

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

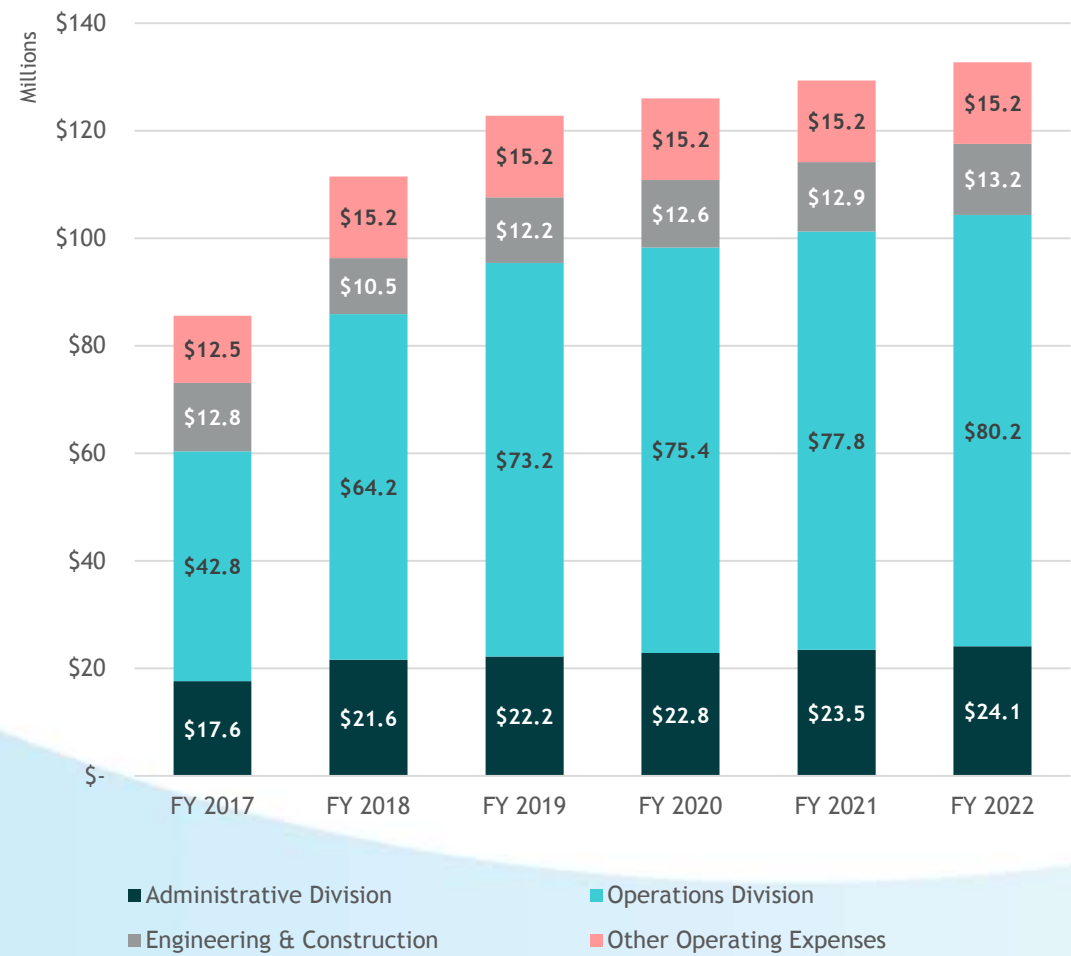




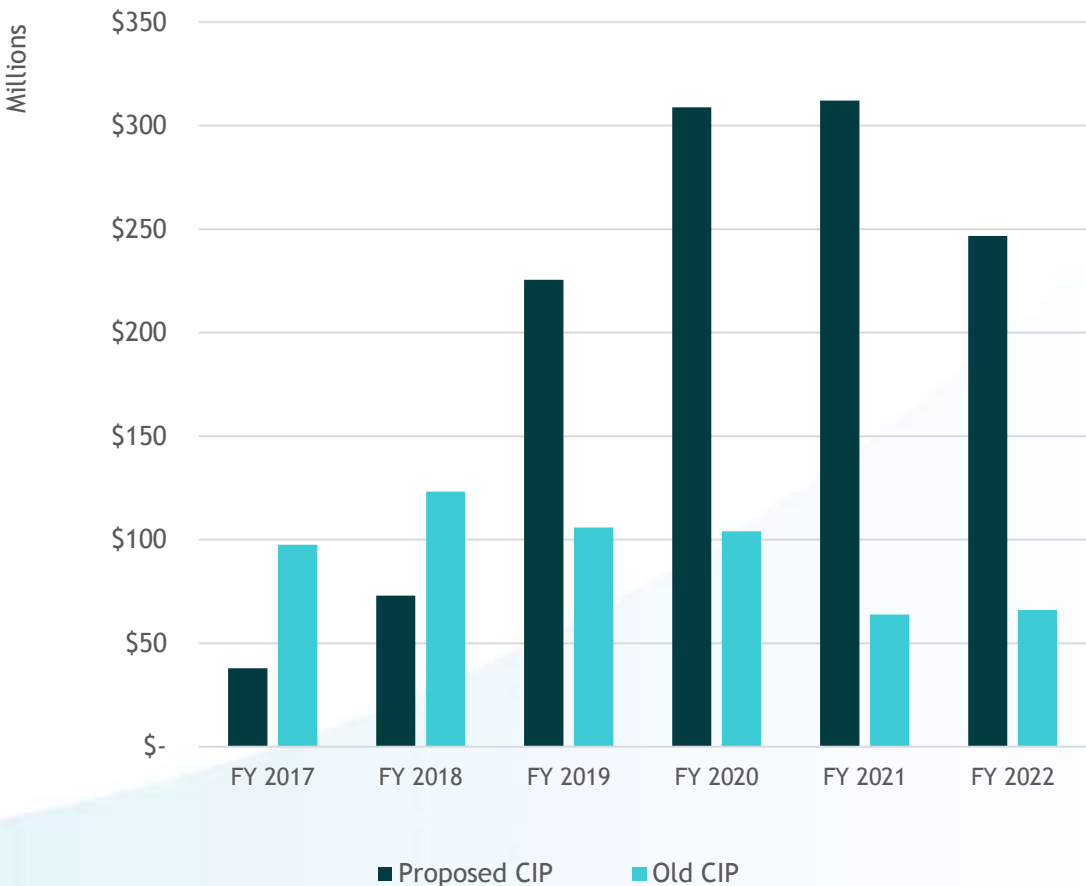


IMPROVEMENT COMES AT A COST

O&M Expenses



Proposed CIP vs. Old CIP



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

- 12/21/17 ● Governor signs law to allow for PUC oversight of PWSA
- 1/18/18 ● TIO signed by PUC
- 3/15/18 ● FIO signed by PUC
- 4/1/18 ● Officially under PA PUC jurisdiction on April 1, 2018.
- 7/2/18 ● **Tariff Filing due in 90 Days**
- 9/28/18 ● **Compliance Plan due in 180 Days**



TARIFF FILING

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

Pittsburgh Water & Sewer Authority Initial Tariff Filings and Rate Requests

Docket Nos. R-2017-3002645 and R-2018-3002647

INDEX

Supplemental Filings

- Petition for waiver of statutory definition of fully projected future test year
- Petition for consolidation of proceedings and for authorization to use combined water and wastewater revenue requirements

Volume I Filing Requirements

Part 1 of 2

Index

Tab 1 Statement of Reasons

Tab 2 Customer Notice of Proposed Rate Changes

Tab 3 Filing Requirements

Part 2 of 2

Filing Requirements (Continued)

Volume II Testimony

Index of Direct Testimony

Statement 1 – Robert A. Weimar

Statement 2 – Debbie M. Lestitian

Statement 3 – Katherine L. Clupper

Statement 4 – Julie A. Quigley

Statement 5 – Harold J. Smith

Volume III Class Cost of Service Study

Index of Class Cost of Service Study

Exhibits HJS-1W to HJS-14W (Water)

Exhibits HJS-1WW to HJS-14WW (Wastewater)

Volume IV Proposed Tariffs

Index of Proposed Tariffs

Exhibit JAQ-1

Exhibit JAQ-2

Exhibit JAQ-3

Exhibit JAQ-4

Exhibit JAQ-5

Proposed Water Tariff

Disposition Table: Water

Proposed Wastewater Tariff

Disposition Table: Wastewater

Prior Tariff

TARIFF FILING - Results

- Opposition focused on “big issues”
- Intervening parties:
 - 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





2018 Organizational Performance Report



BECOMING THE BEST

Every day over 500,000 people rely on PWSA for two essential services – safe, high-quality drinking water and efficient, sustainable wastewater treatment that protects property and our environment. In 2018 we made big strides in expanding our operations and meeting a challenge for our customers.

Since production from our treatment plant rose, we reached **100% in compliance.**

We reached all of our lead service line replacement goals.

Although we don't like our customers to have a service disruption, sometimes we have to make repairs or upgrades. We cut two hours from the average time our customers are out of water, so they can get back to business as quickly as possible.

When you call us, you'll speak with a representative within **1 minute.**

The nearly 5-minute wait time we used to have is gone.



98% of the 178,000 calls we took in 2018 were handled on first contact.



We repaired or replaced water meters, which means we have a more accurate measure of the amount of water that flows through our system.

Our waterways are cleaner, and our streets and property are better protected from flooding because we removed over **2,154 tons** of debris from storm drains – that weighs more than **13,000** cars.



Our efforts have resulted in **\$604,000** in cost savings to the utility, which we reinvested in the water system to enhance reliability.



Just as important, our improved customer service shortened down our customers' time. Cutting the length of water service disruptions, reducing customer service call wait times, and minimizing lost customer service calls resulted in an estimated value of **\$1.2 million** to our customers.

Through our employees' commitment to our customers, the total impact of our improvement efforts to PWSA and its customers is more than **\$1.8 million.**

| Metric | Value |
|-------------------------------|------------|
| Compliance | 100% |
| Lead Service Line Replacement | 100% |
| Customer Service | 98% |
| Water Meter Accuracy | 99.9% |
| Storm Drain Debris Removal | 2,154 tons |

Watermark focuses our efforts and provides us a framework to track our organizational performance.

We selected more than 60 performance measures to track organizational performance across PWSA, then used the data to make decisions that increase value for our customers.

- Watermark is part of our move toward regulation by the Pennsylvania Public Utility Commission (PUC). Additional PUC-related initiatives that we accomplished in 2018 include:
 - Approval of our 2019 water rates by PUC
 - Meeting all of our top service line replacement goals
 - Development of a PUC Compliance Plan to guide our operations and keep us accountable



Measure improvement.

We processed 100 percent of our work orders that fall within 7 days. That's really important to our customers that are trying to get a home.

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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