

Pennsylvania Public Utility Commission : **Docket Nos. R-2023-3039919 (SW)**
v. : **R-2023-3039920 (W)**
Pittsburgh Water and Sewer Authority : **R-2023-3039921 (WW)**

Why did the OCA agree to settle this case?

In deciding whether to settle a case or fully litigate a case, the OCA weighs the potential benefits gained for consumers against the risk of higher rates if the case were fully litigated. The OCA believes that if this case had been litigated, the result would have been worse for consumers than what was negotiated in the Settlement. Based on the Public Utility Commission’s (PUC) recent decisions on rate increases for other utilities, it is reasonable to have expected that the PUC would have allowed a similar or higher rate increase than what was agreed to in Settlement, without also requiring PWSA to make changes and improvements for customers. By settling the case, we have tried to confine the amount of rate increase to a level that would likely be no worse than what would have resulted from litigation, while ensuring that the Authority must provide positive benefits to its customers.

What would have happened procedurally if the OCA did not settle the case?

The Administrative Law Judge (ALJ) assigned to this case would hear the OCA and other parties’ arguments and issue a Recommended Decision detailing her findings and recommendations to the PUC. The parties would have a chance to respond by filing “exceptions” that argue for or against the Recommended Decision. Next, the PUC would evaluate the parties’ arguments and the ALJ’s recommendations, and issue an Order approving, denying, or modifying the Recommended Decision. That final Order is what dictates the rate increase that will be allowed and any conditions required.

In recent years, the PUC has often approved high rate increases and less often required the utility to respond to concerns that the OCA raises about customer billing, low-income customer assistance, and quality of service. When a case is fully litigated, there is no guarantee that the PUC will adopt the OCA's positions particularly where the utility and other parties disagree. The OCA would make its best arguments, but ultimately have no control over what the PUC would decide to approve. On the other hand, when the OCA settles a case, we have greater control over the outcome of the proceeding (although even with a settlement, the PUC could decide to reject or modify the settlement) because we are offering the PUC one position agreed to by all the parties. By settling this case, we were able to negotiate to reduce the potential rate increases and ensure there would be benefits to customers. A partial list of those benefits is provided in the next Q&A.

What consumer benefits are contained in the settlement?

If fully accepted by the PUC, the Settlement provides:

General

- The Removal of the proposed 3-year Multi-Year Rate Plan.
- A Base Rate Revenue increase of \$35,997,325.
- A typical residential water, wastewater conveyance and stormwater customer using 3,000 gallons of water per month will see a total bill (inclusive stormwater) increase of \$13.81 from \$86.43 to \$100.23.
- A Base Rate Case Stay out until January 1, 2025 with exceptions for extraordinary relief.
- Withdrawal of PWSA's proposed Customer Assistance Charge.
- Removal of the "readiness-to-serve" component of monthly bills in the next base rate case.
- Agreement to provide additional training to third party collection agencies to assist in connecting customers who wish to reconnect service with PWSA directly.
- Agreement to participate in collaborative meetings to find ways to reduce impervious area and increase stormwater credits.

Customer Service and Low Income

- PWSA agrees to screen all new and moving customers for income level and eligibility for assistance.
- PWSA will use best efforts to meet an average answer time of 1 minute for its call center and an abandonment rate of 3% or less for an average of all customer queues.
- PWSA will update its “root cause” analysis to include evaluation of informal customer complaints submitted to the Bureau of Consumer Services to include any trends or patterns
- PWSA will update its household affordability study to identify geographic areas with high concentrations of PWSA’s lowest income customers and identify targeted outreach and patterns regarding customers in these areas who exhibit payment difficulties.
- PWSA will conduct an analysis of burden levels of low-income customers and various usage levels at then-current rates.
- Withdrawal of the proposed convenience charges for bill payments by credit card.
- An increase from 50% to 60% to the volumetric discount available to customers with annual income at or below 50% of the federal poverty line.
- Expansion of the Bill Discount Program to increase the maximum income eligibility to 200% of the federal poverty line.
- Arrearage credit increase from \$30 to \$40.
- PWSA will propose in its next base rate case to change its arrearage forgiveness program to allow then existing and future participants to receive forgiveness over no longer than 36 months.
- PWSA will increase the maximum hardship fund grant to \$450.

Operations

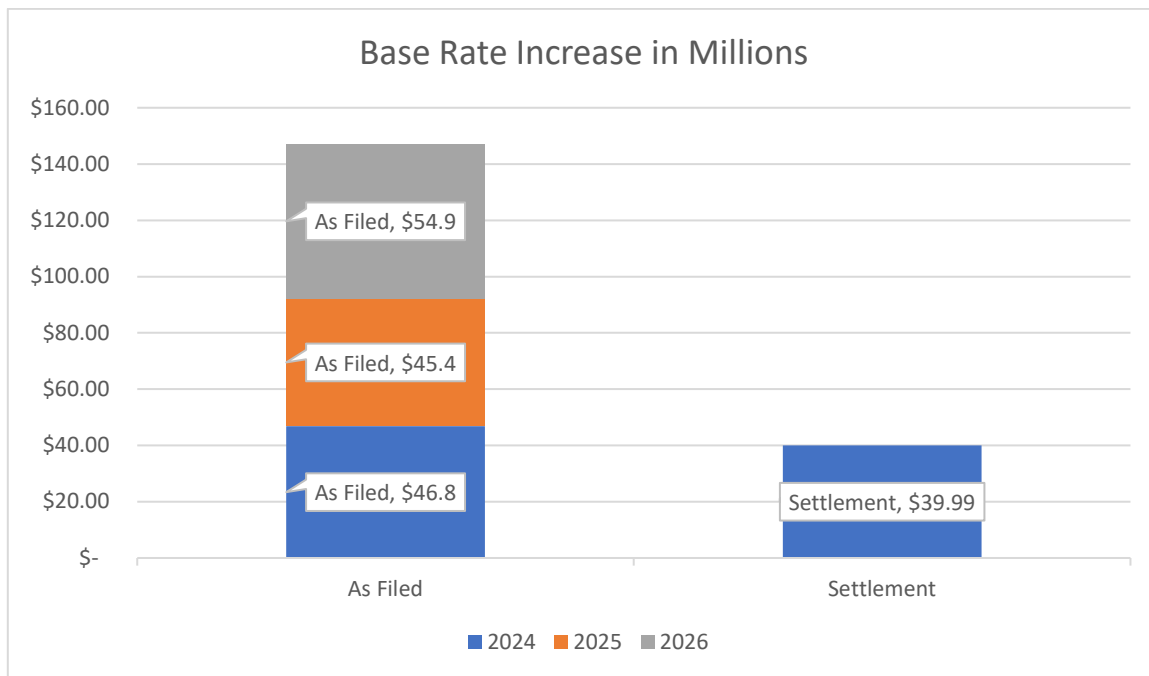
- PWSA will continue to capture high pressure inquiries or complaints in its work logs and continue its valve exercise program where all valves are inspected and exercised on five-year basis.
- By the end of 2024 PWSA will use best efforts to inspect or exercise critical valves on a three-year cycle.

- PWSA will continue to make an effort to identify, locate and track dead-end lines to ensure they have a blow-off or hydrant so that they can be flushed.

Because the rate increase in the Settlement is in the range of what we would have expected after litigation, removes the Multi-Year Rate Increase, and because the above benefits may not have been required by the PUC after litigation, the OCA agreed to the Settlement.

How does the Base Rate Increase Compare to what was requested?

The Chart below shows the Comparison of the Base Rate Increase agreed to in the Settlement to the Multi-Year Rate Plan that was requested.



What happens now with the Settlement?

At this time, a Joint Petition for Settlement has been submitted to the Administrative Law Judge (ALJ) who has been overseeing this proceeding from its beginning. The Joint Petition for Settlement contains the Settlement itself and Statements in Support of the Settlement from each of the active parties in this proceeding. The ALJ will review the Settlement and the Statements in Support from each party and release a Recommended Decision (RD) that either 1) approves the

Settlement in full, 2) modifies the Settlement, or 3) rejects the Settlement. Once the RD is released, all active parties to this proceeding will have a chance to comment on the RD by filing exceptions. Parties will typically only do this if they disagree with something in the RD. Finally, the PUC will review the RD and any exceptions and issue an Opinion and final Order in this proceeding.

It is expected that the ALJ and the PUC will approve the Settlement in its entirety. The PUC encourages settlements. The OCA is aware of this and knows that if we are a party to a Settlement that includes all the other parties in a case, the Settlement is likely to be approved. We take this into consideration about when to settle cases such as this. While we stand by the litigation positions outlined in our testimony in this proceeding, settling this case allowed us to ensure that certain customer benefits would be implemented at a rate increase that is within the range of what we expect the PUC would have recommended anyways. Now, we await the ALJ's RD.

I filed a Formal Complaint and want to Object to or Support the Settlement. How do I do that?

Customers who filed Formal Complaints have until November 9, 2023 to file a letter and email objecting to or supporting the proposed Settlement. Those letters will be considered by the ALJ and PUC. If customers have questions about how to do this, they can contact the OCA at consumer@paoca.org or 1-800-684-6560.

When the RD is released, it will be emailed to customers who filed a Formal Complaint and they can file Exceptions to all or part of the ALJ's recommendations. Customers can contact the OCA with questions about the RD or how to file Exceptions.

When will we know if the PUC accepts, modifies, or rejects the Settlement?

The PUC will likely rule on the settlement at its Public Meeting on February 1, 2024

When will these rate increases go into effect?

If approved by the PUC, the new rates would take effect on February 15, 2023.

What can I do now to begin preparing for these rate increases?

You can act now to monitor and conserve water usage in and around your home. For example, take shorter showers – a few minutes makes a big difference. Installing a low-flow shower head can reduce the amount of water you use while showering by as much as 50 percent. Turn off the tap while brushing your teeth, shaving, or washing dishes. Run dishwashers and washing machines only when full, using water-saving cycles and appropriate load sizes. Consider water and energy-efficient appliances, water-saving showerheads, toilets, and faucet aerators. These changes may also help you save money on other utility bills, such as gas and electricity.

Check your home for leaks periodically. Even the smallest leak can cause the loss of thousands of gallons of water each month, resulting in waste and an unnecessarily high bill. Indoors, look for dripping faucets, toilets that keep draining and refilling, and puddles or water marks on the floor around a refrigerator, dishwasher, washing machine, hot water tank. Outdoors, look for soft spots on your lawn which can indicate leaks in the service line or sprinkler system. The faster you notice a problem and address it, the faster it can be fixed.

What can I do if I cannot afford the rate increases?

PWSA has a PGH20 Cares Team who provides information and assistance regarding financial assistance for water, wastewater, and stormwater customers who qualify.

- **Payment plan options** – PWSA offers several ways for you to pay your monthly water, wastewater conveyance, and stormwater bill. For help with assistance programs, visit: <https://www.pgh2o.com/residential-commercial-customers/customer-assistance-programs/> or call PGH20 Cares at 412-255-2457. To view payment plan options, visit: <https://www.pgh2o.com/residential-commercial-customers/customer-assistance-programs/> or call Customer Service at 412-255-2423 (Press 5)
- **Bill Discount Program and Arrearage Forgiveness Program:** PWSA offers a Bill Discount Program to provide income-eligible customers with a discount on their bill and provides a monthly credit towards past due balances for each on-time monthly payment. If approved, the Settlement provides for improvements to the low-income discount and arrearage forgiveness and expands eligibility for the Bill Discount Program from 150% of the Federal Poverty Level to 200% of the Federal Poverty Level. If not eligible at this time, customers may want to reapply after February 8, 2024.
- The programs provide the following current benefits:

- Provides eligible customers with a 100% discount on the fixed monthly water and wastewater conveyance charges.
- An additional 50% discount on the volumetric charges (the usage charges over the monthly minimum charge) for customers earning an annual income that is at or below 50% of the FPL.
- 85% reduction on the new stormwater fee.
- A monthly \$30 credit to reduce past due balances. Customers must be enrolled in the Bill Discount Program, on an active payment plan, and make on-time payments to receive this benefit.
- All verified low-income customers will automatically be enrolled in the Winter Shut Off Moratorium.
- Enrollment is applicable for 2 years.

You can call PGH20 Cares at 412-255-2457 or apply on-line at

<https://www.pgh2o.com/residential-commercial-customers/customer-assistance-programs/apply-bill-discount-program-winter>

- **Medical Certificate Forms** – If you or someone in your household has a medical condition that would be made worse if you do not have service, you can submit a medical certificate. For more guidance visit: https://www.puc.pa.gov/media/1778/medical_certificate_guidance.docx. For the Medical Certificate Form, visit: https://www.puc.pa.gov/media/1779/standard_medical_certificate_form.docx or call 1-800-276-2722.
- **Hardship Fund** — Qualifying individuals or families who face a hardship in maintaining water or wastewater service may receive a one-time grant per program year of \$300 under the current program. To see if you qualify, contact a Dollar Energy Fund partnering agency. Agencies can be found using the [Agency Finder](#)