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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  COMMONWEALTH KEYSTONE BUILDING  400 NORTH STREET  HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE**  M-2018-2640802  (Water)  M-2018-2640803  (Wastewater) |

**January 24, 2020**

**Re: *Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 1***

**Docket Nos. M-2018-2640802 and M-2018-2640803**

***Petition of Pittsburgh Water and Sewer Authority for Approval of Its Long-Term Infrastructure Improvement Plan***

**Docket Nos. P-2018-3005037 and P-2018-3005039**

***Implementation of Chapter 32 of the Public Utility Code Regarding Pittsburgh Water and Sewer Authority – Stage 2 (Timeline)***

**Docket Nos. M-2018-2640802 and M-2018-2640803**

TO ALL PARTIES:

On May 13, 2019, a joint Expedited Motion for Extension of Commission-Created Deadlines (Petition) was filed by Pittsburgh Water and Sewer Authority (PWSA), the Commission’s Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Pennsylvania American Water Company, and Pittsburgh UNITED. The Petition requested, in part, a three-month extension of the litigation schedule in order to engage in settlement discussions of issues addressed in the above-referenced PWSA Stage 1 Compliance Plan and its Long-Term Infrastructure Improvement Plan (LTIIP). By Secretarial Letter dated May 15, 2019 (*May 2019 Secretarial Letter*), the Commission granted the requested relief set forth in the Petition.

In the *May 2019 Secretarial Letter*, a revised litigation schedule was established, which directed the OALJ to submit a Recommended Decision no later than October 29, 2019, with any Exceptions due within twenty days of the Recommended Decision and Reply Exceptions due no later than fifteen days thereafter. The *May 2019 Secretarial Letter* also indicated that the Commission would issue appropriate orders on the filings no later than February 28, 2020.

On October 29, 2019, Deputy Chief Administrative Law Judge (ALJ) Mark A. Hoyer and ALJ Conrad A. Johnson issued the Recommended Decision relative to the Stage 1 Compliance Plan. Exceptions to the Recommended Decision were filed on November 18, 2019, by PWSA, I&E, the OCA, the OSBA, and Pittsburgh UNITED. On December 3, 2019, PWSA, I&E, the OCA, the OSBA, and Pittsburgh UNITED filed Replies to Exceptions.

As the Commission has explained at the above-refenced docket, Chapter 32 of the Public Utility Code provides the Commission with flexibility regarding its review of the PWSA Compliance Plan required by that Chapter. 66 Pa. C.S. § 3204. Specifically, Chapter 32 does not contain statutory deadlines regarding when the Commission must approve the Compliance Plan. Rather, Chapter 32 focuses on the qualitative aspects of the required Compliance Plan. Given this flexibility, the Commission may consider extending or revisiting previously established PWSA Compliance Plan deadlines.

The Commission acknowledges that the May 2019 Petition requested the issuance of appropriate orders by the Commission no later than Friday, February 28, 2020, and that by granting the Petition the Commission initially committed to that date. Petition at 6. However, upon initial review of the Recommended Decision, the Exceptions and the Reply Exceptions filed thereto, **the Commission hereby postpones this matter for consideration and ruling no later than March 31, 2020.**

As previously determined, while the Commission will accept consolidated Compliance Plan and LTIIP filings at the above-referenced dockets, PWSA is reminded of the direction of the Final Implementation Order that PWSA must segregate services and property such that the Commission and interested parties are able to engage in a meaningful review of its Compliance Plan. Also, as determined in the May 15, 2019 Secretarial Letter, Stage 2 will include issues deferred from Stage 1 to accommodate PWSA Compliance Plan workshops held by the Commission. Stage 2 shall also include any matters deferred from Stage 1 in the final Stage 1 Compliance Plan order.

Stage 2 of the PWSA Compliance Plan shall proceed as discussed below.

* **No later than 60 days after the entry of a final unappealable order on Stage 1, PWSA will file with the Secretary materials related to Stage 2 of its Compliance Plan.**
* No later than twenty (20) days after filing of the Stage 2 materials, Stakeholders may file comments prior to assignment to our Office of Administrative Law Judge (OALJ). However, comments filed at that early stage will not be included in the evidentiary record developed by OALJ.
* No later than forty-five (45) days after the filing of PWSA’s Stage 2 materials, the Commission will, via Secretarial Letter, assign Stage 2 of the Compliance Plan to the OALJ for the resolution of any matters that PWSA or interested parties may seek to develop. The Commission will attach to that Secretarial Letter the Stage 2 reports and directed questions authored by Commission staff regarding issues to be addressed by PWSA and interested parties. The Bureau of Consumer Services (BCS) Stage 2 report and directed questions shall address matters relating to PWSA compliance with Chapter 14 of the Public Utility Code and Chapter 56 of the Commission’s regulations. The Bureau of Technical Utility Services (TUS) Stage 2 report and directed questions shall address matters related to PWSA operations as a regulated stormwater utility.
* Consistent with the direction of this Secretarial Letter and previously established schedules, OALJ is hereby directed to incorporate the Stage 2 Initial Report and directed questions into its Prehearing Order and to conduct evidentiary hearings to address matters raised therein.
* No later than nine (9) months from the date of assignment of Stage 2 to OALJ, OALJ will issue a recommended decision on the matters raised in Stage 2.

This Secretarial Letter shall be served on all Parties of record, commenters, and monitoring stakeholders in the above-referenced proceedings.

Very truly yours,

Rosemary Chiavetta

Secretary