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September 28, 2018

Via Hand Delivery

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Keystone Bldg., 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Petition of The Pittsburgh Water and Sewer Authority for Approval of Its Long-Term
Infrastructure Improvement Plan; Docket No. P-2018-

Dear Secretary Chiavetta:

Enclosed for filing please find the Pittsburgh Water and Sewer Authority's ("PWSA") Petition for Approval of Its Long-Term Infrastructure Improvement Plan with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Daniel Clearfield

DC/jls
Enclosure

cc: Hon. Gladys M. Brown, Chairman (w/enc)
Hon. Andrew G. Place, Vice Chairman (w/enc)
Hon. Norman J. Kennard, Commissioner (w/enc)
Hon. David W. Sweet, Commissioner (w/enc)
Hon. John F. Coleman, Jr., Commissioner (w/enc)
Certificate of Service (w/enc)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Pittsburgh Water and Sewer Authority's Petition for Approval of Its Long-Term Infrastructure Improvement Plan, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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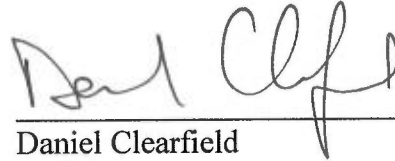
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Dated: September 28, 2018



Daniel Clearfield

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of :
The Pittsburgh Water and Sewer Authority : Docket No. P-2018-_____
for Approval of Its :
Long-Term Infrastructure Improvement Plan :

**PETITION OF
THE PITTSBURGH WATER AND SEWER AUTHORITY
FOR APPROVAL OF ITS
LONG-TERM INFRASTRUCTURE IMPROVEMENT PLAN**

Pursuant to Chapter 13 of the Public Utility Code,¹ the Commission's Regulations,² Final Implementation Order entered March 15, 2018³ and the Secretarial Letter issued on September 26, 2018,⁴ The Pittsburgh Water and Sewer Authority ("PWSA" or "Authority") respectfully submits this Petition requesting that the Public Utility Commission ("PUC" or "the Commission") approve PWSA's Long-Term Infrastructure Improvement Plan.

Contemporaneously with the filing of this Petition, PWSA is making a related request for approval of PWSA's Compliance Plan.⁵

¹ 66 Pa.C.S. §§ 1350-1360 ("Chapter 13").

² 52 Pa.Code §§ 121.1-121.8 ("LTIIP Regulations" or "Chapter 121").

³ *Implementation of Chapter 32 of the Public Utility Code; RE: Pittsburgh Water And Sewer Authority*, Docket Nos. M-2018-2640802 and M-2018-2640803, Final Implementation Order entered March 15, 2018 ("FIO"). *See also Implementation of Chapter 32 of the Public Utility Code; RE: Pittsburgh Water And Sewer Authority*, Docket Nos. M-2018-2640802 and M-2018-2640803, Tentative Implementation Order entered January 18, 2018 ("TIO").

⁴ Secretarial Letter issued September 26, 2018 regarding procedure for Commission Review of the September 28, 2018 Compliance Plan and LTIIP Filings of PWSA, which can be found at: <http://www.puc.state.pa.us/pcdocs/1587126.docx>.

⁵ *See Implementation of Chapter 32 of the Public Utility Code; RE: Pittsburgh Water And Sewer Authority*, Docket Nos. M-2018-2640802 and M-2018-2640803.

In support of this Petition, PWSA states as follows:

I. Background

1. The Authority is a body corporate and politic duly created and existed under the Pennsylvania Municipality Authorities Act⁶ (the “Act”). The Authority operates certain water and sewer system facilities (the “Water and Sewer System”) which are leased from the City of Pittsburgh, Allegheny County, Pennsylvania (“City”). As of April 1, 2018, the PWSA is regulated as a public utility by the Commission.⁷ Under Chapter 32 of the Public Utility Code, the Commission has jurisdiction over the provision of water and wastewater⁸ service by the PWSA.⁹

2. The Authority provides water service to (a) 67 of the 90 neighborhoods in the City;¹⁰ (b) The Borough of Millvale; and (c) portions of Townships of Reserve, O’Hara and Blawnox. The Authority further provides wastewater service and stormwater service in the City.

3. The names, addresses and telephone number of PWSA’s counsel are:

⁶ 53 Pa.C.S. § 5601, *et seq.*

⁷ 66 Pa.C.S. §§ 102, 3201, 3202(a). *See* FIO.

⁸ The term “wastewater” includes (but is not limited to) sewage, infiltration or inflow into sewers, and storm water which is or will become mixed within a combined sewer system. *See* 66 Pa.C.S. § 102. The term does not include storm water collected in a municipal separate storm sewer. *Id.*

⁹ *Id.* The Commission has also interpreted Chapter 32 as providing it with jurisdiction over the stand-alone stormwater service provided by PWSA. *See* FIO at 5.

¹⁰ The remainder of the city’s residents are serviced by three entities: West View Water Authority, which provides water service to a small area in the Western part of the City; Wilkinsburg-Penn Joint Water Authority, which provides water service in a small area in the Eastern part of the City; and, the Pennsylvania-American Water Company, which provides water service in the more Southern parts of the City.

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4. Chapter 13 of the Public Utility Code and related LTIP Regulations describe how a utility may create an LTIP to ensure that their infrastructure provides “adequate, efficient, safe, reliable and reasonable service to customers.”¹¹ This type of plan is designed to support “accelerated” infrastructure improvement¹² and is associated with assessing charges to customers to recover capital costs for the distribution system (“Distribution System Improvement Charges” or “DSIC”).¹³

5. PWSA is filing a unified¹⁴ LTIP for the Commission’s review, **despite not requesting approval for a DSIC at this time.**¹⁵ Section 3204(b) of the Public Utility Code

¹¹ See 66 Pa.C.S. §§ 1352(a)(6), (7), 1353(a), (b)(2), 1358(a)(1); 52 Pa.Code §§ 121.1, 121.3(a)(6), 121.4(d), 121.4(e)(3), 121.7(d).

¹² See 66 Pa.C.S. § 1352(a)(6); 52 Pa.Code §§ 121.1, 121.3(a)(6), 121.4(e)(2).

¹³ See 66 Pa.C.S. §§ 1353, 1357; 52 Pa.Code §§ 121.4-121.8.

¹⁴ PWSA filed a consolidated revenue requirement in its tariff filings.

¹⁵ See PWSA’s Compliance Plan at § 5.i (Compliance by Title 52 Chapter; Chapter 121).

directs PWSA to file an LTIIIP with the Commission¹⁶ no later than Friday, **September 28, 2018.**¹⁷

6. PWSA may reconsider the need for a DSIC in the future, and the unified LTIIIP outlines the Authority's proposed program of renewal and rehabilitation as an initial step to comply with the Commission's LTIIIP/DSIC requirements. If PWSA does elect to file a DSIC in the future, an updated LTIIIP will be submitted to support the charges.

II. Request for Approval of PWSA's LTIIIP

7. For the reasons set forth herein, PWSA requests that its LTIIIP — which is attached hereto as Attachment A and is incorporated herein by reference — should be approved by the Commission.¹⁸

Description and Justification for LTIIIP

8. This is the initial LTIIIP filing by PWSA. It includes all of the required elements identified in Section 1352(a) of the Public Utility Code,¹⁹ the LTIIIP Regulations and the FIO. The submitted LTIIIP (a) includes assets that are DSIC eligible (i.e., "eligible property")²⁰; (b)

¹⁶ See 66 Pa.C.S. § 3204(b), which states, in part, that PWSA "shall file a compliance plan with the commission which shall include provisions to bring an authority's existing information technology, accounting, billing, collection and other operating systems and procedures into compliance with the requirements applicable to jurisdictional water and wastewater utilities under this title and applicable rules, regulations and orders of the commission. The compliance plan shall also include a long-term infrastructure improvement plan in accordance with Subchapter B of Chapter 13 (relating to distribution systems.)."

¹⁷ FIO at 36; TIO at 18.

¹⁸ The LTIIIP has also been included as an Appendix to the Compliance Plan, filed at Docket Nos. M-2018-2640802 (water) and M-2018-2640803 (wastewater).

¹⁹ 66 Pa.C.S. § 1352(a).

²⁰ "Eligible property" is a defined term. See 52 Pa.Code § 121.2. For context, the LTIIIP does reference PWSA's broader Capital Improvement Plan.

anticipates future segregation of discrete services and operations; and, (c) reflects asset and project data for water system distribution services, wastewater collection services, and stormwater services.

9. The condition of PWSA's systems varies, depending on the age, materials employed, local conditions and quality of initial decision or installation. Some of the PWSA's systems require significant capital investment to maintain efficient, safe and reliable service to customers. There is aging infrastructure in the water distribution system and the wastewater collection system.²¹ The repair and replacement of eligible property will help reduce main breaks or leaks, which will increase service reliability. With respect to the water distribution system, reduced main breaks or leaks will also improve water quality and pressure to customers and reduce non-revenue water. With respect to the wastewater collection system, reduced main breaks or leaks will mitigate both inflow and infiltration (I&I) from rainwater and groundwater and the concomitant risks of blockages or malfunctions.

10. The LTIP outlines how PWSA plans to implement a program to rehabilitate, improve, and replace aging infrastructure at an accelerated pace for the five-year period from 2019 to 2023. The LTIP includes an inventory and discussion of the eligible property. The initial schedule for planning, rehabilitation and replacement of eligible property is set forth in Sections 2.2, 3.2 and 4.2 of the LTIP. The LTIP provides a comprehensive description of the water and the wastewater system. The schedule for planning, rehabilitation and replacement is provided in Section 2.5, 3.4 and 4.2 of the LTIP. Those Sections provide the estimated quantities of property to be improved and the projected annual expenditures. PWSA's

²¹ PWSA's separate stormwater assets are relatively new, with most being installed in or after 2015.

workforce management and training program is described in Section 7 of the LTIP. PWSA's outreach and coordination activities are described in Section 8 of the LTIP.

11. As detailed in the LTIP, PWSA will prioritize the acceleration of (a) the lead service line replacement ("LSLR") program and (b) the small diameter water main replacement ("SDWMR") program. Such repair and replacement will be made in conjunction with the other plans set forth in PWSA's Compliance Plan and Capital Improvement Plan. LSLR will be authorized and funded (at an accelerated rate) in 2019.²² The number of miles of main replacement per year under annual SDWMR program is being accelerated with the goal of eliminating all lead service lines from the system by 2026, as shown in Tables 2-7 and 2-8 of the LTIP.

12. Since PWSA has elected not to file a DSIC at this time, an updated LTIP will be submitted by PWSA to support the DSIC mechanism. Once the DSIC is approved, PWSA will use that mechanism to help fund and support the accelerated work schedule proposed in the revised LTIP. Accelerated repair and replacement will allow PWSA to continue to provide adequate, efficient, safe, reliable and reasonable service to its customers.

Related Filings and Proceedings

13. To the extent deemed necessary PWSA's Compliance Plan filing²³ and the related proceeding are incorporated by reference.

²² The Authority submitted an application to the Pennsylvania Infrastructure Investment Authority (PENNVEST) for \$50 million in funding for a LSLR program in 2019.

²³ *See Implementation of Chapter 32 of the Public Utility Code; RE: Pittsburgh Water And Sewer Authority, Docket Nos. M-2018-2640802 and M-2018-2640803.*

Notice of LTIIIP

14. PWSA has served copies of this Petition on the following: the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, Pittsburgh UNITED, Pennsylvania-American Water Company, James Ferlo, Peoples Natural Gas Company,²⁴ the Commission's Law Bureau, the Commission's Bureau of Technical Utility Services, and to each of the Commissioners. If the Commission concludes that additional notice is necessary, PWSA will provide such additional notices as the Commission may direct.

Procedural Issues

15. The Commission has noted its intention to review the LTIIIP within 120 days, unless that deadline is otherwise amended by the Commission.²⁵ The last public meeting before the expiration of said 120-day period is scheduled for Thursday, January 17, 2019.²⁶

16. At this time, PWSA is not filing a proposed litigation schedule or written testimony for the LTIIIP. However, PWSA acknowledges that the Compliance Plan and the LTIIIP may be consolidated²⁷ or the LTIIIP itself may be separately referred to the Office of

²⁴ Pittsburgh UNITED, Pennsylvania-American Water Company and James Ferlo are a parties in the Authority's tariff proceeding at Docket Nos. R-2018-3002645 and R-2018-3002647. Peoples Natural Gas Company filed a formal complaint in the Authority's tariff proceeding at Docket Nos. R-2018-3002645 and R-2018-3002647 on September 21, 2018 and is being served even though it has not yet been officially deemed a "party of record."

²⁵ TIO at 19-20, *citing, Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Final Implementation Order entered August 2, 2012 at 20. *See also* the Secretarial Letter issued September 26, 2018 regarding procedure for Commission Review of the September 28, 2018 Compliance Plan and LTIIIP Filings of PWSA, p. 2.

²⁶ 120 days from Friday, September 28, 2018 is Saturday, January 26, 2019. The last public meeting in January 2019 is scheduled for Thursday, January 17, 2019.
http://www.puc.state.pa.us/General/pm_agendas/2019/2019_PM_Schedule.pdf.

²⁷ *See* footnote 25.

Administrative Law Judge²⁸ for hearings and a recommended decision; in either case, PWSA will work with the presiding Administrative Law Judge and the parties on a litigation schedule.

III. Conclusion

17. PWSA respectfully requests that the Commission approve PGW's LTIP (Attachment A), which (a) conforms to the requirements of Chapter 13 of the Public Utility Code, the Commission's LTIP Regulations, and the FIO and (b) is "adequate and sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service."²⁹

²⁸ 52 Pa. Code § 121.4(c) states, in part, that an "LTIP will be referred to the Office of Administrative Law Judge for hearings and a decision if comments raise material factual issues."

²⁹ See footnote 11.

WHEREFORE, the Authority respectfully requests that the Commission (1) approve PWSA's LTIIP (Attachment A); and, (2) take any other action deemed to be in the public interest.

Respectfully submitted,



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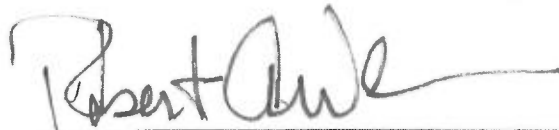
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Dated: September 28, 2018

Counsel for
The Pittsburgh Water and Sewer Authority

VERIFICATION

I, Robert A Weimar, am the Executive Director for The Pittsburgh Water and Sewer Authority ("PWSA" or "Authority"), and I hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief and that I expect the Authority to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to sworn falsification to authorities).

A handwritten signature in black ink, appearing to read "Robert A. Weimar", written over a horizontal line.

Robert A Weimar
Executive Director
The Pittsburgh Water and Sewer Authority