,401	\$1,898,605
Total:	\$62,493,101³⁵	\$42,579,104

The resulting revenues would produce the following financial metrics.

Financial Metrics 2026	Pittsburgh Water Present Rates	Pittsburgh Water Proposed³⁶	Settlement³⁷
DSC – Senior Bonds	1.12x	1.85x	1.71x
DSC – Total Bonds	.86	1.42x	1.30x
DCOH w/ Alcosan	31.20	118	100.2

d. The Settlement Terms are in the Public Interest

The Settlement result is a reasonable resolution of the conflicting positions presented by the Parties that presented evidence on this issue. First, as can be seen in the table above, Pittsburgh Water is clearly in need of increased rates given that, without a

³⁵ Joint Petition, Appendix B, Table II. Wholesale/Contract Revenues and Converted Wholesale Customer revenues are not included in this total.

³⁶ Pittsburgh Water St. No. 2-R; Pittsburgh Water Exh. EB-13.

³⁷ Joint Petition, Appendix B, Table I(A).

rate increase, it is projected to fall well below its minimally acceptable levels of debt service in the FPFTY, levels that would cause Pittsburgh Water to default on its bonds. All parties appear to have recognized that such an occurrence would be a disaster for Pittsburgh Water and would impose significant added costs on customers for years to come.³⁸ The Settlement levels of debt service coverage and cash, while not robust, are at least in a zone where Pittsburgh Water can continue to finance its important CIP.

Moreover, the Settlement’s level of revenues produces financial metrics that are in the range of those proposed by the Parties in this proceeding.

Financial Metrics	Settlement³⁹	I&E⁴⁰	OCA⁴¹
DSC Senior Bonds	1.71x	1.86x	1.57x
DSC Total Bonds	1.30x	1.37x	1.20x
DCOH w/Alcosan	100.2	131.7	128.3

As can be seen, the Settlement financial metrics are well within the range of those recommended by I&E and OCA, and, in several instances, are below their recommendation.

The Settlement metrics are also reasonable compared to Pittsburgh Water’s peers. Pittsburgh Water witness Fay testified that virtually all of Pittsburgh Water’s peers experienced total DSC results in the 1.3x to 2.8x range, with the average (including

³⁸ See Pittsburgh Water St. No. 7 at 36–37.

³⁹ Joint Petition at Appendix B.

⁴⁰ I&E Exh. No. 1-SR.

⁴¹ OCA St. No. 3, Exh. DM-SR-1, 21.

Pittsburgh Water) being 1.79x (compared to the Settlement DSC of 1.3x).⁴² Similarly, the Settlement DCOH, 100.2, is well below the average of its peers: 513.5 days.⁴³

In addition, it is important to remember that the Settlement total increase of \$43.5 million is just 51% of Pittsburgh Water's full, multi-year request of \$84.4 million. While Pittsburgh Water agreed to withdraw its proposal for a multi-year rate increase, which would have authorized an additional base rate increase in 2027, those costs will still be incurred by Pittsburgh Water. Pittsburgh Water will now have to absorb those additional cost increases that would have been covered by an additional rate increase in 2027. Pittsburgh Water submits that this concession adds to the reasonableness of the agreed upon settlement amount. Accordingly, the Settlement levels are eminently reasonable and in the public interest.

2. Distribution System Improvement Charge ("DSIC")

Making up part of Pittsburgh Water's proposed increase for 2026 was a proposal to increase the cap on its existing Distribution System Improvement Charge ("DSIC") from 5% to 7.5% for both its Water and Wastewater operations. This would have increased the revenue produced by the DSIC by approximately \$6.4 million. DSIC revenue will also go up as a result of applying the cap to Pittsburgh Water's higher level of revenues due to the increase (\$2.4 million at proposed rates). At originally proposed rates, the total increase

⁴² Pittsburgh Water St. No. 7 at 31.

⁴³ *Id.* at 32.

in DSIC revenues would be approximately \$6.5 million for Water and \$2.3 million for Wastewater, for a total of approximately \$8.8 million.⁴⁴

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water put forth four main benefits from increasing the DSIC cap to 7.5%. First, the increased revenue would have permitted Pittsburgh Water to accelerate its needed replacement of antiquated distribution facilities.⁴⁵ This could have resulted in an additional 5,400 linear feet of small diameter water main replaced in the FPFTY and 820 linear feet of small diameter water main replaced in FY 2027. Increasing the DSIC cap to 7.5% for the sewer utility would generate an additional \$2.317 million in the FPFTY and \$386,485 in FY 2027.⁴⁶

Second, The increase in the DSIC cap would increase the amount of distribution improvements being funded from internally generated funds, or “pay-go.”⁴⁷ This will provide cost savings to ratepayers as Pittsburgh Water presented testimony that showed that, over time, it is actually cheaper for ratepayers to fund capital improvements from pay-go than from long-term bonds.⁴⁸ Not only is pay-go financing cheaper for ratepayers over time, the increase in its level of internally generated funds for capital expenditures will reduce its financial leverage or debt ratio.⁴⁹

⁴⁴ Pittsburgh Water St. No. 2-R; Pittsburgh Water Exh. EB-23.

⁴⁵ Pittsburgh Water St. No. 2 at 64.

⁴⁶ Pittsburgh Water St. No. 2 at 64

⁴⁷ Pittsburgh Water St. No. 2 at 64–65.

⁴⁸ Pittsburgh Water St. No. 2 at 64–65. The implementation of the DSIC starting in 2021 has helped Pittsburgh Water to reduce its financial leverage by 12%, or to 86% at the end of 2026. *Id.* at 65.

⁴⁹ Pittsburgh Water St. No. 2 at 64–65.

Third, the rate of inflation over the past several years has resulted in the loss of purchasing power at the current DSIC rate of 5%. Increasing the rate to 7.5% would provide an infusion of cash to make up for this loss.⁵⁰

Finally, having Pittsburgh Water finance and construct a greater amount of capital improvements using DSIC revenue means that the Commission and other interested parties will have more oversight with respect to Pittsburgh Water's capital improvements.⁵¹

b. Positions of Other Parties and Pittsburgh Water's Responses

I&E opposed the increase in the DSIC cap, claiming that, because of capital budget variances in past years, Pittsburgh Water had not demonstrated it would spend any dollars made available by an increase in the DSIC cap.⁵² I&E also claimed that Pittsburgh Water had other, less expensive ways of funding its distribution capital improvements.⁵³ Pittsburgh Water witness Barca showed, however, that: 1) expenditures made in the DSIC must be pre-approved as part of Pittsburgh Water's Long Term Infrastructure Improvement Plan and any dollars billed but not spent are returned to ratepayers in the reconciliation function of the DSIC; and 2) Pittsburgh Water cannot rely on the availability of PENNVEST or other government grants to be a replacement for DSIC-provided dollars.⁵⁴ Pittsburgh Water witness Fay also showed that over time, pay-go

⁵⁰ Pittsburgh Water St. No. 2 at 65.

⁵¹ Pittsburgh Water St. No. 2 at 65–66.

⁵² I&E St. No. 1 at 18.

⁵³ I&E St. No. 1 at 17.

⁵⁴ Pittsburgh Water St. No. 2-R at 46-57.

funding is cheaper for ratepayers than bond financing, either on a nominal or present value basis.⁵⁵

The OCA also opposed the proposed increase in the DSIC cap. OCA witness Deupree claimed that: 1) Pittsburgh Water had not shown it needed an increase in the DSIC cap to recover its costs, 2) the increased use of “pay-go” financing rather than bond financing would be inappropriate; and 3) the use of increased pay-go financing would cause “generational inequities.”⁵⁶ Pittsburgh Water witness Barca refuted each of these points, showing that, in fact: 1) the purpose of a DSIC cap increase is to permit a utility to undertake a greater amount of distribution capital improvements, so that its lack of difficulty funding its existing CIP is irrelevant; 2) there is no generational inequity because Pittsburgh Water would be financing its capital improvements from a consistent mix of long term debt and pay-go; 3) that pay-go financing in the DSIC was already approved by the Commission and Pittsburgh Water has been funding a small portion of its distribution capital improvements in this way since 2020; 4) that pay-go financing is demonstrably cheaper than using bond financing, especially since Pittsburgh Water must recover not only the debt service associated with the bond but also the required debt service coverage at 1.25x; and 5) pay-go financing does not create “generational inequalities” given that Pittsburgh Water will use a mix of pay-go and bond financing on an ongoing basis.⁵⁷

⁵⁵ Pittsburgh Water St. No. 2R at 48–49, 54; Pittsburgh Water St. No. 7R at 3, 13.

⁵⁶ OCA St. No. 1 at 31–33.

⁵⁷ Pittsburgh Water St. No. 2R at 48–55.

c. Proposed Settlement

In the interests of obtaining a full settlement, Pittsburgh Water reluctantly agreed to withdraw its proposal to increase its DSIC cap.

d. The Settlement Terms are in the Public Interest

This concession was reasonable in that it facilitated an overall settlement on revenue requirement. Therefore, this was a reasonable resolution of the conflicting positions presented by the Parties that presented evidence on this issue.

3. PENNVEST Charge (“PVC”)

a. Pittsburgh Water’s Initial Proposals

As part of the settlement of Pittsburgh Water’s last base rate case, the Parties agreed that Pittsburgh Water could implement a PENNVEST⁵⁸ Charge (“PVC”) pursuant to the Commission’s Policy Statement, 52 Pa Code § 69.363. In accordance with that provision of that Settlement, Pittsburgh Water included a provision setting forth a PVC in its tariffs.⁵⁹ While the Tariff provisions are currently in effect, Pittsburgh Water has not, as of this submission, requested that any amounts be collected through the existing PVC.⁶⁰

In this case, Pittsburgh Water proposed to expand its existing PVC to include both existing and new PENNVEST loans effective March 3, 2026. Pittsburgh Water also

⁵⁸ PENNVEST stands for the Pennsylvania Infrastructure Investment Authority which is a Commonwealth agency that provides grants and low interest loans to serve communities through capital funding for drinking water, wastewater, stormwater, non-point source pollution prevention and other related projects.

⁵⁹ See Pittsburgh Water Exhibits JAM-14 to JAM-19, Water Tariff - Page 8B; Wastewater Tariff – Page 9B and Storm Water Tariff – 8A.

⁶⁰ Pittsburgh Water St. No. 2 at 59.

proposed to revise the current tariff language so it is clear that the PVC permits the recovery of interest and/or interest and principal that is charged by PENNVEST financed projects.⁶¹ Pittsburgh Water made these proposals for two reasons. First, it has a significant amount of existing PENNVEST loans, the costs of which are currently being recovered in base rates.⁶² Pittsburgh Water believes it would be better to recover these amounts in the PVC. Including all PENNVEST loans in the PVC will mean that all loans will be treated equally and will remove any question that the loans will be able to be paid.⁶³

Second, while Pittsburgh Water does not begin to be fully charged interest and principal on a PENNVEST loan until the project is completed, it is charged, and must pay, interest on the loan beginning when it is issued.⁶⁴ Since Pittsburgh Water is charged interest while construction is ongoing, it should be able to recover those payments from ratepayers in the PVC.⁶⁵ Since Pittsburgh Water is not regulated on a rate of return/rate base basis, and is not subject to a “used and useful” requirement for charging ratepayers for otherwise prudent capital additions, there is no need for a “used and useful” requirement in the PVC.⁶⁶

⁶¹ Pittsburgh Water St. No. 2 at 59–60.

⁶² Pittsburgh Water St. No. 2 at 60.

⁶³ Pittsburgh Water St. No. 2 at 61.

⁶⁴ Pittsburgh Water St. No. 2 . at 62.

⁶⁵ Pittsburgh Water St. No. 2 at 62.

⁶⁶ Pittsburgh Water St. No. 2 at 62–63.

b. Positions of Other Parties and Pittsburgh Water’s Responses

No Party opposed Pittsburgh Water’s proposal to move the existing and new revenue requirement associated with its PENNVEST loans into the PVC, or its proposal to remove the existing requirement that a PENNVEST-financed project be “used and useful” before the debt service associated with the loan that financed the project can be included in the Charge. OSBA witness Kubas did, however, recommend that Pittsburgh Water provide amortization tables for each loan and a summary of the history of PENNVEST charges and revenue received from the PVC in the next base rate case.⁶⁷

In response, Pittsburgh Water witness Barca described the transparency already available regarding PENNVEST loans and that additional reporting is unnecessary given the supporting requirement that Pittsburgh Water is required to file with any tariff supplement rate changes and the fact that the PVC is subject to semi-annual adjustments an annual reconciliation.⁶⁸

c. The Settlement

The Settlement sets forth Pittsburgh Water’s original and unopposed definition changes for the PVC. The Settlement also acknowledges that Pittsburgh Water retains its ability to recover PENNVEST costs in 2027 which were identified as part of the MYRP costs sought for 2027 in this proceeding. Regarding reporting, the Settlement specifically

⁶⁷ OSBA St. No. 1 at 14. OSBA also made an initial recommendation to only recover revenue shortfalls resulting from the customer assistance programs from the PVC assessed to residential customers. Since this issue is interrelated to OSBA’s overall position about cost recovery for customer assistance programs, it will be further discussed below in Section G.7.

⁶⁸ Pittsburgh Water St. No. 2-R at 91.

identifies the information that Pittsburgh Water will file with its demi-annual and annual updates and adopts the request of OSBA regarding information to include in the next base rate filing.⁶⁹

d. The Settlement Terms are in the Public Interest

Transferring the existing and incremental costs of PENNVEST loans to the PVC is in the public interest because it will provide assurance that Pittsburgh Water will always have the funds to make the payment on these government obligations. Currently, if Pittsburgh Water suffered a dramatic reduction in revenues as a result of economic conditions or for other reasons, Pittsburgh Water would have to use its revenues reserve to cover operating expenses or file for an extraordinary rate increase to continue to meet its PENNVEST obligations. This, in turn, poses a threat to Pittsburgh Water's ability to continue to provide safe and adequate service. Permitting Pittsburgh Water to include interest only charges before a PENNVEST-financed project is placed into service is in the public interest because it properly matches PENNVEST charges with cost recovery from ratepayers and permits Pittsburgh Water to avoid using its cash reserves to make these payments. This, in turn, provides greater security that all loan obligations will be met by Pittsburgh Water.

In addition, the Settlement clarifies that the amount Pittsburgh Water will recover in 2027 through the PVC is not included in the overall agreed-to settlement revenue amount. This is an important point because Pittsburgh Water's initial filing did provide an

⁶⁹ Joint Petition at ¶III.A.c.

“all-in” revenue requirement amount which included PENNVEST costs. Because the PVC is a separate cost recovery mechanism from base rates which amount amount was included with the rate relief requested for 2027, adopting the Settlement to be clear that the Parties do not intend to preclude this future PVC cost recovery is important.

In addition, the Settlement makes clear the expected information Pittsburgh Water will provide in its filings regarding the PVC and the next base rate case. Providing information to the Commission and the parties is important to ensure transparency and a reasonable resolution of the various issues raised regarding Pittsburgh Water’s PVC proposals in this proceeding. As such, adoption of the Settlement without modification is in the public interest.

B. Rates Effective February 1, 2027

1. Multi-Year Rate Plan (“MYRP”)

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water proposed a two-year rate increase which would increase revenues by \$63.7 million in FPFTY (FY 2026) and \$20.7 million in FY 2027. The 2027 increase was for incremental annual debt service and (where applicable) debt service coverage that Pittsburgh Water will incur in 2027, and the incremental DSIC billings that will occur as a result of the increased 2027 revenues. The total \$20.7 million request can be broken down into the following parts:

Purpose	Amount
New Debt Service and Debt Service Coverage – 2027 GO Bond	\$10.3 Million
Increase in Debt Service and Coverage – Other GO bonds	\$3.1 Million
Increased PENNVEST Debt Service costs (recovered through PENNVEST Surcharge)	\$5.9 Million
Increased DSIC billings (Recovered through DSIC)	\$1.4 Million
Total:	\$20.7 Million

It is important to note that, of the total amount proposed to be billed in 2027 – \$20.7 million – some \$7.3 million was proposed to be billed via channels other than a base rate increase, i.e. the PVC and DSIC. The remaining claim was proposed to be billed via a 2027 base rate increase. Pittsburgh Water’s MYRP proposal was made pursuant to Section 1330 of the Public Utility Code, which provides:

It is the policy of the Commonwealth that utility ratemaking should encourage and sustain investment through appropriate cost-recovery mechanisms to enhance the safety, security, reliability or availability of utility infrastructure and be consistent with the efficient consumption of utility service.⁷⁰

⁷⁰ 66 Pa. C.S. § 1330(a)(2).

Section 1330 further provides:

(b) Alternative rate mechanisms.--

(1) Notwithstanding any other provision of law, including, but not limited to, sections 2806.1(k)(2) (relating to energy efficiency and conservation program) and 2807(f)(4) (relating to duties of electric distribution companies), the commission may approve an application by a utility in a base rate proceeding to establish alternative rates and rate mechanisms, including, but not limited to, the following mechanisms:

- (i) decoupling mechanisms;
- (ii) performance-based rates;
- (iii) formula rates;
- (iv) multiyear rate plans; or
- (v) rates based on a combination of more than one of the mechanisms.⁷¹

Pittsburgh Water witness Barca explained that a MYRP is particularly justified for Pittsburgh Water because, as a municipal utility that has no shareholders and does not charge a profit, its only source of funds is its ratepayers.⁷² Moreover, Pittsburgh Water is currently in a massive “building mode,” attempting to complete the capital improvements necessary to continue to provide safe and reliable water service.⁷³ Accordingly, Pittsburgh Water’s revenue requirement will increase every year for the foreseeable future.⁷⁴ A MYRP would help Pittsburgh Water to cover projected rising costs, avoid the need to file multiple and “pancaked” rate increase requests and provide added certainty regarding rate

⁷¹ 66 Pa. C.S. § 1330(b)(1)(i)–(v).

⁷² Pittsburgh Water St. No. 2 at 54. Note that Pittsburgh Water does receive some limited grants on occasion. It also borrows funds via short and long-term financing, but all the costs of those borrowings are paid by ratepayers.

⁷³ Pittsburgh Water St. No. 2 at 54

⁷⁴ Pittsburgh Water St. No. 2 at 54.

levels for both Pittsburgh Water and its customers.⁷⁵ Mr. Barca set out this support and justification for the MYRP in answer to a series of fourteen questions that the Commission has required be answered in support of an any alternative ratemaking mechanism request.⁷⁶

b. Positions of Other Parties and Pittsburgh Water’s Responses

In response to Pittsburgh Water’s MYRP proposal, several parties submitted testimony with alternative recommendations.

- I&E opposed the MYRP proposal, claiming, *inter alia*, that Pittsburgh Water would file less base rate case requests which, accordingly to I&E, was not appropriate because Pittsburgh Water had “only recently” come under the jurisdiction of the Commission in 2018 and had not faced “decades” of Commission scrutiny.⁷⁷ I&E witness Patel also claimed that Pittsburgh Water’s MYRP proposal should be rejected because Pittsburgh Water had experienced variances in actual versus budgeted capital expenditures in some of the last several years.⁷⁸
- OCA opposed the MYRP alleging that Pittsburgh Water has had satisfactory financial performance in the past without employing a MYRP and that its credit rating has not suffered.⁷⁹
- OWT took positions similar to OCA in opposing Pittsburgh Water’s proposed MYRP.⁸⁰
- OSBA did not take a position on Pittsburgh Water’s proposed MYRP.

Pittsburgh Water fully responded to the opposition to the MYRP by pointing out that multi-year rate increases are specifically authorized by the Public Utility Code and

⁷⁵ *Id.* at 52–59.

⁷⁶ Pittsburgh Water Exh. EB-10.

⁷⁷ I&E St. No. 1 at 9.

⁷⁸ *Id.* at 9–11.

⁷⁹ OCA St. No. 1 at 13–23.

⁸⁰ OWT St. No. 1 at 34–38.

that one of the goals of this approach – reducing the need for base rate cases – would be good for Pittsburgh Water and ratepayers, even if the opposing parties would prefer to see frequent filings to use as vehicles to continually investigate and review all aspects of Pittsburgh Water’s operations.⁸¹ Pittsburgh Water witness Barca also set out a detailed proposed procedure which could be used to implement a MYRP and rebutted all the other arguments raised by the opposing parties.⁸² Mr. Barca also submitted a rebuttal exhibit (Exhibit EB-21) to Mr. Deupree’s “observations,” which claimed that Pittsburgh Water had not adequately responded to the Commission’s fourteen questions, which refuted that contention.⁸³

c. Proposed Settlement

In the interests of obtaining a full settlement, Pittsburgh Water reluctantly agreed to withdraw its proposal for a multi-year rate plan to set base rates for 2027, but such withdrawal shall not be construed as precluding Pittsburgh Water from making alternative ratemaking proposals in the future. The proposed Settlement would accept Pittsburgh Water’s proposals regarding the PENNVEST Charge, as described above. Moreover, Pittsburgh Water will see a small increase in DSIC revenues due to the anticipated 2027 PENNVEST Charge increases. The portion of the 2027 increase associated with an

⁸¹ Pittsburgh Water St. No. 2-R at 58. Mr. Barca noted that there are other vehicles for investigation of Pittsburgh Water’s operations and finances including audits and formal complaints.

⁸² Pittsburgh Water St. No. 2-R at 59–61.

⁸³ Mr. Barca also responded to the claims of OWT witness Cicero that Pittsburgh Water had not adequately justified its proposed MYRP. Pittsburgh Water St. No. 2R at 83–85.

increase in non-DSIC base rates was withdrawn in the interest of obtaining a settlement.

The current projection of increases in 2027 are as follows:

2027 Rate Increase	Amount
Increased PENNVEST Debt Service costs (recovered through PENNVEST Surcharge) ⁸⁴	\$5.9 Million
Increased DSIC billing (recovered through DSIC ⁸⁵)	\$.3 Million
Total:	\$6.2 Million

d. The Settlement Terms are in the Public Interest

From its perspective, Pittsburgh Water submits that the proposed Settlement regarding 2027 rate increases is in the public interest. Notably, Pittsburgh Water will be permitted to increase incrementally the amount of DSIC-financed capital improvements (because the 5% cap will be applied to a higher level of revenue). Also, through the PENNVEST Charge, it will be able to recover additional debt service costs incurred in 2027 for PENNVEST loans. While Pittsburgh Water withdrew its proposal to recover, through base rates, the debt service and debt service coverage associated with its 2027 bond and the additional debt service and coverage on existing general obligation bonds, Pittsburgh Water believes that the Settlement allowances will nonetheless be minimally adequate in 2027. Also, because Pittsburgh Water will be permitted to recover some \$6.2 million of the originally proposed \$20.7 million through the PVC and resulting DSIC revenue. Pittsburgh Water sees the Settlement as an incremental step in obtaining

⁸⁴ This amount is subject to change depending upon the loans approved, the amounts drawn from the loans and the interest rates established by PENNVEST at the time.

⁸⁵ This amount could vary depending upon Pittsburgh Water's projected level of revenues at the time of implementation.

recognition of its annually increasing revenue requirements and the need to address those increases through innovative rate plans.

2. Removal of Minimum Allowance

a. Pittsburgh Water's Initial Proposals

Pittsburgh Water witness Mechling explained in her direct testimony that Pittsburgh Water's current water and wastewater conveyance rate structures include "minimum charges" for a specific amount of gallons per meter size. For each 1,000 gallon above the applicable minimum gallon, the customer is charged a consumption (water) and/or conveyance (wastewater) charge.⁸⁶

In this proceeding, Pittsburgh Water set forth a proposal to effectuate the removal of the minimum charges starting on January 1, 2027. Pittsburgh Water sought approval for a January 1, 2027 implementation date consistent with the overall multi-year rate proposal request to smooth out rate change impacts for all customers, to schedule the necessary Customer Information System ("CIS") development so as not to interfere with a planned functional upgrade, and to provide a reasonable opportunity for Pittsburgh Water to educate customers about the coming changes.⁸⁷ While rate changes due to the removal of the minimum allowance will not effectively result in Pittsburgh Water receiving more money from ratepayers, the shift in cost responsibility among the customers to a greater reliance on volumetric charges will impact customers in varying

⁸⁶ Pittsburgh Water St. No. 6 at 25. *See also* Pittsburgh Water exhibit JAM-15 Water Tariff pages 8 and 8A and Pittsburgh Water Exhibit JAM-16 Wastewater Tariff pages 9 and 9A.

⁸⁷ Pittsburgh Water St. No. 6 at 25-26.

degrees. An example of anticipated varying impacts if the minimum charge were removed under the FY 2026 revenue requirements is set forth below:⁸⁸

Bill Impacts After Removal of Minimum Allowance – Combined						
% Increase on Customer Bill (FY26 Revenues)	Residential	% of class	CAP-BDP	% of class	Non-Residential	% of class
Bill Decrease	14,423	21.9%	1,272	26.6%	3,143	38.7%
0%–20%	51,295	77.9%	2,942	61.5%	4,327	53.3%
20%–40%	167	0.3%	148	3.1%	637	7.8%
>40%	-	0.0%	425	8.9%	11	0.1%
Total Customers	65,885	100%	4,787	100%	8,118	100%

b. Positions of Other Parties and Pittsburgh Water’s Responses

While no party opposed Pittsburgh Water’s proposed method to effectuate the removal of the minimum allowances from its current rate structure, both OCA and OWT raised concerns about the proposed January 1, 2027 implementation date. OCA requested that the Commission consider whether the proposed implementation date was in compliance with the 2023 rate case settlement.⁸⁹ Similarly, OWT witness Cicero recommended that the rate structure change occur with the rate effective date in 2026 following this proceeding.⁹⁰

In response, Pittsburgh Water witnesses Mechling and Smith provided additional information in support of a 2027 implementation date. Ms. Mechling pointed out that including a minimum allowance component included in its fixed charges has been a factor of Pittsburgh Water’s rate structure for decades and ensuring accurate explanations

⁸⁸ Pittsburgh Water St. No 8R at 8-9; Pittsburgh Water St. No. 6R at 5-6.

⁸⁹ OCA St. No. 4 at 13-14, 19-20 and OCA St. No. 1 at 37-40.

⁹⁰ OWT St. No. 1 at 56.

to customers about the impacts is critical. Additional detail about the varying impacts to customers within the same rate class was presented by Mr. Smith. For example, for residential customers:⁹¹

- 21.9% would see a bill decrease
- 77.9% would see a 0–20% increase
- .3% would see a 20%–40% increase.

Ms. Mechling also explained that while no party in this proceeding opposed Pittsburgh Water’s approach to accomplishing the removal of the minimum allowance, uncertainty about the final Commission approved path still exists. So long as uncertainty exists about “how” to achieve removal of the minimum allowance embedded in Pittsburgh Water’s rates, Ms. Mechling testified that it is not reasonable to expect Pittsburgh Water to use ratepayer money and staff resources to design a potentially unused program which it would have to do now to be ready for rates to go into effect within days after the Commission’s final order in this proceeding.⁹²

c. Proposed Settlement

The Settlement sets out a path for removal of the minimum allowance effective February 1, 2027 with specific agreed-to terms about the process for doing so. First, the Settlement makes clear that the rate structure change will be accomplished on a revenue neutral basis. Second, the Settlement permits a recalculation of the PENNVEST Charge necessitated by the removal of the usage component from the fixed minimum/service charge. To permit a review of Pittsburgh Water’s resulting rates, the Settlement also

⁹¹ Pittsburgh Water St. No. 6R at 5-6.

⁹² Pittsburgh Water St. No. 6R at 6.

requires Pittsburgh Water to include a customer bill impact analysis of the impact of the rate structure change with the tariff supplement filing that will implement the rate structure change.⁹³

d. The Settlement Terms are in the Public Interest

After significant discussions among the Parties, a reasonable approach regarding the removal of the minimum allowance from Pittsburgh Water's fixed rates was reached. The Settlement ensures that the new rates will be revenue neutral and that the information necessary to evaluate the final results will be available to the Commission and the parties. The Settlement also ensures a reasonable amount of time between the date of the Commission's final order and the effective date of the new rate structure to enable Pittsburgh Water to finalize internal software programming and develop appropriate customer communications. Finally, the implementation date was shifted to February 1, 2027 to align with the already Commission approved opportunity for Pittsburgh Water to propose changes to the PENNVEST Charge semi-annually, i.e., February 1 and August 1.⁹⁴ The Settlement reasonably avoids rate changes occurring within a month of each other. For all these reasons, Pittsburgh Water submits that this settlement term regarding implementation of its rate structure change to remove the minimum allowance should be adopted without modification.

⁹³ Joint Petition at ¶ III.A.2.b,

⁹⁴ *See, e.g.*, Pittsburgh Water Exhibit JAM-15 Water Tariff Page No. 8C.

C. Pre-Existing Wholesale Contracts

a. Pittsburgh Water's Initial Proposals

While rates that reflect the full cost of service for wholesale customers were developed for this proceeding, Pittsburgh Water witness Smith explained that Pittsburgh Water currently maintains separate contracts for wholesale water service customers which cannot be changed until the contracts expire or are due for renewal.⁹⁵ Mr. Smith and Mr. Barca also noted that Pittsburgh Water's current bulk water sales agreement with Fox Chapel Water Authority expired in July 2025 and negotiations had begun for a new agreement that would graduate Fox Chapel into a wholesale tariff rate of \$13.34 over a 3-year period.⁹⁶

b. Positions of Other Parties and Pittsburgh Water's Responses

OCA witness Jerome D. Mierzwa argued that Pittsburgh Water's service to three wholesale customers (Fox Chapel, Aspinwall, and Reserve Township) are at rates that are significantly lower than the cost of service. Mr. Mierzwa pointed to his testimony in Pittsburgh Water's 2023 rate case arguing that Pittsburgh Water should terminate these wholesale agreements and negotiate alternative agreements that move toward the cost of service rates over the course of the contract. Mr. Mierzwa noted that new rates for Fox Chapel have helped reduce the revenue deficiency as compared to previous claims, and

⁹⁵ Pittsburgh Water St. No. 8 at 28. The revenues associated with these pre-existing wholesale contract customers is separately identified in Appendix B, Table II as "Wholesale/Contract Revenue."

⁹⁶ Pittsburgh Water St. No. 2 at 25. The anticipated change in source for revenue from contract to tariff rate is also separately identified in Appendix B, Table II as "Converted Wholesale Customer."

requested that Pittsburgh Water explain in rebuttal testimony why it did not issue termination notices to Aspinwall and Reserve Township.⁹⁷

In response, Pittsburgh Water witness Barca explained that Pittsburgh Water has been renegotiating wholesale contracts as they become available for renegotiation, consistent with the parties' agreement in the settlement of Pittsburgh Water's 2023 rate case. Mr. Barca noted that the Fox Chapel contract is being renegotiated as it is coming to an end, and was not an "early" termination. The Aspinwall contract is scheduled to end in 2039, while the Reserve Township contract allows Pittsburgh Water to send a notice of intention to cancel in or before 2029 (four years prior notice) to end the current contractual period that would end in 2032. Mr. Barca disagreed with OCA's argument and maintained that Pittsburgh Water intends to honor the terms of the negotiated wholesale contracts, with wholesale rates to be renegotiated as they become due, consistent with the prior settlement agreement.⁹⁸

c. Proposed Settlement

Under the Settlement, Pittsburgh Water has committed to continuing to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates, which are intended to move closer to Pittsburgh Water's tariffed wholesale rate.⁹⁹ Additionally, Pittsburgh Water will issue a notice of contract

⁹⁷ OCA St. 4 at 3-4, 11-12.

⁹⁸ Pittsburgh Water St. No. 2R at 92-95.

⁹⁹ Joint Petition at ¶ III.B.1.

termination to Aspinwall to initiate a renegotiation of its contract rates earlier than the current contract expiration date of 2039.¹⁰⁰

d. The Settlement Terms are in the Public Interest

The Settlement terms are in the public interest and should be approved without modification. This settlement strikes a balance between recognizing Pittsburgh Water’s existing contractual obligations with wholesale customers, while making appropriate efforts to renegotiate existing contracts and moving wholesale customers closer to the cost of service, which helps reduce costs to ratepayers over time

D. Stormwater

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water witness Kate Mechler described various aspects of Pittsburgh Water’s stormwater service in her direct testimony, including stormwater capital projects and Pittsburgh Water’s current CIP.¹⁰¹ Ms. Mechler also described proposed changes to the stormwater tariff to modify the definition of “Storm Water Collection System or Storm Water Sewer” and to remove the current requirement to provide sixty days advance notice of the effective date of an Equivalent Residential Unit (“ERU”) adjustment made as a result of impervious area updates or annual partial update although Pittsburgh Water did maintain a commitment to provide the customer written notice for changes increasing the bill not made at the customer’s request.¹⁰²

¹⁰⁰ Joint Petition at ¶ III.B.2.

¹⁰¹ Pittsburgh Water St. No. 4.

¹⁰² Pittsburgh Water St. No. 4 at 26-28.

b. Positions of Other Parties and Pittsburgh Water’s Responses

Parties did not raise any objections to Pittsburgh Water’s proposed definitional revision though OWT witness Cicero opposing Pittsburgh Water’s proposed removal of 60 day advance written notice for ERU changes.¹⁰³ In response Pittsburgh Witness Mechler explained that providing the required notices has proven to be overly burdensome for Pittsburgh Water, in both costs and administrative resources. Pittsburgh Water’s proposal carefully balanced this with ensuring that customers would still receive notice at the time of the change if any corrections or billing adjustments are needed with the ability of Pittsburgh Water to make any retroactive adjustments or corrections to the amounts billed as needed.¹⁰⁴

OWT witness Cicero addressed other issues related Pittsburgh Water’s stormwater service and related stormwater projects in his direct testimony. He argued that Pittsburgh Water should closely follow its Stormwater Strategic Plan to prioritize deferred projects. Additionally, Mr. Cicero claimed that Pittsburgh Water should improve transparency and communicate with relevant stakeholders about the status of stormwater projects, including annual reporting.¹⁰⁵

Pittsburgh Water witness Mechler responded that the Stormwater Strategic Plan was only an initial, high-level evaluation of stormwater issues in the Pittsburgh Water tributary area, and that Pittsburgh Water intends to conduct more detailed stormwater

¹⁰³ OWT St. 1 at 89-90.

¹⁰⁴ Pittsburgh Water St. No. 4R at 23-24.

¹⁰⁵ OWT St. 1 at 87-88.

planning in the future. Ms. Mechler explained that OWT's proposals were inconsistent with the purpose of the Strategic Plan as clearly stated in the plan itself and provided discussion on how Pittsburgh Water currently determines what stormwater projects to pursue.¹⁰⁶ Ms. Mechler also discussed the status of various deferred stormwater projects¹⁰⁷ and discussed stormwater management in Four Mile Run specifically.¹⁰⁸

Regarding stormwater-related communication and outreach, Ms. Mechler reiterated Pittsburgh Water's belief that communication and transparency with stakeholders and ratepayers is an important part of the stormwater planning process and detailed the extensive outreach that Pittsburgh Water has done in recent years about stormwater.¹⁰⁹

c. Proposed Settlement

The Settlement addresses OWT's concerns by including a number of terms targeted toward additional stormwater education and outreach to the public. First, Pittsburgh Water will annually report on its progress on current stormwater activities and information on specific planned stormwater activities as identified in its Capital Improvement Plan within the following calendar year, and will include stormwater-related public events and outreach on its website.¹¹⁰ Additionally, Pittsburgh Water will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or

¹⁰⁶ Pittsburgh Water St. No. 4R at 2-6.

¹⁰⁷ Pittsburgh Water St. No. 4R at 12-17.

¹⁰⁸ Pittsburgh Water St. No. 4R at 17-22.

¹⁰⁹ Pittsburgh Water St. No. 4R at 6-12.

¹¹⁰ Joint Petition at ¶ III.C.1.a.

initiatives for the upcoming year of stormwater projects in its service territory.¹¹¹ The parties to this proceeding will be invited to participate in the stakeholder meetings. The first meeting will be held within 90 days of a final order in this proceeding, and meetings will be held biannually until Pittsburgh Water files its next base rate case.¹¹² Finally, Pittsburgh Water has also committed to making its best effort to maximize sources of external funding, including grants that may assist Pittsburgh Water with stormwater planning and mitigation.¹¹³

d. The Settlement Terms are in the Public Interest

The stormwater outreach settlement terms are in the public interest. Pittsburgh Water continues to believe that outreach and education to customers is important and valuable, including as it relates to stormwater planning. These settlement terms will build on Pittsburgh Water's already extensive outreach in this area and help provide transparency to ratepayers and other stakeholders. The stormwater outreach settlement terms should be adopted without modification. Further, allowing Pittsburgh Water's initial proposals to reduce costs and administrative burdens related to current written notice requirements to go forward is a reasonable compromise within the overall context of this Settlement.

¹¹¹ Joint Petition at ¶ III.C.1.b.

¹¹² Joint Petition at ¶ III.C.1.b.

¹¹³ Joint Petition at ¶ III.C.1.c.

E. Damaged Wastewater Sewer Laterals

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water previously filed a Petition for Approval of a Damaged Wastewater Sewer Lateral (“DWSL”) Program with the Commission as required by a prior settlement, but that DWSL Petition was rejected by the Commission.¹¹⁴ As noted in Pittsburgh Water witness Mechler’s direct testimony, for this reason, Pittsburgh Water has not filed a further petition seeking authority to implement a DWSL Program.¹¹⁵

b. Positions of Other Parties and Pittsburgh Water’s Responses

In the current rate case, OWT argued that Pittsburgh Water should be required to file a new DWSL Petition that complies with the Commission’s prior DWSL order, Act 120 of 2018, and Commission regulations.¹¹⁶

In response, Pittsburgh Water witness Mechler explained that the Commission’s order denying the DWSL Petition essentially found that an Act 120 program could not be structured in a way that would address Pittsburgh Water’s unique circumstances.

Pittsburgh Water had requested that the Commission allow for modifications to align the purposes of Act 120 with the unique aspects of Pittsburgh Water’s system, but the Commission rejected that request. Without such modifications it would not be possible for Pittsburgh Water to align a DWSL Petition with the requirements of Act 120.¹¹⁷ Ms. Mechler also noted that Pittsburgh Water previously explored funding a DWSL Program

¹¹⁴ See Docket Nos. P-2022-3031586 and R-2022-3031597, Order entered Dec. 2, 2022.

¹¹⁵ Pittsburgh Water St. No. 4 at 10.

¹¹⁶ OWT St. 1 at 95-98.

¹¹⁷ Pittsburgh Water St. No. 4R at 24-26.

with American Rescue Plan Act (“ARPA”) funds but those funds are no longer available.¹¹⁸

c. Proposed Settlement

To resolve OWT’s concerns, the settlement provides that Pittsburgh Water will hold a meeting of interested stakeholders within 60 days of a final Commission Order in this proceeding to discuss issues related to customer-owned DWSLs.¹¹⁹ In its next base rate case, Pittsburgh Water will include a report of this meeting and any proposals resulting from the meeting.¹²⁰

d. The Settlement Terms are in the Public Interest

The DWSL Settlement terms are in the public interest because they allow for further discussions among stakeholders about this issue, which is complex and would be difficult to fully address in the context of a larger base rate case on a short timeline. These settlement terms should be approved without modification.

F. Customer Service

1. Updated Root Cause Analysis 2025

a. Pittsburgh Water’s Initial Proposals

In her direct testimony, Ms. Mechling explained that Pittsburgh Water satisfied its commitment in the last rate case to update the customer complaint root cause analysis by the prescribed deadline.¹²¹ The updated analysis contains the following recommendations: (1) retrain Customer Service Representatives on high consumption

¹¹⁸ Pittsburgh Water St. No. 4R at 26.

¹¹⁹ Joint Petition at ¶ III.D.1.

¹²⁰ Joint Petition at ¶ III.D.2.

¹²¹ Pittsburgh Water St. No. 6 at 45.

and meter testing, and establish an annual training schedule; (2) add meter testing bench tours and training to all new hire schedules; (3) enhance data tracking for dispute to complaint conversion rates; (4) update payment arrangement training SOPs for Customer Service Representatives; (5) develop training specific to identifying and properly handling disputes and complaints; (6) enhance data tracking for complaint types; (7) update non-registering water meter account listing; and (8) initiate Utility Report quality assurance reviews.¹²²

b. Positions of Other Parties and Pittsburgh Water’s Responses

In direct testimony submitted by OCA, Ms. Alexander critiqued the root cause analysis, arguing that it includes the analysis required by the 2023 Base Rate Case Settlement but does not document or evaluate the recommendations for reform as a result of that analysis.¹²³ Therefore, she recommended that Pittsburgh Water continue to conduct routine root cause analysis of its customer disputes and the Commission’s Bureau of Consumer Services (“BCS”) and Commission-handled complaints and report on the implementation of its current and future recommendations in its ongoing Quarterly Reports.¹²⁴ Ms. Alexander also recommends that this ongoing evaluation include a review of the success and failure of payment plans.¹²⁵

¹²² Pittsburgh Water St. No. 6 at 45.

¹²³ OCA St. No. 7 at 9, 18–19.

¹²⁴ OCA St. No. 7 at 9, 20.

¹²⁵ OCA St. No. 7 at 9, 20.

In response, Ms. Mechling testified that OCA’s proposals related to the root cause analysis were administratively burdensome, potentially not feasible, and unnecessary.¹²⁶ Ms. Mechling explained that Pittsburgh Water is short-staffed with a delayed ability to carry out some of the recommendations, and attempting to gather data and report on each recommendation would add significant burden to this process.¹²⁷ Ms. Mechling further testified that OCA failed to identify any specific areas that would make additional tracking and reporting useful or necessary.¹²⁸ Finally, Ms. Mechling noted that tracking of steps taken to address the recommendations in the Updated Root Cause Analysis is already the responsibility of Pittsburgh Water’s internal compliance team, and it was this tracking that facilitated the on-time completion of the Updated Root Cause Analysis. Therefore, Ms. Mechling disagreed that Pittsburgh Water should be required to track and report on each step taken as a result of the root cause analysis.¹²⁹

c. Proposed Settlement

The Settlement addresses these concerns by ensuring that Pittsburgh Water formally tracks the recommendations, documents system-wide steps taken in response, and evaluates—on an on-going basis—whether or how the actions taken in response to the analysis have achieved their intended purpose.¹³⁰ Further, Pittsburgh Water will continue to include analysis of its customer disputes as well as informal complaints to the

¹²⁶ Pittsburgh Water St. No. 6R at 47.

¹²⁷ Pittsburgh Water St. No. 6R at 48.

¹²⁸ Pittsburgh Water St. No. 6R at 48.

¹²⁹ Pittsburgh Water St. No. 6R at 48.

¹³⁰ Joint Petition at ¶ III.E.1.a.

Commission’s Bureau of Customer Service, formal complaints, and Payment Arrangements.¹³¹ Pittsburgh Water will also report on the implementation of its current and future recommendations during its regularly scheduled Low-Income Assistance Advisory Committee (“LIAAC”) meetings, and the report will include an evaluation of the success and failure of Pittsburgh Water’s negotiated payment plans.¹³² Finally, the documented results of Pittsburgh Water’s evaluation will be reported as part of its next base rate filing.¹³³

d. The Settlement Terms are in the Public Interest

The resolution of this issue by the Settlement fairly balances the views taken by OCA and Pittsburgh Water in their testimony. This term of the Settlement will provide OCA with the additional information it is seeking to evaluate the complaints filed against Pittsburgh Water and will give Pittsburgh Water flexibility to take the remedial steps that it deems necessary—while also reporting on those measures. For these reasons, this resolution is in the public interest and should be approved without modification.

2. Call Center

a. Pittsburgh Water’s Initial Proposals

In her direct testimony, Ms. Mechling explained that Pittsburgh Water has continued to meet or exceed its internal standards for “Contact Center” metrics, including

¹³¹ Joint Petition at ¶ III.E.1.b.

¹³² Joint Petition at ¶ III.E.1.c.

¹³³ Joint Petition at ¶ III.E.1.c.

an Average Speed of Answer of less than one minute and an Abandonment Rate of less than or equal to three percent.¹³⁴

b. Positions of Other Parties and Pittsburgh Water's Responses

In direct testimony submitted by OCA, Ms. Alexander testified that as a condition of its rate increase, Pittsburgh Water should be required to meet its internal standards of an average answer time of one minute and an abandonment rate of three percent or less for all its customer queues each quarter, particularly with respect to queues relating to billing, metering, collection, dispatch, and stormwater issues.¹³⁵

In response, Ms. Mechling disagreed with Ms. Alexander and testified that a rate increase to support capital projects and operations should not be conditioned upon attaining customer service performance metrics.¹³⁶ Ms. Mechling further testified that Ms. Alexander failed to present any compelling support to validate concerns that Pittsburgh Water's customer service would deteriorate if its rate increase is granted, and Ms. Mechling also noted that any deterioration in customer service would be immediately raised by consumers through established channels and addressed by the Commission, which has oversight of Pittsburgh Water's customer service.¹³⁷ Finally, Ms. Mechling testified that requiring Pittsburgh Water to constantly evaluate its performance based on arbitrary metrics creates additional costs and burdens that detract from the focus on

¹³⁴ Pittsburgh Water St. No. 6 at 43.

¹³⁵ OCA St. No. 7 at 9, 12.

¹³⁶ Pittsburgh Water St. No. 6R at 45.

¹³⁷ Pittsburgh Water St. No. 6R at 45.

customers.¹³⁸ Finally, Pittsburgh Water notes that there is no legal basis for claiming that maintaining specific service levels is a requirement for receiving a base rate increase.¹³⁹

c. Proposed Settlement

The Settlement addresses these concerns by ensuring that Pittsburgh Water’s call center continues to make good faith efforts to meet its internal standards of an average answer time of one minute and abandonment rate of three percent or less for all customer queues each quarter.¹⁴⁰

d. The Settlement Terms are in the Public Interest

This provision of the Settlement formalizes Pittsburgh Water’s continued commitment to use good faith efforts to meet its internal targets for average call answer times and abandonment rates, while also declining to subject Pittsburgh Water to a resource-consuming, unreasonably rigid evaluation tied to arbitrary figures. Therefore, this provision is in the public interest and should be approved without modification

3. Small Business Customers

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water’s rate filing included proposals that would benefit small business customers. In particular, Pittsburgh Water proposed to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way.¹⁴¹ As discussed in Pittsburgh Water witness William McFaddin’s direct testimony, this proposal would benefit Pittsburgh Water by enabling it to make repairs in a more timely manner

¹³⁸ Pittsburgh Water St. No. 6R at 45.

¹³⁹ Pittsburgh Water St. No. 6R at 44.

¹⁴⁰ Joint Petition at ¶ III.E.2.c.

¹⁴¹ Pittsburgh Water St. No. 5 at 8-9.

and more easily control termination if the customer does not pay a bill, while also benefitting customers as Pittsburgh Water could control any non-revenue water that may be leaking from this category of water line.¹⁴²

Pittsburgh Water also proposed a Leak Credit Program that will allow Pittsburgh Water in its discretion to reduce the customer's initial invoice for higher than usual charges resulting from a leak down to the customer's average monthly consumption, provided that the customer did not have notice of the leak, the customer provides documentation that the leak has been repaired, and the customer has enrolled in free leak alerts in the Customer Advantage Portal.¹⁴³ This program would be available to small business customers.

b. Positions of Other Parties and Pittsburgh Water's Responses

No party opposed Pittsburgh Water's initial proposals which would benefit small business customers. Rather, OSBA's testimony focused on how Pittsburgh Water's cost allocation and other proposals impact small business customers and made recommendations intended to benefit small business customers within the context of these issues.¹⁴⁴

¹⁴² Pittsburgh Water St. No. 5 at 8.

¹⁴³ Pittsburgh Water St. No. 6 at 38-39.

¹⁴⁴ OSBA witness Joseph Kubas recommended that costs for customer assistance programs should only be recovered from residential customers; this issue and Pittsburgh Water's response is addressed below in Section II.G.7. Mr. Kubas' recommendation regarding cost allocation of the overall revenue requirements are discussed above in Sections II A and B.

c. Proposed Settlement

The Settlement includes a number of terms that will be beneficial to small business customers.¹⁴⁵ First, the Settlement makes clear that Pittsburgh Water will continue its current process to offer payment arrangement for a minimum of six months and to extend payment arrangements up to 24 months for small business customers. Second, Pittsburgh Water agrees to develop a comprehensive informational campaign about all its programs that support small business customers, and as part of that campaign, to specifically highlight: (a) its new plan to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way; (b) its new Leak Credit and Electronic Billing Credit programs.¹⁴⁶ In addition, Pittsburgh Water will work with representatives of OSBA in developing the informational campaign and will invite representatives from local non-profit community development corporations to participate in developing the information campaign.¹⁴⁷

d. The Settlement Terms are in the Public Interest

These Settlement terms are in the public interest and represent a reasonable compromise of issues relevant to small business customers recognizing the opposition to OSBA's cost allocation proposals. The Settlement will create more visibility regarding Pittsburgh Water's offerings for small business customers while assisting with connecting those customers to OSBA and the valuable resources OSBA provides. In particular, the Settlement highlights the availability of reasonable payment arrangements for small

¹⁴⁵ Joint Petition at ¶ III.E.3.a.

¹⁴⁶ Joint Petition at ¶¶ III.E.3.b.i(a)–(b).

¹⁴⁷ Joint Petition at ¶ III.E.3.b.ii.

businesses and commits to additional communications and events for the benefit of small business customers. Pittsburgh Water submits that these processes will better focus communications efforts for small business customers and provide an opportunity to share helpful resources. For all these reasons, Pittsburgh Water submits these terms are in the public interest and should be approved.

4. Customer Complaints, Work Orders and Service Logs

a. Pittsburgh Water's Initial Proposals

In her direct testimony, Ms. Mechling explained that Pittsburgh Water tracks customer complaints, service orders, work orders, pressure inquiries, pressure complaints, and isolation valve exercising details.¹⁴⁸ Such information is tracked either in spreadsheets created and maintained by Pittsburgh Water or in third-party applications provided by vendors who are contracted by Pittsburgh Water.¹⁴⁹

In addition, Pittsburgh Water witness McFaddin noted in his direct testimony that Pittsburgh Water is fulfilling its commitments from its prior rate case settlement to maintain complete data regarding customer complaints, work order logs, and service logs, so that the information is available via Microsoft Excel in response to requests for such data.¹⁵⁰

b. Positions of Other Parties and Pittsburgh Water's Responses

In direct testimony submitted by OCA, Ms. Alexander acknowledged that its complaint log as set forth in Pittsburgh Water Exhibit WM-1 satisfied its obligation from

¹⁴⁸ Pittsburgh Water St. No. 6 at 48.

¹⁴⁹ Pittsburgh Water St. No. 6 at 48.

¹⁵⁰ Pittsburgh Water St. No. 5 at 2–3.

the 2023 rate case settlement.¹⁵¹ To that end, Ms. Alexander recommended that Pittsburgh Water “continue to maintain this complaint log” but that it be expanded to reflect the result of Pittsburgh Water’s commitments to address targeted service quality issues and, particularly with estimated bills, high bills, and localized infrastructure concerns.¹⁵²

In response, and as set forth above in the section discussing the updated root cause analysis, Ms. Mechling disagreed with OCA’s proposal as administratively burdensome, potentially not feasible, and unnecessary.¹⁵³

c. Proposed Settlement

The Settlement addresses these concerns by ensuring that Pittsburgh Water continues to maintain the customer complaint log within its asset management system to include all work order and service request data relative to Field Operations’ maintenance of assets. This will ensure that the information can be made available via Microsoft Excel in response to any discovery requests by the parties in, for example, Pittsburgh Water’s next base rate case.¹⁵⁴ In addition, within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable reporting mechanism that identifies the basis for why a service termination was halted when field representatives attempt to contact the customer at the premises immediately prior to termination of service.¹⁵⁵ This will inform Pittsburgh Water’s development of a more

¹⁵¹ OCA St. No. 7 at 21.

¹⁵² OCA St. No. 7 at 21.

¹⁵³ Pittsburgh Water St. No. 6R at 47–48.

¹⁵⁴ Joint Petition at ¶ III.E.4.a.

¹⁵⁵ Joint Petition at ¶ III.E.4.b.

detailed tracking mechanism to inform future improvements to customers communications, particularly regarding payment options.¹⁵⁶ Finally, as part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.¹⁵⁷

d. The Settlement Terms are in the Public Interest

This provision of the Settlement ensures a collaborative approach to reporting and tracking, with input from relevant stakeholders being used to shape an equitable and manageable process. This provision of the Settlement should make the process go more smoothly when future requests are made for complaint data and related information in future proceedings, including Pittsburgh Water's next base rate case. Therefore, this provision is in the public interest and should be approved without modification.

5. Third-Party Payment Processing Fees

a. Pittsburgh Water's Initial Proposals

In her direct testimony, Ms. Mechling explained that Pittsburgh Water proposed to reinstitute its historical practice of requiring customers to pay for any debit and credit card third-party processing fees they incur when electing to pay their bill with such cards. This is in contrast to Pittsburgh Water's current policy of including recovery for these third-party credit and debit fees from all customers as part of base rates.¹⁵⁸ Pittsburgh

¹⁵⁶ Joint Petition at ¶ III.E.4.b.

¹⁵⁷ Joint Petition at ¶ III.E.4.c.

¹⁵⁸ Pittsburgh Water St. No. 6 at 30.

Water witness Barca also testified that the cost to all ratepayers of subsidizing these “convenience fees” through base rates is approximately \$500,000.00 per year.¹⁵⁹

b. Positions of Other Parties and Pittsburgh Water’s Responses

In direct testimony submitted by OCA, Ms. Alexander noted that as part of the settlement of its 2021 base rate proceeding, Pittsburgh Water agreed to eliminate merchant fees for residential customers making interactive voice response and online payments.¹⁶⁰ However, Ms. Alexander argued that Pittsburgh Water’s proposal in this proceeding is a reversal of an “agreed upon policy” that “is likely to adversely impact lower income and fixed income customers who will see higher bills and payment difficulties.”¹⁶¹ Therefore, Ms. Alexander recommended that the Commission reject Pittsburgh Water’s proposal to reinstate fees.¹⁶² In addition, OWT witness Cicero expressed concern about the impact of this proposal on low-income customers, claiming that the removing the convenience fee amount from Pittsburgh Water’s revenue requirements is “illusory” because customers would not be “saving \$500,000 per year.”¹⁶³

In response, Ms. Mechling disagreed with the testimony of witnesses Alexander and Cicero, arguing that Pittsburgh Water “must take into consideration the complete picture of what is reasonable in terms of revenue collection to support its operations and service.”¹⁶⁴ Mechling further noted that, as of Q1 2025, approximately 73 percent of

¹⁵⁹ Pittsburgh Water St. No. 2 at 26.

¹⁶⁰ OCA St. No. 7 at 22.

¹⁶¹ OCA St. No. 7 at 24.

¹⁶² OCA St. No. 7 at 25.

¹⁶³ OWT St. No. 1 at 91–92.

¹⁶⁴ Pittsburgh Water St. No. 6R at 59.

Pittsburgh Water's customers do not pay by credit or debit card, and that assessing processing fees for credit or debit card usage is not unusual among small businesses.¹⁶⁵ Finally, Mechling noted that Pittsburgh Water's goal is to eventually enroll all customers in ACH payments, which will eliminate the issue of fees, and that requiring customers to pay processing fees will act as an incentive to select a free payment option.¹⁶⁶

Mr. Cicero, on behalf of OWT, also offered additional recommendations that (1) Pittsburgh Water recover through base rates the cost of making cash payments at authorized retailers rather than requiring the customer electing that payment option to pay the fee; and, (2) that Pittsburgh Water explore additional means of encouraging use of other forms of payment from commonly used payment applications like Venmo, CashApp, Zelle, Paypal and the like.¹⁶⁷

Pittsburgh Water opposed these additional suggestions. Specifically, Ms. Mechling testified that fees determined and assessed by third-party retailers are appropriately assessed directly to the customer electing to use that payment method. Ms. Mechling noted that adopting Mr. Cicero's proposal would require the development of new processes, the costs of which would be passed on to all ratepayers. Ms. Mechling also noted that Pittsburgh Water does not have the resources at this time to pursue whether partnerships with third-party retailers present a fee-free solution.¹⁶⁸

¹⁶⁵ Pittsburgh Water St. No. 6R at 59.

¹⁶⁶ Pittsburgh Water St. No. 6R at 60.

¹⁶⁷ OWT St. No. 1 at 93.

¹⁶⁸ Pittsburgh Water St. No. 6R at 61-62.

c. Proposed Settlement

The Settlement addresses these concerns with Pittsburgh Water’s agreement to withdraw its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee.¹⁶⁹ In addition, Pittsburgh Water agrees to evaluate the cost and feasibility of implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees, and the results of the evaluation—and Pittsburgh Water’s preliminary determination as to whether or not it can be implemented—will be presented to the LIAAC for discussion.¹⁷⁰ Finally, as part of its next base rate filing, Pittsburgh Water will detail its proposed implementation of this process or present the reasons why it is not recommending its implementation.¹⁷¹

d. The Settlement Terms are in the Public Interest

The Settlement terms are in the public interest because concerns about the impact of the shift in payment responsibility are avoided. Further, a thorough investigation will definitively determine whether implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees is feasible, and the parties will have an opportunity to fully litigate this issue (if necessary) in Pittsburgh Water’s next base rate case. For these reasons, the proposed settlement terms regarding processing fees is reasonable, in the public interest, and should be adopted without modification.

¹⁶⁹ Joint Petition at ¶ III.E.5.a.

¹⁷⁰ Joint Petition at ¶ III.E.5.b.

¹⁷¹ Joint Petition at ¶ III.E.5.b.

G. Low Income Customer Assistance Programs

Below is a high-level description of Pittsburgh Water’s current suite of low-income customer assistance programs:¹⁷²

Program	Description	Federal Poverty Level (FPL) Eligibility
Bill Discount Program (“BDP”)	<ul style="list-style-type: none"> • 100% discount off minimum charges (first 1,000 gallons of water/wastewater conveyance for free) • 85% Reduction Stormwater Fee • 50% Reduction PENNVEST Charge • Must recertify every two years 	≤ 200% FPL
	<ul style="list-style-type: none"> • 60% discount off volume charge 	≤ 50% FPL
Flexible Payment Arrangements with Arrearage Forgiveness	\$40 of past arrearages forgiven monthly for each on-time payment in an active, income-based payment plan	≤ 200% FPL
Line Repair and Water Conservation (“LRC”) Pilot	Free leak repairs on exposed plumbing and installation of water saving devices (per-property program benefit = \$1,356)	≤ 200% FPL
Hardship Grant	Up to \$450 annual grants for <u>each</u> water and wastewater conveyance service	≤ 200% FPL

As explained in the testimonies of Pittsburgh Water witnesses Mechling and Craley, the structure of these programs as well as the proposed rates in this proceeding were informed, in part, by the updated analytical understanding of the affordability of water, wastewater and stormwater bills in the Pittsburgh Water service area as set forth in the Updated Household Affordability Analysis provided as Pittsburgh Water Exhibit JAM-12.¹⁷³

¹⁷² Pittsburgh Water St. No. 6 at 31.

¹⁷³ Pittsburgh Water St. No. 6 at 46; Pittsburgh Water St. No. 9R at 8.

1. Cross Enrollments

a. Pittsburgh Water's Initial Proposals

In its rate filing, Pittsburgh Water proposed to automatically enroll customers into the Bill Discount Program who apply for and are granted a Hardship Grant through one of the community-based organizations partnering with Dollar Energy Fund.¹⁷⁴ Pittsburgh Water did not propose any other cross-program automatic enrollments. Pittsburgh Witness Mechling explained that when a member of the Cares team is working with a customer, they discern their eligibility for enrollment in Pittsburgh Water's suite of assistance programs and assist with cross-enrollment as eligible.¹⁷⁵

b. Positions of Other Parties and Pittsburgh Water's Responses

No party opposed Pittsburgh Water's initial proposals but, rather, offered their own additional proposals. On behalf of OCA, Mr. Colton recommended that Pittsburgh Water implement "auto-enrollment" into the new AFP for customers enrolling in the BDP with a pre-existing arrears; and, (2) customers who are receiving a Hardship Grant.¹⁷⁶ Similarly, on behalf of OWT, Mr. Cicero recommended that all qualifying customers with arrears who are enrolling in the Bill Discount Program ("BDP") following the effective date of the changes approved in this proceeding, should be automatically enrolled in the New Arrearage Forgiveness Plan ("New AFP") without additional application and without additional steps.¹⁷⁷

¹⁷⁴ Pittsburgh Water St. No. 6 at 33.

¹⁷⁵ Pittsburgh Water St. No. 6R at 21.

¹⁷⁶ OCA St. No. 6 at 55-59.

¹⁷⁷ OWT St. No. 1 at 66.

In response, Pittsburgh Water witness Mechling opposed the automatic enrollment proposals as unnecessary given Pittsburgh Water’s current assessment processes and also due to concerns about forcing customers into a program without their knowledge or consent which could set them up for a failed experience, particularly with the AFP.¹⁷⁸

c. Proposed Settlement

Upon further discussion of the various concerns raised about cross-enrollments, the Parties agreed that new enrollees in Pittsburgh Water’s BDP with arrears should be able to easily avail themselves of the new AFP. Therefore, the Settlement establishes that, effective September 1, 2026 when a new customer enrolls in the BDP and has a past due balance, Pittsburgh Water will automatically enroll the customer in the AFP without the need for the customer to separately apply.¹⁷⁹

d. The Settlement Terms are in the Public Interest

The terms of settlement regarding automatic enrollment of future BDP participants with arrears in the new AFP are reasonable and in the public interest. Since future BDP participants with arrears meet the eligibility requirement for the new AFP, automatically enrolling them without the need to complete a separate application makes the program more easily accessible for the customer. Because a goal of Pittsburgh Water’s low-income customer assistance programs is to provide support to eligible customers, the Settlement is in the public interest because by seeking to ensure that the greatest number of eligible candidates are able to access the new AFP.

¹⁷⁸ Pittsburgh Water At. No. 6R at 21-22.

¹⁷⁹ Joint Petition at Section III.F.1.

2. Bill Discount Program (“BDP”)

a. Pittsburgh Water’s Initial Proposals

Pittsburgh Water’s current BDP provides rate reductions for customers at or below 200% of the Federal Poverty Level through discounts off several applicable rates. First, water and wastewater conveyance BDP participants receive a 100% discount off the minimum charge which equates to providing the first 1,000 gallons of usage/conveyance to them for “free.”¹⁸⁰ Second, participants in the BDP receive an 85% reduction off the stormwater fee. BDP participants also receive a 50% discount off the PENNVEST Charge. Finally, for BDP participants with income levels at or below 50% of the FPL, they receive an additional 60% discount off volume charges for both water and wastewater conveyance.¹⁸¹

As explained by Pittsburgh Water witness Mechling, Pittsburgh Water further proposed to extent the BDP recertification requirement from two years to five years for customers on fixed incomes of social security and/or retirement benefits.¹⁸² In addition, Pittsburgh Water proposed to introduce a new Fixed Discount Bill Credits for BDP participants. with incomes between 50.1%-200% of FPL and BDP participants with incomes at or below 50% of FPL. The proposed amount of the new Fixed Discount Bill Credits was set based on (1) service (water and wastewater conveyance); and, (2) income

¹⁸⁰ While not required to be paid by the BDP participant, the costs are recovered from all customers through base rates.

¹⁸¹ Pittsburgh Water St. No. 6 at 31, Pittsburgh Water Exhs. JAM-15 at Wastewater Tariff Page 17; JAM-16 at Water Tariff Page 17; JAM-JAM-18 at Storm Water Tariff Page 17.

¹⁸² Pittsburgh Water St. No. 6 at 32-22.

level compared to FPL (income levels between 50.1%-200% of FPL and income levels at or below 50% of FPL). The amounts proposed for 2026 would have been increased for 2027.¹⁸³ Pittsburgh Water proposed to introduce the new Fixed Discount Bill Credits as part of its overall plan to revise its rate structure effective in 2027 to rely more significantly on volumetric charge for revenue recovery. More specifically, the proposed credit was designed to smooth the transition to the new rate structure because the primary discount of the existing BDP is based on a 100% discount of the fixed minimum charge which includes, for residential customers, the first 1,000 gallons of volume. When the rate structure is revised, this fixed charge will decrease correspondingly resulting in lesser benefit to the BDP participant than exists now. Ms. Mechling presented tables comparing the various impacts on BDP participant bills of the current rate structure as well as the proposed 2026 and 2027 rates and rate structure.¹⁸⁴ These tables made clear that introducing the new Fixed Discount Bill Credits was a feasible way to ensure that the BDP continues to provide reasonable support to eligible customers given the forthcoming change to Pittsburgh Water's overall rate structure.

b. Positions of Other Parties and Pittsburgh Water's Responses

In their direct testimony, witnesses for both OCA and OWT raised overall concerns about the affordability of Pittsburgh Water's rates and made multiple proposals regarding revisions to Pittsburgh Water's BDP though no party expressed opposition to Pittsburgh proposed recertification process for BDP participants on a fixed income.

¹⁸³ Pittsburgh Water St. No. 6 at 26.

¹⁸⁴ Pittsburgh Water St. No. 6 at 27-29.

Regarding the BDP, OCA witness Colton proposed that Pittsburgh Water revise its current BDP volumetric discount from 60% to 75% and offer a new volumetric discount of 30% to BDP participants with incomes between 50.1%-100% of FPL.¹⁸⁵ OWT witness Cicero proposed expansion of the current 60% volumetric discount to customers with income levels between 50.1% and 100% of FPL and also recommended that the newly proposed Fixed Bill Discount Credits be increased and offered based on three different income tier brackets.¹⁸⁶

Pittsburgh Water witness Mechling explained Pittsburgh Water's opposition to all these recommendations in her rebuttal testimony. Specifically, Ms. Mechling provided an estimate of the additional loss in base rate revenue likely to occur if the proposals were adopted (\$143,644 for Mr. Colton's proposals and \$1,240,884 for Mr. Cicero's proposals).¹⁸⁷ As further supported by Pittsburgh Water witness Craley,¹⁸⁸ Ms. Mechling explained that Pittsburgh Water must weigh the impact to customer bills with the required operational and capital work needed to continue providing safe and reliable service given that Pittsburgh Water is a municipally owned entity with no other source of funding.¹⁸⁹ As Ms. Mechling explained "a utility cannot provide free service for its customers because doing so would leave the utility unable to fund capital projects or operations. Also, asking a utility's other ratepayers to bear a substantial portion of the costs to provide discounted

¹⁸⁵ OCA St. No. 6 at 29-36.

¹⁸⁶ OWT St. No. 1 at 57-58.

¹⁸⁷ Pittsburgh Water St. No. 6R at 27-29; Pittsburgh Water Exhs. JAM-20 and JAM-21.

¹⁸⁸ Pittsburgh Water St. No. 9R at 5-7.

¹⁸⁹ Pittsburgh Water St. No. 6R at 28-29.

or free service to some customers is ill-advised for the long-term sustainability of the utility for all customers.”¹⁹⁰ In surrebuttal and rejoinder testimony, all parties maintained their initial positions and further explained why their proposals should be adopted.

c. Proposed Settlement

The Settlement addresses issues related to the BDP volumetric discount by expanding from 60% to 70% the discount for participants with income levels between 0-50% and implementing a new volumetric discount of 30% for participants with income levels between 50/1%-100% of FPL.¹⁹¹ The Settlement also proposes a new volumetric fixed credit for participants with income levels between 100.1-200% of FPL in the amount of \$5.00 for their water consumption charges and/or \$2.50 for their wastewater conveyance charges.¹⁹² The new volumetric fixed credit would be implemented effective 2026 and remain in effect until implementation of the rate structure change in 2027 at which time all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate.¹⁹³

d. The Settlement Terms are in the Public Interest

The proposed settlement terms are reasonable on a number of different levels. Broadly, they continue to ensure eligible low-income customers have access to a financial assistance program that will continue to provide benefits as Pittsburgh Water transitions its current rate structure. More specifically, the parties carefully considered various ways

¹⁹⁰ Pittsburgh Water St. No. 6R at 8.

¹⁹¹ Joint Petition at Section III. F.2.a.

¹⁹² Joint Petition at Section III.F.2.b.i.

¹⁹³ Joint Petition at Section III.F.2.b.ii.

to structure the benefits of the BDP in light of the upcoming rate structure change and the resulting benefits to participants. Ultimately, the parties agreed that implementing a new volumetric discount of 30% for customers with incomes between 50.1%-100% of FPL and increasing the current 60% discount to 70% for customers in the existing income tier resulted in a reasonable outcome, balancing the goals of providing assistance to income-qualifying customers while also ensuring that the costs of such benefits remain reasonable for all other customers. The new volumetric income tier will introduce new rate reductions to an estimated 1,000-1,500 customers.¹⁹⁴ As Pittsburgh Water's rate structure shifts to a greater reliance on volumetric charges, the Settlement proposal to extend volumetric rate reductions to more low income customers is reasonable and in the public interest.

In light of the decision to propose revisions to the existing volumetric discounts for BDP participants to include expanding them to more customers, the parties also considered the resulting impacts on Pittsburgh Water's proposed Fixed Credits aimed at smoothing the transition to removing the minimum allowance currently embedded in the fixed charge. Ultimately, the parties agreed that implementing a specific fixed bill credit in 2026 for BDP participants with incomes between 100.1-200% of FPL would achieve Pittsburgh Water's desired "smoothing" of rates for those customers in this income range. The fixed discount became important too given that the new volumetric discount for

¹⁹⁴ This is an estimate based on the average number of BDP applicants between 2022-2024 who reported incomes between 50.1%-100%. See Pittsburgh Water Exhs JAM-20 and JAM-21.

customers with incomes between 50.1%-100% of FPL would replace Pittsburgh Water's initial fixed discount credit for those customers. For 2027, when the rate structure change (i.e., removing the minimum allowance) is implemented, Pittsburgh water will continue the volumetric discounts but offer a fixed bill credit equal to one unit of service for water and wastewater conveyance. Once the rate structure change is complete, the existing 100% off the newly renamed fixed service charge, plus the two tiers of volumetric discounts along with the fixed bill credit off the first unit of consumption will ensure that the BDP continues to evolve in a reasonable manner for the benefit of eligible low income consumers even as Pittsburgh Water implements its rate structure change. Importantly, as noted in the Settlement, these changes are in addition to the other pre-existing discounts available to BDP participants including 85% off stormwater charges and 50% off PENNVEST charges. Taken as a package and in consideration of the impacts of the future rate structure change, the Settlement presents a reasonable balance of the concerns identified in this proceeding and should be adopted as in the public interest.

3. Arrearage Forgiveness Program ("AFP")

a. Pittsburgh Water's Initial Proposals

For customers with income levels at or below 200% FPL with pre-existing arrears, Pittsburgh Water's current Arrearage Forgiveness Program offers \$40 of forgiveness monthly for customers who enter into an income-based payment plan and make on-time payments pursuant to that plan.¹⁹⁵ As part of this proceeding, Pittsburgh Water proposed

¹⁹⁵ Pittsburgh Water St. No. 6 at 31.

to replace its current program with a New Arrearage Forgiveness Program (“New AFP”) which would no longer require participants to make payment towards the pre-program, frozen arrears; however, it would require them to still make on-time payments of current bills. In exchange, Pittsburgh Water would freeze the pre-program arrears and reduce the participant’s account balance by 1/24th of the original pre-program balance and eliminate the balance within a two-year period. Customers would be given two opportunities to catch up on their missed payment of charges billed within the 24 months to achieve forgiveness.¹⁹⁶

b. Positions of Other Parties and Pittsburgh Water’s Responses

While no party opposed Pittsburgh Water’s proposal to offer a New AFP, the direct testimony presented on behalf of OCA and OWT revealed misunderstandings about Pittsburgh Water’s proposal. More specifically, both Mr. Colton and Mr. Cicero erroneously believed that Pittsburgh Water was continuing its current requirement that participants be required to make payments on pre-program arrears.¹⁹⁷ In response, Ms. Mechling made clear that payment on pre-program arrears would not be required as part of the New AFP and committed to ensuring that the tariff supplement provisions related to the New AFP would be clear on this point.¹⁹⁸

Both Mr. Colton and Mr. Cicero opposed Pittsburgh Water’s requirement that participants be required to make two catch-up payments to continue to receive the

¹⁹⁶ Pittsburgh Water St. No. 6 at 35-36; Pittsburgh Water St. No. 6R at 17.

¹⁹⁷ OCA Statement No. 6 at 48; OWT St. No. 1 at 61.

¹⁹⁸ Pittsburgh Water St. No. 6R at 18.

forgiveness of the pre-existing arrears or be disenrolled in the program.¹⁹⁹ In response, Ms. Mechling explained that these program rules are consistent with the current program requirements and system programming. She also testified about the importance of encouraging customers to pay their obligations when they become due to avoid the accumulation of debt while supporting the reliability of service. She also noted that customers eligible for the New AFP are also eligible for the significant bill discounts offered through the BDP which are intended to make paying current bills achievable for participants.²⁰⁰

Mr. Cicero proposed the automatic enrollment of all existing BDP participants with arrears with program implementation²⁰¹ and Mr. Colton recommended that all future customers enrolling in BDP with arrears be automatically enrolled in the new AFP.²⁰² In response, Ms. Mechling explained that Pittsburgh Water's planned to transition existing AFP participants to the New AFP at program launch.²⁰³ She also explained why auto-enrollment is unnecessary given Pittsburgh Water's diligence about ensuring cross-enrollment, the fact that AFP is only available for customers who qualify for BDP, and concerns about adding automatic-enrollment requirements and processes into the current system that would force customers into a program without their knowledge or consent and set them up for a failed AFP experience.²⁰⁴

¹⁹⁹ OCA St. No. 6 at 61; OWT St. No. 1 at 63-64.

²⁰⁰ Pittsburgh Water St. No. 6R at 19-20.

²⁰¹ OWT St. No. 20.

²⁰² OCA St. No. 6 at 55-59.

²⁰³ Pittsburgh Water St. No. 6 at 20-21.

²⁰⁴ Pittsburgh Water St. No. 6R at 21-22.

Mr. Cicero also set forth specific data he recommended Pittsburgh Water be directed to collect and recommended that Pittsburgh Water be directed to work with its LIAAC to develop outreach and education.²⁰⁵ In response, Ms. Mechling explained that Pittsburgh Water opposed being directed to track and measure the specific data points identified by only one party and identified its plan to mail educational material to affected customers to make them aware of the transition.²⁰⁶

Finally, Mr. Cicero suggested that Pittsburgh Water be permitted to implement his proposed revisions to the AFP no later than 6 months from the effective date of rates in this proceeding, or September 2026.²⁰⁷

c. Proposed Settlement

The Settlement resolves these issues by proposing to make the new AFP effective on September 1, 2026, setting forth a transition plan for existing AFP participants to the new AFP with an option for them to remove themselves from the program if they do not agree with the new AFP terms, and setting forth a process to contact existing BDP participants with arrears who are not enrolled in current AFP to provide them with information and giving them the option to remove themselves from being automatically enrolled in the new AFP.²⁰⁸

²⁰⁵ OWT St. No. 1 at 66-67.

²⁰⁶ Pittsburgh Water St. No. 6R at 20-22.

²⁰⁷ OWT St. No. 1 at 66-67.

²⁰⁸ Joint Petition at Section III.F.3.

d. The Settlement Terms are in the Public Interest

Adoption of the Settlement terms related to the new AFP is reasonable and in the public interest for several reasons. First, establishing September 1, 2026 as the effective date enables Pittsburgh Water the time and opportunity to develop the educational materials and operational processes that need to be put in place to operate the New AFP. Second, the Settlement defaults to automatically enrolling eligible customers into the new AFP but ensures there are pre-enrollment processes in place to give these customers the option to remove themselves from the AFP should they not agree to be enrolled. This is a reasonable way to balance enrolling all eligible customers with ensuring those customers understand and agree that they must make current, on-time payments to receive the arrearage forgiveness offered by the program. These revised features, along with implementation of Pittsburgh Water’s initially proposed program features, to include forgiving the pre-program arrears in 1/24 monthly increments, will result in a reasonable arrearage forgiveness program for Pittsburgh Water customers to encourage on-time payments of current bills and support the ability of Pittsburgh Water to have the funds necessary to operate.

4. Hardship Fund

a. Pittsburgh Water’s Initial Proposals

In its rate filing, Pittsburgh Water proposed to begin automatically enrolling customers receiving Hardship Grants into the BDP. Pittsburgh Water did not propose other changes to the Hardship Grant Program.²⁰⁹

²⁰⁹ Pittsburgh Water St. No. 6 at 33; St. No. 6R at 32.

b. Positions of Other Parties and Pittsburgh Water’s Responses

OWT witness Cicero and OCA witness Colton each made additional proposals regarding the Hardship Grant Program. While OWT supported Pittsburgh Water’s proposal to automatically enroll customers receiving Hardship Grants in the BDP, Mr. Cicero also argued that households should be able to apply and qualify for a grant twice per year, regardless of whether that grant is applied to their water or wastewater account.²¹⁰ Mr. Cicero also recommended that Pittsburgh Water improve customer communications and screening for Hardship Fund eligibility,²¹¹ and track metrics related to the number of Hardship Grant applicants and recipients by FPL range as well as the number of BDP participants who have accessed Hardship Grants.²¹² OCA witness Colton further recommended that Pittsburgh Water automatically enroll Hardship Grant recipients in the New AFP.²¹³

Pittsburgh Water opposed OWT’s Hardship Fund proposals. As Pittsburgh Water witness Julie Mechling explained, Pittsburgh Water already has strong participation in the Hardship Grants, particularly since it recently increased eligibility to allow for two separate annual grants (one for water and one for wastewater service). Many of OWT’s proposals to further promote the Hardship Grants are unnecessary, and proposals such as

²¹⁰ OWT St. 1 at 73.

²¹¹ OWT St. 1 at 73.

²¹² OWT St. 1 at 74.

²¹³ OCA St. No. 6 at 55.

the tracking requirement that OWT proposed would increase costs and administrative burden.²¹⁴

In response to OCA, Ms. Mechling explained that the new AFP will be integrated with the BDP in Pittsburgh Water’s systems, such that its proposal to automatically enroll Hardship Grant recipients in BDP will also result in those customers being screened for entry into the new AFP as well.²¹⁵

c. Proposed Settlement

Under the Settlement, Pittsburgh Water has agreed to increase Hardship Grant eligibility to allow eligible customers to apply for Hardship Grants up to two times per year per utility service. As a result, the total Hardship Grant available for a household in a given year will be \$450 for water and \$450 for wastewater.²¹⁶ Additionally, Pittsburgh Water will track the number of Hardship Fund applicants and recipients by FPL range, and will track the number of BDP participants who have accessed hardship funding.²¹⁷ Finally, Pittsburgh Water will commit royalties from the water and sewer insurance program as a funding source for the Hardship Fund.²¹⁸

d. The Settlement Terms are in the Public Interest

The terms addressing the Hardship Fund are in the public interest. These terms accept a number of OWT’s proposals and will provide further Hardship Grant benefits for qualifying low-income customers by increasing the frequency with which customers may

²¹⁴ Pittsburgh Water St. No. 6R at 32-34.

²¹⁵ Pittsburgh Water St. No. 6R at 34-35.

²¹⁶ Joint Petition at ¶ III.F.4.a.

²¹⁷ Joint Petition at ¶ III.F.4.b.

²¹⁸ Joint Petition at ¶ III.F.4.c.

apply for and receive these grants. Additionally, Pittsburgh Water will track additional information that will assist the Authority and stakeholders with reviewing these programs in the future. The Settlement also recognizes that Pittsburgh Water has dedicated royalties from its water and sewer insurance program to the Hardship Grant program and that it will continue to do so. The Settlement provides additional assistance to low-income customers and should be approved without modification.

5. Line Repair and Water Conservation Program (“LRC”)

a. Pittsburgh Water’s Initial Proposals

In its filing, Pittsburgh Water proposed to convert the Line Repair and Water Conservation Program (“LRC”) into a permanent low-income customer assistance program and to increase the per-property benefit from \$1,356 to \$1,600.²¹⁹

b. Positions of Other Parties and Pittsburgh Water’s Responses

OWT and OCA each supported making the LRC Program a permanent program but also made numerous additional proposals related to the LRC. OWT witness Cicero argued that the \$1,600 per property benefit should be a target or average cost per job rather than a strict limit. He also proposed that Pittsburgh Water make “comprehensive improvements” to the program to include fixing plumbing issues, providing water conservation kits and servicing line repair and replacement.²²⁰ Mr. Cicero proposed that Pittsburgh Water should better integrate its leak credit offering with the LRC.

Additionally, OWT argued that Pittsburgh Water should eliminate the requirement that customers be enrolled in the BDP to participate in the LRC program, but for customers

²¹⁹ Pittsburgh Water St. No. 6 at 33-35; St. No. 6R at 35.

²²⁰ OWT St. No. 1 at 81-82.

who are enrolled in the BDP, Pittsburgh Water should target high usage low-income customers for the program. OWT also claimed that Pittsburgh Water should be required to coordinate with other utilities' energy efficiency and conservation programs to reduce customers' overall water and energy usage.²²¹

OCA witness Colton proposed that Pittsburgh Water should include a process in its tariff for a tenant to follow when landlord approval has not been obtained and when the tenant is not authorized to provide the required written consent, and to consult with the LIAAC to determine how to streamline the process for landlords to provide consent when the landlord is not the customer.²²² OCA also argued that Pittsburgh Water should clarify any scripts, checklists or other communications to provide that any customer with income at or below 200% of FPL is eligible for the LRC Program, regardless of whether they are enrolled in BDP.²²³ Finally, OCA argued that Pittsburgh Water should increase LRC program funding from \$150,000 to \$300,000.²²⁴

Pittsburgh Water disagreed with OWT's proposals. Pittsburgh Water witness Mechling pointed out that the LRC is a program that Pittsburgh Water has voluntarily offered to its customers, and many aspects of OWT's proposals are already embedded in the current program structure which has been developed over the course of several proceedings before the Commission. The program already offers Pittsburgh Water flexibility to consider broader measures on a case-by-case basis. Ms. Mechling

²²¹ OWT St. No. 1 at 82.

²²² OCA St. 6 at 69.

²²³ OCA St. 6 at 71.

²²⁴ OCA St. 6 at 72.

particularly questioned the efficacy of conservation kits and opposed using ratepayer dollars for such kits. Further, Ms. Mechling explained that the LRC and leak credit processes are already fully integrated.²²⁵

Pittsburgh Water also largely disagreed with Mr. Colton's proposals. Ms. Mechling confirmed that any customer with income at or below 200% of FPL is eligible for the LRC Program. Pittsburgh Water also opposed adding tariff language as its proposal specifically does not include all details of the functions of the program in the tariff, and Pittsburgh Water needs to maintain flexibility over those details. Ms. Mechling also described how tenants interact with the LRC. Further, Pittsburgh Water opposed increasing program funding as this program is currently a Pilot that is becoming permanent for the first time, and that the current \$150,000 has proven to be sufficient based on previous experience and historical spending.²²⁶

c. Proposed Settlement

The Settlement includes a number of terms addressing the LRC points raised by OCA and OWT. Under the Settlement, Pittsburgh Water will implement its permanent LRC program as proposed in its initial rate filing, with specific changes outlined in the Settlement.²²⁷ Specifically, Pittsburgh Water agrees to present data to its LIAAC regarding barriers caused by a lack of landlord consent, and to recommend some ways for how the process may be improved, including permitting landlord consent through an

²²⁵ Pittsburgh Water St. No. 6R at 36-40.

²²⁶ Pittsburgh Water St. No. 6R at 41-43.

²²⁷ Joint Petition at ¶ III.F.5.a.

electronic signature, a web portal and QR code, or through text messaging.²²⁸ Pittsburgh Water will also discuss with the LIAAC how to maximize the ability and ease of landlords to provide consent when the landlord is not the customer.²²⁹ Finally, Pittsburgh Water will address Mr. Colton’s concerns by ensuring that neither training materials nor customer facing materials require participation in BDP as a condition to receive services under the LRC.²³⁰

d. The Settlement Terms are in the Public Interest

The LRC settlement terms are in the public interest. Pittsburgh Water has successfully worked with the LIAAC to address issues of this type in the past, and discussing how landlords interact with the LRC and ways this process may be improved will be beneficial to both Pittsburgh Water and LRC participants. The Settlement terms will also provide the opportunity for Pittsburgh Water to ensure that its customer communications on the LRC are clear and consistent. As such, these terms are in the public interest and should be approved without modification.

6. Identification of “Confirmed” Low-Income Customers

a. Pittsburgh Water’s Initial Proposals

In her direct testimony, Pittsburgh Water witness Mechling explained how Pittsburgh Water screens for low-income customers during telephone interactions and service changes.²³¹ Six scenarios were developed with instructions on how to recognize

228 Joint Petition at ¶ III.F.5.b.i.
229 Joint Petition at ¶ III.F.5.b.ii.
230 Joint Petition at ¶ III.F.5.c.
231 Pittsburgh Water St. No. 6 at 44.

and warm transfer customers to the PGH2O Cares team when appropriate.²³²

Additionally, Pittsburgh Water engages in a robust outreach program to identify potentially eligible customers for its low-income customer assistance programs and relies on a number of tools to target this outreach including the Updated Household Affordability Analysis, collaboration with members of the Low Income Assistance Advisory Committee (“LIAAC”) and fostering community partnerships.²³³

b. Positions of Other Parties and Pittsburgh Water’s Responses

Both OCA and OWT witnesses were critical of the data collected and retained by Pittsburgh Water regarding a customer’s low-income status. Mr. Colton recommended that Pittsburgh Water “develop and utilize a mechanism by which it identifies customers on its system for which Pittsburgh Water has reasonable information to indicate that the customer is a low-income customer.”²³⁴ Similarly, Mr. Cicero took the position that Pittsburgh Water has “inconsistent and seemingly unreliable information available about the actual number of confirmed low-income customers.”²³⁵

In response, Ms. Mechling explained that Pittsburgh Water records income information reported to it for each Bill Discount Program applicant and applies a “Confirmed Low-Income flag or alert” to the customer’s account. She also explained that a requirement for Pittsburgh Water to collect or maintain data about each of its customers’ actual household incomes would be intrusive and require a significant amount of

²³² See Pittsburgh Water Exhs JAM-9 and JAM-10.

²³³ Pittsburgh Water St. No. 6 at 31-32, 45-46; Pittsburgh Water St. No. 6R at 13-15

²³⁴ OCA St. No. 6 at 37, 40-41.

²³⁵ OWT St. No. 1 at 16-18.

employee time to acquire the data, implement some type of verification method, and ensure that the information is updated regularly. As such, Pittsburgh Water opposed any changes to its current process of tracking confirmed low-income customers.²³⁶

c. Proposed Settlement

The Settlement addresses this issue through a commitment among interested parties to meet and develop an agreeable approach for Pittsburgh Water to internally identify and track residential customers as “confirmed low-income.” The meeting is to occur within 60 days of the final order and is to consider the various factors that could indicate low-income status as well as the impact on both customers and Pittsburgh Water from seeking and maintaining the information. Pittsburgh Water also agreed to open a discussion regarding these issues during a regularly scheduled LIAAC meeting and to include a report of the meeting and any proposals resulting therefrom as part of its next base rate filing.²³⁷

d. The Settlement Terms are in the Public Interest

The Settlement offers a reasonable balance of the concerns raised by Pittsburgh Water, OCA and OWT. An agreement to work collaboratively to find a mutually agreeable way to identify “confirmed” low-income customers is preferable to a mandated one-size-fits-all approach. Pittsburgh Water’s concerns about the resources to its staff and systems as well as the impact on customers of seeking additional information are better taken into account through a collaborative discussion with the advocates wherein the

²³⁶ Pittsburgh Water St. No. 6R at 12.

²³⁷ Joint Petition at ¶ III.F.6.

purpose and desire for the information can be better explained. Inviting further input from the members of the LIAAC will enhance the discussions by ensuring a broader range of input can be gathered and considered. Pittsburgh Water is committed to continued evolution of its low-income customer assistance programs to meet the needs of these particular customers while also being mindful of the impacts on other customers and the ability to provide service. To that end, Pittsburgh Water welcomes further discussion of this topic and looks forward to finding a mutually agreeable way to address all concerns raised. For all these reasons, Pittsburgh Water submits the Settlement is a preferable way to deal with this issue and should be adopted without modification as in the public interest.

7. Allocation of Costs for Low-Income Customer Assistance Programs

a. Pittsburgh Water's Initial Proposals

Pittsburgh Water's filing reflected its continued recovery of customer assistance program costs from all rate classes, as has been approved in prior rate cases.

b. Positions of Other Parties and Pittsburgh Water's Responses

OSBA disagreed with Pittsburgh's Water's continued recovery of costs of the low-income customer assistance programs from all customers. OSBA witness Kubas instead proposed that these costs should be recovered solely from the residential customer class, because he claimed that these programs only benefit residential customers.²³⁸

Pittsburgh Water opposed OSBA's position that the costs of low-income assistance programs be recovered solely from Residential customers, explaining that the allocation

²³⁸ OSBA St. No. 1 at 19.

of these costs to all classes is consistent with Pittsburgh Water’s traditional approach and that the salutary effects of Pittsburgh Water’s programs provide a benefit to all classes, not just residential customers.²³⁹ Additionally, OSBA’s position would result in a sizeable rate increase for residential customers.²⁴⁰

c. Proposed Settlement

Under the Settlement, Pittsburgh Water will continue recovering the costs of its low-income customer assistance programs from all customer classes. This aligns Pittsburgh Water’s current approach as consistently approved by the Commission, as reflected in prior Commission orders.²⁴¹

d. The Settlement Terms are in the Public Interest

The Settlement terms are in the public interest; they continue Pittsburgh Water’s approach and recognizes that the customer assistance programs provide benefits to all rate classes, not only residential customers.

H. Consumer Testimony

Pittsburgh Water submits that the Settlement addresses many of the concerns raised by consumers during the course of the two public input hearings held on August 12–13, 2025.

Pittsburgh Water witness Mechling summarized and responded to much of this testimony and comments in her rebuttal testimony.²⁴² The concerns raised by customers

²³⁹ Pittsburgh Water St. No. 8R at 4-5.

²⁴⁰ Pittsburgh Water St. No. 8R at 4.

²⁴¹ *See Pa. Public Utility Commission v. Philadelphia Gas Works*, Docket No. R-2017-2586783, Opinion and Order (entered Nov. 8, 2017).

²⁴² Pittsburgh Water St. No. 6-R at 62–70.

broadly fell into categories including: (1) affordability of the proposed rate increase; (2) impact of the proposed rate increase to residential customers with a one-inch water meter; and (3) Pittsburgh Water’s practice of billing in thousands of gallons.²⁴³

Concerns about the level of the proposed rate increase are addressed in several ways by the Settlement. First, the Settlement provides for a total increase in base rates and DSIC of \$25,000,000 million (inclusive of the 5% DSIC) but exclusive of a PENNVEST Charge increase. This total amount – \$42.6 million – is *significantly* less than the original proposal of \$63.7 million in FPFTY (FY 2026) and \$20.7 million in FY 2027. Second, this is a one-time increase in base rates, as opposed to the multiyear rate increase originally proposed. Third, Mr. Barca and Mr. King explained how Pittsburgh Water has and continues to pursue hundreds of millions of dollars in low-interest loans and grants to fund its capital improvement program and other aspects of its operations to reduce the rate burden on customers prior to requesting a rate increase.²⁴⁴ This will provide customers with a measure of rate stability, and the Settlement generally provides for a much more modest rate increase that addresses these affordability concerns.

With respect to the impact of the proposed rate increase to residential customers with a one-inch water meter, Pittsburgh Water proposes to remove the minimum allowance effective January 1, 2027, which will mitigate the effects of rate change impacts on these customers and provide Pittsburgh Water with a reasonable opportunity

²⁴³ Pittsburgh Water St. No. 6-R at 62.

²⁴⁴ Pittsburgh Water St. No. 2 at 43 (Barca); Pittsburgh Water St. No. 3 (King).

to educate customers about changes in their rate structure.²⁴⁵ However, concerning Pittsburgh Water’s practice of billing in thousands of gallons, Pittsburgh Water witness Mechling noted that it is not feasible to change that practice given infrastructure limitations, and Ms. Mechling also noted that the practice of billing in 1,000-gallon increments is an industry standard practice.²⁴⁶

In testimony, Ms. Mechling described how Pittsburgh Water has responded to individual service issues and provided numerous forms of notice regarding the public input hearings.²⁴⁷ Pittsburgh Water addressed customer service issues raised during the Public Input Hearings by contacting individual customers after the hearings in order to resolve their specific concerns.

Finally, as described above, Pittsburgh Water has agreed to a number of customer education and outreach, customer service, low-income assistance, and quality of service measures—all of which will provide customers with greater benefits in terms of financial assistance and/or improved infrastructure and service.

For all these reasons, the proposed Settlement reasonably addresses the concerns expressed by customers, and therefore, the Settlement should be adopted without modification.

²⁴⁵ Pittsburgh Water St. No. 6R at 63–64.

²⁴⁶ Pittsburgh Water St. No. 6R at 64–65.

²⁴⁷ Pittsburgh Water St. No. 6R at 65–69.

I. Additional Terms and Conditions

In addition to the proposed resolution of the specific issues raised in this proceeding, the Settlement includes important additional terms and conditions which should be adopted without modification. Specifically, several proposed terms are offered to be clear about the scope and effect of the proposed settlement terms as a “black box” settlement resulting from the compromises reached in consideration of the issues raised in this proceeding.²⁴⁸

In addition, the Settlement provides that if the ALJs, in their Recommended Decision, recommends that the Commission adopt the Settlement without modification, the Joint Petitioners will waive the filing of Exceptions.²⁴⁹ The waiving of exceptions if the Settlement is approved without modification is an important component of the Settlement because it will permit the case to be reviewed sooner by the Commission without needing to let the exception time period expire. Ensuring that the Commission is in a position to adjudicate this proceeding at its February 19, 2026 public meeting (or earlier) is important to ensure that Pittsburgh Water will be able to place its rates in effect prior to the end of the March 3, 2026 statutory suspension period.²⁵⁰

Finally, the Settlement is presented as a complete package specifically reserving the right of the parties to withdraw from the Settlement if any of its terms are not

²⁴⁸ Joint Petition at ¶¶ 10, 12.

²⁴⁹ Joint Petition at ¶15.10, 12

²⁵⁰ While the Commission used March 8, 2026 as the suspension date in its July 10, 2025 Orders based on the initially filed rate effective date of August 8, 2025 set forth in Pittsburgh Water’s proposed tariff supplements, the correct calculation based on the filing date of June 4, 2026 is March 3, 2026.

approved or modified.²⁵¹ This is an important provision that recognizes the complete nature of the proposal taking into consideration all the issues presented and the compromises reached in that overall context.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

Each of the separate provisions of the Settlement are reasonable and in the public interest as described previously. The Settlement as a whole is also in the public interest because it is a reasonable balance of the competing issues raised in this proceeding that results in a path forward for Pittsburgh Water to receive adequate revenues, to address cost recovery of a significant driver of debt service coverage, to implement removal of the minimum allowance from rates, and to ensure that its low income customers continue to receive reasonable assistance through Pittsburgh Water's low income customer assistance programs. For all these reasons, the Settlement is reasonable and in the public interest and should be adopted without modification.

²⁵¹ Joint Petition at ¶ 13.

IV. CONCLUSION

For all the reasons set forth herein and the Joint Petition for Settlement, Pittsburgh Water respectfully requests that the ALJs recommend that the Commission adopt the Settlement as proposed without modification.

Respectfully submitted,



Deanne M. O'Dell, Esq. (I.D. No. 81064)
Daniel Clearfield, Esq. (I.D. No. 26183)
dodell@eckertseamans.com
dclearfiled@eckertseamans.com
lburge@eckertseamans.com

Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
717.237.6000
717.237.6019 (fax)
Attorneys for
The Pittsburgh Water and Sewer Authority

Date: November 21, 2025

Appendix M

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2025-3055010 (Water)
	:	R-2025-3055011 (Wastewater)
The Pittsburgh Water and Sewer Authority	:	R-2025-3055012 (Stormwater)

**STATEMENT OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGES EMILY DEVOE AND ANN QUIMBY:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Prosecutors Scott B. Granger and Michael A. Podskoch, Jr., hereby respectfully submit that the terms and conditions of the foregoing Joint Petition for Settlement (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of the Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water (“Pittsburgh Water” or the “Authority”) and its customers. The parties to this settlement are Pittsburgh Water, I&E, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Pittsburgh United Our Water Table (“OWT”) (collectively the “Joint Petitioners”). Following extensive review of the Authority’s filing and discovery responses, and participation in numerous settlement discussions, I&E is of the opinion that

the terms and conditions of the Joint Petition are in the public interest. Accordingly, I&E recommends that Administrative Law Judges (“ALJs”) Emily Devoe and Ann Quimby and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

I&E serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge.¹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interests of customers, utilities, and the regulated community as a whole to ensure that a utility’s rates are just, reasonable, and nondiscriminatory.² In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

On June 4, 2025, Pittsburgh Water filed proposed Supplement No. 16 Tariff Water – Pa. P.U.C. No. 1 (“Supplement No. 16”), with a proposed effective date of August 8, 2025. Pittsburgh Water’s base rate case was docketed at Docket Nos. R-2025-3055010 (Water); R-2025-3055011 (Wastewater); and R-2025-3055012 (Stormwater) (collectively, the “Rate Filing”). In its Rate Filing, Pittsburgh Water requested the Commission approve a multi-year total overall revenue increase of \$84.4 million, inclusive of a Distribution System Improvement Charge (“DSIC”) cap increase.³ This

¹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order Entered August 11, 2011).

² *See* 66 Pa.C.S. §§ 1301(a), 1304.

³ Rate Filing, Responses to Filing Requirements, Vol. I, Statement of Reasons, p. 1.

included a \$63.7 million or 25.9% increase in the Fully Projected Future Test Year (“FPFTY”) (FY 2026) and \$20.7 million or 6.7% in FY 2027.⁴ Pittsburgh Water also proposed to remove the minimum water and wastewater charge to be effective January 1, 2027, and to expand the PENNVEST Surcharge starting in FY 2026.⁵

On June 12, 2025, OSBA filed its Notice of Appearance. That same day, I&E filed its Notice of Appearance. On June 24, 2025, OSBA filed a Formal Complaint and Public Statement. On June 25, 2025, OCA filed its Notice of Appearance and a Formal Complaint and Public Statement. That same day, OWT filed a Petition to Intervene which was subsequently granted.

On May 22, 2025, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until January 29, 2026, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

A telephonic Prehearing Conference was held on July 14, 2025 before ALJs Devoe and Quimby during which a procedural schedule was established and evidentiary hearings were scheduled on October 21-23, 2025.

⁴ *Id.*

⁵ *Id.*

The hearings on October 21-23, 2025 were cancelled upon notification that the Joint Petitioners had reached a full settlement of all issues as set forth in the Joint Petition.

A Joint Stipulation for Admission of Evidence and Motion to Admit into the Record was filed on November 6, 2025. On November 12, 2025, an order was entered granting the Joint Stipulation and Motion wherein the parties' written testimonies and exhibits were entered into the record. I&E submitted the following:

- I&E Statement No. 1 – Direct Testimony of D. C. Patel
- I&E Exhibit No. 1
- I&E Statement No. 2 – Direct Testimony of Vanessa Okum
- I&E Exhibit No. 2
- I&E Statement No. 3 – Direct Testimony of Esyan Sakaya
- I&E Exhibit No. 3
- I&E Statement No. 4 – Direct Testimony of Ethan H. Cline
- I&E Statement No. 3-R – Rebuttal Testimony of Esyan Sakaya
- I&E Statement No. 1-SR – Surrebuttal Testimony of D. C. Patel
- I&E Exhibit No. 1-SR
- I&E Statement No. 2-SR – Surrebuttal Testimony of Vanessa Okum
- I&E Exhibit No. 2-SR
- I&E Statement No. 3-SR – Surrebuttal Testimony of Esyan Sakaya
- I&E Exhibit No. 3-SR
- I&E Statement No. 4-SR – Surrebuttal Testimony of Ethan H. Cline
- Verifications of D. C. Patel, Vanessa Okum, Esyan Sakaya and Ethan H. Cline

II. SETTLEMENT

A. Rates Effective 2026 (Joint Petition ¶¶ III.9.A.1.a-c)

1. Revenue Requirements, Cost Allocation, Resulting Rates (Joint Petition ¶ III.9.A.1.a)

The Settlement provides that, effective 2026, a total base rate revenue increase of \$25 million, inclusive of 5% DSIC, exclusive of PENNVEST charges, will be implemented and allocated as follows:

1. Revenue Comparison of 2026 Settlement Rates over Existing Rates are shown on Appendix C attached to the Joint Petition.
2. Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates are shown on Appendix D attached to the Joint Petition.
3. The rates to collect the proposed settlement level of water, wastewater and stormwater revenues from each class as well as a comparison with the original request are shown on Appendix E attached to the Joint Petition.
4. Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Rates shown on Appendix F attached to the Joint Petition.
5. Allocation of 2026 settlement rate increase by customer class and by utility service as shown on Appendix G attached to the Joint Petition.

I&E witness D. C. Patel recommended in direct testimony a rate increase of \$17,247,097⁶ and later recommended in surrebuttal testimony a rate increase of \$22,916,334 based on the Authority's updated revenue request and financial metrics

⁶ I&E Statement No. 1, pp. 6-7.

presented in rebuttal testimony.⁷ The \$25 million rate increase represents a compromise among the Joint Petitioners' proposals and is therefore in the public interest.

The Joint Petitioners have agreed upon the additional annual revenues as a "black box" settlement. A "black box" settlement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A "black box" settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. A previous Chairman of the Commission has commented on "black box" settlements and stated that:

Determination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.⁸

This "black box" revenue increase balances the interests of ratepayers and the Authority. Pittsburgh Water will receive sufficient operating funds in order to provide safe and adequate service to ratepayers. Additionally, a black box settlement negates the need for the parties in a rate case to come to an agreement on each and every element of

⁷ I&E Statement No. 1-SR, pp. 3-5.

⁸ See Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662 (Order Entered January 13, 2011); See also Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, Pennsylvania*, Docket No. R-2010-2172665 (Order Entered January 13, 2011).

the Authority's filing; an undertaking that would likely not be possible. Black box settlements are an efficient and appropriate way to resolve base rate cases. As such, I&E supports the "black box" revenue increase as being in the public interest.

2. Distribution System Improvement Charge ("DSIC") (Joint Petition ¶ III.9.A.1.b)

Pittsburgh Water's original rate increase request included a request to increase its water and wastewater DSIC caps from 5% to 7.5%.⁹ I&E witness Patel recommended that the proposed DSIC cap increase be rejected reasoning that Pittsburgh Water's use of PENNVEST and WIFIA funding provides major cost savings to Pittsburgh Water's ratepayers and is preferable over increasing the DSIC.¹⁰ I&E witnesses Patel and Eryan Sakaya also recommended that the proposed DSIC cap increase be rejected based on Pittsburgh Water's documented history of not completing scheduled capital projects on time and as budgeted.¹¹ I&E supports Pittsburgh Water's withdrawal of its request to increase its water and wastewater DSIC caps and submits that it fully supports the negotiated base rate revenue increase.

3. PENNVEST Charge ("PVC") (Joint Petition ¶ III.9.A.1.c)

The Settlement provides that, upon final approval of the Commission, effective 2026, Pittsburgh Water will begin charging all debt service (principal and interest or interest only, depending upon the charges from PENNVEST) on existing and future

⁹ See *Petition of the Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water to Increase its Water and Wastewater Distribution System Improvement ("DSIC") Caps to 7.5%*, P-2025-3055650.

¹⁰ I&E Statement No. 1, pp. 17-18; I&E Statement No. 1-SR, pp. 19-20.

¹¹ I&E Statement No. 1, pp. 18-19; I&E Statement No. 1-SR, p. 20; I&E Statement No. 3, p. 10; I&E Statement No. 3-R, p. 5; I&E Statement No. 3-SR, p. 8.

PENNVEST loans through the existing PENNVEST Charge when those charges are required by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service. The amount of \$17.6 million to be recovered from the PENNVEST charge is not included in the above agreed-to base rate revenue requirements. After January 1, 2027, Pittsburgh Water will file semi-annual and annual updates in the format provided in Appendix H attached to the Joint Petition (for water and wastewater conveyance). As part of its next base rate filing, Pittsburgh Water will provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years, the most recent reconciliation filing that supports the PENNVEST charge and supporting calculations for the PENNVEST charge. I&E has noted the benefits of Pittsburgh Water’s continued use of the low-cost PENNVEST funding.¹² Therefore, I&E supports the expansion of the PENNVEST charge as being in the public interest.

B. Rates Effective February 1, 2027 (Joint Petition ¶¶ III.9.A.2.a-b)

1. Multi-Year Rate Plan (“MYRP”) (Joint Petition ¶ III.9.A.2.a)

Pittsburgh Water’s original rate increase request was proposed as a multi-year rate plan which included a \$63.7 million increase in the FPPTY and a \$20.7 million increase in FY 2027.¹³ I&E witness Patel recommended that the proposed MYRP be rejected reasoning that Pittsburgh Water would benefit from continued Commission oversight via regular base rate proceedings, especially considering its past mismanagement and ambitious capital improvement plan, as well as the Authority’s consistent historical

¹² I&E Statement No. 1, pp. 17-18; I&E Statement No. 1, pp. 19-20.

¹³ Rate Filing, Responses to Filing Requirements, Vol. I, Statement of Reasons, p. 1.

tendency to fall short of meeting its capital budget projections on an annual basis.¹⁴ I&E witness Ethan H. Cline also recommended that the proposed MYRP be rejected based on his analysis that the Commission would be unable to prudently determine or conclude that the proposed MYRP would result in just and reasonable rates in FY 2026 or FY 2027.¹⁵ I&E supports Pittsburgh Water’s withdrawal of its MYRP proposal and submits that it fully supports the negotiated base rate revenue increase.

2. Removal of Minimum Allowance (Joint Petition ¶ III.9.A.2.b)

The Settlement provides that Pittsburgh Water’s proposal to remove the usage component from the fixed minimum/service charge as filed will be approved for implementation on February 1, 2027. Rates will be adjusted only as a result of the rate structure change on a revenue neutral basis. The allocation of the PENNVEST charge will be recalculated to account for additional billed usage effective February 1, 2027 due to the removal of the usage component from the fixed minimum/service charge. The tariff supplement filing for rates effective February 1, 2027 will include a customer bill impact analysis of the impact of the rate structure change.

Pittsburgh Water’s proposed removal of the minimum charge for water and wastewater services in FY 2027 is being done in compliance with the settlement reached in the 2023 rate case.¹⁶ I&E witnesses Patel and Sakaya noted that, despite I&E’s

¹⁴ I&E Statement No. 1, pp. 9-12; I&E Statement No. 1-SR, pp. 5-11.

¹⁵ I&E Statement No. 4, pp. 4-10; I&E Statement No. 4-SR, pp. 2-11.

¹⁶ *See Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority*, Docket Nos. R-2023-3039920 (Water); R-2023-3039921 (Wastewater); R-2023-3039919 (Stormwater), Recommended Decision dated November 28, 2023, Terms and Conditions of Settlement, Section 9.A.3.a.ii, p. 26.

recommendation to deny the MYRP, the change from minimum charge to base charge should occur on the first day of FY 2027 on a revenue neutral basis in order to lessen the impact on customers' average bills.¹⁷ Therefore, I&E supports Pittsburgh Water's proposed removal of the minimum charge in FY 2027 as being in the public interest.

C. Pre-Existing Wholesale Contracts (Joint Petition ¶¶ III.9.B.1-2)

I&E did not submit testimony regarding Pittsburgh Water's pre-existing wholesale contracts. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Pittsburgh Water, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the wholesale contract issues raised by the interested parties, which is in the public interest.

D. Stormwater (Joint Petition ¶ III.9.C.1)

I&E submitted limited stormwater tariff and rates testimony noting that Pittsburgh Water's approved stormwater tariff became effective in January 2022 and that there is a case pending before the Supreme Court of Pennsylvania that may have some bearing on Pittsburgh Water's ability to include a stormwater fee in its tariff rates.¹⁸ Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active

¹⁷ I&E Statement No. 1, p. 21; I&E Statement No. 3, p. 22.

¹⁸ I&E Statement No. 3, pp. 3-4; *See The Borough of West Chester v. Pennsylvania State System of Higher Education and West Chester University of Pennsylvania of the State System of Higher Education*, 260 M.D. 2018, 291 A.3d 455 (Pa. Cmwlth. 2023), *appeal docketed* 9 MAP 2023 (Pa. 2023).

role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Pittsburgh Water, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the stormwater rates and management issues raised by the interested parties, which is in the public interest.

E. Damaged Wastewater Sewer Laterals (Joint Petition ¶¶ III.9.D.1-2)

I&E did not submit testimony regarding Pittsburgh Water’s damaged wastewater sewer laterals. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Pittsburgh Water, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the damaged wastewater sewer lateral issues raised by the interested parties, which is in the public interest.

F. Customer Service (Joint Petition ¶¶ III.9.E.1-5)

1. Updated Root Cause Analysis (Joint Petition ¶ III.9.E.1)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water’s updated root cause analysis but supports the Settlement in its entirety as being in the public interest.

2. Call Center (Joint Petition ¶ III.9.E.2)

I&E has no specific comments on the settlement provision regarding Pittsburgh

Water's call center but supports the Settlement in its entirety as being in the public interest.

3. Small Business Customers (Joint Petition ¶ III.9.E.3)

I&E has no specific comments on the settlement provision regarding small business customers but supports the Settlement in its entirety as being in the public interest.

4. Customer Complaints, Work Orders and Service Logs (Joint Petition ¶ III.9.E.4)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water's customer complaints, work orders and service logs but supports the Settlement in its entirety as being in the public interest.

5. Third-Party Payment Processing Fees (Joint Petition ¶ III.9.E.5)

I&E has no specific comments on the settlement provision regarding third-party payment processing fees but supports the Settlement in its entirety as being in the public interest.

I&E did not submit testimony regarding Pittsburgh Water's customer service programs. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Pittsburgh Water, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service issues raised by the interested parties, which is in the public interest.

G. Low-Income Customer Assistance Programs (Joint Petition ¶¶ III.9.F.1-7)

1. Cross Enrollments (Joint Petition ¶ III.9.F.1)

I&E has no specific comments on the settlement provision regarding cross enrollments but supports the Settlement in its entirety as being in the public interest.

2. Bill Discount Program (“BDP”) (Joint Petition ¶ III.9.F.2)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water’s bill discount program but supports the Settlement in its entirety as being in the public interest.

3. Arrearage Forgiveness Program (“AFP”) (Joint Petition ¶ III.9.F.3)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water’s arrearage forgiveness program but supports the Settlement in its entirety as being in the public interest.

4. Hardship Fund (Joint Petition ¶ III.9.F.4)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water’s hardship fund but supports the Settlement in its entirety as being in the public interest.

5. Line Repair and Water Conservation Program (“LRC”) (Joint Petition ¶ III.9.F.5)

I&E has no specific comments on the settlement provision regarding Pittsburgh Water’s line repair and water conservation program but supports the Settlement in its entirety as being in the public interest.

6. Identification of “Confirmed” Low-Income Customers (Joint Petition ¶ III.9.F.6)

I&E has no specific comments on the settlement provision regarding the identification of “confirmed” low-income customers but supports the Settlement in its entirety as being in the public interest.

7. Allocation of Costs for Low-Income Customer Assistance Programs (Joint Petition ¶ III.9.F.7)

I&E has no specific comments on the settlement provision regarding the allocation of costs for Pittsburgh Water’s low-income customer assistance programs but supports the Settlement in its entirety as being in the public interest.

I&E did not submit testimony regarding Pittsburgh Water’s low-income customer assistance programs. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides Pittsburgh Water, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the settled upon low-income customer assistance programs, which is in the public interest.

H. Consumer Testimony

In-person and telephonic public input hearings were held on August 12 and 13, 2025. I&E has no specific comments regarding the testimony provided at the public input hearings.

I. Additional Terms and Conditions (Joint Petition ¶¶ IV.10-17)

I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJs recommend that the Commission adopt the Settlement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJs in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding.

The Settlement is also conditioned upon the Commission's approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

"The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest."¹⁹ The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which,

¹⁹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

arguably fosters and promotes the public interest.”²⁰

Commission policy encourages settlements because, in the Commission’s judgment, the results achieved from a negotiated settlement are often preferable to those achieved at the conclusion of a fully litigated proceeding.²¹

I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Authority or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

IV. CONCLUSION

WHEREFORE, the Commission’s Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Emily Devoe and Ann Quimby

²⁰ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

²¹ *See* 52 Pa. Code §§ 5.231(a), 69.401.

recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michael Podskoch".

Michael A. Podskoch, Jr.
Prosecutor
PA Attorney ID No. 330132

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
mpodskoch@pa.gov
(717) 783-6151

Dated: November 21, 2025

Appendix N

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3055010
	:	Docket No. R-2025-3055011
The Pittsburgh Water and Sewer Authority	:	Docket No. R-2025-3055012
	:	

STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR FULL SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE

**TO THE HONORABLE ADMINISTRATIVE LAW JUDGES EMILY DEVOE
AND ANN QUIMBY:**

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Approval of Unanimous Settlement of all Issues (Joint Petition or Settlement), hereby files this Statement in Support of the Settlement before the Honorable Administrative Law Judges (ALJs) Emily Devoe and Ann Quimby and the Pennsylvania Public Utility Commission (Commission). The OCA requests that the Commission approve the terms and conditions of the Settlement as being in the public interest for the reasons stated further below.

I. INTRODUCTION

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests, such as this instant matter.¹ The OCA's interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying no more than is necessary, to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

In the present case, on June 4, 2025, Pittsburgh Water and Sewer Authority (Pittsburgh Water, PW, or the Authority) filed Tariff Water – PA P.U.C. No. 1, Supplement No. 16, Tariff Wastewater PA P.U.C. No. 1, Supplement No. 15, and Tariff Storm Water PA P.U.C. No. 1, Supplement No. 7 with the Commission. The Authority proposed the increases to be implemented in two phases with effective dates of March 2, 2026, and January 1, 2027, respectively. Pittsburgh Water's proposed multi-year tariff would increase the Authority's total annual operating revenues by approximately \$84 million over two years – an initial rate increase of \$63.7 million (an increase of 25.9%) in 2026 and another rate increase of \$20.7 million (6.7%) in 2027.

Also on June 4, 2025, PW filed four Petitions in conjunction with its base rate filing: (1) a Petition for Authorization to Increase Water and Wastewater Distribution System Improvement Charge (DSIC) Caps to 7.5% (DSIC Petition); (2) a Petition for

¹ 71 P.S. § 309-4.

Consolidation of Water, Wastewater and Stormwater Rate Proceedings and for Authorization to Use Combined Water, Wastewater and Stormwater Revenue Requirements (Consolidation Petition); (3) a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year (FPFTY Petition); and (4) a Petition to Consolidate the DSIC Petition with Base Rate Filings for Water, Wastewater and Stormwater (DSIC Consolidation Petition).

On June 12, 2025, the Commission's Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance. On June 25, 2025, the OCA filed a Formal Complaint, Public Statement, and Notice of Appearance in this proceeding to protect the interests of consumers in the Authority's service territory and to ensure that Pittsburgh Water is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles. On June 25, 2025, the Office of Small Business Advocate (OSBA) filed a Formal Complaint. Also on June 25, 2025, Pittsburgh United Our Water Table (Our Water Table or OWT) filed a Petition to Intervene and Answer.

On July 10, 2025, the Commission entered an Order at the captioned dockets, suspending the tariffs by operation of law until March 8, 2026, instituting an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and assigning the rate filings to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision. The OALJ then assigned the matter to Administrative Law Judges (ALJs) Devoe and Quimby.

Throughout this proceeding, approximately 3 consumers have filed formal complaints² to date. There were 4 Public Input Hearings of which 21 individuals testified under oath, an overwhelming majority of them in opposition to Pittsburgh Water's rate relief request.³ The Public Input Hearings were held as follows:

- August 12, 2025; at 1:00 PM (in-person)
- August 12, 2025; at 6:00 PM (in-person)
- August 13, 2025; at 1:00 PM (telephonic)
- August 13, 2025; at 6:00 PM (telephonic)

Consistent with the procedural schedule issued by the ALJs Devoe and Quimby, the OCA served on the ALJs and the parties its written Direct, Supplemental Direct, Rebuttal and Surrebuttal Testimonies on September 5, 2025, September 30, 2025, and October 14, 2025, respectively, in which the OCA opposed and/or recommended adjustments to the Authority's requests. Written rejoinder testimony was submitted by the Authority on October 20, 2025.

Following the service of rejoinder testimony, on October 22, 2025, the parties notified the ALJs that a full settlement of all issues with all parties had been reached. Pursuant to the litigation schedule, the parties stated that they would not be filing main briefs but, instead, would submit a Joint Petition for Settlement together with Statements in Support on November 21, 2025. The ALJs informed the parties that the evidentiary hearings were canceled. On November 6, 2025, the Authority, I&E, OCA, OSBA, and

² On or about October 16, 2025, Mr. Bidler emailed the ALJs to request to withdraw his formal complaint in this matter. No objections were filed in response.

³ Tr. 38-256.

OWT (collectively “Stipulating Parties”), submitted a Joint Stipulation for Admission of Evidence into the Record which was granted by Interim Order entered November 12, 2025. Pursuant to paragraph 3 of the Interim Order, all parties filed the statements including all appropriate verifications and exhibits entered into the record on or before November 17, 2025.

In this statement in support, the OCA respectfully submits that the policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁴

The OCA submits that as a matter of law, a public utility’s rates must be just and reasonable and in conformity with regulations or orders of the Commission.⁵ A public utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers, as well as a reasonable rate of return on its investment.”⁶

The Commission “has broad discretion in determining whether rates are reasonable” and “is vested with discretion to decide what factors it will consider in setting or evaluating a utility’s rates.”⁷ The Commission’s discretion to determine if a requested rate is just and

⁴ 52 Pa. Code §§ 5.231, 69.401.

⁵ 66 Pa. C.S. § 1301(a).

⁶ *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (Lancaster 2002).

⁷ *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*) (emphasis added).

reasonable includes the “power to make and apply policy” concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.⁸

In order to accept a settlement such as proposed here, the Commission must determine that the proposed terms and conditions are in the public interest.⁹ “It is the Commission’s duty to determine the public interest and to protect the rights of the public.”¹⁰ Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.”¹¹

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable.¹² Additionally, proponents of an order bear the burden of proof.¹³ Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest.¹⁴

⁸ *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).

⁹ *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R 00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)).

¹⁰ *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).

¹¹ 71 P.S. § 309-5.

¹² 66 Pa.C.S. §§ 1301(a), 315(a).

¹³ 66 Pa.C.S. § 332(a).

¹⁴ 66 Pa.C.S. § 332(a); *City of Bethlehem* at 13.

As to the amount of proof required, it is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.”¹⁵ For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.¹⁶ The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence.¹⁷ The Commission must make findings “in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence.”¹⁸

In accordance with the procedural schedule established in this proceeding, the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is supported by substantial evidence and in the public interest and should be approved without modification.

¹⁵ *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*).

¹⁶ *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).

¹⁷ *Lansberry*, 578 A.2d at 602.

¹⁸ 66 Pa.C.S. § 703(e); *ARIPPA v. PUC*, 792 A.2d 636, 668-669 (Pa. Cmwlth. 2002).

II. SETTLEMENT

A. Rates Effective 2026

1. Revenue Requirements, Rates, and Charges

In paragraphs III.9.A.1.a.i-iv, the settling Parties agreed to settle the revenue requirements, rates, and charges issues as follows::

1. Rates Effective 2026
 - a. Upon final approval of the Commission, a total base rate revenue increase of \$25 million for rates effective in 2026 (inclusive of 5% DSIC, exclusive of PENNVEST charges) will be implemented and allocated as follows :
 - i. Revenue Comparison of 2026 Settlement Rates over Existing Rates are shown on Appendix C.
 - ii. Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates are shown on Appendix D.
 - iii. The rates to collect the proposed settlement level of water, wastewater and stormwater revenues from each class as well as a comparison with the original request are shown on Appendix E.
 - iv. Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Rates shown on Appendix F.
 - v. Allocation of 2026 settlement rate increase by customer class and by utility service as shown on Appendix G.¹⁹

In its initial filing, Pittsburgh Water's proposed tariffs would increase the Authority's overall operating revenues by approximately \$84.4 million in two steps – an increase of \$63.7 million (25.9%) in 2026 and an increase of \$20.7 million (6.7%) in 2027, based on a fully projected future test year (FPFTY) ending December 31, 2026.²⁰ The OCA opposed this proposed multi-year rate plan, and treated the first step of the revenue

¹⁹ Settlement ¶¶ III.9.A.1.a.i-iv.

²⁰ PW St. 1 at 3.

requirement as the formal proposal as propounded by Pittsburgh Water for purposes of testimony and analysis (\$63.7 million).²¹

In Pittsburgh Water's Rebuttal Cost of Service Model, PW updated its revenue requirement increase to \$65,164,703 (System Operating Revenues of \$313,718,242 minus 2025 TY Operating Revenues of \$248,553,539).²² This was a \$357,609 difference from PW's as filed revenue requirement of \$65,522,312 as shown on the Pittsburgh Water 2025 Cost of Service Study model filed on June 4, 2025.²³ The OCA opposed this requested revenue request, and demonstrated that the Authority should only receive an increase of \$18,498,565.²⁴

However, Pittsburgh Water witness Barca testified that a revenue increase of \$18,498,565 (Exhibit DM-1) did not align with Mr. Mugrace's Days Cash on Hand (DCOH) position for the FPFTY 2026 starting and ending cash (Exhibit DM-21) with the FPFTY deficit adjustment of \$16,883,956 (Exhibit DM-1), and did not account for an error in OCA's calculation of FPFTY DCOH of over \$16 million for FY 2026.²⁵ PW further averred that OCA would need to recalculate its proposed revenue requirement to equal \$35,382,521 (\$18,498,565 plus \$16,883,956) to account for and to eliminate the alleged error made in OCA's recommendations and to align the rate increase with the OCA's recommended DCOH level.²⁶

²¹ OCA St. 2 at 5.

²² WJP-1(Rev) Based on Rebuttal CCOSS 9.30.25.

²³ OCA St. 2SR at 1-2.

²⁴ OCA St. 2 at 11.

²⁵ PW St. 2R at 5.

²⁶ *Id.*

The OCA disagreed with PW's assertions, explaining in its litigated position that if the Commission were to adopt PW's faulty assertions, then the Debt Service Coverage (DSC) would only increase more, ignore internally generated funds that would bridge the gap, and overreact to a deficit of \$301,880 (the difference between the \$17,207,308 and the \$16,905,428, from internal funds (PAYGO and DSIC), revolving line of credit, and other transfers to reserve that offset the potential shortfall).²⁷ Thus, OCA and PW were significantly apart in litigation positions as to the appropriate revenue requirement for 2026 based on the number/value, but also the accounting principles guiding the same.

Thus, this Settlement is a "black box" settlement of all revenue requirement issues. Black box settlements provide timely resolution of disputes without the significant expense of prolonged litigation. The OCA submits that it is unlikely that the parties would have been able to reach consensus on each disputed recommendation in this matter as policy and legal positions differed widely among the parties.

Under the Settlement, PW will be permitted to increase annual operating revenues by \$25 million, ²⁸an approximately 10.2% increase over annual revenues at present rates.²⁹ The agreed upon increase is over \$40.5 million less than Pittsburgh Water's as-filed request, viewed in its totality. The OCA submits that the Settlement revenue requirement increase provides sufficient funds for Pittsburgh Water to provide and maintain adequate,

²⁷ *Id.* at 2-3.

²⁸ ²⁸ The OCA submits that should the Commission consider the PENNVEST Charge as part of the revenue requirement, discussed later in this Statement in Support, then the total revenue requirement is \$42.6 million, which is still significantly less than the original revenue requirement request of over \$84 million.

²⁹ Settlement ¶ III.9.A.1.a.

efficient, safe, and reasonable service and facilities while ensuring customers pay no more than is necessary for the same. Based on the OCA's analysis of Pittsburgh Water's filing, discovery responses received, testimony filed, and the other terms contained in the Settlement, the revenue increase under the Settlement represents a result that is within the range of likely outcomes in the event of full litigation of the case. As a result, this provision of the Settlement is supported by substantial evidence in the record and consistent with the requirement that rates be just and reasonable.

The OCA also supports this Settlement as the unanimously agreed-upon rate increase limits the financial impact of the rate increase to PW's residential customers at a rate increase significantly lower than PW's request. Additionally, the Settlement includes important consumer protections explained herein that might not otherwise be achieved by and through litigation of this case. The increase, when accompanied by other important conditions in the Settlement including but not limited to the withdrawal of the MYRP request, yields a result that is in the public interest.

Thus, when viewed as a whole, the Settlement includes important customer service enhancements, explained below, that might not otherwise be achieved by and through litigation of this case. The revenue requirement value in the Settlement, when accompanied by other important conditions in the Settlement, yields a result that is in the public interest. The OCA submits that the Settlement revenue increase provides sufficient funds to maintain Pittsburgh Water's system in an adequate, efficient, safe, and reasonable manner while avoiding the harsh rate impact that an increase at the full request would have caused. As such, the OCA submits that as a part of the unanimous resolution of all issues in this

proceeding, this provision of the Settlement represents a reasonable compromise between the parties and is in the public interest.

In general, the Settlement represents a “black box” approach to all individual revenue requirement issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on a variety of financial numbers. The OCA submits that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would likely have prevented any settlement from being reached, but in totality, the Settlement revenue was in a range of reasonableness that did not significantly depart from OCA’s litigation position in this case.

2. Distribution System Improvement Charge (DSIC) Cap Waiver

In paragraph III.9.A.1.b, the settling Parties agreed to settle the distribution system improvement charge (DSIC) cap waiver issue as follows::

b. Distribution System Improvement Charge (“DSIC”)

i. Pittsburgh Water withdraws its request to increase its DSIC cap for both water and wastewater conveyance to 7.5%,. but such withdrawal shall not be construed as precluding Pittsburgh Water from requesting an increase to the cap in the future.³⁰

³⁰ Settlement ¶ III.9.A.1.b.

PW requested an increase in the water DSIC cap to 7.5% (from 5%), alleging that the increase would generate an additional \$6.5 million in revenue for the FPFTY and nearly a \$1.0 for FY 2027.³¹ PW argued that allowing DSIC revenues to be used as “PAY-GO,” or “pay-as-you-go,” funds, ultimately provides cost savings to ratepayers.³²

66 Pa. C.S. Chapter 32 governs the regulation of Second Class Water and Sewer Authorities such as PW, authorizing (1) waivers of statutory provisions upon request and (2) the establishment of a DSIC.³³ Further, changes in statutes after the passage of Act No. 2012-11 eliminated the need for Pittsburgh Water to seek a waiver as outlined in 66 Pa. C.S. Section 3202(b) for its water operations.³⁴ Chapter 13, Subchapter B³⁵ further sets the statutory framework for the DSIC, outlining the calculation and frequency of recoverable costs and charges, audit and reconciliation requirements, and percentage caps on customer billing. Finally, 52 Pa. Code Section 121 links DSIC eligibility to an approved Long-Term Infrastructure Improvement Plan (LTIIP) that accelerates infrastructure replacement and mandates termination of the DSIC for noncompliance with the approved LTIIP.³⁶

The 5% revenue cap for DSIC is a statutory limitation to protect consumers from unbridled spending and prevents utilities from bypassing the full, traditional ratemaking process. This limitation ensures that the DSIC serves its intended, statutory function, which is to supplement – rather than supplant – base rate proceedings in the maintenance of

³¹ PW St. 2 at 64.

³² *Id.*

³³ *See* 66 Pa.C.S. § 3205(b).

³⁴ OCA St. 1R at 1.

³⁵ *See* 66 Pa.C.S. § 1357.

³⁶ *See* 52 Pa. Code §§ 121.1 – 121.8.

reliable service.³⁷ The intent of the DSIC cap “is to limit public utilities and prevent substantial increases to base rates on a customer’s bill without first engaging in a thorough evaluation in a base rate proceeding.”³⁸

Importantly, the Settlement reflects that both the Authority’s water and wastewater DSICs will remain capped at 5% of its distribution rates. Settlement paragraph III.9.A.1.b. Retaining the 5% cap is consistent with the OCA’s position in the proceeding and as discussed below that Pittsburgh Water failed to support a basis for any increase beyond the existing 5% caps. By way of context, Pittsburgh Water’s current water and wastewater DSICs, which are set at 5%, were maintained and approved at the 5% level by the Commission as part of its 2023 rate proceeding.³⁹ PWSA began assessing a 5% DSIC to water and wastewater customers on January 14, 2021. *PWSA Petition for Approval of a Long-Term Infrastructure Improvement Plan for January 1, 2023 through December 31, 2027 (Water)*, Docket No. P-2022-3035953, Order at 8 (October 6, 2022).

Specifically, Pittsburgh Water’s DSIC is implemented immediately at 5% on the effective date of new base rates and is not reset at zero at the end of a rate case thereby waiving the ramp-up requirement that would otherwise apply under the DSIC Statute. 66

³⁷ *Petition of PPL Electric Utilities Corporation for Approval of Major Modifications to its Existing Long-Term Infrastructure Improvement Plan*, Docket No. P-2022-3034972, Opinion & Order at 21 (July 11, 2024); 66 Pa. C.S. §§ 1350, 1353, 1357(a)(1)(i).

³⁸ *Petition of Pennsylvania Power Company for a Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Distribution Rate Revenue and Approval to Increase the Maximum Allowable Distribution System Improvement Charge Cap to 11.81%*, Docket No. P-2019-3012628 (Order entered March 12, 2020) at 22.

³⁹ *Pa. PUC v. PWSA*, R-2023-3039920, R-2023-2029921, R-2023-3039919 Order (Jan. 18, 2024).

Pa. C.S. section 1358(b), *Charge Reset*. The Authority’s DSIC also already affords it a waiver of the requirement that would otherwise be triggered by 66 Pa. C.S. section 1357, *Computation of Charge*, because it permitted Pittsburgh to recover its investments in rates before they are ever placed into service instead of having to ensure that the property has been placed into service within the timeframe identified in 66 Pa. C.S. section 1357.

The OCA opposed PW’s request for an increase in the DSIC cap, explaining that the DSIC should not be used to finance PAY-GO.⁴⁰ The “pay as you go” funding approach as proposed by PW contrasts with the conventional utility ratemaking method, under which such investments are capitalized and financed by the utility—typically through the issuance of long-term debt—with ratepayer contributions used to recover both the principal and financing costs over the useful life of the asset.⁴¹ The OCA explained that retail costs are often much higher and that traditional ratemaking mechanisms, and expressed concern for using DSIC funding for PAY-GO due to its negative impact on intergenerational equity.⁴² Because utility assets often last decades, future ratepayers benefit from investments funded entirely by current customers.⁴³ In effect, current ratepayers subsidize future ones, whereas traditional financing distributes costs across all who benefit over the asset’s life (current and future customers alike).⁴⁴

⁴⁰ OCA St. 1 at 31.

⁴¹ *Id.*

⁴² *Id.* at 31-32; OCA St. 1SR at 4.

⁴³ *See* OCA St. 1SR at 4.

⁴⁴ *Id.*

Thus, because of PW’s inappropriate basis for requesting a DSIC increase, OCA opposed the same in litigation, arguing that:

[the]Authority could enhance DSIC-funded replacement efforts on its system by forgoing the use of PAY-GO, which would alleviate the need for the requested increase in the DSIC cap. Worded another way, by either eliminating or discontinuing the current amount of PAY-GO, the Authority can shift that money into DSIC-eligible projects — maximizing the use of the existing cap.⁴⁵

The OCA opposed the request to increase the DSIC from 5% to 7.5% because PW had more than enough money to cover the costs of its Capital Improvement Plan (CIP). The OCA argued that the Commission should recognize that the Authority has been able to increase its annual capital expenditures in nearly every year since it began to be regulated by the Commission in FY 2018,⁴⁶ with over \$100 million in annual investments achieved each year since FY 2019.⁴⁷ The OCA further demonstrated how unnecessary the DSIC increase request is by pointing out that “FY 2024 marked both the largest annual increase in capital improvements and the first time in recent history the Authority met its annual CIP budget.”⁴⁸

Therefore, the withdrawal of the increased DSIC proposal as outlined in Paragraph 9.A.1.b of the Settlement is in the public interest and this provision should be approved. The OCA submits that disallowance/withdrawal of the DSIC cap increase is a vital provision under this Settlement and implementation of the increased DSIC cap to 7.5%

⁴⁵ *Id.*

⁴⁶ *See* PW St. 2 at 30.

⁴⁷ *Id.* at 31.

⁴⁸ OCA St. 1 SR at 2.

would not only be adverse to public interest but is inconsistent with statutory and regulatory consumer protections.

The OCA asserts that this Settlement provision helps ratepayers by keeping rates stable, ensuring more thorough regulatory review of PW's spending, prevents premature cost recovery, and promotes fairness across customer generations. As such, the OCA submits that as a part of the unanimous resolution of all issues in this proceeding, this provision of the Settlement represents a reasonable compromise between the parties and is in the public interest.

3. PENNVEST Charge (PVC)

In paragraphs III.9.A.1.c.i-ii, the settling Parties agreed to settle the PENNVEST charge (PVC) issue as follows::

c. PENNVEST Charge ("PVC")

i. Upon final approval of the Commission, effective 2026, Pittsburgh Water will begin charging all debt service (principal and interest or interest only, depending upon the charges from PENNVEST) on existing and future PENNVEST loans through the existing PENNVEST Charge when those charges are required to be paid by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service.

(a) The amount of \$17.6 million to be recovered from the PENNVEST charge is not included in the above agreed-to base rate and DSIC revenue requirements.

(b) After January 1, 2027, Pittsburgh Water will file semi-annual and annual updates in the format provided in Appendix H (for water and wastewater conveyance).

ii. As part of its next base rate filing, Pittsburgh Water will provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years, the most recent reconciliation filing that supports the PENNVEST charge and supporting calculations for the PENNVEST charge.⁴⁹

⁴⁹ Settlement ¶¶ III.9.A.1.c-i.ii.

Pittsburgh Water requested to expand the PENNVEST Charge to cover all loans, not just loans closed on and after January 1, 2025, to comply with the settlement terms of the last base rate case.⁵⁰ Pittsburgh Water has obtained \$714.0 million in low-interest loans and \$94.56 million in grants for a total of \$808.5 million from PENNVEST since 2018.⁵¹ Pittsburgh Water also explained that it had submitted an application for the 2025 Neighborhood Lead Service Line (B) project in the total amount of \$25.5 million prior to the May 7, 2025 deadline.⁵² The estimated award date is July 16, 2025.⁵³ Pittsburgh Water also testified that it committed itself to submit an application for the 2024 Small Diameter Water Main Replacement Program in the total amount of \$77.7 million on or before the July 30, 2025 deadline.⁵⁴ The application costs for these loans are included in the debt service revenue requirement.⁵⁵ PW explained that, while the [Settlement] Tariff provision is currently in effect,⁵⁶ Pittsburgh Water has not actually used the approved rider for PENNVEST costs to date, and therefore requested that any amounts be collected through the existing Charge [since the last base rate case].⁵⁷

⁵⁰ PWSA St. 2 at 34.

⁵¹ *Id.* at 43.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ See *PA PUC v. Pittsburgh Water*, Docket Nos. R-2023-3039920, *et al.* (Commission Order entered January 18, 2024) (*2023 PW Order*) (adopting Recommended Decision (2023 PW R.D.)) (2023 PW R.D. at 26-27).

⁵⁷ *Id.* at 59.

Pittsburgh Water asked the Commission to expand its existing Charge to include both existing and new PENNVEST loans effective March 3, 2026.⁵⁸ PW also asked to revise the current tariff language so that it is clear that the surcharge permits the recovery of interest and/or interest and principal that is charged by PENNVEST prior to the completion of a PENNVEST-loan financed project.⁵⁹ Pittsburgh Water testified as to its significant amount of existing PENNVEST loans, the costs (debt service) of which are currently being recovered in base rates.⁶⁰ Pittsburgh Water’s revenue requirement, thus, contains \$14.3 million in the FPFTY and \$14.8 million in FY 2027 for the payment of principal and/or interest associated with PENNVEST loans.⁶¹ Pittsburgh Water believes it would be better to recover these amounts in the PENNVEST Charge as well.⁶² PW explained that it would remove the PENNVEST-associated values in their revenue requirement,⁶³ to recover that revenue requirement in the PENNVEST Charge.⁶⁴ Pittsburgh Water also explained that because its proposed PENNVEST Charge would include costs associated with 2027, PW proposed “a slight modification” in the Tariff language to remove the “used and useful” requirement.⁶⁵

⁵⁸ *Id.*

⁵⁹ *Id.* at 59-60.

⁶⁰ *Id.* at 60.

⁶¹ *Id.*

⁶² *Id.*

⁶³ Pittsburgh Water’s current revenue requirement contains \$14.3 million in the FPFTY and \$14.8 million in FY 2027 representing the payment of interest and/or principal on its current PENNVEST loans. *Id.* at 61.

⁶⁴ *Id.* at 60-61.

⁶⁵ *Id.* at 63.

The OCA did not oppose the expansion of the PENNVEST Charge, but did caution the Commission that said Charge to be collected from each customer class in 2026 should be scaled back to reflect the actual increase authorized by the Commission in this proceeding.⁶⁶ The OCA did oppose the rate increase request for FY 2027, inclusive of the PENNVEST Charge, but proposed a scale back for 2027 inclusive of the PENNVEST Charges in the event PW succeeded.⁶⁷

Thus, the instant Settlement, if adopted, would approve a PENNVEST Charge for FPFTY 2026 at \$17.6 million for the pass-through of the actual amount of loans incurred, versus the filed-for request of over \$29 million in the context of the MYRP.⁶⁸ The OCA submits that Settlement paragraph III.9.A.1.c is in the public interest because it is consistent with the prior base rate proceeding settlement term to implement a PENNVEST Charge, ensures fair cost allocation, increases regulatory oversight, prevents overcollection, reduces rate volatility, and keeps utilities accountable for prudent financial management.

Additionally, the instant Settlement continues to oblige PW to file semi-annual updates and to file annual reconciliation reports.⁶⁹ Semi-annual updates and annual reconciliation filings under this Settlement provision ensure just and reasonable rates by aligning cost recovery with actual loan expenses. These filings enhance transparency and regulatory oversight, protect ratepayers from over- or under-recovery, and support the utility's financial stability. Regular reporting thus promotes compliance with PUC

⁶⁶ OCA St. 4 at 12-13.

⁶⁷ *Id.*

⁶⁸ Settlement at ¶ III.9.A.1.c.i.a.

⁶⁹ Settlement at ¶ III.9.A.1.c.i.b.

directives and advances the public interest through accurate, accountable rate administration.

By and through the instant Settlement, the Authority is also obligated to provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years in the next base rate filing, along with the most recent reconciliation filing that supports the PENNVEST charge and supporting calculations for the PENNVEST charge.⁷⁰ Requiring PW to submit loan amortization tables, reconciliation filings, and supporting calculations in its next base rate case ensures that the PENNVEST charge is transparent, accurate, and based on verifiable costs. This provision protects customers from double recovery, enhances regulatory oversight, and promotes just and reasonable rates consistent with ratemaking principles.

The OCA submits that the Settlement reflects an adequate balance of the OCA's interest in protecting consumers from affordable customer charges and rate shock with Pittsburgh Water's aim to recover prudent costs associated with securing PENNVEST loans. Recovery of public loan costs through the proposed Charge is appropriate because the financed improvements are used and useful in providing service, directly benefit customers, and reflect prudent utility financing in a transparent manner. Allowing recovery as explained in the Settlement ensures financial stability, equitable cost allocation over time, and continued access to low-cost capital, which the OCA submits is all consistent

⁷⁰ Settlement at ¶ 9.A.1.c.ii.

with established Commission ratemaking principles and the requirement for just and reasonable rates.

B. Rates Effective February 1, 2027

1. Multi-Year Rate Plan

In paragraph III.9.A.2.a, the settling Parties agreed to settle the multi-year rate plan issue as follows: :

2. Rates Effective February 1, 2027

a. Pittsburgh Water agrees to withdraw its request for a multi-year rate plan to set rates for 2027 but such withdrawal shall not be construed as precluding Pittsburgh Water from making alternative ratemaking proposals in the future.⁷¹

PW filed its request to implement a multi-year rate plan to increase rates to \$84.4 million, which included the increase to the DSIC cap to 7.5% and expansion of the PENNVEST Charge in March 3, 2026.⁷² PW also alleged that the request included a \$63.7 million or 25.9% increase in the FPFTY (FY 2026) and \$20.7 million or 6.7% in FY 2027.^{73,74} PW alleged that a MYRP was essential to being able to implement its Capital Improvement Plan (CIP).⁷⁵

The OCA opposed the MYRP and requested that the Commission reject the same in its litigation position(s) for multiple reasons.⁷⁶ The OCA argued that the MYRP should

⁷¹ Settlement ¶ III.9.A.2.a.

⁷² PW St. 2 at 4.

⁷³ *Id.*

⁷⁴ The OCA submits that should the Commission consider the PENNVEST Charge as part of the revenue requirement, discussed later in this Statement in Support, then the total revenue requirement is \$42.6 million, which is still significantly less than the original revenue requirement request of over \$84 million.

⁷⁵ *Id.* at 28.

⁷⁶ OCA Corrected St. 1 (hereafter “OCA St. 1”) at 2; OCA St. 2 at 5; OCA St. 4 at 2-3.

be rejected as PW's complaints over "regulatory lag" were unjustified, and PW was able to utilize alternative ratemaking, in the form of using the FPFTY for example, to overcome its alleged hurdles.⁷⁷ PW argued that the proposed MYRP would provide more certainty to its capital budgeting process, expediting the ability to complete needed infrastructure improvements.⁷⁸

The OCA maintains that PW has not demonstrated that the existing regulatory framework in Pennsylvania is failing to support timely and adequate cost recovery.⁷⁹ Rather, the record evidence suggests that regulatory lag is already being effectively managed, particularly as PW has underspent to make capital improvements over the last five years.⁸⁰ The OCA encouraged the Commission to reaffirm the value of regulatory lag as a structural feature of traditional ratemaking and recognize that further erosion of this principle is neither necessary nor justified in respect to PW's MYRP request.⁸¹

Additionally, the OCA opposed the MYRP proposal due to the request being comprised of two separate rate proposals and two separate budgets, based on PW's FY 2027 forecasted revenue requirement, which was speculative in nature and not known and measurable in the setting of rates for service.⁸² Pittsburgh Water used a zero-based budgeting method to develop annual budgets, and each cost is individually considered

⁷⁷ *Id.* at 8.

⁷⁸ PW St. 2 at 55.

⁷⁹ *See* OCA St. 1 at 9.

⁸⁰ *See* I&E St. 1 at 9-12.

⁸¹ OCA St. 1 at 9.

⁸² OCA St. 2 at 7.

when developing the budget.⁸³ While previous budgets inform the FPFTY budget, each cost is assessed independently rather than simply applying an escalation factor, as is common in traditional budgeting.⁸⁴ PW attempted to argue that inflation necessitated this method.⁸⁵

The OCA opposed the MYRP, explaining that “ratemaking concepts, including those that are set under a cash flow method, do not provide for 100% guaranteed recovery of all costs and expenditures. [A rate increase] provides for the opportunity and the ability to recover all of a utility’s known and measurable costs using good sound management techniques and proper operational approaches in order to provide utility service to ratepayers.”⁸⁶ While PW offered a procedure akin to a “mini review proceeding”⁸⁷ for review before implementing PW’s proposed FY 2027 forecasted revenue requirement, “the Commission is required to set rates based on known and measurable criteria,” and the OCA demonstrated that “expenses estimated to occur in FY 2027 are less certain than those that are expected to occur before the end of the FPFTY and do not rise to an appropriate level of being adequately known and measurable in the current proceeding.”⁸⁸

The OCA supports the withdrawal of PW’s proposed MYRP because the record demonstrates that the plan, as filed, relied on forecasts that were not sufficiently accurate

⁸³ PW St. 2 at 13.

⁸⁴ PW St. 2 at 9.

⁸⁵ PW St. 2 at 10.

⁸⁶ OCA St. 2SR at 4.

⁸⁷ OWT St. 1 at 35-36; OCA St. 1SR at 5; *See also* PW St. 2 at 58.

⁸⁸ OCA St. 1SR at 8.

or reliable to support multi-year ratemaking.⁸⁹ As OCA demonstrated, MYRP requires dependable forward-looking projections for capital expenditures, operating costs, and sales in order to establish revenue requirements several years into the future.⁹⁰ Where those projections are materially uncertain or overstated, the resulting rate trajectory cannot be verified or found to be just and reasonable.⁹¹ The Settlement provision withdrawing the MYRP, therefore, promotes sound regulatory practice and aligns the settlement with the evidentiary record.⁹²

Thus, for many reasons as described herein, the withdrawal of the MYRP proposal as outlined in Paragraph III.9.A.2.a of the Settlement is in the public interest and this provision should be approved. The OCA submits that disallowance/withdrawal of the MYRP is a vital provision under this Settlement, as the OCA respectfully maintains that implementation of the MYRP would not only be adverse to public interest but is inconsistent with statutory and regulatory consumer protections.

2. Removal of the Minimum Allowance

In paragraph III.9.A.2.b., the settling Parties agreed to settle the removal of the minimum allowance issue as follows::

b. Removal of Minimum Allowance

⁸⁹ See OCA St. 2 at 7; OCA St. 2SR at 3-5.

⁹⁰ See also I&E St. 1 at 11.

⁹¹ See OCA St. 2 at 7; OCA St. 2SR at 3-5.

⁹² The OCA also respectfully submits that while the record demonstrated the dangers to consumers related to potential over-recovery by and through the MYRP, withdrawing the plan avoids the converse risk that understated forecasts could have led to under-recovery and associated operational challenges for the Company.

- i. Pittsburgh Water’s proposal to remove the usage component from the fixed minimum/service charge as filed will be approved for implementation on February 1, 2027.
- ii. Rates will be adjusted only as a result of the rate structure change on a revenue neutral basis.
- iii. The allocation of the PENNVEST charge will be recalculated to account for additional billed usage effective February 1, 2027 due to the removal of the usage component from the fixed minimum/service charge.
- iv. The tariff supplement filing for rates effective February 1, 2027 will include a customer bill impact analysis of the impact of the rate structure change.⁹³

Pittsburgh Water testified that most residential customers are billed a minimum charge for up to 1,000 gallons.⁹⁴ For every full 1,000 gallons over the minimum, they are assessed a consumption charge.⁹⁵ The current monthly charge for a typical Residential water customer with a 5/8” meter and a 1,000 gallon minimum allowance is \$31.54.⁹⁶ Pittsburgh Water’s rate structure has included this minimum allowance since coming under the jurisdiction of the Commission.⁹⁷ Pursuant to the prior base rate case settlement from 2023, PW proposed in the instant matter to finally effectuate the removal on January 1, 2027, as part of the second step of the multi-year rate increase in FY 2027.⁹⁸

This issue was litigated extensively in the last base rate case.⁹⁹ The OCA explained then that charging the minimum allowance is inconsistent with Commission ratemaking principles and pointed to page 151 of *A Guide to Utility Ratemaking*: “the Commission’s

⁹³ Settlement ¶ III.9.A.2.b.

⁹⁴ PW St. 6 at 25.

⁹⁵ *Id.*

⁹⁶ PW Exhibit HJS-17W.

⁹⁷ *Id.*

⁹⁸ *Id.*; PW St. 8 at 31.

⁹⁹ 2023 PW R.D. at 51.

policy is to require the installation of meters and set usage rates to encourage conservation.”¹⁰⁰

As discussed previously, PW’s minimum allowance disincentivizes water conservation because it charges customers a fixed amount for a set volume of water regardless of actual usage, eliminating the financial benefit of reducing consumption.¹⁰¹ When the marginal cost of water within the minimum block is effectively zero, customers have no price signal to use less, and conservation efforts do not lower their bills.¹⁰² This structure disproportionately burdens low-use and conservation-minded customers and can increase overall system demand by encouraging full use of the “pre-paid” allowance.¹⁰³ As a result, minimum allowances undermine cost-reflective pricing and frustrate established conservation objectives and the OCA supports its removal.

In the last base rate case, Pittsburgh Water had requested the removal of the minimum allowance be contingent upon approval of the MYRP.¹⁰⁴ The OCA had also observed that PW had agreed to remove the minimum allowance for the last three base rate cases prior to 2023 (2018, 2020, and 2021).¹⁰⁵

By and through the last base rate settlement, the Parties agreed in 2023 that “[PW]’s proposal to eliminate usage included in its minimum charge would be withdrawn, to

¹⁰⁰ *A Guide to Utility Ratemaking* (citing 52 Pa. Code § 65.7 (Metered Service)); see also 52 Pa. Code § 65.20(6) (Water Conservation Measures).

¹⁰¹ See OCA St. in Support of Settlement as filed for the 2023 Proceeding.

¹⁰² See AWWA Manual M-1, at 96.

¹⁰³ See APPRISE, Inc. (January 2020). PPL Electric Utilities, Universal Service Programs, Final Evaluation Report, available at <https://www.puc.pa.gov/pcdocs/1656535.pdf>.

¹⁰⁴ 2023 PW R.D. at 51.

¹⁰⁵ *Id.* at 52.

implement the software necessary to be able to make this change and to propose its elimination in the Authority’s next base rate case.”¹⁰⁶ Mr. Barca explained that the Authority did engage with Customer Information System (CIS) vendor “to evaluate logic in the billing system software and to make the determination that it can be updated to accommodate removal of the minimum charges.”¹⁰⁷

Pittsburgh Water proposed to effectuate the removal on January 1, 2027.¹⁰⁸ Mr. Barca explained that the Authority could not effectuate this change sooner because “[a] change of this magnitude will require Pittsburgh Water to perform public outreach in FY 2026 to inform customers of what the change is, when it will become effective, why it is being implemented, and the potential benefits (such as water conservation and improved customer control over the bill).”¹⁰⁹ PW alleged that forcing removal in 2026 would not permit any time for meaningful public outreach.¹¹⁰

The OCA supported the removal of the minimum allowance charge by and through its litigated position.¹¹¹ Mr. Mierzwa explained that the Authority proposed a customer charge which would include the minimum allowance is \$34.34 for FY 2026.¹¹² Mr. Mierzwa further calculated that, for FY 2027, elimination of the minimum allowance would reduce the monthly customer charge for a typical Residential customer to \$18.81.¹¹³

¹⁰⁶ *Id.* at 41, fn 22.

¹⁰⁷ PW St. 6 at 25.

¹⁰⁸ *Id.*

¹⁰⁹ PW St. 2 at 66.

¹¹⁰ *Id.*

¹¹¹ *See* OCA St. 4 at 13.

¹¹² *Id.*

¹¹³ *Id.*, citing Exhibit HJS-21W.

Without the proposed FY 2027 increase, Mr. Mierzwa further estimated that the monthly customer charge for a typical Residential customer would be \$18.41.¹¹⁴ The OCA further recommended that, to the extent the Commission authorizes revenue requirement increases in this proceeding which are less than Pittsburgh Water’s requested increases for FY 2026, Mr. Mierzwa recommended that the customer charges proposed by Pittsburgh Water for FY 2026 be proportionately scaled back to reflect the reduced revenue increases.¹¹⁵

Based on the OCA’s analysis of the Authority’s filing, discovery responses received, testimony filed, and understanding of the prior case history, the commitment to an end date of February 1, 2027, under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The OCA also supports this Settlement as the fixed part of customer bills will decrease to reflect the removal of the minimum allowance, so that customer usage will count more in the calculation of rates, which is more in line with best practices of ratemaking.

The OCA also supports that, as a result, PW must reallocate the above-described PENNVEST Charge to reflect the new usage-based billing.¹¹⁶ Previously, part of this charge was embedded in the minimum charge; after the change, it will be distributed proportionally across actual billed usage.¹¹⁷ Customers with less usage are expected to save a bit, while heavy users may pay slightly more; but overall the change makes billing fairer and more reflective of actual use. The OCA also appreciates that the Authority is

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ Settlement at ¶ III.9.A.2.b.iii.

¹¹⁷ *Id.*

committing itself to providing customer bill impact analysis of this change.¹¹⁸ Including a customer bill impact analysis helps consumers by making the rate change transparent, understandable, and predictable, empowering them to plan, conserve, and verify fairness. Thus, the OCA respectfully submits that this is reasonable and when accompanied by other important conditions in the Settlement, yields a result that is in the public interest.

C. Pre-Existing Wholesale Contracts

In paragraphs III.9.B.1-2, the settling Parties agreed to settle the pre-existing wholesale contracts issue as follows:

B. PRE-EXISTING WHOLESAL CONTRACTS

1. Pittsburgh Water will continue to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates intended to move closer to Pittsburgh Water's tariffed wholesale rate.
2. Pittsburgh Water will issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039.¹¹⁹

Pittsburgh Water serves three Wholesale customers: Fox Chapel, Aspinwall, and Reserve Township.¹²⁰ Mr. Mierzwa observed that the water service rates proposed by Pittsburgh Water for the Wholesale class are significantly less than the indicated cost of service, and Pittsburgh Water is proposing to reallocate this deficiency to the other customer classes.¹²¹ The amount of the Wholesale revenue reallocation is \$3,897,457 for FY 2026.¹²²

¹¹⁸ Settlement at ¶ III.9.A.2.b.iv.

¹¹⁹ Settlement ¶¶ III.9.B.1-2.

¹²⁰ See PW Exh. HJS-18W.

¹²¹ OCA St. 4 at 3.

¹²² See PW Exh. HJS-10W.

In Pittsburgh Water’s last water base rate proceeding in Docket No. R-2023-3039920 (2023 Proceeding), the amount of the deficiency was \$8,566,911.¹²³ As Mr. Mierzwa recalled and testified to in the instant proceeding, Pittsburgh Water had claimed that the rates for each Wholesale customer were set by a contractual agreement and Pittsburgh Water was unable to increase the rates of its Wholesale customers beyond what was allowed by the individual agreements in the 2023 Proceeding.¹²⁴ In the 2023 Proceeding, Mr. Mierzwa “recommended that Pittsburgh Water provide notice of termination for each Wholesale agreement and negotiate alternative agreements that provide for movement towards cost of service rates over the course of the contract.”¹²⁵ Mr. Mierzwa learned by and through discovery in the instant case that, as to those legacy contracts, PW “‘is actually negotiating new rates for Fox Chapel,’ and that ‘other Wholesale rates will be renegotiated as they become due.’”¹²⁶

Thus, by and through discovery and litigation, the OCA learned that the new rates for Fox Chapel have assisted in reducing the revenue deficiency claimed in this proceeding from the revenue deficiency claimed in the 2023 Proceeding.¹²⁷ However, Pittsburgh Water did not indicate why it did not issue termination notices under its contracts with Aspinwall and Reserve Township in its filing/direct testimony.¹²⁸

¹²³ OCA St. 4 at 4.

¹²⁴ *Id.*

¹²⁵ OCA St. 4 at 4.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.*

In Rebuttal testimony, Mr. Smith corrected his prior COSS model.¹²⁹ Mr. Smith explained that the original, filed COSS model “did not accurately account for the impact of wholesale rate adjustments that do not coincide with the beginning of a fiscal year.”¹³⁰ The corrected calculations lead to an increase in wholesale revenue projections of \$40,985 in FY 2026 and \$40,025 in FY 2027.¹³¹ While the updated COSS addressed the concerns as to value of subsidization (that being less than originally understood), the Settlement reaffirms PW to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates intended to move closer to Pittsburgh Water’s tariffed wholesale rate.¹³² Additionally, PW has committed to issuing a notice of contract termination to Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039.¹³³

As expressed in the prior base rate case, the OCA submits that PW’s commitment to negotiate new rates for its wholesale customers to bring them closer to the tariffed wholesale rate and specifically negotiate as to Aspinwall is essential to ensure that the significant under-recovery of costs from wholesale customers at the expense of all other customers is abated as soon as possible. Ensuring that customers are not forced to continue to absorb the costs of PW’s legacy contracts in perpetuity is appropriate and these Settlement provisions are in the public interest.

¹²⁹ PW St. 8R at 2; PW Exh. HJS-24W.

¹³⁰ *Id.*

¹³¹ *See* PW Exh. HJS-24W.

¹³² Settlement at ¶ III.9.B.1.

¹³³ Settlement at ¶ III.9.B.2.

Further, aligning wholesale customer contracts with Pittsburgh Water's tariffed wholesale rate benefits consumers by promoting fair, transparent, and Commission-regulated pricing. Moving rates toward the approved tariff prevents cost shifting from underpriced wholesale contracts onto other ratepayers, ensuring that all customers pay their equitable share of service costs. This alignment also supports Pittsburgh Water's ability to maintain and invest in critical water infrastructure, enhancing system reliability and water quality. And, importantly, continued good-faith negotiations provide a cooperative mechanism to achieve rate consistency while avoiding costly disputes that could otherwise burden consumers.

Based on the OCA's analysis of Pittsburgh Water's filing, discovery responses received, testimony filed, and the other terms contained in the Settlement, the provisions as to wholesale contracts in this Settlement represent a result that is within the range of likely outcomes in the event of full litigation of the case. As a result, these provisions of the Settlement are supported by substantial evidence in the record and consistent with the requirement that rates be just and reasonable.

D. Stormwater

In paragraphs III.9.C.1.a-c the settling Parties agreed to settle the stormwater issue as follows::

C. STORMWATER

1. Education and Outreach

- a. Pittsburgh Water will annually report progress on current stormwater activities as well as information relating to specific planned stormwater activities as identified in the Capital Improvement Plan within the following

calendar year and stormwater related public events and outreach on its website.

b. Pittsburgh Water will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects in its service territory. Parties to this proceeding will be invited to participate and given an opportunity to provide feedback. The first meeting will be held within 90 days of a final order in this proceeding, and will be held biannually until Pittsburgh Water's next rate case is filed.

c. Pittsburgh Water will use its best efforts to maximize all sources of external funding and will explore the availability of any grants including state and federal for which Pittsburgh Water may be eligible to assist with stormwater planning and mitigation.¹³⁴

Pittsburgh Water's President testified to the following:

"Provided that Pittsburgh Water obtains approval for the necessary rate relief, Pittsburgh Water will be in a solid position to continue making progress toward enhancing the quality and effectiveness of customer service, providing responsible and responsive operations service, improving infrastructure reliability, and maintaining regulatory compliance. Progress in these areas has been recognized by customers participating in recent survey efforts. Pittsburgh Water is continuing its significant efforts to provide more reliable service to customers, meet stricter water quality standards, and **improve stormwater management**. The requested rate relief will provide the revenue necessary to continue these efforts so that we are a utility of the future that delivers the highest possible quality of services to our customers. Continued support from the Commission in the form of rate relief as well as collaborative efforts to improve the safety, quality, and reliability of Pittsburgh Water's water, wastewater, and stormwater services are absolutely essential."¹³⁵

By and through litigation, the OCA learned that consumers were concerned about stormwater financing and projects. As OCA Witness LeeAnn Wise stated in her direct testimony, customers testifying at the Public Input Hearings expressed concerns about how stormwater fees are spent after receipt, how stormwater projects are prioritized, and how flooding is mitigated in the context of stormwater-related issues.¹³⁶ Ms. Wise expressed

¹³⁴ Settlement ¶¶ III.9.C.1.a-c.

¹³⁵ PW St. 1 at 14-15 (**emphasis added**).

¹³⁶ OCA St. 5; *See, e.g.*, Tr. 81-82, 187-193, and 252-254.

concern that under Pittsburgh’s as-filed request, “there [was] no actual mechanism in place to assure customers that increased rates will result in improved, let alone continued levels of service quality and customer service.”¹³⁷

Through this Settlement, Pittsburgh Water has committed to annually report progress on current stormwater activities and specific planned stormwater activities as identified in the Capital Improvement Plan within the following calendar year.¹³⁸ Pittsburgh Water has also committed to engaging in stormwater related public events and outreach on its website.¹³⁹ Reporting benefits consumers by promoting transparency and accountability in the public water utility’s stormwater management activities. By publicly disclosing annual progress, planned projects under the Capital Improvement Plan, and related outreach efforts, consumers gain insight into how ratepayer funds are used, the timing and scope of infrastructure improvements, and opportunities for community involvement. This enhanced access to information fosters informed public participation, strengthens trust between the utility and consumers, and supports compliance with environmental and public service obligations.

Additionally, Pittsburgh Water will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects until the next base rate case is filed.¹⁴⁰ Parties to this proceeding will be invited to

¹³⁷ OCA St. 7 at 8.

¹³⁸ Settlement ¶ III.9.C.1.a.

¹³⁹ *Id.*

¹⁴⁰ Settlement ¶ III.9.C.1.b.

participate and given an opportunity to provide feedback.¹⁴¹ This Settlement provision benefits consumers by ensuring ongoing transparency, accountability, and public participation in the Pittsburgh Water’s stormwater management activities. By allowing participants to offer feedback, the process promotes collaborative decision-making, ensures that community concerns and local needs are considered in project planning, and enhances trust between the utility, regulators, and the public. Overall, this engagement mechanism helps ensure that stormwater initiatives are responsive, efficient, and aligned with consumer concerns.

The Settlement also provides commitment to maximizing funding for stormwater projects.¹⁴² This provision benefits consumers by helping to reduce financial burdens and enhance the efficiency of stormwater management investments. By actively seeking and utilizing external funding sources—such as state and federal grants—Pittsburgh Water can offset project costs that would otherwise be recovered through customer rates. This approach promotes fiscal responsibility, ensures that available public resources are leveraged to their fullest extent, and supports the timely implementation of critical stormwater planning and mitigation projects.

The OCA respectfully submits that the stormwater provisions of the Settlement is essential and addresses the concerns raised in litigation directly from customers and by and through OCA’s testimony. These provisions of Settlement are also a result of reasonable

¹⁴¹ *Id.*

¹⁴² Settlement ¶ III.9.C.1.c.

and significant compromise and collaboration between the parties, are in the public interest, and should be adopted.

E. Damaged Wastewater Sewer Laterals

In paragraphs III.9.D.1-2, the settling Parties agreed to settle the damaged wastewater sewer laterals issue as follows:

D. Damaged Wastewater Sewer Laterals

1. Within 60 days of a final Commission Order in this proceeding, Pittsburgh Water agrees to convene a meeting of interested stakeholders to discuss issues related to customer owned damaged wastewater laterals.

2. In its next base rate case, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.¹⁴³

According to PWSA's wastewater tariff (Rule III.B.7.a), its customers own and are responsible for operation, inspection, maintenance, repair, replacement, abandonment, of sewer laterals within public rights-of-ways and easements all the way to the sewer main.¹⁴⁴ As described in OWT's testimony, the issue of implementing Pittsburgh Water's damaged wastewater lateral replacement program has been an ongoing issue and the program still does not exist as of this base rate case.¹⁴⁵ In prior base rate cases, the OCA expressed concern as to customers owning the sewer lateral within public rights-of-ways and

¹⁴³ Settlement ¶¶ III.9.D.1-2.

¹⁴⁴ Rule III.B.7.a states:

Ownership of Sewer Laterals serving Residential and Non-Residential Properties, up to and including the connection of the Sewer Lateral to the Sewer Main, lies with the property Owner. The property Owner is responsible for the operation, inspection, maintenance, repair, replacement, abandonment, and removal of the Sewer Lateral as so described.

PWSA Tariff Wastewater - Pa. P.U.C. No. 1, First Revised Page No. 35

¹⁴⁵ OWT St. 1 at 95.

easements.¹⁴⁶ PW finally filed its separate petition, pursuant to the 2023 Proceeding's Settlement, for the repair and replacement of damaged wastewater laterals on March 18, 2022.¹⁴⁷ However, the Commission rejected that petition by Order dated December 29, 2022.¹⁴⁸

OWT raised concerns in this instant proceeding as to the status and future of the Damaged Wastewater Lateral Program, to which PW responded in testimony that it had tried to implement the program and could not do so.¹⁴⁹ Thus, as of this Statement in Support, customers are still without the long promised damaged wastewater lateral replacement program. This Settlement commits PW to convening a stakeholder meeting within two months of a final Commission Order of this instant proceeding, with a report back mandate in the next base rate case as to the results and proposals from said meeting.¹⁵⁰

The OCA submits that this Settlement provision is in the best interest of the public because residential wastewater laterals are a critical part of the collection system and a major source of inflow and infiltration (I&I), which leads to overloaded facilities, sewer overflows, and regulatory violations under DEP and EPA standards. As discussed in prior PW cases, since private laterals make up most of the system's total pipe length, utilities

¹⁴⁶ Please See OCA St. 8 at 23-27, incorporated into the record of *PA PUC v. Pittsburgh Water*, Docket Nos. R-2020-3017951, *et al.* (Commission Order entered December 3, 2020) (*2020 PW Order*) (adopting Recommended Decision (2020 PW R.D.)).

¹⁴⁷ *Petition of Pittsburgh Water and Sewer Authority – Wastewater Division for Approval of Damaged Wastewater Sewer Lateral Program*, Docket No. R-2022-3031586 and R-2022-3031597 (Order entered December 29, 2022) (“2022 PWSA DWSL Order”).

¹⁴⁸ OWT St. 1 at 95.

¹⁴⁹ *Id.*; See also PW St. 4R at 24-25.

¹⁵⁰ Settlement ¶ III.9.C.1.c.

cannot effectively protect public health or meet asset-management and compliance requirements without direct control over their condition.

PW's ownership of the same would promote uniform maintenance standards, coordinated repairs, and long-term cost efficiency by reducing unnecessary treatment of stormwater and avoiding premature capital expansion. It would also ensure equity for customers by spreading the high and often unexpected cost of lateral repairs across the rate base, preventing financial hardship for homeowners and reducing delays that exacerbate systemwide problems. Centralized management improves roadway protection, reduces utility conflicts, streamlines emergency response, and clarifies legal responsibility for infrastructure located in the public right-of-way. Collectively, these considerations support the conclusion that the discussion of damaged wastewater laterals is imperative and the outcomes significantly impact customers for multiple reasons. The OCA supports this provision of Settlement to finally have a meaningful discussion about the same, as the ultimate resolution as to damaged laterals should be crafted in the best interest of system reliability, regulatory compliance, and the public welfare of all customers.

F. Customer Service

1. Root Cause Analysis

In Paragraph III.9.G.1. the settling Parties agreed to settle the Root Cause Analysis issue as follows:

- a. Pittsburgh Water will formally track the recommendations, document system-wide steps taken in response, and evaluate – on an on-going basis – whether or how the steps and implementation taken in response to the analysis have achieved their intended purpose.

b. Pittsburgh Water will continue to include analysis of its customer disputes as well as informal complaints to the Commission's Bureau of Customer Service, formal complaints, and Payment Arrangements.

c. Pittsburgh Water will report on the implementation of its current and future recommendations during its regularly scheduled Low-Income Assistance Advisory Committee ("LIAAC") meetings. The report will include an evaluation of the success and failure of Pittsburgh Water's negotiated payment plans. The documented results of Pittsburgh Water's evaluation will also be reported as part of its next base rate filing.¹⁵¹

In the previous base rate preceding the Authority agreed to update its root cause analysis to include evaluation of informal customer complaints submitted to the Commission's Bureau of Consumer Services (BCS). PW witness Mechling included an analysis of informal complaints resolved by BCS and formal complaints filed with the Commission.¹⁵² Since January 2023, Pittsburgh Water has received a total of 129 infractions, over 83 filed complaints, with the following actions taken in response:

- 50 were addressed through a restructuring of our internal non-access process to address aged meters, non-registering meters and estimated meter readings;
- 32 resulted in individual staff coaching and training due to user errors;
- 22 were addressed through coaching and training with Compliance staff related to issuing timely and complete Utility Reports and complaint responses;
- 11 were escalated to Collections' management to update account classifications, ensure completion of collection-related activities, and ensure timely postings of collection-related fees;
- 10 were escalated to Field Operations' management related to unplanned interruptions of service; and
- 4 were addressed through errors identified with Pittsburgh Water's billing system.¹⁵³

¹⁵¹ Settlement ¶ III.9.G.1.

¹⁵² PW St. 6 at 45.

¹⁵³ OCA St. 7 at 18.

OCA witness Alexander recommended Pittsburgh Water continue to conduct a root cause analysis of its customer disputes and the Commission's BCS, as well as Commission handled complaints and report on the implementation of its current and future recommendations in its ongoing Quarterly reports.¹⁵⁴ Ms. Alexander recommended the same, stating that her recommendation “reflects policies and procedures to gather and review customer complaint data that already exist(s),” because “evidence points to the need for ... ongoing root cause analysis of customer complaints.”¹⁵⁵ Additionally, OCA witness Alexander recommended that the Authority should formally track the recommendations, document system-wide steps taken in response to the recommendations, and evaluate on an ongoing basis whether the steps taken are achieving their intended purpose.¹⁵⁶ OCA witness Alexander also recommended that the ongoing evaluation should also include a review of the success and failure of payment plans.¹⁵⁷

PW witness Mechling contended that such steps would be administratively burdensome, may not be feasible, and were unnecessary.¹⁵⁸ OCA witness Alexander explained in her surrebuttal testimony that the programs she recommended would not increase costs to the Authority because her recommendation was to maintain current performance and execute policies that already exist.¹⁵⁹ OCA witness Alexander further

¹⁵⁴ OCA St. 7 at 9.

¹⁵⁵ OCA St. 7SR at 6, 7; *See also* OCS St. 7 at 18-19.

¹⁵⁶ *Id.* at 20.

¹⁵⁷ *Id.* at 9.

¹⁵⁸ PW St. 7R at 47.

¹⁵⁹ OCA St. 7SR at 6.

pointed out that the Authority failed to identify any specific costs or difficulties in implementing her recommendations.¹⁶⁰

This settlement provision is in the public interest because it requires increased accountability from Pittsburgh Water and an avenue for customer complaints to be better understood. The root cause analysis will allow the Authority to better understand the issues presented by customers in their complaints/disputes and allow Pittsburgh Water to better provide service to customers through improved resolution of customer complaints. As such, the OCA submits that this provision of the settlement is reasonable and serves the public interest.

2. Call Center

In Paragraph III.9.G.2., the settling Parties agreed to settle the Call Center issue as follows:

- a. Pittsburgh Water's call center will continue to make good faith efforts to meet its internal standards of an average answer time of 1 minute and an abandonment rate of 3% or less for all its customer queues each quarter.¹⁶¹

OCA witness Alexander testified that Pittsburgh Water relies on the customer call center as the main method by which the approximately 110,000 customers can communicate to Pittsburgh Water about reporting an outage, talk about their bill, file a complaint, ask for a payment plan, or respond to a termination notice.¹⁶² The Authority tracks the standard performance metrics for this call center, including average speed of

¹⁶⁰ *Id.*

¹⁶¹ Settlement at ¶ III.9.G.2.

¹⁶² OCA St. 7 at 11.

answering a call as well as the percentage of calls in which customers hang up or abandon the call due to a long wait time.¹⁶³ PW routinely did not meet its own internal performance standards for its call center and agreed in the previous 2023 settlement to improve customer service performance metrics.¹⁶⁴ Specifically, Pittsburgh Water agreed to use best efforts to meet its internal standards of an average answer time of 1 minute and an abandonment rate of 3% or less.¹⁶⁵ In 2024, the Authority's call center performance significantly improved from the previous year, and the current 2025 data suggests an upward trend.¹⁶⁶

OCA witness Alexander recommended that, as a condition of the rate increase, Pittsburgh Water be required to conform its own internal quarterly call center performance standards of a call answering rate of 1 minute or less and an abandonment rate of 3% or less for each of its call center queues.¹⁶⁷ PW witness Mechling disagreed and testified that the Authority's request for additional revenues to support its capital projects should not be tied to customer service performance metrics.¹⁶⁸ Ms. Mechling further testified that establishing metrics and requiring Pittsburgh Water to constantly evaluate its performance regarding those metrics would create additional costs and burdens, detracting from the Authority's ability to focus on customers and systems.¹⁶⁹ In her surrebuttal testimony, OCA witness Alexander testified that her recommendations should not result in any significant

¹⁶³ *Id.*

¹⁶⁴ *Id.*

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 12.

¹⁶⁷ *Id.*

¹⁶⁸ PW St. 7R at 45.

¹⁶⁹ *Id.*

increase in costs.¹⁷⁰ OCA witness Alexander explained that her recommendations were to maintain the current performance of the call center and meet the Authority's own internal performance metrics.¹⁷¹

This provision is in the public interest because customers must be able to contact their utility and speak with an agent within a reasonable time. This provision will continue to help Pittsburgh Water improve in the area of customer service. As such, the OCA contends that this provision of the settlement is reasonable and in the best interest of consumers.

3. Small Business Customers

The OCA takes no position on the settlement terms regarding Small Business Customers.

4. Customer Complaints, Work Order and Service Logs

In Paragraph III.9.G.4., the settling Parties agreed to settle the customer complaints, work order, and service logs issue as follows:

- a. Pittsburgh Water agrees to continue to maintain the customer complaint log within its asset management system to include all work order and service request data relative to Field Operations' maintenance of assets so that the information can be made available via Microsoft Excel in response to any discovery requests by the parties in, e.g., Pittsburgh Water's next base rate case.
- b. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable reporting mechanism which identifies the basis for why service termination was halted when field representatives attempt to contact the customer at the premises immediately prior to termination of service. The purpose of the discussion is to inform Pittsburgh Water's development of more detailed tracking mechanism to

¹⁷⁰ OCA St. 7SR at 6.

¹⁷¹ *Id.*

inform future improvements to customers communications, particularly regarding payment options.

c. As part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.¹⁷²

As part of the settlement terms of the 2023 base rate case, Pittsburgh Water agreed to provide a complete complaint log.¹⁷³ Specifically, the Authority agreed to maintain complete data regarding customer complaints, work orders, and service logs.¹⁷⁴ The OCA recommended that PW should continue to maintain its service quality complaint and log and evaluate trends and indicators of the volume and type of complaints over time.¹⁷⁵ OCA witness LeeAnn Wise testified about the importance of the Authority's compliance with this term in the 2023 case because it ensures PW is following 52 Pa. Code Section 65.3 and provides a mechanism for ongoing improvements in customer service.¹⁷⁶ Ms. Wise supported OCA witness Alexander's recommendation to continue PW maintain the complaint tracker because it is vital in identifying customer concerns and providing sound customer service.¹⁷⁷

Pittsburgh Water has documented that its field representatives attempt to contact the customer immediately prior to termination of service.¹⁷⁸ The OCA recommended that the Authority develop a more detailed reporting mechanism to identify the basis for why termination was halted, surmising that this would allow a more detailed analysis that may

¹⁷² Settlement ¶ III.9.G.4.

¹⁷³ OCA St. 7 at 16.

¹⁷⁴ *Id.*

¹⁷⁵ OCA St. 7SR at 10.

¹⁷⁶ OCA St. 5 at 8.

¹⁷⁷ *Id.* at 9.

¹⁷⁸ OCA St. 7SR at 10.

provide an important feedback loop to improve customer communications regarding payment arrangement options.¹⁷⁹ OCA witness Alexander noted that PW tracks information in this area via a “personal contact report”.¹⁸⁰ Ms. Alexander critiqued the report highlighting on the fact that the data does not reflect the reasons for why termination was not implemented or the “approved menu options”.¹⁸¹ Ms. Alexander recommended that the data continue to be obtained and that PW should develop a method of categorizing the reasons for when a hold is ordered so that the Authority can evaluate the potential for additional communications or other actions preventing the need for a more expensive attempt to terminate service.¹⁸²

These settlement terms are in the public interest because it will allow for increased scrutiny and reporting of how Pittsburgh Water handles consumer complaints. This provision will benefit consumers by increasing transparency and accountability in the Authority’s service-termination process. Further, this provision will require the Authority to provide data about terminations and schedules a future collaborative session to improve the Authority’s internal policies and procedures regarding terminations. Requiring the Authority to meet with interested parties and develop a reporting mechanism identifying why service termination was halted during field visits will ensure that important data about customer interactions, communication barriers, and payment-related issues is systematically captured and analyzed. This data, followed by the meeting of interested

¹⁷⁹ *Id.*

¹⁸⁰ OCA St. 7 at 27

¹⁸¹ *Id.*

¹⁸² *Id.*

parties, will enable the Authority and interested stakeholders to better understand how customers respond to termination notices, what circumstances commonly prevent termination from proceeding, and where communication or outreach practices may be improved. This will ultimately assist low-income individuals facing a termination of service by establishing earlier intervention, giving the consumer time to take alternative avenues or engage in a payment plan resulting in fairer treatment to the customers, reduces unnecessary terminations, and supports more effective and consumer friendly collection practices. As such, the OCA contends that this provision regarding the complaint logs and termination reports is reasonable and in the public interest.

5. Third Party Payment Processing Fees

In Paragraph III.9.G.5., the settling Parties agreed to settle the third-party payment processing fees issue as follows:

- a. Pittsburgh Water withdraws its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee incurred when the customer elects to pay his or her bill through this method but such withdrawal shall not be construed as precluding Pittsburgh Water from making a similar proposal in the future.
- b. Pittsburgh Water will evaluate the cost and feasibility of implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees. The results of the evaluation, and Pittsburgh Water's preliminary determination as to whether or not it can be implemented, will be presented to the Low-Income Assistance Advisory Committee ("LIAAC") for discussion. As part of its next base rate filing, Pittsburgh Water will detail its proposed implementation of this process or present the reasons why it is not recommending its implementation.¹⁸³

¹⁸³ Settlement ¶ III.9.G.5.

Pittsburgh Water, in its 2021 base rate proceeding, agreed in the settlement to eliminate merchant fees for residential customers.¹⁸⁴ Beginning in January 2022, the Authority complied with this term of the settlement.¹⁸⁵ As part of the settlement in PW's 2023 Base Rate Case, the Authority withdrew its proposal to reverse the agreement and charge customers merchant fees in addition to the actual tariffed charges for customer bills.¹⁸⁶ Pittsburgh Water in this base rate case once again proposed to reverse the agreement and charge residential customers \$2.01 per transaction for paying their bill via credit or debit card.¹⁸⁷ PW witness Barca testified that the cost of incurring these fees is approximately \$500,000 per year.¹⁸⁸

Approximately 27% of the Authority's residential customers in the 1st Quarter of 2025 used either a credit or debit card to pay their bill.¹⁸⁹ OCA witness Alexander testified that imposing a credit/debit card fee will adversely impact customers, especially those facing termination of service.¹⁹⁰

This settlement term is in the public interest because it especially protects the most vulnerable consumers, working to mitigate at least one barrier to maintaining service. This provision will better enable consumers facing termination to pay their bills without

¹⁸⁴ OCA St. 7 at 22.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ PW St. 2 at 26.

¹⁸⁹ OCA St. 7 at 23.

¹⁹⁰ *Id.*

punishing them for using a credit or debit card. The OCA contends that this term is reasonable, will greatly benefit the consumers, and is in the public interest.

G. Low Income Customer Assistance Programs

1. Cross Enrollments

In Paragraph III.9.F.1., the settling Parties agreed to settle the cross enrollments issue as follows:

Effective September 1, 2026, when a customer enrolls in the Bill Discount Program and has a past due balance, Pittsburgh Water will automatically enroll the customer in the Arrearage Forgiveness Program (“AFP”) without the need for the customer to separately apply for the AFP.¹⁹¹

The OCA along with OWT recommended that low-income customers who enroll in the Pittsburgh Water Bill Discount Program (BDP) simultaneously, and without further action of the customer, should also be enrolled in the Pittsburgh Water Arrearage Forgiveness Program (AFP).¹⁹² PW opposed this recommendation arguing that adding automatic enrollment requirements and processes into the current system would force customers into a program without their knowledge or consent, setting them up for a failed AFP experience.¹⁹³

The OCA and OWT elaborated and explained that when a low-income individual with a pre-existing arrears enrolls in the BDP, an action taken by the customer, that arrearage forgiveness should be made an indivisible part of the BDP.¹⁹⁴ This would enroll the customer into essentially one program with two complementary components: (1) a

¹⁹¹ Settlement ¶ III.9.F.1.

¹⁹² OCA St. 6SR at 37.

¹⁹³ PW St. 6R at 21-22.

¹⁹⁴ OCA St. 6SR at 37.

component to address the affordability of current bills on a going-forward basis (i.e., the “bill discount”); and (2) a component to address the pre-existing arrears that were incurred during the time prior to BDP enrollment when bills were unaffordable (i.e., the “arrearage forgiveness”).¹⁹⁵ OCA witness Colton further argued that with the elimination of the requirement that AFP Participants also enter into a payment arrangement, there is now no difference in the program eligibility requirements for the BDP and AFP.¹⁹⁶

This settlement term is in the public interest because it is designed to help reduce confusion and enroll consumers who desperately need assistance into the appropriate programs that they qualify for. Reducing confusion and boosting enrollment in these complementary programs will greatly benefit consumers facing financial difficulties and likely reduce future arrearages, thus also benefiting PW. Therefore, this settlement term is reasonable and in the public interest.

2. Bill Discount Program

In Paragraph III.9.F.2., the settling Parties agreed to settle the bill discount program issue as follows:

- a. Bill Discounts of Volumetric (consumption/conveyance) Charges
 - i. Pittsburgh Water will expand the volumetric discount from 60% to 70% for customers between 0-50% of Federal Poverty Level.
 - ii. Pittsburgh Water will implement a new volumetric discount of 30% for customers between 50.1%-100% of Federal Poverty Level.
- b. Fixed Credit for Volumetric (consumption/conveyance) Charges
 - i. Upon final approval of the Commission, effective 2026 until implementation of the new rate structure change in 2027, BDP participants at 100.1-200% FPL will receive a fixed credit of \$5.00 for their water

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

consumption charges and/or a \$2.50 credit for their wastewater conveyance charges.

ii. Upon implementation of the rate structure change in 2027, all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate.

c. Other Credits/Discounts for BDP Participants

i. All existing bill discounts will continue to include 100% off minimum/service charges, 85% discount off SW charge and 50% discount off PENNVEST Charge.¹⁹⁷

OCA witness Colton recommended that Pittsburgh Water implement a three-tier bill discount program (BDP), an expansion from its current two-tiered program.¹⁹⁸ Mr. Colton also recommended that the Authority increase the consumption/conveyance volumetric discount from 60% to 70% for customers with an FPL at or below 50%.¹⁹⁹ Pittsburgh Water witness Mechling disagreed and estimated an additional \$143,644 loss in base rate revenue would occur if the OCA's proposal were adopted, not including loss in DSIC.²⁰⁰ Ms. Mechling also argued that 60% to 75% creates a risk that fluctuations in covered customer usage may lead to larger volumes of lost revenue.²⁰¹

In his surrebuttal testimony, OCA witness Colton testified that the estimated additional loss in base rate revenue projected by PW witness appeared to be excessive and \$50,000 higher than what he had calculated in his direct testimony.²⁰² OCA witness Colton further testified that the risk of fluctuations in covered customer uses leading to larger

¹⁹⁷ Settlement ¶ III.9.F.2.

¹⁹⁸ OCA St. 6 at 29-36.

¹⁹⁹ *Id.*

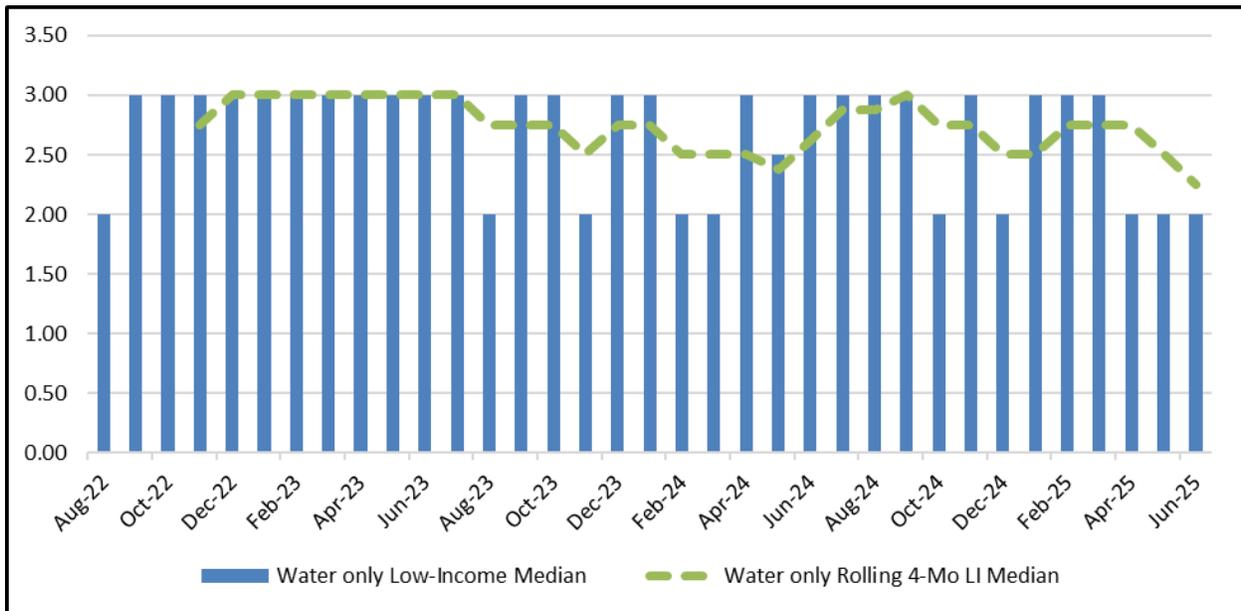
²⁰⁰ PW St. 6R at 27

²⁰¹ *Id.*

²⁰² OCA St. 6SR at 2

volumes of lost revenue was minimal.²⁰³ Mr. Colton illustrated this point through figure 1 (shown below), showing that not only did Pittsburgh Water’s concerns about increased lost revenue associated with usage fluctuations that drive bills higher, the fluctuations that have occurred, in fact, are downward fluctuations, which would result in lower levels of lost revenue.²⁰⁴ The Figure also shows that month-to-month fluctuations in usage tend to cancel each other out.²⁰⁵

Figure 1. Low-Income Median Consumption and Rolling 4-Month Average
Low-Income Median Consumption



206

This settlement term is in the public interest because it increases the discounts provided to customers and better targets the discounts to address affordability and the

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *Id.*

differing affordability needs for customers from 0-50% of FPL, 50.1-100% of FPL, and 100.1-150% of FPL. By implementing a three-tiered program, individuals will gain assistance at a more equitable level to their needs. Further, the currently agreed-upon fixed and other bill discounts will benefit consumers who qualify for the program and assist in preventing rate shock from occurring to the most vulnerable consumers. As such, this settlement provision is reasonable and in the public interest.

3. Arrearage Forgiveness Program (“AFP”)

In Paragraph III.9.F.3., the settling Parties agreed to settle the arrearage forgiveness program issue as follows:

- a. Effective September 1, 2026, Pittsburgh Water will implement a new Arrearage Forgiveness Program as proposed in its initial filing with the exception of the changes noted herein.
- b. Existing AFP participants will be transitioned to the new AFP effective September 1, 2026.
 - i. Educational materials about the transition will be provided to existing AFP participants prior to launch.
 - ii. Existing AFP participants will have the option to remove themselves from the program should they not agree with new AFP terms.
- c. Existing BDP participants with arrearages who are not already enrolled in AFP prior to September 1, 2026, will be automatically enrolled in the AFP. Pittsburgh Water will contact these eligible customers, provide information about the new AFP, and said customers will be given the option to remove themselves from the AFP should they not agree to be enrolled.²⁰⁷

In order for a consumer to enroll in Pittsburgh Water’s AFP a low-income customer must enter into a deferred payment arrangement for their pre-existing arrears.²⁰⁸ Pittsburgh Water explicitly states that “Enrollment in the Bill discount program and an active payment

²⁰⁷ Settlement ¶ III.9.F.3.

²⁰⁸ OCA St. 6 at 48.

plan are the precursors for enrollment into the Arrearage Forgiveness program.”²⁰⁹ According to the Authority, the length and term of payment plans in the AFP are driven by the customer’s household income inputted into the Commission’s payment plan calculator.²¹⁰ A customer with income at or below 150% of the Federal Poverty Level (FPL) may have 60 months over which to retire an arrears.²¹¹

Under the settlement terms of the 2023 base rate proceeding PW agreed that in their next base rate case the Authority shall propose to implement a change to its AFP that would allow then existing and all future participants to receive arrearage forgiveness over no longer than 36 month period and will not require AFP participants to make a co-payment towards the pre-program frozen arrears.²¹² PW contended that under their current proposal, AFP is available to customers at or below 200% of FPL and offers \$40 of past arrearage forgiveness for each on-time payment in an active, income-based payment plan.²¹³

OCA witness Colton recommended a modification to the program arguing that customers who are enrolling in the Bill Discount Program with a pre-existing arrear should be automatically enrolled into the AFP.²¹⁴ Mr. Colton further argued that the current language and outreach of this program were lacking and that the Authority should undertake a comprehensive review of all of its public facing communications to ensure that references exclusively to the provision of forgiveness for on-time payments be modified to

²⁰⁹ PW Response to OWT-3-17.

²¹⁰ OCA St. 6 at 48.

²¹¹ *Id.* at 49.

²¹² OCA St. 6 at 49.

²¹³ PW St. 6 at 31.

²¹⁴ OCA St. 6 at 59.

ensure that customers are informed of their right to also achieve forgiveness by catching up on late or missed payments.²¹⁵

This settlement term is in the public interest because it benefits customers by improving access to arrearage relief, ensuring a transparent and orderly transition to the updated forgiveness program, and expanding assistance to all eligible customers. It protects consumer autonomy by requiring clear communication and opt-out rights, while promoting long-term payment stability and continued access to essential services. This term also shows the Authority is accountable to previous settlement terms. Lastly, this term will greatly benefit consumers enrolled in the AFP and BDP programs. Thus, this term is reasonable and in the public interest.

4. Hardship Fund

In Paragraph III.9.F.4., the settling Parties agreed to settle the hardship fund issue as follows:

- a. Pittsburgh Water will allow eligible customers to apply for Hardship Fund grants up to two times per year per utility service. The total grant available for a household in a given year will be \$450 for water and \$450 for wastewater.
- b. Pittsburgh Water will track the number of Hardship Fund applicants and recipients by FPL range and will track the number of BDP participants who have accessed the Hardship Fund program.
- c. Pittsburgh Water will commit royalties from the water and sewer insurance program as a funding source for the Hardship Fund.²¹⁶

²¹⁵ OCA St. 6R at 60-61.

²¹⁶ Settlement ¶ III.9.F.4.

In its initial filing, Pittsburgh Water proposed to begin automatically enrolling customers receiving Hardship Grants in the BDP.²¹⁷ OWT argued that the PW should modify its Hardship Grant program to allow households to apply and qualify for a grant twice per year, regardless of whether the grant is applied to their water or wastewater account.²¹⁸ OWT further recommended the Authority revise its policies and procedures to give customers clearer information about how to access Hardship Grants, including screening customers for eligibility and revising training and scripts for Customer Service personnel to provide customers with information and a referral to the Hardship Fund if they have a past due balance, are facing termination or already have had service terminated.²¹⁹ Lastly, OWT recommended that the Authority should track additional metrics related to the number of Hardship Grant applicants and recipients by FPL range, and the number of BDP customers who have accessed Hardship Grants.²²⁰

Pittsburgh Water disagreed with OWT and argued that the Authority has recently expanded its Hardship Grants to offer two separate annual grants as a result of the 2023 rate case settlement.²²¹ The Authority also argued that offering grants more than once annually would undermine the proposed AFP.²²²

This settlement term is in the public interest because it will enable eligible low-income individuals to receive hardship funds twice per year in the amount of \$450 for each

²¹⁷ PW St. 6 at 33.

²¹⁸ OWT St. 1 at 73.

²¹⁹ *Id.*

²²⁰ *Id.* at 74.

²²¹ PW St. 6R at 33.

²²² *Id.*

water and wastewater. The settlement provision will provide additional assistance to help water and wastewater customers to maintain essential service. Under the Settlement, Pittsburgh Water will track the number of Hardship Fund applicants and recipients by FPL range and will track the number of BDP participants who have accessed the Hardship Fund program. This settlement term will allow for better outcomes in future base rate proceedings because it requires greater tracking of the funds enrollment, which will give future experts the information they need to better track its performance. Lastly, requiring Pittsburgh Water to commit the insurance program royalties to the hardship fund will increase the funding for the program so that more customers can be assisted. As such, this provision is reasonable and in the public interest.

5. Line Repair and Water Conservation Program (LRC)

In Paragraph III.9.F.5., the settling Parties agreed to settle the line repair and water conservation program issue as follows:

- a. Pittsburgh Water will implement its permanent Line Repair and Water Conservation Program (“LRC”) as proposed in its initial filing with the exception of the changes noted herein.
- b. Landlord Consent
 - i. Pittsburgh Water agrees to present data to its LIAAC regarding barriers to performing services related to a lack of landlord consent. Pittsburgh Water will identify some recommendations for how the process might be improved including permitting landlord consent through an electronic signature, a web portal (and a QR code), or through text messaging.
 - ii. Pittsburgh Water will initiate a discussion with the LIAAC as to how to maximize the ability, and ease, of landlords to provide consent when the landlord is not the customers.

c. Pittsburgh Water will ensure that neither training materials nor customer facing materials require participation in BDP as a condition to receive services pursuant to the LRC.²²³

In its initial filing, Pittsburgh Water proposed to make its line repair and water conservation program permanent.²²⁴ In 2024, this program had already begun implementation with a total of 155 customers achieving a reduction of their monthly consumption by an average of 17%.²²⁵ PW witness Mechling testified that the permanent program will fund the repair/replacement of leaking plumbing devices for income-qualified customers.²²⁶ To support this proposal, \$150,000 was included in the revenue requirements for both the FPFTY and FY 2027 to continue this program after the Pilot is complete.²²⁷ Additionally, Pittsburgh Water proposed to increase the per-property program benefit from \$1,356 to \$1,600 based on contractor feedback following Pilot appointments.²²⁸

The OCA agreed that Pittsburgh Water's proposal to convert the low-income Line Repair and Conservation Program into a permanent program is reasonable and should be approved.²²⁹ The OCA noted that achieving an average usage reduction of 17% through the program exhibits a very successful effort to help low-income customers control their bills by reducing their usage.²³⁰ The OCA argued that the program could be improved by having Pittsburgh Water include in its tariff the process for a tenant to follow when landlord

²²³ Settlement ¶ III.9.F.5.

²²⁴ PW St. 1 at 4.

²²⁵ PW St. 6 at 32

²²⁶ *Id.* at 34

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ OCA St. 6 at 67.

²³⁰ *Id.*

approval has not been obtained and when the tenant is not authorized to provide the required written consent, and to consult with the Low-Income Assistance Advisory Committee to determine how to streamline the process for landlords to provide consent when the landlord is not the customer.²³¹

OCA witness Colton also pointed out the potential for confusion about who is eligible for the LRC program and proposes to clarify any scripts, checklists, or other communications to provide that any customer with income at or below 200% of FPL is eligible for the LRC Program, regardless of whether they are enrolled in BDP.²³² Lastly, Mr. Colton proposed that the Authority double the proposed funding for the program, increasing it to a total of \$300,000.²³³ Pittsburgh disagreed with the OCA's recommendation arguing that doubling the program was unnecessary and that the current request was sufficient to accommodate the Authority's abilities to identify eligible candidates, work with them to secure services, and coordinate the provisioning of services with their contractor.²³⁴

This settlement term is in the public interest because it promotes water conservation and assists low-income customers in controlling their bills by providing a resource to help repair leaks, reduce the low-income customer's bill and to conserve their usage. This provision also requires PW to provide clarity to the customers about who is eligible for the program by ensuring customers realize they do not need to be enrolled in the BDP to qualify

²³¹ *Id* at 69

²³² *Id* at 71.

²³³ *Id.* at 72

²³⁴ PW St. 6R at 42-43.

for the program. Similarly, this provision requires the Authority to assess barriers customers face in their attempts to enter the program and provides a path for the Authority to address these valid concerns. A low-income customer may otherwise not be able to afford to repair the leak. The expansion of the program will greatly benefit those who participate in the program by not only reducing their monthly bill it will also help customers conserve a precious resource. Thus, this provision is reasonable and in the public interest.

6. Identification of “Confirmed” Low-Income Customers

In Paragraph III.9.F.6., the settling Parties agreed to settle the identification of “confirmed” low-income customers issue as follows:

- a. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable approach to internally identifying and tracking residential customers as “confirmed low-income.” The discussion will include consideration of various factors that could indicate low-income status as well as the consequences to the customers and Pittsburgh Water resources of seeking additional information from customers and maintaining responsibility to safeguard the information.
- b. Pittsburgh Water will also open a discussion related to these issues during a regularly scheduled LIAAC meeting.²³⁵

OWT concluded that low-income customers are undersubscribed when compared against low-income customers provided in the Updated Household Affordability Analysis of 26,8343 to the number of enrollees in Pittsburgh Water’s Bill Discount Program.²³⁶ OCA witness Colton recommended the Authority implement a mechanism in its customer information system that would allow the Authority to identify customers for whom Pittsburgh Water has information that would reasonably indicate the customer is low-

²³⁵ Settlement ¶ III.9.F.6.

²³⁶ OWT St. 1 at 47-51.

income.²³⁷ Pittsburgh Water disagreed with the OCA and OWT arguing that the implementation of such a mechanism would be intrusive and require a significant amount of employee time to reach out to more than 116,000 customers, implement some type of verification method, and ensure that the information is updated regularly.²³⁸

This settlement term is in the public interest because it will bring interested parties together to determine the best way to reach out to low-income individuals who are eligible for the low-income program but, for various reasons, are not enrolled. Based on the OCA's analysis of Pittsburgh Water's filing, discovery responses received, testimony filed, and the other terms contained in the Settlement, this provision of Settlement represents a result that is within the range of likely outcomes in the event of full litigation of the case. As a result, this term will create an opportunity to develop new systems and methods to reach out to and inform low-income consumers about programs that will greatly benefit them. Thus, the settlement term is reasonable and in the public interest.

7. Allocation of Costs for Low-Income Programs

In Paragraph III.9.F.7., the settling Parties agreed to settle the allocation of costs for the low-income programs issue as follows:

- a. Pittsburgh Water will continue to recover the costs of its low-income customer assistance programs from all customer classes.²³⁹

OSBA witness Kubas recommended that the costs for the low-income customer assistance program only be recovered from residential ratepayers because non-residential

²³⁷ OCA St. 6 at 40.

²³⁸ PW St. 6R at 12

²³⁹ Settlement ¶ III.9.F.7.

customers are not eligible for the discount programs and are required to pay a higher surcharge to recover the revenue shortfall created by the program.²⁴⁰ Mr. Kubas argued that each customer class should bear the cost of services that directly benefit them.²⁴¹

OCA witness Colton testified that a well-accepted tenet of utility ratemaking is that certain expenses incurred by a public utility are for “public goods”.²⁴² Due to the nature of public goods, all customers receive benefits from public goods and, accordingly, the costs of such goods are spread over all customer classes.²⁴³ It is also worth noting that historically costs have been recovered from all ratepayers. The OCA submits that this settlement term is in the public interest for multiple reasons.

Recovering the costs of low-income customer assistance programs from all customer classes benefits the entire customer base because it (1) spreads costs broadly, minimizing the rate impact on any single class; (2) reduces arrearages, shutoffs, and uncollectible expenses, thereby lowering overall system costs that would otherwise be assigned back to all customers; and (3) supports system reliability and public health, which protects residential, commercial, and industrial users alike.²⁴⁴ Allocating these costs across all classes is therefore consistent with established ratemaking principles that distribute the cost of programs producing system-wide benefits across all beneficiaries.²⁴⁵

²⁴⁰ OSBA St. 1 at 13.

²⁴¹ *Id.*

²⁴² OCA St. 6R at 25.

²⁴³ *Id.*

²⁴⁴ *Id.* at 17.

²⁴⁵ *See Id.*

This settlement term is in the public interest because the low-income program meets the criteria for a public good, and as such, the cost should be borne across all customer classes. Thus, this settlement term is reasonable and in the public interest.

H. Consumer Testimony

The OCA submits that issues that arose during Public Input Hearings are addressed by and through this instant settlement. As OCA Witness LeeAnn Wise testified in her direct testimony, though, customers testified at the Public Input Hearings, expressing concerns about how stormwater fees are spent after receipt, how stormwater projects are prioritized, and how flooding is mitigated in the context of stormwater-related issues.²⁴⁶

Becky Boyle testified on behalf of the Honorable Lindsay M. Williams, who represents the 38th Senatorial District in Allegheny County.²⁴⁷ Senator Williams opposed the multi-year rate increase because this would be the fifth rate increase for PW since 2018.²⁴⁸ Senator Williams is concerned that customer bills have more than doubled in less than ten years. She stated her office has heard from over 100 constituents regarding the rising cost of housing and utilities.²⁴⁹ Constituents have also reported the need for customer assistance programs to be expanded.²⁵⁰ Senator Williams explained that her constituent's family budgets are already stretched to the maximum with raising gas, grocery, rent, and utility bills.²⁵¹ The Senator is concerned that "raising yet another monthly bill will put

²⁴⁶ OCA St. 5; *See*, e.g., Tr. 81-82, 187-193, and 252-254.

²⁴⁷ Tr. 158-159.

²⁴⁸ *Id.*

²⁴⁹ *Id.* at 159.

²⁵⁰ *Id.* at 160.

²⁵¹ *Id.*

many over the edge, forcing them to [make] difficult decisions between food and medication, or between keeping the water or heat on in their home.”²⁵²

Natalie Greene, a social worker, expressed her concern that the proposed rate increase would “exacerbate the homelessness crisis that we are going through in our country and in our specific city right now.”²⁵³ Catherine Brosky testified that the proposed increase exceeds any cost-of-living increase offered in wages.²⁵⁴ She is particularly concerned that the increase is larger when including other fees and charges associated with her bill, like the Distribution System Improvement Charge (DSIC).²⁵⁵

Adolph Smith, a senior citizen on a fixed income, asked Pittsburgh Water not to try to recapture infrastructure costs all at once.²⁵⁶ His current monthly bill is \$144; His bill would increase to \$176 in 2027 under the proposed increase.²⁵⁷ He and his wife receive social security and have additional pensions, eliminating them from eligibility for any low-income assistance programs.²⁵⁸ Joseph Glassbrenner, President of the Brighton Heights Citizens Federation, also cited financial hardship on residents after four consecutive years of hikes.²⁵⁹ He noted that Pittsburgh Water’s cash reserves are growing and criticized the limited impact of their customer assistance program, which has only distributed

²⁵² *Id.*

²⁵³ Tr. 132-134.

²⁵⁴ Tr. at 228.

²⁵⁵ *Id.*

²⁵⁶ Tr. 243.

²⁵⁷ *Id.*

²⁵⁸ *Id.*

²⁵⁹ *Id.* at 247-248.

\$1,025,000—just a small fraction of available funds.²⁶⁰ Glassbrenner argued that approving another rate hike would be unethical and would enable Pittsburgh Water to continue raising rates without making efforts to cut internal costs.²⁶¹

Curtis Davon, Director for Clean Water Action Pittsburgh testified directly that “affordability matters.”²⁶² Another rate hike without strong protection will push more residents into crisis.²⁶³ Mr. Davon asked Pittsburgh Water and the Commission to automatically enroll eligible households into the bill discount program, expand income-base assistance and protect vulnerable households.²⁶⁴

It is important for decisionmakers to consider public input hearing testimony in a Pennsylvania base rate case because this testimony provides direct evidence of how proposed rates and service conditions affect the customers the Public Utility Code is designed to protect.²⁶⁵ Public input hearings bring forward perspectives that may not otherwise appear in expert testimony or formal discovery, including the real-world impacts on low-income households, small businesses, seniors, and other vulnerable groups.

As summarized by OCA witness Wise:

“Consumer testimony at the public hearings strongly supports and reinforces the concerns stated by OCA witnesses Colton and Alexander regarding affordability, quality of service, and customer service. As discussed previously, Pittsburgh Water customers expressed extreme concern about the affordability of their water,

²⁶⁰ *Id.*

²⁶¹ *Id.*

²⁶² Tr. at 253.

²⁶³ *Id.*

²⁶⁴ Tr. at 252-254.

²⁶⁵ *Please see* “PA PUC Public Input Hearing Tips,” available at https://www.puc.pa.gov/media/1703/24_public-input-hearing.pdf (last accessed on November 20, 2025).

wastewater, and stormwater bills. Additionally, many customers voiced concerns over the quality of service provided by Pittsburgh Water, specifically in “The Run” and Brighton Heights neighborhoods. Testimony highlighted persistent flooding issues and infrastructural concerns that have continued for many years without effective resolution.

Customers also raised concerns over the transparency of Pittsburgh Water expense spending and executive compensation. Customers in the “The Run” neighborhood, raised repeated concerns over consistent flooding. They described financial, emotional, and physical toll taken, without the Company providing any meaningful solutions. Having safe, affordable, and reliable service is not optional, it is Pittsburgh Water’s fundamental obligation to their customers. Today, many customers feel this obligation is not being met. These concerns are not isolated; they reflect a broad pattern of hardship and frustration that Pittsburgh Water and the Commission should not overlook.”²⁶⁶

The OCA respectfully submits that the Settlement addresses matters related to the Multi-Year Rate Plan²⁶⁷, consumer affordability,²⁶⁸ quality of service,²⁶⁹ stormwater issues,²⁷⁰ and transparency concerns,²⁷¹ as discussed herein and above.

I. Additional Terms and Conditions

The OCA does not oppose the remaining paragraphs of the Settlement reflecting an agreement by the Authority, as the remaining paragraphs are reasonable compromises in consideration of possible litigation outcomes and are in the public interest.

²⁶⁶ OCA St. 5 at 9-10.

²⁶⁷ See Section B(1), above.

²⁶⁸ See Section G, above.

²⁶⁹ See Section F, above.

²⁷⁰ See Section C, above.

²⁷¹ For example, please see Sections A.3. and D, above.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission.

For the reasons set forth above, the OCA submits that the Settlement satisfies the public interest and supports Commission approval of the Settlement without modification. The OCA points to the substantial evidence in the record supports the provisions addressed by the OCA above and relies on the other parties to the settlement to address those provisions that are significant and material to them in their respective statements in support.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement, taken together, represent a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully submitted,

/s/ Christy M. Appleby

Christy Appleby
Senior Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CApplby@paoca.org

Katie Kennedy
Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: November 21, 2025

Johnathan M. Longhurst
Assistant Consumer Advocate
PA Attorney I.D. # 338157
jlonghurst@paoca.org

Counsel for:
Darryl A. Lawrence
Consumer Advocate

Appendix O

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2025-3055010 (Water)
	:	R-2025-3055011 (Wastewater)
v.	:	R-2025-3055012 (Stormwater)
	:	
	:	
The Pittsburgh Water and Sewer Authority d/b/a Pittsburgh Water	:	
	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT OF ALL ISSUES
WITH ALL PARTIES**

I. Introduction

A. Brief History

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 response to Pittsburgh Water and Sewer Authority (“PWSA” or the “Authority”) June 4, 2025, rate filings in which the Authority requested a multi-year overall rate increase of \$84.4 million and an increase in the Distribution System Improvement Charge (“DSIC”) cap to 7.5%.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Settlement of All Issues with All Parties (“*Joint*

Petition”). The *Joint Petition* addresses the issues raised by this office in this proceeding. Therefore, the OSBA submits this statement in support of the *Joint Petition*.

B. Standards for the Approval of the *Joint Petition*

Section 5.231(a) of the Commission’s regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission’s regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

In the Commission’s judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

II. Settlement

A. Rates Effective 2026

1. Revenue Requirements, Cost Allocation, Resulting Rates

The \$43.6 million is a reduction of 48.3% of the originally requested \$84.4 million. This results in a significant reduction in the average bill of all customers.¹

As set forth in the direct, rebuttal, and surrebuttal testimony of OSBA expert witness Joseph Kubas, the OSBA consistently argued for a reduction in the revenue increase for PWSA.² Therefore, the OSBA submits that *Joint Petition*’s proposal to increase the Authority’s annual base operating revenue by \$43.6 million is a just and reasonable resolution of this issue.

¹ *Joint Petition*, Paragraphs 9.A.1.a. and 9.A.1.c.i.a.

² OSBA Statement No. 1, at 4-11; OSBA Statement No. 1-SR, at 1-13.

In the original filing, the total average bill for a Commercial water, wastewater, and stormwater customer in 2026 using 13,000 gallons per month and eight Equivalent Dwelling Units (“EDUs”) was to increase by \$99.93 per month from \$425.81 per month to \$525.74 or 23.5%. Then, in 2027, the same small business customer would be subject total an additional increase of \$84.80 per month and the average bill would have increased from \$525.74 to \$610.54 or 16.1%.³

Under the *Joint Petition’s* proposed settlement rates, this same small business customer’s total bill will increase by \$66.02 per month from \$425.81 to \$491.83 or 15.5%.⁴ While there is no proposed increase in revenue for 2027, with the elimination of the minimum allowance, and new bill determinates, the average bill could increase slightly. Therefore, since the settlement results in a final average total bill much lower than originally proposed, the settlement should be approved. Furthermore, as part of the settlement the entire proposed increase in 2027 has been eliminated, thus saving customers from being subject to water, wastewater and stormwater increases in 2027.

2. Distribution System Improvement Charge (“DSIC”)

The OSBA did not oppose PWSA’s request to increase its DSIC to 7.5%, as the Commission commonly approves such requests.

Consequently, the OSBA supports the *Joint Petition’s* proposal to keep PWSA’s DSIC at 5.0%.⁵

3. PENNVEST Charge (“PVC”)

³ *Joint Petition*, at Paragraph III.9.A.1.a.iii.

⁴ *Joint Petition*, at Paragraph III.9.A.1.a.iii.

⁵ *Joint Petition*, at Paragraph III.9.A.1.b.i

While the OSBA did not object to the use of a PennVEST Surcharge, the OSBA did recommend that the city provide amortization tables in the next base rate case.⁶ Therefore, this agreement by PWSA to provide the amortization tables in the next filing will ensure the parties and the Commission have the necessary data to review the present and proposed PennVEST surcharges.⁷

B. Rates Effective February 1, 2027

1. Multi-Year Rate Plan (“MYRP”)

The OSBA did not oppose PWSA’s proposal to adopt an MYRP in this proceeding.

Nevertheless, the OSBA supports the *Joint Petition* proposal to remove the MYRP.⁸

2. Removal of Minimum Allowance

Under the current rate structure, the monthly bill of all water and wastewater customers includes an allowance. This type of rate structure causes a 1-inch metered small business customers that have usage less than 8,000 gallons per month to pay for 8,000 gallons of water and wastewater flow. This provision to eliminate both usage allowances is beneficial to small business customers since under this rate structure all customers including small business customer’s bill will be based upon actual water usage and wastewater flow.⁹ Therefore, this agreement by the parties to eliminate the water and wastewater usage allowances under a revenue neutral proposal in 2027 is in the public interest.

C. Pre-Existing Wholesale Contracts

⁶ OSBA Statement No. 1, at 14-15.

⁷ *Joint Petition*, Paragraph III.9.A.1.c.ii.

⁸ *Joint Petition*, Paragraph III.9.A.2.a.

⁹ *Joint Petition*, Paragraph III.9.A.2.b.

Reviewing wholesale contracts periodically ensures that the city continues to serve that customer and is receiving the maximum revenue from each customer.¹⁰ Therefore, it is in the public interest to review the rates, charges, and the alternative supply each wholesale customer claims it has available on a regular basis. This provision in the settlement satisfies this goal.

D. Stormwater

Stormwater charges are often misunderstood by the public and these provisions are steps to educate the public and ensure the city is charging the proper stormwater rates. Furthermore, it is beneficial to customers for the city to explore additional outside funding to ease the burden on future stormwater customers.

E. Damaged Wastewater Sewer Laterals

Damaged wastewater laterals are sometimes a costly misunderstood issue for customers. Therefore, this proposal to convene a meeting with the public is a step in the right direction to inform and educate the public concerning wastewater laterals. Therefore, it is in the public interest to approve this provision.

F. Customer Service

1. Updated Root Cause Analysis 2025

The OSBA is not addressing this issue.

2. Call Center

The OSBA is not addressing this issue.

3. Small Business Customers

The Joint Petition proposal to expand the payment arrangement to 24 months and to providing information concerning service lines, leak programs, and a bill credit program to small

¹⁰ *Joint Petition*, Paragraph III.9.B.

business customers will benefit PWSA's small business customers. Also, PWSA agreeing to work with the OSBA to develop a campaign to bring together interested parties will also benefit small business customers.¹¹

4. Customer Complaints, Work Orders and Service Logs

Continuing to maintain and track customer complaints including work orders and field operations until the next base rate case will ensure the city is aware of problems in its system and with specific customers.¹² Making this information readily available in the next base rate case will ensure interested parties and ultimately the Commission have the data to review and evaluate the city's recording and addressing customer complaints and make recommendations.

5. Third-Party Payment Processing Fees

This provision to drop the third-party fees will save customers utilizing these services the proposed fee. Furthermore, PWSA agrees to provide additional support for such fees in the next base rate case.¹³ These provisions are therefore in the public interest.

G. Low Income Customer Assistance Programs

The OSBA is not addressing this issue.

H. Consumer Testimony

The OSBA is not addressing this issue.

I. Additional Terms and Conditions

The OSBA is not addressing this issue.

III. The Settlement Satisfies the Public Interest

¹¹ *Joint Petition*, at Paragraph III.9.E.3.

¹² *Joint Petition*, at Paragraph III.9.E.4.

¹³ *Joint Petition*, at Paragraph III.9.E.5.

Therefore, the OSBA respectfully submits that the *Joint Petition* is in the public interest of PWSA's small businesses customers and is a just and reasonable outcome for this proceeding.

A combination of factors, set forth in the *Joint Petition*, such as the significant reduction in the overall rate increase, eliminating the DSIC increase, and the removal of the minimum allowance support the OSBA's conclusion.

Furthermore, other proposals set forth in the *Joint Petition* further strengthen the OSBA's recommendation that the *Joint Petition* should be approved. Elimination of the MYRP, PWSA's commitment to seek outside funding for help with the cost of stormwater facilities, and the comprehensive small business payment assistance plan are all just and reasonable resolutions of these issues.

IV. Conclusion

Therefore, for the reasons set forth in the *Joint Petition*, as well as the issues set forth in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJs and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Commonwealths of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Dated: November 21, 2025

Appendix P

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
: **Docket No** **R-2025-3055010**
v. : **R-2025-3055011**
: **R-2025-3055012**
Pittsburgh Water and Sewer Authority :
d/b/a Pittsburgh Water :

**STATEMENT OF PITTSBURGH UNITED OUR WATER TABLE IN SUPPORT
OF THE JOINT PETITION FOR SETTLEMENT OF ALL ISSUES WITH ALL
PARTIES**

Counsel for Pittsburgh United Our Water Table

Ria M. Pereira, Esq., PA ID: 316771
Elizabeth R. Marx, Esq., PA ID: 309014
John W. Sweet, Esq., PA ID: 320182
Lauren N. Berman, Esq., PA ID: 310116

Pennsylvania Utility Law Project

118 Locust Street
Harrisburg, PA 17101

Tel.: 717-236-9486

Fax: 717-233-4088

PULP@pautilitylawproject.org

Dated: November 21, 2025

Table of Contents

- I. INTRODUCTION 3**
- II. SETTLEMENT..... 4**
 - A. Rates Effective 2026 4**
 - 1. Revenue Requirements, Cost Allocation, Resulting Rates..... 4
 - 2. Distribution System Improvement Charge (“DSIC”)..... 6
 - 3. PENNVEST Charge (“PVC”) 7
 - B. Rates Effective February 1, 2027 9**
 - 1. Multi-Year Rate Plan (“MYRP”) 9
 - 2. Removal of Minimum Allowance 10
 - C. Pre-Existing Wholesale Contracts 11**
 - D. Stormwater..... 11**
 - E. Damaged Wastewater Sewer Laterals..... 13**
 - F. Customer Service..... 15**
 - 1. Updated Root Cause Analysis 2025 15
 - 2. Call Center 15
 - 3. Small Business Customers..... 15
 - 4. Customer Complaints, Work Orders and Service Logs 15
 - 5. Third-Party Payment Processing Fees 15
 - G. Low Income Customer Assistance Programs 18**
 - 1. Cross Enrollments..... 18
 - 2. Bill Discount Program 19
 - 3. Arrearage Forgiveness Program (“AFP”)..... 21
 - 4. Hardship Fund..... 24
 - 5. Line Repair and Water Conservation Program (“LRC”)..... 25
 - 6. Identification of “Confirmed” Low-Income Customers..... 28
 - 7. Allocation of Costs for Low-Income Customer Assistance Programs..... 29
 - H. Consumer Testimony 30**
 - I. Additional Terms and Conditions..... 31**
- III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST..... 32**
- IV. CONCLUSION 34**

I. INTRODUCTION

Pittsburgh United Our Water Table (OWT), a signatory party to the Joint Petition for Settlement of All Issues with All Parties (Joint Petition or Settlement), by and through its counsel at the Pennsylvania Utility Law Project, respectfully requests that the terms and conditions contained therein be approved by Administrative Law Judge (ALJ) Emily I. DeVoe and ALJ Ann Quimby (collectively, ALJs), and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, when taken as a whole, the terms and conditions of the proposed Settlement are in the public interest and should be approved without modification.

OWT intervened in this proceeding to ensure that Pittsburgh Water and Sewer Authority's (Pittsburgh Water) proposed rates, and terms and conditions of service, are appropriately designed and implemented in a manner which allows all consumers in Pittsburgh Water's service territory to access safe and affordable water, wastewater, and stormwater services in their homes, regardless of income level.

In this proceeding, OWT sought to ensure the creation of a detailed record concerning material issues around ongoing affordability of OWT's rates for its low income customers, matters that the Commission must address in its determination of whether Pittsburgh Water's proposed rates, and terms and conditions of service, are just, reasonable, in compliance with applicable laws, regulations, and prevailing public policy. OWT submitted detailed written direct, rebuttal, and surrebuttal testimony from its witness, Patrick M. Cicero. Mr. Cicero focused his testimony on the unaffordability of

Pittsburgh Water's proposed rates for low income consumers; the inadequacy of Pittsburgh Water's low income assistance programs to provide universally accessible services; and the crucial need for revisions to Pittsburgh Water's policies and procedures to achieve just and reasonable rates and terms and conditions of service.

The proposed Settlement reasonably addresses a range of issues raised by OWT's testimony, and the recommendations of OWT's witness therein. While the recommendations of OWT's witness were not fully adopted, the resolution of these issues represents a fair and balanced approach which satisfies the many and varied interests of the Settling parties in a reasonable and just manner. As such, and for the specific reasons discussed in further depth below, OWT asserts that the proposed Settlement, when viewed as a whole, is in the public interest and should be approved.

II. SETTLEMENT

For the reasons discussed below, OWT asserts that the proposed Settlement presents a reasonably balanced resolution to the issues raised in this proceeding. While we discuss many of the proposed Settlement provisions below, OWT's silence with respect to any particular provision does not indicate OWT does not agree with that provision. OWT urges the ALJs and the Commission to approve the proposed Settlement.

A. Rates Effective 2026

1. Revenue Requirements, Cost Allocation, Resulting Rates

Mr. Cicero explained in his direct testimony that Pittsburgh Water initially sought a multi-year overall rate increase of \$84.4 million, inclusive of a requested increase to the Distribution System Improvement Charge (DSIC) cap to 7.5%; and its requested

expansion of the PENNVEST Charge on March 3, 2026.¹ Mr. Cicero opposed Pittsburgh Water's proposed rate increase.² Mr. Cicero reasoned that Pittsburgh Water's rates are already unaffordable for many of its customers, and increasing rates would only further exacerbate this existing problem.³

Paragraph III.9.A.1.a of the proposed Settlement provides that, upon final approval of the Commission, a total base rate revenue increase of \$25 million for rates effective in 2026 (inclusive of 5% DSIC, exclusive of PENNVEST charges) will be implemented and allocated, as set forth in the further detail in the proposed Settlement. In addition, as noted further, below, and outlined in Paragraph III.9.A.1.c.i.(a) of the proposed Settlement, Pittsburgh Water will separate out its total PENNVEST charges and pass them through its applicable PENNVEST rider which will generate \$17.6 million in rider revenue above the base rate increase.

OWT asserts that the provisions in Paragraph III.9.A.1.a of the proposed Settlement are reasonable and should be approved. On balance, the significant reduction of the overall rate increase, along with critical enhancements to Pittsburgh Water's low income assistance programs (discussed below), will help mitigate the negative impacts of the rate increase on Pittsburgh Water's low income customers who already struggle to afford and stay connected to services. In addition, the proposed Settlement sets forth several specific provisions designed to improve Pittsburgh Water's policies and

¹ OWT St. 1 at 6: 10-18.

² OWT St. 1 at 13.

³ Id. at 13-14.

procedures which impact residential customers, including provisions to improve Pittsburgh Water’s current and proposed policies related to third party payment processing fees. We will discuss these proposed enhancements in detail below.

Overall, we assert that the provisions contained in Paragraph III.9.A.1.a. reasonably balance the varied interests of the settlement parties; are reasonable and in the public interest; and should be approved without modification.

2. Distribution System Improvement Charge (“DSIC”)

Mr. Cicero explained in his direct testimony that Pittsburgh Water’s currently-approved DSIC allows it to charge a 5% additional surcharge on billed distribution revenue, and that Pittsburgh Water sought in this proceeding to increase the charge for water and wastewater to 7.5%.⁴ Mr. Cicero described how Pittsburgh Water’s DSIC proposal would significantly increase the dollars charged to residential customers.⁵ While not providing a specific recommendations related to Pittsburgh Water’s DSIC, Mr. Cicero urged the Commission to remember that allowing an increase to the DSIC of 2.5% would provide Pittsburgh Water with substantial additional capital and flexibility related to its cash flow and PAYGO funding, and should be considered when examining the overall reasonableness of rates.⁶

⁴ Id. at 11: 5-17.

⁵ Id.

⁶ OWT St. 1 at 12: 7-17.

As a part of the overall settlement, Pittsburgh Water agreed in paragraph III.9.A.1.b. withdraw its request to increase the DSIC cap for both water and wastewater conveyance.

This withdrawal of the DSIC increase is in the public interest as the provisions in Paragraph III.9.A.1.b. reasonably balance the interests of the parties to this proceeding. By withdrawing Pittsburgh Water's proposed increase to its DSIC, the proposed Settlement balances Pittsburgh Water's recovery through the DSIC with the overall rate increase provided for in this Settlement. We assert that these provisions are reasonable and should be approved without modification.

3. PENNVEST Charge ("PVC")

Mr. Cicero explained in his direct testimony that Pittsburgh Water's initial proposal sought to change how PENNVEST debt payments are recovered. Specifically, Pittsburgh Water sought to expand the PENNVEST charge to cover all loans, and to revise its tariff language so that the surcharge permits recovery of interest and/or interest and principal that is charged by PENNVEST prior to completion of a PENNVEST-loan financed project.⁷ While Mr. Cicero did not set forth a specific recommendation related to PENNVEST funding, he urged the Commission to ensure that the \$14 million that currently is in rates will be removed as of March 3, 2026 when new rates go into effect because those amounts would be collected through the new PENNVEST charge.⁸

⁷ Id. at 10.

⁸ Id. at 12-13.

Paragraph III.9.A.1.c. of the proposed Settlement provides that, upon final approval of the Commission, effective 2026, Pittsburgh Water will begin charging all debt service (principal and interest or interest only, depending upon the charges from PENNVEST) on existing and future PENNVEST loans through the existing PENNVEST charge when those charges are required to be paid by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service. This Paragraph of the proposed Settlement further provides that:

- The amount of \$17.6 million will be recovered from the PENNVEST charge is not included in the above agreed-to base rate revenue requirements;
- After January 1, 2027, Pittsburgh Water will file semi-annual updates in the format provided in Appendix H (for water and wastewater conveyance);
- As part of its next base rate filing, Pittsburgh Water will provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years, as provided for in the terms of the proposed Settlement.

Taken together, the provisions at Paragraph III.9.A.1.c. of the proposed Settlement reasonably balance the Settling parties' interests. While providing that Pittsburgh Water will be permitted to charge all debt services on existing and future PENNVEST loans through the existing PENNVEST charge (when those charges are required to be paid by PENNVEST), this Paragraph also provides for important reporting by Pittsburgh Water, including semi-annual updates. This reporting will help the Commission and interested parties to evaluate the impacts of the revised PENNVEST charge on an ongoing basis.

We therefore assert that these Settlement provisions are reasonable and should be approved.

B. Rates Effective February 1, 2027

1. Multi-Year Rate Plan (“MYRP”)

OWT opposed Pittsburgh Water’s proposal to implement a multi-year rate increase plan.⁹ Mr. Cicero reasoned that the MYRP would permit an automatic increase for the Authority in 2027 at the expense of its customers but without the scrutiny of a rate proceeding.¹⁰ Mr. Cicero explained that Pittsburgh Water’s MYRP proposal would impose significant burdens on its customers, particularly low income customers who experience bill payment difficulties.¹¹

Pittsburgh Water agreed to withdraw its MYRP request in Paragraph III.9.A.2.a. of the proposed Settlement.

OWT asserts that the provisions contained at this Paragraph of the proposed Settlement are squarely in the public interest and should be approved. Pittsburgh Water’s agreement to withdraw its multi-year request in this proceeding addresses Mr. Cicero’s concerns that a multi-year rate proposal would cause residential customers to experience increased burdens without appropriate Commission oversight of 2027 rates. As such, we assert that these proposed Settlement provisions are just, reasonable, in the public interest, and should be approved.

⁹ Id. at 34-35.

¹⁰ Id.

¹¹ Id.

2. Removal of Minimum Allowance

OWT supported Pittsburgh Water's decision in this proceeding to remove the minimum usage amount from the monthly service charge for all volumetric usage, as a means to improve bill clarity, increase transparency, and promote conservation.¹² Mr. Cicero conditioned this support of his recommendations to Pittsburgh Water's Bill Discount Program (BDP) and Arrearage Forgiveness Program (AFP) so that participating low income customers could achieve affordable bills, even with this proposed removal.¹³

Paragraph III.9.A.2.b.i. of the proposed Settlement provides that Pittsburgh Water's proposal to remove the usage component from the fixed minimum/ service charge as filed will be approved for implementation on February 1, 2027. Paragraph III.9.A.2.b.ii. further provides that rates will be adjusted only because of the rate structure change on a revenue neutral basis. Paragraph III.9.A.2.b.iii. sets forth that the allocation of the PENNVEST charge will be recalculated to account for additional billed usage effective February 1, 2027 due to the removal of the usage component from the fixed minimum/ service charge. Finally, pursuant to Paragraph III.9.A.2.b.iv., the tariff supplement filing for rates effective February 1, 2027 will include a customer bill impact analysis of the impact of the rate structure change.

OWT asserts that the provisions contained in Paragraph III.9.A.2.b. of the proposed Settlement are reasonable and should be approved. While providing for the removal of the usage component from the fixed minimum/ service charge, these

¹² OWT St. 1 at 33-34.

¹³ Id.

provisions also contain important safeguards, including the requirement that Pittsburgh Water adjust rates on a revenue neutral basis, and provide supplemental information related to customer bill impacts related to these rate structure changes. These provisions will help to ensure that Pittsburgh Water implements removal of the usage component in a reasonable manner, and provides important information to the Commission and parties about how customers are being impacted as a result of these rate design changes. We therefore assert that these provisions are reasonable, in the public interest, and should be approved.

C. Pre-Existing Wholesale Contracts

OWT did not take a specific position in this proceeding related to the pre-existing wholesale contract issues set forth in Paragraph III.9.B. of the proposed Settlement.

D. Stormwater

OWT raised concerns in this proceeding that Pittsburgh Water's public relations and outreach has led to commitments that the Authority is not choosing to meet within its stormwater capital improvement plan and strategic plan.¹⁴ Mr. Cicero also raised significant concerns that Pittsburgh Water has failed to adequately prioritize stormwater mitigation projects and funding.¹⁵ Mr. Cicero recommended that Pittsburgh Water be required to more closely follow its strategic plan, prioritize projects that it has deferred based on rankings in the stormwater strategic plan, and clearly communicate with

¹⁴ OWT St. 1 at 84-86.

¹⁵ Id. at 85-86.

stakeholders within the impacted projects / watersheds about the completion of these projects.¹⁶

Paragraph III.9.C. of the proposed Settlement provides that Pittsburgh Water will take the following actions related to its stormwater education, outreach, and projects:

- Annually report progress on current stormwater activities, and information relating to specific planned stormwater activities as identified in the Capital Improvement Plan within the following calendar year and stormwater related public events and outreach on the Authority's website;¹⁷
- Hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects in its service territory. Parties to this proceeding will be invited to participate and given an opportunity to provide feedback. The first meeting will be held within 90 days of a final order in this proceeding, and will be held biannually until Pittsburgh Water's next rate case is filed;¹⁸
- Use best efforts to maximize all sources of external funding and will explore the availability of any grants including state and federal for which Pittsburgh Water may be eligible to assist with stormwater planning and mitigation.¹⁹

Taken together, these Settlement provisions provide for meaningful improvements related to Pittsburgh Water's efforts, outreach, and education related to stormwater mitigation and projects. By requiring that Pittsburgh Water annually report on the progress of stormwater activities (as identified in the Capital Improvement Plan) within the following calendar year, as well as stormwater related public events and outreach, the proposed Settlement will help to provide the Commission, parties, and interested

¹⁶ Id. at 87-88.

¹⁷ Proposed Settlement, Paragraph III.9.C.1.a.

¹⁸ Proposed Settlement, Paragraph III.9.C.1.b.

¹⁹ Proposed Settlement, Paragraph III.9.C.1.c.

stakeholders with important information related to Pittsburgh Water’s stormwater mitigation projects and efforts. Requiring Pittsburgh Water to hold biannual stakeholder meetings related to stormwater projects and priorities for the upcoming year will provide an important forum for stakeholders to discuss stormwater issues. By requiring Pittsburgh Water to make best efforts to maximize all sources of funding – and explore grants inclusive of state and federal grants – which may help in stormwater planning and mitigation, these proposed Settlement provisions will help to ensure that Pittsburgh Water is adequately drawing on sources of funding which may be available to augment their stormwater mitigation efforts. While Mr. Cicero’s recommendations related to stormwater were not adopted in their entirety, these provisions reasonably balance the parties’ interest. We therefore assert that these proposed Settlement provisions are reasonable and should be approved.

E. Damaged Wastewater Sewer Laterals

Mr. Cicero explained in his testimony submitted in this matter that Pittsburgh Water has failed to re-file a plan for its damaged wastewater lateral replacement program with the Commission, despite a more than two-year-old commitment by Pittsburgh Water to file a Pilot Infiltration and Inflow Reduction and Damaged Wastewater Lateral Program petition.²⁰ Mr. Cicero further explained that failure to follow through with this program impacts the health and safety of immediate customers whose laterals are damaged, their neighbors, and the integrity of the system as a whole.²¹ Mr. Cicero also

²⁰ OWT St. 1 at 95-96.

²¹ Id. at 96-97.

noted that low income customers do not have sufficient resources to make these repairs, which may amount to tens of thousands of dollars.²² Mr. Cicero recommended that Pittsburgh Water file a petition for a Damaged Sewer and Wastewater Lateral Program, compliant with the Commission's 2022 PWSA DWSL Order, Act 120, and Commission regulations within 90 days of the effective date of rates in this proceeding.²³

Paragraph III.9.D.1. of the proposed Settlement provides that, within 60 days of the final Commission Order in this proceeding, Pittsburgh Water will convene a meeting of interested stakeholders to discuss issues related to customer owned damaged wastewater laterals. Paragraph III.9.D.2. further provides that, in the Authority's next base rate case, it will include a report of the meeting and any proposals resulting therefrom.

While Mr. Ciero's recommendations related to damaged sewer and wastewater laterals were not adopted in their entirety, OWT asserts that these proposed Settlement provisions are reasonable, and will help Pittsburgh Water to develop a path to adequately address these important issues in coordination with parties to this proceeding. Requiring Pittsburgh Water to report on the meeting, and proposals resulting from this meeting, in its next base rate case will also help the Commission and interested parties to better understand and address Pittsburgh Water's progress related to damaged sewer and wastewater lateral issues. We therefore assert that these proposed Settlement provisions are reasonable, in the public interest, and should be approved.

²² Id.

²³ OWT St. 1 at 97: 6-14.

F. Customer Service

1. Updated Root Cause Analysis 2025

OWT did not take a specific position in this proceeding related to the root cause analysis issues set forth in Paragraph III.9.E.1. of the proposed Settlement.

2. Call Center

OWT did not take a specific position in this proceeding related to the call center issues set forth in Paragraph III.9.E.2. of the proposed Settlement.

3. Small Business Customers

OWT did not take a specific position in this proceeding related to the small business customer issues set forth in Paragraph III.9.E.3. of the proposed Settlement.

4. Customer Complaints, Work Orders and Service Logs

OWT did not take a specific position in this proceeding related to the customer complaint, work order, and service log issues set forth in Paragraph III.9.E.4. of the proposed Settlement.

5. Third-Party Payment Processing Fees

Pittsburgh Water initially proposed to remove from its rates the costs associated with credit and debit card payments by customers so that these costs would instead be borne by customers.²⁴ Mr. Cicero opposed this proposal through his testimony in this matter, explaining that this proposal inappropriately shifted fees to ratepayers – particularly low income ratepayers – who may already be having bill payment

²⁴ Pittsburgh Water St. 2 at 26.

difficulties, even without imposition of additional fees.²⁵ Mr. Cicero recommended that these fees continue to be included in rates.²⁶ Mr. Cicero also recommended that Pittsburgh Water: (1) begin covering the costs of making cash payments at authorized retailers in rates, as low income customers are far more likely to pay their bills in cash than other customer segments; (2) explore additional means of encouraging other forms of payment from all households and accept payments using commonly used payment applications; and (3) no later than its next base rate base, present a proposal to accept payments by no-bank payment applications without customers being required to incur a fee.²⁷

Pursuant to Paragraph III.9.E.5.a. of the proposed Settlement, Pittsburgh Water will withdraw its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee incurred when the customer elects to pay their bill through this method. This Paragraph provides that withdrawal of this proposal will not be construed as precluding Pittsburgh Water from making a similar proposal in the future.

Paragraph III.9.E.5.b. of the proposed Settlement requires Pittsburgh Water to evaluate the cost and feasibility of implementing a process for customers to pay their bills with cash without being required to pay any additional third-party processing fees. These Settlement provisions further provide that the results of this evaluation, and the

²⁵ OWT St. 1 at 91-92.

²⁶ Id. at 91: 7-8.

²⁷ Id. at 92-93.

Authority's preliminary determination about whether it can be implemented, will be presented to Pittsburgh Water's Low Income Assistance Advisory Committee (LIAAC) for discussion. As part of the Authority's next base rate proceeding, Pittsburgh Water will provide details related to the proposed implementation of this process, or present the reasons why it is not recommending its implementation.

Taken together, the provisions contained in Paragraph III.9.E.5. meaningfully improve Pittsburgh Water's initial proposals related to third-party processing fees. Pittsburgh Water's agreement to withdraw its proposal to require individual residential customers to pay individual debit/ credit card processing fees is squarely in line with Mr. Cicero's recommendation that this proposal be denied, as it would impose additional burdens on residential ratepayers. As discussed above, Mr. Cicero also recommended that Pittsburgh Water develop a process whereby customers could submit cash payments without third-party processing fees. Paragraph III.9.E.5. of the proposed Settlement requires that Pittsburgh Water take meaningful steps towards these recommendations, by requiring the Authority to evaluate the cost and feasibility of implementing this process in coordination with the LIAAC – and either propose to implement such a process or explain why it has chosen not to do so in its next base rate proceeding. While Mr. Cicero's recommendations were not adopted in their entirety, we assert that these proposed Settlement provisions reasonably balance the parties' interests, and should be approved without modification.

G. Low Income Customer Assistance Programs

1. Cross Enrollments

In his direct testimony in this matter, OWT raised concerns that Pittsburgh Water was proposing to operate the Arrearage Forgiveness Program (AFP) and Bill Discount Program (BDP) as separate programs, and that there were many BDP customers who carried balances who were not enrolled in the AFP.²⁸

Mr. Cicero recommended that:

- The AFP should operate as a streamlined component of the BDP, so that BDP enrollees with arrears can receive AFP benefits without having to take any further steps to enroll.²⁹
- All BDP participants with arrears who are not already enrolled in the AFP should be enrolled in the AFP within 60 days of the effective date of rates, and that Pittsburgh Water work with its LIAAC to develop outreach and education for these customers related to the AFP.³⁰
- If Pittsburgh Water's systems are unable to automatically provide arrearage forgiveness to AFP customers, BDP customers in arrears should be given the ability to enroll in the AFP prior to their recertification dates by letter and additional outreach.³¹

Paragraph III.9.F.1. of the proposed Settlement provides that, effective September 1, 2026, when a customer enrolls in the BDP and has a past due balance, Pittsburgh Water will automatically enroll the customer in the AFP without the need for the customer to separately apply for the AFP.

²⁸ OWT St. 1 at 64: 10-19.

²⁹ Id. at 65: 1-6.

³⁰ Id. at 66: 1-10.

³¹ Id. at 66: 1-15.

We assert that these proposed Settlement provisions are reasonable and should be approved. By providing that (as of September 1, 2026) Pittsburgh Water will automatically enroll customers in the AFP when a customer enrolls in the BDP with a past due balance, this proposed Settlement Paragraph will help to streamline how BDP customers access arrearage forgiveness benefits through the AFP, without the need for a separate application process to qualify for the AFP. This is squarely in the public interest, and in line with Mr. Cicero's recommendations, as discussed above. For these reasons, we assert that these provisions are reasonable and should be approved.

2. Bill Discount Program

In its initial filing, Pittsburgh Water proposed to revise the structure of its BDP to allegedly account for its proposed elimination of the minimum usage charge.³² While Mr. Cicero supported revising the BDP's structure to improve affordability, he explained that Pittsburgh Water's proposed revisions to the BDP's structure failed to provide consistently affordable rates for Program participants, particularly those with higher usage levels and lower household incomes.³³ Mr. Cicero recommended revisions to the structure and discount level of the BDP to provide more consistent levels of affordability, including by (1) providing the same percentage discount levels on volumetric usage to customers between 51-100% FPL as it proposes to provide to BDP participants between 0-50% FPL; and (2) changing the bill fixed bill credit structure for households with

³² Pittsburgh Water St. 6 at 26-27; OWT St. 1 at 52-53.

³³ OWT St. 1 at 54-55.

income between 0-50% FPL and for households between 51-100% FPL, as outlined in his direct testimony.³⁴

Paragraph III.9.F.2.a. of the proposed Settlement sets forth the following revisions to the BDP discounts on volumetric (consumption/ conveyance) charges:

- Expanding the volumetric discount from 60% to 70% for customers between 0-50% of Federal Poverty Level;
- Implementing a new volumetric discount of 30% for customers between 50.1%-100% of Federal Poverty Level.

Paragraph III.9.F.2.b. further provides the following revisions to the fixed credit for volumetric (consumption/ conveyance) charges:

- Effective 2026 until implementation of the new rate structure change in 2027, BDP participants at 100.1-200% FPL will receive a fixed credit of \$5.00 for their water consumption charges and/or a \$2.50 credit for their wastewater conveyance charges;
- On implementation of the rate structure change in 2027, all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate.

Finally, Paragraph III.9.F.2.c. of the proposed Settlement provides regarding other credits/ discounts for program participants, that all bill discounts will continue to include 100% off minimum/service charges, 85% discount off SW charge and 50% discount off PENNVEST Charge.

Taken together, the above revisions to the BDP, if approved, would result in meaningful improvements to the levels of affordability that BDP customers can access.

³⁴ Id. at 57-58, Table 18.

While Mr. Cicero’s BDP recommendations were not adopted in their entirety, the proposed revisions would help low income customers – particularly those with lower household incomes and higher usage levels – to achieve more affordable monthly bills while enrolled in the BDP. As Mr. Cicero describes through his testimony,³⁵ revising the BDP is also necessary to account for Pittsburgh Water’s proposal to remove the usage component from the fixed minimum/ service charge, as discussed above. As such, we assert that these proposed Settlement provisions are squarely in the public interest, are reasonable, and should be approved.

3. Arrearage Forgiveness Program (“AFP”)

In its initial filing, Pittsburgh Water proposed to amend its AFP structure to allow all existing and future participants to receive arrearage forgiveness over a period of 24 months, so long as they stay current on future bills or payment plans.³⁶ While Mr. Cicero was supportive of Pittsburgh Water’s proposal to allow AFP participants to receive full arrearage forgiveness within 24 months, he raised concerns that the success of the AFP was hampered by Pittsburgh Water’s current policies of requiring customers to enter into payment arrangements to enroll in the AFP, failing to provide AFP credits for all catch up payments, and failing to properly coordinate the AFP and BDP.³⁷ He recommended additional reforms to the AFP, including that Pittsburgh Water (1) take additional steps to clarify its tariff language related to certain AFP changes;³⁸ (2) develop customer outreach

³⁵ OWT St. 1 at 54-55.

³⁶ Pittsburgh Water St. 2 at 67.

³⁷ OWT St. 1 at 60-62.

³⁸ Id. at 61.

and education so that customers may learn that they can receive AFP credits without having to enter into payment arrangements;³⁹ (3) permit AFP participants to earn forgiveness on all catch-up payments;⁴⁰ (4) take steps to improve the coordination of the BDP and AFP, as discussed above; and (5) meaningfully improve tracking of AFP data, as outlined in Mr. Cicero's direct testimony.⁴¹

Paragraph III.9.F.3.a. of the proposed Settlement provides that, effective September 1, 2026, Pittsburgh Water will implement its new AFP as proposed in its initial filing with several changes provided for under the proposed Settlement. Paragraph III.9.F.3.b. provides that existing AFP participants will be transitioned to the new AFP effective September 1, 2026. Educational materials about this transition will be provided to existing AFP participants prior to this launch, and existing AFP participants will have the option to remove themselves from the Program should they disagree with the new AFP terms.

Paragraph III.9.F.3.c. of the proposed Settlement further provides that existing BDP participants with arrearages who are not already enrolled in the AFP prior to September 1, 2026 will be automatically enrolled in the AFP. Pittsburgh Water will contact these eligible customers, provide information about the revised AFP, and these customers will be given the option to remove themselves from the AFP if they do not agree to be enrolled.

³⁹ Id. at 62-63.

⁴⁰ Id. at 63-64.

⁴¹ Id. at 66-67.

Taken together, these proposed Settlement provisions will provide important reforms to Pittsburgh Water's AFP proposal contained in its initial filings and will help customers to receive more meaningful arrearage forgiveness assistance through this Program. By requiring Pittsburgh Water to transition to its new AFP, effective September 1, 2026, Paragraph III.9.F.3.a. will help ensure that customers can access the revised AFP in a timely manner. The outreach and education efforts set forth in Paragraph III.9.F.3.b. of the proposed Settlement will help eligible customers to learn about and ultimately enroll in the AFP.

As discussed above, Mr. Cicero recommended that the BDP and AFP be fully integrated and coordinated. While Mr. Cicero's recommendations were not fully adopted, Paragraph III.9.F.3.c., along with the improvements to BDP and AFP cross enrollments discussed above, will help BDP participants with arrearages to automatically enroll in the AFP if they are not already enrolled in this Program prior to September 1, 2026 – thereby helping the streamline enrollment for the AFP. Providing customers with information and the ability to opt-out of this process also helps to reasonably balance the parties' interests in this proceeding, while helping customers to be better informed about what assistance they are receiving. For these reasons, we assert that these proposed Settlement provisions are reasonable, in the public interest, and should be approved.

4. Hardship Fund

Mr. Cicero explained in his direct testimony that Pittsburgh Water's hardship fund was not serving the clear need for grant assistance amongst low income customers.⁴² Mr. Cicero recommended that Pittsburgh Water allow households to qualify for hardship funding twice a year – regardless of whether the customer elects to apply the grant to their water/ wastewater account; that Pittsburgh Water make revisions so that customers are provided with clearer information about the Hardship Fund; and that Pittsburgh Water begin to track additional metrics related to the Hardship Fund.⁴³

Paragraph III.9.F.4.a. of the proposed Settlement provides that Pittsburgh Water will allow eligible customers to apply for a Hardship Fund grant up to two times per year per utility service. The total grant available for a household in a given year will be \$450 for water and \$450 for wastewater. Paragraph III.9.F.4.b. provides that Pittsburgh Water will track the number of Hardship Fund applicants and recipients by Federal Poverty Level (FPL) range and will track the number of BDP participants who have accessed the Hardship Fund Program. Finally, Paragraph III.9.F.4.c. provides that Pittsburgh Water will commit royalties from the water and sewer insurance program as a funding source for its Hardship Fund.

These proposed Settlement provisions provide meaningful improvement to Pittsburgh Water's Hardship Fund. Allowing customers to qualify for a Hardship Fund

⁴² Id. at 69-70

⁴³ OWT St. 1 at 73-74.

grant twice per year – up to a limit of \$450 for water and wastewater respectively –⁴⁴ will help customers to better meet their needs for assistance, even if they do not have combined services, and will provide better assistance for low income customers who carry higher arrearage balances. Requiring that Pittsburgh Water track Hardship Fund applicants/ recipients by FPL range and BDP customers who access the Hardship Fund will provide Pittsburgh Water, the Commission, and interested parties with important information related whether the Hardship Fund is reasonably accessible to low income customers, and to gauge additional barriers which may exist to receiving grant assistance.⁴⁵ By requiring Pittsburgh Water to commit royalties from its water and sewer insurance program towards the Hardship Fund, Paragraph III.9.F.4.c. of the proposed Settlement will provide an important additional funding source for the Hardship Fund to better meet the need for grant assistance amongst low income customers. These proposed Settlement provisions align with many of the recommendations set forth by Mr. Cicero in this proceeding, and will augment the reach and success of Pittsburgh Water’s Hardship Fund. For these reasons, we assert that these provisions are reasonable, in the public interest, and should be approved.

5. Line Repair and Water Conservation Program (“LRC”)

In its initial filings, Pittsburgh Water proposed to convert the line repair and water conservation (LRC) pilot to a permanent program, and to increase its per-property benefit

⁴⁴ Proposed Settlement, Paragraph III.9.F.4.a.

⁴⁵ Proposed Settlement, Paragraph III.9.F.4.b.

from \$1,356 to \$1,600.⁴⁶ While Mr. Cicero supported Pittsburgh Water’s proposals to make this Program permanent, and to increase the per-property limit,⁴⁷ Mr. Cicero recommended that the per-property limit be an average cost per job to allow better access under the Program for low income customers who often lack discretionary income to address needed repairs.⁴⁸ Mr. Cicero also raised concerns that the Program as proposed would not provide comprehensive usage reduction, repair, and conservation measures – and that Program has had low uptake despite the need for usage reductions assistance.⁴⁹ Mr. Cicero recommended that Pittsburgh Water (1) develop and implement a comprehensive conservation and line repair/ replacement assistance program; (2) eliminate current requirements that customers must be enrolled in the BDP to access the LRC Program; and (3) coordinate service delivery with other utilities in its service territory that operate energy efficiency and conservation programs.⁵⁰

Proposed Settlement, Paragraph III.9.F.5.a. of the proposed Settlement provides that Pittsburgh Water will implement a permanent LRC as proposed in its initial filing, with certain exceptions set forth in the proposed Settlement. Proposed Settlement, Paragraph III.9.F.5.b. sets forth the following obligations for Pittsburgh Water related to obtaining landlord consent:

- Pittsburgh Water agrees to present data to its LIAAC regarding barriers to performing services related to a lack of landlord consent. Pittsburgh Water

⁴⁶ Pittsburgh Water St. 6 at 6; 34.

⁴⁷ OWT St. 1 at 76: 11-20.

⁴⁸ Id. at 76-77.

⁴⁹ Id. at 77-80.

⁵⁰ Id. at 80-82.

will identify some recommendations for how the process might be improved including permitting landlord consent through an electronic signature, a web portal (and a QR code), or through text messaging;

- Pittsburgh Water will initiate a discussion with the LIAAC as to how to maximize the ability, and ease, of landlords to provide consent when the landlord is not the customers.

Paragraph III.9.F.5.c. further provides that Pittsburgh Water will ensure that its training materials and its customer facing materials do not require participation in the BDP as a condition to receive LRC services.

Taken together, the provisions set forth in these paragraphs of the Proposed Settlement provide meaningful improvements to Pittsburgh Water's initial proposals related to the LRC. Specifically, these provisions require Pittsburgh Waer to implement a permanent LRC which will assist low income customers to receive repair and conservation assistance. The proposed Settlement will also help to address barriers related to LRC services for tenants by setting forth a collaborative process through the LIAAC to discuss landlord consent, and identify recommendations related to the same.

As Mr. Cicero explains in his direct testimony, requiring customers to be enrolled in the BDP to access the LRC Program acts as a barrier to receiving needed repair and usage reduction assistance.⁵¹ In line with Mr. Cicero's analysis in this proceeding, Paragraph III.9.F.5.c. will help to clearly eliminate requirements that customers participate in the BDP to receive LRC services which can act as a barrier to LRC

⁵¹ OWT St. 1 at 80: 10-14.

participation. As such, we assert that these proposed Settlement provisions are reasonable, in the public interest, and should be approved.

6. Identification of “Confirmed” Low-Income Customers

In his direct testimony submitted in this matter, Mr. Cicero detailed how Pittsburgh Water’s identification and classification of confirmed low income (CLI) customers are unnecessarily restrictive and has resulted in undercounting of low income customers.⁵²

Paragraph III.9.F.6. of the proposed Settlement sets forth specific reforms to Pittsburgh Water’s identification of CLI customers. Specifically, Paragraph III.9.F.6.a. provides that, within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable approach to internally identifying and tracking residential CLI customers. This Paragraph details that this discussion will include consideration of various factors that could indicate low-income status, and the consequences to customers and Authority resources of seeking customer additional information, and maintaining responsibility to safeguard the information.

Pursuant to Paragraph III.9.F.6.b., Pittsburgh Water will also open a discussion related to these issues during a regularly scheduled LIAAC meeting. Paragraph III.9.F.6.c. provides that, as part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

⁵² Id. at 17-18.

These proposed Settlement provisions establish an important process for reviewing and reforming Pittsburgh Water's identification of CLI customers. Paragraph III.9.F.6. sets forth a clear path to discuss important reforms to Pittsburgh Water's identification of CLI customers, while taking into account potential impacts on the Authority's resources. Reforming Pittsburgh Water's CLI definition is squarely in the public interest as Mr. Cicero describes through his testimony:

An inclusive and accurate count of low income customers is essential to determining the adequacy and accessibility of Pittsburgh Water's low income assistance programs; so that Pittsburgh Water's low income customers can access protection from the Winter Moratorium Program; to assess Pittsburgh Water's performance relative to economic need across its service territories; and to identify solutions which are equitable to all Pittsburgh Water customers, regardless of income.⁵³

In addition, requiring that Pittsburgh Water report on the meeting, and proposals resulting therefrom, in its next base rate proceeding sets a clear timeframe for assessing Pittsburgh Water's CLI definition. For these reasons, these proposed Settlement provisions are reasonable, in the public interest, and should be approved.

7. Allocation of Costs for Low-Income Customer Assistance Programs

Through his rebuttal testimony submitted in this matter, Mr. Cicero opposed recommendations set forth by the witness for the Office of Small Business Advocate (OSBA) that certain customer assistance program costs should be recovered solely from residential customers.⁵⁴ Mr. Cicero explained in detail that Pittsburgh Water should

⁵³ OWT St. 1 at 18: 6-11.

⁵⁴ OWT St. 1-R at 3-7.

continue its practice of recovering such costs more broadly from all customer classes.⁵⁵ Mr. Cicero explained that poverty, and the myriad of issues that low income consumers, their families, and their communities face as a result therefrom, are societal issues.⁵⁶ The tools to address these societal issues must be supported more broadly by all customers. In addition, helping low income households to afford and stay connected to services has broad societal benefits to the communities in which low income households live and work.⁵⁷

Paragraph III.9.F.7. of the proposed Settlement provides that Pittsburgh Water will continue to recover costs of its low income customer assistance programs from all customer classes.

These proposed Settlement provisions are squarely in the public interest, as they require Pittsburgh Water to continue to recover costs related to low income customer assistance programs from all customer classes. As discussed, these programs address societal issues, have broad societal benefits, and are appropriately recovered across customer classes. As such, we assert that these proposed Settlement provisions are squarely in the public interest, are reasonable, and should be approved.

H. Consumer Testimony

OWT did not take a specific position in this proceeding related to consumer testimony. However, OWT is strongly supportive of robust consumer testimony through

⁵⁵ Id.

⁵⁶ Id.

⁵⁷ Id.

rate proceeding processes. Consumer testimony is essential to determining whether Pittsburgh Water's rates and terms and conditions of service are just, reasonable, and in the public interest.

I. Additional Terms and Conditions

Section IV of the proposed Settlement set forth additional terms and conditions of the proposed Settlement that help to ensure that the Settling parties retain certain rights and obligations related to the proposed Settlement, including that:

- Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized, or otherwise emphasized, or set forth in the body, a footnote, a parenthetical, an appendix, an exhibit, or otherwise, is material consideration to the entry into this Settlement by the signatory parties.⁵⁸
- Unless otherwise expressly indicated, all terms and conditions contained in the proposed Settlement shall take effect upon issuance of a final order in this proceeding, without the need or requirement for additional Commission review or approval.⁵⁹

Taken together, the additional terms and conditions of the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners and set forth additional rights and obligations of the Joint Petitioners in a fair and reasonable manner that is in the public interest and should be approved.

⁵⁸ Proposed Settlement at Paragraph 18.

⁵⁹ Proposed Settlement at Paragraph 19.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

The Commission's regulations lend unambiguous support for settlements, and declare: "It is the policy of the Commission to encourage settlements."⁶⁰ The Commission has also set explicit policy guiding settlement of a major rate case, explaining in its codified statement of policy that "the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding."⁶¹ Settlements are preferred, at least in part, because they "lessen the time and expense that Parties must expend litigating a case and, at the same time, conserve resources."⁶² In reviewing whether to approve a proposed settlement, the Commission must determine whether the terms and conditions are in the interest of the public based on a preponderance of the evidence "showing a likelihood or probability of public benefits that need not be quantified or guaranteed."⁶³ Historically, the Commission has defined the public interest as inclusive of ratepayers, shareholders, and the regulated community at large.⁶⁴ Of course, proposed settlement terms must also be consistent with applicable law.⁶⁵

⁶⁰ 52 Pa. Code § 5.231.

⁶¹ 52 Pa. Code § 69.401.

⁶² See Commonwealth of Pa. et al. v. IDT Energy, Inc., Docket No. C-2014-2427657, at 35-37 (Tentative Order entered June 30, 2016).

⁶³ See id. (quoting Popowsky v. Pa. PUC, 594 Pa. 583, 937 A.2d at 1040 (2007)).

⁶⁴ See id. (citing Pa. PUC v. Bell Atlantic Pennsylvania, Inc., Docket No. R-00953409 (Order entered Sept. 29, 1995)).

⁶⁵ See id. (citing Dauphin County Indus. Dev. Auth. v. Pa. PUC, 2015 Pa. Commw. LEXIS 381 (Sept. 9, 2015)).

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of Pittsburgh Water's filings.⁶⁶ The Joint Petitioners engaged in extensive informal and formal discovery to investigate Pittsburgh Water's filings and proposals and submitted extensive testimony in this proceeding.⁶⁷ The proposed Settlement was developed after extensive negotiation and consideration by the Joint Petitioners.⁶⁸

OWT asserts that the proposed Settlement is in the public interest. As discussed more fully in Section V, the proposed Settlement represents a balanced compromise of the issues raised by the settling parties, and is responsive to concerns about customer impacts on affordability and customer service.⁶⁹ The proposed Settlement is also responsive to issues related to Pittsburgh Water's stormwater fees, and stormwater mitigation and planning issues. The proposed Settlement amicably resolves a substantial number of issues raised in this proceeding, and thereby avoid additional costly litigation on these issues.⁷⁰ The proposed Settlement is consistent with Commission's rules and practice encouraging settlements, set forth in 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by substantial record evidence.⁷¹ For these reasons, and the reasons set forth throughout this Statement in Support, the proposed Settlement is just, reasonable, in the public interest, and should be approved without modification.

⁶⁶ Proposed Settlement, Section V.

⁶⁷ Proposed Settlement, Section V.

⁶⁸ Proposed Settlement, Section V.

⁶⁹ *Id.* at ¶ 21.

⁷⁰ *Id.*

⁷¹ *Id.*

IV. CONCLUSION

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of the filings in this matter and negotiations amongst the Settling parties. OWT asserts that the proposed Settlement, taken as a whole, is a reasonable resolution to a variety of complex issues and should be approved. Acceptance of the proposed Settlement avoids the necessity of further administrative and possible appellate proceeding about settled issues – which would have been undertaken at a substantial cost to the Joint Petitioners. Accordingly, OWT respectfully requests that ALJ Emily I. DeVoe, ALJ Ann Quimby, and the Commission approve the proposed Settlement without modification.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT

Counsel for Pittsburgh United Our Water Table



Ria M. Pereira, Esq., PA ID: 316771
Elizabeth R. Marx, Esq., PA ID: 309014
John W. Sweet, Esq., PA ID: 320182
Lauren N. Berman, Esq., PA ID: 310116
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088

Date: November 21, 2025

PULP@pautilitylawproject.org