

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2025-3055010 (water)
Office of Small Business Advocate	:	C-2025-3056056
Office of Consumer Advocate	:	C-2025-3055943
Marc Builder	:	C-2025-3056528
Caryn Lenz	:	C-2025-3056859
	:	
v.	:	
	:	
The Pittsburgh Water and Sewer Authority	:	

Pennsylvania Public Utility Commission	:	R-2025-3055011(wastewater)
Office of Small Business Advocate	:	C-2025-3056054
Office of Consumer Advocate	:	C-2025-3055944
	:	
v.	:	
	:	
The Pittsburgh Water and Sewer Authority	:	

Pennsylvania Public Utility Commission	:	R-2025-3055012 (stormwater)
Office of Small Business Advocate	:	C-2025-3056058
Office of Consumer Advocate	:	C-2025-3055942
	:	
v.	:	
	:	
The Pittsburgh Water and Sewer Authority	:	

Petition of the Pittsburgh Water and Sewer Authority for Authorization to Increase Water and Wastewater DSIC Charge Caps to 7.5%	:	P-2025-3055650 (water)
	:	P-2025-3055652 (wastewater)
	:	

Petition of the Pittsburgh Water and Sewer : P-2025-3055587 (water)
Authority for Waiver of Statutory Definition of : P-2025-3055588 (wastewater)
Fully Projected Future Test Year : P-2025-3055589 (stormwater)

RECOMMENDED DECISION

Before
Emily I. DeVoe
Administrative Law Judge

Ann Quimby
Administrative Law Judge

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I. INTRODUCTION

This decision recommends approval of the Joint Petition for Approval of Settlement of All Issues with All Parties (Settlement), with modifications. The Settlement will permit Pittsburgh Water and Sewer Authority (PWSA, Pittsburgh Water, PW, or Authority) to increase its annual base rate revenue by approximately \$25 million, inclusive of a 5% Distribution System Improvement Charge (DSIC), but exclusive of a Pennsylvania Infrastructure Investment Authority (PENNVEST)¹ Charge (PVC) increase of \$17.6 million.² The Settlement also provides that PWSA is withdrawing its request for a DSIC increase and a Multi-Year Rate Plan (MYRP).³ Under the terms of the Settlement, PWSA also agrees to remove its minimum allowance, implement stormwater education and outreach, convene a stakeholder meeting on damaged wastewater sewer laterals, and take action to improve and/or track various customer service programs and initiatives. Our decision recommends modifications related to PWSA's tariff formulas and language for the PVC, as well as the removal of the minimum allowance.

The suspension date is March 8, 2026. The last reasonable public meeting date before the suspension date is February 19, 2026.

¹ PENNVEST 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. PWSA Statement in Support, p. 16.

² Settlement, ¶ III.1.

³ PWSA Statement in Support of Settlement, pp. 16, 24.

II. HISTORY OF THE PROCEEDINGS

On June 4, 2025, Pittsburgh Water filed with the Commission Supplement

No. 16 Tariff Water - PA P.U.C. No. 1, (Supplement No. 16)⁴, Supplement No. 15 Tariff Wastewater - PA P.U.C. No. 1, Supplement No. 15 (Supplement No. 15)⁵, and Supplement No. 7 Tariff Storm Water PA - P.U.C. No. 1 (Supplement No. 7)⁶ (collectively, Rate Filing).

Pittsburgh Water is a municipal authority.⁷ It is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601 – 5623. 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

⁴ Pittsburgh Water filed Supplement No. 16 Tariff Water - Pa. P.U.C. No. 1 (Supplement No. 16) with the Commission at Docket No. R-2025-3055010 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.

⁵ Pittsburgh Water filed Supplement No. 15 Tariff Wastewater - Pa. P.U.C. No. 1 (Supplement No. 15) with the Commission at Docket No. R-2025-3055011 to become effective August 8, 2025. Supplement No. 15 proposes a multi-year rate 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.

⁶ Pittsburgh Water filed Supplement No. 7 Tariff Storm Water - Pa. P.U.C. No. 1 (Supplement No. 7) with the Commission at Docket No. R-2025-3055012 to become effective August 8, 2025. Supplement No. 7 proposes a multi-year 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.

⁷ Settlement, Appendix A at ¶ 20.

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.⁸ The Authority also provides wastewater service and stormwater service in the City. The Authority’s wastewater system is a collection and conveyance system only. It does not include treatment; wastewater is conveyed to the regional Allegheny County Sanitary Sewer Authority for treatment.

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 2027.⁹ Pittsburgh Water also sought approval to increase its current 5% Distribution System Improvement Charge (DSIC) cap for water and wastewater conveyance to 7.5% (DSIC Petition).¹⁰

In addition, Pittsburgh Water sought Commission approval: (1) to expand the definition for recovery through the PENNVEST charge starting in FY 2026; and (2) to implement a MYRP increase effective in FY 2027 in which 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.¹¹

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

⁸ *Id.*

⁹ Settlement, Appendix A at ¶ 1.

¹⁰ *See* Docket Nos. P-2025-3055650 (Water) and P-2025-3055652 (Wastewater).

¹¹ Settlement, Appendix A at ¶¶ 2, 52.

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, (7) changes to current customer notification procedures.¹²

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 (AFP); recertification revisions for the Bill Discount Program (BDP); automatic enrollment for various low-income customer assistance programs; and committing to a permanent Line Repair and Water Conservation Program.¹³

Also on June 4, 2025, the Authority filed four Petitions in conjunction with its Rate Filing: (1) a Petition for Consolidation of Water, Wastewater and Stormwater Rate Proceedings and for Authorization to Use Combined Water, Wastewater and Stormwater Revenue Requirements (Revenue Consolidation Petition); (2) a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year (FPFTY Petition) docketed at P-2025-3055587 (water), P-2025-30555878 (wastewater), and P-2025-3055589 (stormwater); (3) a Petition to Consolidate the DSIC Petition with Base Rate Filings for Water, Wastewater and Stormwater (DSIC Consolidation Petition); and (4) a Petition for Authorization to Increase Water and Wastewater DSIC Caps to 7.5% docketed at P-2025-3055650 (water) and P-2025-3055652 (wastewater).

¹² Settlement, Appendix A at ¶ 3.

¹³ Settlement, Appendix A at ¶ 4.

On June 12, 2025, the Commission’s Bureau of Investigation & Enforcement (I&E)¹⁴ filed a Notice of Appearance.

On June 12, 2025, the Office of Small Business Advocate (OSBA)¹⁵ filed its Notice of Appearance, and on June 25, 2025, OSBA filed its Formal Complaints, Notice of Intervention, and Public Statement. The Formal Complaints filed by OSBA are docketed as follows: C-2025-3056056 (water), C-2025-3056054 (wastewater), and C-2025-3056058 (stormwater).

Also on June 25, 2025, the Office of Consumer Advocate (OCA)¹⁶ filed Formal Complaints, Public Statement, and Notice of Appearance, and Pittsburgh United Our Water Table (Our Water Table or OWT)¹⁷ filed a Petition to Intervene and Answer. The Formal Complaints filed by OCA are docketed as follows: C-2025-3055943 (water), C-2025-3055944 (wastewater), and C-2025-3055942 (stormwater).

¹⁴ 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 Aug. 11, 2011, at 4-5). Settlement, Appendix A at ¶ 21.

¹⁵ 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. Settlement, Appendix A at ¶ 23.

¹⁶ 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). Settlement, Appendix A at ¶ 22.

¹⁷ 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. Settlement, Appendix A at ¶ 24.

Two customers, Marc Bilder¹⁸ and Caryn Lenz¹⁹, filed Formal Rate Complaints.²⁰ Additional individuals and groups filed comments.

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, 2026, instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and 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 the undersigned Presiding Officers.

On July 10, 2025, the Telephonic Prehearing Conference Notice was issued in the Rate Filing, scheduling a Prehearing Conference for July 14, 2025, and the matter was assigned to the undersigned Administrative Law Judges (ALJs). Also on July 10,

¹⁸ Mr. Bilder filed a Formal Rate Complaint on July 25, 2025, which was docketed at C-2025-3056528. Mr. Bilder subsequently submitted correspondence by email to the Presiding Officers indicating he wanted to withdraw his Formal Complaint. No party objected to the withdrawal. In the Ordering Paragraphs below, this Recommended Decision grants his petition to withdraw his Formal Complaint.

¹⁹ Ms. Lenz filed a Formal Rate Complaint on August 12, 2025, which was docketed at C-2025-3056859.

²⁰ On July 7, 2025, Harry Bolton filed a Formal Complaint against PWSA requesting a payment arrangement (PAR) and including comments regarding the instant Rate Case, which was docketed at C-2025-3056203. Mr. Bolton's Complaint was initially assigned to ALJ DeVoe, who issued an Interim Order in that matter directing Mr. Bolton to file correspondence clarifying whether he intended to file a Rate Complaint, a request for a PAR, or both. The Interim Order indicated that, in the absence of correspondence from Mr. Bolton, his Complaint would be treated as a stand-alone customer complaint seeking a PAR. Mr. Bolton did not file any correspondence, so his complaint was not considered a rate complaint in the instant proceeding.

2025, a Prehearing Conference Order was issued, which directed, *inter alia*, that parties file a Prehearing Memorandum by July 11, 2025.

On July 11, 2025, in accordance with the Prehearing Conference Order, Prehearing Memoranda were filed by PWSA, I&E, OCA, OSBA, and OWT.

Also on July 11, 2025, PWSA filed a Motion for Protective Order pursuant to the provisions of 52 Pa. Code §§ 5.362(a) and 5.365. In its Motion, PWSA averred that it consulted the other parties and incorporated feedback, and none of the Parties expressed an objection to the granting of its proposed Protective Order.

On July 14, 2025, counsel for the City filed a Notice of Appearance.²¹

On July 14, 2025, a Prehearing Conference was held as scheduled. The following parties were represented by counsel: PWSA, I&E, OCA, OSBA, and OWT. The parties discussed a variety of matters, including PWSA's FPFTY Petition, PWSA's DSIC Petition, and its Petitions to consolidate the FPFTY Petition and DSIC Petition with the Rate Filing.²² No party objected to consolidating the FPFTY Petition or DSIC Petition with the Rate Filing.

At the Prehearing Conference, the Presiding Officers granted the Authority's Revenue Consolidation Petition, consolidating the three R- dockets under Docket No. R-2025-3055010; granted the Authority's DSIC Consolidation Petition,

²¹ The City of Pittsburgh did not appear at the Prehearing Conference, nor did it participate in these proceedings in any way.

²² As of the date of the Prehearing Conference, the FPFTY Petition and DSIC Petition were assigned to other bureaus of the Commission, not OALJ.

consolidating Docket Nos. P-2025-3055650 (water) and P-2025-3055652 (wastewater) under R-2025-3055010; and consolidated the FPFTY Petition under R-2025-3055010.

Additionally, the Presiding Officers granted the Petition to Intervene filed by OWT, approved modifications to the Commission's procedures for formal discovery, and adopted a litigation schedule, wherein deadlines were set for the service of written testimony and exhibits, and evidentiary hearings were scheduled to begin on October 21, 2025.

The Parties agreed to hold a series of public input hearings. After discussion, the Presiding Officers decided to hold four public input hearings, two in-person and two by telephone. The Authority was directed to generate a notice of the Public Input Hearings (which contained all relevant information as to date, time, location, and phone numbers and access codes) and to advertise the notice: (1) in the general readership section (not legal section) of at least one local newspaper within the service territory; (2) on its website; and (3) in social media posts which the Authority utilizes to advertise generally. Additionally, PWSA agreed to work with the statutory advocates on the specific wording of the notice to be published.

After the Prehearing Conference, the Presiding Officers requested the FPFTY Petition and DSIC Petition be reassigned to OALJ, and they were reassigned on July 16, 2025.

The Protective Order was entered on July 16, 2025.

A Public Input Hearing Notice was issued on July 23, 2025, scheduling in-person public input hearings on August 12, 2025, and telephonic public input hearings on August 13, 2025.

On July 24, 2025, the Presiding Officers issued a Prehearing Order which memorialized the matters discussed at the Prehearing Conference.

In conjunction with the Prehearing Order, the Presiding Officers issued an Interim Order granting PWSA's FPFTY Petition.

On July 25, 2025, the Commission issued a Hearing Notice, scheduling evidentiary hearings to be held in-person in Pittsburgh on October 21-23, 2025.

On July 29, 2025, PWSA filed its suspension tariff, as directed.

On July 29, 2025, the Presiding Officers issued an amendment to the Prehearing Order, revising the list of individuals who would be providing technical assistance to the Presiding Officers during this proceeding.

On July 30, 2025, the Presiding Officers issued an Interim Order Providing Information to *Pro Se* Complainants notifying 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.

On August 5, 2025, the Presiding Officers issued an Interim Order curing the *ex parte* correspondence they received from a PWSA customer by email on July 30, 2025.

Public input hearings were held on August 12 and 13, 2025. An in-person public input hearing was held at 1:00 p.m. on August 12, 2025, in the Hill District community of Pittsburgh, where one witness testified, and another in-person public input

hearing was held at 6:00 p.m. on August 12, 2025, in the Hazelwood community in Pittsburgh, where eight witnesses testified. The telephonic public input hearings were held at 1:00 p.m. and 6:00 p.m. on August 13, 2025, and twelve witnesses testified.

On October 5, 2025, the Presiding Officers issued an Interim Order setting requirements for briefs and, in the event the Parties settled, statements in support.

In the days leading up to the first day of hearing on October 21, 2025, the Parties engaged in ongoing settlement discussions. Ultimately, due to the progress reported by the Parties, the first and second day of hearings were cancelled by Hearing Cancellation Notice issued on October 21, 2025.

On October 22, 2025, the Parties contacted the Presiding Officers by email, reporting that they had reached a full settlement on all issues and all Parties had waived cross-examination for all witnesses. They further requested they be permitted to submit all testimony and exhibits via a joint stipulation. Therefore, the final day of hearing was cancelled by Hearing Cancellation Notice issued on October 22, 2025, and the Presiding Officers granted their request to submit a joint stipulation for the admission of evidence.

On November 6, 2025, PWSA, OCA, OSBA, I&E, and OWT (collectively, Stipulating Parties) filed a Joint Stipulation for the Admission of Evidence (Stipulation for Evidence). Each of the Stipulating Parties agreed to the admission into the evidentiary record in this matter of the following statements and exhibits:

PARTY	STATEMENT/EXHIBITS
PWSA	Rate Filing Package dated June 4, 2025, including Volume I and Volume II, along with revised cover page to Volume II, as filed on August 29, 2025, and Revised Volume II, Page 237, as filed on August 29, 2025

PARTY	STATEMENT/EXHIBITS
	PWSA Statement No. 1, Direct Testimony of William J. Pickering, together with Exhibit WJP-1
	PWSA Statement No. 2, Direct Testimony of Edward Barca, together with Exhibits EB-1 through EB-10 ²³
	PWSA Statement No. 3, Direct Testimony of Barry King, together with Exhibits BK-1 through BK-6 ²⁴
	PWSA Statement No. 4, Direct Testimony of Katherine “Kate” Mechler, together with Exhibit KM-1
	PWSA Statement No. 5, Direct Testimony of William J. McFaddin, together with Exhibit WM-1
	PWSA Statement No. 6, Direct Testimony of Julie A. Mechling, together with Exhibits JAM-1 through JAM-19
	PWSA Statement No. 7, Direct Testimony of Christine M. Fay, together with Appendix A and Exhibits CF-1 through CF-13 ²⁵
	PWSA Statement No. 8, Direct Testimony of Harold J. Smith, together with Exhibits HJS-1 to HJS-2, HJS-1W to HJS-25W, HJS-1WW to HJS-24WW, HJS-1SW to HJS-13SW
	PWSA Statement No. 1R, Rebuttal Testimony of William J. Pickering, together with Exhibits WJP-1 (Revised) and WJP-2
	PWSA Statement No. 2R, Rebuttal Testimony of Edward Barca, together with Exhibits EB-11 through EB-22
	PWSA Statement No. 3R, Rebuttal Testimony of Barry King
	PWSA Statement No. 4R, Rebuttal Testimony of Katherine “Kate” Mechler
	PWSA Statement No. 5R, Rebuttal Testimony of William J. McFaddin
	PWSA Statement No. 6R, Rebuttal Testimony of Julie A. Mechling, together with Exhibits JAM-20 through JAM-22
	PWSA Statement No. 7R, Rebuttal Testimony of Christine M. Fay, together with Exhibits CF-12 (corrected), CF-13 (corrected), and CF-14 through CF-19
	PWSA Statement No. 8R, Rebuttal Testimony of Harold J. Smith, together with Exhibits HJS-1 to HJS-2 (Rebuttal), HJS-1W to HJS-25W

²³ The testimony includes corrections provided with Mr. Barca’s rebuttal testimony.

²⁴ The testimony includes revised Page 8, which was filed on August 29, 2025.

²⁵ The testimony includes corrections provided with Ms. Fay’s rebuttal testimony.

PARTY	STATEMENT/EXHIBITS
	(Rebuttal), HJS-1WW to HJS-24WW (Rebuttal), HJS-1SW to HJS-13SW (Rebuttal)
	PWSA Statement No. 9R, Rebuttal Testimony of Rocky Craley
	PWSA Statement No. 2SR, Surrebuttal Rebuttal Testimony of Edward Barca, together with Exhibits EB-23 to EB-26 ²⁶
	PWSA Statement No. 2RJ, Rejoinder Testimony of Edward Barca, together with Exhibit EB-27
	PWSA Statement No. 6RJ, Rejoinder Testimony of Julie A. Mechling
	PWSA Statement No. 7RJ, Rejoinder Testimony of Christine M. Fay, together with Exhibits CF-20 to CF-22
I&E	I&E Statement No. 1, Direct Testimony of D. C. Patel, together with Exhibit 1
	I&E Statement No. 1-SR, Surrebuttal Testimony of D.C. Patel, together with Exhibit 1-SR
	I&E Statement No. 2, Direct Testimony of Vanessa Okum, together with Exhibit 2
	I&E Statement No. 2-SR, Surrebuttal Testimony of Vanessa Okum, together with Exhibit 2-SR
	I&E Statement No. 3, Direct Testimony of Esyan Sakaya, together with Exhibit 3
	I&E Statement No. 3-R, Rebuttal Testimony of Esyan Sakaya
	I&E Statement No. 3-SR, Surrebuttal Testimony of Esyan Sakaya, together with Exhibit 3-SR
	I&E Statement No. 4, Direct Testimony of Ethan Cline
	I&E Statement No. 4-SR, Surrebuttal Testimony of Ethan Cline
OCA	OCA Corrected Statement No. 1, Corrected Direct Testimony of Michael Deupree, together with Appendix A, Exhibit MWD-1, Errata to OCA's Corrected St. No. 1
	OCA Statement No. 2, Direct Testimony of Dante Mugrace, together with Appendix A and Exhibits DM-1 through DM-21
	OCA Corrected Statement No. 3, Corrected Direct Testimony of Christopher C. Walters, together with Appendix A and Exhibit CCW-1
	OCA Statement No. 4, Direct Testimony of Jerome D. Mierzwa
	OCA Statement No. 5, Direct Testimony of LeeAnn Wise, together with Exhibits LMW-1 and LMW-2

²⁶ The record version does not include testimony on Page 5, line 5, through Page 7, line 7, which PWSA has withdrawn. See Stipulation for Evidence, p. 6.

PARTY	STATEMENT/EXHIBITS
	OCA Statement No. 6, Direct Testimony of Roger Colton, together with Exhibits Colton-1 and Colton-2
	OCA Statement No. 7, Direct Testimony of Barbara R. Alexander, together with Exhibits BA-1 to BA-4
	OCA Statement No. 1R, Rebuttal Testimony of Michael Deupree
	OCA Statement No. 6R, Rebuttal Testimony of Roger Colton
	OCA Statement No. 1SR, Surrebuttal Testimony of Michael Deupree
	OCA Statement No. 2SR, Surrebuttal Testimony of Dante Mugrace, together with Exhibits DM-SR-1 through DM-SR-21
	OCA Statement No. 3SR, Surrebuttal Testimony of Christopher C. Walters
	OCA Statement No. 4SR, Surrebuttal Testimony of Jerome D. Mierzwa
	OCA Statement No. 5SR, Surrebuttal Testimony of LeeAnn Wise
	OCA Statement No. 6SR, Surrebuttal Testimony of Roger Colton
	OCA Statement No. 7SR, Surrebuttal Testimony of Barbara R. Alexander
OSBA	OSBA Statement No. 1, Direct Testimony of Joseph Kubas, together with Exhibits JK-1 through JK-7
	OSBA St. 1-R, Rebuttal Testimony of Joseph Kubas
	OSBA St. 1-SR, Surrebuttal Testimony of Joseph Kubas, along with Exhibits JK-8 through JK-9
OWT	OWT St. 1, Direct Testimony of Patrick M. Cicero, together with Exhibit 1, Appendix A, and Appendix B
	OWT St. 1-R, Rebuttal Testimony of Patrick M. Cicero
	OWT St. 1-SR, Surrebuttal Testimony of Patrick M. Cicero, together with Exhibit 1 (corrected)

On November 12, 2025, the Presiding Officers issued an Interim Order Adopting the Joint Stipulation for Evidence and entering the evidence into the record. The Stipulation for evidence was attached to the Order as Attachment 1, and the statements and exhibits listed in the Stipulation for Evidence were admitted into the record.

As directed by paragraph 3 of the November 12, 2025 Interim Order, all Parties filed the statements (with all appropriate verifications) and exhibits entered into the record on or before November 17, 2025.

On November 19, 2025, the Presiding Officers issued an Interim Order detailing the requirements for the submission of the settlement petition. These instructions had previously been provided to the Parties by email on October 22, 2025 and the October 7, 2025 Interim Order. The November 19, 2025 Interim Order directed the Parties to file the settlement petition by November 21, 2025, and serve it on all *pro se* customer complainants.

On November 21, 2025, PWSA, OCA, OSBA, I&E, and OWT (collectively, Joint Petitioners) filed a Joint Petition for Approval of Settlement of All Issues with All Parties (Settlement or Joint Petition). The Settlement is 18 pages, not including Supporting Appendices A-P. Attached to the Settlement are the following documents: Procedural History, Stipulation of Facts, Proposed Conclusions of Law, and Ordering Paragraphs (Appendix A); Rate Case Tables (Appendix B); Revenue Comparison of 2026 Settlement Rates Over Existing Rates (Appendix C); Water, Wastewater, and Stormwater Revenue Proofs (Appendix D); Rates to Collect Proposed Settlement Level of Water, Wastewater and Stormwater Revenues with Comparison to Originally Requested and Existing Rates (Appendix E); Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Existing Rates (Appendix F); Allocation of Proposed 2026 Settlement Rate Increase By Customer Class and By Utility Service (Appendix G); Example Semi and Annual PENNVEST Reporting Format (Appendix H); *Pro Forma* Supplement No. 18 to Tariff Water – Pa. P.U.C. No. 1 (red-line of current tariff) (Appendix I); *Pro Forma* Supplement No. 17 to Tariff Wastewater – Pa. P.U.C. No. 1 (red-line of current tariff) (Appendix J); *Pro Forma* Supplement No. 9 to Tariff Storm Water – Pa. P.U.C. No. 1 (red-line of current tariff) (Appendix K); PWSA’s Statement in

Support (Attachment L); I&E's Statement in Support (Attachment M); OCA's Statement in Support (Attachment N); OSBA's Statement in Support (Attachment O); OWT's Statement in Support (Attachment P).

On November 25, 2025, the Presiding Officers issued an Interim Order setting a deadline of December 5, 2025, for customer complainants to file objections or comments to the Settlement.

No customer complainants filed objections or comments to the Settlement.

As discussed below, we recommend the Joint Petition for Approval of Settlement of All Issues with All Parties be approved, with certain modifications.

III. PUBLIC INPUT HEARINGS

Four public input hearings were convened in this matter. A total of twenty-one individuals testified.

The Hill District, Pittsburgh. One in-person public input hearing was conducted in the Hill District neighborhood in Pittsburgh. One consumer testified in opposition to the rate increase.

Emily Sawyer testified that a rate increase was not affordable.²⁷ She explained it felt like consumers were being asked to pay for deferred maintenance, and while she wanted repairs to be made, she did not believe consumers could afford a rate increase. She indicated that consumers' wages were not increasing, but all other expenses

²⁷ Tr. 57-59.

were going up. Ms. Sawyer emphasized that while a rate increase would not be significant for her because of her income, it could be detrimental to many of her neighbors who experienced increases in other expenses including home repairs. She also noted that while the Company is a publicly run utility, executives are paid large salaries and stated she was not aware that a rate increase would allow for increased wages for workers. Finally, Ms. Sawyer suggested the Company could look to Box Tops for Education or start a Go Fund Me to raise funds, because she believes people cannot afford an increase.

Hazelwood, Pittsburgh. One in-person public input hearing was conducted in the Hazelwood neighborhood in Pittsburgh. Eight consumers testified in opposition to the rate increase.

Anna Dekleva testified her neighbors in the Four Mile Run neighborhood (the Run) experience routine flooding that has not been addressed with available solutions, despite persistent advocacy and a recent increase in stormwater fees.²⁸ Ms. Dekleva reported she is a social worker and meets with people on a weekly basis who cannot afford rent, food and utilities while working full-time jobs. She stated it is “sinister violence” to charge more for water considering other rising costs and lack of increased wages. Ms. Dekleva noted a rate increase would directly increase addictions, homelessness and adverse health outcomes. She questioned what a rate increase would achieve and if it was worth that cost. She also questioned when rate increases would stop, and how the Company would show how the rate increase was being used. Ms. Dekleva noted water service was “not a streaming service” that could be opted out of and called the proposed rate increase “a boot to the neck of a people already struggling to breathe.” She testified regarding her own personal experiences, noting that her family

²⁸ Tr. 81-83.

has tried to drastically cut back on water usage, and her bill did not decrease despite her family's efforts. Ms. Dekleva indicated that she was a social worker, and noted that when people default on utilities, they are evicted and that can cause a spiral. She testified that her bill was difficult to understand, despite discussions with Company personnel.

Ray Gerard also testified²⁹ and presented Gerard Exhibits 1-3, which were admitted into the record without objection.³⁰ He testified that all utilities are increasing, along with the costs of insurance and groceries. He noted he could not raise his rates (as a handyman) to account for higher expenses because he would lose customers. Mr. Gerard gave significant testimony regarding flooding in the Run. He stated his neighbors have experienced nine or ten significant floods in the last fifteen years. He presented multiple posterboards with pictures he had accumulated that documented various flooding events. He noted the flooding was from sewage rather than stormwater, and that water from other areas flows into the Run, blowing off manhole covers. Mr. Gerard further testified neighbors had 70 inches of sewage in their basements and dead rats in their front yards from flooding.

Mr. Gerard further testified regarding a proposed plan concerning the flooding that was later defunded "under the radar." In light of the cancelled plan to control flooding, Mr. Gerard believes the request for a rate increase is outrageous and is very opposed to any increase. On cross-examination, he testified that development in neighborhoods at higher elevations has caused more wastewater to flow into the Run, and the current system is unable to properly manage the volume of wastewater.

²⁹ Tr. 88-106.

³⁰ Tr. 110.

Ziggy Edwards also testified.³¹ Ms. Edwards initially noted she found it “incomprehensible” that because the Commission is funded by utilities, this source of funding “colors all decisions” made by the Commission. She went on to testify that her neighbors have been affected by flooding. Ms. Edwards reported that in 2015, the Mon-Oakland Connector Project was announced. The project was to be a roadway that would connect Oakland to Hazelwood. Ms. Edwards explained that in 2016, a flood occurred in the Run that received media attention, and in 2017 a multi-million-dollar flood control plan was announced. She reported that the flood control plan was designed around the Mon-Oakland Connector and \$8.7 million was spent to design the plan. She noted that while the design was completed, the project was later defunded in 2024, despite promises by PWSA that it would be completed. Ms. Edwards further testified that personally, her water bills have doubled since she moved to the area in 2016, and she agreed with Ms. Dekleva’s and Mr. Gerard’s testimony.

Laura Vincent also testified.³² Ms. Vincent testified she lives in the Run and owns rental property there. She reported flooding at her rental property that twisted a steel door off its jam and left seven or eight feet of sewage water in her basement. Ms. Vincent noted PWSA has not offered financial or educational assistance. She reported she was not told by the Company about the benefits of installing a backflow valve in her basement. She noted that a backflow valve can prevent water from entering through toilets in the basement and floor drains. Ms. Vincent indicated that a backflow valve or valves could have prevented sewage water from entering her property. She further noted she had to move her laundry to the second floor of her house due to flooding and she has lost or needed repairs to furnaces and hot water heaters due to flooding. Ms. Vincent testified that the residents of the Run have been promised solutions for a long time and have not received any, and she does not feel PWSA is “holding up their share of the

³¹ Tr. 107-112.

³² Tr. 113-116.

bargain.” She opined that the Company’s bills are difficult to understand. She opposes a rate increase.

Gabriel Gray also testified.³³ Ms. Gray indicated that customer care and affordability are important. She noted that she did not understand the equipment in her home and maintenance of that equipment. Ms. Gray stated she was not sure if she owed PWSA \$7,000. She questioned whether her meter was broken or inaccurate, and reported there was no maintenance completed on the meter. Ms. Gray testified she is glad PWSA is a public authority but believes more customer care is needed. She described an incident when her “main shutoff valve” burst in inclement weather, and she was not home so a technician could come to shut off the valve. She stated the technician came five times, but she was not home, and she believes there is a coordination issue. She testified that a month later, PWSA indicated to her that they sent a technician to turn off her water due to a spike in usage. Ms. Gray reported that because of the incident with her valve bursting, she had to leave her home and have mitigation of mold. She asserted that neglect has occurred. She testified that a rate increase of 20% is too much and customer care is lacking.

John Levesque also testified. He stated that he wanted to second the testimony of everyone else who testified.³⁴

Monique Olivis also testified. Ms. Olivis indicated she has several rental properties, and one of the properties had an issue with a tenant running up a significant water bill. Ms. Olivis questioned why that was allowed by PWSA. She also questioned

³³ Tr. 118-123.

³⁴ Tr. 124.

the reason for the proposed rate increase, and whether there would be programs to help tenants and landlords.³⁵

Natalie Greene also testified.³⁶ Ms. Greene testified that she works with homeless people, and she believes that very few people can afford a rate increase. She stated that an increase would exacerbate the homelessness crisis. She indicated the programs she works with provide rent assistance, and the funding for the programs is uncertain at this time. She asserted that an increase in utility costs for individuals who already have difficulty paying for housing would make things worse. Ms. Greene also testified that her personal bills are all increasing, and an additional rate increase from PWSA is “not sustainable.”

Two telephone public input hearings were conducted. A total of twelve consumers testified via telephone: eleven generally were opposed to the rate increase as proposed, and one testified in favor of the increase.

Becky Boyle, the Communications Director for Senator Lindsey Williams, read a statement into the record on Senator Williams’ behalf.³⁷ Senator Williams explained that she was opposed to the proposed rate increase, and pointed out that PWSA has requested rate increases five times since she was elected in 2018. She reported that a typical resident’s bill was \$63.62 in 2018, and with the proposed rate increase, their bill would increase to \$135.49. She asserted that the Pennsylvania Constitution guarantees pure water, and working families and small businesses cannot afford another increase. Senator Williams reported that her office has heard from over 100 constituents so far in

³⁵ Tr. 126-131.

³⁶ Tr. 132-135.

³⁷ Tr. 158-162.

2025 regarding the rising cost of utilities, and that constituents requested that customer assistance programs be expanded and that enrollment to be simplified.

Senator Williams' statement went on to address the record-breaking temperatures this summer, and that some federal programs relied upon by customers were in jeopardy. She indicated budgets are already stretched with rising costs, and an increase of another bill would "put many over the edge", causing residents to make difficult decisions between paying for food, medication, or their water bill. She stated federal programs are becoming more restrictive. She requested that PWSA consider these changes and make it easier for consumers to qualify for and recertify for customer assistance programs. She commended PWSA for their modernization work including lead line replacements. She asserted that she did not support the rate increase and asked that PWSA raise rates as little as possible.

Adrienne Cuccio also testified via telephone.³⁸ She testified regarding a nonaccess notice that she received eleven days after the date on the letter. She relayed that she emailed the Company and did not get a reply, so she emailed them again later. Ms. Cuccio noted the Company then called back and set up an appointment for service to be completed in a couple months in the future. She stated that she then received a ten-day shutoff notice, so she called customer service and was told since she had an appointment, she would be ok. She reported that the day prior to the hearing date, she found a three-day shutoff notice on her porch railing, and she again called customer service, who told her it would be taken care of. Ms. Cuccio testified that her experience illustrated that it does not seem that Company personnel talk to each other.

³⁸ Tr. 166-170.

Ms. Cuccio further testified that her neighborhood has a long history of frequent water outages. She referenced a news article, asserting that the Company's Chief Operating Officer indicated to the media that replacement of a main water line in her area was too costly to replace at this time. She stated that her water bill has increased a lot in the last several years, although her usage hasn't gone up. She noted that she has replaced her furnace and air conditioner in recent years, so if a water rate increase was permitted, it would be a significant stress on her household. She commended PWSA for addressing problems but noted a rate increase was "a very large ask" of ratepayers.

Jay Sanchez also testified via telephone³⁹ and offered Sanchez Exhibit 1, which was admitted into the record without objection.⁴⁰ He testified that he understood repairs were needed, but the increase requested is steep and comes without sufficient accountability, cost control, or fairness. Mr. Sanchez averred PWSA has a history of "kicking the can down the road and capital underspending." He stated executives are paid significant salaries and suggested payroll should be capped until repairs are fully funded and on schedule. Mr. Sanchez further averred that AI data centers will strain our systems and other ratepayers will bear the cost. He questioned whether other funding sources like grants or industrial surcharges were explored and noted that residents were already strained.

Christa Caparelli also testified via telephone.⁴¹ She first stated she agreed with Senator Williams' sentiments. She then testified that there are inefficiencies that are costly for consumers. She described an issue she had with multiple properties she acquired that were being demolished, and how she had difficulty interacting with PWSA during the process. She noted that consumers were unable to opt out of water service.

³⁹ Tr. 173-175.

⁴⁰ Tr. 176.

⁴¹ Tr. 182-185.

She stated that PWSA should consider using interns from local universities rather than hiring people. Ms. Caparelli testified her bills were doubling and it was unacceptable.

Anne Quinn also testified via telephone.⁴² She testified she is a customer of the utility and a community leader who works with individuals who live in the Run. She referenced flooding in the Run and basement backups, and failures as a result of the age and deterioration of the system. Ms. Quinn testified she understood that the proposed rate increases stemmed from PWSA seeking to address historical negligence. She noted that it would be overwhelming to burden current consumers. She asked that transparency be considered, and noted she felt PWSA's budget was "hard to follow how and where and what is happening." She opined PWSA should not raise rates until she understood how money comes in and goes out. She stated that the "parkway" should be paying a monthly stormwater fee. Ms. Quinn indicated an Alcosan study was done that indicated the current rate was more than ratepayers were able to pay. She questioned the "transparency of the ceiling" and noted every utility's rates are increasing. She also questioned whether rate increases were moving at the same rate of salaries of ratepayers and asked "where are we headed?" She also questioned whether PWSA hung flyers on every door regarding the public input hearing and opined that the hearing was not scheduled with sufficient notice and was not sufficiently publicized. Ms. Quinn noted the Clean Water Act document has not been released to the public. She criticized the communication of PWSA with ratepayers.

Jim Morgan also testified via telephone.⁴³ He stated the rate increase is unfair. He suggested that the increases should be equal for the next two years, instead of a higher increase in the first year and a lower increase in the second year.

⁴² Tr. 187-195; 199-202.

⁴³ Tr. 224.

Catherine Brosky also testified via telephone.⁴⁴ She testified that she is strongly opposed to the rate increase as requested and the “aggressive pace” with which the Authority has pursued additional revenue over the last six years. She noted increases occur too frequently, and that the increases far exceed any cost-of-living increase in her wages. She averred a 36% increase in the minimum payment for a residential customer has occurred in the past six years, which does not include a stormwater fee and a DSIC fee. Ms. Brosky indicated the increases are unmanageable, and there is not consideration for inelasticity of wages and rising costs of other necessities. She stated that it is understandable that rapid improvement is needed due to years of mismanagement, but the increase creates an undue burden on ratepayers. She called for transparency and relayed concerns that PWSA would mismanage funds from a rate increase. She questioned how a previous rate increase was allocated. She asked for specificity regarding statements on PWSA’s website regarding various projects. Ms. Brosky noted that “we sometimes have to make decisions to defer improvements until our cash flow improves.”

James Ameris also testified via telephone.⁴⁵ Mr. Ameris, speaking on behalf of the Laborers’ International Union of North America (the Union), indicated he supports PWSA’s rate filing. He testified that the Union represents individuals who build and maintain critical infrastructure, and that these individuals work directly with PWSA. Mr. Ameris reported that the rate increase would fund urgent replacement of aging water and sewer lines, and that the old systems put the public’s health and safety at risk. He stated that the rate increase would support local jobs.

Adolph Sims also testified via telephone.⁴⁶ Mr. Sims testified he is retired and is a senior citizen. He reported that the rate increase is too high and noted it could be

⁴⁴ Tr. 227-232.

⁴⁵ Tr. 234-235.

⁴⁶ Tr. 238-240.

spread out over time. He indicated his bill would increase with the proposed rate increase from \$144 to \$176. He explained that he is on a fixed income and has minimal increases in his pension and Social Security benefits. Mr. Sims also indicated he felt transparency was important. He stated that he was concerned about the negative impact of a rate increase on the ability of young people to find affordable housing and felt that young people may not want to live in Pittsburgh if the cost of living is too high, as impacted by a rate increase.

Raymond Zanetti also testified via telephone.⁴⁷ He testified that small business owners would have difficulty with a rate increase. He noted that landlords may have to pass increases onto tenants, and that as a landlord, he did not want to do that. Mr. Zanetti hoped that PWSA could stretch increases over years.

Joseph Glassbrenner also testified via telephone.⁴⁸ Mr. Glassbrenner testified that the proposed rate increase would impose extreme hardship on residents for a potential fourth consecutive year. He reported that the CAP [customer assistance program] has only distributed half of one percent of the current cash on hand. He averred that if the Commission were to rule in favor of PWSA's proposal, it would be unethical and create an outlet for the Company to continue increasing rates without efforts to reduce costs. He requested that the rate increase be denied.

Finally, Curtis Davon also provided testimony via telephone.⁴⁹ Mr. Davon is the organizing director of the group Clean Water Action and testified on its behalf. He testified that everyone wants a strong, reliable water system, but the rate increase must be

⁴⁷ Tr. 243-244.

⁴⁸ Tr. 247-248.

⁴⁹ Tr. 252-254.

fair, transparent, and tied to measurable improvements that benefit the ratepayers. He cited affordability as an important consideration and noted many Pittsburgh families are already struggling to keep up with rising housing, food, and utility costs. He urged PWSA to automatically enroll eligible households into a bill discount program, expand income-based assistance and institute a permanent shut-off moratorium for vulnerable households. He indicated some communities have experienced decades of disinvestment and funds must be prioritized for the areas that are most needy.

The testimony presented at the public input hearings evidenced several recurring themes: concerns regarding the financial burden on ratepayers who are experiencing an increasing cost of living in various other areas, questions regarding transparency and the actual benefit to ratepayers of increases, averments of failure of the Company to address problems, particularly waste and storm water management in the Run, and concerns regarding effective customer service. The majority of the testimony at the public input hearings centered on the affordability of increased rates. Ratepayers were noted to be already struggling and budgets were already stretched. Testimony indicated increased costs of living would mean young people would not choose to live in the area, some individuals would have no funds left in their budget to absorb an increase, and homelessness would be exacerbated. The testimony indicated increased rates could “push people over the edge” and were not sustainable.

Multiple witnesses also questioned the transparency of the Company’s operations in general, and transparency related to the use of previous rate increases and the status of previous projects. Testimony indicated ratepayers had difficulty understanding their bills, did not feel information was available regarding projects espoused by the Company, and did not feel confident that increases would be used judiciously.

Significant testimony also centered on issues in the Run. Witnesses questioned how a rate increase could be acceptable when the Company had not addressed flooding in the Run as promised. Witnesses provided pictures and testimony to establish that significant concerns existed for residents living in this area.

Finally, some testimony focused on customer service practices. Several witnesses averred they had difficulty obtaining meaningful assistance from the Company with various issues. The witnesses felt frustrated and reported the customer service of the Company has been unsatisfactory.

IV. LEGAL STANDARDS

A. Rate Increase

All rates established by the Commission for public utilities must be “just and reasonable.”⁵⁰ As part of the implementation of Chapter 32 of the Public Utility Code, the Commission determined that the rate base/rate of return ratemaking methodology, the most common method employed by large investor-owned utilities for determining just and reasonable rates, was not a good fit for PWSA.⁵¹ Instead, PWSA

⁵⁰ 66 Pa.C.S. § 1301.

⁵¹ *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket No. M-2018-2640802 (Final Implementation Order entered Mar. 15, 2018) (Chapter 32 Final Implementation Order). See James H. Cawley and Norman J. Kennard, *A Guide to Utility Ratemaking*, 157-60 (Public Utility Commission 2018).

was directed to utilize the cashflow ratemaking method similar to that used by Philadelphia Gas Works (PGW).⁵²

When using the cash flow method for establishing rates, rather than considering whether rates will yield a fair rate of return on property,⁵³ the Commission considers the factors set forth in Section 69.2703(a) in determining whether rates are just and reasonable:

- (1) [PWSA's] test year-end and (as a check) projected future levels of non-borrowed year-end cash.
- (2) Available short-term borrowing capacity and interna; generation of funds to fund construction.
- (3) Debt to equity ratios and financial performance of similarly situated utility enterprises.
- (4) Level of operating and other expenses in comparison to similarly situated utility enterprises.
- (5) Level of financial performance needed to maintain or improve [PWSA's] bond rating thereby permitting [PWSA] to access the capital markets at the lowest reasonable costs to customers over time.
- (6) [PWSA's] management quality, efficiency and effectiveness.

⁵² *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket No. M-2018-2640802 (Tentative Implementation Order entered January 18, 2018), at 16 (footnote omitted); *See also* Chapter 32 Final Implementation Order entered March 15, 2018, at 27-28.

⁵³ *Cf. Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n of West Va.*, 262 U.S. 679 (1923).

- (7) Service quality and reliability.
- (8) Effect on universal service.⁵⁴

Additionally, the Commission must establish rates adequate to permit PWSA to satisfy its bond ordinance covenants.⁵⁵

B. Legal Standards for Settlements

Commission policy promotes settlements.⁵⁶ In most cases, settlements lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁵⁷ The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest.⁵⁸

When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the proposed terms and conditions are in the public interest.⁵⁹ Thus, the focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a “burden of proof” standard, as is

⁵⁴ 52 Pa. Code § 69.2703(a). *See, Pa. Pub. Util. Comm’n v. Pittsburgh Water & Sewer Auth.*, Docket No. R-2020-3017951 (Order entered Dec. 3, 2020).

⁵⁵ 52 Pa. Code § 69.2703(b).

⁵⁶ 52 Pa. Code § 5.231.

⁵⁷ *See* 52 Pa. Code § 69.401.

⁵⁸ *Pa. Pub. Util. Comm’n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013).

⁵⁹ *Warner v. GTE N., Inc.*, Docket No. C-00902815 (Opinion and Order entered Apr. 1, 1996); *Pa. Pub. Util. Comm’n v. CS Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

utilized for contested matters, but whether the public interest is served by the settlement.⁶⁰

It is unusual for a proposed settlement in a general base rate case to be rejected.⁶¹

The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁶²

C. Black Box Settlements

In addition, in this case, the parties have reached what is referred to as a “black box” settlement where the settlement provides for an increase in the utility’s revenues but does not indicate the specifics of how the parties calculated the increase. The Commission has permitted “black box” settlements as a means of promoting settlements in contentious base rate proceedings.⁶³ The Commission has observed that determining a utility’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting expenses, depreciation, rate base, taxes and the utility’s cost of capital. Reaching an agreement among the parties on each component

⁶⁰ *Pa. Pub. Util. Comm’n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011).

⁶¹ *Pa. Pub. Util. Comm’n v. Cmty. Utils. of Pa., Inc. – Wastewater Div.*, Docket No. R-2021-3025206, at 10 (Opinion and Order entered Jan. 13, 2022) (reversing the presiding officer’s order recommending rejection of a joint petition for settlement of a rate case concluding that on balance, the settlement is in the public interest and should be approved).

⁶² *Pa. Pub. Util. Comm’n v. C S Water and Sewer Assoc.*, 74 Pa. P.U.C. 767, 771 (1991).

⁶³ *Pa. Pub. Util. Comm’n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662 (Order entered Jan. 13, 2011).

can be difficult and impractical. As a result of this complexity, the Commission supports the use of “black box” settlements.⁶⁴

Finally, a Commission decision must be supported by substantial evidence in the record. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established.⁶⁵

V. STIPULATION OF FACTS

Attached to the Settlement in Appendix A was a Stipulation of Facts.⁶⁶ The Joint Petitioners agree these Findings of Fact are sufficient to support a finding that the Settlement is in the public interest.⁶⁷

Parties

20. Pittsburgh Water is a municipal authority. It is a body politic and corporate, organized and existing under the Pennsylvania Municipality Authorities Act,

⁶⁴ *Pa. Pub. Util. Comm’n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered Dec. 19, 2013).

⁶⁵ *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm’n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

⁶⁶ Appendix A to the Stipulation is a single document which includes the procedural history of this case, the Stipulation of Facts, the proposed conclusions of law, and proposed ordering paragraphs. Only the portions of Appendix A that pertain to stipulated facts substantively related to the settlement terms are included here verbatim, but there may be formatting edits for consistency and readability. The original paragraph numbers have been retained for ease of reference.

⁶⁷ Settlement, Appendix A ¶ 69.

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.

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).

VI. TERMS AND CONDITIONS OF THE SETTLEMENT

The Joint Petitioners have agreed to the Settlement terms as set forth below and aver the Settlement is in the public interest.⁶⁸ These terms are stated verbatim and, for ease of reference, retain the same paragraph numbers as they appear in the Settlement.⁶⁹

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

⁶⁸ Settlement, ¶¶ 20-21.

⁶⁹ Settlement, ¶¶ III.9.a-f.

- 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)⁷⁰ 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.
- 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

⁷⁰ 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.

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. 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.

The Settlement also includes various “conditions of settlement” that are common in rate settlements. These terms, among other things, protect the parties’ rights to file exceptions if any part of the Settlement is modified, condition the agreement upon approval by the Commission, and provide that no party is bound in future rate cases by any particular position taken in this case. These additional terms and conditions will not be repeated here *verbatim*. The reader is directed to the Settlement.⁷¹

VII. DISCUSSION

Introduction

It is clear from the extensive litigation of this proceeding, the Joint Petition, and each of the Parties’ Statements in Support of the Settlement, that the Parties worked diligently to craft a reasonable settlement that is in the public interest. Each Party was clear to point out in their Statements in Support that each provision of the Settlement was considered individually and within the context of the overall settlement package. Each Party also explained that to achieve the Settlement, the Parties agreed to compromise on many issues in the interest of designing a complete Settlement that reasonably resolves

⁷¹ Settlement, ¶¶ IV.10-19.

all issues. All of the Settling Parties pointed out that, in particular and significantly, several of PWSA's initial proposals have been withdrawn as part of the Settlement.

With these revisions to the initial proposal, all the Parties urge the undersigned ALJs to recommend to the Commission that it approve the Settlement as submitted and without modification. All of the Joint Petitioners conclude that the Settlement resolves all the contested issues, fairly balances the interests of PWSA and its ratepayers, is consistent with the Public Utility Code, is just and reasonable and is in the public interest.

Of note, not every issue was of equal concern to every Party. Accordingly, each of the Joint Petitioners' submitted testimony and Statements in Support of the Settlement did not necessarily address each and every aspect of the Settlement.

With all the above in mind, we turn and summarize the Parties' initial positions on the initial filing, the specific Settlement provisions, and various key positions of the Parties who addressed the provision at issue. However, the reader is referred to the Appendices L through P – the five individual Statements in Support of Settlement submitted by each of the five Joint Petitioners – for their detailed analysis of their positions.

A. Opposing Parties' Positions on Initial Rate Filing

I&E, OCA, OSBA, and OWT (collectively, Opposing Parties) submitted testimony challenging many of the proposals in Pittsburgh Water's Rate Filing.⁷²

⁷² See I&E St. Nos. 1-4; OCA St. Nos. 1-7; OSBA St. No. 1; OWT St. No. 1.

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 FPPTY revenues.⁷³ OCA modified its proposed adjustments in Surrebuttal Testimony and recommended an increase of \$18,882,465 to the FPPTY revenues.⁷⁴ 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, DSIC, and the 2025 Cost of Service Study (OSBA St. No. 1).⁷⁵ OWT did not offer a recommendation for a specific total revenue requirement.⁷⁶

In addition, I&E and OCA opposed Pittsburgh Water's proposal to increase its DSIC cap from 5.0% to 7.5%.⁷⁷ 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.⁷⁸ That recommendation to exclude revenues from PENNVEST was later withdrawn by OSBA.⁷⁹

Further, I&E and OCA opposed Pittsburgh Water's proposal for a multi-year rate plan.⁸⁰

⁷³ I&E St. No. 1-SR at 1; I&E Exhibit No. 1-SR.

⁷⁴ OCA St. No. 2-SR at 1; OCA Exhibit DM-SR-1.

⁷⁵ Settlement, Appendix A, ¶ 54.

⁷⁶ *Id.*

⁷⁷ I&E St. No. 1 at 17-18; OCA St. No. 1 at 30-37.

⁷⁸ OSBA St. No. 1 at 15-18.

⁷⁹ OSBA St. No. 1-SR at 15.

⁸⁰ 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.

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 MYRP proposal, Pittsburgh Water's rates should be set solely based on the FPFTY ending December 31, 2026.⁸¹

Additionally, the 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.⁸²

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.⁸³

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.⁸⁴ OCA stated that delaying the elimination of the minimum charge beyond FY 2027 would not be accepted.⁸⁵

⁸¹ OCA St. No. 2.

⁸² I&E St. No. 1; OCA St. No. 1; OCA St. No. 4; OSBA St. No. 1.

⁸³ OCA St. No. 4.

⁸⁴ I&E St. No. 1 at 21.

⁸⁵ OCA St. 1 at 40.

OSBA opposed the funding of CAP by non-residential customers.⁸⁶

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.⁸⁷

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 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.⁸⁸

B. Parties' General Positions on Settlement

The Parties submit that the Settlement was achieved after an extensive investigation of Pittsburgh Water's filings. The Parties engaged in extensive informal and formal discovery and numerous settlement discussions.⁸⁹ They also carefully reviewed

⁸⁶ OSBA St. No. 1 at 18-19; OSBA St. No. 1-R at 3-7.

⁸⁷ OCA St. No. 7.

⁸⁸ OCA St. No. 6; OWT St. No. 1.

⁸⁹ The Parties note that they 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. Settlement, Appendix A at ¶ 25.

and considered the direct, rebuttal, surrebuttal, and rejoinder testimony (including all the supporting exhibits) filed by Pittsburgh Water and the Joint Petitioners.⁹⁰

The Parties submit that the Settlement comprehensively resolves all issues raised during the proceeding in a manner that is consistent with the public interest.⁹¹ Specifically, the Parties argue the Settlement is in the public interest because it provides a reasonable resolution to PWSA's requests.⁹² The Parties argue that, in establishing a proposed base rate increase, the 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.⁹³

The Parties note that 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 FPFTY, 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 2027.⁹⁴

The Parties further claim 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 2027.⁹⁵ They aver the Settlement represents a balanced compromise of the issues raised by the active parties in

⁹⁰ Settlement, ¶ 20.

⁹¹ Settlement, Appendix A ¶ 66.

⁹² Settlement, ¶ 21.

⁹³ Settlement, Appendix A ¶ 64.

⁹⁴ Settlement, Appendix A ¶ 65.

⁹⁵ Settlement, ¶ 21.

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.⁹⁶

The Parties further submit that the Settlement is in the public interest because it will avoid substantial litigation and associated costs and is consistent with Commission policies promoting negotiated settlements.⁹⁷

The Parties' positions on the Settlement are more thoroughly and specifically discussed below.

C. Rates Effective 2026

1. Revenue Requirements, Cost Allocation, Resulting Rates (Joint Petition ¶¶ III.9.A.1.a-c)

a. PWSA

PWSA claims it is in need of increased rates given that, without 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.⁹⁸ PWSA submits that all Parties 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.⁹⁹ PWSA explains that the Settlement levels of debt service coverage and cash,

⁹⁶ *Id.*

⁹⁷ *Id.*; see 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406.

⁹⁸ PWSA Statement in Support of Settlement at 10-11.

⁹⁹ See Pittsburgh Water St. No. 7 at 36–37.

while not robust, are at least in a zone where Pittsburgh Water can continue to finance its important capital improvement plan (CIP).¹⁰⁰

PWSA notes that the Settlement's level of revenues produces financial metrics that are in the range of those proposed by the Parties in this proceeding, and in several instances fall below their recommendations.¹⁰¹ Further, PWSA argues the Settlement metrics are also reasonable compared to Pittsburgh Water's peers.¹⁰²

Finally, PWSA emphasizes that the Settlement total increase of \$43.5 million is just 51% of Pittsburgh Water's full, multi-year request of \$84.4 million.¹⁰³ PWSA notes that while it agreed to withdraw its proposal for a multi-year rate increase, which would have authorized an additional base rate increase in 2027, it will still incur those costs. Pittsburgh Water will now have to absorb those additional cost increases that would have been covered by an additional rate increase in 2027, so Pittsburgh Water submits that this concession adds to the reasonableness of the agreed upon settlement amount.¹⁰⁴ PWSA avers the Settlement is a reasonable resolution of the conflicting positions presented by the Parties.

b. I&E

I&E explains that its witness, D. C. Patel, recommended in his direct testimony a rate increase of \$17,247,097¹⁰⁵ and later recommended in his surrebuttal

¹⁰⁰ PWSA Statement in Support of Settlement, p. 11.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.* at 12.

¹⁰⁴ *Id.*

¹⁰⁵ I&E Statement No. 1, at 6-7.

testimony a rate increase of \$22,916,334 based on the Authority’s updated revenue request and financial metrics presented in rebuttal testimony.¹⁰⁶

I&E submits that the Settlement’s \$25 million rate increase represents a compromise among the Joint Petitioners’ proposals and is therefore in the public interest.¹⁰⁷ It avers that this “black box” revenue increase balances the interests of ratepayers and the Authority, and Pittsburgh Water will receive sufficient operating funds in order to provide safe and adequate service to ratepayers.¹⁰⁸

Additionally, I&E argues that 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 the Authority’s filing; an undertaking that would likely not be possible.¹⁰⁹ I&E posits that “black box” settlements are an efficient and appropriate way to resolve base rate cases.¹¹⁰ As such, I&E supports the “black box” revenue increase as being in the public interest.

c. OCA

As an initial matter, OCA notes that the Settlement is a “black box” settlement with regard to revenue requirement issues. OCA avers that black box settlements provide a timely resolution of disputes without the significant expense of prolonged litigation. OCA submits that it is unlikely that the Parties would have been

¹⁰⁶ I&E St. No. 1-SR, at 3-5.

¹⁰⁷ I&E Statement in Support, at 6.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at 6-7.

¹¹⁰ *Id.*

able to reach a consensus on each disputed recommendation as policy and legal positions differed widely among the Parties.¹¹¹

Under the Settlement, PW will be permitted to increase annual operating revenues by \$25 million,¹¹² an approximately 10.2% increase over annual revenues at present rates.¹¹³ OCA explains that the agreed upon increase is over \$40.5 million less than Pittsburgh Water's as-filed request, viewed in its totality.¹¹⁴ OCA submits that the Settlement revenue requirement increase provides sufficient funds for Pittsburgh Water to provide and maintain adequate, efficient, safe, and reasonable service and facilities while ensuring customers pay no more than is necessary for the same. Further, OCA notes that, based on 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.¹¹⁵

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 and includes important consumer protections that might not otherwise be achieved by and through litigation of this case.¹¹⁶ OCA avers that the increase, when accompanied by other important conditions in the

¹¹¹ OCA Statement in Support, at 10.

¹¹² OCA submits that should the Commission consider the PENNVEST Charge as part of the revenue requirement, which would mean that the total revenue requirement is \$42.6 million, this is still significantly less than the original revenue requirement request of over \$84 million.

¹¹³ Settlement ¶ III.9.A.1.a.

¹¹⁴ OCA Statement in Support, at 10.

¹¹⁵ *Id.* at 11.

¹¹⁶ *Id.*

Settlement, including but not limited to the withdrawal of the MYRP request, yields a result that is in the public interest.¹¹⁷

d. OSBA

OSBA explains that 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%.¹¹⁸

Under the Settlement's proposed settlement rates, OSBA submits that this same small business customer's total bill will increase by \$66.02 per month from \$425.81 to \$491.83 or 15.5%.¹¹⁹ 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.

e. OWT

OWT asserts that the provisions in Paragraph III.9.A.1.a of the proposed Settlement are reasonable and should be approved. OWT submits that, on balance, the significant reduction of the overall rate increase, along with critical enhancements to

¹¹⁷ *Id.*

¹¹⁸ OSBA Statement in Support at 3; Settlement, ¶ III.9.A.1.a.iii.

¹¹⁹ *Id.*

Pittsburgh Water’s low-income assistance programs 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.¹²⁰

2. Distribution System Improvement Charge (Joint Petition ¶ III.9.A.1.b)

a. PWSA

PWSA explains it initially proposed to increase its DSIC cap from 5% to 7.5%, but, in the interest of obtaining a full Settlement, reluctantly agreed to withdraw this proposal.¹²¹ Pittsburgh Water explains that its concession helped to facilitate an overall settlement on the revenue requirement and represents a reasonable resolution on the conflicting positions presented by the Parties.¹²²

b. I&E

Pittsburgh Water’s original rate increase request included a request to increase its water and wastewater DSIC caps from 5% to 7.5%.¹²³ I&E witness Patel recommended that the proposed DSIC cap increase be rejected reasoning that Pittsburgh Water’s use of PENNVEST and Water Infrastructure Finance and Innovation Act (WIFIA) funding provides major cost savings to Pittsburgh Water’s ratepayers and is preferable over increasing the DSIC.¹²⁴ I&E witnesses Patel and Esyan Sakaya also

¹²⁰ OWT Statement in Support, at 5-6.

¹²¹ PWSA Statement in Support, at. 13-14, 16.

¹²² *Id.* at 16.

¹²³ *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.

¹²⁴ I&E Statement No. 1, at 17-18; I&E Statement No. 1-SR, at 19-20.

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.¹²⁵ 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.¹²⁶

c. OCA

OCA notes that the Settlement reflects that both the Authority’s water and wastewater DSICs will remain capped at 5% of its distribution rates.¹²⁷ Retaining the 5% cap is consistent with the OCA’s position that Pittsburgh Water failed to support a basis for any increase beyond the existing 5% caps.¹²⁸

OCA opposed PW’s request for an increase in the DSIC cap, explaining that the DSIC should not be used to finance PAY-GO.¹²⁹ OCA submits that 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.¹³⁰ OCA explains 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.¹³¹ OCA maintains that because utility assets

¹²⁵ I&E St. No. 1, at 18-19; I&E St. No. 1-SR, at 20; I&E St. No. 3, at 10; I&E St. No. 3-R, at 5; I&E St. No. 3-SR, at 8.

¹²⁶ I&E Statement in Support, at 7.

¹²⁷ Settlement paragraph III.9.A.1.b.

¹²⁸ OCA Statement in Support at 14.

¹²⁹ OCA St. No. 1 at 31.

¹³⁰ *Id.*

¹³¹ *Id.* at 31-32; OCA St. No. 1-SR at 4.

often last decades, future ratepayers benefit from investments funded entirely by current customers.¹³² OCA claims that, 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).¹³³

OCA opposed the request to increase the DSIC from 5% to 7.5%, because it believed PWSA had more than enough money to cover the costs of its CIP.¹³⁴ OCA further argued 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 2018,¹³⁵ with over \$100 million in annual investments achieved each year since FY 2019.¹³⁶ Moreover, OCA posits that a DSIC increase is unnecessary because “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.”¹³⁷

OCA submits that the Settlement provision reflecting PWSA's withdrawal of the DSIC cap increase is vital, because implementation of the increased DSIC cap to 7.5% would not only be adverse to public interest but is inconsistent with statutory and regulatory consumer protections.¹³⁸ OCA asserts the Settlement 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.¹³⁹

132 *See* OCA St. No. 1-SR at 4.

133 *Id.*

134 OCA Statement in Support, at 16.

135 *See* PW St. 2 at 30.

136 *Id.* at 31.

137 OCA St. No 1-SR at 2.

138 OCA Statement in Support, at 16.

139 *Id.*

d. OSBA

The OSBA did not oppose PWSA's request to increase its DSIC to 7.5%, as the Commission commonly approves such requests.¹⁴⁰

Consequently, the OSBA supports the Joint Petition's proposal to keep PWSA's DSIC at 5.0%.¹⁴¹

e. OWT

OWT explains that its witness, Mr. Cicero, described how Pittsburgh Water's proposal to increase the DSIC from 5% to 7.5% would significantly increase the dollars charged to residential customers.¹⁴² While not providing a specific recommendations related to Pittsburgh Water's DSIC, OWT notes that 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 PAY-GO funding, and should be considered when examining the overall reasonableness of rates.¹⁴³

As a part of the overall Settlement, Pittsburgh Water agrees to withdraw its request to increase the DSIC cap for both water and wastewater conveyance. OWT argues that, by withdrawing Pittsburgh Water's proposed increase to its DSIC, the Settlement balances Pittsburgh Water's recovery through the DSIC with the overall rate increase provided for in this Settlement, and is in the public interest.¹⁴⁴

¹⁴⁰ OSBA Statement in Support at 3

¹⁴¹ *Id.*

¹⁴² OWT St. No. 1 at 11.

¹⁴³ OWT St. No. 1 at 12: 7-17.

¹⁴⁴ OWT Statement in Support, at 7.

3. PENNVEST Charge (Joint Petition ¶ III.9.A.1.c)

a. PWSA

PWSA explains that the Settlement sets forth Pittsburgh Water’s original and unopposed definition changes for the PVC and 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.¹⁴⁵ Regarding reporting, the Settlement specifically identifies the information that Pittsburgh Water will file with its semi-annual and annual updates and adopts the request of OSBA regarding information to include in the next base rate filing.¹⁴⁶

PWSA argues that 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.¹⁴⁷ 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.¹⁴⁸ 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

¹⁴⁵ PWSA Statement in Support. at 18.

¹⁴⁶ PWSA Statement in Support. at 19; Settlement at ¶III.A.c.

¹⁴⁷ PWSA Statement in Support. at 19.

¹⁴⁸ *Id.*

Pittsburgh Water to avoid using its cash reserves to make these payments.¹⁴⁹ This, in turn, provides greater security that all loan obligations will be met by Pittsburgh Water.¹⁵⁰

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 “all-in” revenue requirement amount which included PENNVEST costs.¹⁵¹ Because the PVC is a separate cost recovery mechanism from base rates, which 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.¹⁵²

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.¹⁵³ As such, adoption of the Settlement without modification is in the public interest.

b. I&E

I&E notes that 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 PENNVEST loans through the existing PENNVEST Charge when

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.* at 20.

¹⁵² *Id.*

¹⁵³ *Id.*

those charges are required by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service.¹⁵⁴ I&E explains that 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.¹⁵⁵

I&E avers that, 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 submits that the expansion of and continued use of low-cost PENNVEST funding benefits PWSA's customers and is in the public interest.¹⁵⁶

c. OCA

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.¹⁵⁷ 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.¹⁵⁸

¹⁵⁴ Settlement, ¶ III.9.A.1.c.

¹⁵⁵ I&E Statement in Support, at 8.

¹⁵⁶ *Id.*; see also I&E St. No. 1, at 17-18; I&E St. No. 1, at 19-20.

¹⁵⁷ OCA St. 4 at 12-13.

¹⁵⁸ *Id.*

The Settlement approves 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.¹⁵⁹ OCA submits that this Settlement term 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.¹⁶⁰

Additionally, OCA notes that the Settlement continues to require PW to file semi-annual updates and to file annual reconciliation reports which ensure just and reasonable rates by aligning cost recovery with actual loan expenses.¹⁶¹ Additionally, these filings enhance transparency and regulatory oversight, protect ratepayers from over- or under-recovery, and support the utility's financial stability.¹⁶² According to the OCA, regular reporting thus promotes compliance with PUC directives and advances the public interest through accurate, accountable rate administration.¹⁶³

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.¹⁶⁴ According to OCA, requiring PW to submit loan amortization tables, reconciliation filings, and supporting calculations in its next base rate case ensures that

¹⁵⁹ Settlement at ¶ III.9.A.1.c.i.a.
¹⁶⁰ OCA Statement in Support, at 20.
¹⁶¹ Settlement at ¶ III.9.A.1.c.i.b.
¹⁶² OCA Statement in Support, at 20.
¹⁶³ *Id.* at 20-21.
¹⁶⁴ Settlement at ¶ 9.A.1.c.ii.

the PENNVEST charge is transparent, accurate, and based on verifiable costs.¹⁶⁵ OCA maintains that it also protects customers from double recovery, enhances regulatory oversight, and promotes just and reasonable rates consistent with ratemaking principles.¹⁶⁶

OCA argues 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.¹⁶⁷ 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 with established Commission ratemaking principles and the requirement for just and reasonable rates.¹⁶⁸

d. OSBA

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.¹⁶⁹ In the Settlement, PWSA agrees to provide the amortization tables in the next

¹⁶⁵ OCA Statement in Support, at 20.

¹⁶⁶ *Id.*

¹⁶⁷ *Id.* at 21.

¹⁶⁸ *Id.*

¹⁶⁹ OSBA St. No. 1, at 14-15.

filing, which will ensure the parties and the Commission have the necessary data to review the present and proposed PENNVEST surcharges.¹⁷⁰

e. OWT

OWT notes that Mr. Cicero explained in his direct testimony that Pittsburgh Water's initial proposal sought to change how PENNVEST debt payments are recovered.¹⁷¹ 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.¹⁷² 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.¹⁷³

OWT explains that 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 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.¹⁷⁴

¹⁷⁰ OSBA Statement in Support, at 4; Settlement, ¶ III.9.A.1.c.ii.

¹⁷¹ OWT Statement in Support, at 7.

¹⁷² OWT St. No. 1 at 10.

¹⁷³ *Id.* at 12-13.

¹⁷⁴ OWT Statement in Support, at 8.

OWT submits that these provisions reasonably balance the 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 term also provides for important reporting by Pittsburgh Water, including semi-annual updates.¹⁷⁵ OWT avers this reporting will help the Commission and interested parties to evaluate the impacts of the revised PENNVEST charge on an ongoing basis and is in the public interest.¹⁷⁶

D. Rates Effective February 1, 2027

1. Muti-Year Rate Plan (Joint Petition ¶ III.9.A.2.a)

a. PWSA

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).¹⁷⁷ Also, through the PENNVEST Charge, it will be able to recover additional debt service costs incurred in 2027 for PENNVEST loans.¹⁷⁸ 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 2027.¹⁷⁹ Also, because Pittsburgh Water will be permitted to recover some \$6.2 million

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ PWSA Statement in Support, at 25.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

of the originally proposed \$20.7 million through the PVC and resulting DSIC revenue.¹⁸⁰ Pittsburgh Water sees the Settlement as an incremental step in obtaining recognition of its annually increasing revenue requirements and the need to address those increases through innovative rate plans.

b. I&E

I&E explains that Pittsburgh Water's original rate increase request was proposed as a MYRP which included a \$63.7 million increase in the FPFTY and a \$20.7 million increase in FY 2027.¹⁸¹ It notes 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 tendency to fall short of meeting its capital budget projections on an annual basis.¹⁸² 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 2027.¹⁸³ I&E supports Pittsburgh Water's withdrawal of its MYRP proposal and submits that it fully supports the negotiated base rate revenue increase.¹⁸⁴

¹⁸⁰ *Id.*

¹⁸¹ I&E St. No. 1, at 17-18; I&E St. No. 1, at 19-20.

¹⁸² I&E St. No. 1, at 9-12; I&E St. No. 1-SR, at 5-11.

¹⁸³ I&E St. No. 4, at 4-10; I&E St. No. 4-SR, at 2-11.

¹⁸⁴ I&E Statement in Support, at 9.

c. OCA

OCA supports the withdrawal of PW's proposed MYRP because, in OCA's view, the record demonstrates that the plan, as filed, relied on forecasts that were not sufficiently accurate or reliable to support multi-year ratemaking.¹⁸⁵ OCA submits that the use of a MYRP requires dependable forward-looking projections for capital expenditures, operating costs, and sales in order to establish revenue requirements several years into the future,¹⁸⁶ but with regard to PWSA, those projections in the instant proceeding are materially uncertain or overstated, preventing the rate trajectory to be unverified or found to be unjust and unreasonable.¹⁸⁷ OCA avers the Settlement provision withdrawing the MYRP, promotes sound regulatory practice and aligns the Settlement with the evidentiary record.¹⁸⁸ Therefore, OCA submits that disallowance/withdrawal of the MYRP is a vital provision under the Settlement, because implementation of the MYRP would not only be adverse to public interest but would be inconsistent with statutory and regulatory consumer protections.¹⁸⁹

¹⁸⁵ OCA Statement in Support, at 24-25; *see* OCA St. No. 2 at 7; OCA St. No. 2-SR at 3-5.

¹⁸⁶ *See also* I&E St. No. 1 at 11.

¹⁸⁷ *See* OCA St. No. 2 at 7; OCA St. No. 2-SR at 3-5.

¹⁸⁸ OCA also argues 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. OCA Statement in Support, at 25.

¹⁸⁹ *Id.*

d. OSBA

OSBA did not oppose PWSA's proposal to adopt an MYRP in this proceeding. Nevertheless, OSBA supports the Joint Petition proposal to remove the MYRP.¹⁹⁰

e. OWT

OWT opposed Pittsburgh Water's proposal to implement a multi-year rate increase plan.¹⁹¹ 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.¹⁹² 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.¹⁹³

In the Settlement, Pittsburgh Water agreed to withdraw its MYRP request. OWT asserts that 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.¹⁹⁴ As such, OWT maintains that these proposed Settlement provisions are just, reasonable, in the public interest, and should be approved.¹⁹⁵

¹⁹⁰ OSBA Statement in Support, p. 4; Settlement, ¶ III.9.A.2.a.

¹⁹¹ OWT St. No. 1 at 34-35.

¹⁹² *Id.*

¹⁹³ *Id.*

¹⁹⁴ OWT Statement in Support, at 9.

¹⁹⁵ *Id.*

2. Removal of Minimum Allowance (Joint Petition ¶ III.9.A.2.b)

a. PWSA

PWSA argues 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.¹⁹⁶ PWSA avers 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, Pittsburgh Water submits that 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 1.¹⁹⁷ PWSA avers the Settlement reasonably avoids rate changes occurring within a month of each other.

b. I&E

I&E explains that 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.¹⁹⁸ I&E witnesses Patel and Sakaya noted that, despite I&E’s 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

¹⁹⁶ PWSA Statement in Support, at 29.

¹⁹⁷ *Id.*; see, e.g., Pittsburgh Water Exhibit JAM-15 Water Tariff Page No. 8C.

¹⁹⁸ See *Pa. Pub. Util. Comm’n v. Pittsburgh Water & Sewer Authority*, Docket Nos. R-2023-3039920 (Water); R-2023-3039921 (Wastewater); R-2023-3039919 (Stormwater), Recommended Decision dated Nov. 28, 2023, Terms and Conditions of Settlement, Section 9.A.3.a.ii, at 26.

in order to lessen the impact on customers' average bills.¹⁹⁹ Therefore, I&E supports Pittsburgh Water's proposed removal of the minimum charge in FY 2027 as being in the public interest.²⁰⁰

c. OCA

OCA explains that Pittsburgh Water's witnesses testified that most residential customers are billed a minimum charge for up to 1,000 gallons.²⁰¹ For every full 1,000 gallons over the minimum, they are assessed a consumption charge.²⁰² OCA posits that charging the minimum allowance is inconsistent with Commission ratemaking principles, pointing to page 151 of *A Guide to Utility Ratemaking*: "the Commission's policy is to require the installation of meters and set usage rates to encourage conservation."²⁰³

OCA argues that 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.²⁰⁴ OCA avers that 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,²⁰⁵ and this structure disproportionately burdens low-use and conservation-

¹⁹⁹ I&E St. No. 1, at 21; I&E St. No. 3, at 22.

²⁰⁰ I&E Statement in Support, at 10.

²⁰¹ PW St. No. 6 at 25.

²⁰² *Id.*

²⁰³ OCA Statement in Support, at 27; *see A Guide to Utility Ratemaking* (citing 52 Pa. Code § 65.7 (Metered Service)); *see also* 52 Pa. Code § 65.20(6) (Water Conservation Measures).

²⁰⁴ *See* OCA St. in Support of Settlement as filed for the 2023 Proceeding.

²⁰⁵ OCA Statement in Support, at 27; *see* AWWA Manual M-1, at 96.

minded customers and can increase overall system demand by encouraging full use of the “pre-paid” allowance.²⁰⁶

OCA submits that this issue was litigated extensively in the last base rate case in 2023.²⁰⁷ In that prior proceeding, OCA explains that Pittsburgh Water had requested the removal of the minimum allowance be contingent upon approval of a MYRP.²⁰⁸ OCA notes that PW had agreed to remove the minimum allowance for the three base rate cases prior to 2023 (2018, 2020, and 2021).²⁰⁹ In the settlement from the 2023 base rate case, the Parties agreed that “[PW]’s proposal to eliminate usage included in its minimum charge would be withdrawn, to implement the software necessary to be able to make this change and to propose its elimination in the Authority’s next base rate case,”²¹⁰ which is the instant proceeding.

PWSA proposed here that it effectuate the removal on January 1, 2027.²¹¹ PWSA explained it could not do so sooner because the Company needed additional time to perform outreach and educate its customers.²¹²

OCA supports this Settlement term because the fixed part of customer bills will decrease to reflect the removal of the minimum allowance, and customer usage will count more in the calculation of rates, which is more in line with best practices of

²⁰⁶ OCA Statement in Support, at 27; *see* APPRISE, Inc. (January 2020). PPL Electric Utilities, Universal Service Programs, Final Evaluation Report, available at <https://www.puc.pa.gov/pcdocs/1656535.pdf>.

²⁰⁷ 2023 PWSA R.D. at 51.

²⁰⁸ *Id.*

²⁰⁹ *Id.* at 52.

²¹⁰ *Id.* at 41, n.22.

²¹¹ PWSA St. No. 6 at 25.

²¹² PWSA St. No. 2 at 66.

ratemaking.²¹³ OCA argues that as a result, PW must reallocate the PENNVEST Charge to reflect the new usage-based billing.²¹⁴ Previously, part of this charge was embedded in the minimum charge; after the change, it will be distributed proportionally across actual billed usage.²¹⁵ OCA avers that 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.²¹⁶

Finally, OCA notes that the Authority is committing itself to providing customer bill impact analysis of this change.²¹⁷ OCA argues that 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.²¹⁸

d. OSBA

OSBA argues that the Settlement provision to eliminate water and wastewater usage allowances is beneficial to small business customers since under this rate structure, all customer bills, including those of small business customers, will be based upon actual water usage and wastewater flow. Therefore, OSBA posits that this agreement to eliminate the water and wastewater usage allowances under a revenue neutral proposal in 2027 is in the public interest.²¹⁹

²¹³ OCA Statement in Support. at 29.

²¹⁴ Settlement at ¶ III.9.A.2.b.iii.

²¹⁵ *Id.*

²¹⁶ OCA Statement in Support. at 29.

²¹⁷ Settlement at ¶ III.9.A.2.b.iv.

²¹⁸ OCA Statement in Support, at 30.

²¹⁹ OSBA Statement in Support, at 4

e. OWT

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.²²⁰ Mr. Cicero conditioned this support of his recommendations to Pittsburgh Water’s BDP and AFP so that participating low income customers could achieve affordable bills, even with this proposed removal.²²¹

OWT notes that the Settlement provides for the removal of the usage component from the fixed minimum service charge. OWT argues that these Settlement provisions 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.²²² OWT posits that these provisions will help ensure that Pittsburgh Water implements removal of the usage component in a reasonable manner and provides important information to the Commission and the parties about how customers are being impacted as a result of these rate design changes.²²³

²²⁰ OWT St. No. 1 at 33-34.

²²¹ *Id.*

²²² OWT Statement in Support, at 11.

²²³ *Id.*

3. Pre-Existing Wholesale Contracts (Joint Petition ¶¶ III.9.B.1-2)

a. PWSA

PWSA explains that 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.²²⁴ Additionally, Pittsburgh Water will issue a notice of contract termination to Aspinwall to initiate a renegotiation of its contract rates earlier than the current contract expiration date of 2039.²²⁵

PWSA avers the 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.²²⁶

b. I&E

I&E explains that it did not submit testimony regarding Pittsburgh Water’s pre-existing wholesale contracts.²²⁷ Nevertheless, I&E notes it shares the concerns of the interested Joint Petitioners. I&E maintains that it 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.²²⁸ I&E does not oppose these

²²⁴ Settlement at ¶ III.B.1.

²²⁵ *Id.* at ¶ III.B.2.

²²⁶ PWSA Statement in Support, at 32.

²²⁷ I&E Statement in Support, at 10.

²²⁸ *Id.*

Settlement terms as they are 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.²²⁹

c. OCA

OCA explains that Pittsburgh Water serves three wholesale customers: Fox Chapel, Aspinwall, and Reserve Township.²³⁰ OCA submits 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.²³¹

In its 2023 base rate proceeding,²³² PWSA 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.²³³ In the instant proceeding, PWSA claimed it was negotiating new rates for Fox Chapel and intended to negotiate other legacy contracts as they became due.²³⁴

²²⁹ *Id.*

²³⁰ *See* PW Exh. HJS-18W.

²³¹ OCA St. No. 4 at 3. The amount of the Wholesale revenue reallocation is \$3,897,457 for FY 2026. *See* PW Exh. HJS-10W.

²³² *See* Docket No. R-2023-3039920 (2023 Proceeding).

²³³ OCA St. No. 4 at 4.

²³⁴ *Id.* OCA explains that the new rates for Fox Chapel have assisted in reducing the revenue deficiency claimed the 2023 Proceeding, but PWSA did not explain why it had not issued termination notices under its contracts with Aspinwall and Reserve Township. *Id.*

In the Settlement, PWSA commits to negotiate new rates for wholesale customers and negotiate rates closer to PWSA's tariffed wholesale rate, as well as issue a notice of contract termination to Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039.²³⁵

OCA maintains that these Settlement terms are in the public interest because they ensure that the significant under-recovery of costs from wholesale customers at the expense of all other customers is abated as soon as possible.²³⁶ OCA posits these terms ensure that customers are not forced to continue to absorb the costs of PW's legacy contracts.²³⁷ OCA further argues that aligning wholesale customer contracts with Pittsburgh Water's tariffed wholesale rate benefits consumers by promoting fair, transparent, and Commission-regulated pricing. OCA maintains that 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.²³⁸ OCA argues this alignment also supports Pittsburgh Water's ability to maintain and invest in critical water infrastructure, enhancing system reliability and water quality. Finally, OCA argues continued good-faith negotiations provide a cooperative mechanism to achieve rate consistency while avoiding costly disputes that could otherwise burden consumers.²³⁹

d. OSBA

OSBA submits that reviewing wholesale contracts periodically ensures that the city continues to serve that customer and is receiving the maximum revenue from each customer. Therefore, it is in the public interest to review the rates, charges, and the

²³⁵ Settlement at ¶ III.9.B.1-2.

²³⁶ OCA Statement in Support, at 32.

²³⁷ *Id.*

²³⁸ OCA Statement in Support, at 33.

²³⁹ *Id.*

alternative supply each wholesale customer claims it has available on a regular basis. OSBA avers this Settlement provision satisfies this goal.²⁴⁰

e. OWT

OWT did not take a position related to this issue.²⁴¹

E. Stormwater (Joint Petition ¶ III.9.C.1)

a. PWSA

PWSA notes that 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 CIP within the following calendar year, and will include stormwater-related public events and outreach on its website.²⁴² Second, 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.²⁴³ 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.²⁴⁴ Finally, Pittsburgh Water has also committed to making its best effort to maximize sources of external funding,

²⁴⁰ OSBA Statement in Support, at 4-5.

²⁴¹ OWT Statement in Support, at 11.

²⁴² Joint Petition at ¶ III.C.1.a.

²⁴³ Settlement at ¶ III.C.1.b.

²⁴⁴ *Id.* at ¶ III.C.1.b.

including grants that may assist Pittsburgh Water with stormwater planning and mitigation.²⁴⁵

PWSA submits that these stormwater outreach Settlement terms are in the public interest. Pittsburgh Water explains that outreach and education to customers is important and valuable, including as it relates to stormwater planning. PWSA posits that these Settlement terms will build on Pittsburgh Water’s already extensive outreach in this area and help provide transparency to ratepayers and other stakeholders.²⁴⁶ Further, PWSA explains that the Settlement adopts Pittsburgh Water’s initial proposals related to current written notice requirements, which will reduce costs and administrative burdens.²⁴⁷

b. I&E

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.²⁴⁸ Nevertheless, I&E submits that it shares the concerns of the interested Joint Petitioners and 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.²⁴⁹ I&E avers it does not oppose these Settlement terms as they represent a

²⁴⁵ *Id.* at ¶ III.C.1.c.

²⁴⁶ PWSA Statement in Support, at 35.

²⁴⁷ *Id.*

²⁴⁸ I&E St. No. 3, at 3-4; *See The Borough of West Chester v. Pa. State System of Higher Ed. & West Chester Univ. of Pa. of the State System of Higher Ed.*, 291 A.3d 455 (Pa. Cmwlth. 2023), *appeal docketed* 9 MAP 2023 (Pa. 2023).

²⁴⁹ I&E Statement in Support, at 10-11.

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.²⁵⁰

c. OCA

As an initial matter, OCA explains that the testimony provided at the public input hearings demonstrated that customers were concerned about stormwater financing and projects.²⁵¹

In the Settlement, PWSA has committed to annually report progress on current stormwater activities and specific planned stormwater activities as identified in the CIP within the following calendar year.²⁵² It has also committed to engage in stormwater related public events and outreach on its website.²⁵³ OCA argues that reporting benefits consumers by promoting transparency and accountability in the public water utility's stormwater management activities, and publicly disclosing annual progress, planned projects under the CIP, and related outreach efforts, helps consumers gain insight into how ratepayer funds are used, the timing and scope of infrastructure improvements, and opportunities for community involvement.²⁵⁴ OCA submits that 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.²⁵⁵

²⁵⁰ *Id.* at 11.

²⁵¹ OCA St. No. 5; *See, e.g.*, Tr. 81-82, 187-193, and 252-254.

²⁵² Settlement ¶ III.9.C.1.a.

²⁵³ *Id.*

²⁵⁴ OCA Statement in Support, at 35.

²⁵⁵ *Id.*

In the Settlement, PWSA also commits to 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.²⁵⁶ Parties to the instant proceeding will be invited to participate and given an opportunity to provide feedback.²⁵⁷ OCA avers this Settlement provision benefits consumers by ensuring ongoing transparency, accountability, and public participation in the Pittsburgh Water’s stormwater management activities.²⁵⁸ 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.²⁵⁹ Overall, this engagement mechanism helps ensure that stormwater initiatives are responsive, efficient, and aligned with consumer concerns.

In the Settlement, PWSA also commits to maximizing funding for stormwater projects.²⁶⁰ OCA explains that this provision benefits consumers by helping to reduce financial burdens and enhance the efficiency of stormwater management investments. OCA submits that 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.²⁶¹ OCA avers that 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.²⁶²

²⁵⁶ Settlement ¶ III.9.C.1.b.
²⁵⁷ *Id.*
²⁵⁸ OCA Statement in Support, at 36.
²⁵⁹ *Id.*
²⁶⁰ Settlement ¶ III.9.C.1.c.
²⁶¹ OCA Statement in Support, at 36.
²⁶² *Id.*

d. OSBA

OSBA avers that stormwater charges are often misunderstood by the public, and the Settlement includes provisions to educate the public and ensure the City is charging the proper stormwater rates.²⁶³ Furthermore, OSBA claims it is beneficial to customers for the City to explore additional outside funding to ease the burden on future stormwater customers.²⁶⁴

e. OWT

OWT raised concerns that Pittsburgh Water's public relations and outreach has led to commitments that the Authority is not choosing to meet within its stormwater CIP and strategic plan.²⁶⁵ Mr. Cicero also raised significant concerns that Pittsburgh Water has failed to adequately prioritize stormwater mitigation projects and funding.²⁶⁶ 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 stakeholders within the impacted projects / watersheds about the completion of these projects.²⁶⁷

In the Settlement, PWSA commits to take various actions related to storm water education, outreach, and projects, and OWT avers these Settlement terms provide for meaningful improvements. By requiring that Pittsburgh Water annually report on the progress of stormwater activities (as identified in the CIP) within the following calendar year, as well as stormwater related public events and outreach, OWT argues that the

²⁶³ OSBA Statement in Support, at 5.

²⁶⁴ *Id.*

²⁶⁵ OWT St. No. 1 at 84-86.

²⁶⁶ *Id.* at 85-86.

²⁶⁷ *Id.* at 87-88.

proposed Settlement will provide the Commission, Parties, and interested stakeholders with important information related to Pittsburgh Water’s stormwater mitigation projects and efforts.²⁶⁸

OWT further argues that 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.²⁶⁹ Additionally, OWT avers that 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, will help to ensure that Pittsburgh Water is adequately drawing on sources of funding which may be available to augment their stormwater mitigation efforts.²⁷⁰ OWT notes that while Mr. Cicero’s recommendations related to stormwater were not adopted in their entirety, these provisions reasonably balance the parties’ interest and are in the public interest.²⁷¹

F. Damaged Wastewater Sewer Laterals (Joint Petition ¶¶ III.9.D.1-2)

a. PWSA

Pittsburgh Water explains it 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.²⁷² As

²⁶⁸ OWT Statement in Support, at 12.

²⁶⁹ *Id.* at 13.

²⁷⁰ *Id.*

²⁷¹ *Id.*

²⁷² *See* Docket Nos. P-2022-3031586 and R-2022-3031597 (Opinion and Order entered Dec. 29, 2022).

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.²⁷³

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.²⁷⁴

PWSA explains that, 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.²⁷⁵ In its next base rate case, Pittsburgh Water will include a report of this meeting and any proposals resulting from the meeting.²⁷⁶

PWSA argues 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.²⁷⁷

b. I&E

I&E did not submit testimony regarding Pittsburgh Water’s damaged wastewater sewer laterals. Nevertheless, I&E notes it shares the concerns of the interested Joint Petitioners and played an active role in the settlement negotiations regarding these programs and monitored the proposals and counter proposals offered by

²⁷³ Pittsburgh Water St. No. 4 at 10.

²⁷⁴ OWT St. No. 1 at 95-98.

²⁷⁵ Settlement at ¶ III.D.1.

²⁷⁶ Settlement at ¶ III.D.2.

²⁷⁷ PWSA Statement in Support at 37.

the parties throughout this proceeding.²⁷⁸ Therefore, I&E does not oppose these settlement terms as they are 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.²⁷⁹

c. OCA

OCA explains that, according to PWSA's wastewater tariff, 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.²⁸⁰ 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.²⁸¹ In prior base rate cases, OCA expressed concern as to customers owning the sewer lateral within public rights-of-ways and easements.²⁸² PW filed a petition, pursuant to the 2023 Proceeding's

²⁷⁸ I&E Statement in Support, at 11.

²⁷⁹ *Id.*

²⁸⁰ 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.

²⁸¹ OWT St. No. 1 at 95.

²⁸² See OCA St. No. 8 at 23-27, incorporated into the record of *Pa. Pub. Util. Comm'n v. Pittsburgh Water*, Docket No. R-2020-3017951 Order entered Dec. 3, 2020) (*2020 PW Order*) (adopting Recommended Decision (2020 PW R.D.)).

Settlement, for the repair and replacement of damaged wastewater laterals on March 18, 2022,²⁸³ but the Commission rejected that petition by Order dated December 29, 2022.²⁸⁴

OCA explains that in the instant proceeding, OWT raised concerns in this as to the status and future of the DWSL, and PW responded in testimony that it had tried to implement the program and could not do so.²⁸⁵ Thus, OCA avers customers are still without the long-promised DWSL.

OCA submits that this Settlement commits PW to convening a stakeholder meeting within two months of a final Commission Order of the instant proceeding, with a report-back mandate in the next base rate case as to the results and proposals from said meeting.²⁸⁶

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 the Pennsylvania Department of Environmental Protection (DEP) and the Pennsylvania Environmental Protection Agency (EPA) standards.²⁸⁷ OCA explains that since private laterals make up most of the system's total pipe length, utilities cannot effectively protect public health or meet asset-management and compliance requirements without direct control over their condition.²⁸⁸

²⁸³ *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 (Opinion and Order entered Dec. 29, 2022) (“2022 PWSA DWSL Order”).

²⁸⁴ OWT St. No. 1 at 95.

²⁸⁵ *Id.*; See also PW St. No. 4-R at 24-25.

²⁸⁶ Settlement ¶ III.9.C.1.c.

²⁸⁷ OCA Statement in Support, at 38.

²⁸⁸ *Id.* at 39.

OCA avers that PWSA's ownership of wastewater laterals will promote uniform maintenance standards, coordinated repairs, and long-term cost efficiency by reducing unnecessary treatment of stormwater and avoiding premature capital expansion.²⁸⁹ Further, it will 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.²⁹⁰ Finally OCA notes that centralized management improves roadway protection, reduces utility conflicts, streamlines emergency response, and clarifies legal responsibility for infrastructure located in the public right-of-way.²⁹¹

d. OSBA

OSBA explains that damaged wastewater laterals are sometimes a costly misunderstood issue for customers.²⁹² The Settlement requires PWSA to convene a meeting with the public, and OSBA submits that this is a step in the right direction to inform and educate the public concerning wastewater laterals. Therefore, OSBA argues this Settlement term is in the public interest.²⁹³

e. OWT

OWT explains that Mr. Cicero testified 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

²⁸⁹ *Id.*

²⁹⁰ *Id.*

²⁹¹ *Id.*

²⁹² OSBA Statement in Support, at 5.

²⁹³ *Id.*

petition.²⁹⁴ 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.²⁹⁵ Mr. Cicero also noted that low income customers do not have sufficient resources to make these repairs, which may amount to tens of thousands of dollars.²⁹⁶ Mr. Cicero recommended that Pittsburgh Water file a petition for a DWSL, 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.²⁹⁷

The 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.²⁹⁸ It further provides that, in the Authority’s next base rate case, it will include a report of the meeting and any proposals resulting therefrom.²⁹⁹

OWT notes that while Mr. Cicero’s recommendations related to damaged sewer and wastewater laterals were not adopted in their entirety, these proposed Settlement provisions are reasonable, and will help Pittsburgh Water to develop a path to adequately address these important issues in coordination with the other Parties to this proceeding.³⁰⁰ OWT submits that requiring Pittsburgh Water to report on the meeting, and proposals resulting from this meeting, in its next base rate case will also help the

²⁹⁴ OWT St. No. 1 at 95-96.
²⁹⁵ *Id.* at 96-97.
²⁹⁶ *Id.*
²⁹⁷ OWT St. No. 1 at 97: 6-14.
²⁹⁸ Settlement, ¶ III.9.D.1.
²⁹⁹ Settlement, ¶ III.9.D.2.
³⁰⁰ OWT Statement in Support, at 14.

Commission and interested parties to better understand and address Pittsburgh Water’s progress related to damaged sewer and wastewater lateral issues.³⁰¹

G. Customer Service

1. Updated Root Cause Analysis 2025 (Joint Petition ¶ III.9.E.1)

a. PWSA

PWSA avers it satisfied its commitment in the last rate case to update the customer complaint root cause analysis by the prescribed deadline, and that the updated analysis provided various recommendations.³⁰² PWSA noted OCA recommended that PWSA continue to conduct a 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, including a review of the success and failure of payment plans.³⁰³ PWSA asserted OCA’s proposals related to the root cause analysis were administratively burdensome, potentially not feasible, and unnecessary.³⁰⁴

PWSA reports that the proposed settlement provision regarding root cause analysis addresses these concerns by ensuring that PWSA 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.³⁰⁵ PWSA argues the resolution of this issue by the

³⁰¹ *Id.*

³⁰² PWSA Statement in Support, at 37; PW St. No. 4-R at 26.

³⁰³ *Id.* at 38.; OCA St. No. 7 at 9, 20.

³⁰⁴ *Id.* at 39.

³⁰⁵ *Id.*; Joint Petition at ¶ III.E.1.a.

Settlement fairly balances the views taken by OCA and PWSA.³⁰⁶ PWSA also notes this provision of the Settlement will provide OCA with the additional information it is seeking to evaluate complaints filed against PWSA and will give PWSA flexibility to take the remedial steps that it deems necessary—while also reporting on those measures.³⁰⁷ PWSA asserts that for these reasons, this resolution is in the public interest and should be approved without modification.³⁰⁸

b. I&E

I&E did not take a position related to this issue.³⁰⁹

c. OCA

OCA asserted that in the previous base rate preceding, PWSA agreed to update its root cause analysis to include evaluation of informal customer complaints submitted to the Commission's BCS.³¹⁰ OCA reported its witness recommended PWSA 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.³¹¹ OCA further noted it was recommended that PWSA 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.³¹² OCA

³⁰⁶ PWSA Statement in Support, at 40.

³⁰⁷ *Id.*

³⁰⁸ *Id.*

³⁰⁹ I&E Statement in Support, at 11.

³¹⁰ OCA Statement in Support, at 40.

³¹¹ *Id.* at 41; OCA St. No. 7 at 9.

³¹² OCA Statement in Support, at 41.

asserted that the ongoing evaluation should also include a review of the success and failure of payment plans.³¹³ OCA reported its witness indicated the recommended programs would not increase costs to PWSA because the recommendation would maintain current performance and execute policies that already exist.³¹⁴

OCA averred this settlement provision is in the public interest and is reasonable, because it requires increased accountability from PWSA and an avenue for customer complaints to be better understood.³¹⁵ OCA argued the root cause analysis will allow PWSA to better understand the issues presented by customers in their complaints/disputes and allow PWSA to better provide service to customers through improved resolution of customer complaints.³¹⁶

d. OSBA

OSBA did not take a position related to this issue.³¹⁷

e. OWT

OWT did not take a position related to this issue.³¹⁸

313 *Id.*

314 *Id.*; OCA St. No. 7-SR at 6.

315 OCA Statement in Support, at 42.

316 *Id.*

317 OSBA Statement in Support, at 5.

318 OWT Statement in Support, at 15.

2. Call Center (Joint Petition ¶ III.9.E.2)

a. PWSA

PWSA reported it has continued to meet or exceed its internal standards for “Contact Center” metrics, including an Average Speed of Answer of less than one minute and an Abandonment Rate of less than or equal to three percent.³¹⁹ PWSA notes OCA argued PWSA 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.³²⁰ PWSA states the Settlement addresses these concerns by ensuring that PWSA’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.³²¹ PWSA further indicates the settlement provision formalizes PWSA’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 PWSA to a resource-consuming, unreasonably rigid evaluation tied to arbitrary figures.³²² PWSA asserts this settlement provision is therefore in the public interest and should be approved without modification.³²³

³¹⁹ PWSA Statement in Support, at 40-41; PW St. No. 6 at 43.

³²⁰ PWSA Statement in Support, at 41; OCA St. No. 7 at 9, 12.

³²¹ PWSA Statement in Support, at 42; Joint Petition at ¶ III.E.2.c.

³²² PWSA Statement in Support, at 42.

³²³ *Id.*

b. I&E

I&E did not take a position related to this issue.³²⁴

c. OCA

OCA reported PWSA 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.³²⁵ OCA explained its witness noted that in 2024, PWSA's call center performance significantly improved from the previous year, and the current 2025 data suggests an upward trend.³²⁶ OCA argued this settlement provision, which requires good faith efforts by PWSA to meet its own internal standards, is in the public interest and is reasonable because customers must be able to contact their utility and speak with an agent within a reasonable time, and it will continue to help PWSA improve its customer service.³²⁷

d. OSBA

OSBA did not take a position in relation to this issue.³²⁸

e. OWT

OWT did not take a position in relation to this issue.³²⁹

³²⁴ I&E Statement in Support, at 11-12.

³²⁵ OCA Statement in Support, at 43; OCA St. No. 7 at 11.

³²⁶ *Id.*

³²⁷ OCA Statement in Support, at 44.

³²⁸ OSBA Statement in Support, at 5.

³²⁹ OWT Statement in Support, at 15.

3. Small Business Customers (Joint Petition ¶ III.9.E.3)

a. PWSA

PWSA explained it made proposals that could provide advantages to small business customers.³³⁰ First, PWSA noted it proposed to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way.³³¹ PWSA reports this would benefit the Authority by enabling it to make repairs in a more timely manner and more easily control termination if the customer does not pay a bill, while also benefitting customers as PWSA could control any non-revenue water that may be leaking from this category of water line.³³² PWSA noted it also proposed a Leak Credit Program that will allow the Authority, 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.³³³

PWSA reports there was no opposition to its proposals regarding small business customers.³³⁴ PWSA explains the Settlement indicates PWSA 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.³³⁵ Additionally, PWSA notes it will develop a comprehensive informational campaign about all its programs that support small business customers, and as part of that campaign, to

³³⁰ PWSA Statement in Support, at 42.

³³¹ *Id.*; PW St. No. 5 at 8-9.

³³² PWSA Statement in Support, at 42-43; PW St. No. 5 at 8.

³³³ PWSA Statement in Support, at 43; PW St. No. 6 at 38-39.

³³⁴ PWSA Statement in Support, at 43.

³³⁵ *Id.* at 44.

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.³³⁶ PWSA further asserts it will work with OSBA and interested non-profit organizations to develop the informational campaign.³³⁷ PWSA argues these settlement terms are in the public interest and reasonable, as these settlement provisions will create more visibility regarding its offerings for small business customers while assisting with connecting those customers to OSBA and the valuable resources OSBA provides.³³⁸ PWSA further submits that these processes will better focus communications efforts for small business customers and provide an opportunity to share helpful resources.³³⁹

b. I&E

I&E did not take a position related to this issue.³⁴⁰

c. OCA

OCA did not take a position related to this issue.³⁴¹

d. OSBA

OSBA asserts the Joint Petition proposal to expand the payment arrangement to 24 months and to provide information concerning service lines, leak programs, and a bill

³³⁶ *Id.*; Joint Petition at ¶¶ III.E.3.b.i(a)–(b).

³³⁷ PWSA Statement in Support, at 44; Joint Petition at ¶ III.E.3.b.ii.

³³⁸ PWSA Statement in Support, at 44.

³³⁹ *Id.* at 45.

³⁴⁰ I&E Statement in Support, at 12.

³⁴¹ OCA Statement in Support, at 44.

credit program to small business customers will benefit PWSA’s small business customers.³⁴² OSBA further indicates that PWSA agreeing to work with the OSBA to develop a campaign to bring together interested parties will benefit small business customers.³⁴³

e. OWT

OWT did not take a position in relation to this issue.³⁴⁴

4. Customer Complaints, Work Orders and Service Logs (Joint Petition ¶ III.9.E.4)

a. PWSA

PWSA initially noted it tracks complaints, service and work orders, pressure inquiries and isolation valve exercising details.³⁴⁵ PWSA reported it is fulfilling its commitments from its prior rate case to maintain complete data.³⁴⁶ PWSA further asserted while OCA acknowledged PWSA complied with the terms of the 2023 rate case settlement in relation to the complaint log, OCA recommended that the log be expanded.³⁴⁷ PWSA argued this proposal was burdensome and not necessary.³⁴⁸ PWSA asserts that the Settlement provides that PWSA will continue to maintain a customer complaint log within its asset management system to include all work order and service

³⁴² OSBA Statement in Support, at 5-6

³⁴³ *Id.*; *Joint Petition*, at Paragraph III.9.E.3

³⁴⁴ OWT Statement in Support, at 15.

³⁴⁵ PWSA Statement in Support, at 45; PW St. No. 6 at 48.

³⁴⁶ *Id.*

³⁴⁷ PWSA Statement in Support, at 45-46; OCA St. No. 7 at 21.

³⁴⁸ PWSA Statement in Support, at 46; PW St. No. 6-R at 47-48.

request data relative to Field Operations' maintenance of assets.³⁴⁹ PWSA avers that this ensures that the information contained therein 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.³⁵⁰ In addition, PWSA notes that as part of the Settlement it will meet with interested parties concerning reporting mechanisms regarding service terminations, and report on the same as part of its next base rate filing.³⁵¹ PWSA avers this will allow for a more detailed tracking mechanism to inform future improvements to customers communications, particularly regarding payment options.³⁵²

PWSA argues 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.³⁵³ PWSA states that based on the foregoing, this provision is in the public interest and should be approved without modification.³⁵⁴

b. I&E

I&E did not take a position related to this issue.³⁵⁵

c. OCA

OCA explains it recommended that PWSA should continue to maintain its service quality complaint log and evaluate trends and indicators of the volume and type of

³⁴⁹ PWSA Statement in Support, at 46.
³⁵⁰ *Id.*; Joint Petition at ¶ III.E.4.a.
³⁵¹ PWSA Statement in Support, at 46-47.
³⁵² *Id.*; Joint Petition at ¶ III.E.4.b.
³⁵³ *Id.* at 47.
³⁵⁴ *Id.*
³⁵⁵ I&E Statement in Support, at 12.

complaints over time.³⁵⁶ OCA further recommended that the Authority develop a more detailed reporting mechanism to identify the basis for why terminations were halted, surmising that this would allow a more detailed analysis that may provide an important feedback loop to improve customer communications regarding payment arrangement options.³⁵⁷

OCA argues the Settlement terms in relation to customer complaints, work orders and service logs are in the public interest because they allow for increased scrutiny and reporting of how PWSA handles consumer complaints.³⁵⁸ OCA reports these terms will benefit consumers by increasing transparency and accountability in PWSA's service-termination process.³⁵⁹ Further, OCA notes these settlement provisions will ensure that important data about customer interactions, communication barriers, and payment-related issues is systematically captured and analyzed.³⁶⁰ OCA also asserts this data will enable PWSA and others 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, which will ultimately assist low-income individuals facing a termination of service.³⁶¹ According to OCA, this will occur by allowing for earlier intervention so that the consumer has time to take alternative avenues or engage in a payment plan.³⁶² This can reduce unnecessary terminations, and support more effective and consumer-friendly collection practices.³⁶³ For the foregoing reasons, OCA asserts this settlement provision is reasonable and in the public interest.³⁶⁴

³⁵⁶ OCA Statement in Support, at 45.; OCA St. 7SR at 10.

³⁵⁷ OCA Statement in Support, at 45-46.; OCA St. 7SR at 10.

³⁵⁸ OCA Statement in Support, at 46.

³⁵⁹ *Id.*

³⁶⁰ *Id.*

³⁶¹ *Id.* at 46-47.

³⁶² *Id.* at 47.

³⁶³ *Id.*

³⁶⁴ *Id.*

d. OSBA

OSBA asserts that 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.³⁶⁵ OSBA further notes that 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.³⁶⁶

e. OWT

OWT did not take a position related to this issue.³⁶⁷

5. Third-Party Payment Processing Fees (Joint Petition ¶ III.9.E.5)

a. PWSA

PWSA stated it initially 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.³⁶⁸ PWSA reported their witness testified that the cost to all ratepayers of subsidizing these “convenience fees” through base rates is approximately \$500,000.00 per year.³⁶⁹ PWSA noted OCA and OWT generally opposed the proposal, citing concerns of its impact on low-income customers, and OWT's witness offered additional recommendations relating to cash payments at

³⁶⁵ OSBA Statement in Support, at 6.; *Joint Petition*, at Paragraph III.9.E.4.

³⁶⁶ OSBA Statement in Support, at 6.

³⁶⁷ OWT Statement in Support, at 15.

³⁶⁸ PWSA Statement in Support, at 47.

³⁶⁹ *Id.* at 48; PW St. No. 2 at 26.

retailers and other forms of payment.³⁷⁰ PWSA indicated it withdrew its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee as part of the settlement, and agreed it would evaluate the cost and feasibility of such a process.³⁷¹

PWSA indicated the terms are in the public interest because concerns about the impact of the shift in payment responsibility are avoided.³⁷² Additionally, PWSA pointed out that 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.³⁷³ PWSA argues that the proposed settlement terms regarding processing fees is reasonable, in the public interest, and should be adopted without modification.³⁷⁴

b. I&E

I&E did not take a position related to this issue.³⁷⁵

c. OCA

OCA asserted that imposing a credit/debit card fee would adversely impact customers, especially those facing termination of service.³⁷⁶ OCA avers this settlement

³⁷⁰ PWSA Statement in Support, at 48.; OCA St. No. 7 at 25; OWT St. No. 1 at 91-93.

³⁷¹ PWSA Statement in Support, at 50.

³⁷² *Id.*

³⁷³ *Id.*

³⁷⁴ *Id.*

³⁷⁵ I&E Statement in Support, at 12.

³⁷⁶ OCA Statement in Support, at 48; OCA St. No. 7 at 23.

term is in the public interest because it especially protects the most vulnerable consumers, and better enables consumers facing termination to pay their bills without punishing them for using a credit or debit card.³⁷⁷ The OCA contends that this term is reasonable, will greatly benefit the consumers, and is in the public interest.³⁷⁸

d. OSBA

OSBA reports the provision to drop the third-party fees will save customers utilizing these services the proposed fee.³⁷⁹ OSBA further notes that PWSA's agreement to provide additional support for such fees in the next base rate case is beneficial to the public.³⁸⁰

e. OWT

OWT states 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 OWT's witness's recommendation that this proposal be denied, as it would impose additional burdens on residential ratepayers.³⁸¹ OWT explains its witness recommended that Pittsburgh Water develop a process whereby customers could submit cash payments without third-party processing fees, and the proposed settlement requires that PWSA take meaningful steps towards these recommendations.³⁸² OWT asserts that while its recommendations were not adopted in their entirety, the

³⁷⁷ OCA Statement in Support, at 48-49.

³⁷⁸ *Id.* at 49.

³⁷⁹ OSBA Statement in Support, at 6.

³⁸⁰ *Id.*; *Joint Petition*, at Paragraph III.9.E.5.

³⁸¹ OWT Statement in support, at 17.

³⁸² *Id.*

proposed Settlement provisions reasonably balance the parties' interests, and should be approved without modification.³⁸³

H. Low Income Customer Assistance Programs

1. Cross Enrollments (Joint Petition ¶ III.9.F.1)

a. PWSA

PWSA explained that in its rate filing, it proposed to automatically enroll customers into the BDP who apply for and are granted a Hardship Grant through one of the community-based organizations partnering with Dollar Energy Fund.³⁸⁴ PWSA noted that no party opposed its initial proposals but, rather, offered their own additional proposals.³⁸⁵ PWSA noted the parties agreed that new enrollees in Pittsburgh Water's BDP with arrears should be able to easily avail themselves of the new AFP.³⁸⁶ Therefore, as of September 1, 2026, when a new customer enrolls in the BDP and has a past due balance, PWSA will automatically enroll the customer in the AFP without the need for the customer to separately apply.³⁸⁷

PWSA argued this provision of the settlement is reasonable and in the public interest.³⁸⁸ PWSA noted that 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

³⁸³ *Id.*

³⁸⁴ PWSA Statement in Support, at 52; PW St. No. 6 at 33.

³⁸⁵ PWSA Statement in Support, at 52.

³⁸⁶ *Id.* at 53.

³⁸⁷ *Id.*; Joint Petition at Section III.F.1.

³⁸⁸ PWSA Statement in Support, at 53.

customer.³⁸⁹ Further, PWSA noted the settlement provision is in the public interest, because it seeks to ensure that the greatest number of eligible candidates are able to access the new AFP.³⁹⁰

b. I&E

I&E did not take a position related to this issue.³⁹¹

c. OCA

OCA recommended that low-income customers who enroll in the Pittsburgh Water BDP simultaneously, and without further action of the customer, should also be enrolled in the Pittsburgh Water AFP.³⁹² OCA reports this settlement term, which accomplishes the recommendation, is in the public interest and reasonable, because it is designed to help reduce confusion and enroll consumers who need assistance into the appropriate programs that they qualify for, likely reducing future arrearages.³⁹³

d. OSBA

OSBA did not take a position related to this issue.³⁹⁴

389

Id.

390

Id.

391

I&E Statement in Support, at 13.

392

OCA Statement in Support, at 49.

393

Id. at 50.

394

OSBA Statement in Support, at 6.

e. OWT

OWT raised concerns that Pittsburgh Water was proposing to operate the AFP and BDP as separate programs.³⁹⁵ OWT explained its witness's recommendation that the AFP should operate as a streamlined component of the BDP, all BDP participants with arrearages would be enrolled in AFP, and that PWSA would develop outreach and education regarding the same.³⁹⁶ OWT further asserted automatic forgiveness of arrearages should be provided, but if PWSA could not automatically provide it, BDP customers in arrears should be given the ability to enroll in the AFP prior to their recertification dates.³⁹⁷

OWT argues that the proposed Settlement provisions are reasonable and should be approved.³⁹⁸ OWT states that 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.³⁹⁹

³⁹⁵ OWT Statement in Support, at 18; OWT St. No. 1 at 64: 10-19.

³⁹⁶ OWT Statement in Support, at 18.; OWT St. No. 1 at 64: 1-10.

³⁹⁷ OWT Statement in Support, at 18; OWT St. No. 1 at 64: 1-15.

³⁹⁸ OWT Statement in Support, at 19.

³⁹⁹ *Id.*

2. Bill Discount Program (Joint Petition ¶ III.9.F.2)

a. PWSA

PWSA explained its current BDP provides rate reductions for customers at or below 200% of the Federal Poverty Level through discounts off several applicable rates.⁴⁰⁰ PWSA noted it further proposed to extend the BDP recertification requirement from two years to five years for customers on fixed incomes of Social Security and/or retirement benefits, and also proposed to introduce a new Fixed Discount Bill Credits for BDP participants.⁴⁰¹ PWSA noted 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 Water's proposed recertification process for BDP participants on a fixed income.⁴⁰²

PWSA argues the proposed settlement terms, that include expanding the volumetric discount for certain individuals and implementing a new discount and new fixed credit, are reasonable.⁴⁰³ PWSA notes the proposal continues to ensure eligible low-income customers have access to a financial assistance program that will continue to provide benefits as PWSA transitions its current rate structure.⁴⁰⁴ PWSA further avers that the proposal 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.⁴⁰⁵ PWSA asserts these changes are in

⁴⁰⁰ PWSA Statement in Support, at 54.

⁴⁰¹ *Id.*; PW St. No. 6 at 32-22.

⁴⁰² PWSA Statement in Support, at 55.

⁴⁰³ *Id.* at 57.

⁴⁰⁴ *Id.*

⁴⁰⁵ *Id.*

addition to the other pre-existing discounts available to BDP participants including 85% off stormwater charges and 50% off PENNVEST charges.⁴⁰⁶ PWSA argues that 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.⁴⁰⁷

b. I&E

I&E did not take a position related to this issue.⁴⁰⁸

c. OCA

OCA's witness Colton recommended that Pittsburgh Water implement a three-tier bill discount program (BDP), an expansion from its current two-tiered program.⁴⁰⁹ 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%.⁴¹⁰

OCA argues this settlement term, which provides for expansion of volumetric discounts and bill credits/discounts for BDP participants, is in the public interest, because it increases the discounts provided to customers and better targets the discounts to address affordability and the differing affordability needs for customers from 0-50% of FPL, 50.1-100% of FPL, and 100.1-150% of FPL.⁴¹¹ OCA asserts that by

⁴⁰⁶ *Id.* at 59.

⁴⁰⁷ *Id.*

⁴⁰⁸ I&E Statement in Support, at 13.

⁴⁰⁹ OCA Statement in Support, at 51; OCA St. No. 6 at 29-36.

⁴¹⁰ OCA Statement in Support, at 52-53. OCA St. No. 6 at 29-36.

⁴¹¹ *Id.* at 53.

implementing a three-tiered program, individuals will gain assistance at a more equitable level to their needs and assist in preventing rate shock from occurring to the most vulnerable consumers.⁴¹² OCA considers the settlement term to be reasonable and in the public interest.⁴¹³

d. OSBA

OSBA did not take a position related to this issue.⁴¹⁴

e. OWT

OWT noted that in its initial filing, Pittsburgh Water proposed to revise the structure of its BDP to purportedly account for its proposed elimination of the minimum usage charge.⁴¹⁵ While OWT supported revising the BDP's structure to improve affordability, OWT recommended additional revisions to the structure and discount level of the BDP.⁴¹⁶

OWT asserts that taken together, the revisions to the BDP set forth in the proposed Settlement would result in meaningful improvements to the levels of affordability that BDP customers can access.⁴¹⁷ OWT argues that while OWT'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

⁴¹² *Id.*

⁴¹³ *Id.*

⁴¹⁴ OSBA Statement in Support, at 6.

⁴¹⁵ OWT Statement in Support, at 19; Pittsburgh Water St. No. 6 at 26-27; OWT St. No. 1 at 52-53.

⁴¹⁶ OWT Statement in Support, at 20; OWT St. 1 at 54-55 and 57-58, Table 18.

⁴¹⁷ OWT Statement in Support, at 21.

usage levels – to achieve more affordable monthly bills while enrolled in the BDP.⁴¹⁸ OWT states that a revised BDP is also necessary to account for Pittsburgh Water’s proposal to remove the usage component from the fixed minimum/ service charge.⁴¹⁹ OWT asserts the settlement provisions on this issue are squarely in the public interest, are reasonable, and should be approved.⁴²⁰

3. Arrearage Forgiveness Program (Joint Petition ¶ III.9.F.3)

a. PWSA

PWSA asserts it proposed 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.⁴²¹ PWSA further reported it 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.⁴²² Additionally, PWSA states customers would be given two opportunities to catch up on their missed payment of charges billed within the 24 months to achieve forgiveness.⁴²³

PWSA reported no party opposed its proposal to offer a New AFP, but the parties misunderstand the proposal.⁴²⁴ Further, PWSA noted OCA and OWT made proposals for their own criteria for the program.⁴²⁵ PWSA reported that ultimately, the

418 *Id.* OWT St. No. 1 at 54-55.

419 *Id.*

420 *Id.*

421 PWSA Statement in Support at 59-60.

422 *Id.* at 60.

423 *Id.*; Pittsburgh Water St. No. 6 at 35-36; PW St. No. 6-R at 17.

424 PWSA Statement in Support at 60.

425 *Id.* at 62.

parties agreed 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.⁴²⁶

PWSA noted the settlement provisions related to the New AFP are reasonable and in the public interest.⁴²⁷ PWSA reports that 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.⁴²⁸ PWSA further argues 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.⁴²⁹ PWSA argues 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.⁴³⁰

b. I&E

I&E did not take a position related to this issue.⁴³¹

⁴²⁶ *Id.* ; Joint Petition at Section III.F.3.

⁴²⁷ PWSA Statement in Support at 63.

⁴²⁸ *Id.*

⁴²⁹ *Id.*

⁴³⁰ *Id.*

⁴³¹ I&E Statement in Support, at 13.

c. OCA

OCA reported its witness recommended a modification to the program such that customers who are enrolling in the BDP with a pre-existing arrear should be automatically enrolled into the AFP.⁴³² OCA further indicated 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 ensure that customers are informed of their right to also achieve forgiveness by catching up on late or missed payments.⁴³³

OCA asserts 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.⁴³⁴ OCA further notes it protects consumer autonomy by requiring clear communication and opt-out rights, while promoting long-term payment stability and continued access to essential services.⁴³⁵ Finally, OCA states this term shows the Authority is accountable to previous settlement terms.⁴³⁶

d. OSBA

OSBA did not take a position related to this issue.⁴³⁷

⁴³² OCA Statement in Support, at 54; OCA St. No. 6 at 59.

⁴³³ OCA Statement in Support, at 54-55; OCA St. No. 6-R at 60-61.

⁴³⁴ *Id.* at 55.

⁴³⁵ *Id.*

⁴³⁶ *Id.*

⁴³⁷ OSBA Statement in Support, at 6.

e. OWT

OWT noted that 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.⁴³⁸ While OWT supported PWSA's proposal to allow AFP participants to receive full arrearage forgiveness within 24 months, it 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.⁴³⁹ OWT noted additional reforms to the AFP were recommended by its witness, including that Pittsburgh Water: (1) take additional steps to clarify its tariff language related to certain AFP changes; (2) develop customer outreach and education so that customers may learn that they can receive AFP credits without having to enter into payment arrangements; (3) permit AFP participants to earn forgiveness on all catch-up payments; (4) take steps to improve the coordination of the BDP and AFP, as discussed above; and (5) meaningfully improve tracking of AFP data.⁴⁴⁰

OWT asserts that the proposed settlement provisions will provide important reforms to PWSA's AFP proposal contained in its initial filings and will help customers to receive more meaningful arrearage forgiveness assistance through this program.⁴⁴¹ OWT notes that requiring PWSA to transition to its new AFP, effective September 1, 2026, will help ensure that customers can access the revised AFP in a timely manner, and the outreach and education efforts will help eligible customers to learn about and ultimately

⁴³⁸ OWT Statement in Support, at 21; PW St. No. 2 at 67.

⁴³⁹ OWT Statement in Support, at 21; OWT St. No. 1 at 60-62.

⁴⁴⁰ OWT Statement in Support, at 21-22; OWT St. No. 1 at 66-67.

⁴⁴¹ OWT Statement in Support, at 23.

enroll in the AFP.⁴⁴² OWT asserts that the settlement provisions 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.⁴⁴³ OWT further reports that 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.⁴⁴⁴ OWT asserts that these proposed Settlement provisions are reasonable, in the public interest, and should be approved.⁴⁴⁵

4. Hardship Fund (Joint Petition ¶ III.9.F.4)

a. PWSA

PWSA explained it proposed to begin automatically enrolling customers receiving Hardship Grants into the BDP and did not propose other changes to the Hardship Grant Program.⁴⁴⁶ PWSA reported OWT and OCA both made additional proposals.⁴⁴⁷

PWSA asserted the settlement 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 apply for and receive these grants.⁴⁴⁸ Additionally, PWSA noted it will track additional information that will assist the

⁴⁴² *Id.*

⁴⁴³ *Id.*

⁴⁴⁴ *Id.*

⁴⁴⁵ *Id.*

⁴⁴⁶ PWSA Statement in Support, at 63; PW St. No. 6 at 33; St. No. 6-R at 32.

⁴⁴⁷ PWSA Statement in Support, at 64.

⁴⁴⁸ *Id.* at 65.

Authority and stakeholders with reviewing these programs in the future.⁴⁴⁹ PWSA further asserted the Settlement also recognizes that it has dedicated royalties from its water and sewer insurance program to the Hardship Grant program and that it will continue to do so.⁴⁵⁰ PWSA argued the Settlement provides additional assistance to low-income customers and should be approved without modification.⁴⁵¹

b. I&E

I&E did not take a position related to this issue.⁴⁵²

c. OCA

OCA states 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 water and wastewater.⁴⁵³ OCA indicates the settlement provision will provide additional assistance to help water and wastewater customers to maintain essential service.⁴⁵⁴ OCA reports that under the Settlement, PWSA 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, which 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.⁴⁵⁵ Lastly, OCA asserts that requiring Pittsburgh Water to

449 *Id.* at 66.

450 *Id.*

451 *Id.*

452 I&E Statement in Support, at 13.

453 OCA Statement in Support, at 56-57.

454 *Id.* at 57.

455 *Id.*

commit the insurance program royalties to the hardship fund will increase the funding for the program so that more customers can be assisted.⁴⁵⁶ OCA argues that the settlement provision is reasonable and in the public interest for the foregoing reasons.⁴⁵⁷

d. OSBA

OSBA did not take a position related to this issue.⁴⁵⁸

e. OWT

OWT asserts these proposed settlement provisions provide meaningful improvement to Pittsburgh Water's Hardship Fund.⁴⁵⁹ OWT avers that allowing customers to qualify for a Hardship Fund grant twice per year will help customers to better meet their needs for assistance and will provide better assistance for low income customers who carry higher arrearage balances.⁴⁶⁰ OWT further states 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.⁴⁶¹ OWT indicates that by requiring PWSA to commit royalties from its water and sewer insurance program towards the Hardship Fund, this provision 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

⁴⁵⁶ *Id.*

⁴⁵⁷ *Id.*

⁴⁵⁸ OSBA Statement in Support, at 6.

⁴⁵⁹ OWT Statement in Support, at 24-25.

⁴⁶⁰ *Id.* at 25.

⁴⁶¹ *Id.*; Proposed Settlement, Paragraph III.9.F.4.b.

income customers.⁴⁶² Finally, OWT argues these proposed settlement provisions align with many of the recommendations set forth by OWT in this proceeding, and will augment the reach and success of PWSA's Hardship Fund.⁴⁶³ OWT asserts that these provisions are reasonable, in the public interest, and should be approved.⁴⁶⁴

5. Line Repair and Water Conservation Program (Joint Petition ¶ III.9.F.5)

a. PWSA

PWSA explains it 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 \$1,600.⁴⁶⁵ PWSA reported OWT and OCA each supported making the LRC Program a permanent program but also made numerous additional proposals related to the LRC.⁴⁶⁶

PWSA asserts the Settlement includes a number of terms addressing the LRC points raised by OCA and OWT.⁴⁶⁷ Under the Settlement, Pittsburgh Water will implement its permanent LRC as proposed in its initial rate filing, with specific changes outlined in the Settlement.⁴⁶⁸ PWSA noted it 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

⁴⁶² OWT Statement in Support, at 25.

⁴⁶³ *Id.*

⁴⁶⁴ *Id.*

⁴⁶⁵ PWSA Statement in Support, at 66; PW St. No. 6 at 33-35; St. No. 6-R at 35.

⁴⁶⁶ PWSA Statement in Support, at 66.

⁴⁶⁷ *Id.* at 68.

⁴⁶⁸ *Id.* at 68-69; Joint Petition at ¶ III.F.5.a.

electronic signature, a web portal and QR code, or through text messaging.⁴⁶⁹ PWSA further asserted it 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.⁴⁷⁰ Finally, PWSA stated it will ensure that neither training materials nor customer facing materials require participation in BDP as a condition to receive services under the LRC.⁴⁷¹

PWSA argues the LRC settlement terms are in the public interest.⁴⁷² PWSA reports it 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 PWSA and LRC participants.⁴⁷³ PWSA avers the settlement terms will also provide the opportunity for PWSA to ensure that its customer communications on the LRC are clear and consistent.⁴⁷⁴ PWSA asserts these terms are in the public interest and should be approved without modification.⁴⁷⁵

b. I&E

I&E did not take a position related to this issue.⁴⁷⁶

⁴⁶⁹ PWSA Statement in Support, at 69; Joint Petition at ¶ III.F.5.b.i.
⁴⁷⁰ PWSA Statement in Support, at 69; Joint Petition at ¶ III.F.5.b.ii.
⁴⁷¹ PWSA Statement in Support, at 69; Joint Petition at ¶ III.F.5.c.
⁴⁷² PWSA Statement in Support, at 69.
⁴⁷³ *Id.*
⁴⁷⁴ *Id.*
⁴⁷⁵ *Id.*
⁴⁷⁶ I&E Statement in Support, at 13.

c. OCA

OCA agreed that Pittsburgh Water's proposal to convert the low-income LRC into a permanent program is reasonable and should be approved.⁴⁷⁷ 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.⁴⁷⁸ 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 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.⁴⁷⁹

OCA asserts the settlement term on this issue 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.⁴⁸⁰ OCA further notes this provision requires PWSA 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 for the program.⁴⁸¹ OCA also indicates this provision requires PWSA to assess barriers customers face in their attempts to enter the program and provides a path for the Authority to address these valid concerns.⁴⁸²

⁴⁷⁷ OCA Statement in Support, at 58; OCA St. No. 6 at 67.

⁴⁷⁸ OCA Statement in Support, at 58; OCA St. No. 6 at 67.

⁴⁷⁹ OCA Statement in Support, at 58-59; OCA St. No. 6 at 67.

⁴⁸⁰ OCA Statement in Support, p. 59.

⁴⁸¹ *Id.* at 59-60.

⁴⁸² *Id.* at 60.

d. OSBA

OSBA did not take a position related to this issue.⁴⁸³

e. OWT

OWT explained that in its initial filings, Pittsburgh Water proposed to convert the LRC pilot to a permanent program, and to increase its per-property benefit.⁴⁸⁴ OWT noted its witness supported Pittsburgh Water's proposals to make this program permanent, and to increase the per-property limit, but also recommended that the per-property limit be an average cost per job to allow better access under the LRC for low income customers who often lack discretionary income to address needed repairs.⁴⁸⁵ OWT 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.⁴⁸⁶

OWT asserts that the provisions set forth in this portion of the proposed Settlement provide meaningful improvements to Pittsburgh Water's initial proposals related to the LRC.⁴⁸⁷ OWT notes that these provisions require PWSA to implement a permanent LRC which will assist low-income customers to receive repair and conservation assistance.⁴⁸⁸ OWT reports the proposed Settlement will also help to

⁴⁸³ OSBA Statement in Support, at 6.

⁴⁸⁴ OWT Statement in Support, at 25-26; Pittsburgh Water St. No. 6 at 6: 34.

⁴⁸⁵ OWT Statement in Support, at 26; OWT St. 1 No. at 76: 11-20.

⁴⁸⁶ OWT Statement in Support, at 26; OWT St. 1 at No. 76: 11-20.

⁴⁸⁷ OWT Statement in Support, at 27.

⁴⁸⁸ *Id.*

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.⁴⁸⁹ OWT argues that 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.⁴⁹⁰ OWT indicates that the settlement provisions will help to clearly eliminate requirements that customers participate in the BDP to receive LRC services which can act as a barrier to LRC participation, and as such, these proposed settlement provisions are reasonable, in the public interest, and should be approved.⁴⁹¹

6. Identification of “Confirmed” Low-Income Customers (Joint Petition ¶ III.9.F.6)

a. PWSA

PWSA explained it screens for low-income customers, engages in a robust outreach program, and relies on tools to target outreach efforts.⁴⁹² PWSA contended both OCA and OWT were critical of PWSA’s data collection and retention regarding customers’ low-income status.⁴⁹³ PWSA asserts 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.”⁴⁹⁴ PWSA also noted it 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.⁴⁹⁵

⁴⁸⁹ *Id.*

⁴⁹⁰ *Id.* at 27-28

⁴⁹¹ *Id.* at 28.

⁴⁹² PWSA Statement in Support, at 69-70.

⁴⁹³ *Id.* at 70.

⁴⁹⁴ *Id.* at 71.

⁴⁹⁵ *Id.*; Joint Petition at ¶ III.F.6.

PWSA argues the Settlement offers a reasonable balance of the concerns raised by PWSA, OCA and OWT.⁴⁹⁶ PWSA avers 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.⁴⁹⁷ PWSA also contends 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.⁴⁹⁸ PWSA submits the Settlement is a preferable way to deal with this issue and should be adopted without modification as in the public interest.⁴⁹⁹

b. I&E

I&E did not take a position on this issue.⁵⁰⁰

c. OCA

OCA reported its witness Mr. 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-income.⁵⁰¹ OCA indicates this settlement term, which includes provisions that the interested parties will meet and discuss the issue, 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

⁴⁹⁶ PWSA Statement in Support, at 71.

⁴⁹⁷ *Id.*

⁴⁹⁸ *Id.* at 71-72.

⁴⁹⁹ *Id.* at 72.

⁵⁰⁰ I&E Statement in Support, at 14.

⁵⁰¹ OCA Statement in Support, at 60-61, OCA St. No. 6 at 40.

but, for various reasons, are not enrolled.⁵⁰² OCA states this provision of the Settlement represents a result that is within the range of likely outcomes in the event of full litigation of the case, and creates an opportunity to develop new systems and methods for outreach to low-income consumers about programs that will greatly benefit them.⁵⁰³ OCA argues this settlement term is therefore reasonable and in the public interest.⁵⁰⁴

d. OSBA

OSBA did not take a position related to this issue.⁵⁰⁵

e. OWT

OWT explained its witness indicated PWSA's identification and classification of confirmed low income (CLI) customers was unnecessarily restrictive and resulted in undercounting of low-income customers.⁵⁰⁶ OWT noted the proposed Settlement provides for reform of this identification and classification.⁵⁰⁷ OWT reports that the proposed settlement provisions establish an important process for reviewing and reforming PWSA's identification of CLI customers and allow for a clear path to discuss the reforms, while taking into account potential impacts on its resources.⁵⁰⁸ OWT argues the proposed settlement provisions are reasonable, in the public interest, and should be approved.⁵⁰⁹

⁵⁰² OCA Statement in Support, at 61.

⁵⁰³ *Id.* at 61.

⁵⁰⁴ *Id.*

⁵⁰⁵ OSBA Statement in Support, at 6.

⁵⁰⁶ OWT Statement in Support, at 28; OWT St. No. 1 at 80: 17-18.

⁵⁰⁷ OWT Statement in Support, at 29.

⁵⁰⁸ *Id.*

⁵⁰⁹ *Id.*

7. Allocation of Costs for Low-Income Customer Assistance Programs (Joint Petition ¶ III.9.F.7)

a. PWSA

PWSA asserted its filing reflected its continued recovery of customer assistance program costs from all rate classes, as has been approved in prior rate cases.⁵¹⁰ PWSA reported OSBA disagreed with its continued recovery of costs of the low-income customer assistance programs from all customers, and instead proposed that these costs should be recovered solely from the residential customer class.⁵¹¹

PWSA explains that under the Settlement, PWSA will continue recovering the costs of its low-income customer assistance programs from all customer classes.⁵¹² PWSA argues this aligns its current approach has consistently been approved by the Commission, as reflected in prior Commission orders.⁵¹³ PWSA further states the settlement terms are in the public interest; they continue its approach and recognize that the customer assistance programs provide benefits to all rate classes, not only residential customers.⁵¹⁴

b. I&E

I&E did not take a position on this issue.⁵¹⁵

⁵¹⁰ PWSA Statement in Support, at 72.

⁵¹¹ *Id.*; OSBA St. No. 1 at 19.

⁵¹² PWSA Statement in Support, at 73.

⁵¹³ *Id.*; *See Pa. Pub. Util. Comm'n v. Phila. Gas Works*, Docket No. R-2017-2586783 (Opinion and Order entered Nov. 8, 2017).

⁵¹⁴ PWSA Statement in Support, at 73.

⁵¹⁵ I&E Statement in Support, at 14.

c. OCA

OCA submits that this settlement term is in the public interest for multiple reasons.⁵¹⁶ OCA asserts that 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.⁵¹⁷ OCA further avers that allocating these costs across all classes is consistent with established ratemaking principles that distribute the cost of programs producing system-wide benefits across all beneficiaries.⁵¹⁸

d. OSBA

OSBA did not take a position related to this issue.⁵¹⁹

e. OWT

OWT reported its witness opined that PWSA should continue its practice of recovering certain customer assistance program costs more broadly from all customer classes as opposed to solely residential customers, and that the proposed Settlement provides for this practice.⁵²⁰ OWT noted this practice helps to address societal issues and

⁵¹⁶ OCA Statement in Support, at 62.

⁵¹⁷ OCA Statement in Support, at 62; OCA St. No. 6-R at 17.

⁵¹⁸ OCA Statement in Support, at 62; *See* OCA St. No. 6-R at 17.

⁵¹⁹ OSBA Statement in Support, at 6.

⁵²⁰ OWT Statement in Support, at 29-30; OWT St. No. 1-R at 3-7.

has broad societal benefits, and is therefore squarely in the public interest, is reasonable, and should be approved.⁵²¹

VIII. RECOMMENDATION

After an exhaustive and careful review of the Joint Petition; the five Statements in Support of the Joint Petition submitted by the statutory advocates and active intervenors; the voluminous record evidence consisting of multiple rounds of written testimony, exhibits, stipulations, and public input hearing testimony, we conclude that the Joint Petition is supported by substantial evidence and is consistent with the Public Utility Code.

However, in the interest of accountability, consistency, and clarity, we believe certain modifications are appropriate. Therefore, this decision recommends that the Commission approve the Settlement with the modifications discussed below. The modifications pertain to a typographical error⁵²² and the PVC. We recommend all other terms be approved without modification.

A review of PWSA's initial filing reveals that its initial proposed requests were significant not only in the amount requested but also in regard to the increase in the DSIC cap, the MYRP, the PVC, and the abolishment of the minimum allowance.

We recognize that since 2018, PWSA has been on a journey to bring its operation into compliance with the Public Utility Code and to conform to the rules and

⁵²¹ OWT Statement in Support, at 30.

⁵²² The Settlement's Appendix J, *pro forma* Supplement No. 17 Tariff Wastewater – Pa. P.U.C. No. 1, Original Page No. 17AB includes a paragraph number 6 due to the new content on Original Page No. 17AA, but it should be renumbered to paragraph 7.

regulations which govern jurisdictional public utilities. The process has involved numerous Commission proceedings and has resulted in the modification of existing procedures and the development of new procedures for the utility's operations.

Finally, prior to coming under the jurisdiction of the Commission and continuing through to the present, PWSA has had to manage other state and federal regulatory compliance obligations related to an infrastructure that has had little to no investment for decades. Indeed, PWSA's Chief Executive Officer, William J. Pickering, testified that PWSA is continuing its "once in a generation effort" to replace its antiquated water, wastewater, and stormwater systems – much of which is mandated by the DEP via consent decree.⁵²³ To do this, Mr. Pickering testified that 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.⁵²⁴

We also recognize that since 2018, the Commission has approved four rate increases for PWSA as a result of rate filings filed in 2018, 2020, 2021, and 2023. Therefore, it is understandable that this proceeding generated much concern from the public as many PWSA customers expressed what they described as disbelief or shock of the magnitude and years of proposed rate increases. It is also understandable that within this setting, customers within PWSA's service territory expressed frustration that they cannot simply shop for a better price if they are unable to afford PWSA's rates.

It is also significant that many of the concerns expressed at the public input hearings were shared by the statutory advocates and active intervenors in this proceeding. Notwithstanding all of these challenges, the Joint Petitioners worked diligently to craft a

⁵²³ Pittsburgh Water St. No. 1 at 4-5.

⁵²⁴ *Id.*

reasonable Settlement that is in the public interest. PWSA's original filing was vigorously challenged in litigation by each of the Joint Petitioners, each representing various consumer or business customers. Each Joint Petitioner clearly considered each provision thoroughly, individually and within the context of the overall Settlement package. To achieve the Settlement, the Joint Petitioners agreed to compromise on many issues in the interest of designing a complete Settlement that reasonably resolves all issues.

Viewing the individual Settlement provisions in context of the totality of the Settlement, we agree with the Joint Petitioners and find approving the Settlement, with modification, is in the public interest.

Rates Effective 2026, DSIC, PVC Amount, and MYRP

Specifically, the following terms are in the public interest: the Settlement allows PWSA to increase its annual base rate revenue in 2026 by \$25 million (inclusive of a 5% DSIC), plus \$17.6 million in PENNVEST charges, for a total revenue increase of \$42.6 million; the elimination of PWSA's proposed increase in its DSIC cap from 5% to 7.5%; and the elimination of PWSA's MYRP.

We agree with the Settling Parties that the Settlement is adequate for PWSA to provide safe, reliable water, wastewater and stormwater services, and comply with the Public Utility Code and other environmental regulations imposed by other agencies. 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, a summary of the customer impacts of the proposed 2026 Settlement rates and 2025 Rates are shown on Appendix F, and an allocation of 2026 Settlement rate increases by customer class and by utility service are shown on Appendix G.

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:	\$62,493,101⁵²⁵	\$42,579,104

The Settlement total increase of \$42.6 million is about half of Pittsburgh Water’s full, multi-year request of \$84.4 million, plus PWSA agreed to withdraw its request for a MYRP, which may have involved additional increases for 2027.

On balance, we find that approving the Settlement with regards to rates effective 2026, the DSIC, and the MYRP will enable PWSA to move forward with ensuring its ability to recover the costs of maintaining the water, wastewater, and stormwater system, meeting all regulatory requirements, while also recognizing the needs of its customers and taking all measures necessary to provide safe and reliable water, wastewater, and stormwater services at a just and reasonable price.

⁵²⁵ Joint Petition, Appendix B, Table II. Wholesale/Contract Revenues and Converted Wholesale Customer revenues are not included in this total.

PENNVEST Charge Calculation, Reporting, and Tariff Language

With regards to the PENNVEST Charge, PWSA agrees to file PENNVEST semi-annual and annual updates in the format provided in Appendix H (for water and wastewater conveyance), and 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.

While we support the requirement that PWSA make these PVC filings, we have some concerns and recommend the Commission adopt the following modifications with regards to the PVC and the associated tariff language. First, we are concerned that the Settlement's Appendix H, Annual Reconciliation (Example) reflects that interest on "over/(under) collections" will be applied at the residential mortgage lending rate. The *pro forma* tariffs, however, specify that the PVC will be adjusted to reflect "an increase in the charge as determined by the reconciliation process" and specify that, with regards to over-collections, "interest on over-collections will be calculated in the first full month after the over-collection occurred at the residential mortgage lending [rate]."⁵²⁶ The *pro forma* tariffs are silent with regards to any interest rate for under-collections. The PVC is calculated based on a customer's usage, a highly variable metric.⁵²⁷ It is our position that, in the event of an under-collection, the Commission should not permit PWSA to collect interest from customers. As such, we recommend, that PWSA be required to

⁵²⁶ See Settlement, Appendix I, First Revised Page No. 8D.

⁵²⁷ *Id.* at First Revised Page 8B.

amend its tariffs to include language that: “The Authority shall not accrue interest on under-collections.”

Second, the Settlement’s Appendix H, Annual Reconciliation (Example) suggests that interest on over/(under) collections will be determined on a monthly basis. The *pro forma* tariffs, however, specify that an over-collection occurs after the annual principal and interest (PI) is fully recovered within the 12-months subject to the annual reconciliation, where interest on over-collections will be calculated in the first full month after the over-collection occurred.⁵²⁸ Therefore, the method of calculating interest specified in Appendix H may differ from that found in the tariffs. Therefore, for the sake of clarity, we recommend that PWSA be directed to calculate interest on over-collections as required by the tariffs and in the manner illustrated in Appendix H, to also include monthly weighting from the month of the over-collection to the midpoint of the refund period.⁵²⁹

Third, we note that the *pro forma* tariffs do not include language on how interest is weighted, i.e., from the month the over/(under) collection occurs to the midpoint of the collection/refund period. Therefore, we recommend that PWSA’s tariffs be revised to include language that specifies how interest is weighted. Specifically, we recommend that the tariffs specify that interest will be calculated from the month of over-collection to the mid-point of the collection/refund period.

Fourth, we note that the PVC is a charge implemented under Section 1307(a) of the Public Utility Code, and is, therefore, subject to Section 1307(e).⁵³⁰

⁵²⁸ *Id.* at First Revised Page 8D.

⁵²⁹ As discussed in the fifth modification below, we recommend that for the first reconciliation period only, the reconciliation period be less than a 12-month period.

⁵³⁰ *Id.* at First Revised Page 8B.

Section 1307(e) requires refunds or recoupments of over- or under-collections, absent good reason being shown to the contrary. The use of an experienced factor (E factor) is typically used to address over- or under-collections and is what makes the PVC an automatic adjustment clause reviewable by the Commission’s Bureau of Audits (Audits). Therefore, we recommend that PWSA’s tariffs be revised to modify the formulas for the calculation of the PVC as follows:

for water:	$PVC = (PI + e) / \text{Consumption}$
for wastewater:	$PVC = (PI + e) / \text{Conveyance}$
for stormwater:	$PVC = (PI + e) / \text{TOTERU}^{531}$
for water, wastewater, and stormwater:	$e = \text{the amount calculated under the annual reconciliation feature}$

Fifth, the *pro forma* tariffs provide that the PVC will be subject to annual reconciliation based on the prior 12 months ending December 31.⁵³² Both the proposed Settlement and *pro forma tariffs* are silent as to the timing of these filings. Therefore, for the sake of clarity, we recommend the Settlement be modified to require PWSA to file the reconciliation statements within thirty days following the end of the prior 12-month period ending December 31. Additionally, since the first reconciliation period ends December 31, 2026, this reconciliation period would only include the period between the effective date of PWSA’s tariff rates in 2026 and December 31, 2026.⁵³³ Section

⁵³¹ “TOTERU” stands for Total Equivalent Residential Units of all customers in the forecast year. The ERU is a unit of measurement that standardizes the amount of impervious area on a property to the typical amount of impervious area found on one residential parcel. (1 ERU = 1,650 square feet of impervious area on a property.)

⁵³² See Settlement, Appendix I, First Revised Page No. 8D.

⁵³³ PWSA identified that it proposed to expand its existing PVC effective March 3, 2026, and that it is important to ensure that PWSA will be able to place its rates in effect prior to the end of the March 3, 2026, statutory suspension period. PWSA Statement in Support of Settlement, pp. 16, 76. However, proposed rates are suspended by operation of law until March 8, 2026, and it is recommended that proposed rates be permitted to become effective no sooner than March 8, 2026.

1307(e)(4) of the Code provides that the Commission may amend, at any time, any method used by any utility in automatically adjusting its rates, so as to provide the Commission more adequate supervision of a utility's adjustment method.⁵³⁴ Therefore, with regard to only the period ending December 31, 2026, we recommend that PWSA's first annual reconciliation statements should only include PVC revenues received and expenses incurred for the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026.

Sixth, we are concerned about the possibility of double-recovery regarding the PVC and the DSIC. To prevent double-recovery, PENNVEST loan costs recovered by the DSIC should not be included in PI under the PVC.⁵³⁵ Therefore, we recommend that PWSA's tariffs be revised to include the following language: "Projects receiving PENNVEST funding are not DSIC-eligible property to the extent that PENNVEST loan costs for the project are recovered by a PENNVEST surcharge."

The Settlement terms with regard to the PVC and its associated reporting requirements, as modified in our discussion above, are in the public interest. They provide clarity, accountability, and transparency as PWSA begins collecting (and reporting on) the PVC for the first time. Further, they ensure the Commission, statutory

⁵³⁴ 66 Pa.C.S. § 1307(e)(4).

⁵³⁵ *Implementation of Act 11 of 2012*, at 50, Docket No. M-2012-2293611 (Final Implementation Order entered Aug. 2, 2012) ("To the extent that there are multiple sources of funding for a given project, only the portion not otherwise funded can be considered for DSIC eligibility, subject to all applicable criteria.").

advocates, and other interested parties have the necessary information and data to ensure proper auditing and record-keeping.

Removal of Minimum Allowance

We support the proposed agreement of the Parties for the removal of the minimum allowance. We note this issue was extensively litigated in PWSA's 2023 Rate Case and that PWSA had agreed to remove the minimum allowance in the last three base rate cases prior to 2023 (2018, 2020, and 2021.)⁵³⁶ In 2023, the Parties to that proceeding agreed that PWSA would withdraw its request to remove the minimum charge to permit it to implement the software necessary to be able to make this change and to propose its elimination in the Authority's next base rate case."⁵³⁷

The Parties agree that removal of the minimum allowance is in the public interest because it incentivizes conservation, gives customers more control over their bills, and better aligns PWSA's rates with best practices of ratemaking – customer usage determines the amount billed.

The only issue is how PWSA should implement this change to its rate structure. PWSA itself admits "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...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

⁵³⁶ See 2023 R.D. at 51.

⁵³⁷ *Id.* at 41, n.22.

ready for rates to go into effect within days after the Commission's final order in this proceeding.⁵³⁸

In the Settlement, the Parties agree that the change will be revenue neutral and will be implemented no sooner than February 1, 2027. They further agree that the allocation of the PENNVEST Charge will be recalculated to account for additional billed usage, and the tariff supplement filing will include a customer bill impact analysis of the rate structure change.

Based on the Settlement and the Parties' arguments in their Statements in Support, it is unclear to us whether the Parties expect this rate change to be implemented automatically effective February 1, 2027, based on the provisions of the Settlement in the instant proceeding or whether they contemplate a new filing from PWSA seeking Commission approval of the proposed rate changes and customer notifications.

Whatever the Parties' intentions, we err on the side of caution and the protection of PWSA's customers. As such, we recommend that the revenue-neutral rate change identified in the Settlement's Paragraph 9.A.2. be handled as a Section 1308(b) 60-day tariff filing subject to 52 Pa. Code § 53.52 filing requirements. We note that PWSA has not yet finalized its software programming or developed appropriate customer communications. Further, while PWSA has performed customer bill impact analyses based on its *current* customer base, these customer bill impacts may substantially change between now and the end of 2026. Finally, we are uncomfortable recommending the removal of the minimum charge effective February 1, 2027, without further Commission review, based solely on PWSA's commitment that it will be revenue neutral.

⁵³⁸ See PWSA Statement in Support, at 28; Pittsburgh Water St. No. 6-R at 6.

Therefore, we recommend that any tariff or tariff supplement filing to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2. be filed with the Commission pursuant to 66 Pa.C.S. § 1308 and 52 Pa. Code § 53.52 and upon at least sixty (60) days' notice. This will provide the Commission, customers, and interested parties with a reasonable opportunity to review and contest the revenue requirement, cost allocation, and rate design impacts of the proposed changes and PWSA's satisfaction of applicable filing requirements. In addition, the Commission should require PWSA to file the following supporting information with the Commission for this tariff or tariff supplement filing:

1. Final and red-lined copies of the proposed tariff or tariff supplement to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2.
2. A copy of a proof of revenues and supporting calculations for the affected type of service detailing PWSA's authorized operating revenues under present and proposed rates, broken down by base rate revenues, PVC revenues, DSIC revenues, and other revenues.
3. Copies of any supporting documentation used to determine operating revenues under present and proposed rates, including electronic working papers.
4. A copy of all of PWSA's customer notices issued in accordance with 52 Pa. Code § 53.45(g), which may be provided by bill insert to begin no less than 60 days prior to the effective date and which will contain, at a minimum, information describing the change, the proposed effective date, the dollar and percentage impact of the change to a typical residential, commercial and industrial customer's total bill and a statement that customers may contact the company at a toll free

telephone number to get additional information on the proposed change or to find out what actions they may take.

5. A copy of PWSA's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).
6. A copy of a signed verification statement for the information provided in accordance with 52 Pa. Code § 1.38.

These modifications will ensure that the removal of the minimum charge satisfies the Commission's regulations, that the change will in fact be revenue neutral, that PWSA's customers receive appropriate notice, and that interested parties will have time and opportunity to properly consider the matter.

Other Settlement Terms

Regarding PWSA's pre-existing wholesale contracts, PWSA commits to negotiate new rates intended to move closer to Pittsburgh Water's tariffed wholesale rate and agrees to 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. PWSA's other customers have been subsidizing significant under-recovery of these wholesale contracts, and renegotiation is necessary to ensure all customers are paying their fair share of service costs and rates aligned with PWSA's tariff. Further, renegotiated, tariff-aligned rates will support Pittsburgh Water's ability to recover maximum revenue, which will help it maintain and invest in critical water infrastructure,

enhancing system reliability and water quality. These terms are in the public interest and should be approved.

As to stormwater, one of the major topics discussed at the public input hearings, the Settlement obligates PWSA to provide annual reports on its progress of current and planned stormwater activities, and hold biannual stakeholder meetings, with the first one to be held within 90 days of a final order in this proceeding. These terms embrace a collaborative and comprehensive approach to addressing PWSA's storm water issues and customers' concerns regarding the same. Further, PWSA agrees to use its best efforts to maximize all sources of external funding and to explore the availability of any grants including state and federal for which Pittsburgh Water may be eligible to assist with stormwater planning and mitigation, which protects customers from paying costs which may be payable from an alternate payor. As these terms are in the public interest, we recommend they be approved.

Regarding damaged wastewater sewer laterals, PWSA commits to, within 60 days of a final order in this proceeding, convene a meeting of interested stakeholders and report on the meeting in its next base rate. This term is in the public interest because it ensures PWSA will take action on this important issue and include information to be considered by the statutory advocates and others in its next base rate proceeding.

As to low-income assistance programs, customer service, and quality of service, the Settlement also provides for enhancements to critical areas. Customer service and quality of service are fundamental concerns, and the settlement terms related to these issues ensure ongoing analysis of processes, good faith efforts to improve and transparency. Low-income programs help ensure PWSA's services remain affordable for

all its customers and are especially critical considering PWSA's rates are increasing yet again.

Regarding the root cause analysis issue, PWSA agrees to formally track 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. Further, PWSA will continue to analyze disputes, complaints, and payment arrangements, and report on the implementation of current and future recommendations at its Low-Income Assistance Advisory Committee (LIAAC) meetings and as part of its next base rate filing. The settlement provision related to root cause analysis allows for better data and transparency related to disputes and complaints, leading to improvement regarding customer issues.

Relating to the call center, the parties agree that PWSA will continue to make good faith efforts to meet its internal standards for all customer queues. The Settlement of this issue is reasonable and in the public interest as it allows for improvement in PWSA's call center without burdening it with rigid evaluation requirements that would consume resources.

On the issue of small business customers, the parties generally agreed as part of the Settlement that PWSA will offer payment arrangements from between 6 and 24 months for small business customers. PWSA further agreed to take ownership of certain water lines and provide a leak credit program, and agreed to work with OSBA in developing an educational campaign regarding the same. The settlement terms allow for PWSA to better control and preserve certain resources, give customers (including small businesses) the opportunity to have invoices reduced with leaks, and make longer

payment arrangements available for small businesses. Small business customers also will have the opportunity to be better informed regarding resources available.

Relating to customer complaints, work orders and service logs, the parties generally agreed PWSA will continue to maintain certain data so the information is available upon request. The parties further agreed that PWSA will meet with interested parties to develop a reporting mechanism regarding service termination in certain cases, and report on the same in the next base rate filing. These settlement terms allow for the collection of more information, which can inform PWSA so improvements can be made. The agreement to meet and develop procedures allows for input and advocacy from all interested parties, and including the results of the meeting and subsequent changes in the next base rate filing provides for accountability. These provisions meaningfully address customer complaint-related issues.

As for third-party payment processing fees, while PWSA initially proposed that customers be required to pay for any debit and credit card third-party processing fees they incur when paying their bills by debit or credit cards, this was withdrawn as part of the Settlement. PWSA indicated it will evaluate such a procedure for the future and make the findings available in detail. Thus concerns regarding the increased costs to consumers have been avoided by the withdrawal of the proposal, and PWSA is able to pursue the possible implementation of such a process in the future.

Regarding cross enrollments, the BDP, the AFP, and the hardship fund, the settlement terms provide for valuable improvement to PWSA's current processes. First, the Settlement provides that effective September 1, 2026, new customers that enroll in the BDP with a past due balance will automatically be enrolled in the AFP without a separate application. The New AFP will be more accessible to eligible customers. Second, regarding the BDP, PWSA agreed to increase discounts and provide for additional credits.

Similarly, the Settlement provides for a New AFP that will become effective on September 1, 2026 that no longer requires participants to make payments toward pre-program, frozen arrears, and provides options for customers to opt out. Finally, the hardship fund settlement provisions expand opportunities for customers experiencing adversity, such that PWSA agreed to allow for more extensive eligibility requirements, allowing eligible customers to apply for and receive grants up to two times per year per utility service. These provisions provide for reasonable, meaningful improvements that benefit the public, such that low-income customers have increased opportunities to achieve more affordable bills, improved access to arrearage relief, and additional assistance in the form of hardship grants.

Regarding the cost of low-income programs, the Settlement provides that they will be recovered from all customer classes, consistent with historical practices. This Settlement spreads low-income program costs broadly, lowers overall system costs, and supports system reliability and public health, which protects and benefits residential, commercial, and industrial users alike. It is in the public interest that these costs be allocated across all classes consistent with established ratemaking principles and that the cost be distributed across all customer classes, since these programs produce system-wide benefits.

Additionally, PWSA agrees to implement its permanent LRC as proposed in its initial filing and, in cases where it cannot proceed due to a lack of landlord consent, it will present data to and initiate a discussion with its LIAAC, to identify improvements to the LRC to maximize the program's utilization and ease of use. It is in the public interest

that the LRC be implemented as a permanent program and that PWSA endeavor to eliminate barriers to customer participation.

Finally, PWSA agrees to collaborate with interested parties to identify and track “confirmed” low-income customers and include a report with its next base rate filing. The identification and tracking of these customers will help to maximize program enrollments, increase customer education, and decrease administrative burdens for both customers and the Authority.

Conclusion

We recommend the Commission approve the Joint Petition, with the modifications as discussed above. The Settlement is the result of diverse Parties with distinct goals negotiating and compromising on many issues where their initial positions were widely different. There is no dispute that PWSA requires additional revenue to provide safe, reliable service to its customers and the Settlement provides PWSA increased revenue at rates that are fair and just. Nor is there any dispute that PWSA needs additional funds to address its aging infrastructure, The PVC will allow PWSA to invest in its infrastructure in a way that is low-cost to its customers. Further, the Settlement, as modified, provides a path for PWSA to finally effectuate its commitment to remove its minimum allowance. Other terms address important customer issues, protections, and assistance programs. As such, we recommend the Settlement be approved, as modified.

IX. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the Parties to this proceeding. 66 Pa.C.S. § 1308(d).

2. A public utility's rates must be just and reasonable. 66 Pa.C.S. § 1301.

3. A public utility seeking a rate increase has the burden of proof to establish the justness and reasonableness of each element of its request. 66 Pa.C.S. § 315(a). The evidence necessary to meet that burden must be substantial. *Lower Frederick Twp. v. Pa. Pub. Util. Comm'n.*, 409 A.2d 505 (Pa. Cmwlth. 1980).

4. Commission policy promotes settlements. 52 Pa. Code § 5.231.

5. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

6. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the proposed terms and conditions are in the public interest. *Warner v. GTE N., Inc.*, Docket No. C-00902815 (Opinion and Order entered Apr. 1, 1996); *Pa. Pub. Util. Comm'n. v. CS Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

7. The focus for determining whether a proposed settlement should be recommended for approval is not a "burden of proof" standard, as is utilized for contested matters, but whether the public interest is served by the settlement. *Pa. Pub. Util. Comm'n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011).

8. The joint petitioners have the burden to prove that the Settlement is in the public interest. *Pa. Pub. Util. Comm'n v. City of Bethlehem - Water Dep't*, Docket No. R-2020-3020256 (Opinion and Order entered Apr. 15, 2021).

9. A “black box” settlement, where the settlement provides for an increase in the utility’s revenues but does not indicate the specifics of how the parties calculated the increase, is permitted by the Commission as a means of promoting settlements in contentious base rate proceedings. *Pa. Pub. Util. Comm’n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662 (Order entered Jan. 13, 2011); *Pa. Pub. Util. Comm’n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered Dec. 19, 2013).

10. “Black box” settlements of rate cases save a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. *Pa. Pub. Util. Comm’n v. Peoples TWP, LLC*, Docket No. R-2013-2355886 (Opinion and Order entered Dec. 19, 2013).

11. Parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util. Comm’n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013).

12. It is unusual for a proposed settlement in a general base rate case to be rejected. *Pa. Pub. Util. Comm’n v. Cmty. Utils. of Pa., Inc. – Wastewater Div.*, Docket No. R-2021-3025206 (Opinion and Order entered Jan. 13, 2022) (reversing the presiding officer’s order recommending rejection of a joint petition for settlement of a rate case concluding that on balance, the settlement is in the public interest and should be approved).

13. The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and

promotes the public interest.” *Pa. Pub. Util. Comm’n v. C S Water and Sewer Associates*, 74 Pa.P.U.C. 767, 771 (1991).

14. A Commission decision must be supported by substantial evidence in the record. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm’n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

15. Section 1307(e)(4) of the Code provides that the Commission may amend, at any time, any method used by any utility in automatically adjusting its rates, so as to provide the Commission more adequate supervision of a utility’s adjustment method. 66 Pa.C.S. § 1307(e)(4).

16. The Joint Petition for Approval of Settlement of All Issues with All Parties, as modified by this decision, is in the public interest. *Lloyd v. Pa. Pub. Util. Comm’n*, 904 A.2d 1010 (Pa. Cmwlth. 2006).

17. When the Commission makes a final decision concerning a rate filing and permits or requires the adoption of rates other than the rates originally filed, the public utility affected must file, within 20 days of the entry of the final order, a tariff revision consistent with the Commission’s decision together with a proof of revenues and supporting calculations. 52 Pa. Code § 5.592(a).

X. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Approval of Settlement of All Issues with All Parties, filed on November 21, 2025, by Pittsburgh Water and Sewer Authority, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and Pittsburgh United Our Water Table be granted, and the Settlement be adopted, consistent with the revisions set forth herein.

2. That Pittsburgh Water and Sewer Authority shall be directed to revise the tariffs set forth in the Settlement's Appendices I (Water Tariff), J (Wastewater Tariff), and K (Storm Water) to include the following additional additions and corrections:

- a. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language pertaining to the PENNVEST Charge shall be revised to include the following language: "The Authority shall not accrue interest on under-collections."
- b. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language pertaining to the PENNVEST Charge calculation shall be revised as follows:

for water: $PVC = (PI + e) / \text{Consumption}$

for wastewater: $PVC = (PI + e) / \text{Conveyance}$

for stormwater: $PVC = (PI + e) / \text{TOTERU}$

for water, wastewater, and stormwater: $e = \text{the amount calculated under the annual reconciliation feature}$

- c. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language shall be modified to require PWSA to file its annual PENNVEST reconciliation statements within thirty days following the end of the prior 12-month period ending December 31.
- d. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariffs shall be revised to include the following language: “Projects receiving PENNVEST funding are not DSIC-eligible property to the extent that PENNVEST loan costs for the project are recovered by a PENNVEST surcharge.”
- e. For the Wastewater Tariff – Pa. PUC. No. 1, Original Page 17AB, this page shall be revised so paragraph number 6 is renumbered to paragraph 7.

3. That, when calculating interest on over-collections of the PENNVEST Charge as required by its tariffs and in the manner illustrated in the Settlement’s Appendix H, PWSA must also include monthly weighting from the month of the over-collection to the midpoint of the refund period.

4. That, when filing its initial annual PENNVEST Charge reconciliation statement pursuant to its tariffs and Section 1307(e) for the 12-month

period ending December 31, 2026, PWSA shall only include PVC revenues received and expenses incurred for the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026.

5. That any tariff or tariff supplement filing to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2. must be filed with the Commission pursuant to 66 Pa.C.S. § 1308 and 52 Pa. Code § 53.52 and upon at least sixty (60) days' notice. In addition, PWSA shall file the following supporting information with the Commission for this tariff or tariff supplement filing:

- a. Final and red-lined copies of the proposed tariff or tariff supplement to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2.
- b. A copy of a proof of revenues and supporting calculations for the affected type of service detailing PWSA's authorized operating revenues under present and proposed rates, broken down by base rate revenues, PVC revenues, DSIC revenues, and other revenues.
- c. Copies of any supporting documentation used to determine operating revenues under present and proposed rates, including electronic working papers.
- d. A copy of all of PWSA's customer notices that it issued in accordance with 52 Pa. Code § 53.45(g), which may be provided by bill insert to begin no less than 60 days prior to the effective date and which will

contain, at a minimum, information describing the change, the proposed effective date, the dollar and percentage impact of the change to a typical residential, commercial and industrial customer's total bill and a statement that customers may contact the company at a toll free telephone number to get additional information on the proposed change or to find out what actions they may take.

- e. A copy of PWSA's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).
- f. A copy of a signed verification statement for the information provided in accordance with 52 Pa. Code § 1.38.

6. That Pittsburgh Water and Sewer Authority shall be permitted to file water, wastewater, and storm water tariffs, tariff supplements, or tariff revisions containing rates, rules, and regulations, consistent with the Joint Petition for Approval of Settlement of All Issues with All Parties to produce a total increase of \$25 million in base rate revenue (inclusive of DSIC), effective upon approval, consistent with the rates, rules, and regulations set forth in the *pro forma* tariffs included in Appendices I, J, and K to the Joint Petition, as modified by Ordering Paragraph 2, to become effective upon at least one day's notice after entry of the Commission's final order in this matter but no sooner than March 8, 2026.

7. That Pittsburgh Water and Sewer Authority, 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 and directed to comply with 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.

8. 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) be deemed satisfied and marked closed.

9. That the Complaints of the Office of Small Business Advocate at Docket Nos. C-2025-3056056 (water); C-2025-3056054 (wastewater); and C-2025-3056058 (stormwater) be deemed satisfied and marked closed.

10. That the Formal Complaint of Marc Bilder at Docket No. C-2025-3056528 be deemed withdrawn.

11. That the Formal Complaint filed by Caryn Lenz at Docket No. C-2025-3056859 be dismissed and marked as closed.

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

13. That the Petitions of Pittsburgh Water and Sewer Authority 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) be deemed withdrawn and these dockets marked closed.

Date: December 19, 2025

_____/s/
Emily I. DeVoe
Ann Quimby
Administrative Law Judges