Pittsburgh Water and Sewer Authority is on New Ground with PUC Oversight

PA AWWA Conference 2019
April 18, 2019
PWSA at a Glance

- Formally created in 1984
- Water system dates back to early 1800’s
- Water and Wastewater Conveyance services only
- “Three Rivers” - No source of supply issues
- Key statistics:
  - Service population: 250,000
  - Accounts: 80,000
  - 2018 Revenues: $170m*

*Preliminary & excludes ALCOSAN
RECENT CHALLENGES

- Six different directors from 2010-2017
- Unsuccessful management operations from 2012 - 2015
- PA consent orders: stormwater and lead
- $1.5 billion Capital Improvement Plan
- In 2017 rumblings of PUC jurisdiction started
  - Needed to figure out how to get into compliance
  - Needed rates in place to meet compliance goals
The PWSA Renaissance Begins

- Protect Public Health and the Environment
- Ensure Customer and Stakeholder Satisfaction
- Improve Infrastructure Reliability
- Maintain a High-Performing Workforce
- Be an Efficient and Effective Organization
IMPROVEMENT COMES AT A COST

Note: Based on 2017 Projections
COMMUNICATING THE NEED

- Board getting pressure from stakeholders
  - State Auditor, IMG, and Blue Ribbon Panel weigh in
- Talks of privatization
- November 2017 presentation helped demonstrate the needs
- “The final chance for change”

Local News Headlines:

*Pittsburgh’s water system has so much debt, it’s ripe for a takeover*  
- Tribune Review Feb 24, 2017

*PWSA Director Says Authority At Point Of ‘Substantial Collapse’ Amid Evaluation*  
- WESA Aug 28, 2017

*Uncertainty Over Pittsburgh's Drinking Water Intensifies, As New Players Submit Plans*  
- WESA Jul 6, 2017
## PUC OVERSIGHT

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>12/21/17</td>
<td>Governor signs law to allow for PUC oversight of PWSA</td>
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<tr>
<td>1/18/18</td>
<td>TIO signed by PUC</td>
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<tr>
<td>3/15/18</td>
<td>FIO signed by PUC</td>
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<tr>
<td>4/1/18</td>
<td>Officially under PA PUC jurisdiction on April 1, 2018.</td>
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<tr>
<td>7/2/18</td>
<td>Tariff Filing due in 90 Days</td>
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<tr>
<td>9/28/18</td>
<td>Compliance Plan due in 180 Days</td>
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TARIFF FILING

- Challenges
  - Tight timeline
  - Understaffing & record keeping
- Testimony in support of filing
  - Executive team
  - Cost of Service
- Revised rules and regulations
- Data requests
TARIFF FILING - Results

- Opposition focused on “big issues”
- Intervening parities:
  - Consumer Advocate
  - Small Business Advocate
  - Bureau of Investigation & Enforcement

Request vs. settlement
- Approved on February 7, 2019 (7 Months)
- Original request: $27.0m or 17.1% increase
- Settlement: $21.0m or 13.3% increase
- Rate adjustments applied “across-the-board”
- Increased discount for CAP participants
COMPLIANCE PLAN FILING

- Challenges
  - 180-day deadline
  - Breadth of PUC regulations & standards
- Assessment of PWSA activities and timeline for PUC compliance
- PWSA-wide initiative
- Revisions from the Tariff filing
- Currently in discovery phase
- Compliance activities will impact revenue requirements
STORMWATER

- Estimated 70% of wastewater system is combined sewer / stormwater
  - Note: PWSA does not provide wastewater treatment

- Stormwater management is important issue in Pittsburgh
  - Will require significant long-term investment

- Currently no stormwater fee

- PUC requires Stormwater filing in conjunction with next wastewater filing
SETTING THE STAGE FOR FUTURE SUCCESS

- Key committed new hires @ the top
- Shift in culture at PWSA (GSD!)
- Increased public outreach and support
- Accountability to PUC
- Investments in system (lead)
  - Exceeded PWSA lead service line replacement mandate in 2018
- Approved 2019 rates
- Filed Compliance Plan
Thank you!

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