



October 7, 2020

VIA E-FILE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

Re: PA Public Utility Commission v. Pittsburgh Water and Sewer Authority
Docket Nos. R-2020-3017951 (Water); R-2020-3017970 (Wastewater); P-2020-3019019 (DSIC)

Dear Secretary Chiavetta,

Please find the attached **Statement of Pittsburgh UNITED in Support of the Joint Petition for Settlement** for filing at the above noted dockets. Copies of the Statement are being served consistent with the attached Certificate of Service. Please contact me with any questions or concerns.

Respectfully Submitted,

Ria M. Pereira, Esq.
Counsel for Pittsburgh UNITED
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Tel.: 717-236-9486

*cc: The Honorable Mary D. Long
The Honorable Emily I. DeVoe
Certificate of Service*

Encl.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2020-3017951
	:	R-2020-3017970
	:	
Pittsburgh Water and Sewer Authority	:	
	:	
	:	
Petition of Pittsburgh Water and Sewer Authority For Waiver of Provisions of Act 11 to Increase the DSIC CAP, to Permit Levelization of DSIC Charges, And to Authorize the Pay-As-You-Go Method of Financing	:	P-2020-3019019
	:	
	:	

Certificate of Service

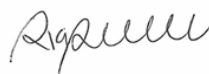
I hereby certify that I have this day served copies of the **Statement of Pittsburgh UNITED in Support of the Joint Petition for Settlement** in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party) and consistent with the Commission’s Emergency Order issued on March 20, 2020, in the manner and upon the persons listed below.

VIA EMAIL ONLY

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Respectfully submitted,
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Counsel for Pittsburgh UNITED



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Date: October 7, 2020

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:		
	:		
v.	:	Docket No.	R-2020-3017951
	:		R-2020-3017970
	:		
Pittsburgh Water and Sewer Authority	:		
	:		
	:		
Petition of Pittsburgh Water and Sewer Authority	:		P-2020-3019019
For Waiver of Provisions of Act 11 to Increase the	:		
DSIC CAP, to Permit Levelization of DSIC	:		
Charges, and to Authorize the Pay-As-You-Go	:		
Method of Financing	:		

**STATEMENT OF PITTSBURGH UNITED
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

Pittsburgh UNITED, a signatory party to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions contained therein be approved by the Honorable Mary D. Long and Emily I. DeVoe, Administrative Law Judges, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, Pittsburgh UNITED believes that the terms and conditions of the proposed Settlement are in the public interest and should be approved.

I. INTRODUCTION & OVERALL REASONS FOR SUPPORT OF SETTLEMENT

Pittsburgh UNITED intervened in this proceeding to ensure that Pittsburgh Water and Sewer Authority's (PWSA) proposed rates and terms and conditions of service are appropriately designed and implemented in a manner which allows all consumers in PWSA's service territory to access safe and affordable water and wastewater service, regardless of income.

As a whole, and in light of the totality of facts and circumstances presented in this case, Pittsburgh UNITED asserts that the proposed Settlement strikes an appropriate balance of the many and varied interests of the parties to the Settlement – resolving several of the more immediate issues in this proceeding while expressly preserving other issues for further consideration in the Company's next base rate filing.¹

Pittsburgh UNITED made a concerted effort to conduct a thorough investigation and to create a detailed record in this proceeding of the issues it believes were most pressing to address in the context of the Commission's determination of whether PWSA's proposed rates and terms and conditions of service are just and reasonable, in compliance with applicable laws, regulations, and prevailing public policy. Pittsburgh UNITED submitted written direct and rebuttal testimony from its subject matter expert, Olivia Wein. Ms. Wein, an attorney with the National Consumer Law Center and a nationally recognized expert in utility affordability and consumer protection, focused her testimony on the depth of unaffordability of PWSA's current and proposed rates for low income consumers; the inadequacy of PWSA's universal service programs to provide universally accessible service; and the crucial need for additional emergency relief as a result of

¹ See also UNITED St. 1 at 3: 1-4 (Pittsburgh UNITED reserved the right to address any and all matters related to PWSA's customer service, billing, collections, and termination practices in the Stage 2 Compliance Proceeding (Docket Nos. M-2018-2640802 and M-2018-2640803)); Joint Petition for Settlement, Appendix A, i-k.

the COVID-19 pandemic. This testimony documented, in substantial detail, the aspects of PWSA's current policies and procedures which Pittsburgh UNITED asserts must be reformed in order to procedure reasonable and just rates and terms and conditions of service consistent with all applicable polices, laws, and regulations governing public utilities.²

The proposed Settlement reasonably addressed a number of issues raised in Pittsburgh UNITED's testimony. While Pittsburgh UNITED's positions were not fully adopted, the resolution of these issues represents a fair and balanced approach which satisfies the many and varied interests in a reasonable and just manner. In turn, the Settlement proposes to defer a number of unresolved issues addressed by Pittsburgh UNITED's testimony for further consideration and litigation in the Company's next base rate filing proceeding. Pittsburgh UNITED asserts that, given the unique challenges involved in litigating this rate filing during the pendency of the COVID-19 pandemic, this approach represents a reasonable resolution in this proceeding. Deferring these explicit issues will help to preserve the resources of the Commission, PWSA, Pittsburgh UNITED, and other parties and interested stakeholders; ensures that PWSA has the revenue it needs to accomplish other critical systematic reforms; and provides a roadmap to the timely resolution of remaining issues presented in PWSA's rate filings and Pittsburgh UNITED's expert testimony. While Pittsburgh UNITED does not necessarily support further delay of the relevant issues beyond the Company's next rate filing proceeding, Pittsburgh UNITED believes that the diversion of identified issues to the next rate filing proceeding will lend an appropriately balanced procedure to ensure that all aspects of PWSA's rates and terms of service are just and reasonable and in

² Pittsburgh UNITED did not address Chapter 14 and Chapter 15 of the Public Utility Code and Chapter 56 of the Commission's regulations in this proceeding, as those issues were previously reserved for further investigation in the Stage 2 Compliance Proceeding. See Implementation of Chapter 32 of the Public Utility Code for Pittsburgh Water and Sewer Authority, Docket Nos. M-2018-2640802 and M-2018-2640803.

accordance with Commission's governing laws, regulations, guidelines, and policies. This approach will ensure that PWSA's terms and conditions, as well as its policies and procedures which implement those terms and conditions, are just, reasonable, and consistent with applicable law and regulation. As such, and for the specific reasons discussed in further depth below, Pittsburgh UNITED asserts that the proposed Settlement is in the public interest and should be approved without modification.

II. REASONS FOR SUPPORT OF SPECIFIC ISSUES

For the reasons discussed below, Pittsburgh UNITED asserts that the proposed Settlement presents a reasonable balanced resolution to the issues raised in this proceeding. While many provisions of the Settlement are discussed with specificity below, Pittsburgh UNITED's silence with respect to any particular provision does not indicate that Pittsburgh UNITED is not in agreement with that provision. Pittsburgh UNITED urges the Commission to approve the Settlement as a whole and without modification.

A. Revenue Requirements (Rates, DSIC, Multi-Year Rate Plan)

Paragraph III.A.1 of the proposed Settlement decreases the amount of the approved revenue increase by \$16 million for water – from approximately \$30 to \$14 million, and by \$8 million for wastewater, from approximately \$13 to \$5 million.³ As described in Appendices E and F attached to the Joint Petition, the impact of the proposed increase on an average residential customer will decrease from 19.1% (as initially proposed) to 9.4% (as proposed in the settlement).⁴ In other words, the increase will be nearly \$7 less per month for typical residential customers, from

³ Joint Petition at Appendix D.

⁴ Joint Petition at Appendices E and F.

a \$13.82 increase as originally proposed to a \$6.85 increase as proposed in the settlement.⁵ This reduction is significant, particularly for low and moderate income consumers who already struggle to keep up with the cost of basic utility service.⁶ PWSA estimates that approximately 34% of the population in its service territory are low income (as defined as having a gross household income at or below 150% FPL) as of May 2020 – a number which has likely grown as a result of widespread economic hardship associated with the pandemic.⁷ Thus, a reduction in the approved rate increase is critically important to ensure that service remains accessible to PWSA’s residential population, especially those customers who are low income. As discussed later in this Statement, the proposed increase in discount offered by PWSA’s Bill Discount Program (BDP) is also a critical component to this Settlement to help offset the increased costs of basic water and wastewater services for low income customers.⁸ With the increased discount provided under the BDP in the proposed Settlement, a typical customer enrolled in the BDP will see an 8.9% reduction in their monthly bill, compared to existing rates.⁹

Paragraph III.A.2 of the proposed Settlement sets forth the Joint Petitioner’s agreement as to the Distribution System Improvement Charge (DSIC).¹⁰ While Pittsburgh UNITED did not take a position as to the DSIC, Ms. Wein raised concerns in her direct testimony about the overall impact of PWSA’s initial proposed rate increase on residential customers, particularly customers who have low and moderate household incomes.¹¹ Pittsburgh UNITED asserts that the overall

⁵ Joint Petition at Appendices E and F.

⁶ UNITED St. 1 at 3: 8-11 (indicating that the initial proposed rate increase would “significantly raise the majority of residential consumer bills and [would] pose significant challenges to the ability of consumers to maintain affordable water and wastewater services.”)

⁷ *Id.* at 12: 8-13.

⁸ Joint Petition at 12, ¶ 4.

⁹ Joint Petition at Appendix E.

¹⁰ *Id.* at 5, ¶ III.A.2.

¹¹ UNITED St. 1 at 16: 8-9; 17: 1-2.

increase set forth in the proposed Settlement is a reasonable balancing of the parties interests, while taking into account the overall impact of the proposed rate increase on customers, including customers enrolled in the BDP and, as such, is in the public interest.

Paragraph III.A.3 of the proposed Settlement withdraws PWSA's proposed multi-year rate plan, without prejudice, and provides that PWSA may file a subsequent water and wastewater rate case in conjunction with PWSA's request for a stormwater fee in the first quarter of 2021 – and no earlier than February 2021.¹² In her direct testimony, Ms. Wein raised overarching concerns about raising rates for critical services, and opposed PWSA's proposal for a multi-year rate increase, in light of the current economic instability associated with the pandemic and the inability for economically vulnerable households to keep pace with rapidly increasing costs for basic services.¹³ This approach, whereby PWSA withdraws its multi-year rate proposal in favor of filing a subsequent rate case in the first quarter of 2021, limits the scope of the increase approved during the pandemic, ensures PWSA has adequate revenue, and preserves the resources of the Commission, PWSA, Pittsburgh UNITED, and the other parties and interested stakeholders during the pendency of the COVID-19 pandemic. . Pittsburgh UNITED asserts that this provision of the settlement is appropriately balanced to help to ensure that PWSA's rates, policies, and procedures are just and reasonable, consistent with applicable law and regulation, and in the public interest. As such, and for the reasons discussed in further detail below, Pittsburgh UNITED believes that the proposed Settlement is in the public interest and should be approved without modification.

¹² Joint Petition at 7, ¶ III.A.3.a-c.

¹³ UNITED St. 1 at 17: 6-9.

B. Stormwater Tariff and Compliance Plan Stage 2 Proceeding

Pittsburgh UNITED did not take a formal position as to Section III.B of the comprehensive proposed Settlement, though we support the provisions of this section insofar as it will allow further consideration of PWSA's proposed stormwater tariff provisions in conjunction with review of PWSA's proposed stormwater fee.

C. Cost Allocation and Rate Design Issues

While Pittsburgh UNITED did not take a broad position as to the cost design and rate allocation issues in the Proposed Settlement, Pittsburgh UNITED strongly supports allocation of low income program costs across all rate classes.¹⁴ Ms. Wein explained in her rebuttal testimony that it is inappropriate to recover the costs of universal service programs solely from the residential class, given that “[p]overty is a broad social problem, affecting all customers and requiring holistic societal solutions.”¹⁵ As Ms. Wein explained in detail, universal service programs serve a profound public purpose, and provide broad societal benefits for all customer classes.¹⁶ The societal benefits of ensuring universal access to water and wastewater services are underscored in the context of the current crisis are underscored in the current crisis: If vulnerable households are not able to maintain consistent and affordable water and wastewater services, communities in which vulnerable individuals live and work face heightened risk to exposure and further spread of COVID-19.¹⁷

In Paragraph III.C.3 of the proposed Settlement, the parties agree that PWSA should continue recovering low income program costs from all consumer classes, while expressly preserving the right of any party to raise the issue in the context of PWSA's future rate filings.¹⁸

¹⁴ See UNITED Statement 1-R.

¹⁵ UNITED St. 1-R at 4: 7-9.

¹⁶ Id. at 5: 8-9; 6: 1-11.

¹⁷ Id. at 7: 4-8.

¹⁸ Joint Petition at 7, ¶ III.C.3.

Pittsburgh UNITED asserts that it is squarely in the public interest to allow PWSA to continue its equitable cost recovery policy while preserving the rights of parties to raise the issue again in a future case. This approach balances the interests of the parties and preserves the resources of the Commission and the parties while protecting the rights of parties to raise cost allocation issues in future rate case proceedings.

D. Additional COVID-19 Relief Measures

In recognition of the significant toll that the COVID-19 pandemic has taken on Pennsylvania's consumers, the proposed Settlement sets forth several additional COVID-19 relief measures, which are in addition to any COVID-19 related requirements imposed by the Commission. First, the proposed Settlement requires PWSA to waive reconnection fees through the end of the next rate case or for one year from the date of a final order in the present proceeding, whichever is later.¹⁹ In her direct testimony, Ms. Wein recommended that PWSA waive its reconnection fees for one year from the date of the final order in this proceeding.²⁰ Ms. Wein emphasized that it was crucial that consumers attempting to connect to life-sustaining services during the pendency of the COVID-19 pandemic are able to do so, given that water and wastewater services are necessary for washing and sanitizing, and hence protecting families against the continued spread of the virus.²¹ By extending its waiver of reconnections fees, PWSA helps to ensure that at-need customers are able to access critical water and wastewater services necessary to stop the spread of the COVID-19 virus. As such, Pittsburgh UNITED asserts that the proposed Settlement with respect to the waiver of reconnection fees is squarely in the public interest.

¹⁹ Id. at 8, ¶ III.D.1.

²⁰ UNITED St. 1 at 42: 8-15.

²¹ Id.

Second, Paragraph III.D.2 of the proposed Settlement requires PWSA to perform targeted outreach to customers with existing debt to negotiate appropriate payment arrangements and/or assist them with enrollment in PWSA's customer assistance programs, if eligible. In her testimony, Ms. Wein indicated that actions were needed by PWSA to help consumers avoid termination, facilitate reconnection, and enroll and participate in critical assistance programs as households continue to experience economic hardships as a result of the pandemic.²² It is therefore in the public interest for PWSA to perform targeted and affirmative outreach to customers with existing debt to help connect these households with resources to help improve affordability and reduce arrears, especially during the pendency of the COVID-19 pandemic.

Similarly, Paragraph III.D.3 of the proposed Settlement requires PWSA to provide additional payment arrangements to households with arrears – regardless of a consumer's prior broken payment arrangements – for one year from the date of the final order in this matter or until January 14, 2022, whichever is later.²³ By expanding and clarifying the availability of payment arrangements to assist those that have fallen behind through the pandemic, regardless of the number of prior payment arrangements a customer had in the past, PWSA will provide critical relief to customers who are struggling profoundly to afford their monthly bills in the wake of widespread economic hardship associated with the COVID-19 pandemic.²⁴ As such, Pittsburgh UNITED asserts that the proposed Settlement provisions related to payment arrangements during the pendency of the pandemic is in the public interest, and should be approved.

In recognition of the continued effects of the COVID-19 pandemic, Paragraph III.D.4 of the proposed Settlement further obligates PWSA to continue to expand its outreach efforts with

²² See, e.g., id. at 44: 10-17.

²³ Id. at ¶ III.D.3.b.

²⁴ See UNITED St. 1 at 14: 6-11.

community partners and to solicit input and suggestions from its Low Income Assistance Advisory Committee (LIAAC) members as to how to most effectively pursue such outreach.²⁵ As the COVID-19 pandemic continues to spread, it is crucial that PWSA work with its community partners and interested stakeholders through the LIAAC in order to better understand and address the needs within the communities that PWSA serves. As such, Pittsburgh UNITED asserts that Paragraph III.D.4 of the proposed Settlement is in the public interest.

Finally, Paragraph III.D.5 of the proposed Settlement requires PWSA to waive its Hardship Grant Program's sincere effort of payment requirement for one year from the date of the final order in this case, or until January 14, 2022, whichever is later.²⁶ In her direct testimony, Ms. Wein recommended that PWSA waive its sincere effort payment requirement for at least one year from the date of the final order in this case.²⁷ As Ms. Wein described, Pennsylvanians' ability to work has been abruptly curtailed by the spread of the COVID-19 pandemic, and requiring customers to show that they have made payments within a certain time period hampers customers who have been most hard-hit by the pandemic from receiving crucial grant assistance at the time they are most in need.²⁸ By requiring waiver of the sincere effort payment requirement for the Hardship Grant Program, more customers will be able to access crucial grant assistance – improving the ability of PWSA's economically vulnerable consumers to address mounting arrears accumulated through the COVID-19 pandemic. As such, Pittsburgh UNITED asserts that Paragraph III.D.5 of the proposed Settlement is squarely in the public interest, and should be approved.

Overall, Pittsburgh UNITED asserts that Section III.D of the proposed Settlement sets forth reasonable improvements to PWSA's COVID-19 relief measures that are critical to PWSA's

²⁵ Joint Petition at 9, ¶ III.D.4.

²⁶ Id. at ¶ III.D.5.

²⁷ UNITED St. 1 at 42: 16-17.

²⁸ Id. at 43: 1-5.

customers, especially low income customers, to establish and maintain water and wastewater services necessary to help stop the spread of the COVID-19 virus, and is therefore in the public interest.

E. COVID-19 Related Costs and Relief Funding

Paragraph III.E.1 of the proposed Settlement permits PWSA to track and record as a regulatory asset all COVID-19 pandemic costs, and allows PWSA to claim COVID-19 costs for ratemaking purposes in PWSA's next general rate proceeding.²⁹ Paragraph III.E.2 further requires PWSA to maintain records, documents, and other information necessary to demonstrate the nature of claimed COVID-19 costs.³⁰ And Paragraph III.E.2 of the proposed Settlement expressly reserves the right of all parties to review the prudence and reasonableness of the claimed COVID-19 costs in the next base rate proceeding.³¹

In recognition of the extraordinary circumstances posed by COVID-19, and the need to take appropriate actions to mitigate the harm that has resulted as a result of the pandemic, Paragraph III.E.3 further requires PWSA to exercise prudent efforts to maximize (and track) utilization of government benefits, whether in the form of a direct grant or otherwise, to minimize costs to be deferred.³² Pursuant to Paragraph III.E.3, PWSA is further required to provide a report detailing its efforts, any amounts obtained as part of efforts and their intended use, and, if denied, the reason for such denial as part of the next base rate case.³³

Pittsburgh UNITED believes that this provision, as a whole and in the context of the broader settlement, represents a balanced compromise that provides reasonable certainty in an

²⁹ Joint Petition at 9, ¶ III.E.1.

³⁰ Id. at ¶ III.E.1-2.

³¹ Id. at ¶ III.E.2.

³² Id. at ¶ III.E.3.

³³ Id.

uncertain and unstable time. Importantly, PWSA must pursue and track efforts to obtain government benefits to minimize costs to ratepayers associated with the pandemic, and preserves the right of all parties to challenge the reasonableness and prudence of these incurred costs. In balance, Pittsburgh UNITED asserts that Section III.E of the proposed Settlement is in the public interest, and should be approved.

F. Low Income Customer Assistance Issues

PWSA offers two forms of direct bill payment assistance to low income consumers through its Bill Discount Program (BDP) and its Hardship Grant Program.³⁴ In addition, PWSA operates a Winter Shut-Off Moratorium Program.³⁵ While these programs are designed to assist low income PWSA residential customers who struggle to pay their water and wastewater bills each month, as described by Ms. Wein, the programs are undersubscribed compared to relative need³⁶ and, even with the changes that PWSA proposed in its initial rate filings, do not produce a sufficient level of affordability – particularly for households with the lowest income and/or with higher than average usage.³⁷ As described in further detail below, the proposed Settlement makes moderate improvements to the BDP, Hardship Grant Program, and Winter Shut-Off Moratorium Program to help remediate existing unaffordability and offset the additional financial impact of the rate increase on PWSA’s economically vulnerable households.³⁸ Together, these immediate and long-term provisions will help to improve the accessibility and affordability of services to PWSA’s substantial low income population.

³⁴ See, e.g., PWSA St. No. 8 at 15: 14-21; 16: 1-14.

³⁵ See id.

³⁶ UNITED St. 1 at 38: 12-17.

³⁷ See, e.g., UNITED St. 1 at 60-63.

³⁸ Joint Petition at 10-14.

1. Low Income Data Collection

Paragraph III.F.1 of the proposed Settlement requires PWSA to implement policies and procedures so that all customers who are identified by PWSA as having income at or below 150% of the federal poverty level (FPL) are treated as “confirmed low income customers” and are tracked in PWSA’s customer information system as low income using a unique characteristic or data point.³⁹ In addition, PWSA must work with Dollar Energy Fund (DEF) to ensure the availability of appropriate data and statistical reports related to PWSA’s low income programs.⁴⁰ Such data will be made available to the Commission, Parties, and other community stakeholders through PWSA’s LIAAC.⁴¹

As Ms. Wein described in her direct testimony, improving PWSA’s ability to track its low income customer population is critical to assessing the needs of PWSA’s low income consumers and evaluating the adequacy and effectiveness PWSA’s low income programs.⁴² Improved tracking of low income customers is also invaluable when determining how to target outreach to low income customers in order to connect such customers to low income programming.⁴³ By requiring PWSA to improve its data collection and tracking, the Commission, parties, and stakeholders can more accurately determine if PWSA’s low income programs, policies, and procedures are adequate to meet the needs of low income consumers in PWSA’s service territory. These improvements to PWSA’s data tracking and collection are beneficial to PWSA’s low income communities as well as the ratepayers who finance PWSA’s universal service programming, and is therefore in the public interest and should be approved without modification.

³⁹ Id. at 10, ¶ III.F.1.a.

⁴⁰ Id. at ¶ III.F.1.b.

⁴¹ Id. at ¶ III.F.1.b.vi.

⁴² UNITED St. 1 at 46: 8-11.

⁴³ UNITED St. 1 at 46: 11-12.

2. Arrearage Forgiveness Program

Paragraph III.F.2 of the proposed Settlement requires PWSA to implement a pilot Arrearage Forgiveness Program, whereby BDP participants with an active payment arrangement will receive \$15.00 in arrearage forgiveness for each payment received.⁴⁴ While a payment plan is active, PWSA will cease assessing any interest on arrears and will not issue any collection letters or notices to the customer.⁴⁵

The proposed Settlement further sets forth reasonable terms for customers who miss payments while enrolled in the Arrearage Forgiveness Program. In Paragraph III.F.2 of the proposed Settlement, if the customer defaults on the payment plan, they will have the opportunity to make two catch-up payments to receive the incremental arrearage forgiveness.⁴⁶ While future defaults will result in an immediate removal of the customer from the pilot Arrearage Forgiveness Program, the customer will be given the opportunity to re-enter the program if they pay all missed payments from when they were enrolled in the Pilot Arrearage Forgiveness Program.⁴⁷ Moreover, under the proposed Settlement, PWSA is required to develop and implement a plan for automating its Arrearage Forgiveness Program no later than January 2023, with the parties reserving the right to address the terms and parameters of the automated program in the next rate case proceeding.⁴⁸

In her direct testimony, Ms. Wein recommended that PWSA establish an arrearage forgiveness component to its BDP that would freeze existing arrears upon entry into the program.⁴⁹ On a forward going basis, BDP participants would be eligible for incremental forgiveness on these frozen, pre-program arrears for each payment made while enrolled in the

⁴⁴ Joint Petition at 11, ¶ III.F.2.a.

⁴⁵ Id. at ¶ III.F.2.b.

⁴⁶ Id. at ¶ III.F.2.c.

⁴⁷ Id.

⁴⁸ Id. at ¶ III.F.2.e.

⁴⁹ UNITED St. 1 at 64: 5-16.

BDP.⁵⁰ As Ms. Wein explained, it is crucial that BDP participants have a solution to address debt accrued prior to entry into the BDP, so that these customers are able to catch up on past due bills.⁵¹ In her direct testimony, Ms. Wein explained how utilities who operate customer assistance programs that are successful in improving affordability and bill payment behaviors “are not only designed to provide meaningful discounts to participants, but are also coupled with a mechanism for arrearage forgiveness.”⁵²

With its creation of a pilot Arrearage Forgiveness Program, and explicit plans to automate its arrearage forgiveness program, PWSA will be required to take an important step to increase affordability for its low income customers. As such, Pittsburgh UNITED asserts that the creation of a pilot Arrearage Forgiveness Program, along with implementing a plan to automate arrearage forgiveness for BDP participants, is in the public interest and should be approved without modification.

3. Hardship Grant Program Revisions and Improvements

With regard to PWSA’s Hardship Grant Program, the proposed Settlement makes incremental progress in eliminating barriers to customers in need of crucial grant assistance to maintain service to their home. Paragraph III.F.3 of the proposed Settlement requires PWSA to reduce the required eligibility payments for its Hardship Grant Program from \$150 to \$75 for those under 62 years of age and from \$75 to \$37.50 for those aged 62 years and older.⁵³

Paragraph III.F.3 of the proposed Settlement further requires PWSA to implement a hardship grant fundraising campaign, whereby a fundraising mailer will be sent to all PWSA

⁵⁰ UNITED St. 1 at 64: 5-16.

⁵¹ Id. at 56: 7-13.

⁵² Id. at 56: 10-13.

⁵³ Joint Petition at 11, ¶ III.F.3.a.

customers to solicit support for PWSA's Hardship Grant Program.⁵⁴ This fundraising campaign will take place annually in the fourth quarter.⁵⁵ Moreover, Paragraph III.F.3 of the proposed Settlement requires PWSA to work with its LIAAC to develop additional sources and methods of fundraising for the Hardship Grant Program, and to specifically consider developing a process for online customer donations and to include donation information in monthly bills.⁵⁶ The proposed Settlement further obligates PWSA to evaluate whether to increase its current eligibility threshold of the Hardship Grant Program of at or below 150% FPL in the event that PWSA secures additional, consistent future funding for the Hardship Grant Program.⁵⁷

The proposed Settlement does not require PWSA to completely eliminate its up-front payment requirements (outside of the one-year emergency provision discussed above),⁵⁸ as proposed by Pittsburgh UNITED. However, on balance, by lowering the payments requirements for its Hardship Fund, PWSA takes an important step towards eliminating barriers that often prevent the most at-need customers from receiving grant assistance. Moreover, it is critical that PWSA launch independent fundraising efforts to support its Hardship Grant Program. As it stands, PWSA's Hardship Grant Program is supported with the proceeds of a legal settlement. Without additional and ongoing funding, the program is will be short-lived.⁵⁹ The provisions of this Settlement will help to stabilize the program and may increase the availability of hardship fund assistance so that a greater number of at-need customers can access assistance in the future. On balance, Pittsburgh UNITED asserts that the improvements to PWSA's Hardship Grant Program in the proposed Settlement is in the public interest, as it improves the stability and accessibility of

⁵⁴ Id. at ¶ III.F.3.b.i.

⁵⁵ Joint Petition at 12, ¶ III.F.3.b.ii.

⁵⁶ Id. at ¶ III.F.3.b.iii.

⁵⁷ Id. at ¶ III.F.3.b.iv.

⁵⁸ See UNITED St. 1 at 69: 9-15.

⁵⁹ See id. at 67: 4-19; 68: 1-2.

the Hardship Grant Program for low income customers, who struggle most to afford their water and wastewater bills.

4. Bill Discount Program Revisions and Improvements

With regard to PWSA's BDP, the proposed Settlement makes moderate, incremental improvements to increase bill affordability for its BDP participants. In Paragraph III.F.4 of the proposed Settlement, PWSA is required to increase the discount under the BDP from 75% to 100% the minimum (fixed) charge, as PWSA initially proposed in its rate case testimony.⁶⁰ Additionally, under the terms of the proposed Settlement, PWSA will be required to provide BDP participants with incomes at or below 50% FPL with a 20% discount on a customer's volumetric charge.⁶¹

In her direct testimony, Ms. Wein explained that by providing a discount only on the fixed charge portion of the bill, PWSA's BDP fails to produce consistent and equitable discount levels for BDP participants with higher usage levels – especially for participants in the lowest income tier (0-50% FPL).⁶² By increasing the discount on the minimum (fixed) charge to 100%, and including a 20% discount on the volumetric charge for BDP participants with income between 0-50% FPL, PWSA moderately increases the affordability for customers enrolled in the BDP, and represents a reasonable compromise given the varied and competing interests of the Joint Petitioners. These improvements to the BDP Program are therefore in the public interest, and should be approved.

Along with improving the discount offered under the BDP, the proposed Settlement requires PWSA to waive its certification requirements for BDP customers for one year after the

⁶⁰ Joint Petition at 12, ¶ III.F.4.d.

⁶¹ Id. at ¶ III.F.4.e.

⁶² UNITED St. 1 at 15: 14-16.

order in this proceeding.⁶³ The proposed Settlement further requires PWSA to lengthen how often a BDP participant must recertify for the Program from one to two years.⁶⁴ Finally, in an effort to further improve PWSA's data analysis, Paragraph III.F.4 of the proposed Settlement requires PWSA to conduct a bill frequency analysis that shows actual billed usage of participants in 1,000 gallons of usage, to share the results of the analysis with the LIAAC, and to provide the results of the analysis in the Company's next base rate proceeding.⁶⁵ By requiring PWSA to conduct a bill frequency analysis, the Commission, the parties, and stakeholders will be able to better understand the current levels of affordability for customers enrolled in the BDP and how to improve affordability and equitable distribution of benefits in subsequent rate filings.

Overall, the proposed Settlement sets forth incremental improvements to the BDP that will increase the affordability and accessibility of the BDP for PWSA's low income customers. As such, Pittsburgh UNITED asserts that the proposed Settlement provisions related BDP revisions and improvements are in the public interest, and should be approved.

5. Evaluation of Customer Assistance Programs and Future Enhancements

In addition to the improvements to the BDP outlined above, Paragraph III.F.5 of the proposed Settlement requires PWSA to work with its LIAAC to discuss any specific concerns about PWSA's customer assistance programs, or administration of the same, at a special meeting.⁶⁶ Moreover, pursuant to Paragraph III.F.5 of the proposed Settlement, PWSA, the Office of Consumer Advocate, and the low income stakeholders agree to request that the Commission, as

⁶³ Joint Petition at 12, ¶ III.F.4.a.

⁶⁴ Id. at ¶ III.F.4.a.

⁶⁵ Id. at ¶ III.F.4.b-c.

⁶⁶ Joint Petition at 13, ¶ III.F.5.a.

part of the approval of the proposed Settlement, initiate a proceeding to consider whether to extend the CAP Policy Statement to regulated water and wastewater utilities.⁶⁷

The evaluation of customer assistance programs and future enhancements in the proposed Settlement represent a balanced approach that will allow the Commission, the Joint Petitioners, and other interested stakeholders to evaluate the water and wastewater burdens borne by PWSA's low income customers. Moreover, the proposed Settlement expressly reserves the parties' right to raise issues regarding implementation of a fixed payment PIPP, as well as issues of cost allocation related to PWSA's customer assistance programs and lead service line replacement programs, in subsequent rate filings.⁶⁸ Given this balanced approach to require PWSA to continually evaluate its programs and allow for future improvements to PWSA's low income programming, Pittsburgh UNITED asserts that the proposed Settlement with respect to the evaluation of customer assistance programs and future enhancements is in the public interest and should be approved.

6. Winter Shut Off Moratorium

In Paragraph III.F.6 of the proposed Settlement, PWSA is required to increase the income eligibility for its Winter Shut Off Moratorium from up to 250% FPL to up to 300% FPL, consistent with PWSA's proposal in its initial rate filings.⁶⁹ By requiring PWSA to increase the income threshold for the Winter Shut Off Moratorium, an increased number of at-need customers will be able to maintain critical water and wastewater services through the winter months. As such, Pittsburgh UNITED asserts that the improvements to the Winter Shut-Off Moratorium in the proposed Settlement are squarely within the public interest, and should be approved.

⁶⁷ Id. at ¶ III.F.5.c.

⁶⁸ Joint Petition at 13, ¶ III.F.5.b-c.

⁶⁹ Id. at ¶ III.F.6.

7. Customer Outreach and Conservation

Paragraph III.F.7 of the proposed Settlement requires PWSA to work with its PGH2o Cares team to focus on customers who are at or below 50% FPL and have higher than average consumption identified during the pre-bill editing process.⁷⁰ By initially focusing on customers at or below 50% FPL, PWSA hopes to increase enrollment in its customer assistance programs and to engage in conservation marketing, enrollment materials, and in home canvassing efforts.⁷¹ Paragraph III.F.7 also requires PWSA to work with its LIAAC regarding its planned outreach activities,⁷² and to work with stakeholders to improve outreach to hard-to-reach customers, including evaluating PWSA's current outreach and designing and implementing a revised outreach program for the BDP.⁷³ Pittsburgh UNITED asserts that the improvements and enhancements to PWSA's outreach related to its low income programming is squarely in the public interest, as it will increase awareness related to PWSA's low income programs, which are otherwise undersubscribed.

Paragraph III.F.7.c of the proposed Settlement further requires PWSA to file a petition for a proposed line repair and conservation program within one year after entry of the Commission's file order in this matter, with such Petition including a proposal for line repair for low income customers.⁷⁴ This proposed Settlement term appropriately balances the parties' interests, as the Petition will also address any cost recovery proposal related to the line repair and conservation program.⁷⁵ In developing its line repair and conservation plan, PWSA is required by the proposed

⁷⁰ Id. at ¶ III.F.7.a.

⁷¹ Id. at ¶ III.F.7.a.

⁷² Id. at ¶ III.F.7.a.

⁷³ Joint Petition at 13-14, ¶ III.F.7.b.

⁷⁴ Joint Petition at 14, ¶ III.F.7.c.iii.

⁷⁵ Id.

Settlement to share its progress with the LIAAC.⁷⁶ Additionally, the proposed Settlement requires PWSA to continue to investigate current barriers to working inside customers' homes in collaboration with the LIAAC, including issues related to cost recovery, the feasibility and costs of including elements such as lead detection, repair, and education, as well as conservation measures such as low flow showerheads, replacing leaking toilets and faucets with water-saving devices, installing faucet aerators, and repairing and replacing water service lines.⁷⁷

In her testimony, Ms. Wein recommended that PWSA develop a comprehensive conservation and line repair program which would be available to low income customers.⁷⁸ Given that low income customers most often lack discretionary income necessary to participate in rebate programs or to make improvements to increase their household water conservation,⁷⁹ a line repair and conservation program will help to ensure that low income customers have adequate access to crucial tools to reduce their overall usage and maintain access to service. Given that PWSA committed to develop a line repair and conservation program in its 2018 rate case proceeding but has failed to develop the program to date,⁸⁰ it is in the public interest to further memorialize PWSA's obligation to develop this program in the proposed Settlement. As such, Pittsburgh UNITED asserts that the proposed Settlement related to customer outreach and conservation is within the public interest, and should be approved.

⁷⁶ Id. at ¶ III.F.7.c.ii.

⁷⁷ Id. at ¶ III.F.7.c.i.

⁷⁸ UNITED St. 1 at 53.

⁷⁹ Id.

⁸⁰ Id. at 39: 3-13.

G. Customer Service Issues

Pittsburgh UNITED did not take a formal position as to Section III.G of the comprehensive proposed Settlement.

H. Quality of Service Issues

Pittsburgh UNITED did not take a formal position as to Section III.H of the comprehensive proposed Settlement.

I. Additional Terms and Conditions

Section IV of the Joint Petition sets forth several additional terms and conditions related to the proposed Settlement. In particular, Paragraph IV.13 makes clear that the proposed Settlement is conditioned upon the Commission's approval of the terms and conditions of the proposed Settlement without modification; and, in the event the Commission disapproves or modifies the proposed Settlement, parties reserve their right to withdraw from the proposed Settlement within 5 days of the Commission's Order.⁸¹ In turn, the additional terms and conditions to the proposed Settlement set forth certain obligations of the Joint Petitioners, such as requiring the Joint Petitioners to make a reasonable and good faith effort to obtain approval of the proposed Settlement⁸² and to waive the filing of Exceptions with issues addressed in the proposed Settlement if the Administrative Law Judges (ALJs) recommend that the Commission adopt the proposed Settlement without modification.⁸³ As such, the additional terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners, and

⁸¹ Joint Petition at 16, ¶ IV.13.

⁸² Id. at 17, ¶ IV.14.

⁸³ Id. at ¶ IV.15.

set forth additional rights and obligations of the Joint Petitioners in a fair and reasonable manner that is in the public interest, and should therefore be approved.


III. CONCLUSION

The Joint Petition was achieved by the Joint petitioners after an extensive investigation of PWSA's filing and its associated policies, practices, and conditions for the provisions of water and wastewater service. Pittsburgh UNITED asserts that the proposed Settlement is a reasonable resolution to a variety of complex issues, is in the public interest, and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues, at what would have been a substantial additional cost to the Joint Petitioners. Accordingly, and for the reasons stated above, Pittsburgh UNITED respectfully requests that the ALJs and the Commission approve the Settlement without modification.

Respectfully submitted,

PENNSYLVANIA UTILITY LAW PROJECT

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