



# House of Representatives

Commonwealth of Pennsylvania  
Harrisburg

May 25, 2017

The Honorable William Peduto  
512 City County Building  
414 Grant Street  
Pittsburgh, PA 15219

Dear Mayor Peduto:

We are writing today to inform you that we will be introducing legislation to place the Pittsburgh Water and Sewer Authority under the oversight of the Public Utility Commission (PUC).

Over the last year, local and national newspapers have recounted many service issues facing PWSA. They include multi-million dollar debt and uncollectibles, unmetered accounts, incorrect billing, system leaks and non-compliance with federal water quality mandates. Additionally, the system has thousands of lead service lines, many of which have not been identified or located. These issues call into serious question the sustainability of PWSA and the health and safety of those served by the system.

We believe that additional oversight, through the PUC, will aid in fixing the deteriorating system and ensuring that safe and reliable service is provided. It will also provide confidence to PWSA's customers.

We want to work with you on this effort to improve service for the citizens of Pittsburgh and welcome your help to advance this proposal. We have attached a copy of the legislation for your review.

We hope to meet with you in the coming weeks.

The Honorable William Peduto

May 25, 2017

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Sincerely,



Mike Turzai  
The Speaker  
28<sup>th</sup> Legislative District  
Pennsylvania House of Representatives



Harry Readshaw  
Chairman, Professional Licensure  
36<sup>th</sup> Legislative District  
Pennsylvania House of Representatives

Enclosure

## AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania  
2 Consolidated Statutes, providing for water and sewer  
3 authorities in cities of the second class.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Title 66 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 32

9 WATER AND SEWER AUTHORITIES

10 IN CITIES OF THE

11 SECOND CLASS

12 Sec.

13 3201. Definitions.

14 3202. Application of provisions of title.

15 3203. Prior tariffs.

16 3204. Tariff filing and compliance plan.

17 3205. Maintenance, repair and replacement of facilities and  
18 equipment.

1 3206. Duties of Office of Consumer Advocate and Office of Small  
2 Business Advocate.

3 3207. Commission assessment.

4 3208. Power of authority.

5 3209. Proprietary information of authority.

6 § 3201. Definitions.

7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:

10 "Authority." A body politic or corporate established by a  
11 city of the second class under 53 Pa.C.S. Ch. 56 (relating to  
12 municipal authorities), under the former act of June 28, 1935  
13 (P.L.463, No.191), known as the Municipality Authorities Act of  
14 one thousand nine hundred and thirty-five, or under the former  
15 act of May 2, 1945 (P.L.382, No.164), known as the Municipality  
16 Authorities Act of 1945, which owns or operates equipment or  
17 facilities for any of the following purposes:

18 (1) Diverting, developing, pumping, impounding,  
19 distributing or furnishing water to customers for  
20 compensation.

21 (2) Wastewater collection, treatment or disposal to  
22 customers for compensation.

23 § 3202. Application of provisions of title.

24 (a) Application.--Beginning on January 1, 2018, the  
25 provisions of this title, except Chapters 11 (relating to  
26 certificates of public convenience), 19 (relating to securities  
27 and obligations) and 21 (relating to relations with affiliated  
28 interests), shall apply to the service of an authority in the  
29 same manner as the service of a public utility.

30 (b) Exception.--Upon request of an authority, the commission

1 may suspend or waive the applicability of any provision of this  
2 title to the authority, except for this section.

3 § 3203. Prior tariffs.

4 (a) Service.--An authority shall continue to provide service  
5 to the authority's customers in accordance with a prior tariff  
6 until the effective date of a commission's order approving a new  
7 tariff. If the effective date of a commission's order approving  
8 a new tariff has been stayed by a court of competent  
9 jurisdiction, the prior tariff shall remain in effect until the  
10 stay has been dissolved.

11 (b) Disputes or conflicts.--In accordance with section 3208  
12 (relating to power of authority), the commission shall resolve  
13 all disputes or conflicts arising under a prior tariff.

14 (c) Definition.--As used in this section, the term "prior  
15 tariff" shall mean the tariff, rate schedule and riders  
16 incorporated into the tariff, including the bylaws, terms and  
17 conditions or other documents setting forth the rates and terms  
18 and conditions of service provided by an authority on the date  
19 the commission assumes jurisdiction over the authority.

20 § 3204. Tariff filing and compliance plan.

21 (a) Filing.--An authority shall file an initial tariff with  
22 the commission within 60 days of the effective date of this  
23 section. The commission shall conduct an initial rate proceeding  
24 in accordance with the commission's procedures for initial  
25 tariff filings. To the extent practical, public hearings on the  
26 initial tariff filing shall be held within the boundaries of an  
27 authority.

28 (b) Compliance plan.--The compliance plan shall include  
29 provisions to convert an authority's existing information  
30 technology, accounting, billing, collection and other operating

1 systems and procedures to comply with the requirements  
2 applicable to jurisdictional water and wastewater utilities  
3 under this title and applicable rules, regulations and orders of  
4 the commission.

5 (c) Costs.--The following apply:

6 (1) The commission shall examine the costs and  
7 administrative burdens of converting existing systems and  
8 procedures of an authority to meet the requirements of this  
9 title.

10 (2) The commission shall conduct an analysis of a  
11 conversion under paragraph (1) in order to assess whether the  
12 costs of the conversion outweigh the benefits. If the  
13 commission determines that the costs outweigh the benefits,  
14 the commission may waive any provision of this title or the  
15 commission's regulations or orders.

16 (3) If the commission determines the benefits outweigh  
17 the costs, the commission shall permit a full recovery of the  
18 costs by an authority.

19 § 3205: Maintenance, repair and replacement of facilities and  
20 equipment.

21 (a) Authorization.--The commission may require an authority  
22 to maintain, repair and replace facilities and equipment used to  
23 provide services under this chapter to ensure that the equipment  
24 and facilities comply with section 1501 (relating to character  
25 of service and facilities).

26 (b) Petition.--An authority may petition the commission for  
27 the establishment of a distribution system improvement charge.  
28 An authority which establishes a distribution system improvement  
29 charge shall comply with all applicable requirements of  
30 Subchapter B of Chapter 13 (relating to distribution systems).

1 § 3206. Duties of Office of Consumer Advocate and Office of  
2 Small Business Advocate.

3 (a) Office of Consumer Advocate.--The Office of Consumer  
4 Advocate shall represent the interests of consumers as a party,  
5 or otherwise participate for the purpose of representing the  
6 interests of consumers, in any matter properly before the  
7 commission relating to an authority.

8 (b) Office of Small Business Advocate.--The Office of Small  
9 Business Advocate shall represent the interests of consumers as  
10 a party, or otherwise participate for the purpose of  
11 representing the interests of small business consumers, in any  
12 matter properly before the commission relating to an authority.

13 (c) Authorization.--In addition to any other powers  
14 conferred upon the Office of Consumer Advocate or Office of  
15 Small Business Advocate, the Office of Consumer Advocate or  
16 Office of Small Business Advocate may represent an interest of  
17 consumers presented to it for consideration, in writing, by a  
18 substantial number of individuals who make, direct, use or are  
19 the recipients of a product or service provided by an authority.

20 § 3207. Commission assessment.

21 (a) Sworn statement.--In order to allow the commission to  
22 carry out the commission's duties under this chapter, the  
23 president of an authority shall file, within 60 days of the  
24 effective date of this section, a sworn statement which  
25 specifies the authority's gross intrastate revenues for the  
26 immediately preceding fiscal year in the same manner as required  
27 under section 510(b) (relating to assessment for regulatory  
28 expenses upon public utilities).

29 (b) Billing.--The commission shall make an estimate based on  
30 the gross intrastate revenues specified under subsection (a) in

1 accordance with the procedures set forth in section 510(b) and  
2 shall impose an assessment on an authority based on the  
3 authority's proportional share of the commission's expenses in  
4 accordance with section 510(b)(4). An authority shall pay an  
5 assessment on an annual basis in accordance with section 510.  
6 § 3208. Power of authority.

7 (a) Power.--Nothing in this chapter shall be construed to  
8 rescind or limit the power of a city of the second class to  
9 establish an authority or determine the powers, functions,  
10 budget or activities of an authority.

11 (b) Audits.--Nothing in this chapter shall be construed to  
12 limit or prevent a city official of a city of the second class  
13 from conducting audits and examinations of the financial affairs  
14 of an authority in accordance with the city official's duties.

15 § 3209. Proprietary information of authority.

16 Proprietary information, trade secrets and competitively  
17 sensitive information of an authority shall not be public  
18 records under the act of February 14, 2008 (P.L.6, No.3), known  
19 as the Right-to-Know Law, and shall not be subject to mandatory  
20 public disclosure. Nothing in this section shall be construed to  
21 exempt an authority from providing information to the commission  
22 as specified under sections 501 (relating to general powers),  
23 504 (relating to reports by public utilities), 505 (relating to  
24 duty to furnish information to commission; cooperation in  
25 valuing property) and 506 (relating to inspection of facilities  
26 and records).

27 Section 2. All acts or parts of acts are repealed insofar as  
28 they are inconsistent with this act.

29 Section 3. This act shall take effect as follows:

30 (1) The addition of 66 Pa.C.S. § 3207 shall take effect

1 in 60 days.

2 (2) The remainder of this act shall take effect

3 immediately.