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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF

DEBBIE M. LESTITIAN

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Response to PUC Direct Questions in the areas of:
Accident Reporting/Public Utility Preparedness
Cooperation Agreement with City of Pittsburgh
Capital Lease Agreement
Residency Requirement
Billing Arrangements with Allegheny County Sanitary
Authority and Pennsylvania American Water Company
Bulk Sales for Resale and Conveyance Agreements

*****Confidential Information Has Been Unmasked except
for Confidential Exhibit DML/C-3 Which Remains
Confidential*****

February 14, 2019

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DML/C-1	Draft-PWSA Costs Incurred on Behalf of City
DML/C-2	Draft-City Estimate of Costs Incurred for PWSA
DML/C-3	Map of Interconnections Between PWSA and Other Public Water Service Providers (Confidential)

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAMES AND POSITIONS FOR THE RECORD.**

3 A. My name is Debbie M. Lestitian. My positions with Pittsburgh Water and Sewer
4 Authority ("PWSA") are Chief Corporate Counsel and Chief of Administration.

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.**

6 A. I hold a Bachelor of Arts degree in Accounting from Washington & Jefferson College,
7 and a Juris Doctor degree from Duquesne University School of Law. I am also a
8 Certified Public Accountant.

9 **Q. PLEASE PROVIDE A SUMMARY OF YOUR RELEVANT EXPERIENCE.**

10 A. I have been at the Authority since February 2018. Prior to working at the Authority, I
11 served as Chief of Administration and Human Resources and Director of Human
12 Resources for the City of Pittsburgh from 2014 through 2018. Additionally, I was
13 appointed to the PWSA Board in April 2017 and was elected Chair of the Board at the
14 beginning of my appointment. Before my role at the City of Pittsburgh, I was Assistant
15 Treasurer at Carnegie Mellon University. Prior to Carnegie Mellon University, I spent
16 twenty years in legal and accounting consulting.

17 **Q. WHAT ARE YOUR VARIOUS JOB RESPONSIBILITIES WITH PWSA?**

18 A. In my present position, I am responsible for overseeing a variety of activities of the
19 Authority including providing advice concerning legal rights and obligations under
20 federal, state and local laws.

21 In summary, my roles and responsibilities include but are not limited to:

- 22 • Advising the Executive Director and the heads of all departments as to legal questions
23 affecting the Authority's interests;
24 • Supporting the Executive Director by acting in that role in his/her absence;

- 1 • Being responsible for working across all administrative departments to ensure that
- 2 effective and efficient processes are in place to support those departments;
- 3 • Mentoring and coaching administrative staff, delegating work effectively and holding
- 4 team members to a high standard of excellence;
- 5 • Improving processes and policies and managing administrative staff and long term
- 6 organizational planning;
- 7 • Representing the Authority in all legal matters and proceedings in which the Authority is
- 8 a party or interested, or in which any of its officers are officially interested;
- 9 • Representing the Authority in all collective bargaining, side-bar, and grievance matters;
- 10 • Developing strategies in preparation for litigation, arbitration, mediation, labor
- 11 negotiations, financing transactions and administrative agency proceedings;
- 12 • Researching legal issues and preparing legal memorandum and correspondence;
- 13 • Managing matters referred to outside counsel;
- 14 • Managing the preparation of contracts, leases and internal policies for all Authority
- 15 divisions;
- 16 • Assisting the Human Resources Department with internal investigations;
- 17 • Reviewing rules, policies, plans and forms prepared by other Authority personnel for
- 18 compliance with applicable laws;
- 19 • Preparing and/or reviewing documents for construction projects and for the purchase,
- 20 lease, or sale of goods, services and professional services including specifications, bid
- 21 documents, requests for proposals, and requests for qualifications, bonds, and contractual
- 22 documents; and
- 23 • Maintaining and developing knowledge about laws, regulations, and court decisions
- 24 affecting the Authority.

1 Q. HAVE YOU EVER PROVIDED TESTIMONY BEFORE THE PENNSYLVANIA
2 PUBLIC UTILITY COMMISSION ("COMMISSION" OR "PUC")?

3 A. Yes. On July 2, 2018, I submitted direct testimony in PWSA's first base rate proceeding
4 before the Commission at Docket Nos. R-2018-3002645 and R-2018-3002657. Also, on
5 October 26, 2018, I submitted rebuttal testimony, along with Jennifer Presutti, in that
6 proceeding. In addition, I have testified in other court proceedings.

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is to provide responses to the Commission's directed
9 questions relating to the following areas: (1) accident reporting; (2) completion of
10 physical security, cyber security, emergency response, and business continuity plans; (3)
11 PWSA's Cooperation Agreement with the City of Pittsburgh; (4) Capital Lease
12 Agreement; (5) residency requirement; (6) billing arrangement with the Allegheny
13 County Sanitary Authority ("ALCOSAN"); (7) billing arrangement with Pennsylvania
14 American Water Company ("PAWC"); (8) sales for resales of bulk water; and (9) bulk
15 wastewater conveyance agreements.

16 II. RESPONSES TO DIRECTED QUESTIONS

17 A. Accidents

18 Q. THE COMMISSION ASKED THE PARTIES TO DISCUSS PWSA'S EFFORTS
19 TO COMPLY WITH THE PROVISION IN THE REGULATIONS REGARDING
20 THE SUBMISSION OF A REPORT REGARDING REPORTABLE ACCIDENTS.
21 PLEASE DESCRIBE YOUR UNDERSTANDING OF THE COMMISSION'S
22 REGULATIONS.

23 A. Under the Commission's regulations, public utilities are required to submit a report
24 regarding each reportable accident involving the facilities or operations of the utility to
25 the Secretary of the Commission. Reportable accidents are those that result in the
26 following circumstances: death of a person; injury that requires immediate treatment at a
27 hospital emergency room or in-patient admittance to a hospital; occurrences of an

1 unusual nature that result in a prolonged and serious interruption of normal service; or
2 occurrences of an unusual nature that are a physical or cyber attack, including attempts at
3 cyber security measures, that cause an interruption of service or more than \$50,000 in
4 damages. A telephone report must be made immediately after the utility becomes aware
5 of the occurrence of a reportable accident involving a death, an injury requiring hospital
6 treatment or hospitalization or a physical or cyber attack. For other reportable accidents,
7 telephone reports must be made within 24 hours after the utility becomes aware of them.
8 Within 30 days of the occurrence of a reportable accident, a utility is required to submit a
9 written report made on Form UCTA-8.¹

10 **Q. PLEASE DESCRIBE THE STATUS OF PWSA'S COMPLIANCE WITH THESE**
11 **REPORTING REQUIREMENTS.**

12 A. As explained in the Compliance Plan, PWSA is actively working toward compliance with
13 these requirements and at that time was in the process of updating its Incident Policies
14 and Procedures, as well as further developing and documenting standard operating
15 procedures.² At that time, PWSA projected that it would be in compliance by July 2019.
16 Since then, PWSA has hired a safety manager, which enabled this process to be
17 completed more quickly. PWSA has updated its Incident Investigation Policies and
18 Procedures to ensure compliance with 52 Pa. Code § 65.2. Per the regulations, a
19 "reportable accident" involving a fatality will be made immediately after PWSA is made
20 aware of the accident. For reportable accidents not involving a fatality, a report by
21 telephone will be made within 24 hours after PWSA is made aware of the accident.
22 Written reports using Form UCTA-8 (redacted if necessary to not compromise or hinder

¹ 52 Pa. Code § 65.2.

² Compliance Plan at 50.

1 an active criminal investigation) will be made within 30 days of the occurrence of
2 reportable accident. In addition, PWSA has developed and documented its standard
3 operating procedures through the designation of its Director of Operations as the person
4 who is responsible for ensuring that telephone and written reports are completed as
5 required. As a result of these measures, PWSA believe that it is now in compliance with
6 the accident reporting requirements.

7 **Q. HAVE ANY REPORTABLE ACCIDENTS OCCURRED SINCE PWSA CAME**
8 **UNDER THE COMMISSION'S JURISDICTION ON APRIL 1, 2018?**

9 A. No.

10 ***B. Public Utility Preparedness through Self-Certification***

11 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S**
12 **REGULATIONS CONCERNING PUBLIC UTILITY PREPAREDNESS**
13 **THROUGH SELF-CERTIFICATION?**

14 A. My understanding of the Commission's regulations concerning public utility
15 preparedness through self-certification is that they require utilities to develop and
16 maintain appropriate written physical security, cyber security, emergency response and
17 business continuity plans to protect the Commonwealth's infrastructure and ensure safe,
18 continuous and reliable utility service. In addition, utilities are required to submit a Self-
19 Certification Form to the Commission documenting compliance with these regulations.³

20 **Q. DO THE REGULATIONS CONTEMPLATE REVIEW OF THE PLANS BY THE**
21 **COMMISSION?**

22 A. The Commission's regulations provide that the Commission may review a utility's cyber
23 security plan, physical security plan, emergency response plan and business continuity
24 plan.⁴

³ 52 Pa. Code §§ 101.1-101.7.

⁴ 52 Pa. Code § 101.6(b).

1 **Q. IS PWSA IN COMPLIANCE WITH THESE REGULATIONS?**

2 A. PWSA is working toward compliance with these regulations. As indicated in our
3 Compliance Plan, PWSA does not currently have a physical security plan, a cyber
4 security plan, an emergency response plan, or a business continuity plan that meets the
5 requirements of the Commission's regulations. However, PWSA has recently conducted
6 physical and cyber-security assessments and has an emergency response plan that is in
7 the process of being updated. Regarding the business continuity plan, PWSA has a plan
8 that contains elements of what the Commission requires, but it is not comprehensively
9 compiled in one place. Also, PWSA does not currently meet the reporting requirements
10 described in the regulations.⁵

11 **Q. WHEN DOES PWSA EXPECT TO BE IN COMPLIANCE WITH THESE**
12 **REQUIREMENTS?**

13 A. PWSA is in the process of developing a physical security plan and anticipates that it will
14 be complete by December 2019.⁶ Similarly, a cyber security assessment has been
15 completed within the last year, and PWSA is working with representatives of Homeland
16 Security and plans to hire a consultant to develop a cyber security plan. PWSA is also
17 actively pursuing the hiring of a new IT Director, who will help facilitate this plan. At
18 this time, the schedule for completion of a cyber security plan is not known.⁷ Updating
19 the emergency response plan to ensure compliance with Commission requirements, as
20 well as to incorporate feedback from the Allegheny County Health Department and the

⁵ Compliance Plan at 93-94.

⁶ PWSA has adjusted its original target of March 30, 2019, which was identified in the Compliance Plan, as a result of needing additional time beyond what was originally projected.

⁷ Although PWSA indicated its expectation to complete the cyber security plan by early 2019 in the Compliance Plan, the need to hire a consultant and a new IT Director have altered that projection. By the time Surrebuttal Testimony is submitted, PWSA expects to have a new target date.

1 Pennsylvania Department of Environmental Protection, is already underway, and is
2 anticipated to be complete by March 30, 2019. PWSA is also working to compile and
3 further develop the information required for inclusion in the business continuity plan by
4 June 30, 2019.⁸ PWSA plans to comply with the reporting requirement by filing a Self-
5 Certification Form by April 30, 2019. Of note, PWSA has earmarked funds in its budget
6 for these functions and expects to hire permanent staff to assist with ongoing efforts. I
7 should also point out that America's Water Infrastructure Act of 2018, which became
8 Public Law 115-270 on October 23, 2018, establishes a series of obligations for water
9 utilities in the areas of security and emergency response planning. Therefore, it will be
10 necessary for PWSA to coordinate its updates with the requirements imposed by the
11 Environmental Protection Agency pursuant to this new law.

12 **Q. THE COMMISSION ASKED THE PARTIES TO DISCUSS WHETHER PWSA**
13 **SHOULD CONSULT WITH COMMISSION STAFF REGARDING ITS**
14 **COMPLETED PLANS SIMILAR TO THE CONSULTATION DIRECTED BY**
15 **THE COMMISSION OF ANOTHER UTILITY IN 2016. HAVE YOU**
16 **REVIEWED THE COMMISSION'S DIRECTIVE IN THE PROCEEDING**
17 **INVOLVING ANOTHER UTILITY?**

18 **A.** Yes. In an order approving the sale of stock of Pike County Light and Power Company,
19 the Commission directed that the utility meet with the supervisor of the Commission's
20 Reliability and Emergency Preparedness Section of the Bureau of Technical Utility
21 Services to review the emergency plans.⁹

22 **Q. WHAT IS PWSA'S POSITION ON THIS ISSUE?**

⁸ PWSA originally targeted March 30, 2019 for completion of the business continuity plan. However, this plan will need to be developed in conjunction with the hiring of an IT Director, which is the reason for an adjustment in this projection.

⁹ *Joint Application of Pike County Light and Power Company, Buyer Corning Natural Gas Holding Corporation and Seller Orange and Rockland Utilities, Inc. for a Certificate of Public Convenience Approving the Transfer by Sale of 100% of the Stock of Pike County Light and Power Company from Seller Orange and Rockland Utilities, Inc. to Buyer Corning Natural Gas Holding Corporation*, Docket No. A-2015-2517036, et al. (Order entered August 11, 2016), Ordering Paragraph 20.

1 A. PWSA is willing to meet with the supervisor and staff of the Commission's Reliability
2 and Emergency Preparedness Section of the Bureau of Technical Utility Services to
3 review its completed emergency plans. In fact, PWSA welcomes the input and expertise
4 of the Commission staff in the development of its physical security, cyber security,
5 emergency response, and business continuity plans that meet the requirements of Chapter
6 101 of the Commission's regulations.

7 **C. PWSA's Services Contract with the City of Pittsburgh (Cooperation Agreement)**

8 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S SERVICES CONTRACT WITH THE**
9 **CITY OF PITTSBURGH OR THE COOPERATION AGREEMENT.**

10 A. Attached to PWSA's Compliance Plan as Appendix B, the Cooperation Agreement is an
11 agreement between the City of Pittsburgh ("City") and PWSA, which was effective
12 January 1, 1995, under which the City provides certain ongoing services to the Authority,
13 for which the Authority compensates the City. The Cooperation Agreement was
14 amended on March 21, 2011.

15 **Q. WHAT IS THE CURRENT STATUS OF THE COOPERATION AGREEMENT?**

16 A. PWSA is committed to working with the City to develop a modern Cooperation
17 Agreement that is fair to the City, its taxpayers, PWSA and its ratepayers. To that end,
18 PWSA is negotiating with the City to revise the Cooperation Agreement so that the
19 annual payments reflect actual services being provided and the fair market value of those
20 services. Although negotiations are continuing, PWSA – with unanimous Board
21 approval – has given the City notice as of February 4, 2019 that it is terminating the
22 Cooperation Agreement in 90 days, or effective on May 5, 2019. PWSA hopes to have a
23 new agreement in place by then. The revised agreement is expected to require the City to
24 provide periodic invoices detailing the services provided to PWSA and the fees for each

1 service. It is also anticipated that the revised agreement will address public fire
2 protection.¹⁰

3 **Q. IF PWSA IS NOT SUCCESSFUL IN NEGOTIATING A NEW AGREEMENT BY**
4 **MAY 5, 2019, WHAT WILL HAPPEN?**

5 A. If PWSA is not successful in negotiating a new agreement, it will continue the
6 negotiations and will interact with the City at arms-length on a transactional basis. Under
7 this approach, PWSA will invoice the City for services on the basis of the fair market
8 value and will pay invoices received from the City on the same basis.

9 **Q. WHAT DOES PWSA PLAN TO DO ONCE A REVISED AGREEMENT IS**
10 **NEGOTIATED?**

11 A. Once a revised Cooperation Agreement is negotiated with the City, PWSA plans to file it
12 with the Commission under Section 507 of the Public Utility Code.¹¹

13 **Q. WHAT ARE PWSA'S PLANS IF THE COOPERATION AGREEMENT CANNOT**
14 **BE SUCCESSFULLY NEGOTIATED WITH THE CITY?**

15 A. If the Cooperation Agreement cannot be successfully negotiated with the City, PWSA
16 will continue to provide services to the City at arms-length on a transactional basis,
17 invoicing for these services at fair market value and paying invoices received from the
18 City. PWSA will further propose that the Commission initiate an investigation to
19 determine the services actually received and provided by PWSA and the associated cost.
20 Once the Commission determines the services provided by PWSA to the City and the
21 associated cost, as well as the services received by PWSA from the City and the
22 associated cost, the Commission should consider utilizing its power under Section 508 of

¹⁰ Compliance Plan at 106-107.

¹¹ 66 Pa.C.S. § 507.

the Public Utility Code to vary or reform the Cooperation Agreement so that it reflects just and reasonable payments.¹²

Q. THE COMMISSION HAS INDICATED THAT THE PARTIES SHOULD DISCUSS THOSE SERVICES AND RELATED COSTS THAT PWSA CAN IDENTIFY AND QUANTIFY AND THE BASIS FOR THOSE COSTS, E.G., MARKET, COST PLUS, OR OTHER METHOD. PLEASE DESCRIBE PWSA'S ABILITY TO SO IDENTIFY AND QUANTIFY THOSE SERVICES AND COSTS.

A. PWSA estimates that the cost of the services it provides to the City total almost \$20 million on an annual basis, which reflects actual or market costs. The City estimates that the cost of the services it provides to PWSA total approximately \$13 million. These cost categories, along with current estimates of costs, are shown in Tables 1 and 2 below. Draft documents, which are being used by PWSA and the City in negotiations and include supporting details for these estimated costs, are attached to my testimony as Confidential Exhibits DML/C-1 and DML/C-2.

Table 1 – PWSA Services Provided to City

Item	Amount (\$)
Subsidy and hydrant costs	5,740,155.00
COP water and wastewater costs	5,172,699.00
Saw Mill Run costs	1,211,499.00
Miscellaneous costs	7,224,127.00
Total	19,348,480.00

Table 2 – City Services Provided to PWSA

Item	Amount (\$)
Office of Management and Budget	4,606,068.90
Department of Public Works	4,722,317.30
Public Safety	TBD
Department of Mobility and Infrastructure	3,708,682.00
Total	13,037,068.20

¹² 66 Pa.C.S. § 508.

1
2 **Q. THE COMMISSION HAS ALSO ASKED WHETHER PWSA CAN IDENTIFY**
3 **ALL CATEGORIES OF COSTS ASSOCIATED WITH THE COOPERATION**
4 **AGREEMENT. PLEASE RESPOND.**

5 A. As noted above, PWSA has identified all categories of costs associated with the
6 Cooperation Agreement.

7 **Q. ANOTHER QUESTION POSED BY THE COMMISSION IS WHETHER PWSA**
8 **RECEIVES ANY SERVICES FROM THE CITY OF PITTSBURGH AT NO**
9 **COST. PLEASE RESPOND.**

10 A. The services that PWSA receives from the City are aggregated and PWSA pays a lump
11 sum for these services. As a result, PWSA does not know which services are being
12 received at no cost. Further, PWSA is not aware whether it is paying for certain services
13 that should be provided at no cost, such as police services when hydrants break.
14 However, as part of the lump sum payment, PWSA is receiving valuable services from
15 the City, such as pension services, fleet maintenance, vehicle fuel and permitting, which
16 represent legitimate costs for PWSA to pay.

17 **Q. THE COMMISSION FURTHER DIRECTED THE PARTIES TO DISCUSS THE**
18 **POTENTIAL FOR PWSA TO TERMINATE THE COOPERATION**
19 **AGREEMENT WITH THE CITY, OR OTHERWISE ALLOW THE**
20 **AGREEMENT TO LAPSE, IN FAVOR OF MARKET-BASED PROCUREMENT**
21 **PRACTICES. PLEASE DISCUSS.**

22 A. As reflected by the fact that PWSA terminated the agreement by notice to the City on
23 February 4, 2019, it is PWSA's position that it may terminate the Cooperation Agreement
24 on 90 days' notice.

25 **Q. THE COMMISSION ALSO ASKED WHETHER THE COOPERATION**
26 **AGREEMENT, OR ANY OTHER AGREEMENT, PROVIDES THE CITY WITH**
27 **FREE OR DISCOUNTED WASTEWATER SERVICE, STORMWATER**
28 **SERVICE, OR OTHERWISE RESTRICTS THE APPLICATION OF NON-**
29 **CONSUMPTION FIXED CHARGES FOR WATER SERVICE. PLEASE**
30 **RESPOND.**

1 A. In addition to water service, PWSA also provides free storm water repairs in combined
2 systems, implements City-Wide Green First infrastructure programs, and supports
3 development of programs sponsored by the Urban Redevelopment Authority. Also, even
4 though wastewater bills are not sent to some properties, PWSA still pays ALCOSAN. As
5 to whether any agreement restricts PWSA from assessing a non-consumption fixed
6 charge for water service, no language in the Cooperation Agreement or any other
7 agreement expressly prohibits imposing a customer charge on the City. To date, PWSA
8 has followed the practice of not imposing any charge on the City related to the provision
9 of water service.

10 **Q. THE COMMISSION FURTHER INSTRUCTED PARTIES TO DISCUSS THE**
11 **EXTENT TO WHICH THE PUBLIC UTILITY CODE OVERRIDES THE**
12 **BINDING ARBITRATION PROVISIONS OF THE COOPERATION**
13 **AGREEMENT. PLEASE DISCUSS.**

14 A. Due to the Commission's authority under Section 508¹³ to vary, reform and revise
15 contracts between a public utility and another entity, it appears that the Commission has
16 the power to eliminate the binding arbitration provisions of the Cooperation Agreement.

17 **Q. HOW DO YOU RESPOND TO THE COMMISSION'S QUESTIONS ABOUT**
18 **WHETHER IT MAY EXERCISE JURISDICTION UNDER SECTION 508 OF**
19 **THE PUBLIC UTILITY CODE TO REVISE THE COOPERATION**
20 **AGREEMENT AND THE MOST APPROPRIATE PROCEDURAL VEHICLE**
21 **FOR ANY SUCH REVISION?**

22 A. PWSA views Section 508¹⁴ as authorizing the Commission to vary, reform and revise the
23 Cooperation Agreement. As to a procedural vehicle, if PWSA is unable to renegotiate a
24 more modern and fair agreement, PWSA proposes that the Commission initiate an
25 investigation to pursue necessary modifications.
26

¹³ 66 Pa.C.S. § 508.

¹⁴ 66 Pa.C.S. § 508.

1 **D. Capital Lease Agreement with City of Pittsburgh**

2 **Q. PLEASE BRIEFLY DESCRIBE THE CAPITAL LEASE AGREEMENT WITH**
3 **THE CITY OF PITTSBURGH.**

4 A. The Capital Lease Agreement is a 30-year lease with the City of Pittsburgh, which was
5 created as a mechanism for the City to draw equity invested in the water and wastewater
6 assets to cover budget shortfalls. PWSA has the option to acquire the City's assets upon
7 termination of the lease in 2025. The Capital Lease Agreement provides PWSA with the
8 option to purchase the system for one dollar in 2025. It further stipulates minimum lease
9 payments, all of which were satisfied during the initial three years of the lease.

10 **Q. DOES THE CAPITAL LEASE AGREEMENT PRESENT ANY COMPLIANCE**
11 **ISSUES?**

12 A. No. PWSA intends to purchase the system for one dollar when eligible in 2025 or
13 renegotiate a new arrangement with the City, allowing PWSA to acquire the assets
14 sooner. Any revised lease agreement with the City will be filed with the Commission
15 pursuant to Section 507 of the Public Utility Code.¹⁵

16 **Q. THE COMMISSION DIRECTED THE PARTIES TO DISCUSS WHETHER**
17 **PWSA HAS PROVIDED THE CITY OF PITTSBURGH WITH EQUIVALENT**
18 **COMPENSATION FOR THE VALUE OF PWSA SINCE THE INCEPTION OF**
19 **THE CAPITAL LEASE AGREEMENT. PLEASE DISCUSS.**

20 A. PWSA has provided the City with equivalent compensation for the value of PWSA since
21 the inception of the Capital Lease Agreement. Specifically, in the first year, PWSA paid
22 \$103 million and estimates that it has provided equivalent services in the amount of \$554
23 million over the course of the agreement.

24 **Q. THE COMMISSION ALSO ADVISED THE PARTIES TO DISCUSS WHETHER**
25 **THE CITY'S ACCEPTANCE OF THAT CONSIDERATION/COMPENSATION**
26 **BINDS THE CITY TO THE \$1 TRANSFER IF PWSA SEEKS TO EXERCISE**
27 **THAT OPTION. PLEASE DISCUSS.**

¹⁵ 66 Pa.C.S. § 507.

1 A. It is PWSA's position that the City's acceptance of that consideration or compensation
2 binds the City to the \$1 transfer if PWSA seeks to exercise that option.

3 ***E. Residency Requirement***

4 **Q. NOTING THAT THE COMPLIANCE PLAN IS SILENT WITH RESPECT TO**
5 **RESIDENCY REQUIREMENTS, THE COMMISSION DIRECTED THE**
6 **PARTIES TO DISCUSS WHETHER ANY RESIDENCY REQUIREMENTS**
7 **APPLY TO PWSA EMPLOYEES OR TO APPLICANTS FOR EMPLOYMENT**
8 **WITH PWSA. PLEASE DISCUSS.**

9 A. Following the City of Pittsburgh's Home Rule Charter, which contains a requirement for
10 persons employed by the City to live in the City (except for police officers who have
11 been exempted by the Supreme Court of Pennsylvania), the PWSA Board has adopted a
12 domicile policy requiring PWSA employees to reside in the City of Pittsburgh. The
13 policy applies to all employees except those specifically exempted from the domicile
14 requirements by the PWSA's Executive Committee.

15 **Q. THE COMMISSION ALSO DIRECTED THE PARTIES TO DISCUSS HOW ANY**
16 **SUCH RESIDENCY REQUIREMENTS FOR EMPLOYMENT ARE**
17 **CONSISTENT WITH PWSA'S SAFETY AND RELIABILITY OBLIGATIONS**
18 **UNDER THE PUBLIC UTILITY CODE AND ITS DIVERSITY OBLIGATIONS**
19 **UNDER THE COMMISSION'S POLICY STATEMENT. PLEASE IDENTIFY**
20 **PWSA'S OBLIGATIONS REFERENCED BY THE COMMISSION.**

21 A. First, with respect to safety and reliability obligations, it is my understanding that Section
22 1501 of the Public Utility Code obligates public utilities to furnish and maintain
23 adequate, efficient, safe and reasonable service and facilities and to make repairs and
24 improvements that are necessary or proper for the accommodation, convenience and
25 safety of its patrons, employees and the public. Further, such service is required to be
26 reasonably continuous and without unreasonable interruptions or delay.¹⁶

¹⁶ 66 Pa.C.S. § 1501.

1 Second, I am aware of the Commission's Policy Statement addressing Diversity at
2 Major Jurisdictional Utility Companies.¹⁷ Under that Policy Statement, the Commission
3 *encourages major public utilities to incorporate diversity in their business strategy in*
4 connection with the procurement of goods and services. These efforts may include: (i)
5 the articulation of a corporate policy by the senior executives committing the utility to
6 improving its level of diversity in the workplace and within its procurement process; (ii)
7 the development and implementation of a corporate-wide diversity program with
8 specified goals and objectives for each year; (iii) the appointment of utility managers to
9 be responsible for the success of the program; (iv) the training of managers regarding
10 implementing diversity initiatives in the areas of employment and contracting for goods
11 and services; and (v) the location of qualified minority/women/persons with disabilities-
12 owned business contractors and mentoring, partnering an training qualified
13 women/minority/persons with disabilities-owned businesses contractors to serve the
14 utility's needs. In addition, major public utilities are encouraged to file an annual report
15 with the Commission by March 1 of each year describing their diversity program activity
16 for the prior year.

17 **Q. DO THE CURRENT DOMICILE REQUIREMENTS MAKE IT CHALLENGING**
18 **TO MEET THESE OBLIGATIONS?**

19 **A.** Yes. PWSA's current domicile requirements make it challenging to meet these
20 obligations. While PWSA has many dedicated and qualified staff members and takes
21 efforts to train new staff in the necessary areas of expertise, the domicile requirements
22 restrict PWSA's ability to attract and retain capable and talented individuals with the
23 necessary skills, as well as PWSA's ability to fulfill diversity goals. An important reason

¹⁷ 66 Pa. Code §§ 69.801-69.809.

1 that the domicile requirement is problematic is that only 300,000 people live in the City,
2 compared to 2.36 million people in the Pittsburgh metropolitan area. This means that
3 PWSA only has access to less than 16 percent of this population, unless the individuals
4 are willing to relocate to the City, which presents its own challenges, especially for
5 families with school-age children.

6 The lack of qualified water treatment operators, plumbers, laboratory staff, project
7 managers, welders, electricians and mechanics has required PWSA to engage consultants
8 and operating staff who work full time as contracted workers. In addition, PWSA
9 engages specialty contractors to address everyday maintenance and operational needs.
10 These contractors comprise more than 10% of PWSA and are engaged to work with
11 PWSA staff at a 150% to 200% cost premium. The cost premium has added more than
12 \$2 million per year just to PWSA's annual non-unionized workforce cost. Also, the
13 contractors become familiar with PWSA's operations and are then unable to become
14 employees unless the Board's Executive Committee approves an exemption. The
15 domicile limitations make it particularly difficult for PWSA to have redundancy among
16 its staff. PWSA is working to stabilize its workforce through hiring of permanent
17 workers in every position.

18 **F. Billing Arrangement with the Allegheny County Sanitary Authority**

19 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BILLING ARRANGEMENT WITH**
20 **ALCOSAN.**

21 **A.** ALCOSAN bills each PWSA wastewater conveyance customer a charge for wastewater
22 treatment; this charge is passed through to customers on PWSA's monthly bill. In May
23 2004, PWSA started directly billing City residents for current and delinquent ALCOSAN
24 wastewater treatment charges and remitting to ALCOSAN the aggregate amount of

1 service charges billed. This was done by way of a 2004 amendment to the 1995
2 Agreement between the City and ALCOSAN.

3 **Q. DOES THIS ARRANGEMENT PRESENT ANY COMPLIANCE ISSUES?**

4 A. Yes. PWSA is concerned that because ALCOSAN's customers are not paying the cost of
5 uncollected revenue or all billing costs, they are not paying the full cost of wastewater
6 treatment. While PWSA is under a contractual obligation to continue the billing
7 relationship with ALCOSAN, it is in the process of determining a reasonable
8 methodology to recover the full cost of wastewater treatment.¹⁸

9 **Q. WHAT IS PWSA PROPOSING IN THIS PROCEEDING?**

10 A. In its Compliance Plan, PWSA is proposing the addition of a surcharge to be included
11 with the ALCOSAN portion of the charges billed to PWSA customers. This surcharge
12 would reflect billing costs not already collected and uncollected revenue costs. If
13 approved, the surcharge would be part of PWSA's next wastewater base rate case. Also,
14 any revised agreement with ALCOSAN would need to be filed with the Commission
15 pursuant to Section 507 of the Public Utility Code.¹⁹

16 **Q. IN CONNECTION WITH THIS PROPOSAL, THE COMMISSION POSED A**
17 **SERIES OF QUESTIONS THAT SHOULD BE DISCUSSED BY THE PARTIES**
18 **IN THIS PROCEEDING. THE FIRST QUESTION IS WHY PWSA IS**
19 **RESPONSIBLE FOR ALCOSAN RECEIVABLES IF IT MERELY SERVES AS**
20 **AN ALCOSAN BILLING AGENT. PLEASE RESPOND.**

21 A. Under the contract with ALCOSAN, PWSA is responsible for the ALCOSAN
22 receivables.

23 **Q. THE COMMISSION ALSO DIRECTED THE PARTIES TO DISCUSS WHETHER AND**
24 **WHY IT IS REASONABLE FOR PWSA TO PURCHASE ALCOSAN RECEIVABLES**
25 **AT 100% OF THE OUTSTANDING BALANCE. PLEASE DISCUSS.**

¹⁸ Compliance Plan at 111-112.

¹⁹ 66 Pa.C.S. § 507.

1 A. The purchase of ALCOSAN receivables at 100% of the outstanding balance is a
2 requirement of the contract.

3 **Q. THE COMMISSION FURTHER STATED THAT THE PARTIES SHOULD**
4 **DISCUSS WHETHER DISPUTED ALCOSAN CHARGES SHOULD BE RE-**
5 **COURSED TO ALCOSAN BECAUSE SERVICES PROVIDED BY ALCOSAN**
6 **MAY BE NON-JURISDICTIONAL. PLEASE DISCUSS.**

7 A. The contract does not contain language allowing disputed ALCOSAN charges to be re-
8 coursed to ALCOSAN.

9 **Q. THE COMMISSION'S NEXT QUESTION RELATED TO ALCOSAN BILLING**
10 **IS WHETHER PWSA MAY TERMINATE A CUSTOMER BECAUSE THE**
11 **CUSTOMER FAILED TO PAY WHAT MAY BE A NON-JURISDICTIONAL**
12 **CHARGE. PLEASE RESPOND.**

13 A. PWSA does not terminate a customer for failure to pay ALCOSAN charges.

14 **Q. IN ADDITION, THE COMMISSION DIRECTED THE PARTIES TO DISCUSS**
15 **WHETHER THE COMMISSION HAS THE AUTHORITY TO REVISE THE**
16 **PWSA CONTRACT WITH ALCOSAN PURSUANT TO 53 P.S. §§ 3102.501-**
17 **3102.507, 66 PA.C.S. § 508 OR ANY OTHER APPLICABLE STATUTE. PLEASE**
18 **DISCUSS.**

19 A. It is PWSA's view that the Commission has authority under these statutes to vary, reform
20 and revise its contract with ALCOSAN.

21 **G. Billing Arrangement with Pennsylvania-American Water Company**

22 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BILLING ARRANGEMENT WITH**
23 **PAWC.**

24 A. The City of Pittsburgh entered into an arrangement with PAWC in 1973 whereby the City
25 pays a rate subsidy directly to PAWC that offsets PAWC's water rates for about 27,000
26 of PWSA's sewer only customers. The subsidy limits water charges for City residents
27 served by PAWC, so that their out-of-pocket rates match PWSA prices. The Cooperation
28 Agreement requires PWSA to reimburse the City for this expense. In practice, PWSA
29 pays the rate subsidy directly to PAWC.

30 **Q. DOES THIS BILLING ARRANGEMENT RAISE ANY COMPLIANCE ISSUES?**

1 A. Yes. Section 1301 of the Public Utility Code requires rates to be just and reasonable.²⁰

2 Through their rates, PWSA's water customers are currently subsidizing a specific set of
3 PWSA wastewater customers who receive water service from PAWC. In my view, this
4 portion of PWSA's water rates is not reasonably related to the provision of water service
5 to its customers.

6 **Q. HOW DOES PWSA PROPOSE TO ADDRESS THIS ISSUE?**

7 A. In the Compliance Plan, PWSA proposes to eliminate the subsidy in the next base rate
8 case.²¹ Depending on the level of the next rate increase, the subsidy may be
9 automatically eliminated due to the lack of any gap existing between PWSA rates and
10 PAWC rates.

11 **Q. REGARDING THIS SUBSIDY, THE COMMISSION DIRECTED THE PARTIES**
12 **TO DISCUSS THE FEASIBILITY OF SETTING A DATE CERTAIN BY WHICH**
13 **IT SHALL BE ELIMINATED OR PHASED OUT. PLEASE DISCUSS.**

14 A. PWSA does not believe it is possible to establish a date certain by which the subsidy to
15 PAWC customers will be eliminated or phased out. In large part, this answer depends on
16 the timing of the next base rate case, as well as the level of increase that is approved by
17 the Commission. To the extent a subsidy remains in effect at that time, it will be
18 addressed as part of the Cooperation Agreement.

19 **H. Bulk Water: Sales For Resale**

20 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S SALES FOR RESALE ACTIVITIES.**

21 A. PWSA has contracts for the sale of bulk water to other water utilities or public
22 authorities. Part I, Section I (Sales for Resale) of the Proposed Water Tariff applies to
23 these sales. Generally speaking, that schedule authorizes negotiated rates and terms.

²⁰ 66 Pa.C.S. § 1301.

²¹ Compliance Plan at 113.

1 **Q. DO THESE CONTRACTS RAISE ANY COMPLIANCE ISSUES?**

2 A. Possibly, due to the requirement that rates be just and reasonable. To the extent
3 necessary, PWSA proposes to deal with these sales for resale agreements in the next
4 water base rate case and to file new or revised agreements with the Commission under
5 Section 507 of the Public Utility Code.²²

6 **Q. REGARDING PWSA COMPLIANCE WITH SECTION 507 OF THE PUBLIC**
7 **UTILITY CODE, THE COMMISSION DIRECTED THE PARTIES TO DISCUSS**
8 **A NUMBER OF QUESTIONS. THE FIRST QUESTION IS WHY PWSA**
9 **SHOULD NOT IMMEDIATELY FILE WITH THE COMMISSION COPIES OF**
10 **ITS CURRENT CONTRACTS AND/OR AGREEMENTS FOR THE SALE OF**
11 **WATER TO OTHER WATER UTILITIES OR PUBLIC AUTHORITIES**
12 **PURSUANT TO 66 PA.C.S. §§ 505 AND 507. PLEASE RESPOND.**

13 A. PWSA does not believe it is necessary to file wholesale contracts with the Commission.
14 Nonetheless, PWSA is reviewing this issue. It is important to note that current rates have
15 been negotiated. In the next rate case, PWSA will determine the costs of service so as to
16 identify which contracts it should seek to renegotiate. Also, I note that on February 4,
17 2019, PWSA filed a bulk emergency water sales contract with the Commission that was
18 executed on January 28, 2019 between PWSA and the Hampton Shaler Water
19 Authority.²³ PWSA filed this contract because its tariff contains no “emergency water”
20 provision.

21 **Q. THE COMMISSION ALSO DIRECTED THE PARTIES TO DISCUSS**
22 **WHETHER SUCH UNFILED AGREEMENTS ARE VALID UNDER THE**
23 **PUBLIC UTILITY CODE. PLEASE RESPOND.**

24 A. PWSA believes that agreements that were entered into prior to April 1, 2018 continue to
25 be valid even if they have not been filed since Section 507 of the Public Utility Code is
26 not applicable to them. This is particularly true since the agreements relate to sales for

²² 66 Pa.C.S. § 507. Compliance Plan at 123.

²³ Docket No. U-2019-3007634.

1 resale. However, PWSA will consider and respond to the views of other parties
2 regarding this issue.

3 **Q. FURTHER, THE COMMISSION INQUIRED WHETHER EACH CONTRACT**
4 **AND/OR AGREEMENT ADHERES TO PWSA'S TARIFF. PLEASE RESPOND.**

5 A. As PWSA's tariff was approved by Motion adopted by the Commission on February 7,
6 2019,²⁴ and the issuance of a Commission Order is pending, PWSA is still evaluating
7 whether each contract adheres to its tariff.

8 **Q. WITHIN THIS SERIES OF QUESTIONS, THE COMMISSION ASKED**
9 **WHETHER PWSA MAINTAINS A MAP OF ALL INTERCONNECTION**
10 **POINTS BETWEEN ITS DISTRIBUTION SYSTEM AND OTHER PUBLIC**
11 **WATER SERVICE PROVIDERS. PLEASE RESPOND.**

12 A. Yes. PWSA maintains a map of all interconnection points between its distribution
13 system and other public water service providers. The map is provided as DML/C-3.

14 **Q. THE COMMISSION ALSO POSED A QUESTION ABOUT WHETHER EACH**
15 **INTERCONNECTION IS SUBJECT TO EMERGENCY USE ONLY OR IF IT IS**
16 **USED TO PROVIDE BULK WATER SALES. PLEASE RESPOND.**

17 A. All of the interconnections are for emergency use. Two of the interconnections, Fox
18 Chapel and Aspinwall, are used for bulk sales. The remaining connections, Hampden,
19 Shaler and Westview, are for emergency use only.

20 **Q. ADDITIONALLY, THE COMMISSION ASKED WHETHER EACH**
21 **INTERCONNECTION IS METERED. PLEASE RESPOND.**

22 A. Yes. Each interconnection between PWSA's distribution system and other public water
23 service providers is metered.

24 **Q. THE COMMISSION FURTHER DIRECTED THE PARTIES TO DISCUSS**
25 **WHETHER THERE ARE ANY ISSUES RELATED TO THE ESTIMATED**
26 **WATER LOSS PROVISION OF THE PITTSBURGH & MUNICIPAL**
27 **AUTHORITY OF THE BOROUGH OF WEST VIEW 1979 AGREEMENT.**
28 **PLEASE DISCUSS.**

²⁴ Docket No. R-2018-3002645.

1 A. The 1979 agreement between the City of Pittsburgh and the Municipal Authority of the
2 Borough of West View (“Municipal Authority”) contains a provision requiring the
3 Municipal Authority to pay for any water loss due to any cause that may occur between
4 the connection to the City’s water main and the meter at the Municipal Authority’s pump
5 station building. Further, the agreement provides that the loss shall be determined by
6 engineering calculations. PWSA sees no issues with this estimated water loss provision,
7 which was part of an arms-length negotiation that occurred 40 years ago. At that time,
8 the Municipal Authority, as the purchaser under the resale contract, agreed to bear the
9 risk of any and all loss on the line used to deliver water to it. Absent this provision,
10 PWSA’s ratepayers would bear the risk and costs of such loss.

11 ***I. Bulk Wastewater Conveyance Agreements***

12 **Q. PLEASE BRIEFLY DESCRIBE PWSA’S BULK WASTEWATER**
13 **CONVEYANCE AGREEMENTS.**

14 A. PWSA has contracts for the conveyance of wastewater from other wastewater utilities or
15 public authorities through PWSA’s wastewater conveyance system to ALCOSAN’s
16 system. Part I, Section B (Bulk Water Conveyance) of the Proposed Wastewater Tariff
17 applies to all bulk wastewater conveyance for other wastewater utilities or public
18 authorities. Generally speaking, the rate schedule authorizes negotiated rates and terms.

19 **Q. DO THESE CONTRACTS RAISE ANY COMPLIANCE ISSUES?**

20 A. Possibly, due to the requirement that rates be just and reasonable. To the extent
21 necessary, PWSA proposes to deal with these bulk wastewater conveyance agreements in
22 the next wastewater base rate case and to file new or revised agreements with the
23 Commission under Section 507 of the Public Utility Code.²⁵

²⁵ 66 Pa.C.S. § 507.

1 **Q. THE COMMISSION DIRECTED THE PARTIES TO DISCUSS A SERIES OF**
2 **QUESTIONS RELATED TO THESE BULK WASTEWATER CONVEYANCE**
3 **AGREEMENTS. THE FIRST QUESTION IS WHETHER PWSA IS REQUIRED**
4 **TO FILE WITH THE COMMISSION COPIES OF ITS CURRENT CONTRACTS**
5 **AND/OR AGREEMENTS FOR WASTEWATER CONVEYANCE WITH OTHER**
6 **UTILITIES, MUNICIPALITIES, OR PUBLIC AUTHORITIES, PURSUANT TO**
7 **66 PA.C.S. §§ 505 AND 507. PLEASE RESPOND.**

8 A. PWSA has bulkwater conveyance agreements with municipalities and public authorities.

9 It is PWSA's position that agreements entered into prior to April 1, 2018 are not required
10 to be filed with the Commission.

11 **Q. THE COMMISSION FURTHER STATED THAT THE PARTIES SHOULD**
12 **DISCUSS WHETHER THE TERMS OF ANY EXISTING BULK WASTEWATER**
13 **CONVEYANCE AGREEMENTS HAVE THE EFFECT OF CAUSING PWSA TO**
14 **PROVIDE WASTEWATER CONVEYANCE AT A FINANCIAL LOSS. PLEASE**
15 **ADDRESS.**

16 A. While some of the existing bulk wastewater conveyance agreements include cost sharing
17 percentages for the repair and replacement of sewer main lines, some do not include
18 charges that the municipalities are required to pay PWSA for conveyance and/or system
19 repairs.

20 **Q. ANOTHER QUESTION POSED BY THE COMMISSION RELATES TO THE**
21 **COST STRUCTURE AND STANDARDS BY WHICH FUTURE BULK**
22 **WASTEWATER CONVEYANCE AGREEMENTS WILL BE EXAMINED TO**
23 **DETERMINE AN APPROPRIATE INCREMENTAL SYSTEM**
24 **CONTRIBUTION. PLEASE DISCUSS.**

25 A. PWSA believes that cost of service should be the basis for determining an appropriate
26 incremental system contribution.

27 **Q. THE COMMISSION ALSO DIRECTED THE PARTIES TO DISCUSS**
28 **WHETHER SYSTEMS THAT UTILIZE PWSA WASTEWATER CONVEYANCE**
29 **INFRASTRUCTURE SHOULD BE REQUIRED TO CONTRIBUTE TO THE**
30 **INTEGRITY OF THAT INFRASTRUCTURE. PLEASE DISCUSS.**

31 A. PWSA believes that systems utilizing its wastewater conveyance infrastructure should be
32 required to contribute to its integrity. However, current contractual obligations supersede
33 PWSA's desire to receive these contributions.

1 **Q. THE COMMISSION FURTHER INQUIRED AS TO WHETHER PWSA**
2 **INTENDS TO BE FINANCIALLY RESPONSIBLE LONG-TERM FOR BOTH**
3 **CONVEYANCE AND TREATMENT COSTS FOR BULK WASTEWATER**
4 **CUSTOMERS. PLEASE RESPOND.**

5 A. No. It is PWSA's expectation that eventually costs will be properly reflected in rates or
6 the obligations will be transferred to ALCOSAN.

7 **Q. IN ADDITION, THE COMMISSION DIRECTED THE PARTIES TO DISCUSS**
8 **WHETHER THE PROVISIONS OF THE PWSA O'HARA TOWNSHIP 1991**
9 **SHUT-OFF AGREEMENT ARE CONSISTENT WITH THE TERMINATION**
10 **PROCEDURES IN 53 P.S. §§ 3102.501-3102.507. PLEASE ADDRESS.**

11 A. The O'Hara Township 1991 Shut-off Agreement is an agreement between PWSA and
12 O'Hara Township whereby PWSA agreed to shut off water service if an O'Hara
13 Township resident fails to pay for wastewater conveyance service supplied by the
14 Township. This arrangement is specifically authorized by the Municipality Authorities
15 Act ("MAA"), 53 P.S. §§ 3102.502. As far as PWSA is aware, this arrangement is
16 compliant with all other provisions of the MAA.

17 **Q. FINALLY, THE COMMISSION ASKED THE PARTIES TO DISCUSS THE**
18 **SCOPE, POTENTIAL RATE EFFECT, AND STATUS OF ANY EXISTING,**
19 **PROPOSED OR CONTEMPLATED AGREEMENT BETWEEN PWSA AND**
20 **ALCOSAN FOR THE TRANSFER OF OPERATION AND MAINTENANCE**
21 **RESPONSIBILITIES FOR CERTAIN MULTI-MUNICIPAL TRUNK LINE**
22 **SEWERS CURRENTLY OPERATED AND MAINTAINED BY PWSA. PLEASE**
23 **DISCUSS.**

24 A. No agreement between PWSA and ALCOSAN exists regarding the transfer of PWSA's
25 conveyance lines to ALCOSAN from various municipalities. While negotiations
26 between PWSA and ALCOSAN are underway, PWSA is not in a position at this time to
27 explain the scope, potential rate effect or status of any potential future agreement that
28 may be finalized. To the extent those negotiations are successful, the existing agreements
29 would likely become null and void.

1 **III. CONCLUSION**

2 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

3 **A. Yes.**

Exh. DML/C-1

-----PWSA Costs Incurred On Behalf of the City-----

Item	Amount
SUBSIDY AND HYDRANT COSTS	
Pa American Water Subsidy	3,493,997
PA American Fire Hydrant Charge	297,459
Fire Hydrant Charge for City Hydrants	1,776,000
West View and Wilkinsburg-Penn Subsidy	147,691
West View/Wilk-Penn Hydrant Charge	25,008
CITY WATER/WASTEWATER COSTS	
Water Costs on City Metered Accounts	2,138,351
Wastewater Costs on City Metered Accts.	1,108,211
ALCOSAN Costs on City Metered Accounts	218,870
Water & Wastewater Costs for Zoo/Phipps	1,707,269
Metering Costs for City Accounts	-
SAW MILL RUN COSTS	
SMR Integrated Watershed Mgmt. Plan	-
SMR Integrated Watershed Mgmt. Plan	16,742
Saw Mill Run Sewer Costs	340,902
Saw Mill Run Flood Restoration	313,000
SMR Red Oak and Hayson GI	-
SMR Volunteers Field	15,000
SMR Streambank Stabilization	10,000
PennDot RFP	-
SMR USACE Planning Assistance-Ph 1	-
SMR USACE Planning Assistance-Ph 2	-
SMR Maytide Street	515,855
MISCELLANEOUS COSTS	
Amendment #3 for MS4 NPDES Permit	350,000
Paulson Spray Park Tap in Fee	134,127
PWSA Development Costs for City	6,700,000
Stormwater Costs	-
City Fine Paid by PWSA	40,000
PWSA work performed in City Parks	-
TOTAL	19,348,481

Exh. DML/C-2

* prior designation of confidential has been removed

City Estimate of Costs Incurred for PWSA

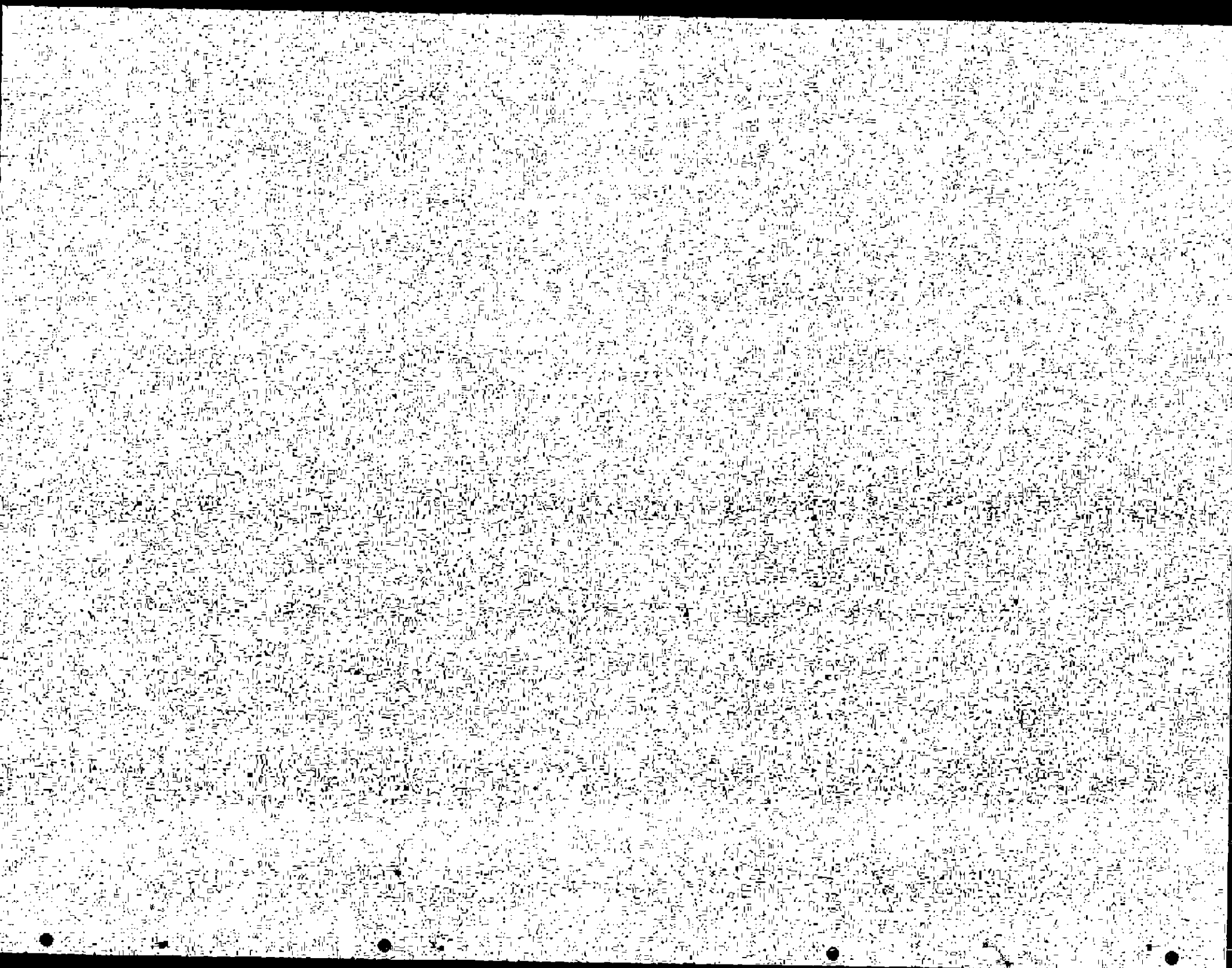
Department	Description	Amount
OMB		\$
		4,606,068.90
		\$
	Active Pension Costs	3,600,000.00
		\$
	2017 Fuel and Fleet	1,006,068.90
DPW		\$
		4,722,317.30
		\$
	2017 Street Sweeping	1,457,608.61
		\$
	2017 Litter Can Cleaning	2,204,307.28
		\$
	2017 Yard Debris	105,721.00
		\$
	2017 Yard Debris Wages	48,319.11
		\$
	Litter Cans Cost	869,920.00
		\$
	Litter Can Sensors	36,441.30
	Barracades	TBD
Public Safety		\$
		-
	River Rescue check shorelines for leaks in river pools	TBD
	Police Command Staff 24/7/365 for Water Crisis	TBD
	OHSEM Documenting all large water breaks and pump station failures	TBD
	Bureaus involved in planning meetings to update the notification matrix for on and off site PWSA emergencies	TBD
	Bureaus involved in planning meetings to compliment and upgrade the City's Emergency Ops Plan and Water Crisis annex	TBD
	Police traffic and patrols escort water company vendors (bulk haulers) in/out of City to dedicated loactions	TBD
	Fire engine companies to relay pump water from one (suburban) water system to PWSA's system with large (5") hose lines.	TBD
	Fully/Partial staffing at City's Mobile Command Post (Command 200)	TBD

** prior designation of confidential has been removed*

City Estimate of Costs Incurred for PWSA

On-site at major distribution issues, large water breaks, outages, and pump station failures		TBD
Full/Partial staff City/County Emergency Operations Center (EOC) in Point Breeze due to major distribution issues, large water breaks, outages, and pump station failures		TBD
		\$
DOMI		3,708,682.00
		\$
Landslides		1,400,000.00
		\$
Milling		731,653.00
		\$
Base Work		710,879.00
		\$
Wedge Curb Installation		39,720.00
		\$
Utility Coordination		24,290.00
		\$
Street Resurfacing Castings		300,000.00
		\$
Permits		502,140.00
		\$
Total Services Provided		13,037,068.20

CONFIDENTIAL
EXHIBIT DML/C-3
PLACED UNDER SEAL WITH THE
PA PUBLIC UTILITY COMMISSION



8/21/19
100g
jw

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REBUTTAL TESTIMONY OF
DEBBIE M. LESTITIAN

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos. M-2018-2640802 and M-2018-2640803
Docket Nos. P-2018-3005037 and P-2018-3005039

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Accident Reporting/Public Utility Preparedness
Cooperation Agreement with City of Pittsburgh
Capital Lease Agreement
Residency Requirement
Billing Arrangements with Allegheny County Sanitary
Authority and Pennsylvania American Water Company
Bulk Sales for Resale and Conveyance Agreements

May 6, 2019

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TABLE OF EXHIBITS

DML/C-4	2018 invoice from the City that was paid by PWSA.
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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAMES AND POSITIONS FOR THE RECORD.**

3 A. My name is Debbie M. Lestitian. My positions with Pittsburgh Water and Sewer
4 Authority ("PWSA") are Chief Corporate Counsel and Chief of Administration.

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

6 A. Yes. On February 14, 2019, I submitted public and proprietary versions of Direct
7 Testimony marked as PWSA St. No. C-2. The Direct Testimony was accompanied by
8 three confidential exhibits marked as DML/C-1, DML/C-2 and DML/C-3.

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony of D.C.
11 Patel,¹ Ethan H. Cline² and Israel Gray³ submitted by the Bureau of Investigation and
12 Enforcement ("I&E") on issues relating to: (1) accident reporting; (2) completion of
13 physical security, cyber security, emergency response, and business continuity plans; (3)
14 PWSA's Cooperation Agreement with the City of Pittsburgh; (4) Capital Lease
15 Agreement; (5) residency requirement; (6) billing arrangement with the Allegheny
16 County Sanitary Authority ("ALCOSAN"); (7) billing arrangement with Pennsylvania
17 American Water Company ("PAWC"); (8) sales for resales of bulk water; and (9) bulk
18 wastewater conveyance agreements. Additionally, by this Rebuttal Testimony, I am
19 responding to the Direct Testimony of Ashley E. Everette⁴ and Scott J. Rubin⁵ offered on
20 behalf of the Office of Consumer Advocate ("OCA") on the topics of (1) the Cooperation

1 I&E Statement No. 2.

2 I&E Statement No. 3.

3 I&E Statement No. 4.

4 OCA Statement 1.

5 OCA Statement 2.

1 Agreement; (2) the billing arrangement with ALCOSAN; (3) Commission's role in
2 reforming contracts negotiated by utilities; and (4) Commission approval of wholesale
3 contracts. Finally, I respond to the Direct Testimony of John R. Cox on behalf of PAWC
4 on the PAWC billing arrangement.

5 **II. RESPONSES TO OTHER PARTIES' DIRECT TESTIMONY**

6 **A. Accident Reporting**

7 **Q. PLEASE DESCRIBE I&E'S CONCERN REGARDING PWSA'S PROPOSAL**
8 **FOR ACCIDENT REPORTING.**

9 A. In the Direct Testimony of Mr. Gray, he describes PWSA's intentions for notifying
10 Commission staff of reportable accidents by telephone. He notes that I indicated that
11 telephone reports would be immediately made after a fatality and would be made within
12 24 hours for other reportable accidents. He states that the Commission's regulations also
13 require telephone reports to be made immediately when there is: (i) an occurrence of an
14 unusual nature, whether or not death or injury of a person results, which apparently will
15 result in a prolonged and serious interruption of normal service; and (ii) an occurrence of
16 an unusual nature that is a physical or cyber attack, including attempts against cyber
17 security measures as defined in Chapter 101 (relating to public utility preparedness
18 through self-certification) which causes an interruption of service or over \$50,000 in
19 damages or both. 52 Pa. Code § 65.2(b). I&E Statement No. 4 at 10-11.

20 **Q. WHAT DOES MR. GRAY RECOMMEND?**

21 A. Mr. Gray recommends that the Commission order PWSA to file a revised Compliance
22 Plan stating that PWSA's Incident Investigation Policies will be updated to comply with
23 its obligation to make immediate telephone reports after the additional two above-cited
24 occurrences that he identifies. I&E Statement No. 4 at 11.

1 Q. DO YOU AGREE WITH MR. GRAY'S ASSESSMENT AND
2 RECOMMENDATION?

3 A. Yes, for the most part. My only caveat relates to language in the Commission's
4 regulations saying that the telephone reports are triggered "after the utility becomes
5 aware of the occurrence of the reportable accident." 52 Pa. Code § 65.2 (d). Therefore,
6 PWSA has updated its Incident Investigation Policies to provide telephone notifications
7 to Commission staff immediately *upon becoming aware* of reportable accidents involving
8 a fatality; an occurrence of an unusual nature, whether or not death or injury of a person
9 results, which apparently will result in a prolonged and serious interruption of normal
10 service; and an occurrence of an unusual nature that is a physical or cyber attack,
11 including attempts against cyber security measures as defined in Chapter 101 (relating to
12 public utility preparedness through self-certification) which causes an interruption of
13 service or over \$50,000 in damages or both. As explained in my Direct Testimony, these
14 notifications are the responsibility of the Director of Operations. With this change,
15 together with the description in my Direct Testimony, PWSA believes that it is now in
16 compliance with the accident reporting requirements.

17 Q. IN YOUR DIRECT TESTIMONY, YOU INDICATED THAT NO REPORTABLE
18 ACCIDENTS HAD OCCURRED SINCE PWSA CAME UNDER THE
19 COMMISSION'S JURISDICTION ON APRIL 1, 2018. IS THAT STILL TRUE?

20 A. Yes.

21 B. Public Utility Preparedness through Self-Certification

22 Q. PLEASE DESCRIBE I&E'S CONCERNS ABOUT PWSA'S PLANS TO COMPLY
23 WITH THE COMMISSION'S REQUIREMENTS FOR PUBLIC UTILITY
24 PREPAREDNESS THROUGH SELF-CERTIFICATION.

25 A. Mr. Gray acknowledges that PWSA has explained its plans to come into compliance with
26 the Commission's regulations concerning public utility preparedness through self-

1 certification.⁶ However, he states that PWSA still has no physical security, cyber
2 security, emergency response or business continuity plan. Mr. Gray further expresses the
3 view that these plans are crucial to ensure the integrity of PWSA's operations and must
4 be completed as soon as possible. I&E Statement No. 4 at 21-22.

5 **Q. WHAT DOES MR. GRAY RECOMMEND?**

6 A. Mr. Gray recommends that PWSA involve the Reliability and Emergency Preparedness
7 Section of the Commission's Bureau of Technical Utility Services ("TUS") in the
8 development of its physical security, cyber security, emergency response and business
9 continuity plans. He also recommends that PWSA provide the Commission, through
10 additional information in this proceeding or through a revised Compliance Plan, with a
11 more detailed timeline for its anticipated completion of these plans so that a date for
12 certification of these obligations can be confirmed. I&E Statement No. 4 at 22-23.

13 **Q. WHAT IS YOUR RESPONSE TO MR. GRAY'S ASSESSMENT AS TO**
14 **COMPLIANCE?**

15 A. Mr. Gray is incorrect in stating that PWSA does not currently have a physical security
16 plan, a cyber security plan, an emergency response plan, or a business continuity plan. In
17 fact, PWSA does have such plans; my Direct Testimony explained that PWSA's existing
18 plans do not meet the requirements of the Commission's regulation. Further, as I
19 indicated, PWSA is working toward compliance with these regulations, and various steps
20 have been taken. For instance, PWSA has recently conducted physical and cyber-
21 security assessments and has an emergency response plan that is in the process of being
22 updated. Regarding the business continuity plan, PWSA has a plan that contains

⁶ 52 Pa. Code §§ 101.1-101.7.

1 elements of what the Commission requires, but it is not comprehensively compiled in one
2 place.

3 **Q. DO YOU HAVE UPDATED TARGETS AS TO COMPLIANCE WITH THESE**
4 **REGULATIONS?**

5 A. As to the physical security plan, PWSA still anticipates, as noted in my Direct
6 Testimony, that it will be completed by December 31, 2019. With respect to the cyber
7 security plan, I explained in my Direct Testimony that PWSA's efforts to hire a
8 consultant and a new IT Director had altered its expectations for completion but that we
9 anticipated having a new target date during this proceeding. I can report that PWSA staff
10 completed a draft plan based upon recommendations cited in a cybersecurity assessment
11 performed by a consultant. The draft is pending review among PWSA management and
12 will require Board approval. At the time of my Direct Testimony, I noted the expectation
13 to update the emergency response plan to ensure compliance with Commission
14 requirements by March 30, 2019. By way of update, PWSA is now targeting October 31,
15 2019 for such compliance. Regarding the business continuity plan, I estimated having it
16 completed by June 30, 2019 in my Direct Testimony. That target date has been revised to
17 October 31, 2019. Finally, in my Direct Testimony, I indicated that PWSA planned to
18 comply with the reporting requirement by filing a Self-Certification Form by April 30,
19 2019. However, given that PWSA is not in a position to certify compliance with the
20 Commission's regulations at this time, we have determined that it would be appropriate
21 to wait until February 28, 2020 to file the Self-Certification Form, which is the date
22 required by the Commission's regulations for all utilities. By then, I anticipate that all of
23 the necessary tasks will have been completed.

24 **Q. CAN YOU OFFER A REASON FOR THE CHANGE IN SOME OF YOUR**
25 **ESTIMATED COMPLETION DATES?**

1 A. Yes. PWSA has limited senior staff capacity and many other pressing business matters.
2 Given the competing priorities that are critical to day-to-day operations, it has been
3 necessary on occasion to shift our focus to those tasks requiring immediate attention.
4 With the steps we have taken to date to complete these plans, and the outside assistance
5 we have secured, I believe we are in a solid position to meet these targets and be fully in
6 compliance with the Commission's regulations before the Self-Certification Form is due
7 to be filed in February 2020.

8 **Q. HOW DO YOU RESPOND TO MR. GRAY'S RECOMMENDATIONS**
9 **CONCERNING PUBLIC UTILITY PREPAREDNESS?**

10 A. As to Mr. Gray's recommendation that PWSA include TUS staff in the development of
11 its physical security, cyber security, emergency response, and business continuity plans,
12 PWSA remains willing, as I offered in my Direct Testimony, to have TUS review the
13 plans and offer feedback. With respect to Mr. Gray's recommendation for the
14 development of a more detailed timeline, PWSA has provided all of the information that
15 is available at this time.

16 **C. PWSA's Services Contract with the City of Pittsburgh (Cooperation Agreement)**

17 **Q. DO THE OTHER PARTIES HAVE CONCERNS AND RECOMMENDATIONS**
18 **ABOUT PWSA'S SERVICE CONTRACT WITH THE CITY OF PITTSBURGH**
19 **("CITY"), KNOWN AS THE COOPERATION AGREEMENT?**

20 A. Yes. Mr. Patel for I&E, as well as Ms. Everette and Mr. Rubin on behalf of OCA,
21 provided testimony regarding the Cooperation Agreement.

22 **Q. WHAT ARE MS. EVERETTE'S VIEWS?**

23 A. Ms. Everette agrees with PWSA that the Cooperation Agreement needs to be updated so
24 that it accurately reflects the costs of services provided to the City and by the City. She
25 testifies that if PWSA enters into a new agreement, it should reflect the cost of services.
26 Further, she notes that in order to include the cost of services provided by the City in

1 PWSA's rates, the costs charged to PWSA must be supported by documentation for
2 review in each rate case. In addition, while Ms. Everette agrees that, in the absence of a
3 new agreement by May 5, 2019, services should be provided by both PWSA and the City
4 at their actual cost. She further suggests that if PWSA could obtain the same service
5 from another provider for a lesser cost, prudence would require PWSA to evaluate and
6 consider that option. OCA Statement 1 at 9-10.

7 **Q. DO YOU AGREE WITH MS. EVERETTE'S OBSERVATIONS?**

8 A. Generally, yes, but with the caveat that the PWSA Board has adopted a resolution
9 delaying termination of the Cooperation Agreement until July 5, 2019. Therefore,
10 nothing changed on May 5, 2019. Nonetheless, as explained in more detail below,
11 PWSA is already considering whether some services can be obtained from another
12 provider for a lesser cost.

13 **Q. PLEASE DESCRIBE MR. RUBIN'S VIEWS.**

14 A. Mr. Rubin expresses a concern about my suggestion that PWSA may ask the Commission
15 to use its power to reform the agreement between PWSA and the City if the parties are
16 unable to reach a new agreement. Specifically, he notes that the Commission's power to
17 reform contracts under Section 508 of the Public Utility Code is used sparingly and
18 would essentially turn the Commission into an arbitrator in a contract dispute between the
19 City and PWSA. In his view, the utility must have the primary responsibility to negotiate
20 agreements that it believes to be in the best interests of the utility and its customers, with
21 the Commission's role being to review the agreement to ensure that it is consistent with
22 the public interest. OCA Statement 2 at 12.

23 **Q. HOW DO YOU RESPOND?**

1 A. Although I appreciate Mr. Rubin's concern about the Commission's role and its rare use
2 of its statutory power under Section 508 of the Public Utility Code to reform contracts, I
3 submit that this may be a situation where that is the necessary and appropriate approach.
4 Given the long-standing nature of the Cooperation Agreement and the political
5 environment in which PWSA must operate, it is possible that the most effective way to
6 reach a reasonable agreement will be through the Commission exercising its statutory
7 authority to reform the contract that is reached.

8 **Q. WHAT IS MR. RUBIN'S RECOMMENDATION IN THE EVENT THAT**
9 **EFFORTS TO NEGOTIATE A NEW AGREEMENT FAIL?**

10 A. Mr. Rubin's recommendation is that PWSA use its best efforts to negotiate a reasonable
11 agreement with the City, and that if those efforts fail, to begin the process of fully
12 separating its operations from City government. That would include, for example,
13 obtaining services (such as fleet maintenance and pension administration) from third
14 parties rather than relying on the City for those services. OCA Statement 2 at 12-13.

15 **Q. PLEASE RESPOND.**

16 A. PWSA is already in the process of identifying services that it may be able to obtain from
17 third parties rather than relying on the City for those services. Examples of such services
18 include health care, pension and fleet maintenance. In fact, PWSA just recently obtained
19 health care from a different entity and issued a request for proposals for its pension plans.
20 PWSA is also exploring different pension options for new employees, such as moving
21 from defined contribution to defined benefits. However, for PWSA to fully separate its
22 operations from City government would require legislation. Therefore, PWSA does not
23 have the authority or ability to implement this recommendation.

24 **Q. BY WAY OF UPDATE, WHAT IS THE CURRENT STATUS OF THE**
25 **COOPERATION AGREEMENT?**

1 A. As noted in my Direct Testimony, on February 4, 2019, PWSA's Board of Directors
2 voted to terminate the existing Cooperation Agreement, as permitted under its express
3 terms. Since then, PWSA's Board has been negotiating the Cooperation Agreement with
4 the City through the Mayor's Office. PWSA's Board and the City have generally agreed
5 to a new Cooperation Agreement, as to format and specific conditions. However, an
6 outstanding issue exists concerning the "ownership" of sewer laterals and water service
7 lines within City-owned parks. This issue is the subject of an informal "arbitration-style"
8 discussion to determine how these issues will be addressed. The resolution of the
9 ownership issue will be based upon the decision of the selected arbitrators. It anticipated
10 that completion of the negotiations will occur within 7 to 10 days of the arbitrators'
11 decision. Upon resolution adopted by PWSA's Board, the termination date of the
12 existing Cooperation Agreement was extended by 60 days or until July 5, 2019. When
13 the renegotiated Cooperation Agreement is submitted to City Council for review, which
14 is expected to occur during May 2019, PWSA will also submit the draft to the
15 Commission for its review. Final approval would be subject to any changes demanded
16 by the City, PWSA and the Commission. We expect that the final Cooperation
17 Agreement will completed and signed by July 5, 2019.

18 **Q. PLEASE DISCUSS MR. PATEL'S VIEWS ON BEHALF OF I&E CONCERNING**
19 **THE COOPERATION AGREEMENT.**

20 A. Initially, Mr. Patel states that under the Cooperation Agreement, PWSA is not obligated
21 to pay the City \$7,150,000 annually, but rather is obligated only to pay the City for actual
22 expenses incurred for the services provided. He further claims that the annual payment
23 lacks sufficient cost justification and does not reflect payment for actual services. The
24 basis for his assertion is PWSA's inability to provide detailed invoices for services and
25 itemized charges for the quarterly payments made in 2017 during the recent base rate

1 proceeding, as well as the confidential exhibits attached to my Direct Testimony. Mr.
2 Patel concludes that the documents do not include a detailed and itemized breakdown,
3 cost basis and supporting calculation for these costs. I&E Statement No. 2 at 16-18.

4 **Q. HOW DO YOU RESPOND?**

5 A. The historical annual payment of \$7,150,000 was based on written commitments outside
6 the four squares of the Cooperation Agreement. However, I acknowledge that PWSA
7 will need to provide details moving forward to justify payments made by the City. To
8 that end, I am attaching Exhibit DML/C-4, which is the 2018 invoice from the City that
9 was paid by PWSA. This invoice shows specific amounts based upon specified services.

10 **Q. DOES MR. PATEL HAVE OTHER CRITICISMS OF THE COST ESTIMATES**
11 **OF SERVICES PROVIDED TO PWSA BY THE CITY AND VICE VERSA?**

12 A. Yes. In my Direct Testimony, I provided PWSA's estimate of the annual total cost of
13 services that PWSA provides to the City and the City's estimate of the annual total cost
14 of services that the City provides to PWSA. As Mr. Patel notes, I&E sought supporting
15 detail for this information, which was not provided since the information presented in the
16 exhibits are draft working documents. I&E Statement No. 2 at 19-20.

17 **Q. DO YOU HAVE A RESPONSE?**

18 A. Mr. Patel is correct that supporting detail for that particular information has not been
19 provided because it is not available. The estimates continue to be part of draft working
20 documents. However, as I explained in my Direct Testimony, the estimates are based on
21 actual costs of the services provided. However, the 2018 invoice from the City (Exhibit
22 DML/C-4) does contain additional detailed support for amounts billed.

23 **Q. WHAT IS MR. PATEL'S SPECIFIC CONCERN WITH PWSA'S LACK OF**
24 **SUPPORT FOR COSTS CHARGED BY THE CITY?**

1 A. Mr. Patel's specific concern is that without supporting detail for the costs charged to
2 PWSA by the City, it would be unjust and unreasonable to include them in PWSA's
3 rates. Further, he notes that the estimated total value of PWSA's services to the City is
4 far more than the total value of services provided by the City, which he says demonstrates
5 that the \$7,150,000 invoiced from the City to PWSA is unreasonable. I&E Statement No.
6 2 at 20-21.

7 **Q. WHAT IS YOUR RESPONSE?**

8 A. It is my understanding that whether certain costs are included in PWSA's rates is an issue
9 that goes beyond the scope of the Compliance Plan proceeding. Such issues will be
10 considered in PWSA's next base rate case, after expiration of the Cooperation Agreement
11 that formed the basis of the historical \$7,150,000 annual payments.

12 **Q. DOES MR. PATEL EXPRESS OTHER CONCERNS ABOUT THE**
13 **NEGOTIATION OF A NEW AGREEMENT?**

14 A. Yes. He notes that PWSA did not specify or commit to a timeline for renegotiation of the
15 agreement terms and the execution of a new/revised Cooperation Agreement. I&E
16 Statement No. 2 at 22.

17 **Q. IS THAT CORRECT?**

18 A. Not entirely. In my Direct Testimony, I noted that the existing Cooperation Agreement
19 has been terminated on 90 days' notice, effective May 5, 2019. As I have indicated, that
20 termination date has now been extended, by PWSA Board resolution, until July 5, 2019.
21 As I further explained, if no new agreement can be negotiated by that time, PWSA will
22 interact with the City at arms-length on a transactional basis. PWSA's intent is to invoice
23 the City for services on the basis of costs and to pay invoices received from the City on
24 the same basis. As to making a specific commitment for renegotiation or execution of a

1 new agreement, it seems premature since the better solution may be to continue as I have
2 described on a transactional basis without an agreement.

3 **Q. DOES MR. PATEL HAVE OTHER OBSERVATIONS RELATED TO THE**
4 **COOPERATION AGREEMENT?**

5 A. Yes. Mr. Patel suggests that PWSA's governance structure makes it difficult, if not
6 impossible, for PWSA to renegotiate a Cooperation Agreement at arm's length. He goes
7 on to point to Board members whom he perceives as having conflict of interests due to
8 their links to or affiliations with the City. Therefore, Mr. Patel notes his agreement with
9 recommendations of the Auditor General in its Performance Audit Report that are
10 designed to make the board, management and operational decisions independent of City
11 influence. Those specific recommendations include working with the City to amend
12 PWSA's Articles of Incorporation to require PWSA Board seats to be filled by
13 individuals not compensated by the City; amend PWSA's Bylaws to include the
14 necessary fiduciary responsibility of the Board as a whole, and the individual members;
15 and require Board members to sign an acknowledgment that they understand and accept
16 their fiduciary responsibility when serving on the Board. I&E Statement No. 2 at 23-25.

17 **Q. HOW DO YOU RESPOND?**

18 A. Mr. Patel appears to have a fundamental misunderstanding about PWSA's role and seems
19 to not appreciate the inability of PWSA to implement his recommendations concerning
20 its governance structure. PWSA's Board establishes the policies that PWSA must
21 implement, and PWSA does not have the power to unilaterally alter its relationship with
22 the City. While PWSA could discuss these recommendations with the City, I continue to
23 believe that the most effective way to ensure that the Cooperation Agreement contains
24 reasonable terms is for PWSA to submit it to the Commission when negotiations are

1 completed and ask the Commission to exercise its power under Sections 507 and 508 of
2 the Public Utility Code to review it and modify it, to the extent necessary.

3 **Q. DOES MR. PATEL IDENTIFY A PARTICULAR CONCERN ABOUT THE**
4 **CITY'S DIRECTOR OF FINANCE AND THE CITY TREASURER BEING**
5 **PERMANENT BOARD MEMBERS?**

6 A. Yes. Mr. Patel refers to a comment in the Auditor General's report which states that
7 PWSA's Articles of Incorporation require the City's Director of Finance and the City
8 Treasurer to be permanent PWSA Board members. However, he notes that he could not
9 find this requirement and requested that PWSA identify and provide the source of this
10 requirement. I&E Statement No. 2 at 25-26.

11 **Q. PLEASE RESPOND.**

12 A. Although PWSA has been unable to locate the source of this requirement, I understand
13 that it has existed since the Board was originally incorporated. Since that time, this
14 requirement has continued to be part of the ongoing practices.

15 **Q. DOES MR. PATEL OFFER SPECIFIC RECOMMENDATIONS OF TERMS**
16 **THAT SHOULD BE INCLUDED IN THE COOPERATION AGREEMENT?**

17 A. Yes. Mr. Patel recommends that the terms of the Cooperation Agreement should be
18 renegotiated to comply with the following criteria: (i) define the City's and PWSA's
19 relationship on a "business-like" basis and negotiate all terms and conditions of the
20 agreement at arm's length to ensure fair, equitable, and reasonable terms for both of the
21 parties; (ii) identify and list all services by the City to PWSA and vice versa with a
22 detailed breakdown and related cost of service based on current market conditions; (iii)
23 eliminate the subsidy payment to PAWC and other municipal authorities by PWSA, as
24 discussed in his testimony at pages 48-52; (iv) eliminate the free water services to the
25 City and its instrumentalities, agencies and other bodies, as discussed in Mr. Cline's
26 testimony at pages 54-63; (v) City should be charged for wastewater and stormwater

1 services at tariff rates and for the ALCOSAN wastewater treatment charges as discussed
2 in his testimony at pages 40-47; and (vi) implement the governance reforms identified
3 above by the Auditor General. To the extent a renegotiated agreement does not address
4 these concerns, Mr. Patel recommends that it be reformed under Section 508 of the Public
5 Utility Code prior to the filing of the next base rate case to ensure ratepayers are not
6 charged for unjust and unreasonable costs. I&E Statement No. 2 at 26-27.

7 **Q. DO YOU HAVE A RESPONSE?**

8 A. Again, Mr. Patel's recommendations for changes to the Cooperation Agreement are not
9 within the control of PWSA to implement. As to Mr. Patel's specific recommendations
10 in this portion of his testimony for eliminating the PAWC subsidy payment, eliminating
11 free water services to the City and charging the City for wastewater and stormwater
12 services at tariff rates and for the ALCOSAN wastewater treatment charges, they are
13 addressed in the portions of my Rebuttal Testimony dealing with those issues.

14 **Q. WHAT IS MR. PATEL'S RECOMMENDATION IF THE CITY IS UNABLE TO**
15 **NEGOTIATE A COOPERATION AGREEMENT THAT COMPORTS WITH HIS**
16 **PROPOSALS?**

17 A. If PWSA and the City cannot agree to a Cooperation Agreement containing terms that are
18 consistent with his recommendations, Mr. Patel proposes that PWSA not enter into any
19 other agreement with the City. Alternatively, Mr. Patel suggests that PWSA should allow
20 either some or all services previously provided by the City to lapse in favor of services
21 provided on a current market-based approach. I&E Statement No. 2 at 27-28, 30.

22 **Q. HOW DO YOU RESPOND?**

23 A. Consistent with my prior testimony, PWSA plans to submit any new Cooperation
24 Agreement that is negotiated by PWSA and the City to the Commission for review prior
25 to execution. Therefore, it will be up to the Commission to determine whether the terms

1 are just and reasonable. As to Mr. Patel's alternative recommendation, PWSA cannot
2 simply stop providing services to the City. For example, PWSA would remain obligated
3 to provide fire protection services. It also cannot stop performing its stormwater
4 obligations as ordered by the US Environmental Protection Agency and PA Department
5 of Environmental Protection. PWSA continues to believe that the most appropriate
6 approach in the absence of a new Cooperation Agreement is for services to be provided
7 on the basis of their costs.

8 **Q. DOES MR. PATEL HAVE CONCERNS WITH PWSA'S RESPONSE TO THE**
9 **COMMISSION'S DIRECTED QUESTIONS ON IDENTIFYING ALL**
10 **CATEGORIES OF COSTS ASSOCIATED WITH THE COOPERATION**
11 **AGREEMENT?**

12 A. Yes. Although PWSA identified all categories of costs associated with the Cooperation
13 Agreement, Mr. Patel views this presentation as meaningless without a justification of the
14 costs. Specifically, he points a detailed breakdown of services, including substantiation
15 of such costs, that he believes is lacking. I&E Statement No. 2 at 28.

16 **Q. DO YOU HAVE A RESPONSE?**

17 A. PWSA has provided the information that is available. I note in particular the 2018
18 invoice that is marked as Exhibit DML/C-4 and is attached to this testimony.

19 **Q. DOES MR. PATEL HAVE CONCERNS WITH PWSA'S RESPONSE TO THE**
20 **COMMISSION'S DIRECTED QUESTION ON WHETHER PWSA RECEIVES**
21 **ANY SERVICES FROM THE CITY AT NO COST?**

22 A. Yes. As I explained in my Direct Testimony, the services PWSA receives from the City
23 are aggregated and PWSA pays a lump sum for these services. Therefore, PWSA does
24 not know which services are being received at no cost or if PWSA is paying for services
25 that should be provided at no cost. According to Mr. Patel, this response implies that
26 actual expenses incurred are not tracked and that no breakdown of the \$7,150,000 annual

1 payment is available. In his view, this response underscores the need for agreed-upon
2 payments under a new Cooperation Agreement to be just, reasonable and substantiated.

3 **Q. DO YOU AGREE WITH MR. PATEL'S OBSERVATIONS?**

4 A. I agree that payments under the new Cooperation Agreement should be just, reasonable
5 and substantiated. In addition, I refer to the 2018 invoice, Exhibit DML/C-4, as
6 providing more detail about the payment made by PWSA to the City.

7 **Q. DOES MR. PATEL HAVE CONCERNS ABOUT PWSA'S RESPONSE TO THE**
8 **COMMISSION'S DIRECTED QUESTION WHETHER THE COOPERATION**
9 **AGREEMENT OR OTHER AGREEMENT PROVIDES THE CITY WITH FREE**
10 **OR DISCOUNTED WASTEWATER SERVICE, STORMWATER SERVICE, OR**
11 **POSSIBLE MODIFICATION FOR NON-CONSUMPTION FIXED CHARGES**
12 **FOR WATER SERVICE?**

13 A. Yes. In my Direct Testimony, I noted that in addition to water service, PWSA provides
14 free stormwater repairs in combined systems. Also, even though wastewater bills are not
15 sent to some properties, PWSA still pays ALCOSAN treatment charges. As to water
16 non-consumption customer charges, I explained that although no language in the
17 Cooperation Agreement or other agreement expressly prohibits imposing a customer
18 charge on the City, PWSA has followed the practice of not imposing any charge on the
19 City related to the provision of water service. Mr. Patel's concern is that PWSA's other
20 ratepayers are bearing the cost of free service to the City, which deprives PWSA of
21 revenue that could be used to fund its operations. He further suggests that the provision
22 of free service to the City violates PWSA's obligation to charge just and reasonable rates
23 for utility service under Section 1301 of the Public Utility Code and runs afoul of Section
24 1304 of the Public Utility Code, which prohibits any public utility from granting
25 unreasonable rate preferences or advantages to any persons. I&E will address this issue
26 in briefs. I&E Statement No. 2 at 31-32.

27 **Q. HOW DO YOU RESPOND?**

1 A. I have already explained the realities surrounding PWSA's handling of these issues raised
2 by Mr. Patel. PWSA has presented a plan to transition to fully billing the City, which is
3 discussed by Mr. Weimar. Issues concerning whether PWSA's practices violate certain
4 provisions of the Public Utility Code will be addressed in its briefs.

5 **D. Capital Lease Agreement with City of Pittsburgh**

6 **Q. DOES I&E RAISE ISSUES CONCERNING THE CAPITAL LEASE**
7 **AGREEMENT WITH THE CITY OF PITTSBURGH?**

8 A. Yes. In my Direct Testimony, I explained that PWSA intends to purchase the system for
9 one dollar when eligible in 2025 or renegotiate a new arrangement with the City,
10 allowing PWSA to acquire the assets sooner. Any revised lease agreement with the City
11 will be filed with the Commission pursuant to Section 507 of the Public Utility Code.⁷
12 Further, I noted PWSA's position that the City's acceptance of consideration or
13 compensation binds the City to the \$1 transfer if PWSA seeks to exercise that option.
14 While PWSA responded to I&E in discovery that it is not aware of any current action on
15 the part of the City to terminate PWSA's option to acquire the utility assets, Mr. Patel's
16 concern stems from City discussions in the Spring of 2018. On that basis, Mr. Patel
17 found it prudent to put the Commission on notice of the City's past efforts to terminate
18 this option. To that end, he recommends that PWSA should be entitled to complete the
19 transaction in 2025 by paying \$1 to purchase the water and wastewater system assets.
20 I&E Statement No. 2 at 33-36.

21 **Q. DO YOU HAVE A RESPONSE?**

22 A. Consistent with my Direct Testimony, I agree with Mr. Patel that PWSA is entitled to
23 complete the transaction in 2025 by paying \$1 to purchase the water and wastewater

⁷ 66 Pa.C.S. § 507.

1 system assets. However, I am not aware of any recent City discussions or efforts that
2 could result in the removal of that option. While it is not problematic for the
3 Commission to be aware of these past activities, it does not appear that any action needs
4 to be taken by the Commission at this time.

5 ***E. Residency Requirement***

6 **Q. DOES I&E EXPRESS VIEWS ABOUT THE CITY RESIDENCY**
7 **REQUIREMENT THAT THE PWSA BOARD HAS ADOPTED?**

8 A. Yes. As I explained in my Direct Testimony, PWSA's current residency requirements
9 make it challenging to meet obligations to provide adequate, safe, and reliable service, as
10 well as to have a diverse workforce. Mr. Patel agrees with my observations and suggests
11 that the results of the residency requirement are inconsistent with PWSA's obligations as
12 a regulated public utility, but defers to counsel to address those issues in briefs. Mr.
13 Patel's specific concern is that PWSA has not made a proposal to end the requirement.
14 Therefore, Mr. Patel recommends that PWSA eliminate the residency requirement and be
15 required to file a revised Compliance Plan showing how it will be eliminated. I&E
16 Statement No. 2 at 36-41.

17 **Q. PLEASE RESPOND.**

18 A. As I noted in my Direct Testimony, PWSA is taking all steps that it can to address the
19 challenges presented by the residency requirement and is working to stabilize its
20 workforce through hiring of permanent workers in every position. However, Mr. Patel
21 does not appear to appreciate the fact that PWSA cannot eliminate the residency
22 requirement. As the Board has adopted the City's residency requirement, and makes the
23 decisions as to when certain positions are exempt from the requirement, it is not within
24 PWSA's power to implement Mr. Patel's recommendation. However, I note that PWSA
25 has contracted with Peak Staffing Services to temporarily hire project managers who do

1 not reside in the City. This initiative has allowed PWSA to bring staff on board who
2 have technical skills at a cost that is less than relying on consultants. Specifically, these
3 project managers are employed at a 45% discount from the consultant rate and are only
4 brought in at only about a 10% premium above other employees. If they are effective in
5 fulfilling their job responsibilities, PWSA can convert them from temporary to permanent
6 employees.

7 ***F. Billing Arrangement with the Allegheny County Sanitary Authority***

8 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BILLING ARRANGEMENT WITH**
9 **ALCOSAN.**

10 **A.** ALCOSAN bills each PWSA wastewater conveyance customer a charge for wastewater
11 treatment; this charge is passed through to customers on PWSA's monthly bill. In May
12 2004, PWSA started directly billing City residents for current and delinquent ALCOSAN
13 wastewater treatment charges and remitting to ALCOSAN the aggregate amount of
14 service charges billed. This was done by way of a 2004 amendment to the 1995
15 Agreement between the City and ALCOSAN.

16 **Q. DOES I&E HAVE CONCERNS ABOUT THIS ARRANGEMENT?**

17 **A.** Yes. Mr. Patel expresses concerns about the impact of this arrangement on PWSA and
18 its ratepayers because PWSA does not collect the full amount of ALCOSAN charges
19 from its wastewater customers. Further, Mr. Patel refers to a commitment that PWSA
20 made in the settlement of its 2018 base rate case to evaluate potential ways, through its
21 Amended Compliance Plan, to address PWSA's contract with ALCOSAN, including
22 renegotiation of the contract. In his view, PWSA has not demonstrated through its
23 Amended Compliance Plan how it is evaluating ways to address the contract. I&E
24 Statement No. 2 at 41-43.

1 Q. DOES PWSA REMAIN COMMITTED TO EVALUATING WAYS TO ADDRESS
2 THE CONTRACT?

3 A. Yes. As explained in my Direct Testimony, although PWSA is under a contractual
4 obligation to continue the billing relationship with ALCOSAN, it is in the process of
5 determining a reasonable methodology to recover the full cost of wastewater treatment.
6 That process is continuing. It is important to note that even upon determination of a
7 reasonable methodology, PWSA is not a party to the ALCOSAN contract, which is with
8 the City. Therefore, in the interim, PWSA has proposed the use of a surcharge to address
9 this issue, which is discussed in more detail below.

10 Q. DOES I&E ADDRESS PWSA'S VIEW THAT THE COMMISSION HAS
11 AUTHORITY UNDER 53 P.S. §§ 3102.501-3102.507 AND 66 PA.C.S. § 308 TO
12 REFORM AND REVISE ITS CONTRACT WITH ALCOSAN?

13 A. Yes. Mr. Patel testifies that he has been advised by counsel that the Commission has
14 authority to revise the ALCOSAN contract under Section 308 of the Public Utility Code.
15 However, given that PWSA is now a regulated public utility, I&E believes that the
16 referenced municipal statutes may no longer be relevant. This issue will be addressed in
17 the briefs. I&E Statement No. 2 at 44-45.

18 Q. DO YOU HAVE A RESPONSE?

19 A. Since the contract at issue is between the City and ALCOSAN, neither of which is under
20 the purview of the Commission, it appears that Section 308 of the Public Utility Code is
21 inapplicable. However, PWSA will address these legal issues during briefing.

22 Q. PLEASE DESCRIBE THE SURCHARGE PWSA PROPOSED AS PART OF THE
23 COMPLIANCE PLAN?

24 A. In its Compliance Plan, PWSA is proposing the addition of a surcharge to be included
25 with the ALCOSAN portion of the charges billed to PWSA customers. This surcharge
26 would reflect ALCOSAN billing costs not already collected and uncollected revenue

1 costs. If approved, the surcharge would be part of PWSA's next wastewater base rate
2 case.

3 **Q. DO THE PARTIES HAVE CONCERNS ABOUT THIS PROPOSAL?**

4 A. Yes. Both Ms. Everette on behalf of OCA and Mr. Patel as a witness for I&E express
5 opposition to this proposal. Ms. Everette states that PWSA's proposal would move the
6 uncollectible expense from base rates into a surcharge. Since the proposed surcharge
7 would be revenue neutral, Ms. Everette opines that it would not improve PWSA's
8 revenue stream. She further testifies that PWSA has not presented any information that
9 demonstrates that it is better to recover this cost in a surcharge rather than through base
10 rates. Also noting her understanding that Section 1408 of the Public Utility Code⁸
11 prohibits surcharges for the recovery of uncollectible expense, Ms. Everette recommends
12 that the proposal be denied. OCA Statement 1 at 11-12. Similarly, based on the advice
13 of counsel, Mr. Patel testifies that the proposal does not comply with Section 1408 of the
14 Public Utility Code, which indicates that the Commission should not permit a public
15 utility to use a surcharge mechanism for uncollectible expenses. I&E Statement No. 1 at
16 45-46.

17 **Q. PLEASE RESPOND.**

18 A. It appears that PWSA's use of the term "surcharge" may have confused the witnesses for
19 OCA and I&E. PWSA is not proposing to implement an automatic surcharge
20 mechanism for uncollectible expenses, which would be imposed outside of the base rate
21 case process, of the type prohibited by Section 1408 of the Public Utility Code. Rather,
22 PWSA is proposing to show on the bill the amount that is attributable to uncollectible

⁸ 66 Pa.C.S. § 1408.

1 revenues. This proposal is intended to improve transparency and is consistent with the
2 approach followed by other municipalities. Without this transparency, it appears that
3 PWSA's rates are higher than they are. All PWSA is proposing is to show the
4 uncollectible charges as a separate line item and to adjust that amount only during a base
5 rate proceeding. Perhaps a better term to use would be "service charge," which is used
6 by at least one other municipality that bills for ALCOSAN. Therefore, PWSA proposes
7 this alternative. Since PWSA is not proposing an automatic surcharge mechanism, it
8 appears that my explanation should address the other parties' concerns.

9 I agree that the creation of this ALCOSAN surcharge would be revenue neutral
10 (PWSA would reduce its wastewater cost of service to reflect the costs now recovered in
11 the surcharge). But this is similar to what would happen if PWSA instead billed these
12 amounts directly to ALCOSAN (something it cannot do under the present contract). If
13 this happened, ALCOSAN would simply revise its charges to its PWSA customers to
14 reflect these additional charges. Since ALCOSAN is an independent authority neither
15 PWSA nor the PUC would have any ability to prevent this from happening. Thus, the
16 creation of a surcharge will have the same effect as attempting to revise the same present
17 ALCOSAN contract.

18 **Q. DOES I&E OFFER SPECIFIC RECOMMENDATIONS WITH RESPECT TO**
19 **THE ALCOSAN BILLING ISSUE?**

20 **A.** Yes. Mr. Patel set forth several recommendations for the Commission to require PWSA
21 to revise its Compliance Plan to adopt the following terms: (i) ALCOSAN should
22 establish and charge a market-based rate that is aligned with the volume of wastewater
23 treated for PWSA's wastewater customers and a separate rate that is aligned with the
24 additional volumes related to treatment of stormwater; (ii) PWSA should pay the
25 established market-based rate to ALCOSAN via an annual or multi-year contract; (iii)

1 PWSA should develop wastewater and stormwater tariff rates for current wastewater
2 customers and future stormwater customers that accurately reflect the costs of paying for
3 contracted treatment services and capturing the impact of uncollectibles in its own rates;
4 and (iv) PWSA and the City should amend the applicable current agreement and
5 memorandum of understanding between the City, PWSA, and ALCOSAN before the
6 next base rate case filing, or no later than December 31, 2019, whichever occurs first, to
7 end the passthrough billing arrangement and establish ALCOSAN as a service company
8 for treatment services. I&E Statement No. 2 at 46-47.

9 **Q. WHAT IS THE BASIS FOR MR. PATEL'S RECOMMENDATIONS?**

10 The basis for Mr. Patel's recommendations is that PWSA is required to perform
11 ALCOSAN's billing for all PWSA customers, while ALCOSAN receives full payment
12 from PWSA and PWSA bears all of the responsibility and risk for non-payment or partial
13 payment from wastewater customers. As this billing arrangement was established in
14 1955 in the early stages of ALCOSAN's operations, Mr. Patel notes that this justification
15 no longer exists. He suggests that an end to this arrangement would assist PWSA
16 financially and make ALCOSAN more accountable for controlling its own costs. Mr.
17 Patel also refers to the Report of the Mayor's Blue-Ribbon Panel dated December 28,
18 2017, which recommended the transfer of ALCOSAN billing and collection
19 responsibility to ALCOSAN. I&E Statement No. 2 at 47-48.

20 **Q. WHAT IS YOUR RESPONSE TO MR. PATEL'S RECOMMENDATION THAT**
21 **ALCOSAN ESTABLISH AND CHARGE A MARKET-BASED RATE THAT IS**
22 **ALIGNED WITH THE VOLUME OF WASTEWATER TREATED FOR PWSA'S**
23 **WASTEWATER CUSTOMERS AND A SEPARATE RATE THAT IS ALIGNED**
24 **WITH THE ADDITIONAL VOLUMES RELATED TO TREATMENT OF**
25 **STORMWATER?**

26 A. Mr. Patel does not appear to appreciate the independence of ALCOSAN, or its role as a
27 regional/county authority, or the fact that neither PWSA nor the Commission can impose

1 any demands or requirements on ALCOSAN, which provides wastewater treatment
2 services to 83 communities including the City. Incorporated under the Pennsylvania
3 Municipal Authorities Act in 1946, it is governed by a seven-member Board of Directors
4 – three appointed by the Mayor of the City of Pittsburgh, three appointed by the
5 Allegheny County Chief Executive and one joint appointment. As a customer of
6 ALCOSAN by virtue of its contract with the City, PWSA is simply not in a position to
7 require ALCOSAN to charge market-based rates.

8 **Q. HOW DO YOU RESPOND TO MR. PATEL'S RECOMMENDATION FOR**
9 **PWSA TO PAY A MARKET-BASED RATE TO ALCOSAN?**

10 A. Twenty four municipalities flow through PWSA's system to ALCOSAN. Regional
11 agreements, signed by all communities from 1949 through 1984, establish the terms and
12 conditions of service. As I explained above, it is not possible for PWSA to unilaterally
13 begin paying an established market-based rate to ALCOSAN.

14 **Q. PLEASE RESPOND TO MR. PATEL'S RECOMMENDATION FOR PWSA TO**
15 **DEVELOP WASTEWATER AND STORMWATER TARIFF RATES THAT**
16 **ACCURATELY REFLECT THE COSTS OF PAYING FOR CONTRACTED**
17 **TREATMENT SERVICES AND CAPTURING THE IMPACT OF**
18 **UNCOLLECTIBLES IN ITS OWN RATES.**

19 A. PWSA is working to develop wastewater and stormwater tariff rates that accurately
20 reflect the costs of paying for contracted treatment services and capturing the impact of
21 uncollectibles in our own rates. In this regard, PWSA is on a path to comply with the
22 Commission's Final Implementation Order to submit a separate tariff for stormwater
23 service in its next wastewater base rate filing after the one made in July 2018.⁹

24 **Q. WHAT IS YOUR RESPONSE TO MR. PATEL'S RECOMMENDATION FOR**
25 **PWSA AND THE CITY TO AMEND THE APPLICABLE CURRENT**

⁹ *Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket Nos. M-2018-2640802 and M-2018-2640803 (Order entered March 15, 2018), Ordering Paragraphs 4 and 5.

1 **AGREEMENT AND MEMORANDUM OF UNDERSTANDING BETWEEN THE**
2 **CITY, PWSA AND ALCOSAN?**

3 A. PWSA is not a party to the applicable current agreement and memorandum of
4 understanding between the City and ALCOSAN. Therefore, PWSA is not able to
5 renegotiate that agreement.

6 **Q. DOES I&E HAVE AN ALTERNATIVE RECOMMENDATION?**

7 A. Mr. Patel proposes that if PWSA proves that it is legally prohibited from implementing
8 his recommendation, then the Commission should order PWSA to file a revised
9 Compliance Plan that requests the Commission to reform its contract with ALCOSAN
10 under Section 508 of the Public Utility Code and indicate that its Board will fully
11 cooperate with the Commission in the effort to reform the ALCOSAN agreement. I&E
12 Statement No. 2 at 48.

13 **Q. HOW DO YOU RESPOND?**

14 A. Given ALCOSAN's independence, and that it is not regulated by the Commission, and
15 the fact that its contract is with the City, it does not appear that Section 508 of the Public
16 Utility Code authorizes the Commission to reform this contract.

17 **G. Billing Arrangement with Pennsylvania-American Water Company**

18 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BILLING ARRANGEMENT WITH**
19 **PAWC.**

20 A. The City of Pittsburgh entered into an arrangement with PAWC in 1973 whereby the City
21 pays a rate subsidy directly to PAWC that offsets PAWC's water rates for about 27,000
22 of PWSA's sewer only customers. The subsidy limits water charges for City residents
23 served by PAWC, so that their out-of-pocket rates match PWSA prices. The Cooperation
24 Agreement requires PWSA to reimburse the City for this expense. In practice, PWSA
25 pays the rate subsidy directly to PAWC.

1 **Q. DID PARTIES RAISE ANY ISSUES ABOUT THIS BILLING ARRANGEMENT?**

2 A. Yes. Mr. Patel, testifying for I&E, expresses the concern that funding a water rate
3 subsidy for another utility's customers is not a proper and justifiable expense for PWSA
4 and its customers to bear. Although PWSA proposes in the Compliance Plan to eliminate
5 the subsidy in its next rate case, Mr. Patel takes issue with my Direct Testimony
6 explaining that it is not possible to establish a date certain by which the subsidy will be
7 eliminated or phased out. Rather than relying upon a future rate increase to
8 automatically eliminate the subsidy, Mr. Patel recommends that the Commission order
9 PWSA to revise its Compliance Plan to indicate that it will eliminate the rate subsidy by
10 the time of its next base rate case filing or by December 31, 2019, whichever comes first.
11 I&E Statement No. 2 at 49-53.

12 Mr. Cox, testifying for PAWC, referred to my Direct Testimony noting that the
13 discount may be eliminated through the next base rate case depending on the level of any
14 increase, and that to the extent it remains, it will be addressed during the Cooperation
15 Agreement negotiations. The only concern expressed by Mr. Cox is that all parties be
16 given reasonable and adequate notice that the discount is an issue in any proceeding in
17 which the customer's water bill could be impacted. PAWC Statement No. 1 at 4-5.

18 Ms. Everett testifies that OCA agrees that PWSA's next base rate case is the
19 appropriate time to address the elimination of the subsidy payment. She also
20 recommends that PAWC customers should receive notice from PAWC regarding the
21 elimination of the surcharge. OCA Statement 1 at 12-13.

22 **Q. PLEASE RESPOND.**

23 A. PWSA has stated that it believes that this subsidy should be eliminated. But, as this
24 contract is between the City and PAWC, PWSA cannot commit to the elimination of the

1 subsidy in the next base rate case. However, depending on the level of the next rate
2 increase, it is possible that the subsidy will be eliminated at that time. Even if it is fully
3 eliminated during the next rate case, it is not feasible for PWSA to establish a date certain
4 by which the subsidy will be eliminated. This answer depends on the timing of the next
5 base rate case, as well as the level of increase that is approved by the Commission. As to
6 notice to customers, PWSA agrees with Ms. Everette that PAWC should provide this
7 notice.

8 ***H. Bulk Water: Sales For Resale***

9 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S SALES FOR RESELL ACTIVITIES.**

10 A. PWSA has contracts for the sale of bulk water to other water utilities or public
11 authorities. Part I, Section I (Sales for Resale) of the Proposed Water Tariff applies to
12 these sales. Generally speaking, that schedule authorizes negotiated rates and terms.

13 **Q. DO THE PARTIES HAVE CONCERNS ABOUT THESE CONTRACTS?**

14 A. Yes. Testifying for I&E, Mr. Cline states that he was advised by counsel that starting on
15 April 1, 2018, any bulk water sales contracts must comply with Section 507 of the Public
16 Utility Code. He indicates that PWSA has provided insufficient information upon which
17 to determine whether the terms of PWSA's bulk water sales contracts comport with the
18 Code. Mr. Cline suggests that even contracts entered into before April 1, 2018 may
19 contain provisions that violate the Code and need to be reformed under Section 508 of the
20 Code. In order to determine whether the terms of the bulk water sales contracts comport
21 with the Code, Mr. Cline recommends that the Commission order PWSA to file all
22 contracts and contract details that it has entered into with municipalities and other public
23 utilities for bulk water sales (both before and after April 1, 2018). His recommendation

1 is for these contracts to be filed at a separate docket within 120 days of the final Order in
2 this proceeding. I&E Statement No. 3 at 62-64.

3 In addition, testifying for OCA, Mr. Rubin expresses the view that PWSA's
4 wholesale agreements need to be approved by the Commission. Referring to the
5 language in Section 507 of the Code, Mr. Rubin testifies that PWSA's tariff does not
6 contain any rates for the provision of wholesale service to municipalities or other
7 municipal authorities which is the only exemption from Commission review. Therefore,
8 he recommends that PWSA be required to file with the Commission any contracts or
9 agreements that it enters into for the provision of wholesale water or wastewater service
10 to other municipalities or public authorities. OCA Statement 1 at 14-17.

11 **Q. PLEASE RESPOND.**

12 A. PWSA does not believe it is legally required to file wholesale contracts with the
13 Commission since its tariff contains provisions authorizing these negotiated rates.
14 Further, PWSA does not agree that the Commission's authority to reform contracts
15 extends to those entered into prior to April 1, 2018. Even for contracts filed since that
16 time they appear to be exempt from Commission review under Section 507 of the Public
17 Utility Code since they are covered by tariff provisions. Nonetheless, PWSA is willing to
18 provide copies of all wholesale contracts to the parties in this proceeding.

19 Also, as noted in my Direct Testimony, on February 4, 2019, PWSA filed a bulk
20 emergency water sales contract with the Commission that was executed on January 28,
21 2019 between PWSA and the Hampton Shaler Water Authority.¹⁰ By way of update,
22 PWSA subsequently requested on March 1, 2019 that the agreement be withdrawn

¹⁰ Docket No. U-2019-3007634.

1 because PWSA's newly effective Commission-approved tariff permits it to enter into
2 these types of contracts, obviating the need to file the agreement in accordance with
3 Sections 507 and 508 of the Public Utility Code. PWSA's request is currently awaiting
4 Commission action.

5 **Q. FURTHER, THE COMMISSION INQUIRED WHETHER EACH CONTRACT**
6 **AND/OR AGREEMENT ADHERES TO PWSA'S TARIFF. PLEASE RESPOND.**

7 A. As PWSA's tariff permits the negotiation of these contracts, we view them as adhering to
8 the tariff. Nonetheless, as part of the cost of service study that PWSA performs for its
9 next base rate case, we intend to review the costs of providing these wholesale services.
10 To the extent that our cost of service study indicates that different rates should be
11 charged, PWSA will seek to update the rates to reflect the current cost of service.

12 **I. Bulk Wastewater Conveyance Agreements**

13 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BULK WASTEWATER**
14 **CONVEYANCE AGREEMENTS.**

15 A. PWSA has contracts for the conveyance of wastewater from other wastewater utilities or
16 public authorities through PWSA's wastewater conveyance system to ALCOSAN's
17 system. Part I, Section B (Bulk Water Conveyance) of the Proposed Wastewater Tariff
18 applies to all bulk wastewater conveyance for other wastewater utilities or public
19 authorities. Generally speaking, the rate schedule authorizes negotiated rates and terms.

20 **Q. DO THE PARTIES RAISE CONCERNS ABOUT THESE CONTRACTS?**

21 A. Yes, as noted above, Mr. Rubin on behalf of OCA testified that all wholesale contracts to
22 provide water service or wastewater service to other municipalities or public authorities
23 should be filed with the Commission. OCA Statement 2 at 14-17. Similarly, testifying
24 for I&E, Mr. Patel takes issue with PWSA's position that it is not required to file any
25 agreements entered into prior to April 1, 2018. On advice of counsel, Mr. Patel takes the

1 view that PWSA may have an obligation to file its existing contracts and that the issue
2 will be addressed in briefing. He also points out that some of the agreements include cost
3 sharing percentages for the repair and replacement of sewer main lines so that it appears
4 there may be a financial impact upon PWSA that is of interest to the Commission.
5 Therefore, he recommends that all existing contracts be filed with the Commission in a
6 separate docket within 120 days after a Final Commission Order in this proceeding. I&E
7 Statement No. 2 at 53-55, 56 -57.

8 **Q. PLEASE RESPOND.**

9 A. As noted in my Direct Testimony, it is PWSA's position that agreements entered into
10 prior to April 1, 2018 are not required to be filed with the Commission. Even as to
11 contracts entered into after that date, PWSA views them as being outside the purview of
12 Section 507 of the Public Utility Code, since they are covered by tariff provisions.
13 Nonetheless, PWSA is willing to share these contracts with parties to this compliance
14 proceeding.

15 **Q. DOES MR. PATEL PROVIDE AN EXAMPLE OF AN EXISTING BULK**
16 **WASTEWATER CONTRACT THAT MAY ILLUSTRATE COMPLIANCE**
17 **ISSUES?**

18 A. Yes. Mr. Patel refers to the O'Hara Township 1991 Shut-off Agreement, which I
19 discussed in my Direct Testimony in response to a directed question from the
20 Commission. Per that agreement, PWSA agreed to shut off water service if an O'Hara
21 Township resident fails to pay for wastewater conveyance service supplied by the
22 Township. This arrangement is specifically authorized by the Municipality Authorities
23 Act ("MAA"), 53 P.S. §§ 3102.502. As far as PWSA is aware, this arrangement is
24 compliant with all other provisions of the MAA. However, Mr. Patel indicates that he
25 has been advised by counsel that PWSA's termination of a customer's water service due

1 to non-payment to a third party may not be consistent with the Public Utility Code and
2 Commission regulations. He further notes that this issue will be addressed in briefing.
3 I&E Statement No. 2 at 55-56.

4 Q. PLEASE RESPOND.

5 A. PWSA will likewise address these legal issues during briefing.

6 III. CONCLUSION

7 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

8 A. Yes.



CITY OF PITTSBURGH

Office of Management and Budget

William Peduto, Mayor

Jennifer Olzinger, Interim Director

To: Jennifer Presutti, Budget Director, PWSA

From: Kevin Pawlos, Assistant Director, Operating

Date: February 19, 2019

Re: PWSA Payment for Services

Enclosed you will find an invoice for PWSA's payment for City services for FY 2018. Please note that 2017 data was used in determining the amount of the invoice. Similarly, we will use 2018 actual data for the 2019 invoice. Jim Turner and Sam Ashbaugh agreed to this approach last year. Please wire payments totaling **\$4,007,008.08** to the attention of Jennifer Gula, Assistant Director, Finance:

City of Pittsburgh General Fund
 Account # 1135875634
 ABA # 043000096
 PNC Bank, NA
 500 First Avenue
 Pittsburgh, PA 15219

FY 2018 Services Rendered

PWSA 2017 Pension Obligation (<i>Attachment 1</i>)	\$	3,904,531.00
PWSA 2017 Fuel Usage (<i>Attachment 2</i>)	\$	219,478.91
PWSA 2017 Vehicle Repairs and Fleet Administration (<i>Attachment 3</i>)	\$	786,589.99
Less: 37.5% of ALCOSAN charges for City-owned properties (<i>Attachment 4</i>)	\$	(903,591.82)
TOTAL	\$	4,007,008.08

Please contact me if you have any questions. Thank you for your attention to this matter.

cc: Margaret Lanier, Director of Finance, City of Pittsburgh
 Deb Lestitian, Chief Corporate Counsel/Chief of Administration, PWSA
 Hadiza Buhari, Chief Accounting Officer, City of Pittsburgh
 Jennifer Gula, Assistant Director, Finance, City of Pittsburgh

Attachment 1 (PWSA Pension Obligation)
Attachment 2 (PWSA Fuel Usage)
Attachment 3 (PWSA Fleet Maintenance)
Attachment 4 (ALCOSAN Charges)

Exhibit DML/C-4
Attachment 1

EXHIBIT E
Allocation of Liabilities and Costs to PWSA

	<u>Municipal Pension Fund</u> <u>(Valuation Results as of January</u> <u>1, 2017)</u>	<u>Allocation to PWSA</u> <u>(as of January 1, 2017)</u>
(1) Calculation of Liability and Funding Ratio		
Actuarial Accrued Liability (AAL)		
Actives	\$ 156,401,360	
Inactives	\$ 214,928,876	
Total AAL	\$ 371,330,236	\$ 57,237,374
Actuarial Value of Assets (AVA)	\$ 224,014,919	\$ 34,529,980
Unfunded Liability (AAL - AVA)	\$ 147,315,317	\$ 22,707,394
(2) Calculation of Net Funding Requirement (2019 MMO)		
Estimated 2018 W-2 Wages	\$ 86,730,842	\$ 13,368,816
Normal Cost	\$ 6,601,084	\$ 1,017,501
Administrative Expenses	\$ 607,116	\$ 93,582
Amortization Requirement	\$ 10,402,353	\$ 1,603,434
Plan's Total Financial Requirement	\$ 17,610,553	\$ 2,714,517
Estimated Member Contributions	\$(3,040,420)	\$(481,439)
2019 MMO (net of member contributions)	\$ 14,570,133	\$ 2,233,078
ESTIMATED STATE AID for 2019	\$ (6,955,408)	\$ -
Estimated City Contribution for 2019	\$ 7,614,725	\$ 2,233,078
Basic Information (as of January 1, 2017)		
Active Count	1,718	230
Active Payroll (2016 Pensionable Compensation)	\$ 81,200,781	\$ 12,857,842
Key Assumptions		
Long-term rate of return	7.25%	
Salary Scale	4.50%	
Employee Contribution Rate	4% or 5% of Pensionable Compensation depending on Date of Hire on or after January 1, 1988	
Retirement Rate	Sample rates: (Age) 50 - 20% 60 - 15% 65 - 100%	
Mortality	Modified RP-2000 Mortality Tables, projected from 2000 using Improvement scale based on 2015 Social Security Trustee Report.	
All Other Assumptions	Same as 1/1/2017 Valuation Assumptions	

Exhibit DML/C-4
Attachment 1

From Korn Ferry		
PWSA Portion of MMO	\$	2,233,078
PWSA Portion of Parking Asset	\$	942,612
PWSA Portion of ARC	\$	728,841
PWSA Pension Total	\$	3,904,531

PWSA % 15.4%

2019 Parking Asset		
Payment Date		Municipal
3/1/2019	\$	1,530,214.40
6/1/2019	\$	1,530,214.40
9/1/2018	\$	1,530,214.40
12/1/2018	\$	1,530,214.40
Total	\$	6,120,857.60

2019 ARC		
Payment Date		Municipal
3/1/2019	\$	-
6/1/2019	\$	-
9/1/2018	\$	-
12/1/2018	\$	4,732,731.12
Total	\$	4,732,731.12

Exhibit DML/C-4
Attachment 2

Exhibit DML/C-4
Attachment 2

2017 Fuel			
Type	Gallons	Cost	Notes
Total Brilliant Yard Fuel	50,994	\$ 93,000.63	
Fuel-All Other Sites	72,018	\$ 126,478.29	
Total Fuel	123,012	\$ 219,478.91	

2017 First Vehicle Repairs & Maintenance			
Type	Cost	Notes	
First Vehicle Services Non-Contract W/O	\$ 263,288.02	Repairs not listed as regular items in contract (ex. Vehicle wreck)	
First Vehicle Services Contract Actual Cost	\$ 506,778.28	Items listed in Contract (ex: Oil Change, Tires, etc)	
Total Repair & Maintenance Costs	\$ 770,066.30		

2017 Fleet Contract			
Type	Cost	Notes	
City Contract Price	\$ 5,692,885.00		
PWSA Contract Price	\$ 505,642.00		
Total Contract	\$ 6,198,527.00		
PWSA Contract Percentage	8.16%	PWSA Contract Price / Total Contract Price	

City Contract Price \$ 5,692,885.00
 PWSA Contract Price \$ 505,642.00
 Total Contract Price \$ 6,198,527.00
 PWSA % 8.16%
 City Staff Salary +
 Benefits (35%) \$ 202,559.40
 PWSA % \$ 16,523.69

City Staff	\$ 16,523.69
PWSA Fuel	\$ 219,478.91
FVS Contract Cost	\$ 506,778.28
FVS Non-Contract Cost	\$ 263,288.02
Total Fuel Operations	\$ 1,006,068.90

Exhibit DML/C-4
Attachment 3

F450 Summary of Work Performed

By Department

Report Period Jan 1, 2017 To Dec 31, 2017

4946 Pittsburgh Service Center

PWSA-D - PWSA

WO NUMBER	UNIT	DESCRIPTION	METER	OPEN DATE	CLOSED DATE	STATUS	CHARGE CODE	DOWN TIME TO DATE	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
3771386	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	35,337	3/17/15	3/17/15	C	NC	3,090.35	0.00	0.00	0.00	1,804.64	1,804.64
4573142	EA59353	650 - 2009 FORD F550 SUPERDUTY SMALL CRANE	51,923	9/27/16	7/27/17	C	NC	4,556.44	0.00	0.00	0.00	1,797.53	1,797.53
4632066	F439376	126X - 1997 PETERBILT 330 10 TON DUMP *LC	138,817	12/7/16	1/4/17	C	NC	483.97	3.00	170.82	113.23	0.00	284.05
4649213	1154470	485 - 2010 CHVRL EXPRESS VALVE VAN *LC	44,777	12/30/16	1/10/17	C	NC	171.34	4.90	187.92	334.37	0.00	522.29
4650763	Z547798	482 - 2015 CHVRL 3500HD VALVE TRUCK	6,834	1/3/17	1/3/17	C	NC	1.01	0.92	36.80	214.35	0.00	251.15
4653267	8151767	208 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	75,841	1/6/17	1/6/17	C	NC	1.19	0.95	38.00	0.00	0.00	38.00
4654568	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	34,543	1/9/17	1/17/17	C	NC	148.98	16.97	678.80	547.70	0.00	1,226.50
4655915	8151055	203 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	83,915	1/10/17	3/1/17	C	NC	863.50	44.16	1,766.40	467.52	0.00	2,233.92
4658195	8151709	207 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	93,742	1/12/17	1/13/17	C	NC	20.28	3.60	144.00	0.00	0.00	144.00
4658829	F439380	OLD 127 - 1997 PETERBILT 330 10 TON DUMP *LC	120,713	1/11/17	2/28/17	C	NC	767.79	40.88	1,847.39	220.66	0.00	2,068.05
4660453	Z147979	031 - 2015 CHVRL SILVERADO PICKUP	15,352	1/26/17	2/24/17	C	NC	507.84	1.47	58.80	0.00	3,732.41	3,791.21
4660480	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	41,342	1/17/17	1/31/17	C	NC	235.17	1.13	45.20	0.00	5,180.89	5,226.09

F450 Summary of Work Performed

By Department

Report Period Jan 1, 2017 To Dec 31, 2017

4946 Pittsburgh Service Center

PWSA-D - PWSA

WO NUMBER	UNIT	DESCRIPTION	METER	OPEN DATE	CLOSED DATE	STATUS	CHARGE CODE	DOWN TIME TO DATE	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
4661100	E208503	228 - 2008 CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC	49,035	1/18/17	1/18/17	C	NC	2.16	1.83	73.20	109.10	0.00	182.30
4662042	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	90,993	1/19/17	1/26/17	C	NC	117.73	11.19	447.60	46.32	0.00	493.92
4662591	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	42,018	1/19/17	1/26/17	C	NC	117.98	12.42	496.80	42.56	0.00	539.36
4662829	8151767	208 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	77,484	1/20/17	1/20/17	C	NC	0.88	0.63	25.20	67.46	0.00	92.66
4662971	EA80394	651 - 2006 FORD F550 S CRANE *LC	58,160	1/20/17	1/20/17	C	NC	0.91	0.70	28.00	3.57	0.00	31.57
4664813	1174226	372 - 2009 CHEVROLET EXPRESS PLUMBER VAN *LC	76,220	1/23/17	1/26/17	C	NC	69.28	2.48	99.20	229.04	250.00	578.24
4665574	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	34,543	1/24/17	1/24/17	C	NC	1.78	0.78	31.20	0.00	0.00	31.20
4669113	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	78,409	1/27/17	1/31/17	C	NC	44.12	0.37	14.80	29.54	0.00	44.34
4670422	E150030	005 - 2009 CHVRL SILVERADO 3500HD PICKUP *LC	96,900	1/31/17	1/31/17	C	NC	2.91	2.15	120.40	129.22	0.00	249.62
4671888	E243129	679 - 2013 JHNR 310SK BACKHOE	3,288	1/3/17	1/3/17	C	NC	0.30	0.00	0.00	0.00	407.84	407.84
4671995	E243129	679 - 2013 JHNR 310SK BACKHOE	3,288	2/1/17	2/15/17	C	NC	328.43	6.13	245.20	0.00	0.00	245.20
4673049	G235543	601 - 2012 326D JHNR SKID STEER	659	2/2/17	2/2/17	C	NC	5.09	1.80	72.00	0.00	0.00	72.00
4673391	G235543	601 - 2012 326D	664.5	2/3/17	2/28/17	C	NC	242.87	5.85	234.00	0.00	5,248.82	5,482.82

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		JHNR SKID STEER											
4676273	CA47703	005X - 2004 FORD F150 HERITAGE PICKUP *LC	104,210	2/7/17	2/7/17	C	NC	2.14	1.70	68.00	24.37	0.00	92.37
4677737	CA47703	005X - 2004 FORD F150 HERITAGE PICKUP *LC	104,210	2/8/17	2/8/17	C	NC	1.18	1.12	44.80	0.00	0.00	44.80
4678198	M808515	124 - 2003 PETERBILT 330 10 TON DUMP *LC	93,844	2/8/17	4/26/17	C	NC	1,165.80	106.61	4,619.60	7,552.38	0.00	12,171.98
4679002	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	90,993	2/9/17	2/9/17	C	NC	3.08	3.02	120.80	259.56	0.00	380.36
4679651	E243023	677 - 2013 JHNR 310SK BACKHOE	4,538	2/10/17	2/10/17	C	NC	0.19	0.00	0.00	0.00	55.00	55.00
4679933	EC37531	024 - 2015 FORD F250 PICKUP	24,916	2/10/17	2/10/17	C	NC	0.77	0.65	26.00	322.30	0.00	348.30
4681458	M808512	118 - 2003 PETERBILT 330 10 TON DUMP *LC	95,302	2/13/17	2/13/17	C	NC	7.86	6.08	243.20	163.13	0.00	406.33
4683260	HA56904	OLD 488 - 2004 FORD E350 VALVE VAN *LC	112,622	2/15/17	2/21/17	C	NC	96.89	13.08	523.20	258.40	0.00	781.60
4683274	E243129	679 - 2013 JHNR 310SK BACKHOE	3,288	2/15/17	2/16/17	C	NC	30.30	0.00	0.00	0.00	3,675.54	3,675.54
4683643	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	41,487	2/15/17	2/15/17	C	NC	0.75	0.67	26.93	15.33	0.00	42.26
4683765	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	91,336	2/15/17	2/15/17	C	NC	1.92	1.77	70.80	0.00	0.00	70.80
4684164	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	91,435	2/16/17	2/21/17	C	NC	79.25	7.47	298.80	297.65	0.00	596.45
4690277	E244550	674 - 2013 JHNR BACKHOE LOADER	3,390	2/22/17	2/23/17	C	NC	22.84	4.48	179.20	0.00	0.00	179.20

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4691862	E243023	677 - 2013 JHNR 310SK BACKHOE	4,538	2/24/17	2/28/17	C	NC	93.20	12.05	482.00	13.56	0.00	495.56
4691994	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	78,832	2/24/17	2/24/17	C	NC	2.30	0.63	25.20	0.00	0.00	25.20
4693541	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	79,040	2/27/17	3/1/17	C	NC	48.67	6.30	252.00	387.94	0.00	639.94
4694536	G235543	601 - 2012 326D JHNR SKID STEER	664.5	2/28/17	3/1/17	C	NC	24.27	0.00	0.00	0.00	1,847.80	1,847.80
4694789	J623630	120 - 2012 INTERNATIONAL 7300 8 TON DUMP	31,856	2/28/17	3/1/17	C	NC	18.07	5.21	208.40	24.58	0.00	232.98
4695661	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	34,577	3/1/17	3/14/17	C	NC	221.20	20.03	801.20	1,224.72	0.00	2,025.92
4696132	G235543	601 - 2012 326D JHNR SKID STEER	665	3/1/17	3/2/17	C	NC	23.66	0.87	34.80	24.95	0.00	59.75
4697275	F449332	235 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	96,606	3/2/17	3/7/17	C	NC	64.71	8.55	439.92	163.02	0.00	602.94
4697866	G235543	601 - 2012 326D JHNR SKID STEER	665	3/3/17	3/3/17	C	NC	3.25	0.00	0.00	0.00	180.00	180.00
4698358	F439380	OLD 127 - 1997 PETERBILT 330 10 TON DUMP *LC	120,730	3/3/17	7/10/17	C	NC	1,733.50	11.48	571.20	4,613.64	0.00	5,184.84
4698867	E243023	677 - 2013 JHNR 310SK BACKHOE	4,669	3/6/17	3/10/17	C	NC	99.01	9.24	369.60	34.96	0.00	404.56
4698875	E243023	677 - 2013 JHNR 310SK BACKHOE	4,669	3/6/17	3/10/17	C	NC	25.53	0.40	16.00	0.00	2,806.04	2,822.04
4699958	8151709	207 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	97,280	3/7/17	3/14/17	C	NC	125.82	13.94	557.60	134.30	0.00	691.90
4701069	E149303	015 - 2009 CHVRL SILVERADO 3500 PICKUP *LC	78,207	3/8/17	3/10/17	C	NC	47.22	2.02	113.12	97.63	0.00	210.75

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4702271	Z375504	020 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	43,825	3/9/17	3/9/17	C	NC	1.97	0.50	20.00	0.00	0.00	20.00
4702981	E243023	677 - 2013 JHNDR 310SK BACKHOE	4,672	3/10/17	3/22/17	C	NC	237.12	23.94	965.60	241.92	1,314.63	2,522.15
4705242	1002090	103 - 2009 WANCO ARROW BOARD TRAILER		3/14/17	3/15/17	C	NC	25.60	1.52	60.80	105.00	0.00	165.80
4705377	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	34,577	3/14/17	5/8/17	C	NC	934.14	162.15	6,797.04	1,753.40	0.00	8,550.44
4706548	G798488	036 - 2007 DODGE RAM PICKUP *LC	91,142	3/15/17	3/17/17	C	NC	44.34	3.76	150.40	73.70	0.00	224.10
4708389	EC38043	024 - 2015 FORD F250 PICKUP	31,886	3/17/17	4/20/17	C	NC	649.32	0.00	0.00	0.00	111.25	111.25
4709011	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	43,428	3/20/17	3/20/17	C	NC	1.21	1.17	46.80	87.22	0.00	134.02
4710140	E267108	034 - 2006 CHVRL SILVERADO C3500 PICKUP *LC	91,759	3/21/17	3/21/17	C	NC	5.04	3.74	149.60	616.39	0.00	765.99
4711223	AU03410	653 - 2006 STERLING STERLING L CRANE *LC	48,935	3/22/17	3/22/17	C	NC	0.25	2.45	98.00	0.00	0.00	98.00
4713819	AU03410	653 - 2006 STERLING STERLING L CRANE *LC	48,941	3/27/17	3/27/17	C	NC	6.14	1.73	69.20	0.00	209.00	278.20
4713830	G235543	601 - 2012 326D JHNDR SKID STEER	665	3/24/17	3/24/17	C	NC	0.09	4.50	180.00	0.00	0.00	180.00
4714851	H717652	126 - 2015 INTERNATIONAL 7300 8 TON DUMP	12,958	3/28/17	3/28/17	C	NC	1.85	3.18	127.33	288.12	0.00	415.45
4714862	AU03410	653 - 2006 STERLING STERLING L CRANE *LC	48,941	3/28/17	5/8/17	C	NC	701.18	4.92	260.80	0.00	2,149.32	2,410.12
4715270	Z375504	020 - 2011 GMC SIERRA 1500 4WD PICKUP	43,825	3/28/17	4/5/17	C	NC	137.58	1.00	56.00	0.00	1,041.08	1,097.08

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		*LC											
4716062	M808516	OLD OOS 136 - 2003 PETERBILT 330 10 TON DUMP *LC	74,838	3/29/17	4/6/17	C	NC	147.75	28.07	1,122.93	963.18	0.00	2,086.11
4716562	1248863	513 - 2006 CHVRL LD VAN *LC	44,121	3/30/17	3/30/17	C	NC	0.79	0.73	29.20	23.88	0.00	53.08
4717917	EA27673	209 - 2001 FORD F350 COMPRESSOR/ GENERATOR *LC	83,760	3/31/17	4/24/17	C	NC	381.35	1.22	48.80	0.00	1,835.00	1,883.80
4718823	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	79,899	4/3/17	4/3/17	C	NC	6.83	1.95	78.00	38.65	0.00	116.65
4719982	EA80394	651 - 2006 FORD F550 S CRANE *LC	59,923	4/4/17	4/6/17	C	NC	55.85	17.69	707.60	1,071.13	0.00	1,778.73
4721231	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	111,925	4/4/17	4/20/17	C	NC	279.71	24.26	1,025.31	2,816.61	0.00	3,841.92
4722756	F152904	243 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	48,384	4/6/17	4/6/17	C	NC	0.72	0.28	11.20	19.21	0.00	30.41
4723972	8151709	207 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	97,381	4/7/17	4/26/17	C	NC	306.49	1.47	74.80	0.00	1,027.12	1,101.92
4723977	8152015	205 - 2009 CHEVROLET COLORADO *LC	72,592	4/7/17	4/24/17	C	NC	246.31	2.00	96.00	0.00	2,401.00	2,497.00
4724986	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	80,272	4/10/17	4/10/17	C	NC	0.64	0.60	24.00	110.11	96.00	230.11
4725864	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	92,023	4/11/17	5/17/17	C	NC	456.42	0.66	26.40	0.00	11,620.00	11,646.40
4727118	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	44,045	4/12/17	5/5/17	C	NC	382.91	19.10	764.00	199.66	860.00	1,823.66
4727856	G798485	007X - 2007 DODGE RAM PICKUP *LC	69,124	4/13/17	4/13/17	C	NC	0.78	2.78	111.33	0.00	0.00	111.33

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4729694	F449348	245 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	93.885	4/17/17	4/21/17	C	NC	97.09	14.37	574.80	670.12	0.00	1,244.92
4730161	E208503	228 - 2008 CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC	49.920	3/10/17	3/10/17	C	NC	0.03	0.00	0.00	0.00	1,506.91	1,506.91
4737796	E244550	674 - 2013 JHNR BACKHOE LOADER	3,390	3/29/17	3/29/17	C	NC	0.00	0.00	0.00	0.00	1,105.37	1,105.37
4739005	HB49233	315 - 2002 FORD E350 VAN *LC	72.352	4/25/17	4/27/17	C	NC	48.39	11.75	534.00	1,303.10	0.00	1,837.10
4739060	UA36614	901 - 2009 FORD EXPLORER SUV *LC	91.442	4/25/17	4/25/17	C	NC	2.41	0.73	29.20	206.68	0.00	235.88
4740347	T751504	104 - 2016 ARIZONA WATERBUFFALO	0	4/27/17	4/28/17	C	NC	25.22	6.03	241.20	267.12	0.00	508.32
4740739	HA56904	OLD 488 - 2004 FORD E350 VALVE VAN *LC	114,462	4/27/17	5/8/17	C	NC	172.42	5.94	237.60	1,025.97	0.00	1,263.57
4741229	E208503	228 - 2008 CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC	49.920	4/28/17	4/28/17	C	NC	6.24	0.63	25.20	21.12	0.00	46.32
4743535	H203245	531 - 2013 INT 7500 WORKSTAR VACTOR *LC	22,256	5/1/17	5/19/17	C	NC	339.92	10.74	429.60	103.51	0.00	533.11
4743740	M808512	118 - 2003 PETERBILT 330 10 TON DUMP *LC	97,040	5/1/17	5/3/17	C	NC	41.06	7.67	402.80	106.13	0.00	508.93
4745697	8151028	019 - 2009 CHEVROLET COLORADO PICKUP *LC	54,668	5/2/17	5/2/17	C	NC	3.50	2.95	118.00	222.43	0.00	340.43
4747254	H717652	126 - 2015 INTERNATIONAL 7300 8 TON DUMP	13,856	5/3/17	5/10/17	C	NC	112.47	4.00	224.00	0.00	0.00	224.00
4747625	M808515	124 - 2003 PETERBILT 330	93.851	5/4/17	5/4/17	C	NC	6.32	1.00	56.00	28.98	0.00	84.98

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		10 TON DUMP *LC											
4752075	DB13677	561 - 2011 FORD E250 LD VAN *LC	43,985	5/10/17	5/15/17	C	NC	74.60	1.23	49.20	127.97	49.00	226.17
4752924	116	116 - 2003 PETERBILT 330 10 TON DUMP		5/11/17	5/11/17	C	NC	6.12	1.65	66.00	37.18	0.00	103.18
4755029	J615638	121 - 2012 INTERNATIONAL 7300 8 TON DUMP	38,923	5/15/17	5/17/17	C	NC	53.23	4.00	224.00	51.76	0.00	275.76
4755373	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	34,627	5/15/17	5/30/17	C	NC	261.21	45.84	2,099.20	439.38	0.00	2,538.58
4758150	DB13677	561 - 2011 FORD E250 LD VAN *LC	43,988	5/18/17	6/6/17	C	NC	288.88	3.29	163.60	0.00	1,871.66	2,035.26
4761515	J225094	122 - 2010 INTERNATIONAL WORKSTAR 8 TON DUMP *LC	69,922	5/22/17	5/25/17	C	NC	66.79	9.02	360.80	295.79	0.00	656.59
4762474	M808515	124 - 2003 PETERBILT 330 10 TON DUMP *LC	94,209	5/23/17	5/23/17	C	NC	1.34	1.32	52.80	0.00	0.00	52.80
4762553	G798488	036 - 2007 DODGE RAM PICKUP *LC	92,890	5/23/17	6/16/17	C	NC	430.69	7.48	363.20	1,146.41	272.00	1,781.61
4762954	M808515	124 - 2003 PETERBILT 330 10 TON DUMP *LC	94,381	5/23/17	5/30/17	C	NC	116.30	7.67	346.80	227.91	0.00	574.71
4766643	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	36,386	5/30/17	6/27/17	C	NC	482.35	20.02	864.80	4,342.97	0.00	5,207.77
4767195	E266849	012X - 2006 CHVRL K2500HD PICKUP *LC	113,588	5/31/17	6/1/17	C	NC	23.61	5.90	236.00	31.99	0.00	267.99
4770528	E243123	OLD 678 - 2013 JHNR 310SK BACKHOE	4,905	5/10/17	5/10/17	C	NC	0.01	0.00	0.00	0.00	285.00	285.00
4771178	E266849	012X - 2006 CHVRL K2500HD PICKUP *LC	113,589	6/6/17	6/7/17	C	NC	27.66	6.45	258.00	3.50	0.00	261.50
4773946	1116783	366 - 2016 CHVRL EXPRESS	13,074	6/9/17	6/9/17	C	NC	1.36	1.25	50.00	120.64	0.00	170.64

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		VAN											
4774027	DB07087	368 - 2007 FORD E250 PLUMBER VAN *LC	82,486	6/9/17	6/23/17	C	NC	246.31	6.38	255.20	52.61	0.00	307.81
4774084	E149857	008 - 2009 CHVRL SILVERADO 3500HD PICKUP *LC	84,428	6/9/17	6/14/17	C	NC	70.64	0.23	9.20	19.21	0.00	28.41
4774173	DB07085	365 - 2007 FORD E250 PLUMBER VAN *LC	88,845	6/9/17	6/12/17	C	NC	30.78	4.95	262.00	108.18	0.00	370.18
4777003	8151767	208 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	82,139	6/14/17	6/16/17	C	NC	55.39	1.43	57.20	43.16	0.00	100.36
4777004	E149857	008 - 2009 CHVRL SILVERADO 3500HD PICKUP *LC	84,428	6/14/17	6/16/17	C	NC	47.70	1.71	68.40	81.59	0.00	149.99
4777791	J225094	122 - 2010 INTERNATIONAL WORKSTAR 8 TON DUMP *LC	69,924	6/15/17	6/15/17	C	NC	6.83	1.00	40.00	17.45	0.00	57.45
4778867	E244550	674 - 2013 JHNDR BACKHOE LOADER	3,594	6/16/17	6/29/17	C	NC	318.31	18.15	790.00	413.15	1,677.78	2,880.93
4779166	CA47710	026 - 2004 FORD F150 HERITAGE PICKUP *LC	113,326	6/16/17	8/4/17	C	NC	26.37	3.90	156.00	0.00	0.00	156.00
4779198	F048566	041X - 1997 CHEVROLET C3500 PICKUP *LC	82,669	6/16/17	6/16/17	C	NC	1.81	1.22	48.80	231.88	0.00	280.68
4779360	PWSA	PWSA		6/16/17	8/18/17	C	NC	1,006.55	22.45	897.87	232.08	5,284.01	6,413.96
4780858	1174226	372 - 2009 CHEVROLET EXPRESS PLUMBER VAN *LC	80,171	6/20/17	6/23/17	C	NC	70.85	6.36	254.40	306.97	0.00	561.37
4781102	J623630	120 - 2012 INTERNATIONAL 7300 8 TON DUMP	34,553	6/20/17	7/19/17	C	NC	509.68	20.62	975.52	1,210.00	0.00	2,185.52
4781230	M808513	116 - 2003 PETERBILT 330	112,718	6/20/17	6/20/17	C	NC	1.05	1.00	40.00	17.45	0.00	57.45

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		10 TON DUMP *LC											
4781912	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	45,216	6/21/17	6/21/17	C	NC	0.76	0.68	27.20	17.45	0.00	44.65
4782414	E244550	674 - 2013 JHNDR BACKHOE LOADER	3,594	3/29/17	3/29/17	C	NC	0.03	0.00	0.00	0.00	1,105.37	1,105.37
4783903	M808512	118 - 2003 PETERBILT 330 10 TON DUMP *LC	98,027	6/23/17	6/26/17	C	NC	23.96	1.57	62.80	66.98	0.00	129.78
4783904	HB49233	315 - 2002 FORD E350 VAN *LC	72,651	6/23/17	8/11/17	C	NC	712.17	1.92	92.80	0.00	5,197.56	5,290.36
4783906	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	92,453	6/23/17	6/27/17	C	NC	42.54	6.48	259.20	33.84	0.00	293.04
4784832	E105863	516 - 2014 DODGE PROMASTER CCTV	15,298	6/26/17	6/26/17	C	NC	0.52	0.00	0.00	0.00	0.00	0.00
4787233	H203245	531 - 2013 INT 7500 WORKSTAR VACTOR *LC	22,996	6/29/17	7/21/17	C	NC	389.80	40.50	1,620.00	5,127.18	0.00	6,747.18
4788208	Z202637	032 - 2002 CHVRL K1500 PICKUP *LC	102,053	6/30/17	7/14/17	C	NC	240.65	1.92	76.80	68.79	0.00	145.59
4788544	CA47705	026 - 2004 FORD F150 PICKUP *LC	107,607	6/30/17	8/9/17	C	NC	511.71	21.71	996.40	272.61	225.00	1,494.01
4789189	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	45,328	7/3/17	7/21/17	C	NC	340.94	4.75	190.00	193.87	0.00	383.87
4789559	1002090	103 - 2009 WANCO ARROW BOARD TRAILER	0	7/3/17	7/27/17	C	NC	425.15	4.00	224.00	21.45	0.00	245.45
4792160	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	112,948	7/7/17	7/11/17	C	NC	49.94	3.43	137.20	470.19	0.00	607.39
4792799	T751505	105 - 2016 ARIZONA WATERBUFFALO	0	7/10/17	7/11/17	C	NC	28.87	14.42	704.80	613.24	0.00	1,318.04

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4794202	E268535	006X - 2006 CHEVROLET C3500 PICKUP *LC	107,612	7/11/17	8/2/17	C	NC	381.29	14.92	596.67	558.89	0.00	1,155.56
4794422	E243129	679 - 2013 JHNR 310SK BACKHOE	3,819	7/11/17	7/13/17	C	NC	43.82	1.50	60.00	411.88	0.00	471.88
4795335	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	43,265	7/12/17	7/12/17	C	NC	0.00	0.00	0.00	0.00	180.00	180.00
4795338	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	43,265	7/12/17	7/13/17	C	NC	23.32	2.18	87.20	111.35	0.00	198.55
4796726	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	35,066	7/14/17	7/27/17	C	NC	216.71	12.00	480.00	1,356.55	0.00	1,836.55
4797110	8151709	207 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	101,882	7/14/17	7/17/17	C	NC	25.71	2.88	115.20	195.53	0.00	310.73
4797545	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	113,002	7/17/17	7/19/17	C	NC	49.12	12.92	516.80	320.87	0.00	837.67
4797909	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	45,661	7/17/17	7/19/17	C	NC	44.07	0.50	20.00	0.00	0.00	20.00
4798207	E243123	OLD 678 - 2013 JHNR 310SK BACKHOE	4,965	7/17/17	7/17/17	C	NC	0.54	1.00	40.00	0.00	768.28	808.28
4799034	PWSA	PWSA		6/27/17	6/27/17	C	NC	0.11	0.00	0.00	0.00	20.00	20.00
4799086	CA47706	037 - 2004 FORD F150 HERITAGE PICKUP *LC	73,908	7/18/17	7/18/17	C	NC	5.18	1.18	47.33	0.00	0.00	47.33
4802678	1174151	373 - 2009 CHEVROLET EXPRESS PLUMBER VAN *LC	85,763	7/24/17	8/4/17	C	NC	220.55	10.40	512.00	937.43	0.00	1,449.43
4803350	EA80394	651 - 2006 FORD F550 S CRANE *LC	61,829	7/25/17	7/25/17	C	NC	3.49	3.42	136.80	0.00	0.00	136.80
4803659	F152904	243 - 2009 CHVRL 3500HD COMPRESSOR/	50,183	7/25/17	8/14/17	C	NC	340.89	1.00	40.00	38.42	0.00	78.42

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		GENERATOR *LC											
4804011	F449332	235 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	97,435	7/25/17	7/26/17	C	NC	16.63	0.45	18.00	19.96	0.00	37.96
4805680	EA59353	650 - 2009 FORD F550 SUPERDUTY SMALL CRANE	52,383	7/27/17	8/16/17	C	NC	286.02	2.52	100.67	34.84	2,511.45	2,646.96
4805986	M808516	OLD OOS 136 - 2003 PETERBILT 330 10 TON DUMP *LC	76,393	7/28/17	7/28/17	C	NC	6.12	3.52	140.67	5.06	0.00	145.73
4808214	8151055	203 - 2009 CHEVROLET COLORADO COMPRESSOR *LC	89,424	8/1/17	8/7/17	C	NC	91.96	1.53	61.20	0.00	325.00	386.20
4810058	G235543	601 - 2012 326D JHNR SKID STEER	764	8/3/17	10/12/17	C	NC	1,465.20	2.00	80.00	0.00	11,089.33	11,169.33
4810082	G798488	036 - 2007 DODGE RAM PICKUP *LC	94,368	8/3/17	8/11/17	C	NC	146.64	1.07	42.80	35.35	0.00	78.15
4811188	E243123	OLD 678 - 2013 JHNR 310SK BACKHOE	4,982	8/4/17	8/9/17	C	NC	116.19	13.50	540.00	173.00	0.00	713.00
4811214	Z369653	006 - 2017 CHVRL SILVERADO 1500	47	8/4/17	9/7/17	C	NC	427.70	2.28	107.20	0.00	9,452.00	9,559.20
4813821	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	36,387	8/9/17	9/1/17	C	NC	411.41	26.50	1,060.00	2,592.44	0.00	3,652.44
4814482	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	35,066	8/9/17	8/17/17	C	NC	141.05	21.00	840.00	721.23	0.00	1,561.23
4814922	EA27675	236 - 2001 FORD F350 COMPRESSOR/ GENERATOR *LC	77,494	8/10/17	8/15/17	C	NC	75.84	1.07	42.80	37.28	0.00	80.08
4815166	Z375504	020 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	46,802	8/10/17	8/23/17	C	NC	217.25	1.77	70.80	49.00	0.00	119.80
4815550	Z147979	031 - 2015 CHVRL SILVERADO	17,443	8/10/17	8/10/17	C	NC	0.09	1.85	74.00	0.00	0.00	74.00

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		PICKUP											
4815824	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	113,002	8/11/17	8/29/17	C	NC	294.33	3.58	143.20	618.39	0.00	761.59
4816289	E243123	OLD 678 - 2013 JHNDR 310SK BACKHOE	4,993	8/11/17	8/15/17	C	NC	97.90	2.00	80.00	268.21	0.00	348.21
4818608	F239813	244 - 2011 CHVRL COMPRESSOR/ GENERATOR *LC	25,896	8/10/17	8/18/17	C	NC	52.14	10.70	492.00	0.00	224.16	716.16
4818775	1153949	489 - 2010 CHVRL EXPRESS 2500 HD VALVE VAN *LC	69,153	8/16/17	8/18/17	C	NC	51.35	0.23	9.20	19.21	0.00	28.41
4818875	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/ GENERATOR *LC	44,183	8/16/17	9/7/17	C	NC	382.48	10.07	402.80	218.34	0.00	621.14
4820691	Z146459	030 - 2015 CHVRL SILVERADO PICKUP	34,316	8/18/17	8/22/17	C	NC	48.28	0.65	26.00	58.76	0.00	84.76
4822229	F449909	239 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	89,805	8/21/17	9/6/17	C	NC	283.94	15.65	690.00	531.48	0.00	1,221.48
4822620	H203245	531 - 2013 INT 7500 WORKSTAR VACTOR *LC	23,544	8/22/17	8/22/17	C	NC	4.60	1.50	60.00	118.43	0.00	178.43
4822727	E267108	034 - 2006 CHVRL SILVERADO C3500 PICKUP *LC	94,359	8/22/17	8/22/17	C	NC	0.78	0.75	30.00	0.00	0.00	30.00
4824583	CA47707	018 - 2004 FORD F150 PICKUP *LC	88,720	8/24/17	9/5/17	C	NC	192.77	0.60	24.00	0.00	0.00	24.00
4826478	8151098	040 - 2009 CHVRL COLORADO PICKUP *LC	42,375	8/28/17	8/29/17	C	NC	23.88	1.50	84.00	115.67	0.00	199.67
4826760	M808515	124 - 2003 PETERBILT 330 10 TON DUMP *LC	96,211	8/28/17	9/8/17	C	NC	219.82	14.62	641.25	385.93	0.00	1,027.18
4827274	E134061	002X - 2002	139,278	6/1/17	6/1/17	C	NC	0.05	0.00	0.00	0.00	55.00	55.00

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		CHVRL C2500 PICKUP *LC											
4829298	Z369653	006 - 2017 CHVRL SILVERADO 1500	47	7/31/17	7/31/17	C	NC	0.32	0.00	0.00	0.00	78.00	78.00
4831138	CA47703	005X - 2004 FORD F150 HERITAGE PICKUP *LC	106,522	9/5/17	9/7/17	C	NC	52.08	2.00	112.00	207.99	0.00	319.99
4833904	Z147979	031 - 2015 CHVRL SILVERADO PICKUP	18,688	9/8/17	9/8/17	C	NC	4.21	0.47	18.80	119.96	0.00	138.76
4833982	1159916	370 - 2012 GMC SAVANA PLUMBER VAN *LC	41,457	9/8/17	9/11/17	C	NC	25.61	2.00	112.00	72.79	0.00	184.79
4834698	DB07085	365 - 2007 FORD E250 PLUMBER VAN *LC	90,240	9/11/17	9/15/17	C	NC	104.48	6.98	279.20	1,079.42	0.00	1,358.62
4837648	H203245	531 - 2013 INT 7500 WORKSTAR VACTOR *LC	23,930	9/14/17	9/15/17	C	NC	20.48	4.00	160.00	217.43	0.00	377.43
4838189	UA36614	901 - 2009 FORD EXPLORER SUV *LC	93,260	9/15/17	9/18/17	C	NC	29.07	0.75	42.00	60.97	0.00	102.97
4838507	1153949	489 - 2010 CHVRL EXPRESS 2500 HD VALVE VAN *LC	69,779	9/15/17	10/16/17	C	NC	445.46	1.35	70.00	0.00	3,126.21	3,196.21
4838954	F238954	242 - 2011 CHVRL 3500 COMPRESSOR/ GENERATOR *LC	22,828	9/18/17	9/19/17	C	NC	28.42	1.58	63.20	82.51	0.00	145.71
4839252	E150764	039 - 2009 CHVRL SILVERADO 2500HD PICKUP *LC	78,996	9/18/17	9/20/17	C	NC	50.39	0.60	24.00	4.37	0.00	28.37
4839326	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	94,648	9/18/17	9/26/17	C	NC	143.85	4.75	190.00	134.57	0.00	324.57
4839464	H717652	126 - 2015 INTERNATIONAL 7300 8 TON DUMP	16,000	9/18/17	9/18/17	C	NC	0.94	1.00	40.00	0.00	0.00	40.00

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4839503	EC37531	024 - 2015 FORD F250 PICKUP	34,673	9/18/17	9/19/17	C	NC	21.13	1.00	56.00	0.00	0.00	56.00
4840100	8150935	023 - 2009 CHEVROLET COLORADO PICKUP *LC	82,894	9/19/17	9/19/17	C	NC	1.44	1.00	56.00	11.52	0.00	67.52
4840292	5494980	510 - 2010 FREIGHTLINER 2500 CCTV *LC	33,097	9/19/17	9/21/17	C	NC	50.05	4.00	224.00	11.94	0.00	235.94
4841578	F048566	041X - 1997 CHEVROLET C3500 PICKUP *LC	82,671	9/20/17	11/13/17	C	NC	911.25	6.28	275.68	440.45	0.00	716.13
4842325	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	46,820	9/21/17	9/21/17	C	NC	0.73	0.60	24.00	17.45	0.00	41.45
4843037	E150030	005 - 2009 CHVRL SILVERADO 3500HD PICKUP *LC	103,764	9/22/17	9/25/17	C	NC	24.63	1.92	76.80	93.24	0.00	170.04
4843083	UB39343	900 - 2007 FORD EXPLORER SUV *LC	45,225	9/22/17	9/25/17	C	NC	24.56	2.00	80.00	70.70	0.00	150.70
4844287	AU03410	653 - 2006 STERLING STERLING L CRANE *LC	50,529	9/25/17	9/27/17	C	NC	44.69	8.30	332.00	241.23	0.00	573.23
4844487	M808512	118 - 2003 PETERBILT 330 10 TON DUMP *LC	100,458	9/25/17	10/16/17	C	NC	357.18	0.00	0.00	0.00	8,700.00	8,700.00
4846163	PWSA	PWSA		9/24/17	9/24/17	C	NC	19.79	4.50	252.00	0.00	0.00	252.00
4847035	1174226	372 - 2009 CHEVROLET EXPRESS PLUMBER VAN *LC	83,195	9/28/17	9/29/17	C	NC	22.87	1.00	56.00	75.00	0.00	131.00
4849202	M808514	119 - 2003 PETERBILT 330 10 TON DUMP *LC	94,648	10/2/17	10/2/17	C	NC	3.01	2.95	118.00	3.73	0.00	121.73
4849294	F154514	233 - 2009 CHEVROLET 3500HD COMPRESSOR/ GENERATOR *LC	45,308	10/2/17	10/5/17	C	NC	76.63	4.70	188.00	8.92	0.00	196.92
4850173	M808514	119 - 2003	94,734	10/3/17	10/3/17	C	NC	6.29	5.61	224.40	181.72	0.00	406.12

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		PETERBILT 330 10 TON DUMP *LC											
4851572	G798485	007X - 2007 DODGE RAM PICKUP *LC	72,872	10/4/17	10/4/17	C	NC	2.71	1.68	67.20	17.19	0.00	84.39
4851727	CA47703	005X - 2004 FORD F150 HERITAGE PICKUP *LC	106,525	10/4/17	10/6/17	C	NC	47.44	1.18	47.20	0.00	469.68	516.88
4852665	E208503	228 - 2008 CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC	52,392	10/5/17	10/6/17	C	NC	20.45	2.44	97.60	63.52	0.00	161.12
4853332	F153857	231 - 2009 CHVRL SILVERADO C3500 COMPRESSOR/ GENERATOR *LC	49,308	10/6/17	10/6/17	C	NC	1.54	1.05	42.00	111.35	0.00	153.35
4853508	EA27673	209 - 2001 FORD F350 COMPRESSOR/ GENERATOR *LC	85,083	10/6/17	10/9/17	C	NC	22.16	3.17	126.80	134.54	0.00	261.34
4854499	Z379456	022 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	26,974	10/9/17	10/10/17	C	NC	30.30	0.38	15.20	67.35	0.00	82.55
4854603	F439380	01D 127 - 1997 PETERBILT 330 10 TON DUMP *LC	121,370	10/9/17	10/9/17	C	NC	2.96	1.50	60.00	0.00	0.00	60.00
4855379	EA80394	651 - 2006 FORD F550 S CRANE *LC	62,508	10/10/17	10/16/17	C	NC	95.85	8.97	453.04	205.04	229.51	887.59
4855588	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	114,101	10/10/17	10/24/17	C	NC	234.07	26.56	1,265.28	116.29	0.00	1,381.57
4858067	1248863	513 - 2006 CHVRL LD VAN *LC	48,573	10/12/17	10/20/17	C	NC	135.36	8.20	328.00	62.43	0.00	390.43
4858556	Z244025	013 - 2010 CHVRL SILVERADO 1500 PICKUP *LC	44,042	10/13/17	10/27/17	C	NC	240.02	0.50	28.00	73.61	0.00	101.61

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4858765	H597052	532 - 2003 INTERNATIONAL VACTOR *LC	35,468	10/13/17	12/11/17	C	NC	978.85	72.05	2,881.87	1,476.86	0.00	4,358.73
4858790	F153857	231 - 2009 CHVRL SILVERADO C3500 COMPRESSOR/ GENERATOR *LC	49,649	10/11/17	11/16/17	C	NC	576.02	4.95	222.00	0.00	2,907.07	3,129.07
4860430	Z377169	009 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	65,319	10/17/17	10/17/17	C	NC	0.27	2.33	93.20	142.88	0.00	236.08
4861476	H203245	531 - 2013 INT 7500 WORKSTAR VACTOR *LC	24,596	10/18/17	10/25/17	C	NC	123.65	14.00	560.00	1,491.79	0.00	2,051.79
4861695	AU03410	653 - 2006 STERLING STERLING L CRANE *LC	50,746	10/18/17	10/31/17	C	NC	217.23	0.77	30.80	0.00	2,627.09	2,657.89
4863510	E243131	676 - 2013 JHNR BACKHOE LOADER	4,559	10/20/17	10/20/17	C	NC	0.05	0.00	0.00	0.00	1,063.32	1,063.32
4871831	HA56904	OLD 488 - 2004 FORD E350 VALVE VAN *LC	119,053	10/23/17	10/24/17	C	NC	30.17	2.38	95.20	62.98	0.00	158.18
4874728	F239813	244 - 2011 CHVRL COMPRESSOR/ GENERATOR *LC	25,903	10/24/17	10/24/17	C	NC	0.18	0.15	6.00	8.92	0.00	14.92
4875343	F449332	235 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	97,441	10/24/17	11/24/17	C	NC	553.72	65.05	2,602.00	302.69	0.00	2,904.69
4876715	DB07086	486 - 2007 FORD E250 VALVE VAN *LC	69,049	10/25/17	10/25/17	C	NC	0.78	0.53	21.33	4.63	0.00	25.96
4877995	E243129	679 - 2013 JHNR 310SK BACKHOE	4,109	10/27/17	10/27/17	C	NC	6.36	1.00	40.00	0.00	1,063.32	1,103.32
4878332	M808515	124 - 2003 PETERBILT 330 10 TON DUMP *LC	97,022	10/27/17	10/27/17	C	NC	0.45	2.25	90.00	0.00	0.00	90.00
4879149	Z244025	013 - 2010 CHVRL SILVERADO	44,045	10/30/17	10/30/17	C	NC	6.57	1.25	70.00	25.78	0.00	95.78

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		1500 PICKUP *LC											
4881424	ZB72290	910 - 2002 FORD EXPLORER SUV *LC	113,879	11/1/17	12/14/17	C	NC	748.96	3.50	140.00	0.00	0.00	140.00
4881668	M808516	OLD OOS 136 - 2003 PETERBILT 330 10 TON DUMP *LC	78,012	11/1/17	11/7/17	C	NC	94.38	24.97	998.80	197.60	0.00	1,196.40
4881704	EA66346	247 - 2016 FORD F350 COMPRESSOR/ GENERATOR	11,232	11/1/17	11/2/17	C	NC	18.88	6.22	295.52	23.88	180.00	499.40
4881981	E243033	675 - 2013 JHNR BACKHOE LOADER	6,672	11/2/17	11/2/17	C	NC	7.55	1.50	60.00	0.00	2,694.04	2,754.04
4883041	Z377169	009 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	67,489	11/3/17	11/17/17	C	NC	244.75	4.05	162.00	498.71	0.00	660.71
4883736	PWSA	PWSA		11/6/17	2/27/18	C	NC	2,714.13	1.40	56.00	0.00	180.00	236.00
4883989	F449348	245 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	94,160	11/6/17	11/22/17	C	NC	287.17	9.66	386.40	262.12	0.00	648.52
4884872	J271450	530 - 2010 INTERNATIONAL WORKSTAR VACTOR	37,142	11/7/17	12/6/17	C	NC	509.01	3.00	120.00	94.21	0.00	214.21
4885117	F449348	245 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	94,160	10/26/17	10/26/17	C	NC	0.01	0.00	0.00	0.00	180.00	180.00
4885224	J623629	115 - 2012 INTERNATIONAL 7300 8 TON DUMP	48,656	11/7/17	11/20/17	C	NC	215.16	8.97	358.80	0.94	0.00	359.74
4886940	J225094	122 - 2010 INTERNATIONAL WORKSTAR 8 TON DUMP *LC	74,543	11/9/17	11/9/17	C	NC	0.84	0.77	30.80	7.21	0.00	38.01
4887029	E243033	675 - 2013 JHNR BACKHOE LOADER	6,674	11/9/17	11/13/17	C	NC	96.72	5.00	200.00	407.29	0.00	607.29
4888015	F152864	234 - 2009 CHVRL 3500HD COMPRESSOR/	45,967	11/13/17	12/1/17	C	NC	341.70	14.80	655.68	419.02	0.00	1,074.70

F450 Summary of Work Performed

By Department

Report Period Jan 1, 2017 To Dec 31, 2017

4946 Pittsburgh Service Center

PWSA-D - PWSA

WO NUMBER	UNIT	DESCRIPTION	METER	OPEN DATE	CLOSED DATE	STATUS	CHARGE CODE	DOWN TIME TO DATE	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
		GENERATOR *LC											
4890598	E207668	246 - 2008 CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC	51,418	11/16/17	11/17/17	C	NC	30.35	7.56	349.28	57.29	0.00	406.57
4891548	E243023	677 - 2013 JHNDR 310SK BACKHOE	5,322	11/17/17	11/27/17	C	NC	246.96	9.50	380.00	989.11	0.00	1,369.11
4891637	8151716	021 - 2009 CHEVROLET COLORADO PICKUP *LC	68,440	11/17/17	11/21/17	C	NC	49.63	1.20	48.00	39.98	0.00	87.98
4892516	1117682	369 - 2016 CHVRL EXPRESS VAN	26,672	11/16/17	11/16/17	C	NC	0.19	0.00	0.00	0.00	100.00	100.00
4894103	DB07085	365 - 2007 FORD E250 PLUMBER VAN *LC	91,392	11/21/17	11/28/17	C	NC	117.53	6.82	322.88	57.25	0.00	380.13
4895291	J615638	121 - 2012 INTERNATIONAL 7300 8 TON DUMP	41,931	11/27/17	11/29/17	C	NC	53.70	7.42	296.80	685.12	0.00	981.92
4895436	Z375261	029 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	30,758	11/27/17	11/27/17	C	NC	1.00	2.72	108.67	112.82	0.00	221.49
4895844	Z148272	014 - 2018 CHVRL SILVERADO 1500 PICKUP	25	11/27/17	11/29/17	C	NC	46.98	1.20	48.00	25.88	0.00	73.88
4896420	F238954	242 - 2011 CHVRL 3500 COMPRESSOR/ GENERATOR *LC	22,828	11/28/17	11/28/17	C	NC	10.35	5.16	222.40	19.67	0.00	242.07
4897668	8151716	021 - 2009 CHEVROLET COLORADO PICKUP *LC	68,440	11/29/17	12/4/17	C	NC	69.83	6.28	291.33	259.73	0.00	551.06
4897670	F449332	235 - 2000 CHVRL C3500 COMPRESSOR/ GENERATOR *LC	97,441	11/29/17	11/30/17	C	NC	22.03	3.70	148.00	45.79	0.00	193.79
4898405	Z375261	029 - 2011 GMC SIERRA 1500 4WD PICKUP *LC	31,328	11/23/17	11/23/17	C	NC	0.02	0.00	0.00	0.00	108.00	108.00
4898544	E149857	008 - 2009	90,818	11/30/17	12/7/17	C	NC	123.99	2.50	124.00	617.31	0.00	741.31

F450 Summary of Work Performed

By Department

Report Period Jan 1, 2017 To Dec 31, 2017

4946 Pittsburgh Service Center

PWSA-D - PWSA

WO NUMBER	UNIT	DESCRIPTION	METER	OPEN DATE	CLOSED DATE	STATUS	CHARGE CODE	DOWN TIME TO DATE	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
		CHVRL SILVERADO 3500HD PICKUP *LC											
4899913	E208503	228 - 2008	54,968	12/1/17	12/1/17	C	NC	3.00	2.17	86.67	0.00	0.00	86.67
		CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC											
4903811	M808512	118 - 2003	101,858	12/7/17	12/7/17	C	NC	4.63	3.86	154.40	70.53	0.00	224.93
		PETERBILT 330 10 TON DUMP *LC											
4904465	F153857	231 - 2009	49,684	12/7/17	12/15/17	C	NC	143.74	21.27	850.80	57.31	0.00	908.11
		CHVRL SILVERADO C3500 COMPRESSOR/ GENERATOR *LC											
4907556	2208691	903 - 2007	37,216	12/12/17	12/21/17	C	NC	170.12	3.29	131.60	34.92	0.00	166.52
		CHEVROLET TRAILBLAZER SUV *LC											
4909498	B141455	001 - 2010	53,755	12/14/17	12/19/17	C	NC	72.83	2.62	136.67	44.94	0.00	181.61
		CHVRL COLORADO 4X4 PICKUP *LC											
4909776	J623629	115 - 2012	49,326	12/14/17	12/15/17	C	NC	25.31	1.02	40.80	0.00	0.00	40.80
		INTERNATIONAL 7300 8 TON DUMP											
4910302	G798487	025 - 2007	121,025	12/15/17	12/15/17	C	NC	0.01	0.00	0.00	47.67	0.00	47.67
		DODGE RAM 2500 PICKUP *LC											
4910304	J225094	122 - 2010	75,510	12/15/17	12/15/17	C	NC	0.68	0.48	19.20	28.98	0.00	48.18
		INTERNATIONAL WORKSTAR 8 TON DUMP *LC											
4911038	E207668	246 - 2008	51,439	12/18/17	12/28/17	C	NC	197.04	20.24	809.60	92.47	0.00	902.07
		CHVRL SILVERADO 3500HD COMPRESSOR/ GENERATOR *LC											
4911482	Z370018	012 - 2017	4,150	12/18/17	12/18/17	C	NC	2.13	2.20	88.00	19.72	0.00	107.72
		CHVRL SILVERADO 1500											

F450 Summary of Work Performed

By Department

Report Period Jan 1, 2017 To Dec 31, 2017

4946 Pittsburgh Service Center

PWSA-D - PWSA

WO NUMBER	UNIT	DESCRIPTION	METER	OPEN DATE	CLOSED DATE	STATUS	CHARGE CODE	DOWN TIME TO DATE	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
4911994	J623630	120 - 2012 INTERNATIONAL 7300 8 TON DUMP	36,882	12/19/17	1/3/18	C	NC	265.46	13.68	599.36	304.36	0.00	903.72
4912965	8151028	019 - 2009 CHEVROLET COLORADO PICKUP *LC	62,640	12/20/17	12/21/17	C	NC	30.62	1.53	61.20	34.01	0.00	95.21
4915032	M808513	116 - 2003 PETERBILT 330 10 TON DUMP *LC	114,705	12/26/17	12/28/17	C	NC	55.18	10.14	512.32	22.71	0.00	535.03
4915694	G798487	025 - 2007 DODGE RAM 2500 PICKUP *LC	122,202	12/27/17	1/5/18	C	NC	5.29	1.58	79.33	40.42	0.00	119.75
4917209	F439380	OLD 127 - 1997 PETERBILT 330 10 TON DUMP *LC	122,124	12/29/17	1/22/18	C	NC	386.76	1.80	73.44	0.00	0.00	73.44
4917403	J114272	861 - 2009 INTERNATIONAL 7300 STAKEBODY HAZMAT *LC	34,978	12/29/17	12/30/17	C	NC	11.89	2.80	112.00	0.00	0.00	112.00

Department: PWSA-D - PWSA Sub Totals 48,219.04 1,811.83 76,695.97 70,031.46 116,562.03 263,289.46

Department Summary Costs By Charge Code of Work

CHARGE CODE	WO COUNT	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
NC Non-Contract	264	1,811.83	76,695.97	70,031.46	116,562.03	263,289.46
Totals	264	1,811.83	76,695.97	70,031.46	116,562.03	263,289.46

Organization Totals 48,219.04 1,811.83 76,695.97 70,031.46 116,562.03 263,289.46

Organization Summary By Charge Code of Work

4946 - Pittsburgh Service Center

CHARGE CODE	WO COUNT	LABOR HRS	LABOR COST	PARTS COST	SUBLET COSTS	TOTAL COST
NC Non-Contract	264	1,811.83	76,695.97	70,031.46	116,562.03	263,289.46
4946 Totals	264	1,811.83	76,695.97	70,031.46	116,562.03	263,289.46

Report Summary 48,219.04 1,811.83 76,695.97 70,031.46 116,562.03 263,289.46

Exhibit DML/C-4
Attachment 4



To: Kevin Pawlos, Assistant Director, Operating

From: Jennifer Presutti, Budget Director, PWSA

Date: February 18, 2019

RE: PWSA Payment for Services (Attachment 4)

Enclosed is a summary of the City of Pittsburgh accounts with outstanding ALCOSAN charges (Attachment 4).

Summary of the City of Pittsburgh Accounts with Outstanding ALCOSAN Charges		
Total Number of Accounts 1281	Total Outstanding ALCOSAN Charges \$2,409,578.18	37.5% of Outstanding Charges \$903,591.82

Please contact me if you have any questions.

cc: Margaret Lanier, Director of Finance, City of Pittsburgh
Deb Lestitian, Chief Corporate Counsel/Chief of Administration, PWSA
Hadiza Buhari, Chief Accounting Officer, City of Pittsburgh
Jennifer Gula, Assistant Director, Finance, City of Pittsburgh

8/21/19 *11609*
jan

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF

DEBBIE M. LESTITIAN

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Cyber Security Plan
Cooperation Agreement with City of Pittsburgh
Billing Arrangement with Pa. American Water Company

August 2, 2019

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B.	Cooperation Agreement	3
C.	Billing Arrangement with Pennsylvania-American Water Company	6
III.	CONCLUSION.....	7

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAMES AND POSITIONS FOR THE RECORD.**

3 A. My name is Debbie M. Lestitian. My positions with Pittsburgh Water and Sewer
4 Authority (“PWSA” or “Authority”) are Chief Corporate Counsel and Chief of
5 Administration.

6 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. Yes. I prepared written direct testimony, PWSA St. No. C-2, which was served on
9 February 14, 2019 on behalf of PWSA. I also prepared rebuttal testimony, PWSA St. No.
10 C-2R, which served on May 6, 2019 on behalf of PWSA.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

12 A. The purpose of my supplemental direct testimony is to discuss certain developments that
13 have occurred since submitting written direct and rebuttal testimonies in this proceeding.
14 Specifically, I will provide: (i) an update on the expected completion of the cyber
15 security plan; (ii) an update on the status of the negotiations between PWSA and the City
16 of Pittsburgh (“City”) relating to the City Cooperation Agreement; and (iii) data
17 regarding the billing arrangements with Pennsylvania American Water Company
18 (“PAWC”).

19 **II. UPDATES**

20 **A. Cyber Security Plan**

21 **Q. DO YOU HAVE AN UPDATE WITH RESPECT TO COMPLETION OF THE**
22 **CYBER SECURITY PLAN?**

23 A. Yes. In my rebuttal testimony, I indicated that a draft cyber security plan had been
24 completed, was pending review by PWSA management and would require approval of
25 PWSA’s Board of Directors (“Board”). I did not offer a date by which PWSA

1 management expected to complete that review and obtain Board approval. Since
2 submitting my rebuttal testimony, I have determined that because the cyber security plan
3 is not a policy, it does not require approval by the Board. As of August 1, 2019, the
4 cyber security plan has received executive approval. The next step is to consult with staff
5 in the Commission's Reliability and Emergency Preparedness Section of the
6 Commission's Bureau of Technical Utility Services, as PWSA agreed to do through my
7 rebuttal testimony. PWSA intends to begin that consultation during the week of August
8 5, 2019.

9 ***B. Cooperation Agreement***

10 **Q. IN YOUR PRIOR TESTIMONIES, WHAT DID YOU PROVIDE WITH**
11 **RESPECT TO THE STATUS OF THE COOPERATION AGREEMENT?**

12 A. In my direct testimony, I noted that on February 4, 2019, PWSA's Board voted to
13 terminate the existing Cooperation Agreement ("1995 Cooperation Agreement"),
14 effective on 90 days' notice, or on May 5, 2019. In my rebuttal testimony, I explained
15 that upon resolution adopted by PWSA's Board, the termination of the 1995 Cooperation
16 Agreement was extended by 60 days, or until July 5, 2019.

17 **Q. WHAT IS THE CURRENT STATUS OF THE 1995 AGREEMENT?**

18 A. Upon resolution adopted by PWSA's Board, the termination of the 1995 Cooperation
19 Agreement was extended by 90 days, or until October 3, 2019. The Board approved a
20 new Cooperation Agreement on June 7, 2019 ("2019 Cooperation Agreement"), which
21 was presented to City Council on June 11, 2019. Public hearings were held on the
22 proposed Cooperation Agreement on July 9, 2019. City Council passed a resolution on
23 July 24, 2019 authorizing a 2019 Cooperation Agreement between the City and PWSA to
24 provide for the rights and obligations of each party with respect to the other, and for
25 payments and capital cooperation between the parties.

1 **Q. PLEASE DESCRIBE CITY COUNCIL’S RESOLUTION.**

2 A. The resolution authorized the Mayor to enter the 2019 Cooperation Agreement, and
3 provided that the 2019 Cooperation Agreement shall be in a form approved by the City
4 Solicitor and shall, in addition to the terms and conditions specified therein, contain other
5 terms and conditions that may be in the interest of the City.

6 **Q. WHAT IS THE PROCESS GOING FORWARD?**

7 A. The Mayor has ten days, or until August 6, 2019, to make changes to the 2019
8 Cooperation Agreement. If the Mayor makes no changes to the 2019 Cooperation
9 Agreement, it will be considered final, subject to Commission approval. If the Mayor
10 makes any changes to the 2019 Cooperation Agreement, the Board will schedule a
11 special meeting to vote on whether to accept those changes. Upon final approval by the
12 City and the Board, PWSA will file the 2019 Cooperation Agreement with the
13 Commission under Section 507 of the Public Utility Code.¹

14 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION’S PROCESS**
15 **UNDER SECTION 507 OF THE PUBLIC UTILITY CODE?**

16 A. It is my understanding that Section 507 of the Public Utility Code states that prior to the
17 effective date of the 2019 Cooperation Agreement, which would be October 4, 2019
18 given the expected termination of the 1995 Cooperation Agreement on October 3, 2019,
19 the Commission may institute proceedings to determine the reasonableness, legality or
20 any other matter affecting its validity. Upon the institution of such proceedings, I
21 understand that Section 507 provides that the 2019 Cooperation Agreement “shall not be
22 effective until the commission grants its approval thereof.”²

¹ 66 Pa.C.S. § 507.

² *Id.*

1 **Q. IF THE COMMISSION DOES NOT APPROVE THE 2019 COOPERATION**
2 **AGREEMENT BY OCTOBER 3, 2019 AND INSTEAD INSTITUTES**
3 **PROCEEDINGS TO DETERMINE THE REASONABLENESS, LEGALITY OR**
4 **ANY OTHER MATTER AFFECTING ITS VALIDITY, HOW DOES PWSA**
5 **INTEND TO PROCEED?**

6 A. In filing the 2019 Cooperation Agreement with the Commission, PWSA intends to
7 request that if the Commission institutes a proceeding pursuant to Section 507, that it
8 permit PWSA to begin operating under the 2019 Cooperation Agreement on October 4,
9 2019, subject to subsequent retroactive revisions directed by the Commission under
10 Section 508 of the Public Utility Code,³ and subject to Commission determinations
11 regarding the impact on rates of the provisions of the 2019 Cooperation Agreement in
12 PWSA's future rate proceedings. PWSA also plans to propose to immediately implement
13 any changes to its practices resulting from the Commission's Order in this proceeding,
14 which supersede the 2019 Cooperation Agreement.

15 **Q. WHAT ARE THE OTHER OPTIONS?**

16 A. One other option is for another extension of the 1995 Cooperation Agreement beyond
17 October 3, 2019. I do not view that as an attractive option. I believe that operating,
18 temporarily, under the 2019 Cooperation Agreement, which contains many terms that are
19 more favorable to PWSA than the 1995 Cooperation Agreement, would be far preferable
20 to a situation in which PWSA maintains the status quo. Another option is for PWSA to
21 begin interacting with the City on an arms-length transactional basis on October 4, 2019.
22 Under this interim approach, PWSA would invoice the City for services on the basis of
23 the fair market value and pay invoices received from the City on the same basis.
24 However, this approach would not be as transparent to the Commission or interested

³ 66 Pa.C.S. § 508.

1 parties and would be less structured for PWSA and the City than would operating, on a
2 temporary basis, under the 2019 Cooperation Agreement.

3 **Q. HOW DOES PWSA PROPOSE TO ADDRESS THE LANGUAGE IN SECTION**
4 **507 OF THE PUBLIC UTILITY CODE, WHICH PROVIDES THAT AN**
5 **AGREEMENT THAT IS THE SUBJECT OF AN INVESTIGATION CANNOT**
6 **GO INTO EFFECT UNTIL COMMISSION APPROVAL?**

7 A. If that provision is deemed applicable, the Commission is authorized under Section
8 3202(b) to suspend or waive the applicability of any provision of the Public Utility
9 Code.⁴ Therefore, due to the unique circumstances of PWSA recently coming under the
10 Commission's jurisdiction, and its efforts to achieve compliance with the Public Utility
11 Code and associated regulations, PWSA plans to seek a waiver of this provision in
12 Section 507. The waiver would be limited to obtaining approval to begin operating under
13 the 2019 Cooperation Agreement on October 4, 2019, upon expiration of the 1995
14 Cooperation Agreement, subject to Commission approval, modifications and future
15 determinations regarding the rate impacts of provisions of the 2019 Cooperation
16 Agreement.

17 **C. Billing Arrangement with Pennsylvania-American Water Company**

18 **Q. PLEASE BRIEFLY DESCRIBE PWSA'S BILLING ARRANGEMENT WITH**
19 **PAWC.**

20 A. The City of Pittsburgh entered into an arrangement with PAWC in 1973 whereby the City
21 pays a rate subsidy directly to PAWC that offsets PAWC's water rates for about 27,000
22 of PWSA's sewer only customers. The subsidy limits water charges for City residents
23 served by PAWC, so that their out-of-pocket rates match PWSA prices. The existing
24 Cooperation Agreement requires PWSA to reimburse the City for this expense. In
25 practice, PWSA pays the rate subsidy directly to PAWC.

⁴ 66 Pa.C.S. § 3202(b).

1 **Q. PLEASE PROVIDE RECENT DATA CONCERNING THIS BILLING**
2 **ARRANGEMENT.**

3 A. Based on the May 2019 billing data, over 80% of residential customers are receiving a
4 discount of \$1 or less; over one-third of the residential customers are receiving no
5 discount; and the average discount customers are receiving is less than 50 cents per
6 month. Thus, the discount should be terminated.

7 **III. CONCLUSION**

8 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

9 A. Yes.

8/21/19
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF

JENNIFER PRESUTTI

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Response to PUC Direct Questions in the areas of:
Financing Capital Improvements
Other Compliance Plan Issues

February 14, 2019

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Table of Exhibits

Exhibit #	Exhibit
JP/C-1	Debt Summary [L0798740]
JP/C-2	Projected Annual Debt Service 2019 – 2029 [L0798741]
JP/C-3	Construction Budget Information: Orthophosphate, Lead Service Line Replacement Projects [L0798744]

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND POSITION FOR THE RECORD.**

3 A. My name is Jennifer Presutti and I am the Budget Director of Pittsburgh Water
4 and Sewer Authority ("PWSA").

5 **Q. WHEN DID YOU TAKE ON THE POSITION OF BUDGET DIRECTOR?**

6 A. I was appointed Budget Director on August 16, 2018 and assumed my duties with
7 PWSA on September 17, 2018.

8 **Q. MS. PRESUTTI, PLEASE SUMMARIZE YOUR EDUCATIONAL
9 BACKGROUND.**

10 A. I hold a Master's Degree in Public Policy and Management from the University of
11 Pittsburgh and a Bachelor of Science degree in Political Science from the San
12 Francisco State University.

13 **Q. MS. PRESUTTI, PLEASE PROVIDE A SUMMARY OF YOUR
14 RELEVANT EXPERIENCE.**

15 A. As noted, I have been at the Authority since September 2018. Prior to working at
16 the Authority, I worked for the City of Pittsburgh. I joined the City in 2010 and
17 was promoted to Office of Management and Budget ("OMB") Director in 2017.
18 While at the City, I served as a budget analyst, senior budget analyst, capital
19 budget manager, assistant director- capital and asset management, and finally
20 director. Prior to working for the City, I was the Finance Administrator in the
21 Department of Mechanical Engineering and Materials Science for the University
22 of Pittsburgh from 2008 to 2010 and the Finance, Administration, and Operations
23 Manager for Equality California and Equality California Institute from 2006 to
24 2009.

25 **Q. MS. PRESUTTI, WHAT ARE YOUR VARIOUS JOB RESPONSIBILITIES
26 WITH PWSA?**

1 A. As Budget Director for PWSA, I am responsible for the creation, implementation,
2 and monitoring of the Authority's operating budget. I also monitor the Authority's
3 Construction Improvement Plan ("CIP"). I monitor cash flow as it relates to the
4 budget, I monitor salaries and personnel as it relates to position control and
5 operations, and I support my executives and board as needed. I assist with
6 monitoring our revenue stream and debt service. Finally, I am also working with
7 the PUC to ensure that PWSA is in compliance as it pertains to our financial
8 reporting, communication, and conformity.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**
10 **PUBLIC UTILITY COMMISSION ("PUC" OR "COMMISSION")?**

11 A. Yes, along with Debbie Lestitian, PWSA's Chief Corporate Counsel, I submitted
12 rebuttal testimony in PWSA first base rate case (R-2018-3002645,47).

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to provide as much information to the interested
15 parties on the information contained in the Compliance Plan and LTIIP
16 documents. I will be responding (or providing additional information) for
17 Directed Questions 2-7, 37-38 and 62-66 as renumbered on Exhibit RAW/C-1.

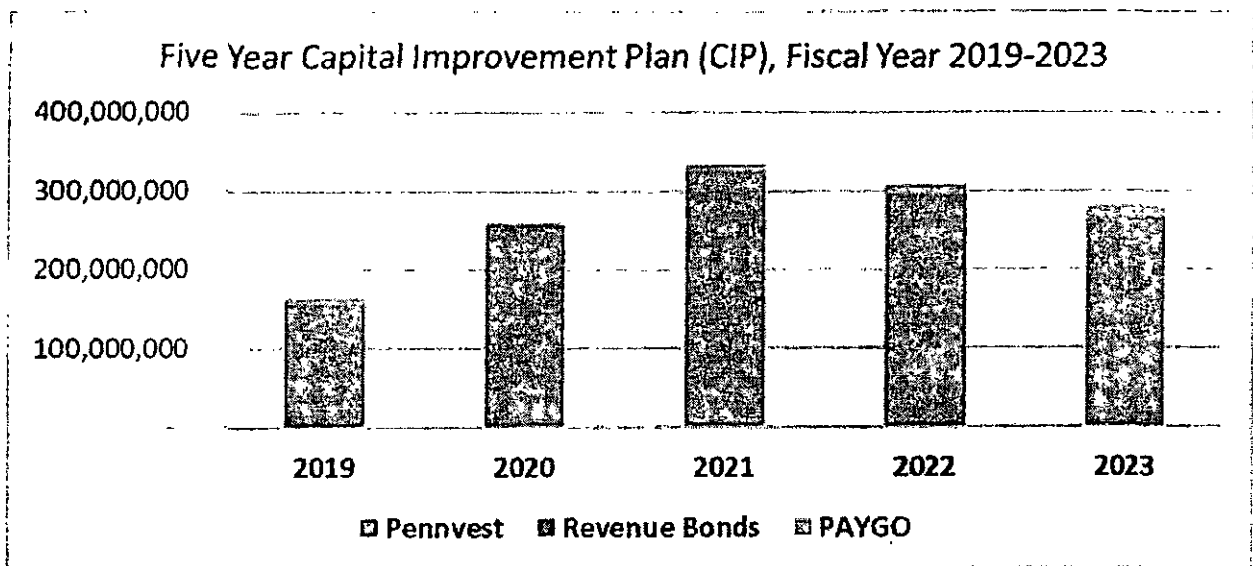
18 **Q. COULD YOU PLEASE DESCRIBE PWSA'S FINANCING PLANS FOR**
19 **EACH OF THE PROJECTS IN PWSA'S CONSTRUCTION**
20 **IMPROVEMENT PLAN (QUESTION 2-4) AND FACILITIES LISTED IN**
21 **QUESTION 6 ON EXHIBIT RAW/C-1 (COMPLIANCE)?**

22
23 A. I will provide information regarding the financial information requested in
24 Question 2-5 and Question 6; Mr. Weimar will discuss PWSA's capital plans
25 during this period. PWSA's present projection of capital expenditures for the
26 next 5 years, starting with 2019, is as follows:
27

1
2 A. Finance Plan.

3 1. Over the next 5 years, the Authority plans to issue \$1.25 billion in
4 additional debt to finance its Capital Improvement Plan (CIP). It expects to use
5 internally generated funds to pay for an additional \$37.5 million of capital
6 improvements over that same period. Finally, it plans to utilize a PENNVEST
7 loan/grant to finance \$49,128,404 to finance the 2019 lead service line
8 replacement project.

9 (a) The finance plan, by year, looks like this:



13 2. PWSA believes it will be able to access the capital markets to
14 obtain this funding at a reasonable cost assuming:

15 (a) PWSA is able to maintain its present "A" bond rating;

16 (b) PWSA is able to continue to secure needed rate increases

17 which maintain financial metrics that not only satisfy the minimum requirements

1 of PWSA's bond covenants but also satisfy rating agency expectations for an "A"
2 rated credit.

3 3 PWSA's Debt Summary, as of January 1, 2019 is attached as
4 Exhibit JP-1.

5 4. PWSA's projected annual debt service for the period 2019-2029 is
6 set forth in Exhibit JP-2.

7
8
9 **Q. THE COMMISSION ALSO ASKED "WHETHER THE**
10 **IMPLEMENTATION OF A DISTRIBUTION SYSTEM IMPROVEMENT**
11 **CHARGE (DSIC) IS CONSISTENT WITH PWSA'S PLANS TO**
12 **INCREASE CAPITAL SPENDING AND WITH THE CORRESPONDING**
13 **LTIP." (QUESTION 5). WHAT ARE PWSA'S VIEWS WITH RESPECT**
14 **TO IMPLEMENTING A DSIC?**

15 A. PWSA is considering requesting approval to implement a DSIC but has not yet
16 made a decision to do so. It is also considering requesting an expansion of the
17 types of projects that could be included in its Long Term Infrastructure
18 Improvement Plan ("LTIP") and its DSIC.

19 1. A DSIC would be a source of internally generated funds that
20 would permit PWSA to use PAYGO financing (PWSA would use all or a portion
21 of DSIC collections to fund, in cash, the construction of approved projects).

22 2. To the extent that PWSA can utilize DSIC to engage in PAYGO
23 financing and increase the percentage of its Capital Program financed from
24 customer rates its credit rating and balance sheet will benefit.

25 3. However, given the enormity of PWSA's construction needs,
26 PWSA's DSIC will necessarily be a small part of its funding, but would be
27 impactful in allowing PWSA to address its most critical projects.

1 (a) A DSIC that is 5% of PWSA's distribution revenues would
2 be \$5,902,687.90 per year; a 10% DSIC would be \$11,805,375.80 per year (at
3 present rates).

4 **Q. MS. PRESUTTI, SPECIFICALLY REFERRING TO THE PROJECTS**
5 **REQUIRED BY THE 2017 ADMINISTRATIVE ORDER FROM THE PA**
6 **DEP (QUESTION 7) COULD YOU ADDRESS HOW PWSA INTENDS TO**
7 **FINANCE THOSE PROJECTS?**

8 A. Yes. Attached to Mr. Weimar's testimony as Exhibit RAW/C-10 is a table
9 showing the budgeted cost, source of funds and anticipated start and completion
10 dates (to the extent available) for all PWSA capital improvement projects.
11 Projected mandated by the 2017 DEP Administrative Order are highlighted.
12 Weimar Exhibit RAW/C-14 shows all capital projects that are tracked for cash
13 flow and includes a 5-year cash flow table. The financing for each project will be
14 a mixture of financing including the issuance of long term bonds, internally
15 generated funds and government grants/low interest loans. It is not possible to
16 identify the specific source mix for a specific project.

17 **Q. COULD YOU PROVIDE THE BUDGET RELATED DATA REGARDING**
18 **PWSA'S PLAN FOR ORTHOPHOSPHATE INJECTION AND LEAD**
19 **SERVICE LINE REPLACEMENT (QUESTIONS 7.1 AND 7.2)?**

20 A. Yes. Exhibit JP-3 lists the cost, timeline and milestone dates for the
21 Orthophosphate Injection and Lead Service Line Replacement Projects. The
22 Orthophosphate program will be funded by borrowed funding as it pertains to the
23 infrastructure, and operating funds as it pertains to the chemicals, operation, and
24 maintenance. The Lead Service Line Replacement project will be funded by a
25 grant and low-interest loan through the PENNVEST program, as well as some
26 PWSA funds.

1 **Q. PLEASE EXPLAIN THE FUNDING SOURCES FOR THE LEAD LINE**
2 **REPLACEMENT PROGRAM FOR 2019; 2020-2030.**

3 A. PWSA will utilize a PENNVEST loan/grant in the amount of \$49,128,404 to
4 finance the 2019 lead service line replacement project. It is anticipated that the
5 funds for this project will be disbursed over a two-year period (2019-2020), as
6 PENNVEST will reimburse PWSA as work is completed. Funding for the lead
7 line program beyond 2020 is yet to be determined.

8 **Q. PLEASE PROVIDE MORE DETAIL REGARDING THE PENNVEST**
9 **LOAN/GRANT MENTIONED ABOVE.**

10 A. On October 17, 2018, the PENNVEST Board awarded PWSA a \$49,128,404
11 funding offer to be used for the 2019 lead service line replacement project. The
12 funding offer is made up of a \$13,687,173 grant and a \$35,441,231 loan. The loan
13 has a fixed interest rate of 1.00% and will be amortized over 301 months,
14 resulting in an estimated monthly payment of \$133,177.63. It is important to note
15 that the estimated monthly payment of \$133,177.63 assumes that the full amount
16 of the loan is drawn. The loan has an "interest only period" of up to 12 months
17 which will allow the PWSA to only pay interest on the portion of the loan that has
18 been drawn. The anticipated closing date for the PENNVEST funding award is
19 March 7, 2019.

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21 System of Accounts

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1 A. Yes. The PUC regulation 52 Pa. Code § 65.16 states that a public utility of
2 PWSA's size shall keep its accounts in conformity with the most recent National
3 Association of Regulatory Utility Commissioners (NARUC) Uniform System of
4 Accounts (USOA) for Class A Water Utilities. PWSA presently does not
5 conform to NARUC's USOA; its chart of accounts, and resulting financial
6 reports, are maintained in accordance with the Governmental Accounting
7 Standards Board. PWSA's proposal is set forth in its Compliance Plan (pp. 62-
8 63). There, PWSA explained that it started a "gap analysis" which will compare
9 its present chart of accounts with the USOA. In the 2019 budgeting process (for
10 the 2020 year budget), PWSA will incorporate general ledger codes into its
11 budget and begin tracking those codes to fill in voids identified by the gap
12 analysis.¹ This will give PWSA the ability to generate reports of financials that
13 will track the USOA. This is expected to be possible some time in 2020.

14 **Q. DOES PWSA INTEND TO FULLY COVERT TO THE NARUC USOA?**

15 A. The PWSA intends to file all PUC required reporting for 2019 using the NARUC
16 USOA. The Finance staff at PWSA has mapped its current chart of accounts to
17 the NARUC chart of accounts. Using this mapping, it will provide the PUC the
18 information that is expected. Additionally, PWSA has begun the work to procure
19 a new Enterprise Resource Planning system. It intends to fully convert to the
20 NARUC chart of accounts after its implementation.

21 **Q. DO YOU BELIEVE THAT THIS PLAN IS REASONABLE?**

¹ Compliant Plan, p. 63.

1 A. Yes, I believe that converting PWSA's charts of account to full NARUC USOA
2 compliance in two stages is reasonable. Stage I will revise PWSA's financial
3 reports so that the outputs will reflect the same categories of assets, revenues,
4 expenses, etc. as required by NARUC USOA. This will be a manual process that
5 PWSA's finance team will complete. Stage II will be to fully convert all
6 individual accounts to be in compliance with NARUC USOA. This will take
7 place after PWSA implements a new ERP system. This is reasonable because the
8 current financial system is antiquated and will take much time, effort, and funding
9 to convert the chart of accounts. Converting to the NARUC chart of accounts
10 during the implementation of the new ERP system allows PWSA to keep the
11 archived financial information consistent.

12 Annual Depreciation Reports

13 **Q. COULD YOU PROVIDE INFORMATION REGARDING PWSA'S PLAN**
14 **TO BE IN A POSITION TO FILE ANNUAL DEPRECIATION REPORTS**
15 **(QUESTIONS 62-66)?**

16 A. Certainly. As PWSA indicated in the Compliance Plan (p. 87), it does not
17 currently have the capability to produce a depreciation report or service life study
18 report with the detail required by the Commission. (*See*, 52 Pa. Code § 73.4,
19 73.5). When PWSA was created as an authority, and spun off from the City of
20 Pittsburgh, it inherited asset records from the City that lacked specificity or
21 precision. As also noted in the Compliance Plan, PWSA has been keeping better
22 records since its full takeover. Depreciation is posted monthly and at year end.
23 While audited annually, PWSA does not have complete confidence in the
24 accuracy of its current asset or depreciation records. Accordingly, the Authority
25 proposes the following steps in order to come into compliance:

1 1. Commit to coming into compliance with 52 Pa. Code §§ 73.4 and
2 73.5 over five years, with the filing of its first annual depreciation report
3 in April 2024 for FY 2023.

4 2. Commission a fixed asset study in 2019, that will likely be
5 completed no later than 2021.
6

7 The fixed asset study will provide the Authority with a complete list of assets and
8 their current condition. After completing the fixed asset study, the next steps will
9 be to create a 'replace or repair' schedule, and to more accurately present the
10 current asset or depreciation records.

11 **Q. DOES PWSA CURRENTLY EMPLOY ENTERPRISE FUND**
12 **GOVERNMENT ACCRUAL ACCOUNTING (QUESTION 62)?**

13 A. The PWSA does not utilize typical fund accounting. Most internal reporting is
14 done on a modified cash basis. The accrual method is used, for example, when
15 providing quarterly, unaudited Profit and Loss statements to JP Morgan, and our
16 annual audited financial statements are also presented as such.

17 **Q. PLEASE PROVIDE DETAILS REGARDING THE CURRENT ACCRUAL**
18 **ACCOUNTING EMPLOYED BY PWSA WITH RESPECT TO: (1)**
19 **CAPITALIZATION; (2) DEPRECIATION OF PROPERTY AND**
20 **EQUIPMENT; AND (3) LONG TERM LIABILITIES FOR ANY**
21 **ACCRUED, UNFUNDED PENSION PLAN LIABILITY DISCLOSED AND**
22 **LISTED ON THE PWSA BALANCE SHEET.**

23 A. Capitalization is completed at year-end using information garnered from our e-
24 Builder system. For any items that are not captured in our e-Builder system (i.e.
25 vehicles, servers, etc.), PWSA uses its Cogsdale system to capture that
26 information. Depreciation is posted monthly and at year-end. Finally, PWSA does
27 not list any unfunded pension plan liability on its balance sheet. PWSA is part of
28 the City of Pittsburgh pension plan and its current cooperation agreement waives
29 the payment from PWSA to the City of Pittsburgh, and City of Pittsburgh assumes
30 the full liability, although this is subject to change.

1 Q. SHOULD PWSA BE REQUIRED TO FILE FOR A WAIVER REQUEST
2 TO OBTAIN “RELIEF FROM FILING [THESE] REPORTS” (QUESTION
3 63)?

4 A. PWSA is not requesting a full waiver from the obligation to file these reports; it is
5 proposing that it transition to filing these reports starting with FY 2023. I am
6 informed by counsel that this proposed transitional approach is contemplated by
7 Act 65.²

8 Q. COULD PWSA FILE A PARTIAL ANNUAL DEPRECIATION REPORT
9 DETAILING ONLY KNOWN AND NEWLY CONSTRUCTED ASSETS
10 (QUESTION 65)?

11 A. PWSA is willing to consider filing a partial annual depreciation report with our
12 known and newly constructed assets.

13 Q. IN YOUR OPINION, IS ACCURATE DEPRECIATION ACCOUNTING
14 AND REPORTING RELEVANT AND NECESSARY FOR THE
15 POTENTIAL IMPLEMENTATION OF A DISTRIBUTION SYSTEM
16 IMPROVEMENT CHARGE (DSIC) MECHANISM?

17 A. PWSA believes that its current depreciation accounting and reporting is
18 reasonable and will not have an impact on PWSA’s implementation of a DSIC.
19 As PWSA explained in its Compliance Filing, PWSA’s base rates are established
20 on a “cash flow” basis and not based on a return on depreciated investment.³
21 Moreover, if it filed for a DSIC, the DSIC would be established to recover the
22 actual expenditures for DSIC eligible plant and facilities (up to whatever is
23 established). Therefore, PWSA’s depreciation accounts will not be relevant to an
24 accurate implementation of a DSIC.

25

² Act 65 states that PWSA’s Compliance Plan is to contain “provisions to bring an authority’s existing . . . accounting . . . system and procedures into compliance with the requirements applicable to jurisdictional water and wastewater utilities” 66 Pa. C.S. § 3204(b).

³ PWSA Compliance Filing, p. 87.

1

2 II. CONCLUSION

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 A. Yes.

The Pittsburgh Water and Sewer Authority Debt Summary

As of January 31, 2019

**Senior Lien**

Series Name	Outstanding Principal	Final Maturity	Status	Coupon Rate / Bank Index	Variable Swap Rate	Fixed Rate Swap	Liquidity Expiration Date
Series B of 1998 ¹	55,837,000	9/1/2030	New Money	5.18%	N/A	N/A	N/A
Series 2013A	86,120,000	9/1/2033	Refunding	0.75%-5.00%	N/A	N/A	N/A
Series 2013B	38,760,000	9/1/2040	New Money	3.00%-5.25%	N/A	N/A	N/A
Series 2017A	151,870,000	9/1/2032	Refunding	3.00%-5.00%	N/A	N/A	N/A
Series 2017C-1 (JPM Swap) ²	72,747,500	9/1/2039	Refunding	70% LIBOR + .64%	70% LIBOR	3.784%	12/1/2020
Series 2017C-2 (MLCS Swap) ²	72,747,500	9/1/2039	Refunding	70% LIBOR + .64%	70% LIBOR	3.770%	12/1/2020
Series 2017C-3 (JPM Swap) ²	71,225,000	9/1/2040	Refunding	70% LIBOR + .64%	70% LIBOR	3.826%	12/1/2020
Series 2017C-4 (Unhedged) ²	2,085,000	9/1/2035	Refunding	70% LIBOR + .64%	N/A	N/A	12/1/2020
Total Senior Lien	\$ 551,392,000						

Subordinate Lien

Series Name	Outstanding Principal	Final Maturity	Status	Coupon Rate / Bank Index	Variable Swap Rate	Fixed Rate Swap	Liquidity Expiration Date
Series C1-A of 2008 ^{2,3,4}	10,000,000	9/1/2035	Refunding	70% LIBOR + .85%*1.2154	70% LIBOR	3.500%	9/1/2020
Series C1-B of 2008 ^{2,3,4}	10,000,000	9/1/2035	Refunding	70% LIBOR + .85%*1.2154	70% LIBOR	3.500%	9/1/2020
Series C1-C of 2008 ^{2,3,4}	5,000,000	9/1/2035	Refunding	70% LIBOR + .85%*1.2154	70% LIBOR	3.500%	9/1/2020
Series C1-D of 2008 ^{2,3}	26,840,000	9/1/2035	Refunding	80% LIBOR + .85%	70% LIBOR	3.500%	8/31/2021
Series C-2 of 2008 ^{2,3}	51,820,000	9/1/2035	Refunding	79% LIBOR + 1.05%	70% LIBOR	3.500%	11/2/2020
Total Subordinate Lien	\$ 103,660,000						

Third Lien

Series Name	Outstanding Principal	Final Maturity	Status	Coupon Rate / Bank Index
Pennvest Loans	52,497,483	5/1/2033	New Money	1.00% - 3.25%
JP Morgan LOC	113,000,000	7/1/2020	New Money	79% LIBOR + 1.45%
Total Third Lien	\$ 165,497,483			

Total Outstanding Debt **\$ 820,549,483**

¹ Capital Appreciation Bond - Outstanding principal is based on accreted value as of 09/01/2018.

² Outstanding principal represents the portion of the Series C of 2017 which is connected to certain swap agreements or is unhedged.

³ Subordinate bonds Series 2008C-1A-D and C-2 have related swaps that are proportionately allocated to each sub-series; 40% Bank of America and 60% JP Morgan; Related bank loans are Series C-1 A.B.C.D (BoFA) and Series C-2 (JPM)

⁴ Includes Marginal Rate Factor of 1.2154

Exh. JP/C-2

The Pittsburgh Water and Sewer Authority Projected Annual Debt Service (2019-2029)		
As of January 31, 2019		
PGHAO		
Year	Total	
2019	\$	58,115,316
2020		65,082,871
2021		72,337,812
2022		82,664,165
2023		95,748,637
2024		107,101,270
2025		117,074,428
2026		127,547,116
2027		137,284,266
2028		147,008,981
2029		156,534,107
Total	\$	1,166,498,969

Exhibit JP/C-3						
PROJECT	DESIGN ENGINEER	COMPANY AFFILIATION	ESTIMATED COST	FUNDING SOURCE	TIMELINE	MILESTONE DATES
Addition of Several Orthophosphoric Injection Pumps and Equipment for Corrosion Control Project	Kennel Mkeac	Mort MacDonald	\$6,866,219.72	Mt. of Pay Co. and Revenue Supported Bonds	Interim Operations: March 31, 2019 Construction Completion: May 15, 2019	March 2016: Corrosion Control Study Start April 2016: Pipe Loop Study Preliminary Development November 2017: Pipe Loop Study Begin Adding Orthophosphoric November 2017: Preliminary/Schematic Design Start (Arcadis) November 17, 2017: Consent Order Agreement with PADEP March 2018: Corrosion Control Study End April 2018: Orthophosphoric Feed Systems Design Start (Mort Mac) May 2018: Preliminary/Schematic Design End (Arcadis) December 2018: Construction Start
Lead Service Line Replacement Project	PWSA, Dan Duffy	PWSA	\$51,130,000.00	Pennvest, Revenue Bonds	October 17, 2018 to August 31, 2020	PENNVEST Award Construction Bid Opening Construction Contract Award PENNVEST Settlement Construction Start October 17, 2018 January 8, 2019 January 25, 2019 March 7, 2019 March 18, 2019

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REBUTTAL TESTIMONY OF

JENNIFER PRESUTTI

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos. M-2018-2640802 and M-2018-2640803
Docket Nos. P-2018-3005037 and P-2018-3005039

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Response to PUC Direct Testimony of Other Parties in the
areas of:

Financing Capital Improvements
DSIC Implementation
Other Compliance Plan Issues

May 6, 2019

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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND POSITION FOR THE RECORD.**

3 A. My name is Jennifer Presutti and I am the Budget Director of Pittsburgh Water
4 and Sewer Authority ("PWSA").

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. Yes. On February 14, 2019, I submitted Direct Testimony marked as PWSA St.
8 No. C-3. The Direct Testimony was accompanied by three exhibits marked as
9 JP/C-1, JP/C-2; JP/C-3.

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my rebuttal testimony is to respond to the testimonies and
12 recommendations of several parties including Bureau of Investigation and
13 Enforcement ("I&E") witnesses Spadaccio, and Cline, and Office of Consumer
14 Advocate ("OCA") witness Everette.

15
16 **II. FUNDING; PROJECTED EXPENDITURES**

17 **Q. MS. PRESUTTI, I&E WITNESS SPADACCIO OPINED THAT PWSA**
18 **SHOULD BE PROACTIVE AND CONTINUOUSLY PLAN AND**
19 **STRATEGIZE TO EMPLOY DEBT WISELY AND OBTAIN THE LEAST**
20 **COST DEBT POSSIBLE (P. 18). IS THAT A GOAL OF PWSA?**

21 A. Absolutely, PWSA is constantly seeking ways in which to fund the infrastructure
22 improvements needed to provide the highest quality service to its customers at the
23 lowest reasonable cost. PWSA has taken a number of steps to minimize its
24 overall cost of debt. Most importantly, it has successfully petitioned for close to
25 \$50 million PENNVEST funding (loans and grants) in order to continue to
26 replace lead service owned by PWSA (and in some case, lines owned by the
27 customer). PWSA will continue to explore additional PENNVEST funding,

1 Water Infrastructure and Finance and Innovation Act ("WIFIA") funding, cost
2 sharing on projects when possible, the implementation of a DSIC, and expanding
3 the PAYGO program as the Construction Improvement Plan ("CIP") expands.

4 **Q. IS PWSA IS CONTINUING TO SEEK FUNDS FROM PENNVEST TO**
5 **ADDRESS ITS LEAD ISSUES?**

6 A. Yes.

7 **Q. PLEASE EXPLAIN.**

8 A. PENNVEST has approached PWSA to explore partnering with them on a new,
9 multi-year funding effort. Discussions about securing that funding are ongoing.
10 PWSA hopes to know more about whether PENNVEST funds will be available
11 by 2020.

12 **Q. MR. SPADACCIO RECOMMENDED THAT PWSA FILE A**
13 **"DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") AND**
14 **PURSUE DSIC FUNDING "ONCE PWSA MEETS THE ELIGIBILITY**
15 **CRITERIA." (P. 16) DO YOU HAVE A COMMENT?**

16 A. PWSA appreciates Mr. Spadaccio's recommendation and intends to follow it.
17 PWSA is in the process of evaluating what steps it needs to take prior to filing a
18 DSIC proposal. This includes evaluating what categories of property could
19 prudently be included in its Long Term Infrastructure Investment Plan ("LTIIIP")
20 and DSIC, and what amendments to PWSA's LTIIIP and current DSIC tariff
21 provision might be necessary.

22 **Q. MS. EVERETTE FOR OCA COMMENTED THAT WHILE PWSA**
23 **APPEARED TO BE CONTEMPLATING TO USE ANY APPROVED DSIC**
24 **MECHANISM TO RECOVER COSTS OF APPROVED CONSTRUCTION**
25 **ON A "PAY GO" BASIS (P. 5), AND THAT THE DSIC STATUTE**
26 **PERMITS A "PAY GO" TYPE MECHANISM ONLY FOR PGW. CAN**
27 **YOU RESPOND?**

28 A. Yes. As Ms. Everette acknowledged, the Chapter in the Public Utility Code that
29 brings PWSA under PUC jurisdiction (Chapter 32) also provides a provision

1 which permits PWSA to request a waiver of "any provision of [Title 66]." I am
2 informed by counsel that this provision would permit PWSA to obtain a waiver of
3 the provision of § 1357(c) of Title 66 so as to make it applicable to PWSA.¹ To
4 be clear, PWSA expects that if it does establish a DSIC it will request to recover
5 capital improvements financed through a mix of funding, both "pay go"
6 expenditures as well as the costs associated with financing other capital
7 improvements through the issuance of long term debt.

8
9 **III. SYSTEM OF ACCOUNTS**

10 **Q. I&E WITNESS PATEL RECOMMENDED THAT PWSA REVISE ITS**
11 **COMPLIANCE PLAN TO PROVIDE MORE DETAIL ABOUT THE**
12 **STATUS OF THE DEVELOPMENT OF ITS ENTERPRISE RESOURCE**
13 **PLANNING SYSTEM, NEEDED TO FULLY CONVERT ALL**
14 **INDIVIDUAL ACCOUNTS TO THE USOA NARUC (PP. 6-7). CAN YOU**
15 **RESPOND?**

16 **A.** Yes. PWSA has provided all the information it presently has about the status of
17 this project, and will continue to update the Commission, if it wishes, on a
18 periodic basis.

19 **Q. WHAT IS THE PRESENT STATUS OF THE PROJECT?**

20 **A.** PWSA is in the process of hiring in-house expertise to solicit and manage the
21 ERP project. Requirements of the system have been established by each
22 Department at PWSA and will be used in the solicitation.

23 **Q. MR. PATEL ALSO OPINES THAT PWSA HAS NOT PROVIDED**
24 **"ADEQUATE ASSURANCE" THAT IT WILL BE ABLE TO FULLY**
25 **IMPLEMENT NARUC USOA FINANCIAL REPORTING IN FY 2020. DO**
26 **YOU HAVE A RESPONSE?**

¹ For reference, § 1357(c) states that, for a city natural gas distribution operation, recoverable costs "shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, including debt services, debt service coverage and issuance costs." 66 Pa. C.S. § 1357(c).

1 A. I am advised by counsel that there is no requirement that PWSA provide such
2 “assurances.” This purpose of this proceeding is to establish plans acceptable to
3 the Commission for PWSA’s coming into full compliance with a variety of PUC
4 rules and requirements of the Public Utility Code; that is what PWSA is
5 proposing with respect to the conversion of its accounts to NARUC USOA.
6 PWSA knows of no requirement that it must also be able to provide some kind of
7 “adequate assurance” that it will hit its target. Of course, all of PWSA’s
8 proposals reflect its good faith assessment of the present circumstances and its
9 good faith proposal for coming into compliance with PUC requirements. It would
10 not propose a compliance plan with which it was not reasonably confident it could
11 comply. If for some reason PWSA’s present plan needs to be revised it will so
12 inform the Commission at a later time. To date, the PWSA Finance team has
13 mapped the current chart of accounts to the NARUC USOA, will provide all PUC
14 reports in the NARUC USOA format, and will compose the 2020 operating
15 budget in the NARUC USOA format.

16 **Q. WITH RESPECT FO FULL CONVERSION TO USOA NARUC I&E HAS**
17 **CALLED FOR QUARTERLY PROGRESS REPORTS; OCA WITNESS**
18 **EVERETTE HAS RECOMMENDED SEMI-ANNUAL REPORTS. DO**
19 **YOU HAVE A COMMENT?**

20 A. PWSA does not oppose reporting but is concerned about overburdening an
21 already taxed staff. We recommend that PWSA report on its progress in fully
22 converting to USOA NARUC at the same time that is required to update the
23 Commission on its progress implementing the rest of its approved plan. PWSA is
24 happy to report on PWSA’s conversion efforts and maintain an open dialogue
25 with all parties.

1 **IV. ANNUAL DEPRECIATION REPORTS**

2 **Q. PLEASE RESTATE PWSA'S PROPOSAL REGARDING COMING INTO**
3 **COMPLIANCE WITH THE PUC'S ANNUAL DEPRECIATION**
4 **REPORTS.**

5 A. Yes. PWSA proposes to come into full compliance by April 2024, with a report
6 for FY 2023. Also, PWSA proposes to begin the internal efforts to perform a
7 fixed asset study, which would be completed in 2021. PWSA also stated that it
8 was willing to file partial depreciation reports showing PWSA's known and
9 newly constructed assets. PWSA did not state a date for starting to file these
10 partial reports.

11 **Q. DID ANY PARTIES COMMENT ON PWSA'S PROPOSAL TO COME**
12 **INTO COMPLIANCE WITH THE COMMISSION'S RULES**
13 **REGARDING ANNUAL DEPRECIATION REPORTS?**

14 A. Yes. Both OCA (Everette, pp. 6-7) and I&E (Cline, pp. 50-51) appeared to accept
15 PWSA's proposal to fully comply with the PUC's annual depreciation reporting
16 requirements by 2024 (for 2023). Both also recommended that PWSA be
17 required to file partial annual depreciation reports on the same schedule as full
18 annual depreciation reports, detailing only known and newly constructed plant
19 additions and retirements. I&E stated that PWSA should start this filing in 2020.

20 **Q. DO YOU HAVE A POSITION AS TO WHETHER PWSA WILL BE ABLE**
21 **TO FILE PARTIAL ANNUAL DEPRECIATION REPORTS (LISTING**
22 **NEW PROPERTY)(BY 2020?**

23 A. PWSA will be prepared to file a partial depreciation report by 2020.

24 **V. CAPITAL INVESTMENT REPORT**

25 **Q. PLEASE DESCRIBE MR. SPADACCIO'S RECOMMENDATION**
26 **REGARDING PWSA'S FILING OF CAPITAL INVESTMENT REPORTS**
27 **("CIR").**

1 A. Mr. Spadaccio recommended that PWSA immediately file Capital Investment
2 Reports rather than accepting PWSA's suggestion to permit it initially to utilize
3 its LTIIP in lieu of a separate report.

4 **Q. WHAT IS YOUR UNDERSTANDING OF WHY MR. SPADACCIO MADE**
5 **THIS RECOMMENDATION?**

6 A. My understanding is that in his view, PWSA's LTIIP does not cover all the
7 infrastructure investments that are required to be reported in the CIR. Mr.
8 Spadaccio also indicated that there is no specific "public interest" exception from
9 following Commission regulations regarding this report. (I&E Answer to PWSA
10 Interrogatory I-4).

11 **Q. WHAT IS YOUR RESPONSE?**

12 A. First, I agree that PWSA did not do a good job of explaining why it was
13 proposing substituting its LTIIP for this report. PWSA made this proposal for
14 two reasons: first, it was attempting to reduce the regulatory burden on the
15 Authority during this challenging period of moving into compliance with literally
16 scores of new regulations. Second, the Authority is seriously considering
17 requesting that the PUC expand the areas that would be covered by PWSA's
18 LTIIP. If PWSA does do that, then a substantial number of the items required to
19 be reported in the CIR will already be adequately detailed in its LTIIP. However,
20 in the meantime, and to eliminate this as an issue, PWSA is willing to agree to
21 attempt to comply with the requirements of Section 73.8 and submit this report
22 starting in 2020. However, PWSA still has not conducted a detailed study to
23 confirm that it is able (or will be able) to respond to all the requirements of this
24 report. If it identifies any issues with compliance it will bring those to the

1 attention of the Commission and the Parties at that time and propose appropriate
2 solutions.

3 VI. CONCLUSION

4 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

5 A. Yes.

8/21/19
1/16/19
JAN

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF

JENNIFER PRESUTTI

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Additional Information Regarding Uniform System of
Accounts Conversion, Depreciation Reports

August 2, 2019

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Table of Exhibits

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND POSITION FOR THE RECORD.**

3 A. My name is Jennifer Presutti and I am the Director of Finance for the Pittsburgh
4 Water and Sewer Authority ("PWSA").

5 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

6 A. The purpose of my testimony is to provide to all parties the proposed plan for
7 compliance for select administrative and financial functions.

8 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. Yes. On February 14, 2019 I submitted direct testimony marked as PWSA St.
11 No. C-3. The direct testimony was accompanied by three exhibits marked as
12 JP/C-1 through JP/C-3. On May 6, 2019, I submitted rebuttal testimony marked
13 as PWSA St.-3R.

14 **II. SYSTEM OF ACCOUNTS**

15 **Q. WOULD YOU PLEASE PROVIDE AN UPDATE REGARDING PWSA'S**
16 **PLAN FOR COMPLIANCE WITH 52 PA. CODE § 65.16 (COMPLIANCE**
17 **WITH NARUC UNIFORM SYSTEM OF ACCOUNTS (NARUC USOA)**
18 **(DIRECTED QUESTIONS 37-38)?**

19 A. Yes. In my Direct Testimony, I indicated that PWSA intended to convert its
20 accounting system to full NARUC Uniform System of Accounts ("USOA")
21 compliance in two phases. For Phase I, PWSA has manually mapped the PWSA
22 Chart of Accounts (COA) to the NARUC USOA so that completion of the 2020
23 operating budget will include the NARUC USOA to conform and comply with
24 reporting requirements. All Commission required reporting for 2019 (and in the
25 future) will use the NARUC USOA.

26 For Phase II, PWSA will fully convert (and therefore automate the

process) to the NARUC USOA during the implementation of a new Enterprise Resource Planning (“ERP”) System. PWSA is committed to making good faith efforts to complete installation of the Enterprise Resource Planning System by December 2021 given the below processes that must be put into place:

First, PWSA needs to issue a Request for Proposal (“RFP”) to develop and implement the new ERP, which it expects to do by August 30, 2019. By early 2020, PWSA anticipates that the contract will be awarded. PWSA anticipates an 18-22 month implementation timeframe for financials and billing once the contract is awarded.

III. DEPRECIATION REPORTS

Q. COULD YOU PROVIDE AN UPDATE REGARDING PWSA’S PLAN TO BE IN A POSITION TO FILE ANNUAL DEPRECIATION REPORTS (PUC QUESTIONS 62-66)?

A. Certainly. As noted in my Direct Testimony, PWSA plans to come into compliance with 52 Pa. Code §§ 73.4 and 73.5 over five years, with the filing of its first annual depreciation report in April 2024 for FY 2023. (PWSA St. No. C-3 at 8-9). During the interim period and starting in 2020, PWSA will file partial annual depreciation reports on the same schedule as full annual depreciation reports, detailing only known and newly constructed plant additions and retirements. To accomplish these goals, PWSA will solicit the services of a professional consultant experienced with this type of work and reporting to assist PWSA with compliance. PWSA will work with the professional services consultant and the newly implemented Enterprise Resource Planning System to hone the current asset list to allow for full reporting by 2024

1 IV. CONCLUSION

2 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

3 A. Yes.

8/21/19
1/16/19
jan

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF

JULIE QUIGLEY

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Response to PUC Direct Questions in the areas of:

Customer Service Issues
Line Extensions & Special Utility Service
Limitation of Liability
Standby Charge
Customer Assistance Program

February 14, 2019

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Exh. No.	Description
JAQ/C-1	Residential Rental Property Water Service Discontinuance Request Form [L0796832]
JAQ/C-2	10-Day Shut Off Notice [L0798223]
JAQ/C-3	3-Day Shut Off Notice [L0797614]
JAQ/C-4	48 Hour Shut Off Notice (December 1 through March 31) [L0797615]
JAQ/C-5	37 Day Shut Off Notice to Landlord [L0797935]
JAQ/C-6	30 Day Shut Off Notice to Tenants [L0797933]
JAQ/C-7	Shut Off Notice [L0797929]
JAQ/C-8	PWSA Internal Training Presentation Titled Tenants' Rights Discontinuance of Service to Leased Premises (DSLPA) dated November 30, 2018 [L0796797]

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Julie Quigley and I am the Director of Administration for The Pittsburgh
4 Water and Sewer Authority ("PWSA").

5 **II. OVERALL SUMMARY AND SCOPE OF TESTIMONY**

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of my testimony is to support PWSA's Compliance Plan that was filed on
8 September 28, 2018 and the Compliance Plan Supplement which was filed on February
9 1, 2019. PWSA is also presenting the testimony of Robert Weimar, Deb Lestitian and
10 Jen Presutti to support its filing. The issues I will address are: (1) customer service issues
11 including PWSA's low-income customer assistance programs; (2) line extensions and
12 special utility service; (3) limitation of liability; and, (4) standby charges. These topics
13 address question numbers 31-33, 44-50, and 52-58 of PWSA Exh. RAW/C-1 which are
14 the Directed Questions listed in the PUC Technical Staff Initial Report and Directed
15 Questions (Stage 1) reprinted and renumbered for ease of reference.

16 **Q. HOW DID YOU IDENTIFY THE SCOPE OF THE ISSUES YOU ARE**
17 **ADDRESSING IN THIS TESTIMONY?**

18 A. The scope of issues for this testimony is based on:
19 (1) the commitments made by PWSA in the context of the Settlement Petition
20 approved by the Commission regarding its base rate case (Docket Nos. R-
21 2018-3002645 and R-2018-3002647) and the tariff "corrections" issues
22 specifically reserved for this proceeding as noted in the Motion of
23 Commissioner Kennard during the February 7, 2018 public meeting;
24 (2) the Commission's November 28, 2018 Secretarial Letter (corrected) which
25 included a Technical Staff Initial Report and Directed Questions Stage 1¹;

¹ PWSA Exh. RAW/C-1 reprints the Directed Questions and renumbers them for each of reference.

(3) the Commission's Reconsideration Order entered on December 20, 2018 in response to petitions for reconsideration and/or clarification of the November 28, 2018 Secretarial Letter; and,

(4) the Commission's January 31, 2019 Secretarial Letter announcing the scheduling of a billing workshop to discuss PWSA's compliance with billing and collections requirements.

Q. IS THE SCOPE OF YOUR TESTIMONY INTENDED TO BE IN COMPLIANCE WITH ALL OF THESE DIRECTIVES?

A. Yes, as I will explain further below (particularly with the customer service issues), the topics that I am covering in this testimony are intended to satisfy the rate case settlement petition, the Commission's subsequent action regarding PWSA's proposed rate case tariffs as well as the guidance provided by the Commission through its November 28, 2018 Secretarial Letter, December 20, 2018 Reconsideration Order and January 31, 2019 Secretarial Letter.

CUSTOMER SERVICE ISSUES

(A) PWSA Approach to Address Customer Service Issues

Q. CAN YOU PROVIDE SOME BACKGROUND ABOUT THE CUSTOMER SERVICE POLICIES AND PROCEDURES REVIEWED DURING PWSA'S BASE RATE CASE (DOCKET NOS. R-2018-3002645 AND R-2018-3002647)?

A. Yes, PWSA filed its first base rate increase filing since coming under the jurisdiction of the Commission on July 2, 2018. During the course of that proceeding, customer service topics reviewed included all aspects of PWSA's processes for handling customer issues from initiating new service, to handling complaints, terminating and restoring service and seeking collection on unpaid amounts for services rendered. A substantial amount of the discovery submitted to PWSA during the rate case, as well as the testimony of two witnesses on behalf of the Office of Consumer Advocate ("OCA") and two witnesses on behalf of Pittsburgh UNITED ("UNITED"), focused extensively on customer service

issues. The parties also engaged in discussions related to customer service issues during their settlement discussions.

Q. DID THE PARTIES FILE A SETTLEMENT OF THE RATE CASE AND WHAT SUBSEQUENT ACTION WAS TAKEN BY THE COMMISSION REGARDING THE RATE CASE SETTLEMENT?

A. Yes, a Joint Petition for Settlement (“Settlement Petition”) was filed on November 29, 2018. A Recommended Decision (“RD”) was issued on January 25, 2019 and the Commission voted on PWSA’s rate case at its February 7, 2018 public meeting.

Q. HOW WERE THE PARTIES ABLE TO REACH A FULL SETTLEMENT OF THE CUSTOMER SERVICE ISSUES RAISED DURING THE RATE CASE?

A. While each party specifically reserved all rights regarding PWSA’s compliance with all applicable regulatory and legal requirements, the parties identified a number of areas where they could agree on an approach to move forward. To that end, the rate case Settlement Petition: (1) identified concrete immediate actions that PWSA agreed to take to satisfy some concerns identified by the parties; (2) set forth a process for PWSA to work cooperatively with the parties going-forward regarding specific issues; and, (3) deferred resolution of some of the more complex issues to the Compliance Plan Proceeding.

Q. HOW DID THE PARTIES ANTICIPATE WORKING TOWARD RESOLUTION OF THE MORE COMPLEX ISSUES DURING THE COMPLIANCE PLAN PROCEEDING?

A. The parties agreed that PWSA would provide more specific and detailed information about various customer service policies and procedures as discussed during the rate case proceeding. To accomplish this, PWSA agreed: (1) to revise its Compliance Plan and LTIIP to provide supplemental information about its internal policies, procedures and

processes related to six specific customer service issues;² and, (2) to provide an explanation of PWSA's current policies and practices related to seven specific customer service issues in its direct testimony filed in the Compliance Plan Proceeding.³

Q. DID THE COMMISSION PROVIDE SUBSEQUENT GUIDANCE REGARDING THE PROCESS FOR ADDRESSING CHAPTER 14 AND CHAPTER 56 ISSUES?

A. Yes, the day before the parties filed the rate case Settlement Petition, the Commission issued its November 28, 2018 Secretarial Letter, announcing that it would "stage" its review of PWSA's Compliance Plan and specifically directed that Stage 2 would cover PWSA's compliance with Chapter 14 and Chapter 56. According to the Secretarial Letter, litigation of Stage 2 issues is to commence after the Commission enters an order regarding Stage 1 which is to occur in late 2019. The Commission also directed its Bureau of Consumer Services ("BCS") to conduct quarterly workshops to address PWSA's compliance with Chapters 14 and 56 and to develop an initial report and directed questions for use in Stage 2 of the Commission's review of PWSA's Compliance Plan.

Q. HOW DID THE ISSUANCE OF THE NOVEMBER 28, 2018 SECRETARIAL LETTER IMPACT THE SETTLEMENT THAT WAS REACHED BY THE PARTIES IN THE RATE CASE?

A. At the point in time that the Commission issued the November 28, 2018 Secretarial Letter, the settlement of the rate case had already been negotiated and finalized. The parties did not anticipate the Commission's staging process during their settlement negotiations in the rate case proceeding nor did they elect to revise any of the terms and

² Settlement Petition at Section III, H, 4, a-f.

³ Settlement Petition Section III, H, 8.

conditions that were already set forth in the Settlement Petition as a result of the
November 28, 2018 Secretarial Letter.

Q. DID THE COMMISSION PROVIDE FURTHER CLARIFICATION REGARDING ITS PROCEDURAL EXPECTATIONS FOR THIS COMPLIANCE PLAN PROCESS?

A. Yes, the Commission provided further guidance in a Reconsideration Order entered on December 20, 2018 in response to petitions for reconsideration and/or clarification filed by OCA and UNITED. Ultimately the Commission rejected the request to reconsider its two stage process, explaining its view that its process would “address and resolve the most critical issues first” while creating the opportunity for all interested stakeholders to engage informally with Commission staff over the next year (outside of the formal process) to provide “concrete benefits in the implementation of Chapter 32.”⁴ The Commission also agreed with UNITED that issues related to Chapter 15 of the Public Utility Code, including Subchapter B known as the Discontinuance of Service to Leased Premises Act (“DSLPA”),⁵ are properly included in this Stage 1.⁶

Q. HAS THE COMMISSION INITIATED THE STAGE 2 WORKSHOP PROCESS?

A. Yes. The Commission issued a Secretarial Letter dated January 31, 2019 announcing its intention to conduct a workshop on February 21, 2019 for the purpose of discussing “PWSA’s compliance with billing and collections requirements of Chapter 14 of the Public Utility Code and Chapter 56 of the Commission’s regulations.” According to the Secretarial Letter, the input provided during the workshop will be used to develop the

⁴ Reconsideration Order at 8.

⁵ 66 P.S. §§ 1521-1533.

⁶ Reconsideration Order at 4.

Commission's Stage 2 review of PWSA's Compliance Plan. The Commission also stated that this will be the first of four workshops that will be scheduled in 2019 to obtain stakeholder input.

Q. PLEASE EXPLAIN HOW PWSA HAS ELECTED TO SATISFY ITS COMMITMENTS FROM THE RATE CASE SETTLEMENT IN LIGHT OF THE COMMISSION'S SUBSEQUENT DIRECTIVES REGARDING HOW THE PARTIES ARE TO PROCEED IN THIS PROCEEDING.

A. Consistent with the Commission's directives in the November 28, 2018 Secretarial Letter and the Reconsideration Order about the issues on which the parties are to focus during this Stage 1, PWSA intends to address the customer service issues set forth in Section III(H)(8)(a)-(b) and (d)-(f) of the rate case Settlement Petition during the Stage 2 workshops and, to the extent necessary, in direct testimony that will be filed during the Stage 2 litigation process. Therefore, PWSA will not be submitting testimony on any of these issues in this Stage 1 direct testimony.

Consistent with Section III(H)(4)(a)-(f) of the rate case Settlement Petition, PWSA filed a Compliance Plan Supplement on February 1, 2019. Supplemental information regarding the customer service issues identified in these sections of the rate case Settlement Petition is provided on pages 15-18, and supplemental information regarding low-income customer issues is provided on pages 19-22. The Appendices submitted with the Compliance Plan Supplement provide additional information related to customer service issues including:

- Appendix SA: PWSA Collections Life Cycle 2018,
- Appendix SB: Termination of Service by Location Class,
- Appendix SC: Presentation titled "Protection from Abuse Orders" Dated November 27, 2018,
- Appendix SD: PWSA Customer Assistance Program Flyer 2018; and,
- Appendix SE: Customer Service Monthly PWSA Board Reports November and December 2018.

1 Q. IS THIS APPROACH CONSISTENT WITH THE SETTLEMENT PETITION
2 AND THE COMMISSION'S PROCEDURAL GUIDANCE?

3 A. Yes. The Settlement Petition identified issues that would be addressed in this compliance
4 plan proceeding. While the parties did not know, nor could they anticipate, that the
5 Commission would elect to conduct this proceeding in two stages, all of the issues are
6 going to be addressed in this proceeding albeit in different stages. Therefore, PWSA
7 does not view the Commission's subsequent directives as inconsistent with the rate case
8 settlement. Regarding customer service issues, PWSA recognizes that some of the Staff
9 Directed Questions (as set forth on PWSA Exh. RAW/C-1) implicate issues related to
10 Chapter 14 and Chapter 56 (PWSA's suspension and termination process, for example).
11 This is the case, even though the Commission has been clear in its procedural orders that
12 it intends to address Chapter 14 and Chapter 56 issues in Stage 2 of this proceeding after
13 Commission staff has the opportunity to gather input from stakeholders. Upon careful
14 consideration of this reality and PWSA's intent to be cautious about addressing issues in
15 this Stage 1 that the Commission intends to address in Stage 2, I am limiting my
16 customer service testimony here to the issues clearly identified by the Reconsideration
17 Order and the Staff Directed Questions which are: (1) the advance notice time period
18 within which customers must notify PWSA of a voluntarily request to discontinue
19 service; and, (2) the language, format and method of providing suspension and
20 termination notices to customers.⁷ Consistent with the December 20, 2018
21 Reconsideration Order, I will also address PWSA's compliance with DSLPA.

⁷ See PWSA Exh. RAW/C-1, Question Numbers 31-33.

1) Voluntary Discontinuance of Service

Q. PLEASE EXPLAIN THE PROCESS CUSTOMERS MUST FOLLOW TO REQUEST THAT SERVICE BE DISCONTINUED.

A. PWSA bills charges in accordance with its Commission approved tariff. These currently effective charges are located in Section 301.1 of PWSA's Official Prior Tariff.⁸ The specific process a customer wishing to voluntarily discontinue service must follow depends on the type of customer, though all customers wishing to have service discontinued are required to give at least seven days' notice to the Authority specifying the date on which service is desired to be discontinued.⁹ For residential customers, this notice is to be provided by submitting a completed Residential Water Service Shut-Off Request form attesting that the property is vacant. Upon receipt of this completed form, a PWSA employee will be assigned to complete the service termination.

For owners wishing to voluntarily discontinue service to a residential property occupied by a tenant, PWSA has agreed as part of the settlement of its rate case¹⁰ to develop a new form which will comply with the requirements of DSPLA.¹¹ As detailed in the Compliance Plan Supplement, PWSA created this form – which includes the requirement that the owner submit a notarized statement swearing under penalty of perjury that the unit is unoccupied – and provided a copy of the draft to BCS on December 31, 2018.¹² BCS suggested revisions to PWSA, which PWSA has accepted.

⁸ See also Part I, Section A of PWSA's currently pending proposed initial tariff filed with the Joint Petition for Settlement of its rate case at docket R-2018-3002645.

⁹ Section 320 of PWSA's Official Prior Tariff and Part III, Section C of PWSA's currently pending proposed initial tariff filed with the Joint Petition for Settlement of its rate case at docket R-2018-3002645.

¹⁰ Joint Petition for Settlement Section III, D, 10 at 16.

¹¹ 66 P.S. §§ 1521-1533.

¹² Compliance Plan Supplement at 17.

The revisions did not remove the requirement that the requestor have the form notarized. A copy of the Residential Rental Property Water Service Discontinuance Request that PWSA plans to utilize going forward is attached as Exhibit JAQ/C-1.

For Business Use Properties and multi-unit Residential Properties, the property owner owns, and is responsible for, the water service lines from the business through the Curb Stop and Curb Box, and the property owner is responsible for removing abandoned or unused water service lines.¹³ To have service discontinued, these property owners must provide PWSA with a Vacancy Affidavit and proof that the water supply has been shut off at the Curb Stop or Corporation Stop.

Q. PLEASE EXPLAIN THE REASON PWSA'S CURRENT POLICIES REQUIRE SEVEN DAYS' NOTICE.

A. At the time PWSA was working with BCS to bring its customer service operations into initial compliance with Chapter 56, it was educated about Section 56.16(a) of the Commission's regulations which require customers to give at least 7 days' notice to the public utility when he or she is about to vacate premises or wishes to have service discontinued, PWSA revised its prior processes to be in compliance with this section.

The full text of that regulation is:

§ 56.16. Transfer of accounts.

(a) A customer who is about to vacate premises supplied with public utility service or who wishes to have service discontinued shall give at least 7 days' notice to the public utility and a noncustomer occupant, specifying the date on which it is desired that service be discontinued. In the absence of a notice, the customer shall be responsible for services rendered. After a reasonable attempt to obtain meter access, if the public utility is not able to access the meter for discontinuance, service shall be discontinued with an estimated meter reading upon which the final bill

¹³ Section 506.3 of PWSA's Official Prior Tariff and Part III Section B, 12 of PWSA's currently pending proposed initial tariff filed with the Joint Petition for Settlement of its rate case at docket R-2018-3002645.

will be based. The resulting final bill is subject to adjustment once the public utility has obtained an actual meter reading.

Q. ARE THERE OTHER SIMILAR CHAPTER 56 REGULATIONS WHICH SIMILARLY REQUIRE SEVEN DAYS' NOTICE?

A. Yes. Section 56.266 also entitled "Transfer of Accounts" provides the same requirements as set forth in Section 56.16 including the requirement for seven days' notice.

Q. HOW DO THESE SECTIONS COMPARE WITH THE REQUIREMENTS OF SECTION 65.12?

A. Section 65.12 requires a customer wishing to have service discontinued to give at least three days' notice to the utility:

§ 65.12. Notice of desire to have service discontinued.

A customer who is about to vacate any premises supplied with service by a public utility or who for any reason wishes to have service discontinued shall give at least 3 days' notice to the utility, specifying the date on which it is desired that service be discontinued. In the absence of notice, the customer shall be responsible for service rendered until the time that the utility shall have actual or constructive notice of the intent to discontinue by the customer.

Q. ARE YOU AWARE OF ANY COMMISSION DIRECTION TO UTILITIES ABOUT ITS EXPECTATIONS REGARDING HOW THESE THREE REGULATIONS ARE TO BE INCORPORATED INTO UTILITY PRACTICES?

A. No. I am advised by counsel that Chapter 56 applies to residential customers generally – regardless of type of utility service – and that Chapter 65 applies to water utilities only. I also understand from counsel that the Commission has not provided utilities any direction or clarification about how to comply with both of these sections. I would note that because PWSA is giving customers seven days and Section 65.12 states that customers should have at least three days, PWSA would appear to be in compliance with both regulations. I do not read any prohibition in Section 65.12 on the ability of utilities to require customers to provide notice sooner than the stated minimum of three days. Given

1 this, PWSA proposes to remain consistent with the requirements of Chapter 56 regarding
2 voluntary discontinuance of service.

3 **2) Language, format and method of providing suspension and termination**
4 **notices**

5 **Q. DOES THE COMPLIANCE PLAN SUPPLEMENT PROVIDE ADDITIONAL**
6 **INFORMATION ABOUT PWSA'S PROCESSES FOR TERMINATING**
7 **SERVICE DUE TO NON-PAYMENT?**

8 A. Yes. Compliance Plan Supplement Appendix SA provides an outline of PWSA's
9 collections life cycle, which traces PWSA's process from the date an invoice is generated
10 through the point in time when PWSA terminates service because it did not receive any
11 payment from the customer. For owner occupied, tenant responsible and non-residential
12 customers, PWSA will mail the customer a 10-Day Shut Off Notice when the bill is 35
13 days past due. Eight days later, if the bill continues to remain unpaid, PWSA will call the
14 customer. Telephone contact involves two attempts on two separate days with one call
15 attempted before 5 PM and one call after 5PM. If no telephone contact with the customer
16 is made, then a personal visit to the customer's home will be made. Field personnel are
17 directed to advise any responsible adult occupant they encounter to provide the person
18 with PWSA's Customer Service Telephone. If no personal contact is made, then
19 PWSA's written 3-Day Shut Off Notice will be conspicuously posted. From December 1
20 through March 31 if no personal contact is made with the customer (and year-round for
21 customers who have submitted proof of a Protection from Abuse Order), PWSA will post
22 its 48 Hour Shut Off Notice. PWSA will only terminate service Monday through
23 Thursday. PWSA does not terminate service on Fridays, weekends or the work day
24 before a holiday. Appendix SA identifies the various past due and termination notices
25 issued by PWSA from the point in time when an invoice becomes 10 days past due.

PWSA's current 10 Day Shut Off Notice, 3-Day Shut Off Notice, 48 Hour Shut Off Notice are included as Exhibits JAQ/C-2 through JAQ/C-4.

Q. ARE ADDITIONAL NOTICES UTILIZED BY PWSA FOR PROPERTIES IN WHICH TENANTS RESIDE?

A. Yes, consistent with DSLPA, PWSA issues a 37 Day Shut Office Notice to properties for which PWSA's Location Class indicates that it is a Landlord Responsible account. See Exhibit JAQ/C-5. If the landlord fails to comply with the requirements stated on the 37 Day Shut Off Notice, then affected tenants are notified of the proposed termination via PWSA's 30 Day Shut Office Notice. See Exhibit JAQ/C-6. If no payment is received in response to these notices and PWSA does not receive payment (or a commitment for payment), then PWSA continues to pursue its termination process with a 3-Day Shut Office Notice.

Q. ONCE SERVICE TO A PROPERTY HAS BEEN TERMINATED DOES PWSA POST AN ADDITIONAL NOTICE?

A. Yes, post termination of service, PWSA posts its Shut Off Notice. See Exhibit JAQ/C-7.

Q. PLEASE DESCRIBE THE EVOLUTION OF THE CURRENT FORMAT FOR PWSA'S SUSPENSION AND TERMINATION NOTICES.

A. PWSA has been working with BCS since December 2017 to become educated about PUC requirements. Through this process of education and assistance, PWSA has been actively updating and evolving its customer processes to become consistent with PUC requirements. The language and format of PWSA's suspension and termination notices has been a major focal point of these efforts. PWSA began using revised suspension and termination notices in April 2018. These revised suspension and termination notices were further reviewed by the parties during PWSA's rate case. As a result of that process, PWSA agreed to revise its 3-day and 48-hour termination notices to clarify that

all residential customers have the right to negotiate a payment plan to avoid termination of service.¹⁴ These revisions are reflected in Exhibits JAQ/C-2 and C-3. Further revisions of PWSA's 10-Day Shut Off Notice and 37 Day Shut Off Notice to Landlords were made in December 2018 to remove the references to JTS. As part of the rate case settlement, PWSA agreed to form a Low Income Assistance Advisory Committee consisting of interested parties from the rate case proceeding to address issues related to the specifically identified issues which includes PWSA's customer service policies and procedures.¹⁵ PWSA is in the process of identifying persons to serve on the committee and tentatively anticipates holding the first meeting on March 4, 2019.

Q. PLEASE EXPLAIN HOW PWSA SATISFIES THE PERSONAL CONTACT REQUIREMENTS OF 52 PA CODE §§56.94-56.95.

A. Neither of these regulations define the term "personal contact" nor do they specifically require a utility employee to speak with a customer at his/her residence prior to termination of service. If PWSA is unable to personally contact the customer via telephone (or the customer does not make payment to satisfy the outstanding amount), PWSA field personnel go to the residence to post the written notice of termination. PWSA field personnel will provide the PWSA Customer Service contact telephone number when they encounter customers during this process. PWSA does not have the resources to enable field personnel to negotiate a payment arrangement or accept payment on site and, therefore, they are not able to resolve the issue driving the termination. By sending field personnel to the customer's residence to post the

¹⁴ Settlement Petition at Section III, D, 5.

¹⁵ Settlement Petition at Section III, F, 3, g.

1 termination notice (if telephone contact has been unsuccessful) and directing any
 2 customers who are encountered to PWSA's customer service telephone number so that
 3 the customer can resolve the outstanding payment, PWSA is taking reasonable efforts to
 4 personally contact consumers prior to termination. This policy is also designed to protect
 5 the safety of PWSA's field personnel. On numerous occasions, I can recall PWSA
 6 personnel in the field contacting our Dispatchers via two way radio with urgent requests
 7 to contact City of Pittsburgh Police to assist on the scene with an irate customer, some of
 8 whom had weapons or instructed/allowed their dog to attack PWSA personnel. PWSA
 9 does not have the resources to provide security to field personnel when they post
 10 termination services.

11 **Q. IS PWSA PROPOSING ANY CHANGES TO THIS CURRENT PROCESS?**

12 A. No. Though I am not an attorney and I am not providing a legal opinion, I have read the
 13 text of the appropriate regulations and view PWSA's policies and procedures as
 14 consistent with their requirements.

15 **Q. ARE YOU AWARE OF WHETHER OTHER UTILITY PRACTICES ARE**
 16 **SIMILAR TO THOSE OF PWSA?**

17 A. Yes, it is my understanding that PWSA's practices are consistent with those of other
 18 utilities, and this has been confirmed through research shared with me by counsel. For
 19 example, it appears that it is the practice of Metropolitan Edison Company to mail a 10-
 20 day termination notice and later post a 3-day notice on the service residence if no
 21 personal contact is made at that time.¹⁶ Equitable Gas Company also appears to follow a

¹⁶ See e.g. *Juffe v. Metropolitan Edison Company*, Docket No. F-2010-2192131, Initial Decision (March 16, 2012), approved by Final Order (May 4, 2012) ("There is no requirement that Respondent make personal contact with Complainant, only that an attempt is made. Leaving a written notice in a conspicuous place at the residence is sufficient to satisfy the notice requirement.").

1 similar practice. In a 2013 Formal Complaint proceeding, the presiding Administrative
 2 Law Judge found that Equitable's Service Technician posted a 3-day termination notice
 3 on the rear door of the complainant's house and that he was unable to make a personal
 4 contact on that date. It was determined that this practice was sufficient.¹⁷ Other utilities,
 5 such as Duquesne Light, appear to satisfy the "personal contact" requirement simply by
 6 attempting two phone calls, rather than making any personal visit to the residence.¹⁸
 7 Thus, PWSA's practice also appears to be consistent with the practices of other utilities
 8 as recognized by the Commission.

9 **Q. WHAT WOULD BE THE IMPACT TO PWSA IF THE COMMISSION WERE**
 10 **TO DIRECT PWSA TO REVISE ITS PROCEDURES TO REQUIRE FIELD**
 11 **PERSONNEL TO DIRECTLY SPEAK WITH CUSTOMERS?**

12 A. Even if PWSA were required to actively seek out persons in the field to speak with them
 13 about the pending termination, these personnel are not trained to negotiate payment
 14 arrangements nor are they equipped to process payment in real time. Thus, I believe
 15 customers being actively sought out by field personnel only to be told that they need to
 16 directly contact PWSA's Customer Service department just creates more confusion and
 17 frustration on the part of the customer. Moreover and based on our past experience, field
 18 personnel being required to actively seek out persons regarding the termination would
 19 have to be accompanied by professional security officers for their protection. PWSA
 20 does not have trained security personnel for this purpose and, therefore, would have to
 21 develop a Request for Proposal (RFP) to solicit bids for a contract for this process. As

¹⁷ See *Linda Spotti v. Equitable Gas Company, LLC*, Docket No. C-2012-2305688, Initial Decision (May 24, 2013), approved by Final Order July 19, 2013) ("The evidence establishes that a personal contact was attempted but unsuccessful and a three-day notice was posted on a door at the Service Address on May 2, 2012.").

¹⁸ See e.g. *Thomas Crock v. Duquesne Light Company*, Docket No. C-2008-2071881, Initial Decision (July 29, 2009), approved by Final Order (Sept. 18, 2009).

discussed more fully in Mr. Weimar's testimony, PWSA's contracting processes are required to follow specific protocols and undertaking this process would result in additional costs that would need to be recovered by PWSA's ratepayers. Moreover, as I stated previously, PWSA believes that its current procedure meets the requirements of the Commission. Thus, in consideration of our service territory, our prior experiences, the current process that is utilized by PWSA, our concerns about both the safety of our field personnel and the expense that would have to be borne by all PWSA's ratepayers to implement a requirement that field personnel actively seek out persons, PWSA does not support any changes to its current personal contact processes.

3) PWSA's compliance with DSLPA

Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE INTERPLAY BETWEEN THE UTILITY SERVICE TENANTS RIGHTS ACT, 68 P.S. § 399.1 - 399.18 ("USTRA"), AND DSLPA.

A. I am advised by counsel that USTRA applies to municipal authorities that are not regulated by the Commission, based on the definition of "public utility" in USTRA as a municipal corporation operating within its boundaries.¹⁹ USTRA is not part of the Public Utility Code and is enforced by the Attorney General. DSLPA, on the other hand, applies to public utilities as they are defined by the Public Utility Code.²⁰ The law bringing PWSA under the jurisdiction of the PUC states that the provisions of Title 66 apply in same manner as a public utility.²¹ Because PWSA is now a public utility regulated by the PUC, I am advised by counsel that the provisions of USTRA no longer apply.

¹⁹ Section 3992.

²⁰ 66 Pa. C.S. §1522(a).

²¹ Section 3202(a)(1).

1 **Q. HAS PWSA UPDATED ITS CURRENT PROCESSES AND PROCEDURES TO**
2 **ENSURE COMPLIANCE WITH DSLPA?**

3 A. Yes. Attached as Exhibit JAQ/C-8 is an internal training documented prepared on
4 November 30, 2018, setting forth PWSA's processes and procedures regarding Tenants'
5 Rights under the DSLPA.

6 **Q. CAN YOU IDENTIFY SOME OF THE CHANGES THAT PWSA HAS MADE TO**
7 **ITS PROCESSES AS A RESULT OF DSLPA?**

8 A. Yes. USTRA and DSLPA are identical regarding the process that PWSA must follow to
9 provide notice of pending termination for landlord accounts. Thus, PWSA continues to
10 be required to send the 37 Day Shut Off Notice to Landlords and the 30 Day Shut Off
11 Notice to Tenant. There are some very minor differences in the information that PWSA
12 is required to provide landlords and tenants in these notices mostly reflecting the
13 jurisdiction of the Commission. Most notably, DSPLA requires specific language that
14 PWSA has incorporated into the current version of its 30 Day Shut Off Notice to tenants.
15 Both laws afford landlords and tenants the same processes to avert termination. PWSA
16 does, as part of the Commission approved settlement agreement, accept from tenants
17 wishing to exercise their right to continued service pursuant to DSLPA, accept as proof
18 of identification any document issued by a public agency or public utility which contains
19 the name and address of the tenant. (Settlement Petition at III.D.9).

20 **(B) Collections Issues**

21 **Q. WERE ISSUES RELATED TO PWSA'S COLLECTIONS PROCESSES AND ITS**
22 **LEVEL OF UNCOLLECTIBLE ACCOUNTS ADDRESSED DURING THE RATE**
23 **CASE?**

24 A. Yes. In the rate case, some parties raised various (and sometimes conflicting) concerns
25 regarding a number of different aspects of PWSA's collections process. Some parties
26 expressed concern about the level of PWSA's uncollectible expense and advocated that

1 PWSA undertake more aggressive collections efforts. Other parties expressed concerns
2 about the specific collections procedures utilized by PWSA, mostly focusing on the
3 customer impact related to PWSA's use of third party collection agency Jordan Tax
4 Service, Inc. ("JTS").

5 **Q. DO PROVISIONS OF THE COMMISSION APPROVED RATE CASE**
6 **SETTLEMENT INCLUDE AGREED-TO ACTION ITEMS RELATED TO**
7 **COLLECTIONS ISSUES?**

8 A. Yes, several rate case settlement provisions are intended to address issues raised during
9 the rate case about PWSA's collections process. As a result of the rate case settlement,
10 here were several paths PWSA agreed to follow related regarding various collections sub-
11 issues. First, PWSA agreed to suspend the use of JTS upon the effective date of the
12 Commission's final order approving the settlement. Second, PWSA agreed to
13 supplement its filed Compliance Plan to provide additional data about PWSA's
14 collections policies (Settlement Petition at III.H.4.b). Finally, PWSA agreed that the
15 Compliance Plan proceeding would address the following issues related to collections:
16 (1) PWSA's collection arrangement with JTS (Settlement Petition at III.G.1.d); (2) data
17 regarding payment processing fees assessed by its existing third party payment processor
18 (Settlement Petition at III.H.8); and, (3) the cost effective manner of collecting overdue
19 payments (Settlement Petition at III.H.10).

20 **Q. DID THE COMMISSION PROVIDE ANY GUIDANCE ABOUT WHETHER**
21 **COLLECTIONS RELATED ISSUES ARE EXPECTED TO BE IN STAGE 1 OR**
22 **STAGE 2?**

23 A. Yes. In response to a Petition for Clarification of the November 28, 2018 Secretarial
24 Letter, the Commission addressed its intention regarding uncollectible expense. More
25 specifically, the Commission stated that "Stage 1 is directed toward urgent infrastructure
26 remediation and improvement, and the revenue and financing requirements of

1 maintaining service that supports the public health and safety.”²² While the level of
 2 uncollectible account expense is related to the amount of revenue available to PWSA to
 3 finance the services it provides, I view that separate and distinct from the amount of
 4 money that PWSA needs to finance these projects. In addition, PWSA’s collections
 5 process is a part of the Chapter 14 and Chapter 56 process in that Chapter 14 and Chapter
 6 56 set forth the process that PWSA must follow in order to be able to terminate service to
 7 customers who are not paying their bills. Taken together, these two factors lead PWSA
 8 to conclude that the Commission intends collections issues to be litigated as part of Stage
 9 2 of this proceeding.

10 **Q. HAS ANYTHING ELSE ISSUED BY THE COMMISSION FURTHER**
 11 **CONFIRMED YOUR VIEW ON THE DESIRE OF THE COMMISSION TO**
 12 **ADDRESS PWSA’S COLLECTIONS PROCESS IN STAGE 2?**

13 A. Yes. The Commission’s January 31, 2019 Secretarial Letter establishing the first
 14 workshop for Stage 2 specifically states that its purpose is “to discuss PWSA’s
 15 compliance with billing and collections requirements of Chapter 14 of the Public Utility
 16 Code and Chapter 56 of the Commission’s regulations.”²³

17 **Q. DO ANY OF THE STAFF DIRECTED QUESTIONS ASK ABOUT**
 18 **COLLECTIONS ISSUES?**

19 A. No, although, as explained previously, they do direct the parties to discuss the language,
 20 format and method of providing suspension and termination notices to customers.²⁴

²² Reconsideration Order at 6 (emphasis added).

²³ January 31, 2019 Secretarial Letter at 1 (emphasis added).

²⁴ See PWSA Exh. RAW/C-1, Question Numbers 31-33.

Q. IN CONSIDERATION OF YOUR REVIEW OF ALL THESE DIRECTIVES, HOW IS PWSA PLANNING TO APPROACH ISSUES RELATED TO ITS COLLECTIONS PROCESSES?

A. PWSA has supplemented its Compliance Plan regarding collections issues consistent with the Settlement Petition²⁵ but does not plan to address in testimony during this Stage 1 process those collections issues it agreed would be further investigated as part of this proceeding. Rather (and to the extent necessary), PWSA will provide testimony related to those topics during Stage 2 of this litigation. I believe this approach appropriately honors the rate case settlement commitments while respecting the staging process that the Commission has established for this proceeding. To be clear, though, PWSA has ceased sending delinquent accounts to JTS consistent with the Commission's final order approving the rate case settlement. As stated on pages 23 and 25 of the Compliance Plan Supplement, PWSA is in the process of evaluating its collections process as a result of this suspension to include a cost effective manner of collecting overdue payments.

Q. WILL YOUR TESTIMONY HERE DELVE ANY DEEPER INTO PWSA'S EVALUATION OF ITS COLLECTIONS PROCESSES POST-CONTRACT WITH JTS?

A. No, I anticipate that these issues will be included as part of any Stage 2 testimony that PWSA will be required to submit. I also expect that these issues will be discussed during the Staff Workshops and PWSA's recent collections statistics are included with Exhibit SE with the Compliance Plan Supplement. However, I do not believe that the Commission intends or expects PWSA to provide any further testimony on these issues during this Stage 1 process.

²⁵ See Pages 22, 25-26 of the Compliance Plan Supplement.

(C) Low-Income Customer Assistance Programs

Q. PLEASE DESCRIBE THE CUSTOMER ASSISTANCE PROGRAMS THAT ARE AVAILABLE FOR PWSA'S QUALIFYING LOW-INCOME CUSTOMERS.

A. PWSA offers three customer assistance programs designed to provide financial relief for low-income residential customers having difficulty paying their PWSA bills and one program focused on providing financial assistance regarding private lead line replacements for low-income customers.²⁶ These four programs include:

- Winter Shut Off Moratorium: Between December 1st through March 31st for PWSA will not terminate service for customers who are at or below 250% of the Federal Poverty Level ("FPL").
- Bill Discount Program ("BDP"): Customers at or below 150% of the FPL receive a reduction of PWSA's fixed monthly water and wastewater conveyance charges. This reduction will be changed from the initial 50% to 75% as a result of the Commission's approval of the rate case settlement.
- Hardship Grant Cash Assistance Program: Customers at or below 150% of the FPL are eligible for cash grants up to \$300 per year.
- Private Lead Line Replacement Community Environmental Project: PWSA will pay for the costs of private side lead line replacements for customer who are at or below 250% of FPL using funds available from a settlement of an enforcement action between PWSA and the Pennsylvania Department of Environmental Protection.

Q. WERE ISSUES RELATED TO LOW-INCOME CUSTOMERS ALSO ADDRESSED DURING THE RATE CASE?

A. Yes, issues related to low-income customers were addressed during the rate case.

Q. DID PWSA MAKE CERTAIN COMMITMENTS RELATED TO LOW-INCOME CUSTOMERS AS PART OF THE RATE CASE SETTLEMENT?

A. Yes. PWSA's commitments that were only contingent upon receiving a final order approving the settlement petition include: (1) beginning to collect agreed-to specific data (Settlement Petition at III.F.1); (2) forming a Low Income Assistance Advisory

²⁶ Issues related to PWSA's Private Lead Line Replacement programs are discussed in the direct testimony of Mr. Weimar.

Committee (Settlement Petition at III.F.3); and, (3) revising the amount of the discount for the Bill Discount Program (Settlement Petition at III.F.4). PWSA also committed to revising the Compliance Plan to provide additional information about the policies and practices related to each of its low-income assistance programs (Settlement Petition at III.H.4.f). Further, PWSA agreed that issues related to revising its existing universal service programs and future additional data collection and reporting requirements would be investigated as part of the Compliance Plan proceeding. Finally, PWSA agreed to submit as part of its next base rate proceeding a detailed plan regarding its low income assistance programs to include various items as listed in the Settlement Petition. (Settlement Petition at III.F.4.a).

Q. DID THE COMMISSION PROVIDE ANY SUBSEQUENT GUIDANCE ABOUT ITS EXPECTATIONS REGARDING LOW-INCOME ASSISTANCE ISSUES WITHIN THE CONTEXT OF THE STAGING PROCESS ESTABLISHED FOR THIS PROCEEDING?

A. No, the Commission did not specifically identify low-income assistance issues in either its November 28, 2018 Secretarial Letter or in its December 20, 2018 Reconsideration Order. The Directed Questions, however, do direct the parties to discuss: (1) the appropriateness of PWSA establishing a Customer Assistance Program ("CAP"); and, (2) "whether and how the PWSA CAP complies with 52 Pa. Code § 69.265(1) and § 69.266 and 66 Pa. C.S. § 1304."²⁷

²⁷ See Exhibit RAW/C-1, Questions 57 and 58. Questions 59 and 60 related to PWSA's Private Lead Line Replacement Community Environmental Project are addressed in the direct testimony of Mr. Weimar.

Q. BASED ON THIS, HOW HAS PWSA ELECTED TO PROCEED?

A. I will address the specific Directed Questions in this testimony. The other information as agreed-to in the Settlement Petition has been provided in the Compliance Plan Supplement.²⁸

Q. PLEASE EXPLAIN HOW PWSA'S CUSTOMER ASSISTANCE PROGRAMS WERE INITIALLY DEVELOPED AND WHY PWSA BELIEVES SUCH PROGRAMS ARE APPROPRIATE TO OFFER TO LOW-INCOME CUSTOMERS.

A. Prior to the fall of 2017, PWSA's low-income residential had no PWSA-sponsored financial relief, with the most negative impact felt when faced with termination of their water service for non-payment. On October 26, 2017, the PWSA Board of Directors passed a Winter Shut Off Moratorium resolution which prohibited winter terminations while PWSA staff was instructed staff to develop programs intended to provide low-income customers assistance. In response to this, on November 8, 2017, PWSA's BDP was approved by the PWSA Board along with a management agreement with Dollar Energy Fund to administer the BDP. Subsequently, PWSA reached a civil settlement regarding pending litigation which made funds available to further enhance PWSA's low-income assistance offerings. Thus, on January 26, 2018, the PWSA Board designated these funds to be distributed to qualifying low-income customers pursuant to the newly created Hardship Grant Cash Assistance Program. PWSA implemented these programs to provide low-income customers with financial assistance to ideally place them in a better position to pay more of their bills. Aside from being socially responsible, PWSA believes these customer assistance programs decrease the pressure of uncollectible

²⁸ See Compliance Plan Supplement at 19-26.

expense that PWSA will be required to recover from other customers. As such, PWSA's customer assistance programs offer a reasonable amount of financial assistance to low-income customers to improve their ability to pay more of their bill than they otherwise might not be able to pay resulting in a positive overall impact on the amount of revenue PWSA is able to receive from its customers.

Q. WHAT IS YOUR UNDERSTANDING OF THE CUSTOMER ASSISTANCE PROGRAMS OFFERED BY ELECTRIC AND NATURAL GAS DISTRIBUTION COMPANIES?

A. I am advised by counsel that electric distribution companies ("EDCs") and natural gas distribution companies ("NGDCs") are legally required by the Public Utility Code to offer universal service and energy conservation programs that are developed, maintained and appropriately funded to ensure affordability and cost-effectiveness.²⁹ I understand that Sections 69.261 through 69.267 of the Commission's regulations contain the Commission's CAP Policy Statement. The CAP Policy Statement defines CAPs as "alternatives to traditional collection methods for low income, payment troubled customers" whereby participating customers agree to make monthly payments more aligned with their ability in exchange for continued provision of service.³⁰ Primarily, the CAP Policy Statement provides guidelines relative to the maximum energy burdens that low-income residential customers in customer assistance programs should be charged. I am also advised by counsel that, on May 5, 2017, the Commission initiated a study to examine home energy burdens for low-income customers as "a necessary first step in

²⁹ 66 Pa. C.S. § 2804(9) and 66 Pa.C.S. § 2203(8).

³⁰ 52 Pa. Code § 69.261.

evaluating the affordability, cost-effectiveness, and prudence of Universal Service Programs.”³¹ On January 28, 2019, the results of the Commission staff study regarding home energy burdens was released and opened for a public comment period. It is my understanding that the ultimate result of this open investigation may be changes to the Commission’s CAP Policy Statement which was promulgated in 1992 and revised in 1999.

Q. DO WATER UTILITIES HAVE ANY STATUTORY REQUIREMENTS TO OFFER CAPS SIMILAR TO WHAT IS REQUIRED OF THE EDCS AND NGDCS?

A. I am advised by counsel that they do not.

Q. ARE THERE ANY STATUTORY PROVISIONS PROHIBITING WATER COMPANIES FROM IMPLEMENTING CAPS?

A. According to counsel, no.

Q. WHAT ABOUT SECTION 1304 OF THE PUBLIC UTILITY CODE?

A. I understand that the Staff Directed Questions specifically ask about whether PWSA’s customer assistance programs violate Section 1304 of the Public Utility Code. Section 1304 is titled “Discrimination in Rates” and prohibits public utilities from granting any “unreasonable preference or advantage. . . [or] difference” as to rates.³² Setting aside that the Commission has just recently approved PWSA’s low-income assistance programs as part of the rate case, I am advised by counsel that Section 1304 prohibits unreasonable differences in rates. None of PWSA’s customer assistance programs offer low-income customers different “rates” as all residential customers are billed in accordance with

³¹ *Energy Affordability for Low Income Customers*, Docket No. M-2017-258771, Order entered May 5, 2017.

³² 66 Pa. C.S. 1304.

PWSA's tariff. Rather, BDP offers a bill credit to qualifying low-income customers and the difference between what the low-income customer is required to pay and the remaining amount of the bill is funded by other ratepayers through PWSA's rates. Similarly, those receiving a cash grant through PWSA's Hardship Grant Cash Assistance Program are billed the same rates and the grant is funded from money that is available as the result of a civil settlement. For the reasons I previously stated, I believe that PWSA's low-income assistance programs are a reasonable way to balance the need to provide financial assistance to low-income customers to better position them to be able to pay more of their PWSA bills and, therefore, lessen the burden of uncollectible accounts expense that other PWSA customers will be required to pay. I also understand that PWSA's BDP is generally consistent with other tariff provisions approved by the Commission.³³ Therefore, the Commission has already determined that PWSA's CAP programs are not legally prohibited by Section 1304 of the Public Utility Code.

Q. TURNING TO THE STAFF DIRECTED QUESTIONS REGARDING THE CAP POLICY STATEMENT, PLEASE PROVIDE YOUR PERSPECTIVE REGARDING PWSA'S BDP AND § 69.265(A) OF THE CAP POLICY STATEMENT.

A. Section 69.265(A) of the CAP Policy Statement sets forth ranges for "the maximum payments for electric nonheating service" based on household income levels. Thus, a household with income between 0 and 50% of poverty may be required to pay between 2% and 5% of income. A household between 51 and 100% of poverty may be required to pay at 4% and 6% of income. Finally, a household with income between 101 and 150% of poverty could be required to pay at 6% to 7% of income. Through PWSA's BDP

³³ See, e.g., Pennsylvania-American Water Company, Tariff Water-PA P.U.C. No 5, Page 17 and Pennsylvania-American Water Company, Tariff Wastewater PA P.U.C. No. 16, Page 16.

1 program, all qualifying customers receive the same bill credit. Therefore, PWSA's BDP
2 is not structured to require different payments from customers based on their household
3 income – rather all customers receive the same bill credit. None of PWSA's other
4 customer assistance programs are structured to require a specific amount of payment
5 based on household income. As such, the payment requirements based on household
6 incomes set forth in Section 69.265(a) of the CAP Policy Statement are not applicable to
7 PWSA's customer assistance programs.

8 **Q. WHAT IS PWSA'S PERSPECTIVE REGARDING THE SECTION 69.266 COST**
9 **RECOVERY PROVISIONS OF THE CAP POLICY STATEMENT?**

10 A. I understand from counsel that this section of the CAP Policy Statement provides
11 guidance for how to evaluate CAPs for ratemaking purposes. According to the text of
12 this section, the Commission is required to consider both revenue and expense impacts.
13 CAP expense impacts include expenses associated with operating the CAPs as well as the
14 potential decrease of customary operating expenses. PWSA's customer assistance
15 programs are very new with the design and cost recovery structures just approved earlier
16 this month by the Commission as part of the rate case proceeding. Given this, PWSA is
17 only now in the process of gathering the data necessary to appropriately evaluate its
18 customer assistance programs to include their revenue and expense impacts. As
19 contemplated by the rate case settlement, these issues will be addressed in the context of
20 PWSA's next base rate case. As such, PWSA views further inquiry into the cost
21 recovery issues set forth in Section 69.266 of the CAP Policy Statement as premature in
22 this proceeding.

1 **Q. IS PWSA PROPOSING ANY REVISIONS TO ITS CUSTOMER ASSISTANCE**
2 **PROGRAMS AT THIS TIME?**

3 A. No, and PWSA does not recommend that revisions to its current low-income assistance
4 programs be addressed through this Stage 1 of the Compliance Plan litigation.

5 **Q. CAN YOU PLEASE EXPLAIN WHY YOU BELIEVE PWSA'S CURRENT LOW-**
6 **INCOME CUSTOMER ASSISTANCE PROGRAMS SHOULD NOT BE**
7 **REVISED AT THIS TIME?**

8 A. Yes. These programs were just recently approved by the Commission and, therefore, I
9 believe some time to allow them to operate and to evaluate them is appropriate. Second,
10 as part of the rate case Settlement Petition, PWSA is in the process of forming a Low
11 Income Assistance Advisory Commission for the purpose of reviewing these programs
12 and providing input and feedback on program terms and conditions and outreach
13 documents. (Settlement Petition at III.F.3). I believe that this forum would be preferable
14 to litigation (especially where, as here, there are numerous issues that need to be
15 addressed) to evaluate these programs and consider future changes. Third, PWSA has
16 affirmatively committed to including as part of its next base rate proceeding a detailed
17 plan regarding low-income assistance programs. (Settlement Petition at III.F.4.a). I
18 anticipate that, in the time between now and then, the data we are now collecting as
19 agreed to in the rate case settlement related to the programs, as well as the input from the
20 Low Income Assistance Advisory Committee, will provide invaluable information about
21 how to enhance and improve these programs. Finally, though not my preferred approach,
22 low-income customer assistance issues do involve customer service issues so that they
23 could be folded into the Stage 2 part of this proceeding. Again, I do not support that
24 approach because I believe continued dialoguing with the parties and the Low Income
25 Assistance Advisory Committee along with thoughtful planning about how these

programs could be enhanced within the overall revenue requirement review that will occur in our next base rate case is the far more wise course to take.

3 IV. **OTHER TARIFF ISSUES**

4 Q. **WHAT OTHER TARIFF ISSUES ARE YOU ADDRESSING IN THIS**
5 **TESTIMONY?**

6 A. I will be addressing PWSA's line extension procedures, limitation of liability, standby
7 charges and termination of service to multiple premises lines (known as "party lines").

8 Q. **HOW WERE THESE TOPICS IDENTIFIED?**

9 A. These issues are the subject of the Commission's directed questions, are consistent with
10 the commitments agreed to by PWSA in the rate case settlement and address one of the
11 specific tariff corrections identified in the RD which, according to the Motion of
12 Commissioner Kennard, is subject to resolution during this compliance proceeding.

13 (A) **Line Extensions and Special Utility Service**

14 Q. **PLEASE STATE PWSA'S COMMITMENTS RELATED TO LINE EXTENSIONS**
15 **IN THE RATE CASE SETTLEMENT AND HOW PWSA HAS ADDRESSED**
16 **THEM.**

17 A. PWSA agreed to provide information about its line extension fee structure in its
18 Compliance Plan Supplement. (Settlement Petition at III.H.4.g). This information is set
19 forth on page 9 of the Compliance Plan Supplement. PWSA also agreed that its present
20 line extension fee structure will be investigated in this Compliance Plan proceeding to
21 include whether the Public Utility Code and Commission's regulations preempt the
22 Municipality Authorities Act. (Settlement Petition at III.H.7.j and H.9).

1 **1) Applicable legal requirements**

2 **Q. HOW DOES PWSA PROPOSE TO HANDLE LINE EXTENSIONS?**

3 A. PWSA proposes to handle line extensions consistent with the Municipality Authorities
4 Act (“MAA”).³⁴ These proposed requirements are set forth in Section G of PWSA’s
5 proposed initial tariffs for water and wastewater. They are also further explained on page
6 9 of PWSA’s Compliance Plan Supplement.

7 **Q. WHY DOES PWSA VIEW CONTINUED COMPLIANCE WITH THE MAA’S**
8 **LINE EXTENSION REQUIREMENTS AS NECESSARY EVEN THOUGH PWSA**
9 **IS NOW UNDER THE JURISDICTION OF THE COMMISSION?**

10 A. As explained in PWSA’s Compliance Plan Supplement on page 14, PWSA has
11 concluded that it is necessary to follow the MAA standards, notwithstanding the fact that
12 has come under the jurisdiction of the Commission. PWSA is a municipal authority that
13 was created in 1984 pursuant to the MAA. Thus, the MAA has been PWSA’s
14 “governing statute” since inception, and PWSA’s operations and processes have all been
15 developed consistent with the requirements of the MAA. I am advised by counsel that
16 municipal authorities only have those powers which have been conferred to them by the
17 MAA.³⁵ While PWSA became subject to the provisions of the Public Utility Code
18 effective April 1, 2018 through the passage of Act 65,³⁶ I am advised by counsel that the
19 MAA contains a provision that makes PWSA’s compliance with these issues mandatory
20 and nothing in these revised sections of the Public Utility Code relieved PWSA of the
21 obligation to comply with the MAA or otherwise directed that PWSA should no longer

³⁴ 53 Pa.C.S. §§5601-5623.

³⁵ Naylor v. Township of Hellam, 773 A.2d 770, 773-774 (Pa. 2001) (An authority formed under the Municipal Authorities Act has no inherent powers and may do only those things that the legislature has expressly or by necessary implication placed within its power to do.).

³⁶ 66 Pa.C.S. §§3201-3209.

1 comply with the MAA's line extension requirements. I am also advised by counsel that
2 there are no specific "line extension" provisions set forth in the Public Utility Code and
3 that the Commission's regulations which more specifically address line extension, are set
4 forth in the Commission's regulations (52 Pa. Code §§ 65.21, 65.22) promulgated under
5 the Public Utility Code.

6 **Q. DOES THE MAA PERMIT MUNICIPAL AUTHORITIES TO IMPOSE ANY**
7 **FEES BEYOND WHAT IS SPECIFICALLY IDENTIFIED IN THE MAA?**

8 A. No, as I previously stated counsel has advised me that that municipal authorities have
9 only those powers which have been conferred by the MAA. The MAA contains
10 provisions related to main extensions, customer advance funding, and refunds.³⁷ In
11 addition, municipal authorities may levy and enforce special assessments against
12 properties served. 53 Pa.C.S. §§ 5607(d)(21)-(22). An authority may assess property
13 owners for all or part of the costs of constructing sewer and water lines. In calculating
14 assessments, the authority may use either the benefits method, or the front-foot rule or
15 both simultaneously on the same project.³⁸ The municipal authority may not recover
16 more than the net project costs, after deducting any state or federal assistance, through the
17 assessment process.³⁹ These assessments can be in an addition to a tapping fee.⁴⁰ The
18 MAA also specifically states: "No authority shall have the power to impose a connection
19 fee, customer facilities fee, tapping fee or similar fee except as provided specifically

³⁷ See 53 Pa.C.S. §§ 5607(a), (d), (d)(21)-(24), and (d)(30)-(31).

³⁸ *Whitemarsh Twp. Auth. v. Elwert*, 196 A.2d 843 (Pa. 1964) (township authority could use both the front-foot method and the benefit method in its assessment of the sewer construction costs).

³⁹ *Bern Twp. Auth. v. Hartman*, 451 A.2d 567 (Pa.Comwlth. 1982) (authority was not permitted by statute to recover more than the project's construction costs).

⁴⁰ See 53 Pa.C.S. § 5607(d)(24).

under [53 Pa.C.S. § 5607(d)].”⁴¹ Thus, I am advised by counsel that the provisions of the MAA addressing line extension issues and fees are exclusive.

2) Description of the MAA and the Commission’s Regulation

Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE COMMISSION’S REGULATIONS REGARDING LINE EXTENSIONS.

A. Section 65.21 of the Commission’s regulations require public utilities to make line extensions available to a “bona fide service applicant,” specify the conditions under which the utility may require the bona fide service applicant to pay for the extension in advance, and set forth a formula to be utilized to determine the utility’s investment for the line extension.⁴² Section 65.22 provides additional guidance when a customer advance is required from a bona fide service applicant regarding payment terms, refunds due when other customers attached service lines to the main extension, and the ability to assess a reasonable advance charge for lines installed on private property for the exclusive use of the customer.⁴³ Finally, Section 65.23 states that neither of the two prior sections apply to special utility service.⁴⁴

Q. WHAT ARE THE DIFFERENCES BETWEEN THE MAA’S TREATMENT OF LINE EXTENSIONS AND THE COMMISSION’S REGULATIONS?

A. The Commission’s line extension rules: (1) only apply to residential lines; (2) include a formula for calculating the advance payment fee that is not consistent with the MAA; and, (3) the requirement that a public utility install water meters at its own expense

⁴¹ 53 Pa.C.S. § 5607(d)(24)(iii).

⁴² 52 Pa. Code § 65.21.

⁴³ 52 Pa. Code § 65.22.

⁴⁴ 52 Pa. Code § 65.23.

directly contradicts the authorization under the MAA to collect a customer facilities fee for meter installation.

Q. PLEASE EXPLAIN PWSA'S LINE EXTENSION FEE STRUCTURE.

A. PWSA's line extension fee structure is explained more fully on page 9 of the Compliance Plan Supplement. To summarize, PWSA requires developers/owners to pay the full cost of line extensions and requires that the developer obtain a Performance Bond and a Maintenance Bond. The amount of the required bond is based on a construction cost estimate that must be prepared by the developer and approved by PWSA. The construction cost estimate includes fees to be paid by the developer/owner to PWSA based on the actual time (and costs) incurred by PWSA. Fees must be deposited in an escrow account and are drawn down as PWSA inspection and engineering costs are invoiced. If the escrow is exhausted, then all work will stop until an additional agreed amount is deposited in said account. Any remaining funds after completion of the project will be refunded back to the developer.

PWSA will provide for partial reimbursement to the property owner or developer if, within 10 years of the public infrastructure dedication, the owner of another property not in the development for which the extension was constructed connects a water service line or sewer lateral directly to the dedicated extension(s). The amount of the reimbursement is calculated pursuant to 53 Pa. C.S. § 5607(d)(30)-(31).

Q. CAN PWSA BE IN COMPLIANCE WITH BOTH THE MAA PROVISIONS AND THE COMMISSION'S REGULATIONS?

A. No, because compliance with the requirements set forth in the Commission's regulations would make PWSA's process and procedures inconsistent with the MAA's statutory provisions. From a practical standpoint, there is simply no way to follow the

requirements clearly set forth in the MAA and the requirements set forth in the Commission's regulations. The two cannot be reconciled, the MAA is the source of PWSA's authority, and the MAA sections regarding these issues essentially state that *following the MAA is the only way PWSA can assess these charges.*

Q. IS PWSA PROPOSING ANY CHANGES TO THIS CURRENT STRUCTURE?

A. No, for the reasons I stated previously regarding my understanding that PWSA is required to follow the MAA notwithstanding the apparently conflicting requirements of the Commission's regulations, PWSA is not proposing any changes to its current structure.

(B) Limitation of Liability

Q. PLEASE EXPLAIN HOW PWSA'S TARIFF ADDRESSES LIMITATIONS ON LIABILITY.

A. As explained in the Compliance Plan at pages 73 through 74, PWSA's tariff provisions in both the water and wastewater tariff follow the Commission's model water tariff. More specifically, PWSA's liability for service interruptions is limited to an amount no more than the customer charge or minimum bill for the bill in question. PWSA will not be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures or other installations.

Q. IS PWSA PROPOSING TO INCLUDE A LIMITATION ON LIABILITY RELATED TO INJURY OR DAMAGES AS A RESULT OF NEGLIGENCE OR INTENTIONAL TORTS?

A. No. I recognize that – to address 52 Pa Code § 69.87 - the Directed Questions ask whether PWSA is proposing any specific dollar amount for these actions and, if so, to provide the calculations in support. (See question numbers 52-54 on PWSA Exhibit

RAW/C-1). PWSA, however, is not proposing any specific dollar amounts related to injury or damages as a result of negligence or intentional torts.

Q. PLEASE EXPLAIN WHY PWSA IS NOT MAKING ANY SPECIFIC DOLLAR AMOUNT PROPOSAL.

A. PWSA is not doing this because the specific dollar limitations are controlled by Pennsylvania law governing political entities such as PWSA, which is a municipal authority. I am advised by counsel that PWSA is generally immune from suit pursuant to the Tort Claims Act (42 Pa.C.S. §§ 8541-8564). While the Tort Claims Act does enumerate eight very specific exceptions regarding when a suit may be brought against a municipal authority regarding negligence or intentional torts, I am advised by counsel that, even if a suit may be brought the Tort Act limits the damages that can be awarded for “the same cause of action or transaction or occurrence or series of causes of action or transactions or occurrences shall not exceed \$500,000 in the aggregate.” 42 Pa.C.S. § 8553(b).

Q. WHY NOT SET FORTH THE TORT CLAIMS ACT LIMITATIONS IN PWSA’S TARIFF?

A. PWSA does not believe this is advisable for several reasons. First, a person’s ability to bring suit for negligence or intentional torts is very limited when the claim involves a municipal authority like PWSA. As such, identifying specific dollar limitations in the tariff could be confusing by creating the appearance that such suit can even be brought. Second, the Tort Claims Act comprehensively – and through decades of case law precedent – addresses this issue for municipal authorities like PWSA. As such, I am advised by counsel that the Commission does not have jurisdiction over these issues and – given the body of law outside of Commission jurisdiction that is directly applicable – placing dollar limitation language in the tariff is not necessary. Finally, and if the

Commission were still to decide that dollar amounts should be stated in the tariff, the Torts Claim Act does specify eight exceptions regarding PWSA's immunity from suit but – even if applicable – the overall amount of damages that could be recovered is limited. To be accurate, PWSA's tariff would need to specifically identify each of these exceptions (all of which have been refined and clarified through decades of case law) as well as the overall cap on damages in the event any of these suits were successful. In PWSA's judgment, such complex and lengthy language to explain something that is outside the Commission's jurisdiction, and which is governed by a well-developed body of law does not appear to serve any useful purpose and, more likely, just creates confusion for consumers trying to look at PWSA's tariff and figure out his or her options regarding negligence and/or intentional torts. For these reasons, PWSA's position is that its tariff provisions following the model water tariff are sufficient, and no specific dollar limitations addressing injury or damage resulting from negligence or intentional torts should be added.

Q. WHAT IS PWSA'S VIEW REGARDING THE APPLICATION OF LIMITATION OF LIABILITY TO MATTERS INVOLVING THE REPLACEMENT OF PWSA AND CUSTOMER-OWNED LEAD WATER SERVICE LINES?

A. I am advised by counsel that regardless of the "source" of an injury or damage resulting from negligence or intentional tort, a person's right to bring a suit and his or her entitlement to damages would be governed by the Torts Claim Act. As such, I do not see any specific reason to create a carve out in this section related to PWSA's replacement of lead water service lines. Mr. Weimar's direct testimony more fully addresses PWSA's lead service line replacement program issues.

(C) Standby Charge

Q. WHAT QUESTIONS DID STAFF DIRECT THE PARTIES TO ADDRESS RELATED TO STANDBY CHARGES?

A. The Staff Directed Questions directed the parties to discuss whether PWSA's charges are standby charges and whether residential customers are served by separate domestic and fire service lines. See numbers 55 and 56 on Exhibit RAW/C-1.

Q. WERE ISSUES RELATED TO PWSA'S FIRE PROTECTION SERVICES ALSO RAISED IN THE CONTEXT OF THE RATE CASE SETTLEMENT?

A. Yes. PWSA agreed to supplement its Compliance Plan to provide additional information regarding public fire hydrant service. (Settlement Petition at III.H.4.j.) PWSA provided this information on pages 10-11 and 27-28 of the Compliance Plan Supplement which provides information about PWSA's infrastructure for public fire protection service, its planned upgrades, and plans for assessing the City of Pittsburgh a separate rate for public fire hydrant service. Mr. Weimar more thoroughly covers issues related to PWSA's meters including the City of Pittsburgh.

Q. DOES PWSA ALSO OFFER PRIVATE FIRE PROTECTION SERVICE?

A. Yes, private fire protection service is an option and, if selected, PWSA's tariff identifies the rate that is charged.⁴⁵

Q. DOES PWSA ASSESS APPLICANTS FOR SERVICE THE COSTS OF (1) UPSIZING COMPANY-OWNED SERVICE LINES AND METERS; (2) INSTALLATION OF ADDITIONAL LINES; AND, (3) BACKFLOW PREVENTION DEVICES?

A. Yes, these are charged on a one-time basis pursuant to Part III, Section H of PWSA's Tariff.

⁴⁵ See Part I, Section B for PWSA's Fire Protection Rates.

1 **Q. DOES PWSA ASSESS AN AMOUNT IN ADDITION TO THE REGULAR RATE**
 2 **TO THE OWNER OF A RESIDENTIAL STRUCTURE ON THE BASIS THAT**
 3 **THE RESIDENTIAL STRUCTURE IS EQUIPPED WITH AN AUTOMATIC**
 4 **FIRE PROTECTION SYSTEM?**

5 A. No. I am advised by counsel that this type of “additional” charge is considered an
 6 impermissible “standby charge” that is prohibited by 66 Pa.C.S. § 1326 and 52 Pa. Code
 7 § 69.169. My understanding is that PWSA cannot assess an additional charge on the
 8 basis of making water supply available to a residential structure during fire emergencies.
 9 PWSA does not have such charge as customers are not being charged any additional
 10 amount because a structure is equipped with a fire protection system.

11 **Q. ARE RESIDENTIAL CUSTOMERS SERVED BY SEPARATE DOMESTIC AND**
 12 **FIRE SERVICE LINES?**

13 A. A residential structure is defined as a building which contains only individually metered
 14 dwelling units intended for human habitation. In addition to electing to receive (and pay
 15 for the costs of) private fire protection, PWSA provides public fire protection to all areas
 16 that serve water customers through infrastructure and hydrants throughout the system.
 17 There is no separate charge for public fire protection as PWSA views this as a
 18 community service. PWSA does, however, recognize that cost recovery from the
 19 municipality for which the service is provided is reasonable. As explained on pages 27-
 20 28 of the Compliance Plan Supplement, PWSA does not currently charge the City of
 21 Pittsburgh for public fire protection, but it does intend to determine these costs and will
 22 either address them in a revised Cooperation Agreement with the City of Pittsburgh or in
 23 the next base rate case.

(D) Termination of Service; Multiple Premises

Q. WERE ISSUES RELATED TO PWSA'S TERMINATION OF SERVICE TO MULTIPLE PREMISES ALSO RAISED IN THE CONTEXT OF THE RATE CASE SETTLEMENT?

A. Yes and this specific issues was identified as part of the Tariff Corrections recommended by the ALJs in the RD. According to the Motion of Commissioner Kennard during the vote to approve PWSA's rate case settlement, this particular issue is one that is to be addressed in this proceeding and one which I have not yet addressed in this direct testimony. This issue relates to Section III.C.3.i of the Wastewater Tariff, which allows termination of service to multiple premises on shared service line connection if one customer becomes delinquent.

Q. DOES THE SAME ISSUE EXIST IN THE WATER TARIFF?

A. Yes. Section III.C.3.i of the Water Tariff also allows termination of service to multiple premises on shared service line connection if one customer becomes delinquent.

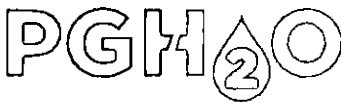
Q. WHAT IS PWSA'S VIEW REGARDING THESE PROVISIONS?

A. This is a provision that was included in PWSA's pre-Commission Rules and Regulations and was continued into PWSA's proposed initial tariffs. I have been advised by counsel that 66 Pa. C.S. § 1406 does not specifically grant utilities to terminate service to a party line account where one person on the party line has failed to make payment. I have also confirmed that, while PWSA's current practice is to post notice of the non-payment of party line accounts, PWSA does not terminate service based on one person on the party line not paying for service. As such, PWSA proposes to rewrite this section of its tariffs as part of the final compliance tariffs that it expects to file at the end of this proceeding.

1 V. CONCLUSION

2 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

3 A. Yes.



Pittsburgh
Water & Sewer
Authority

Residential Rental Property Water Service Discontinuance Request

I, _____, the Landlord/ratepayer requests that the water service
Name (Please Print)
 at the following residential building, be shut off due to:

(Check applicable box)

- ☐ All the affected dwelling units in the building are unoccupied.
- ☐ All the affected tenants in the building have consented in writing to the proposed discontinuance of water service.

Property Address

Current Account Number

Owner's Telephone Number

Date Service Should Be Shut Off

Important Information – Please Read

- I understand that the information I provide will be relied upon by the Public Utility Commission in administering a system of uniform service standards for public utilities, and that false statements are punishable criminally.
- I understand that the tenants of the residential building retain all the rights provided by the Discontinuance of Service to Leased Premises statutes, 66 Pa.C.S.A. §§ 1527 – 1531.
- I understand there may be a charge for shutting off the water service.
- I understand that it is the owner's responsibility to verify that water service has been shut off.
- I understand that all water valves on the customer's side of the line should also be closed.
- I understand that PWSA will continue to bill the minimum charges for ALCOSAN sewage treatment after the water service has been shut off.
- I understand that state law permits utilities to limit their liability for injury or damages related to interruption or cessation of utility service (Pa. Code 52 § 69.87).

Owner or Authorized Agent

Date

Sworn to and subscribed before me this _____ day of _____, _____.

 My Commission Expires: ____/____/____

Notary Public

Penn Liberty Plaza I
 1200 Penn Avenue
 Pittsburgh PA 15222

info@pgh2o.com
 T 412 255 2423
 F 412 255 2475

www.pgh2o.com
 @pgh2o

Customer Service /
 Emergencies:
 412.255.2423



Pittsburgh
Water & Sewer
Authority

January 2, 2018

Account Number «Loc_»«Cust_»

«Name»

«Billing_1»

«Billing_2»«Billing_3»«Zip»

Re: «Service_address»

10- DAY SHUT OFF NOTICE

Outstanding Account Balance \$

As of the date of this shut off notice, our records indicate that the above amount is outstanding and is due immediately to The Pittsburgh Water and Sewer Authority (PWSA). Water service to the above premise will be shut off on or after **DATE**. To avoid the shut off of water service, you must:

1. Pay the above amount in full directly to PWSA; **OR**
2. Contact PWSA at 412-255-2423 to discuss payment arrangements or bring an existing payment arrangement current.

Low income Residential customers may be eligible to postpone a service shut off during the winter months of December 1 through April 1 and may also be eligible for PWSA's Bill Discount Program. Contact the Dollar Energy Fund at 1-866-762-2348 to determine if you are eligible for these programs. Enrollment in the bill discount program will not stop the shut off of service. Loss of water service may adversely affect hot water or steam heating systems. You should contact an appropriate service company to inspect your heating system for continued safe operation.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition that will be aggravated by the shut off of service. We will not shut off your service during such illness provided you:

- (a) Have a licensed physician, nurse practitioner or physician's assistant certify in writing that such illness exists and that it may be aggravated if your service is stopped; and
- (b) Make some equitable arrangements to pay your bill.
- (c) Contact us by calling 412-255-2423
- (d) Have your licensed physician send a letter to PWSA within 7 days verifying the medical condition.

If you have any questions or need more information, contact us as soon as possible at 412-255-2423.

After you talk to us, if you are not satisfied, you may file a complaint with the Pennsylvania Public Utility Commission by calling 1-800-692-7380 or by writing the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA, 17105-3265. The Pennsylvania Public Utility Commission may delay the shut off if you file the complaint **before** the shut off date.

Special protections are available for victims under a protection from abuse order, customers with a court order that indicate any type of domestic violence, and customers with disabilities. Special protections are also available for tenants if the landlord is responsible for paying PWSA. Contact Customer Service at 412-255-2423 for additional information. NOTE: This notice is valid for up to 60 days. All adult occupants whose names appear on the mortgage, deed, or lease are considered the "customer" and are responsible for paying this bill. If service is shut off, ANY adult occupant who has been living at the property may have to pay all or portions of this bill to have service restored plus a reconnection fee of \$45.68 for same day or \$25.38 for next day restoration. A customer may be required to pay more than the amount listed above to have the service restored.



DATE:
ACCOUNT NUMBER:
SERVICE ADDRESS:
ZIP CODE:

3-DAY SHUT OFF NOTICE

Outstanding Balance \$

THIS NOTICE IS TO INFORM YOU THAT PWSA WILL BE SHUTTING OFF WATER SERVICE TO THE ABOVE PROPERTY ON OR AFTER **DATE** FOR PAST DUE WATER AND/OR WASTEWATER CHARGES. TO AVOID THE SHUT OFF OF WATER SERVICE YOU MUST:

1. Pay the above amount in full directly to PWSA OR
2. Contact PWSA at 412-255-2423 to discuss payment arrangements or bring an existing payment arrangement current.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition that will be aggravated by the shut off of service. We will not shut off your service during such illness provided you:

- (a) Have a licensed physician, nurse practitioner or physician's assistant certify in writing that such illness exists and that it may be aggravated if your service is stopped; and
- (b) Contact us by calling 412-255-2423, or visit our offices in person at 1200 Penn Avenue, Pittsburgh, PA, 15222
- (c) Have your licensed physician send a letter to PWSA within (seven) 7 days verifying the medical condition.

If you have any questions or need more information, contact us as soon as possible at 412-255-2423. After you talk with us, if you are not satisfied, you may file a complaint with the Pennsylvania Public Utility Commission by calling 1-800-692-7380 or by writing the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA, 17105-3265. The Pennsylvania Public Utility Commission may delay the shut off if you file the complaint before the shut off date.

Special protections are available for victims under a protection from abuse order, customers with a court order that indicate any type of domestic violence, and customers with disabilities. Special protections are also available for tenants if the landlord is responsible for paying PWSA. Contact Customer Service at 412-255-2423 for additional information.

NOTE: This notice is valid for up to 60 days. All adult occupants whose names appear on the mortgage, deed, or lease are considered the "customer" and are responsible for paying this bill. If service is shut off, ANY adult occupant who has been living at the property may have to pay all or portions of this bill to have service restored plus a reconnection fee of \$45.68 for same day or \$25.38 for next day restoration. A customer may be required to pay more than the amount listed to have the service restored.



DATE:
ACCOUNT NUMBER:
SERVICE ADDRESS:
ZIP CODE:
WARD:

48 HOUR SHUT OFF NOTICE
Outstanding Balance \$

THIS NOTICE IS TO INFORM YOU THAT WE WILL BE SHUTTING OFF WATER SERVICE TO THE ABOVE PROPERTY ON OR AFTER **DATE** FOR PAST DUE WATER AND/OR WASTEWATER CHARGES ON YOUR ACCOUNT. TO AVOID THE SHUT OFF OF WATER SERVICE YOU MUST:

1. Pay the above amount in full directly to PWSA OR
2. Contact PWSA at 412-255-2423 to discuss payment arrangements or bring an existing payment arrangement current.

Low income Residential customers may be eligible to postpone a service shut off during the winter months of December 1 through April 1 and may also be eligible for PWSA's Bill Discount Program. Contact the Dollar Energy Fund at 1-866-762-2348 to determine if you are eligible for these programs. Enrollment in the bill discount program will not stop the shut off of service. Loss of water service may adversely affect hot water or steam heating systems. You should contact an appropriate service company to inspect your heating system for continued safe operation.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition that will be aggravated by the shut off of service. We will not shut off your service during such illness provided you:

- (a) Have a licensed physician, nurse practitioner or physician's assistant certify in writing that such illness exists and that it may be aggravated if your service is stopped; and
- (b) Contact us by calling 412-255-2423, or visiting our offices in person at 1200 Penn Avenue, Pittsburgh, PA, 15222
- (c) Have your licensed physician send a letter to PWSA within seven (7) days verifying the medical condition.

If you have any questions or need more information, contact us as soon as possible at 412-255-2423. After you talk with us, if you are not satisfied, you may file a complaint with the Pennsylvania Public Utility Commission by calling 1-800-692-7380 or by writing the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA, 17105-3265. The Pennsylvania Public Utility Commission may delay the shut off if you file the complaint before the shut off date.

Special protections are available for victims under a protection from abuse order, customers with a court order that indicate any type of domestic violence, and customers with disabilities. Special protections are also available for tenants if the landlord is responsible for paying PWSA. Contact Customer Service at 412-255-2423 for additional information.

NOTE: All adult occupants whose names appear on the mortgage, deed, or lease are considered the "customer" and are responsible for paying this bill. If service is shut off, ANY adult occupant who has been living at the property may have to pay all or portions of this bill to have service restored plus a reconnection fee of \$45.68 for same day or \$25.38 for next day restoration. A customer may be required to pay more than the amount listed to have the service restored.



Date

Account Number: «LOC_»«CUST_»

«NAME»
«BILLING_1»
«BILLING_2» «Billing_3» «ZIP»

Re: «SERVICE_ADDRESS»

37 DAY SHUT OFF NOTICE

Outstanding Balance \$

As of the date of this shut off notice, our records reflect that the above amount is past due and due immediately to The Pittsburgh Water and Sewer Authority (PWSA). PWSA intends to shut off the water service at the above premise on or after **DATE**. If payment in full has been made, please disregard this notice. To stop this action from being taken, you must 1) Pay the above amount in full directly to PWSA **OR** 2) Contact PWSA at 412-255-2423 to discuss payment arrangements or to bring an existing payment arrangement current.

In accordance with 66 Pa. C.S. §1525, we are hereby requesting that you provide PWSA with one of the following items on or before **September 29, 2015**:

- **A list setting forth the names and addresses of every tenant located at the above service address.**
- **Payment in full of the amount above.**

Failure to comply with the request for the names and addresses of the tenants subjects you to penalties found under section 1532 of the Public Utility Code/Title 66. The penalty under this section is not less than \$500.00 nor more than \$1,000.00 each day the tenant information is not provided to PWSA. To stay notification to the tenants, the landlord could file a complaint with the PUC disputing the right of PWSA to terminate service.

If you have any questions or need more information, contact us as soon as possible at 412-255-2423. After you talk with us, if you are not satisfied, you may file a complaint with the Pennsylvania Public Utility Commission by calling 1-800-692-7380 or by writing the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA, 17105-3265. The Pennsylvania Public Utility Commission may delay the shut off if you file the complaint **before** the shut off date.

All affected tenants will be notified on **September 30, 2015** of the impending shut off. At this time, the tenants will be informed of their statutory rights.



Pittsburgh
Water & Sewer
Authority

Exh. JAQ/C-6

Date

Account Number:

Delinquent Amount: \$

30 Day Payment Amount: \$

Re: Service Address

30 DAY SHUT OFF NOTICE

The Pittsburgh Water and Sewer Authority (PWSA) is preparing instructions to shut off water service to the above referenced property for non-payment. Please read this notice carefully regarding your rights as a tenant. Your water service will be shut off on or after DATE. To avoid the shut off, pay the amount shown above.

IMPORTANT NOTICE TO TENANTS

WARNING: PWSA MAY SHUT OFF YOUR WATER SERVICE ON OR AFTER (DATE) BECAUSE OF UNPAID WATER AND/OR WASTEWATER CHARGES. TO STOP THE SHUT OFF OF SERVICE, YOU MUST DO ONE OF THE FOLLOWING THINGS:

1. You can join with the other tenants to pay the bill for the last 30 days preceding this notice, or you can pay the total bill yourself. Either way, you do not have to pay a deposit or get credit granted in your name. You will not have to pay your landlords other debts or the debts of prior tenants, and the service will remain in the name of the landlord.
2. You may deduct your payment to PWSA from your rent due now or from future rent. PWSA will tell your landlord how much you paid for the service.

ADDITIONAL INFORMATION

1. The bill which must be paid to continue service is \$
2. Your landlord cannot punish you if you pay the bill. Your landlord cannot raise your rent and cannot take any action against you in any other way for paying the bill and deducting it from your rent. You have the right to recover money damages for injury he/she causes you for exercising your rights as a result of this notice.
3. You have the right to dispute the accuracy of the bill and have certain other rights. If you would like further information regarding these rights, contact PWSA at 412-255-2423, 1200 Penn Avenue, Pittsburgh, PA, 15222.

DO YOU HAVE ANY QUESTIONS?

If you have any questions about your service, please contact PWSA at 412-255-2423, 1200 Penn Avenue, Pittsburgh, PA, 15222. If after talking with PWSA you are not satisfied, then call the Pennsylvania Utility Commission at 1-800-692-7380 or write the residential shut off unit, Bureau of Consumer Services, Pennsylvania Public Utility Commission, PO Box 3265 Harrisburg, PA, 17120. You should call or write before the shut off. Your letter must be received before the shut off date.

TO MAKE A TENANT PAYMENT:

The tenant must make the 30 day payment to PWSA, for nonpayment of charges by the landlord, by check or money order. The tenant must provide reasonable identification; driver's license, photo identification, medical assistance or food stamp identification, or any other similar document issued by a public agency which contains the name and address of the tenant. Monthly tenant payments must be made in person in our offices at 1200 Penn Avenue, Pittsburgh, PA, 15222.

Penn Liberty Plaza I

info@pgh2o.com

www.pgh2o.com

Customer Service /

Any person who tampers with or interferes with a Notice to Tenants or a proposed discontinuance of service posted pursuant to 66 Pa. C.S. 1532(c) may be punished by a fine.



DATE:
ACCOUNT NUMBER:
SERVICE ADDRESS:

SHUT OFF NOTICE

This notice is to inform you we shut off the water service to the above property on _____ because we did not have access to repair/replace the water meter/remote reading device.

To have your service restored, please contact the AMI Department at 412-255-8920. Once access is granted, it may take up to seven (7) days to have the service restored.

If you received this notice but have already made an appointment, please contact the AMI Department immediately at 412-255-8920, Monday through Friday, between the hours of 8:00 AM and 6:00 PM.

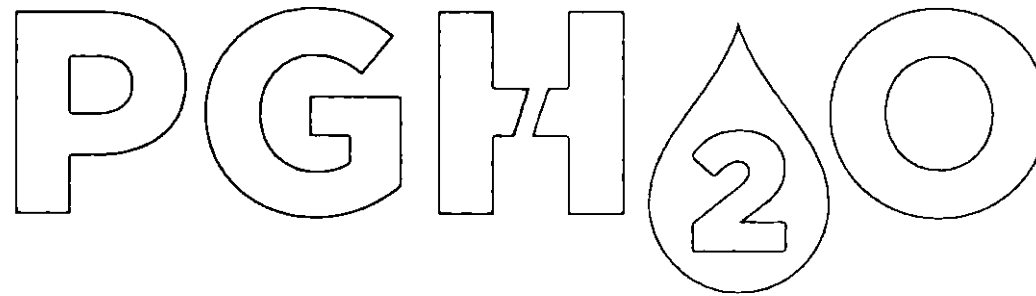
Let us know if someone living in your home is seriously ill or has a medical condition that will be aggravated by the shut off of service. We will restore your water within 24 hours during such illness provided you:

- a) Have a licensed physician or nurse practitioner certify by phone or in writing that such illness exists and that it may be aggravated if your service is not restored; and
- b) Make some equitable arrangement to pay PWSA your current bills for service.
- c) Contact us by calling the following number 412-255-8920, or visit our offices at 1200 Penn Avenue, Pittsburgh, PA, 15222.
- d) Have your licensed physician send a letter to PWSA within seven (7) days verifying the medical condition.

If you have any questions or need more information, contact us as soon as possible at 412-255-8920. After you talk with us, if you are not satisfied you may file a complaint with the Pennsylvania Public Utility Commission by calling 1-800-692-7380 or by writing the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265. The Pennsylvania Public Utility Commission may delay the shut off if you file the complaint.

Special protections are available for victims under a protection from abuse order, customers with a court order that indicate any type of domestic violence, and customers with disabilities. Special protections are also available for tenants if the landlord is responsible for paying PWSA. Contact Customer Service at 412-255-8920 for additional information.

All adult occupants whose names appear on the mortgage, deed, or lease are considered the "customer" and are responsible for paying this bill. If service is shut off, ANY adult occupant who has been living at the property may have to pay all or portions of this bill to have service restored.



Pittsburgh
Water & Sewer
Authority

Tenants' Rights
Discontinuance of Service to Leased
Premises (DSLPA)
1200 Penn Avenue

November 30, 2018



Discontinuance of Services to Leased Premises Act (“DSLPA”)

The PUC defines a “Municipal Corporation” as:

All cities, boroughs, towns, townships, or counties of this Commonwealth, and also any public corporation, authority, or body whatsoever created or organized under any law of this Commonwealth for the purpose of rendering any service similar to that of a public utility.

As an Authority regulated by the PUC, PWSA must now adhere to the regulations detailed regarding “DSLPA” which provides tenants certain protections, in addition to the ability to seek redress through the PUC’s Informal and Formal Complaint processes.

Tenant's Rights

Prior to April 1, 2018, PWSA complied with 68 P.S. § 399.1 the Utility Service Tenants Rights Act (“USTRA”).

Now, under PUC Regulation, PWSA complies with 66 Pa.C.S.A § 1521 – 1533 relating to the Discontinuance of Services to Leased Premises Act (“DSLPA”).

The two acts are very similar, but the following slides will detail PWSA's requirements to comply with 66 Pa.C.S.A §§ 1521 – 1533.

Duty of Owners of Rental Properties

It is the duty of every owner of a residential building which contains one or more dwelling units, not individually metered, to notify PWSA of their ownership and the fact that the premise is used for rental property.

This duty does not relieve PWSA's obligation to attempt to identify tenant occupied properties. PWSA should make a reasonable attempts to identify any tenant occupied properties.

Ways of identifying these types of accounts can occur through, but not be limited to:

- The mailing address and service address differing
- Confirmation through customer/tenant interactions
- Information obtained during field visits
- Information obtained during the Final Bill process

Tenant Occupied Location Classifications

PWSA's Landlord/Tenant accounts are categorized by the Location Class as follows:

MVRES/LR/TO-OWN

Millvale Residential/Landlord Responsible/Tenant Occupied

MVRES/LR/TO-RET

Millvale Residential/Landlord Responsible/Tenant Occupied/ Reoccurring Tenant

RES/LR/TO-OWN

Residential/Landlord Responsible/Tenant Occupied

RES/LR/TO-RE TN

Residential/Landlord Responsible/Tenant Occupied/Reoccurring Tenant

SWGRES/LR/TO-O

Sewage Only Residential/Landlord Responsible/Tenant Occupied

SWGRES/LR/TO-RT

Sewage Only Residential/Landlord Responsible/Tenant Occupied/ Reoccurring Tenant

It is important that the Location Class be updated properly when a Landlord/Tenant account is identified.

Landlord Termination Notices

If the Location Class indicates a Landlord Responsible account, the first termination notice that is provided to the landlord rate payer is sent by certified mail to the landlord's specified mailing address at least 37-days prior to the scheduled termination of service date.

This 37-day termination notice includes:

- The amount owed by the landlord
- The date on or after service is scheduled to be terminated
- The landlord's obligation to provide PWSA with the names and addresses of the affected tenants within 7 days of the receipt of notice, pay the amount due, or negotiate a payment arrangement
- A statement that failure to comply could result in penalties found under section 1523 of the Public Utility Code/ Title 66
- The date that PWSA will begin to notify the tenants of the proposed termination, the rights of the tenants to continue service and recover payments made to the landlord's account and protections the tenant has against landlord retaliation
- The landlord's right to stay the notification to the tenants by filing a complaint with the PUC disputing the right of PWSA to terminate service

Tenant Termination Notices

If the landlord does not comply with the requirements listed on the 37-day termination notice by the 7th day, affected tenants are notified of the proposed termination 30-days prior to the scheduled termination.

If PWSA was unable to obtain the tenants' names and addresses, a 30-day tenant termination notice is posted at the property address.

If PWSA successfully obtained the tenants' names and addresses, a 30-day tenant termination notice is sent by first class mail directly to the tenant.

Tenant Termination Notices cont.

The 30-day tenant termination notices, both mailed and posted, provide the “Important Notice to Tenants” and include the following information:

- The date that the notice was issued
- The date that service will be terminated
- The amount due for the previous 30-day usage. (This is considered the “Tenant Payment” amount, and is the amount required to continue service in the landlord’s name)
- A statement explaining that any payment made on the account in the landlord’s name may be deducted from the tenant’s rental payment to the landlord
- A statement that PWSA is required to notify the landlord how much the tenant paid to continue service in the landlord’s name
- Information that the landlord cannot retaliate against the tenant if the tenant pays the bill
- The tenant’s right to dispute the accuracy of the bill
- A statement advising to call PWSA if they have questions or concerns, and that the tenant may contact the PUC if they are not satisfied with PWSA’s response

Tenant Payments

PWSA will accept ongoing USTRA/DSLPA tenant payments by check or money order drawn by the tenant in person at PWSA's 1200 Penn Avenue office location.

DSLPA also provides the tenant with the ability to pay with cash, but PWSA does not accept cash transactions.

Upon request, the tenant must provide reasonable identification that shall include, but not be limited to, a driver's license, photo identification, medical assistance or food stamp identification or any similar document issued by any public agency which contains the name and address of the tenant. If the identification does not include the property address, the tenant may also submit a utility bill or lease to indicate residency.

PWSA shall not terminate or shall promptly restore water service if the tenant pays the landlord's prior month's bill.

Tenant Payments cont.

Once a tenant payment is submitted, PWSA will then send a 30-day tenant payment termination of service notice each month advising the tenant what amount is due for the 30-day payment amount to continue service in the landlord's name.

The tenant must make payment of each succeeding bill within 30-days of delivery to the tenant.

If payment is not received, PWSA may terminate that water service after the tenant is provided notice 30-days prior to the scheduled termination.

If PWSA is notified that a premise is occupied by a tenant after the water service was terminated, and the tenant did not receive the proper notification at least 30-days prior to the termination date, PWSA will promptly restore the water service and reissue the termination with the proper 37-day and 30-day notifications.

Tenant Protections

Landlords may not retaliate against the tenant for the tenant exercising their right to pay the utility bill to continue service under the landlord's name and to recover this payment by deducting the payment from their rental payment.

PWSA will accept medical certificates and protection from abuse orders or court orders issued by a court of competent jurisdiction in the Commonwealth, which provides clear evidence of domestic abuse from tenants.

PWSA may not terminate a Landlord/Tenant account during the months of December through March.

Customers

The landlord will remain liable for the utility service.

Tenants shall not be considered PWSA customers except when the property is individually metered and the tenant establishes service in their name.

A tenant may establish service in their name after a landlord voluntarily requests discontinuance if the service is individually metered and the tenant consents to establishing service under their name.

Voluntary Relinquishment of Service

If a landlord requests to voluntarily discontinue service to a residential rental property, the landlord must provide a notarized, signed form stating that either the affected units or dwelling are unoccupied or that the tenants have consented in writing to the proposed discontinuance.

If PWSA receives this completed form and determines that the property is occupied, the water service will not be discontinued.

A tenant may establish service in their name after a landlord voluntarily requests discontinuance if the service is individually metered and the tenant consents to establishing service under their name.

In order for a tenant to establish service in their name, they may submit a completed Owner/Tenant Addition form or a notarized Assumption Affidavit.



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REBUTTAL TESTIMONY OF

JULIE QUIGLEY

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

Docket Nos. M-2018-2640802 and M-2018-2640803
Docket Nos. P-2018-3005037 and P-2018-3005039

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Customer Service Termination Issues
Low-Income Customer Assistance Programs
Other Tariff Issues

May 6, 2019

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Exh. No.	Description
JAQ/C-6(a)	OCA Response to PWSA-II-1
JAQ/C-7(a)	UNITED Response to PWSA-II-2
JAQ/C-8(a)	UNITED Response to PWSA-I-4(a)
JAQ/C-9	OCA Response to PWSA-I-2(a)
JAQ/C-10	UNITED Response to PWSA-I-2(a)
JAQ/C-11	UNITED Response to PWSA-I-3(a)
JAQ/C-12	OCA Response to PWSA-I-4(a)
JAQ/C-13	OCA Response to PWSA-I-5
JAQ/C-14	I&E Response to PWSA-I-7 Attachment B
JAQ/C-15	OCA Responses to PWSA-II-4 and PWSA-II-5
JAQ/C-16	UNITED Response to PWSA-I-9

** Exhibits JAQ/C-6(a) – JAQ/C-8(a) renumbered due to prior use of number*

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Julie Quigley, and I am the Director of Administration for The Pittsburgh
4 Water and Sewer Authority ("PWSA").

5 **II. OVERALL SUMMARY AND SCOPE OF TESTIMONY**

6 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. Yes. I prepared written direct testimony, PWSA St. No. C-4 which was served on
9 February 14, 2019 on behalf of The Pittsburgh Water and Sewer Authority ("PWSA" or
10 "Authority").

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12 A. My rebuttal testimony focuses primarily on the various analyses and proposals advanced
13 by the Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer
14 Advocate ("OCA") and Pittsburgh UNITED ("UNITED") in response to my direct
15 testimony. These proposals are set forth in the direct testimony of: (1) I&E Witness D.C.
16 Patel; (2) OCA Witnesses Barbara Alexander, Roger Colton, and Scott Rubin; and, (3)
17 UNITED Witness Mitchell Miller. As set forth more fully in this testimony:

- 18 • I recommend that all customer service termination issues be addressed as part
19 of the Stage 2 Stakeholder process;
- 20 • I clarify PWSA's policies regarding charges incurred by tenants;
- 21 • I recommend that PWSA undertake further internal study regarding a
22 comprehensive plan for collections and present the results of this effort during
23 a dedicated meeting of the Stage 2 collaborative sessions regarding Chapter
24 56 issues;
- 25 • I recommend that no changes or revisions be directed at this time regarding
26 PWSA's low-income customer assistance programs or the path developed in
27 the rate case settlement to review and evaluate those programs;

- I recommend that PWSA be permitted to continue with its existing line extensions, customer advances and special utility service processes and procedures;
- I recommend that no changes to PWSA's tariff section regarding limitation of liability be directed; and,
- I discuss PWSA's plan to revise its current Private Fire Protection rate to no longer assess a customer charge for residential private fire protection service.

§ III. CUSTOMER SERVICE TERMINATION ISSUES

(A) Residential Customer Service Termination Issues Should Be Addressed as Part of the Stage 2 Stakeholder process

Q. PLEASE SUMMARIZE HOW YOU DETERMINED WHAT ISSUES TO ADDRESS IN YOUR DIRECT TESTIMONY?

A. As part of the preparation for my Direct Testimony, I took a comprehensive look at all of the issues within my subject matter expertise to determine how they should be presented and addressed. Sorting where specific substantive issues belonged was a difficult task. There is much overlap of issues regarding customer service, including PWSA's processes to terminate service and to collect on outstanding debt. PWSA also made certain commitments as part of the settlement of its Rate Case proceeding, which included addressing some of these issues in the compliance plan proceeding. After those commitments were made, the Commission directed that the Compliance Plan proceeding would be broken into two Stages.¹ Stage 1 was to focus on "urgent infrastructure remediation and improvement, and the revenue and financing requirements of maintaining service that support public health and safety."² Stage 2 is to address

¹ Assignment of the Pittsburgh Water and Sewer Authority Compliance Plan to the Office of Administrative Law Judge, Docket No. M-2018-2640802(water) and Docket No. M-2018-2640803 (wastewater), Secretarial Letter dated November 28, 2018(corrected).

² Id. at 3.

“important PWSA billing issues and the development of a proposed PWSA stormwater tariff.”³ The Secretarial Letter establishing these staging processes included Staff Directed Questions for Stage 1 and specifically directed the parties to discuss PWSA’s “suspension and termination” notices and processes even though PWSA’s suspension and termination notices and processes are governed by Chapter 56 of the Commission’s regulations. (PWSA Exh. RAW C-1 at 7, question numbers 32 and 33). The confusion from the Directed Questions and the Commission’s direction about staging was further compounded with the Commission’s reconsideration order, which clearly included in Stage 1 PWSA’s compliance with DSPLA and arguably PWSA collections issues.⁴ These issues are intertwined with PWSA’s Chapter 56 processes. As I explained in my Direct Testimony, all of these factors were taken into consideration to determine the specific, substantive issues that I elected to address here.

Q. DID THE PARTIES ADDRESS WHETHER THE CUSTOMER SERVICE TERMINATION ISSUES YOU IDENTIFIED FOR STAGE 1 SHOULD BE ADDRESSED NOW OR IN STAGE 2?

A. Yes. OCA Witness Alexander agreed that “the Commission has directed that termination-related notices and practices be addressed in this Stage 1” and set forth OCA’s position regarding PWSA’s compliance with 52 Pa. Code §§56.94 and 56.334. (OCA St. No. 3 at 2.) She does acknowledge, though, that some aspects of this process could be “an appropriate topic for discussion in the Stage 2 proceeding and the informal discussion workshops.” (OCA St. No. 3 at 7). UNITED Witness Miller acknowledged

³ *Id.*

⁴ *Assignment of the Pittsburgh Water and Sewer Authority Compliance Plan to the Office of Administrative Law Judge*, Docket No. M-2018-2640802(water) and Docket No. M-2018-2640803 (wastewater), Reconsideration Order entered December 20, 2018.

1 the seeming disconnect in directives stemming from the Directed Questions and the
2 Commission's staging process and elected to focus on providing feedback regarding the
3 issues I raised in my Direct Testimony. (UNITED St. No. C-1 at 9-10). Similar to OCA,
4 Mr. Miller also appears to acknowledge that further discussion and review during Stage 2
5 of PWSA's processes that I testified about in Direct Testimony would be appropriate,
6 specifically noting that addressing all of this in the same stage would "allow for a holistic
7 review of PWSA's Chapter 56 termination policies." (UNITED St. No. C-1 at 19).

8 **Q. HAS COMMISSION STAFF INITIATED THE STAGE 2 WORKSHOP**
9 **PROCESS?**

10 A. Yes, to date two stakeholder meetings have been held. The first one was held on
11 February 21, 2019. The second one was held on April 23, 2019.

12 **Q. HAVE THESE WORKSHOPS FURTHER INFORMED YOUR THINKING**
13 **REGARDING HOW THE COMMISSION SHOULD PROCEED TO ADDRESS**
14 **THE CUSTOMER SERVICE TERMINATION ISSUES IDENTIFIED IN YOUR**
15 **DIRECT TESTIMONY?**

16 A. Yes. During the course of the workshops, it has become clear that many of the issues in
17 Chapter 56 are related to, or are somehow touched by, the customer service termination
18 process. I understand from counsel, as well as from the discussions during these
19 workshops that talking about issues being litigated during the stakeholder collaborative
20 can create legal issues; therefore, Commission staff (as well as the parties) have
21 concluded that they cannot be discussed during the stakeholder process pending the
22 litigation process. From an operations standpoint, this approach is unfortunate because it
23 fails to take advantage of the on-going efforts in place now at PWSA to update, revise
24 and reform its customer service systems and processes. In other words, input from
25 Commission staff and from the stakeholders about the expectations of the Commission
26 and their interpretation of regulations can be folded into the on-going updating process.

1 Once PWSA has undertaken these processes to get new systems in place, I am concerned
2 that it will be much more difficult to incorporate changes in the future. I believe that
3 opening the pathway sooner rather than later for all interested stakeholders and the
4 experts from the Commission staff to have an open discussion about the various
5 processes and procedures would be the most efficient way to move forward. The
6 alternative we appear to be stuck with is having to litigate such an all-encompassing topic
7 like customer service terminations, barring us from collaborative discussions with
8 Commission staff (and all stakeholders) while we await the results of the Commission's
9 determination.

10 **Q. IN CONSIDERATION OF THIS, WHAT IS YOUR OPINION ABOUT THE BEST**
11 **WAY TO MOVE FORWARD FROM HERE?**

12 A. Ideally, I would like to see all of these customer service termination topics discussed
13 during the Stage 2 workshops with the goal of collaborating on what is expected of
14 PWSA and collaborating among all about the best way for PWSA to comply. I recognize
15 that all the parties and the Commission staff will not likely agree on all issues and that
16 there are issues which may need to be further addressed during a litigation phase in Stage
17 2. However, I do believe that if the parties and Commission staff have an interactive and
18 collaborative discussion about these issues, then those disagreements which exist could
19 be narrowed, and the parties could pursue further Commission direction at that time
20 (whether through litigation or through some other formal means by which issues could be
21 brought to the Commission). Also, while I recognize that both parties recommend that
22 PWSA take some immediate actions, particularly with regard to the personal contact
23 issue, the feedback that PWSA would receive from a collaborative stakeholder process
24 would be enormously beneficial.

1 Q. NOTWITHSTANDING YOUR PREFERRED APPROACH THAT THE
2 CUSTOMER SERVICE TERMINATION ISSUES BE ADDRESSED DURING
3 STAGE 2, DO YOU HAVE RESPONSES TO THE SUBSTANTIVE ISSUES
4 RAISED BY THE PARTIES?

5 A. Yes; I do recognize that the Commission determined the staging process for this
6 proceeding and that the directed questions specifically asked the parties to discuss the
7 format/process of PWSA's suspension and termination notices. As such, I will respond
8 to the specific issues identified by the parties but, again, with the caveat that PWSA's
9 preferred approach would be to continue the discussion of these issues during the Stage 2
10 process with the involvement of Commission staff.

11 (B) Response to Testimony Regarding Residential Customer Service Termination
12 Processes

13 1) Personal Contact

14 Q. DO YOU SUPPORT ADDRESSING THE ISSUE OF PWSA'S COMPLIANCE
15 WITH 52 PA CODE SECTION 56.94 IN THE CONTEXT OF THE STAGE 2
16 STAKEHOLDER PROCESS?

17 A. Yes, I do. I raised the issue in my Direct Testimony – and set forth PWSA's processes --
18 in response to the Directed Questions. However, I do believe that this issue would be
19 better addressed in the context of collaborative discussions with interested stakeholders
20 and the involvement of Commission staff to help guide the differing positions toward a
21 mutually agreeable resolution. Based on the direct testimony of OCA Witness Alexander
22 and UNITED Witness Miller, I do recognize that they appear to firmly believe that 52 Pa.
23 Code § 56.94 requires PWSA to knock on the door of a customer whose service is about
24 to be terminated for non-payment. Notwithstanding their views, PWSA remains just as
25 firmly of the view that Section 56.94 does not require knocking on the door and is just as
26 firmly concerned about how implementing such a new policy for PWSA would place

1 PWSA's employees into hostile working conditions.⁵ The recent uptick in violence (to
2 include here in Pittsburgh) along with the constitutional second amendment right to bear
3 arms counsel careful deliberation and caution when addressing this issue. I would
4 caution the Commission (and the parties) from viewing PWSA's real concerns about this
5 issue as an unwillingness to come into compliance with the Commission's requirements
6 or to continue to discuss ways to reach resolution of the issue that would allay my
7 concerns.

8 **Q. DO THE RECOMMENDATIONS OF MS. ALEXANDER AND MR. MILLER**
9 **REASONABLY ADDRESS PWSA'S EXPRESSED SAFETY CONCERNS?**

10 A. No. With all due respect to both Ms. Alexander and Mr. Miller, they both appear to
11 simply "brush aside" the employee safety concerns I expressed regarding this change in
12 policy with broad statements that "all the utilities" do this and, presumably, PWSA
13 should just "get in line."

14 **Q. PLEASE EXPLAIN THE BASIS UPON WHICH YOU SUPPORT YOUR CLAIM**
15 **THAT PWSA'S SAFETY CONCERNS ARE NOT BEING FULLY CONSIDERED**
16 **BY OCA AND UNITED?**

17 A. Both Ms. Alexander and Mr. Miller make clear that they are approaching this issue from
18 a "regulator's" viewpoint. Ms. Alexander explained in response to a discovery question
19 that her experience is with "regulating public utilities who have this obligation."⁶
20 Similarly, Mr. Miller outlined his many years of experience at the Commission focusing
21 on customer service matters and confirmed in discovery that he does not have any

⁵ I am advised by counsel that development of such policy would need to consider various applicable labor law requirements.

⁶ See attached PWSA Exhibit JAQ/C-6: OCA Response to PWSA-II-1

personal experience either posting service termination notices or attempting to contact the person at the residence prior to terminating service.⁷ With all due respect to both Ms. Alexander and Mr. Miller, a regulator's viewpoint that is not formed through "on-the-ground" personal experience does not provide instructive information for PWSA to consider when trying to craft a path forward which addresses the safety concerns that I have raised.

Q. CAN YOU PLEASE EXPLAIN FURTHER HOW THE EXPERIENCE OF BOTH MR. MILLER AND MS. ALEXANDER DOES NOT POSITION THEM TO PROVIDE A MORE REASONABLE APPROACH TO ADDRESS THE SAFETY CONCERNS YOU HAVE RAISED?

A. Yes. Both explained that, while safety may be a concern, they assume (without any supporting information) that all the other utilities must be complying with the regulation (as they interpret it) because they are not aware of any of the other utilities raising issues with the Commission's requirement. (UNITED St. C-1 at 14-16 and OCA St. No. 3 at 4 and 6). When asked in discovery to support these assertions with any documentation or information either of them had setting forth the utility's processes, Mr. Miller stated that his testimony was "based on my personal recollection" and Ms. Alexander stated that she "assumes that all public utilities in Pennsylvania attempt contact with the customer 'immediately prior' to the termination of service by knocking on the customer's door."⁸ When asked whether he is aware of whether Pennsylvania staff ever performed a targeted review of utility practices and policies regarding attempted personal contact prior to a

⁷ See attached PWSA Exhibit JAQ/C-7 UNITED Response to PWSA-II-2.

⁸ See attached PWSA Exhibit JAQ/C-8: UNITED Response to PWSA-I-4(a) and PWSA Exhibit JAQ/C-9: OCA Response to PWSA-I-2(a).

PWSA's employees into hostile working conditions.⁵ The recent uptick in violence (to include here in Pittsburgh) along with the constitutional second amendment right to bear arms counsel careful deliberation and caution when addressing this issue. I would caution the Commission (and the parties) from viewing PWSA's real concerns about this issue as an unwillingness to come into compliance with the Commission's requirements or to continue to discuss ways to reach resolution of the issue that would allay my concerns.

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Q. PLEASE EXPLAIN THE BASIS UPON WHICH YOU SUPPORT YOUR CLAIM THAT PWSA'S SAFETY CONCERNS ARE NOT BEING FULLY CONSIDERED BY OCA AND UNITED?

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5 consider when trying to craft a path forward which addresses the safety concerns that I
6 have raised.

7 **Q. CAN YOU PLEASE EXPLAIN FURTHER HOW THE EXPERIENCE OF BOTH**
8 **MR. MILLER AND MS. ALEXANDER DOES NOT POSITION THEM TO**
9 **PROVIDE A MORE REASONABLE APPROACH TO ADDRESS THE SAFETY**
10 **CONCERNS YOU HAVE RAISED?**

11 A. Yes. Both explained that, while safety may be a concern, they assume (without any
12 supporting information) that all the other utilities must be complying with the regulation
13 (as they interpret it) because they are not aware of any of the other utilities raising issues
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17 his testimony was "based on my personal recollection" and Ms. Alexander stated that she
18 "assumes that all public utilities in Pennsylvania attempt contact with the customer
19 'immediately prior' to the termination of service by knocking on the customer's door."⁸
20 When asked whether he is aware of whether Pennsylvania staff ever performed a targeted
21 review of utility practices and policies regarding attempted personal contact prior to a

⁷ See attached PWSA Exhibit JAQ/C-7(a) UNITED Response to PWSA-II-2.

⁸ See attached PWSA Exhibit JAQ/C-8(a); UNITED Response to PWSA-I-4(a) and PWSA Exhibit JAQ/C-9; OCA Response to PWSA-I-2(a).

1 service termination, Mr. Miller confirmed that he is unaware of any such Commission
 2 review.⁹ Mr. Miller also confirmed that the Commission does not specifically monitor or
 3 require the utilities to report any type of data regarding specific incidents of utility
 4 employee safety issues that have occurred as a result of an attempted termination of
 5 service.¹⁰ My reading of their testimony and their discovery responses leads me to
 6 conclude that neither witness has ever been in a position where they were required to
 7 consider and/or design policies and procedures to safeguard the safety of employees
 8 being asked to perform service termination.

9 **Q. SETTING ASIDE THEIR OWN PERSONAL EXPERIENCES, WERE EITHER**
 10 **MR. MILLER OR MS. ALEXANDER ABLE TO PROVIDE ANY**
 11 **DOCUMENTATION IN DISCOVERY FROM ANY OTHER UTILITY SETTING**
 12 **FORTH HOW THEY ADDRESS SAFETY CONCERNS?**

13 **A.** No. When asked whether she has ever researched specific incidents of safety related
 14 issues to utility employees attempting to effectuate a service termination in the field, Ms.
 15 Alexander admitted that she had not but stated that this is a “well known concern by
 16 every utility” and “every utility has developed internal policies to respond to this
 17 potential adverse situation.”¹¹ When asked to provide any training and instructions from
 18 other utilities on how to respond to situations that threaten utility employee safety, Ms.
 19 Alexander responded that she “recalls viewing materials...but has not retained these
 20 materials [and] presumes that PWSA can solicit internal training materials from other
 21 Pennsylvania utilities.”¹² Neither Mr. Miller nor Ms. Alexander were able to produce in

⁹ See attached PWSA Exhibit JAQ/C-10, UNITED Response to PWSA-I-2(a).

¹⁰ See attached PWSA Exhibit JAQ/C-11, UNITED Response to PWSA-I-3(a).

¹¹ See attached PWSA Exhibit JAQ/C-12, OCA Response to PWSA-I-4(a).

¹² See attached PWSA Exhibit JAQ/C-13, OCA Response to PWSA-I-5.

discovery any specific utility's policies and procedures for dealing with safety issues that may arise in the service termination process.

Q. WHY DO YOU VIEW THIS AS PROBLEMATIC REGARDING THE UNDERLYING RECOMMENDATION OF BOTH WITNESSES THAT PWSA IMPLEMENT A KNOCK ON THE DOOR POLICY PRIOR TO SERVICE TERMINATIONS?

A. I view this as problematic because it generalizes the safety concerns that I have testified about, and it does not provide PWSA with any concrete or actionable tasks that it can consider or undertake to bridge the gap between their preferred policy approach and the very real task that PWSA must address, which is ensuring the safety of utility employees. While I appreciate Ms. Alexander's suggestion that PWSA "consult with other utilities to adopt best practices regarding training and instructions on how to respond to situations that appear to threaten employee safety" and believe further research in this regard is logical, implementing this recommendation will take some time and will require the cooperation of the other utilities contacted by PWSA. Directing PWSA to change its process prior to PWSA undertaking this evaluation unnecessarily and dangerously exposes its employees to risks that I know are very real from my own experiences.

Q. IS THERE SOME REASON WHY YOU BELIEVE THE CONCERNS OF PWSA ARE UNIQUE FROM OTHER UTILITIES?

A. Yes, for two reasons. First, I believe they are unique to PWSA because they are based on PWSA's experiences and are informed by my own personal experience posting terminating notices. Mr. Miller dismisses the "only 17 instances over a period of more than three years" where accounts were flagged for a police escort as a result of hostile interactions without offering any suggestions about policies or procedures that could be implemented to address these concerns. (UNITED St. C-1 at 12-13). As I pointed out previously, neither witness brings the perspective of one who had any responsibility

1 ensuring the safety of employees in these circumstances, nor has either witness spent any
2 significant time considering this issue from that viewpoint. As the person who is in
3 charge of ensuring the safety of PWSA employees who are being asked to terminate
4 customers' water service, I view PWSA's experiences as unique and worthy of due
5 consideration to determine if there is a reasonable way to address the concerns while
6 complying with the Commission regulations.

7 The second reason I feel the concerns of PWSA are unique is because PWSA is a
8 municipal authority and PWSA simply does not have the internal collections
9 infrastructure that is in place at investor owned utilities. As such, I would anticipate that
10 developing a plan to ensure the safety of PWSA's employees and then working to build
11 the internal resources that would be needed to support that plan will likely take a
12 significant revenue investment which could impact the availability of revenue to PWSA
13 to allocate to other critical priorities such as infrastructure and other issues that have been
14 well discussed throughout this proceeding. Since PWSA has no shareholders and does
15 not pay a dividend or rate of return to its owner, PWSA does not have an ability to absorb
16 increased costs by simply receiving less of a return on equity. Rather, PWSA would be
17 required to reallocate where it is spending revenue to account for a greater expenditure
18 related to collections to maximize the safety of PWSA's employees.

19 As I pointed out earlier in this testimony, PWSA is undertaking many, many
20 projects and new processes all of which require it to allocate valuable resources. In my
21 opinion, looking in this broader context and balancing the safety concerns I have testified
22 about (as well as what I understand to be PWSA's actual legal requirements), I cannot

support just adopting a brand new policy requiring our employees to knock on the door at the time of service termination.

Q. BASED ON YOUR REVIEW OF THE TESTIMONY AND DISCOVERY RELATED TO THIS ISSUE, HOW DO YOU RECOMMEND PROCEEDING REGARDING PWSA'S PERSONAL CONTACT PROCESS?

A. I recommend that PWSA's processes be discussed collaboratively in the Stage 2 workshop process. With Commission staff oversight (and potentially the assistance of Commission staff in gathering information from the other utilities), this forum could provide a place in which PWSA's safety concerns can be more seriously discussed with the goal of determining how best PWSA should be directed to proceed (to include consideration of whether a waiver of this particular Commission regulation may be necessary).

Q. IS PWSA WILLING TO IMPLEMENT ANY CHANGES TO ITS CURRENT PROCESSES PENDING THE RESULTS OF SUCH A STAGE 2 PROCESS?

A. Yes; I do understand the point made by both Ms. Alexander and Ms. Miller about the merit of making an attempt to reach the customer on the day of a scheduled service termination. They are correct that PWSA's processes do not provide any such attempt right now. Therefore, as an interim measure pending further direction from the Commission as a result of the Stage 2 process, PWSA is willing to develop and implement a new process whereby residential customers scheduled for termination will be contacted by telephone on the morning of the scheduled service termination. Of note is that PWSA recently acquired access to Accurint via LexisNexis Risk Solutions, which includes a real-time database of current telephone numbers. For those instances where PWSA does not have up-to-date telephone number on file, I believe access to this database will improve our ability to reach those customers by telephone. I also believe

1 taking this interim step while we continue to work on developing appropriate long-term
2 processes and procedures in coordination with Commission staff is a reasonable way to
3 proceed on this issue.

4 **Q. WITH IMPLEMENTATION OF THIS INTERIM APPROACH, DO YOU**
5 **UNDERSTAND THAT A WAIVER OF 52 PA CODE § 56.94 IS STILL**
6 **NECESSARY?**

7 **A.** I am advised by counsel that a further waiver is likely not necessary because 52 Pa. Code
8 § 56.94 does not define “personal contact,” and the personal contact discussed in 52 Pa.
9 Code § 56.93 includes an attempted telephone call. I believe this, in combination with
10 PWSA’s agreement that the matter will be further addressed in Stage 2, should be
11 sufficient. I do recognize that both Mr. Miller and Ms. Alexander appear to believe that
12 they only way the personal contact requirement of 52 Pa. Code § 56.94 can be satisfied is
13 by knocking on the door. To the extent their view is deemed correct and we are not able
14 to present a mutually agreeable settlement on this issue to the Commission, then PWSA
15 specifically requests that the Commission grant a waiver of this requirement.

16 **2) Form and Content of Termination Notices**

17 **Q. DID MR. MILLER IDENTIFY “DEFICIENCIES” REGARDING THE FORM**
18 **AND CONTENT OF PWSA’S 10-DAY SHUT OFF NOTICE (EXH JAQ/C-2) AND**
19 **3-DAY SHUT OFF NOTICE (EXH. JAQ/C-3)?**

20 **A.** Yes. Mr. Miller identified several “technical issues” that he believes need to be corrected
21 to be fully compliant with the Commission’s regulations. Mr. Miller recommends that
22 PWSA revise these notices, share them with the Bureau of Consumer Services and
23 PWSA’s Low Income Assistance Advisory Committee, and submit them as part of the
24 Stage 2 proceeding. (UNITED St. C-1 at 17-18).

Q. WHAT IS YOUR RESPONSE TO THIS RECOMMENDATION?

A. PWSA is amenable to working with UNITED regarding the suggestions of Mr. Miller for revisions to both notices. Regarding the inclusion of information in Spanish, PWSA just recently (April 9, 2019) put translation services in place through a partnership with the United Language Group. PWSA can now offer translation and interpretation services for customer calls and written communications. Because the existing forms have already been approved by BCS,¹³ PWSA recommends that any changes agreed to as part of its discussions with UNITED be submitted to BCS staff for their final approval.

3) Termination of Service; Multiple Premises on Shared Service Lines

Q. DID UNITED ADDRESS PWSA'S CURRENT PRACTICES REGARDING TERMINATION OF RESIDENTIAL SERVICE TO MULTIPLE PREMISES ON A SHARED SERVICE LINE?

A. Yes. UNITED Witness Miller testified that PWSA is not permitted to "threaten termination when it has no present intent to terminate service or when actual termination is prohibited." (UNITED St. No. C-1 at 20).

Q. DO YOU SHARE THE VIEW THAT PWSA'S CURRENT PRACTICES REGARDING TERMINATION OF RESIDENTIAL SERVICE TO MULTIPLE PREMISES IS A THREAT TO TERMINATE SERVICE WITH NO INTENT TO DO SO?

A. No; I disagree with this characterization on the basis that PWSA often does not know at the time it undertakes its residential customer service termination processes that a particular account is part of a shared service line. As I explained in my Direct Testimony, PWSA's prior rules and regulations as encompassed in its Official Prior

¹³ While no other party raised concerns with this form, PWSA is certainly willing to share any proposed revisions developed in consultation with UNITED with other interested stakeholders and consider their feedback prior to submitting the form to BCS for final sign-off.

1 Tariff permitted PWSA to terminate service to multiple premises on a shared service line
2 connection if one customer became delinquent, and PWSA continued this prior procedure
3 in its current Commission-approved Tariff. However, because PWSA recognizes that it
4 cannot terminate service in this manner for residential shared service lines now that it is
5 subject to *Commission jurisdiction*, I explained in my *Direct Testimony* that PWSA still
6 provides notice of the non-payment but will not terminate the service if it later learns that
7 the account is part of a residential shared service line. (PWSA St. No. C-4 at 39-40).
8 PWSA has not yet had an opportunity to develop separate processes for non-payment
9 notices specifically targeted to residential shared service lines and that is why it has been
10 relying on the notices recently developed to effectuate Commission-approved termination
11 processes. Given all that PWSA is undertaking and all of the work that it has done to
12 date to revise decades old systems and processes, and the reality that PWSA does not
13 necessarily know that a non-paying account is part of a shared service line, I simply do
14 not agree that it is fair to characterize PWSA's intent – as does Mr. Miller – to threaten
15 termination of service without the intention of following through.

16 **Q. HOW MANY SHARED SERVICE LINE ACCOUNTS DO YOU BELIEVE**
17 **EXIST?**

18 **A.** PWSA's Customer Information System currently contains 479 flat accounts where a
19 water meter cannot physically be installed. Because there is no differentiation on these
20 accounts as to which represent a *signal service line* to one structure versus which
21 represent a service line to multiple structures, PWSA does not specifically know how
22 many of these flat accounts involve shared service lines. Moreover, of the shared service
23 line accounts, not all of them may involve residential customers. Mr. Weimar discussed
24 the difficulties regarding shared service lines in his testimony. For purposes of

1 responding to Mr. Miller, however, I do want to be clear that this is not a significant
2 portion of PWSA's customer base, and it is far more likely that PWSA does not know a
3 particular account is part of a shared service line until after the termination process has
4 begun.

5 **Q. WHAT DOES MR. MILLER RECOMMEND?**

6 A. Mr. Miller recommends that PWSA create a separate notice of nonpayment containing
7 much of the same information from the traditional termination notice but without the
8 threat of termination in addition to updating its tariff language to make clear that it does
9 not termination service to residential customers on a shared service line.

10 **Q. IS PWSA WILLING TO IMPLEMENT MR. MILLER'S RECOMMENDATIONS**
11 **REGARDING RESIDENTIAL SHARED SERVICE LINES?**

12 A. Yes; PWSA is willing to develop a separate notice of nonpayment that would be sent to
13 residential shared service lines to the extent PWSA is aware such line exists at the time of
14 the termination process. PWSA is willing to work with the parties on the development of
15 this form and would propose that any changes be shared with and approved by BCS prior
16 to use. If PWSA is without this information at the initiation of the termination process,
17 then it would send its normal termination notice, but – as is the current process – will not
18 terminate service if it is later determined that the account is part of a residential shared
19 service line. Also, as already committed to in my Direct Testimony, PWSA will update
20 its tariff language with the compliance tariff expected to be filed as part of this
21 proceeding.

(C) PWSA's Compliance With DSLPA

Q. DID ANY PARTIES PROVIDE TESTIMONY RELATED TO PWSA'S COMPLIANCE WITH THE DISCONTINUANCE OF SERVICE TO LEASED PREMISES ACT?

A. Yes; on behalf of UNITED, Mr. Miller reviewed PWSA's policies and procedures related to leased residential properties and offered recommendations for changes intended to be consistent with the Discontinuance of Service to Leased Premises Act ("DSLPA").¹⁴ The issues discussed by Mr. Miller include: (1) the assumption of liability PWSA requires from tenants wishing to exercise their rights under DSLPA; (2) PWSA's in-person payment requirement; and, (3) PWSA's tenant notice process and form 30 Day Shut Off Notice (included as Exh JAQ/C-6 with my direct testimony).¹⁵

1) Assumption of Liability

Q. WHAT DOES MR. MILLER RECOMMEND REGARDING PWSA'S PROCESSES TO ALLOW TENANTS TO EXERCISE THEIR RIGHTS UNDER DSLPA?

A. Mr. Miller recommends that PWSA permit tenants to exercise their DSLPA rights without requiring them to accept liability for the landlord's debt or requiring a landlord's signature. (UNITED St. No. C-1 at 28).

¹⁴ 66 Pa.C.S. §§ 1521-1533. According to a footnote in Mr. Miller's testimony, "the continued applicability of the Utility Service Tenants' Rights Act (USTRA) -- in light of PWSA's transition to Commission oversight -- is an outstanding legal issue." UNITED St. C-1 at 21, n. 32. In discovery, counsel for UNITED confirmed that UNITED does not intend to make any recommendations regarding PWSA's compliance with USTRA as part of this proceeding, "unless it becomes necessary to do so in response to testimony of the other parties." (UNITED Response to PWSA-I-7). As no other party raised issues related to USTRA, I am not intending to address any USTRA issues in this rebuttal.

¹⁵ While the reprint of the 30 Day Shut Off Notice as initially provided Exh. JAQ/C-6 included an overlap of text at the bottom of the notice, this was due to a printing error and is not how the notices are issued from PWSA. PWSA clarified this in discovery and an updated version of this exhibit accurately reflecting how the notices look when they are issued will be provided for the record at the time PWSA moves for admission of its testimony.

1 Q. HAS MR. MILLER ACCURATELY DESCRIBED PWSA'S PROCESSES WITH
2 REGARD TO TENANTS EXERCISING THEIR RIGHTS PURSUANT TO
3 DSPLA?

4 A. No. Mr. Miller is focusing on the processes available to tenants who wish to be added as
5 "customers" for a particular account, but these processes are not required for the tenant to
6 exercise their DSPLA rights.

7 Q. DOES PWSA REQUIRE TENANTS TO ASSUME LIABILITY FOR ANY DEBT
8 THAT WAS NOT INCURRED WHILE THEY RESIDED IN A PARTICULAR
9 PROPERTY?

10 A. No. Mr. Miller's characterization of PWSA's "assignment of liability" to tenants is not
11 accurately stated. Consistent with PWSA's Commission-approved tariffs, property
12 owners remain responsible for paying for water service until the issuance of a Notice of
13 Intent to Disconnect or replacement by a new property owner.¹⁶ "Owner" is defined by
14 PWSA's tariff as "the person having an interest as owner. . . in any Premises that are
15 about to be supplied with water or provided with sewer service by the Authority."¹⁷
16 PWSA always maintains the debt with the property – regardless of whether the property
17 is tenant-occupied or whether a new owner takes over the property.

18 Q. WHY DOES ANY PWSA DEBT INCURRED AT A PROPERTY REMAIN WITH
19 THE PROPERTY?

20 A. Because PWSA has the power to lien the property for unpaid debt pursuant to the
21 Municipal Claims and Tax Liens Law, PWSA maintains the debt at the property and – if

¹⁶ PWSA Tariff Water – Pa. P.U.C. No. 1, Part III, Section C.1.d.

¹⁷ PWSA Water Tariff – PA PUC No. 1, Part II.28.

so required – preserves the right to pursue collection of any unpaid debt through the appropriate lien processes pursuant to the Municipal Claims and Tax Liens Law.¹⁸

Q. RECOGNIZING THAT PWSA MAINTAINS THE DEBT WITH THE PROPERTY, WHAT ARE PWSA’S PROCESSES WHERE A RESIDENTIAL PROPERTY INCLUDES TENANTS?

A. Similar to other municipal authorities, PWSA’s processes include permitting tenants to accept responsibility for paying for services rendered to the property where they are residing through completion of PWSA’s forms. This can be done at the tenant’s option but is not a requirement for tenants to exercise their right to continued service pursuant to DSPLA. Importantly, though, whether PWSA accepts payment from tenants because they have completed PWSA’s forms or have exercised their rights pursuant to DSPLA without the completion of those forms, any outstanding debt at the property ultimately remains with the property and may be subject to PWSA’s pursuit of a judgment on a lien.

Q. DO ANY OF PWSA’S FORMS ADDRESSING CUSTOMER BILLING IN THE LANDLORD/TENANT SITUATION REASSIGN LIABILITY FOR DEBT AWAY FROM THE PROPERTY AT WHICH THE DEBT INCURRED?

A. No. As stated in PWSA’s response to UNITED VI-9 included in Appendix B of Mr. Miller’s direct testimony, the only agreement that the tenant completing an Owner-Tenant Addition Form is making is to pay for charges incurred while the tenant occupies the property. The instructions for the Change of Address – Owner/Tenant Form specifically state that “it is the policy of the Authority that the owner of the property pay any outstanding charges prior to the submission of the bills to the tenant”¹⁹ The Change

¹⁸ 52 Pa. C.S. § 7101 defines “municipal claim” as “the claim arising out of, resulting from . . . service supplied. . . by a municipality. . . or sewer rates” and 52 Pa. C.S. § 7108 states that “all real estate. . . shall be subject to all . . . municipal claims.” (emphasis added).

¹⁹ See text under Number I.A of the Change of Address – Owner/Tenant Form identified as UNITED-III Attach A. (emphasis added).

of Address – Owner/Tenant Form states that “a monthly invoice will be sent to the tenant and a copy will be sent to the owner” and that Owners and Property Managers are considered the “master account holder” and must pay any balance in full before the tenant assumes responsibility for the billing. The Assumption of Liability Form is used to provide a new billing name and address and is not one that is generally used for tenants to establish themselves as the “owner” of a property.

Q. IS THERE ANY PROCESS BY WHICH A TENANT CAN BE ESTABLISHED AS THE “OWNER” OF A PROPERTY FOR PURPOSES OF TAKING ON RESPONSIBILITY FOR ANY DEBT THAT IS INCURRED AT THE PROPERTY?

A. No. For purposes of PWSA’s ability to pursue its right to lien a property, the debt will remain with the property and a non-owner would not be assigned that responsibility. Tenants may, however, voluntarily agree to be responsible for prior outstanding PWSA charges at a property if the service is individually metered and the tenant consents to establishing service under his or her name. In this limited scenario, the tenant may establish service in his or her name, but only if the service is individually metered and the tenant consents in writing. To be clear, none of the forms relied upon by Mr. Miller are intended to reassign liability for PWSA’s outstanding bills at a particular property, as the debt always stays with the property to enable PWSA to exercise its right to pursue a lien. The forms do, however, present tenants with a voluntary option to agree to pay any outstanding charges at the property and/or to agree to be responsible for future charges incurred at the property. The forms are also important because they require landlords and tenants to provide PWSA with accurate information about who is taking on responsibility for payment of PWSA’s bills at any particular point in time, though the ultimate responsibility for any unpaid debt at a tenant occupied property will always remain with

the property, thus preserving PWSA's ability to pursue a municipal lien to collect the amounts due for services rendered.

Q. DO YOU BELIEVE THIS FURTHER CLARIFICATION ADDRESSES MR. MILLER'S CONCERNS RELATED TO THE LIABILITY TENANTS ARE REQUIRED TO ASSUME AS PART OF EXERCISING THEIR RIGHTS UNDER DSLPA?

A. Yes. The above forms are options available to the tenants to receive copies of the invoices and to elect to accept responsibility for payment of PWSA services. Tenants, however, are not required by PWSA to submit either of these forms to pursue their rights to continued service under DSPLA. For those tenants not submitting either form, they will continue to be able to make payments under DSPLA for continued service at the property. I believe this is consistent with Mr. Miller's recommendation that PWSA not require tenants to accept liability for the landlord's debt or require a landlord's signature to exercise their rights under DSPLA.

2) PWSA's In-Person Payment Requirement

Q. WHAT RECOMMENDATION DOES MR. MILLER MAKE REGARDING PWSA'S REQUIREMENT THAT TENANTS WISHING TO EXERCISE THEIR RIGHTS PURSUANT TO DSPLA MAKE PAYMENTS IN PERSON?

A. Mr. Miller believes the requirement is unduly burdensome and recommends that PWSA develop a process to allow tenants exercising their DSPLA rights to make ongoing payments through the mail or in person at other payment locations. (UNITED St. C-1 at 26).

Q. WHY DOES PWSA CURRENTLY RELY ON THE IN-PERSON PAYMENT REQUIREMENT FOR TENANTS EXERCISING THEIR RIGHTS PURSUANT TO DSPLA?

A. PWSA relies on the in-person payment to verify that the person making the payment is the tenant entitled to exercise rights under DSPLA and that the tenant continues to remain

1 at the address. PWSA views the in-person requirement as an important anti-fraud
2 measure to ensure that the appropriate protected consumers, i.e., the tenants, are the ones
3 availing themselves of their rights pursuant to DSPLA. Without a way for PWSA to
4 verify that the tenant is indeed the person exercising his/her rights pursuant to DSPLA
5 and paying the current charges, PWSA has no way of knowing whether the owner of the
6 property is attempting to subvert PWSA's collections activities by "posing" as a tenant
7 making the DSPLA payment. It should also be clarified that tenants who have completed
8 either of the forms I discussed previously are not required to submit monthly payments in
9 person.

10 **Q. HAS PWSA PREVIOUSLY CONSIDERED DEVELOPING A PROCESS TO**
11 **ALLOW TENANTS TO MAKE ONGOING PAYMENTS THROUGH THE MAIL**
12 **OR IN-PERSON AT OTHER PAYMENT LOCATIONS?**

13 **A.** Yes. This issue was raised during the rate case proceeding. At that time, PWSA did
14 consider whether other payment options would still satisfy the concerns of PWSA in
15 ensuring that the protected tenant is utilizing his/her DSPLA rights. Upon our review,
16 however, payments by mail or at other payment locations do not permit a way to verify
17 identity. Third-party payment processes like 7-11 do not require a showing of
18 identification to accept payment. A payment by mail can be offered by any person.
19 Balancing PWSA's need to pursue collections policies, the availability of other ways for
20 tenants to voluntarily elect to be identified by PWSA as responsible for bills incurred (in
21 lieu of continuing service pursuant to DSPLA), and all of the other projects that are
22 currently being undertaken at this time, PWSA does not support spending additional time
23 and resources on this issue.

3) **PWSA's Tenant Notice Process and Form 30 Day Shut Off Notice**

Q. WHAT RECOMMENDATIONS DOES MR. MILLER OFFER REGARDING PWSA'S TENANT NOTICE PROCESS PURSUANT TO DSPLA?

A. Mr. Miller recommends that: (1) PWSA's training materials be updated to reflect the new policy it is currently implementing to make two attempts to provide tenants the 30 Day Shut Off Notice (by mail and posting); and, (2) that PWSA make a number of format and language revisions to its existing 30 Day Shut Off Notice form to be more compliant with DSPLA requirements.

Q. IS PWSA AMENABLE TO THESE SUGGESTIONS?

A. Yes. Once PWSA finalizes its internal processes to both post the 30 Day Shut Off Notice and mail it to the property, its training materials will be updated. PWSA is also amenable to working with UNITED regarding the suggestions of Mr. Miller for revisions to its 30 Day Shut Off Notice. However, since this form has already been approved by Commission Staff, I would recommend that once PWSA and UNITED agree on how to address the concerns raised by Mr. Miller,²⁰ the form be submitted to BCS staff for their final approval. As I testified earlier, PWSA prefers to receive the input of all interested stakeholders and Commission staff prior to (once again) revising its various customer service forms and/or processes.

²⁰ While no other party raised concerns with this form, PWSA is certainly willing to share any proposed revisions developed in consultation with UNITED with other interested stakeholders and consider their feedback prior to submitting the form to BCS for final sign-off.

(D) Collections Issues

Q. HOW DID PWSA PROPOSE TO ADDRESS COLLECTIONS ISSUES?

A. PWSA set forth updated information in its supplemental Compliance Plan consistent with the Rate Case Settlement Petition but proposed to more comprehensively address collections issues in Stage 2 of this proceeding for the reasons explained in my Direct Testimony. (PWSA St. No. C-4 at 17-20). In

Q. HOW DID I&E RESPOND TO PWSA'S PROPOSAL TO ADDRESS COLLECTIONS ISSUES?

A. I&E Witness Patel took the view that PWSA is required by the Commission to enact "a comprehensive plan to mitigate its high level of uncollectibles impacts to its revenues and financing requirements" as part of its Stage 1 testimony. (I&E St No. 2 at 58). In his direct testimony, Mr. Patel focused on why he did not view the information PWSA has provided to date as sufficient and recommended that PWSA be directed to revise its Compliance Plan to make the following commitments: (1) research other utility collections practices and implement best practices for PWSA; (2) "exercise all available avenues and options aggressively in an effort to reduce uncollectibles;" (3) provide a detailed annual report about implementation of collection measures and related results; and, (4) prioritize accounts with highest uncollectibles. (I&E St. No. 2 at 63).

Q. WHAT CONCERNS DO YOU HAVE REGARDING THE TESTIMONY OF I&E RELATED TO COLLECTIONS?

A. Though perhaps not intended, I disagree with the characterization of Mr. Patel that PWSA has not been compliant with its rate case settlement commitments or has somehow failed to demonstrate a willingness to address collections issues. Developing and setting forth the written and comprehensive final plan that Mr. Patel appears to desire is a work in progress that involves many complicated and moving parts. For example, a

1 significant amount of PWSA's outstanding debt relates to historical billing that had not
2 been aggressively pursued. A significant part of the determination about how to address
3 this debt is interrelated with PWSA's on-going contract termination discussions with its
4 historical debt collection agency. PWSA's metering infrastructure plays a key role here.
5 As PWSA updates its meters it will be able to better identify what is occurring at the
6 actual property and, if appropriate, install meters that will enable PWSA to more easily
7 terminate service in the future. Also important is that collections issues cannot be viewed
8 in a vacuum as PWSA is working through a myriad of other issues – as detailed
9 throughout the testimony in this proceeding – that are of similar (if not greater)
10 importance and require substantial time and resources. While I support Mr. Patel's
11 ultimate recommendation to commit to further development of a plan for uncollectibles, I
12 do not believe it would be reasonable for the Commission to take the view that PWSA
13 has not been addressing this issue, has somehow failed to keep commitments it has
14 already made or that the issue of collection is not one of importance to PWSA.

15 **Q. HOW DID UNITED RESPOND TO PWSA'S PROPOSAL TO ADDRESS**
16 **COLLECTIONS ISSUES?**

17 A. UNITED Witness Miller agreed with preserving collections issues for Stage 2 to provide
18 PWSA with "an appropriate time-frame. . . to further develop a comprehensive plan for
19 collections;" however, he expresses concerns about timing and the ability of PWSA to
20 receive the benefit of further input and discussions with interested stakeholders and
21 Commission staff about how collections issues specifically relate to residential customers
22 and need to be factored into an overall collections strategy. (UNITED St. C-1 at 33-34).
23 However, Mr. Miller did recommend that the Commission prohibit PWSA from
24 contracting for collection services until Stage 2 is complete. (UNITED St. C-1 at 35).

1 Q. WHAT IS YOUR RESPONSE TO UNITED'S RECOMMENDATIONS RELATED
2 TO COLLECTIONS?

3 A. I support and share Mr. Miller's view of ensuring that PWSA's collections practices are
4 in compliance with the Commission's Chapter 56 requirements. In fact, the residential
5 customer service termination issue was one of the first issues that PWSA began to tackle
6 just prior to coming under the Commission's jurisdiction (in December 2017) and to
7 which it has continued to devote significant time and resources ever since. As I stated
8 earlier in the testimony, PWSA welcomes the full input of the stakeholders and
9 Commission staff in this process so that it can better understand what is expected and
10 fold that into its overall collections strategy, and PWSA would support addressing this
11 issue in the Stage 2 workshop collaborative process. However, I do not agree with Mr.
12 Miller's recommendation that the Commission "prohibit PWSA from contracting for
13 collections services until Stage 2 is complete" for several reasons. First, while I
14 recognize that PWSA cannot engage in collection activity (whether independently or
15 through the use of contractors) that is contrary to the law and Commission regulations, it
16 is not my understanding that the Commission has the authority to prohibit PWSA from
17 undertaking contractual relationships that support its operations. Second, I do not
18 understand that the Commission views contracting with collections agencies as
19 something that is inherently wrong or should be prohibited. As set forth in a discovery
20 response from I&E detailing Commission staff audit recommendations on uncollectibles,
21 the use of collection agencies is one that is permitted, and in some cases, recommended
22 by the Commission.²¹ Third, I believe that PWSA has demonstrated a sincere and

²¹ See attached Exhibit JAQ/C-14: I&E Response to PWSA-I-7 Attachment-B.

1 continuing desire to work with the stakeholders and the Commission collaboratively to
2 ensure that its processes and policies are consistent with Commission regulations. Based
3 on this and PWSA's willingness to continue to discuss its collections practices through
4 the Stage 2 collaborative process, I do not support hamstringing PWSA's ability to enter
5 into appropriate contractual relationships that could positively support its collections
6 activities.

7 **Q. ARE THE PARTIES' DESIRED ULTIMATE OUTCOMES REGARDING**
8 **COLLECTIONS ALIGNED WITH PWSA?**

9 A. Yes. Setting aside the issue of "staging" and PWSA's contractual relationships, PWSA
10 agrees with the "end-state" desires of both Mr. Patel and Mr. Miller. Regarding Mr.
11 Patel, PWSA agrees that addressing uncollectible accounts expense is a paramount
12 concern, and we are very open to working toward how best to achieve that goal.
13 Regarding Mr. Miller's testimony, PWSA is fully committed to ensuring that its
14 collections practices with regard to residential customers are in compliance with the
15 Commission's requirements and expectations, and PWSA welcomes the full input of the
16 stakeholders and Commission staff in this process so that it can better understand what is
17 expected and fold that into its overall collections strategy.

18 **Q. BASED ON YOUR REVIEW OF THIS TESTIMONY, HOW DO YOU PROPOSE**
19 **TO MOVE FORWARD REGARDING COLLECTIONS?**

20 A. Putting together both the recommendations of I&E and UNITED and my testimony
21 earlier, I recommend that PWSA be permitted to address collections issues related to
22 residential customers during the Stage 2 process, which would enable PWSA to freely
23 discuss these issues during the currently on-going Stage 2 staff collaborative sessions so
24 that the Commission staff's and parties' views can be incorporated into an overall
25 collections plan. Recognizing Mr. Patel's point about improving collections from non-

residential customers, PWSA is willing to commit to further internal study regarding the billing collection practices and policies implemented by other utilities, beginning with a review of the Management Efficiency Audit Reports issued by the Commission's Bureau of Audits (as identified by I&E in response to PWSA-I-7). As part of this study, PWSA will identify the potential avenues and options available to assist it in aggressively reducing uncollectibles. PWSA will also study how to best prioritize the outstanding debt to target the highest uncollectible amounts. PWSA is willing to present the results of this effort during a special meeting of the Stage 2 collaborative sessions. PWSA also proposes that any future reporting requirement be developed at that time, so that the required reporting can better be targeted to the actual plan and to ensure that PWSA is able to staff any needs resulting from an additional reporting requirement.

LOW-INCOME CUSTOMER ASSISTANCE PROGRAMS

(A) Programs Intended to Assist Customers With Paying Their Bills

1) Evaluation and Revisions to Existing Commission-Approved CAP Prior to Next Rate Case

Q. DID YOU PROPOSE ANY REVISIONS TO PWSA'S LOW-INCOME CUSTOMER ASSISTANCE PROGRAMS AS PART OF THIS PROCEEDING?

A. No. As explained more fully in my Direct Testimony, PWSA's low-income customer assistance programs (collectively referred to as "CAP") have only recently been approved by the Commission, and PWSA affirmatively committed as part of the rate case settlement to including a detailed plan regarding the low-income customer assistance programs in its next rate case. Also, PWSA recently initiated a Low Income Assistance Advisory Committee ("LIAAC") for the purpose of evaluating these programs. (PWSA St. No. C-4 at 28). Therefore, I believe allowing the programs to operate as approved

1 while evaluating them and considering the future of the programs in the next rate case is
2 appropriate.

3 **Q. DID ANY PARTY OPPOSE THIS APPROACH?**

4 A. No, but they did offer their recommendations for how PWSA's CAP should be designed
5 as well as recommendations about what should occur between now and the filing of
6 PWSA's next rate case.

7 **a) Revisions to Existing PWSA CAP Design**

8 **Q. DID PARTIES OFFER THEIR OPINION ABOUT THE SUFFICIENCY OF**
9 **PWSA'S CURRENT CAP PROGRAM DESIGN?**

10 A. Yes. Both OCA Witness Colton and UNITED Witness Miller were critical of PWSA's
11 current CAP design. According to Mr. Miller, "PWSA's current customer assistance
12 programs are not providing an adequate, equitable, and accessible level of assistance to
13 meet the needs of its low income customers." (UNITED St. C-1 at 38). According to
14 Mr. Colton, "the existing PWSA program, as it is now designed, would not comply with"
15 the requirements set forth in the Commission's CAP Policy Statement. (OCA St. No. 4 at
16 11). Both Mr. Miller and Mr. Colton provided testimony in support of their view
17 regarding PWSA's current CAP design.

18 **Q. WHAT IS YOUR RESPONSE TO THIS TESTIMONY?**

19 A. I do not agree that PWSA's programs as currently structured are not providing needed
20 financial assistance for our customers or that the current design is so "flawed" that the
21 Commission would judge them as not consistent with the inapplicable CAP Policy
22 Statement. In support of this view, I would point out that the Commission specifically
23 approved PWSA's current program design. Further, though he strongly supports
24 redesigning PWSA's CAP based on affordability, Mr. Colton acknowledged that he has

not researched what an affordable water burden is for Pennsylvania PUC regulated water utilities and that he is not aware of any Commission-initiated review or study regarding affordability for Commission regulated water utilities.²² With this said, I do appreciate the viewpoint of both gentlemen and look forward to working with them collaboratively during the LIAAC process, where we can more fully discuss their suggestions in the context of PWSA's specific programs. A path is already in place for continued review and evaluation of PWSA's program, and – while OCA and UNITED obviously have concerns about some of the current design elements – such opinions are not an appropriate basis to determine that PWSA's Commission-approved CAP is legally insufficient.

b) Proposed Action for Current CAP Prior to Next Rate Case

Q. ASIDE FROM ISSUES WITH THE CURRENT DESIGN OF PWSA'S CAP, DID PARTIES MAKE RECOMMENDATIONS ABOUT ACTIONS REGARDING PWSA'S CAP THAT SHOULD OCCUR BETWEEN NOW AND THE NEXT RATE CASE?

A. Yes, I&E Witness Patel recommended that PWSA “present as soon as possible a detailed CAP proposal and evaluation plan as described in 52 Pa. Code § 69.265(1) to the Commission's Bureau of Consumer Services for the parties' and Commission's review as part of PWSA's next base rate case proceeding.” (I&E St. 2 at 12-13).

Q. WOULD PWSA AGREE TO SUBMIT ITS PROPOSAL TO BCS PRIOR TO INCLUDING IT IN ITS RATE CASE?

A. While I am certainly not opposed to receiving feedback from BCS staff on our CAP design, there are several practical issues that prevent me from agreeing with Mr. Patel's

²² See attached PWSA Exhibit JAQ/C-15, OCA Responses to PWSA-II-4 and PWSA-II-5. I would also note that these similar arguments were raised during the rate case and I responded to them in PWSA St. No. 4-R which I hereby incorporate herein by reference.

1 recommendation. First, I am concerned about timing and the enormous amount of other
2 issues that PWSA is working through related to its transition to Commission jurisdiction.
3 As evidenced throughout the testimony in this proceeding, PWSA is undertaking a
4 significant number of projects in many different areas including customer service,
5 information technology, metering, infrastructure, and core operations. PWSA has already
6 committed to a process to evaluate and consider revisions to its CAP, which includes
7 discussion and consideration of the input of the various stakeholders with revisions to be
8 submitted as part of the next rate case. I believe injecting another layer of review and
9 feedback prior to PWSA submitting it with the next rate case is unnecessary. Second,
10 while I recognize that Mr. Patel clarified in discovery that his proposal contemplated
11 receiving BCS review prior to the rate case, I continue to have concerns about the timing.
12 If PWSA submits the plan for review to BCS and there is a significant delay in receiving
13 feedback from BCS (and I have been informed by counsel that the Commission review of
14 CAPs can take a long period of time), then PWSA would be left with a difficult choice at
15 the time it is prepared to file the rate case. If PWSA were to include the plan with the
16 rate case, then it would no longer be able to receive feedback from BCS staff. If PWSA
17 were not to include the plan with the rate case, then it would not be keeping its
18 commitment from the rate case. If PWSA were to elect not to file the rate case because
19 of this issue, then it could potentially be putting at risk its financial security. Given the
20 unknown variable about when it would be ready to be submitted to BCS and how long it
21 would take for BCS to review it, and when PWSA might be ready to file its rate case, I
22 cannot support Mr. Patel's recommendation. Third, while I recognize that the parties
23 testified about their views regarding the applicability of the Commission's CAP Policy

1 Statement to water companies, there is no dispute that water companies do not follow the
2 same track as the electric and natural gas companies by filing proposed low-income
3 customer assistance plans directly with the Commission for review by BCS. Without any
4 history in this regard as related to water companies, I would expect that asking advisory
5 staff to review the first water company's CAP would require some additional research
6 and time on their part (resulting in further delay before they would be able to provide
7 their feedback to PWSA). For all these reasons, I believe I&E's proposal would insert an
8 additional and novel layer into the CAP design processes already worked out by the
9 parties in the rate case and should not be adopted.

10 **Q. WHAT OTHER "INTERMEDIATE" ACTIONS DID THE PARTIES REQUEST**
11 **PWSA UNDERTAKE NOW AND IN ADVANCE OF FILING THE CAP**
12 **PROGRAM WITH THE NEXT RATE CASE?**

13 A. I&E, OCA and UNITED all specifically testify that PWSA should continue to gather the
14 data related to the program as agreed to in the rate case settlement. (I&E St. 2 at 12).
15 UNITED Witness Miller expresses concerns that "PWSA lacks current infrastructure and
16 expertise to collect critical data points which are necessary to appropriately assess and
17 analyze its program" and recommends that PWSA establish a sub-committee within the
18 LIAAC to meet more frequently to focus more specifically on the CAP. (OCA St. No. C-
19 1 at 43-44). OCA Witness Miller also recommends that PWSA commit to conducting a
20 third-party evaluation of its programs. (UNITED St C-1 at 44-45).

21 **Q. WHAT IS YOUR RESPONSE TO THESE "INTERMEDIATE"**
22 **RECOMMENDATIONS REGARDING PWSA'S CAP?**

23 A. PWSA is in the process of gathering the data related to the program as agreed to in the
24 rate case settlement. Regarding additional meetings of LIAAC, I am concerned about
25 how adding more layers of responsibility on PWSA personnel may divert resources away

1 from PWSA evaluating its own programs and making its own determinations about what
2 to recommend in the next rate case. While I recognize that PWSA's CAP is relatively
3 new, as is PWSA's experience being regulated by the Commission, I cannot agree with
4 Mr. Miller's assertion that PWSA lacks what is necessary to evaluate its own programs.
5 As explained in discovery, PWSA has partnered with its consultant, Raftelis, to further
6 assess its CAP. Raftelis has a unique focus on the utility and public sector with decades
7 of hands-on experience working primarily in the areas of finance, organization, and
8 technology, which includes rate studies, cost of service analyses, financial planning, and
9 affordability assessments to strategic planning, performance measurement, stakeholder
10 engagement, and data analytics. Given Raftelis' experience and involvement with
11 PWSA's CAP, and PWSA's on-going commitment to these programs, there is simply no
12 basis upon which to conclude that PWSA is not appropriately positioned to collect data,
13 evaluate its own programs, and determine what revisions – taking into consideration all
14 the inter-related aspects of operating the business – would be appropriate.

15 **Q. DOES PWSA'S CURRENT PLAN REGARDING ITS EVALUATION OF THE**
16 **CAP PROVIDE A SUFFICIENT OPPORTUNITY TO RECEIVE INPUT FROM**
17 **LIAAC?**

18 **A.** I believe that it does. The analysis is underway with an anticipated completion date of
19 October 1, 2019. This timeline allows for significant analysis, ample review and scenario
20 evaluation, and provides the LIAAC with two meetings for review and comment. An
21 October 1, 2019 completion date also provides the PWSA rate filing team appropriate
22 time to coordinate and integrate any recommended changes to PWSA's current CAP into
23 the filing of PWSA's next rate case. At this time, PWSA is anticipating filing its next
24 rate case early in 2020 with new rates anticipated to go into effect early in 2021.

Q. WHAT IS YOUR RESPONSE REGARDING UNITED'S RECOMMENDATION THAT PWSA COMMIT TO CONDUCTING A PERIODIC THIRD-PARTY EVALUATION OF ITS PROGRAMS?

A. PWSA's programs are still new and – given the evaluation process that is already established – I believe it is too soon to bring in another entity to undertake the same evaluation process. Moreover, before making such a commitment, PWSA would need to investigate the costs of conducting such reviews²³ as well as when such review may be appropriate. For these reasons, I believe it is too premature at this time for PWSA to commit to periodic independent third-party reviews of its CAP.

2) Legal Requirements to Offer CAP

Q. HOW DID OTHER PARTIES ADDRESS STAFF DIRECTED QUESTION NUMBER 58 ASKING PARTIES TO DISCUSS THE APPROPRIATENESS OF PWSA ESTABLISHING A CAP?

A. While OCA and UNITED acknowledge that there are specific provisions of the Public Utility Code that address the requirements of electric utilities and natural gas utilities regarding CAPs, and that the Commission's CAP Policy Statement applies only to electric utilities and natural gas utilities, they both present testimony to support their view that PWSA is legally required to offer a CAP. (OCA St. No. 4 at 15-22; UNITED St. No. C-1 at 40-42).

Q. DOES YOUR REVIEW OF THIS TESTIMONY CHANGE THE RESPONSE YOU PROVIDED REGARDING DIRECTED QUESTION NUMBER 58?

A. No; none of us are disagreeing about that fact that there is not specific statutory or regulatory language requiring water utilities to implement CAPs. As a policy matter, PWSA has already demonstrated its commitment to offer programs intended to provide

²³ In discovery, Mr. Miller was unable to provide any publicly availability information about the cost of a third-party evaluation. See attached PWSA Exhibit JAQ/C-16: UNITED Response to PWSA-I-9.

financial assistance for its customers thus, in my opinion, making their advocacy in this regard moot for this proceeding.

3) Source of CAP Funding Pursuant to 52 Pa. Code § 69.265(1)

Q. DID I&E IDENTIFY A DIRECTED QUESTION THAT YOU DID NOT ADDRESS IN YOUR TESTIMONY?

A. Yes. I&E Witness Patel correctly notes that in my discussion of Directed Question Number 57, I discussed 52 Pa. Code § 69.265(2)(i)(A) regarding the maximum payments for electric non-heating service rather than 52 Pa. Code § 69.265(1) regarding program funding, which was the section referenced in the Directed Question. (I&E St. No. 2 at 10). This was an oversight on my part.

Q. IN RESPONSE TO DIRECTED QUESTION NUMBER 57, CAN YOU IDENTIFY THE PROGRAM FUNDING SOURCES FOR THE VARIOUS PROGRAMS WITHIN PWSA'S CAP?

A. Yes. The Bill Discount Program is funded through user rates and charges. Program administration costs are included as a revenue requirement in PWSA's operating budget. Foregone revenues from program participants are allocated to all retail users. PWSA's Cash Assistance/Hardship program is funded using the proceeds from the settlement of a class action lawsuit.

(B) Community Environmental Project To Assist Customers With Lead Line Replacement

Q. DID YOU ADDRESS ISSUES RELATED TO PWSA'S PRIVATE LEAD LINE REPLACEMENT COMMUNITY ENVIRONMENTAL PROJECT ("CEP")?

A. No. While this is a program to assist low income customers with the costs of private lead service line replacements, this is one small part of PWSA's overall lead service line replacement project. As such, CEP issues were addressed in the PWSA testimony of

Robert Weimar, PWSA St. No. C-1 at 55-60. Mr. Weimar will also be comprehensively addressing the other parties' testimony related to CEP.

OTHER TARIFF ISSUES

(A) Line Extensions, Customer Advances and Special Utility Service (52 Pa. Code §§ 65.21-65.23)

Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY REGARDING PWSA'S PROPOSALS RELATED TO LINE EXTENSIONS AND SPECIAL UTILITY SERVICE.

A. In my Direct Testimony, I explained that PWSA handles line extensions consistent with the Municipalities Authorities Act ("MAA").²⁴ I discussed the differences between the requirements of the MAA and those set forth in the Commission's regulations at 52 Pa. Code §§ 65.21 – 65.23 and explained – from a practical perspective – why PWSA would not be able to follow the guidance set forth in the Commission's regulations and still be in compliance with the specific requirements of the MAA. (PWSA St. No. C-4 at 32-34). Upon careful consideration of this practical reality and through consultation with our attorneys, PWSA has concluded that the currently existing MAA procedures are the only legal way PWSA can handle line extensions, because the MAA essentially states that following the MAA is the only way PWSA can assess these charges. (PWSA St. No. C-4 at 33-34). I have been advised by counsel that the Commission's assumption of jurisdiction over PWSA does not provide any legal requirement or support for PWSA to abandon its current MAA processes, nor does it legally permit PWSA to handle line extensions in a way that is in conflict with the MAA provisions. For these reasons, PWSA is proposing to continue its current line extension processes.

²⁴ 53 Pa.C.S. 5601-5623.

Q. DID ANY OF THE PARTIES OPPOSE THIS APPROACH?

A. Yes; I&E Witness Cline restated the requirements set forth in the Commission's regulations and recommended that PWSA be required to comply with them on the basis that he was "advised by counsel that the Public Utility Code now supersedes the [MAA] regarding these matters." (I&E St No. 3 at 45-45).

Q. UPON REVIEW OF THIS TESTIMONY, HAS PWSA CHANGED ITS VIEW?

A. No. I recognize that there is a difference of opinion among counsel regarding the legal effect of the assumption of jurisdiction over PWSA with regard to what PWSA may or may not do with respect to line extensions, and I will defer the legal issues to them. However, I have significant concerns about how a Commission directed change in these existing processes will impact PWSA's current processes. The developers, contractors and other entities with whom PWSA generally deal regarding line extension issues are all very familiar with the MAA processes. Changing existing processes to conform to the Commission's regulations – as recommended by I&E – would be a substantial undertaking, as PWSA would have to carefully review all its policies and procedures to identify those that would need to be changed. Part of these new processes would require PWSA to design new systems to accept deposits, keep track of specific projects, and be able to appropriate to ensure that cost sharing requirements are satisfied as the projects evolve. PWSA would also have to consider all existing contracts, RFP documents and projects in the pipeline, to determine what changes would need to be made to revise its current processes. In view of all of the other pressing matters bearing down on PWSA as discussed in my testimony and throughout the testimony of the other PWSA witnesses, I do not support going down this path at this time, even were the Commission to conclude

that it could legally direct PWSA to do something different from the MAA with regard to its line extension processes.

(B) Limitation of Liability (52 Pa. Code § 69.87)

Q. HAS PWSA MADE ANY PROPOSAL TO INCLUDE ANY SPECIFIC DOLLAR AMOUNT REGARDING LIMITATION ON LIABILITY RELATED TO INJURY OR DAMAGES AS A DIRECT RESULT OF NEGLIGENCE OR INTENTIONAL TORTS?

A. No. As explained in more detail in my Direct Testimony, the applicable limitation on liability regarding PWSA as a municipal authority is controlled by Pennsylvania law governing political entities which, I am advised by counsel, is not within the jurisdiction of the Commission. I also explained PWSA's view that identifying specific dollar limitations in the tariff could be confusing for consumers either by: (1) creating the impression that suit can be bought where it cannot; or, (2) by providing an overwhelming amount of detail that would be needed to accurately and fully set forth the current status of the law (outside the jurisdiction of the Commission) regarding liability for a municipal authority. (PWSA St. No. C-4 at 34-36).

Q. DID ANY OF THE PARTIES COVER THIS ISSUE IN THEIR DIRECT TESTIMONY?

A. No.

Q. DOES PWSA PROPOSE ANY MODIFICATION OF ITS INITIAL RECOMMENDATION REGARDING IDENTIFYING SPECIFIC DOLLAR AMOUNTS RELATED TO LIMITATION ON LIABILITY?

A. No; for the reasons set forth in my Direct Testimony and based on the fact that none of the parties expressed opposition or modification for this initial proposal, PWSA continues to recommend that the Commission not direct PWSA to make any changes to its currently approved tariff sections – Tariff Water – Pa.P.U.C. No. 1, Section I.2, Original Page No. 54 and Tariff Wastewater – Pa. P.U.C. No. 1, Section I.2, Original Page No. 49.

1 (C) **Residential Fire Protection and Standby Charges (52 Pa. Code §69.169)**

2 Q. **PLEASE SUMMARIZE YOUR DIRECT TESTIMONY AS IT RELATES TO THE**
3 **DIRECTED QUESTIONS RELATED TO STANDBY CHARGES.**

4 A. PWSA provides both public and private fire protection, and my Direct Testimony more
5 fully explained PWSA's practices and offerings regarding both. PWSA's private fire
6 protection services is an elective offering for customers, and, if they elect this service,
7 then they are charged a per month customer charge as specified in Part I, Section B of
8 PWSA's water tariff (original page 10). Any costs to upsize company infrastructure or
9 install additional line and/or backflow prevention devices are charged to the requesting
10 customer on a one-time basis pursuant to Part I, Section H of PWSA's water tariff
11 (original page 52). Regarding standby charges, I understand that this concern applies to
12 residential customers and generally means that public utilities may not charge something
13 in addition to standard water rates on the basis that the residential customer has a private
14 fire protection system installed, such as a sprinkler system.

15 Q. **PLEASE SUMMARIZE THE RESPONSE FROM I&E WITNESS CLINE**
16 **REGARDING STANDBY CHARGES.**

17 A. I&E Witness Cline testified that additional information was needed to better assess
18 PWSA's private fire protection tariff provision. Specifically, he requested that PWSA
19 clarify: (1) whether residential customers are served by separate domestic and fire service
20 lines; and, (2) if residential customers are served by separate lines, clarify whether these
21 customers are charged for fire protection service beyond PWSA's recoupment of costs to
22 provide the fire protection service. (I&E St. No. 3 at 46-48).

Q. PLEASE SUMMARIZE THE RESPONSE FROM OCA WITNESS RUBIN REGARDING STANDBY CHARGES.

A. Similar to Mr. Cline, OCA Witness Rubin testified that PWSA has not shown that its private fire protection charges are based on (or intended to recoup) the investment that PWSA has made to serve residential, private-fire customers and, based on his analysis of PWSA's Cost of Service Study presented in its rate case, PWSA's "tariff for private fire service includes significant costs that meet the definition of 'standby charges.'" (OCA St. No. 2 at 9-11.)

Q. WHAT RECOMMENDATIONS DOES I&E MAKE REGARDING STANDBY CHARGES?

A. Mr. Cline recommends that PWSA provide the information requested and: (1) if such information does not address the concerns he identified, that PWSA be directed to submit a revised Compliance Plan detailing its proposal to remove "this standby charge;" but, (2) if the clarifying information does validate PWSA's position, then PWSA reform its private fire protection rates in the next rate case to include such clarifying language. (I&E St. No. 3 at 48). Similarly, Mr. Rubin recommends that PWSA include in its next rate case a revised Cost of Service Study calculating a separate rate for residential, private fire protection service that excludes all standby charges and also provides specific evidence of PWSA's investment for residential customers with automatic fire protection systems. (OCA St. No. 2 at 11).

Q. UPON CONSIDERATION OF THIS TESTIMONY, ARE YOU IN THE PROCESS OF FURTHER INVESTIGATING THIS ISSUE?

A. Yes. PWSA has undertaken an analysis of the current customers being charged a separate private fire protection pursuant to PWSA's tariff and have identified 49 such accounts. PWSA has to further review each of these accounts as some are likely to

1 include multi-family properties which are classified as commercial properties. To the
 2 extent PWSA identifies accounts that are residential, it will no longer assess the private
 3 *fire protection customer charge* to those accounts and will *retroactively remove any*
 4 private fire protection customer charges assessed since April 1, 2018 (the effective date
 5 of the Commission's jurisdiction over PWSA). Once this process is complete (or as part
 6 of the compliance tariff filed in this matter, whichever is later), PWSA will update its
 7 tariff language.

8 VI. CONCLUSION

9 Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?

10 A. Yes.

Exhibit JAQ/C-6(a)

**Implementation of Chapter 32 of the Public Utility Code
Regarding Pittsburgh Water and Sewer Authority – Stage I
Docket Nos. M-2018-2640802 (Water), M-2018-2640803 (Wastewater)**

**Response of the Office of Consumer Advocate to
Discovery Requests of Pittsburgh Water and Sewer Authority – Set II**

- I. Reference OCA, St. No. 3 at 7, does Ms. Alexander have any personal experience either posting service termination notices at a customer's residence or attempting to contact the person at the residence prior to terminating service?

Response:

No. Ms. Alexander's experience is with regulating public utilities who have this obligation. This experience includes her ten years as the Director of the Consumer Assistance Division of the Maine Public Utilities (1986-1996) at which time all Maine public utilities had this obligation and routinely performed this obligation.

Responsible Witness: Barbara R. Alexander

Exhibit JAQ/C-7(a)

**RESPONSE OF PITTSBURGH UNITED
TO PITTSBURGH WATER AND SEWER AUTHORITY INTERROGATORIES
SET II**

2. Reference UNITED, St No. C-1 at 14, does Mr. Miller have any personal experience either posting service termination notices at a customer's residence or attempting to contact the person at the residence prior to terminating service?

RESPONSE:

No.

RESPONDENT: Mitchell Miller

Date: April 29, 2019

Exhibit JAQ/C-8(a)

**RESPONSE OF PITTSBURGH UNITED
TO PITTSBURGH WATER AND SEWER AUTHORITY INTERROGATORIES
SET I**

4. Reference UNITED St No. C-1 at 16.
- (a) Please detail any research or investigation performed by Mr. Miller to support the assertion that he is not aware of nor recalls any Pennsylvania regulated public utilities that does not attempt to make personal contact at the residence immediately prior to termination.
 - (b) Please provide any copies (or references to) of any and all publicly available documents in Mr. Miller's possession or known to Mr. Miller any policies, procedures or other documentation setting forth the procedures used by any public utility regarding the attempt to make personal contact at a residence prior to service termination.

RESPONSE:

- (a) My testimony was based on my personal recollection of the activities I performed as the Director of the Bureau of Consumer Services to implement Chapter 56 regulations; my review and knowledge of the regulations and the Commission's interpretation of those regulations; and my review of the Commission's prior rulemaking proceedings, as cited in my testimony. I did not perform any additional research or investigation into the practices of other utilities.
- (b) I do not know of or have possession of any such documents.

RESPONDENT: Mitchell Miller

Date: April 24, 2019

Exhibit JAQ/C-9

**Implementation of Chapter 32 of the Public Utility Code
Regarding Pittsburgh Water and Sewer Authority – Stage I
Docket Nos. M-2018-2640802 (Water), M-2018-2640803 (Wastewater)**

**Response of the Office of Consumer Advocate to
Discovery Requests of Pittsburgh Water and Sewer Authority – Set I**

2. Reference OCA, St. No. 3 at 4.
- (a) Please identify all the “other public utilities in Pennsylvania” in Ms. Alexander’s knowledge that have implemented “knock on the door” policies.
 - (b) For all utilities referenced in response to a, provide the source of Ms. Alexander’s knowledge and copies (or references to) of any and all publicly available documents in Ms. Alexander’s possession or known to Ms. Alexander confirming and/or detailing the utility’s specific “knock on the door” policies.

Response:

- (a) Since the directive in the Commission’s regulations is clear, Ms. Alexander assumes that all public utilities in Pennsylvania attempt contact with the customer “immediately prior” to the termination of service by knocking on the customer’s door. As stated in her testimony, Ms. Alexander’s review of the formal customer complaint proceedings cited by Ms. Quigley in support of PWSA’s position that other Pennsylvania utilities are not obligated to attempt contact with the customer at the time of termination of service documents exactly the opposite conclusion. In the record of two of the three citations there is clear evidence that the utility person knocked on the customer’s door prior to termination of service. In addition, Ms. Alexander is not aware of any Commission order that would eliminate the plain meaning of this provision of its regulations.

Finally, Ms. Alexander is aware that this provision of the Commission’s regulations was specifically not waived for utilities that have installed smart meters that would otherwise allow for remote disconnection of service, thus requiring electric and gas utilities with smart meters to attempt contact with the customer at the customer’s premises prior to any termination of service. See, e.g., the information about how smart meters will be used by the Pennsylvania FirstEnergy electric distribution companies:

Although the system will provide the utility company the ability to disconnect a meter remotely for non-payment situations, a company representative will still visit the premises in person at disconnection, in compliance with the current Pennsylvania Public Utility Commission rules.

<https://www.firstenergycorp.com/content/customer/help/pa-smartmeter/faq.html>

**RESPONSE OF PITTSBURGH UNITED
TO PITTSBURGH WATER AND SEWER AUTHORITY INTERROGATORIES
SET I**

2. Reference UNITED St No. C-1 at 16
- (a) In Mr. Miller's experience, is he aware of whether the Commission or Commission Staff ever performed a targeted review (not including Chapter 56 or other similar rulemaking proceedings) of utility practices and policies regarding attempted personal contact prior to a service termination?
 - (b) If the answer to a. is yes, please provide the source of Mr. Miller's knowledge and copies (or references to) of any and all publicly available documents in Mr. Miller's possession or known to Mr. Miller regarding the referenced targeted reviews.

RESPONSE:

- (a) No. I am not aware of nor do I specifically recall any targeted review (not including Chapter 56 or similar rulemaking proceedings) of utility practices or policies regarding attempted personal contact prior to a service termination.
- (b) I do not know of or have possession of any such documents.

RESPONDENT: Mitchell Miller

Date: April 24, 2019

**RESPONSE OF PITTSBURGH UNITED
TO PITTSBURGH WATER AND SEWER AUTHORITY INTERROGATORIES
SET I**

3. Reference UNITED St No. C-1 at 16
- (a) Is Mr. Miller aware of any data collection or reporting requirements that utilities are required to report to the Commission or Commission Staff related to specific incidents of utility employee safety issues that have occurred as a result of an attempted termination of service?
 - (b) If the answer to a. is yes, please provide the source of Mr. Miller's knowledge and copies (or references to) of any and all publicly available documents in Mr. Miller's possession or known to Mr. Miller regarding the required utility reporting obligation.

RESPONSE:

- (a) No. During my tenure at the Bureau of Consumer Services, there was no requirement that utilities report specific incidents of utility employee safety issues that have occurred as a result of an attempted termination to the Bureau of Consumer Services. However, I do recall that utilities were at one time required to report utility worker safety incidents to the Commission's Bureau of Transportation and Safety. I have no knowledge of nor have I conducted any research to determine whether that is still a requirement or whether those reports are publicly available.
- (b) I do not know of or have possession of any such documents.

RESPONDENT: Mitchell Miller

Date: April 24, 2019

**Implementation of Chapter 32 of the Public Utility Code
Regarding Pittsburgh Water and Sewer Authority – Stage 1
Docket Nos. M-2018-2640802 (Water), M-2018-2640803 (Wastewater)**

**Response of the Office of Consumer Advocate to
Discovery Requests of Pittsburgh Water and Sewer Authority – Set I**

4. Reference OCA, St. No. 3 at 7.
- (a) Has Ms. Alexander researched specific the incidents of safety related issues to utility employees attempting to effectuate (or provide notice of) a service termination in the field?
 - (b) If the answer to a. is yes, please provide the source of Ms. Alexander's knowledge and copies (or references to) of any and all publicly available documents in Ms. Alexander's possession or known to Ms. Alexander documenting specific safety incidents experience by other utilities.

Response:

- a. No. However, based on her 30-years of experience in public utility regulation, a safety concern for utility employees is a known concern by every utility that implements work in the field, particularly when seeking to terminate service for nonpayment. Therefore, this is not a unique or unusual concern and every utility has developed internal policies to respond to this potential adverse situation.
- b. Ms. Alexander has not compiled or collected this information.

Responsible Witness: Barbara R. Alexander

**Implementation of Chapter 32 of the Public Utility Code
Regarding Pittsburgh Water and Sewer Authority – Stage I
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**Response of the Office of Consumer Advocate to
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5. Reference OCA, St. No. 3 at 8.
- (a) Please provide copies or reference to any publicly available practices regarding training and instructions on how to respond to situations that threaten utility employee safety.
 - (b) Of the information provided in response to a. or from Ms. Alexander's own experience, please set forth in detail the "best practices" she would recommend be adopted by PWSA to respond to situations that threaten utility employee safety.

Response:

- a. Ms. Alexander recalls viewing materials of this type in her consulting practice, but has not retained these materials. She presumes that PWSA can solicit internal training materials from other Pennsylvania utilities.
- b. Ms. Alexander recommended in her testimony that PWSA review other Pennsylvania utility practices in this regard. The "best practice" would be to discuss this issue, common to all public utilities, with other Pennsylvania public utilities.

Responsible Witness: Barbara R. Alexander

**Implementation of Chapter 32 of the Public Utility Code Regarding
Pittsburgh Water and Sewer Authority – Stage 1
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**Responses of the Bureau of Investigation and Enforcement
to Pittsburgh Water and Sewer Authority– Set I
Witness: D.C. Patel**

PWSA-I-7 Reference I&E St No. 2 at 63,

- (a) Please detail any research or investigation performed by Mr. Patel to identify the billing collection practices and policies implemented by other utilities.
- (b) Please provide any copies (or references to) of any and all publicly available documents in Mr. Patel's possession or known to Mr. Patel regarding the billing collection practices and policies implemented by other utilities.
- (c) Based on the information in response to a. and b., please identify the specific practices and policies that Mr. Patel would deem to be "best practices."

Response: (a) Mr. Patel is not required to perform a detailed research or investigation to identify the billing collection practices and policies implemented by other utilities. However, Mr. Patel notes Management Efficiency Audit Reports issued by the Commission's Bureau of Audits have made recommendations for collection practices for other regulated utilities to reduce their uncollectible, as referenced in Attachment B.

- (b) See Attachment B.

**Implementation of Chapter 32 of the Public Utility Code Regarding
Pittsburgh Water and Sewer Authority – Stage 1
Docket Nos. M-2018-2640802 & M-2018-2640803**

**Responses of the Bureau of Investigation and Enforcement
to Pittsburgh Water and Sewer Authority– Set I
Witness: D.C. Patel**

ATTACHMENT – B

(Ref. I&E Response to PWSA-I-7)

Summary of Audit Recommendations on Uncollectibles

1. Philadelphia Gas Works, Management Efficiency Investigation Evaluating the Implementation of Selected Recommendations from the 2015 Stratified Management and Operations Audit Report, Docket No. D-2017-2627521 (Issued August 2018):

- Further incorporate commercial/industrial accounts into risk-based collections process, including sending more accounts to collection agencies.
- Place greater emphasis on decreasing the number and amount of over-90-day old accounts.

2. First Energy Companies, Management Efficiency Investigation Evaluating the Implementation of Selected Recommendations from the 2014 Focus Management and Operations Audit, Docket No. D-2017-2626664 et al (Issued September 2018):

- Establish goals for collections agencies to achieve net collection performance, monitor the performance of each collection agency, and replace any collection agency that does not achieve goals.

3. Columbia Gas of Pennsylvania, Inc., Management Efficiency Investigation Evaluating the Implementation of Selected Recommendations from the 2013 Focus Management and Operations Audit, Docket No. D-2016-2564606, (Issued April 2017):

- Strive to minimize write-offs of delinquent accounts receivable by exploring potential solutions to enhance collection efforts.

**Implementation of Chapter 32 of the Public Utility Code Regarding
Pittsburgh Water and Sewer Authority – Stage 1
Docket Nos. M-2018-2640802 & M-2018-2640803**

**Responses of the Bureau of Investigation and Enforcement
to Pittsburgh Water and Sewer Authority– Set I
Witness: D.C. Patel**

- Establish specific threshold levels or goals for measuring collection agency performance that are based on the gross collections as a percentage of amounts placed for collection, and if needed, replace any poor performing collection agencies.
- Selecting collection agencies through an RFP process.

4. PECO Energy Company, Management Efficiency Investigation Evaluating the Implementation of Selected Recommendations from the 2014 Focus Management and Operations Audit, Docket No. D-2016-2562303, (Issued August 2017):

- Implementation of a process intended to address high balance delinquent accounts (in excess of \$5,000). Each high balance account is assigned to an individual credit and collections specialist to increase accountability and improve customer service.

5. Pennsylvania-American Water Company, Focused Management and Operations Audit, Docket No. D-2014-2430603, (Issued February 2016):

- Launching a collection strategy campaign that included targeting accounts with 3 or more disconnection orders with outstanding balances equal or greater than \$85, and past due in excess of 90 days.
- Increasing telephone calls made in an attempt to resolve overdue balances.
- Implementing daily reporting on highest overdue balance customers.

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**Response of the Office of Consumer Advocate to
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4. Reference OCA St No. 4 at 24, proposed “guiding principle” 2,
- a. Has Mr. Colton researched what is an affordable burden for any Pennsylvania Public Utility Commission regulated water utilities?
 - b. If the answer to a. is yes, please provide copies of (or references) to any research and/or information relied upon by Mr. Colton related to what is an affordable burden for any Pennsylvania Public Utility Commission regulated water utility.

Response:

- a. No. Mr. Colton has not researched what an affordable water burden is for any Pennsylvania PUC regulated water utility. Mr. Colton has researched what an affordable water burden is for the Philadelphia Water Department.
- b. Mr. Colton’s testimony in the 2016 PWD rate case in which this was an issue is attached (with appendices omitted). The Appendices to this testimony can be provided upon request.

Responsible Witness: Roger D. Colton

**Implementation of Chapter 32 of the Public Utility Code
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**Response of the Office of Consumer Advocate to
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5. Reference OCA St No. 4 at 24, proposed “guiding principle” 2,
- a. Is Mr. Colton aware of any Pennsylvania Public Utility Commission directed and/or conducted reviews, study or analysis regarding what is an affordable burden for its regulated water utilities?

Response:

- a. Mr. Colton has not undertaken any review or research to determine whether, if at all, the Pennsylvania PUC has directed and/or conducted any review, study or analysis, regarding what is an affordable burden for water utilities regulated by the PUC. See, also, Responses to PWSA to OCA-II-3 and PWSA to OCA-II-4.

Responsible Witness: Roger D. Colton

Exhibit JAQ/C-16

**RESPONSE OF PITTSBURGH UNITED
TO PITTSBURGH WATER AND SEWER AUTHORITY INTERROGATORIES
SET I**

9. Reference UNITED St No. C-1 at 43-44, please provide any publicly available information (or reference to) the costs related to a third-party evaluation of a public utility's customer assistance program.

RESPONSE:

I am not aware of any publicly available information about the cost of a third-party evaluation. During my tenure at the Commission, BCS maintained a list of past evaluators, but did not play a role in assessing or approving the cost of a third party evaluation.

RESPONDENT: Mitchell Miller

Date: April 24, 2019

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF

JULIE QUIGLEY

ON BEHALF OF
THE PITTSBURGH WATER
AND SEWER AUTHORITY

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

Pittsburgh Water and Sewer Authority
Compliance Filing Proceeding

Issues to be Deferred to Stage 2
Residential Fire Protection Charges

August 2, 2019

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Exh. No.	Document
JAQ/C-17	PWSA Pro Forma Tariff Supplement Re: Residential Fire Protection Charge

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Julie Quigley, and I am the Director of Administration and Information
4 Technology for The Pittsburgh Water and Sewer Authority ("PWSA" or the
5 "Authority").

6 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. Yes. I prepared written direct testimony, PWSA St. No. C-4, which was served on
9 February 14, 2019 on behalf of PWSA. I also prepared rebuttal testimony, PWSA St. No.
10 C-4R, which was served on May 6, 2019 on behalf of PWSA.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY?**

12 A. The purpose of my supplemental direct testimony is to discuss certain developments that
13 have occurred since submitting written direct and rebuttal testimonies in this proceeding,
14 including the issues that have been deferred to Stage 2 and the status of PWSA's
15 investigation regarding residential fire protection charges for residential customers.

16 **II. ISSUES TO BE DEFERRED TO STAGE 2**

17 **Q. SINCE SUBMITTING WRITTEN DIRECT AND REBUTTAL TESTIMONY IN**
18 **THIS PROCEEDING, HAVE ANY ISSUES BEEN DEFERRED TO STAGE 2?**

19 A. Yes. On May 13, 2019, the parties filed a joint Expedited Motion for Extension of
20 Commission-Created Deadlines ("Joint Motion") in this proceeding. In their Joint
21 Motion, the parties requested, among other things, that the following consumer related
22 issues be moved from Stage 1 to Stage 2 of the proceedings so that the parties may
23 discuss these issues in the BCS-led workshops: (1) residential service termination issues:
24 2) collections issues, and, (3) issues related to PWSA's compliance with the

Discontinuance of Service to Leased Premises Act.¹ In a Secretarial Letter dated May 15, 2019, the Commission granted the requested relief to address said issues in Stage 2 of the Compliance Plan litigation. Therefore, while I addressed these issues in my Direct and Rebuttal Testimonies, these issues are now deferred to Stage 2.

Q. PLEASE IDENTIFY THE SPECIFIC PAGES AND LINES OF YOUR DIRECT TESTIMONY THAT ADDRESS THOSE ISSUES BEING DEFERRED TO STAGE 2.

A. Specifically, I addressed residential termination of service issues in PWSA St. No. C-4 at pages 8-16, lines 1 through 9 and page 39, lines 1-23. I addressed collection issues in PWSA St. No. C-4 at pages 17-20, lines 20 through 23. I addressed landlord/tenant issues in PWSA St. No. C-4 at pages 16-17, lines 10 through 19.

Q. PLEASE IDENTIFY THE SPECIFIC PAGES AND LINES OF YOUR REBUTTAL TESTIMONY THAT ADDRESS THOSE ISSUES BEING DEFERRED TO STAGE 2.

A. I addressed residential termination of service issues in PWSA St. No C-4R at pages 2-16, lines 8 through 21. I addressed collections issues in PWSA St. No C-4R at pages 24-28, lines 1 through 11. I addressed landlord/tenant issues in PWSA St. No C-4R at pages 17-23, lines 1 through 18.

19III. RESIDENTIAL FIRE PROTECTION CHARGES FOR RESIDENTIAL
20 CUSTOMERS

Q. IN YOUR DIRECT AND REBUTTAL TESTIMONIES, YOU ADDRESS PWSA'S RESIDENTIAL FIRE PROTECTION CHARGES (PWSA ST. NO. C-4 AT 37-38; PWSA ST. NO. C-4R AT 39-41). DO YOU HAVE ANY UPDATE ON PWSA'S

¹ Joint Motion at 9-11.

EFFORTS TO REMOVE AND CREDIT/ REFUND AFFECTED RESIDENTIAL CUSTOMERS?

A. Yes. PWSA has identified forty-nine (49) current customers being charged a separate, private fire protection charge pursuant to PWSA's tariff. We have reviewed each of these accounts, and of them, we have identified four (4) as residential customers. The remaining 45 accounts are classified as commercial properties (which includes multi-family properties). For the four affected customers, PWSA has: 1) changed the rate code for each account so that the private fire protection charge will no longer be assessed; 2) processed a bill credit for each account to refund amounts paid over the past four years consistent with PWSA's residential customer refund policy upon coming under the Commission's jurisdiction effective April 1, 2018; and, 3) attempted to telephone each customer advising him/her of the option to receive a one-time payment in lieu of the bill credit upon return to PWSA of a signed refund request. The total amount of refunds due to all four accounts is \$4,045.80.

Q. DOES PWSA ALSO PROPOSE TO REVISE ITS TARIFF TO BE CLEAR THAT IT WILL NOT ASSESS RESIDENTIAL CUSTOMERS A FIRE PROTECTION CHARGE?

A. Yes. Attached as Exh. No. JAQ/C-17 is a pro-forma tariff supplement clarifying that PWSA's Private Fire Protection charge only applies to non-residential customers.

Q. WHEN DOES PWSA PROPOSE TO SUBMIT THIS TARIFF SUPPLEMENT TO THE COMMISSION FOR FINAL APPROVAL?

A. PWSA is planning to submit this proposed tariff supplement as well as any other tariff changes that may be needed to be in compliance with the Commission's final order for this Stage I proceeding.

1 IV. CONCLUSION

2 Q. DOES THIS COMPLETE YOUR DIRECT SUPPLEMENTAL TESTIMONY?

3 A. Yes.

The Pittsburgh Water
and Sewer Authority

Tariff Water - Pa. P.U.C. No. 1
First Revised Page No. 10
Cancelling Original Page No. 10

Section B - Fire Protection Rates

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

<u>Meter Size</u>	<u>Line Size</u> (if unmetered)	<u>Customer Charge</u> <u>Per Month</u>
1" or Less	2"	\$31.60
1 ½"-3"	3"	\$83.30
4"	4"	\$177.57
6" or Greater	6" or Greater	\$507.98

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

In the event of a confirmed fire, no charge shall be made for the use of water to fight the fire using private fire hydrants or fire abatement equipment. Customers whose fire equipment has been activated to fight a fire should notify the Authority to assure that the associated water use will not be billed.

For consumption of water related to testing, training on, and maintenance of private fire hydrants and fire abatement equipment, consumption charges shall be billed in accordance with the following rates for water consumption. Water used from private fire protection for these purposes should be based on meter readings where possible. If a meter cannot be used, the Authority will estimate the usage.

Consumption Charge

Rate per 1,000 Gals.

Private Fire Protection	\$13.49
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