

Pittsburgh Water and Sewer Authority (PWSA) Issues and Concerns

Issue: Debt

- PWSA is currently \$763 million in debt; with a total liquidation cost exceeding \$1 billion.¹
- For the past two years PWSA's operating costs and debt service have exceeded net income, which meant the PWSA borrowed to pay for operating costs.
- One in every four dollars paid by customers goes directly to debt service. Current annual debt service costs for PWSA is approximately \$50 million.²
- The Mayor estimates that capital spending over the next 20 years should be \$4 to \$5 billion, on top of existing debt.² This would all be debt financed. This includes upgrading the current system and investments required under the Consent Decree obligation relating to Storm Water.

Issue: Infrastructure

- Pittsburgh Water and Sewer Authority (PWSA) is the second largest water system in the country with lead levels that exceed EPA guidelines for safe water.³
- PWSA's system includes approximately 20,000 lead service lines which is an obvious health concern. Further the PWSA is unsure where many

¹ <http://www.alleghenyinstitute.org/wp-content/uploads/2017/03/Vol17No14.pdf>

² <http://triblive.com/local/allegheny/12138882-74/peduto-says-it-would-cost-pittsburgh-411m-to-replace-lead-water-lines>

³ <http://triblive.com/local/allegheny/12252339-74/pwsa-is-second-largest-us-water-system-exceeding-federal-lead-level>

of these service lines are located.⁴ PWSA will not replace these lines unless each customer funds the replacement.

- A leak in February resulted in a 10,000 gallon a minute loss to the system.⁵
- Earlier this year the PA DEP ordered the PWSA to issue a water boil advisory for 100,000 city residents due to unsafe chlorine levels.⁶

Issue: Metering and Billing

- In accordance with a 1995 agreement between the City of Pittsburgh and PWSA, the City of Pittsburgh is allocated 600 million gallons of water for free. This includes the Pittsburgh Zoo, the Phipps, and all the City Parks. The PWSA does not track of how much water is actually used because most city-owned properties do not even have a meter installed.⁷
- Combined system leaks and unmetered usage are estimated to consume 50% of PWSA's clean water production⁸.
- Meter and IT systems were purchased that were incompatible with each other and produced billing issues that included erroneous and extraordinarily high bills and in some cases no bills at all. PWSA never checked to see if meters were being properly installed and then had to pay to fix those brand new meters.⁹
- Between 2012 and 2016, PWSA has paid PA American Water nearly \$42 million to subsidize the rates of City of Pittsburgh residents who are not PWSA customers. This was based upon a former Mayor vowing

⁴ <http://triblive.com/news/adminpage/10484052-74/lead-service-donahoe>

⁵ <http://www.wpxi.com/news/pwsa-finds-leak-losing-10k-gallons-per-minute-/494499534>

⁶ <http://time.com/4657455/pittsburgh-water-boil-advisory/>

⁷ <http://triblive.com/news/alleggheny/10080100-74/zoo-pwsa-hipps>

⁸ <http://www.post-gazette.com/local/city/2017/04/28/PWSA-water-main-breaks-leak-pittsburgh-unmetered-water-use/stories/201704270186>

⁹ <http://wesa.fm/post/new-technology-cant-read-old-water-meters#stream/0>

that no City resident would pay higher water fees than what the PWSA charges.¹⁰

- In 2014 PWSA had 190,713 accounts with delinquencies totaling \$34,090,266.39 and in 2015 PWSA had 198,080 accounts with delinquencies totaling \$40,934,552.18.¹¹
- In 2015 PWSA had 595 *city-owned* accounts with delinquencies totaling \$2,146,752.¹²¹¹
- A Tribune Review report in February 2016 noted that PWSA was billing \$6.3 million to 3,500 vacant lots because the PWSA had no idea the lots were vacant. Water was left on and wasted in many cases.¹²
- PWSA committed to answer a customer's call in 5 minutes in 2015 and increased that to 7 minutes in 2016. The PUC requires such calls to be answered in 30 seconds at regulated public utility.¹³

¹⁰ <http://www.pgh2o.com/finance>

¹¹ http://apps.pittsburghpa.gov/co/Draft_Pittsburgh_Water_and_Sewer_Authority_February_2017.pdf

¹² <http://triblive.com/news/allegheeny/9912555-74/authority-pwsa-accounts>

¹³ <http://triblive.com/news/allegheeny/3278977-74/authority-sewer-pwsa>