

NOTICE OF PROPOSED RATE CHANGES

To Our Customers:

The Pittsburgh Water and Sewer Authority (PWSA) has filed a request with the Pennsylvania Public Utility Commission (PUC) on May 9, 2023 to increase your rates for water, wastewater conveyance and stormwater management. This notice describes the Authority's rate request, the PUC's role, and what actions you can take. The bill impacts in this Notice do not include ALCOSAN¹ charges for wastewater treatment.

PWSA has requested an overall rate increase of \$146.1 million over three years. If the Authority's entire request is approved, the total bill for water, wastewater conveyance, and stormwater management for a typical Residential customer using 3,000 gallons of water per month and charged the base rate for stormwater services would increase from \$86.43 to \$103.41 per month or by 19.6% in 2024. It would increase from \$103.41 to \$123.55 or by 19.5% in 2025 and increase from \$123.55 to \$146.12 or 18.3% in 2026.

The typical Residential customer enrolled in our low-income customer assistance Bill Discount Program using 3,000 gallons of water per month and charged the base rate for stormwater currently pays \$44.15 per month under the existing rates. If the rate request is approved, this would change to \$51.85 per month or by 17.5% in 2024. It would increase from \$51.85 to \$60.83 or by 17.3% in 2025 and increase from \$60.83 to \$72.17 or 18.7% in 2026.

PWSA's rate filing will support ongoing infrastructure improvements, provide needed resources to meet more stringent environmental and regulatory requirements, and address increasing energy and chemical costs related to inflation. These factors are substantially driving the need for the rate filing and if approved, will ensure ongoing investment to modernize our water systems and provide essential water, sewer, and stormwater services for current and future generations of customers.

As a publicly owned and operated water authority, every dollar we receive is reinvested back into the water systems you rely on each day. In recent years, PWSA has made tremendous progress to renew Pittsburgh's water, sewer, and stormwater infrastructure and since 2018, has invested approximately \$524 million in capital improvements. Over the next five years, a total of approximately \$1.8 billion is budgeted for much needed upgrades to critical infrastructure. This investment will improve drinking water quality, improve system reliability, maintain stormwater infrastructure, and meet all regulatory standards.

To support this investment, PWSA aggressively pursues state and federal funding and since 2018 has received more than \$645 million in low-interest loans and grants from PENNVEST. This funding supports our capital program and provides essential financial resources to construct large components of our water pumping and distribution system, improve public health by replacing lead services lines, replace water mains, and rehabilitate aging sewer pipes. Low-interest loans from state and federal funding partners and grants that do not need to be repaid will over time, save ratepayers millions of dollars in comparison to traditional financing.

PWSA has made substantial progress on its construction projects. In early 2023 we celebrated the removal of the 10,000th lead service line from our drinking water system and are on track to remove all lead lines by 2026. We completed the first phase of the Water Reliability Plan in late 2022 and immediately began constructing the second phase of projects. These once-in-a-generation improvements will strengthen our water system, add needed redundancy, and when complete will provide PWSA's drinking water customers with more reliable service.

In 2022, PWSA rehabilitated 19.6 miles of sewer pipe, replaced 233 storm drains, and constructed six new stormwater systems in five Pittsburgh neighborhoods. While this construction is taking place, our Operations department, working in the field and at the Water Treatment Plant, perform routine tasks essential for maintaining water quality. They repair water main breaks, unclog storm drains, treat and monitor water as it moves through the treatment process, and perform thousands of water quality tests each month.

¹ ALCOSAN is the Allegheny County Sanitary Authority, located along the Ohio River, responsible for sewage treatment in Allegheny County. They are a separate entity responsible for setting their own rates. PWSA bills and collects on their behalf.

This critical work requires ongoing investment to assure that our customers have high-quality water for drinking, cooking, cleaning, and personal hygiene; that sewer pipes safely move water away from homes and businesses, and that storm drains are properly maintained to capture runoff from neighborhood streets.

CUSTOMER ASSISTANCE

In 2018, PWSA established a series of customer assistance programs designed to provide financial relief for income-qualified customers. These programs have since expanded and PWSA is committed to providing financial assistance for essential water services. As such, this rate filing includes enhancing these programs.

Under our proposal, we would increase income eligibility for the Bill Discount Program from 150% of the federal poverty level (FPL) to 200% FPL. More than 6,000 customers are currently enrolled in the Bill Discount Program. It offers a variety of benefits including a 100% reduction on fixed monthly water and wastewater conveyance charges, a 50% discount on volumetric charges for very low-income customers, an 85% reduction on the stormwater fee, and payment plans to help customers reduce past due balances. Customers enrolled in the Bill Discount Program are automatically enrolled in the Winter Hardship Moratorium and they are required to recertify or confirm income eligibility every two years.

This rate filing also proposes two separate \$300 grants to be made available through the Hardship Grant Program. It currently provides income-eligible customers with an annual \$300 grant to pay down past due balances for water and wastewater charges. Since 2018, we have provided grants to more than 850 households and distributed over \$200,000 in grants. If approved, the Hardship Grant Program would allocate two separate grants annually. Income-eligible customers could receive one \$300 annual grant for water services and another \$300 annual grant for wastewater services – increasing their total annual benefit to \$600.

STORMWATER FEE

In 2022, PWSA established a stormwater fee to equitably charge for stormwater services across Pittsburgh. It is included in the total bill amounts referenced above and is based on the amount of impervious or hard surfaces on a property. Our rate filing proposes incentivizing non-residential customers to retain runoff using green space, provided it can receive and treat runoff from 3/4-inch of rain from their impervious surfaces. For residential customers, a one-time \$40 credit, applied over time for the installation of at least a 50-gallon rain barrel, is also proposed.

In Pittsburgh, the average amount of impervious surface on a property is approximately 1,650 square feet. This is equal to one equivalent residential unit (ERU) of impervious surface, which is the unit of measure for calculating the stormwater fee and is accepted as the industry standard for determining a stormwater fee. The proposed monthly stormwater fees are shown in the table below:

Stormwater Monthly Fees	ERUs	2024	2025	2026
Residential Tier 1 (>=400 to <1,015 sf)	.5	\$5.13	\$6.07	\$7.10
Residential Tier 2 (>=1,015 to <2,710 sf)	1	\$10.26	\$12.14	\$14.20
Residential Tier 3 (>=2,710 sf)	2	\$20.52	\$24.28	\$28.40
Non-Residential	Per ERU	\$10.26	\$12.14	\$14.20

RATE REQUEST

The additional revenue would be recovered through a 22.5% rate increase, or \$46.8 million, beginning in 2024, a 17.8% rate increase or \$45.4 million in 2025, and 17.9% rate increase, or \$53.9 million in 2026 for its water and wastewater conveyance operations and stormwater management. The following tables describe how the typical customer in each customer class would be impacted by this rate filing.

The typical Residential customers uses 3,000 gallons of water per month with a 5/8-inch meter and generates stormwater runoff from 1 ERU.

Residential	Current Rates	2024 Rates	2025 Rates	2026 Rates
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Water	\$58.59	\$71.67	\$86.55	\$103.17
Wastewater Conveyance	\$19.89	\$21.48	\$24.50	\$28.33
Stormwater	\$7.95	\$10.26	\$12.50	\$14.62
Total	\$86.43	\$103.41	\$123.55	\$146.12

The typical Residential customer enrolled in the Bill Discount Program uses 3,000 gallons of water per month with a 5/8-inch meter and generates stormwater runoff from 1 ERU.

Residential Bill Discount	Current Rates	2024 Rates	2025 Rates	2026 Rates
Water	\$30.74	\$36.81	\$45.31	\$54.40
Wastewater Conveyance	\$12.20	\$13.50	\$13.70	\$15.64
Stormwater	\$1.20	\$1.54	\$1.82	\$2.13
Total	\$44.15	\$51.85	\$60.83	\$72.17

The typical Commercial customer using 13,000 gallons per month with a 1-inch meter and generating stormwater runoff from 8 ERU's, the total bill would increase from \$356.54 to \$441.19 per month or by 23.7% in 2024, from \$441.19 to \$565.41 per month or by 28.2% in 2025, and from \$565.41 to \$668.24 per month or by 18.2% in 2026 as shown below:

Commercial	Current Rates	2024 Rates	2025 Rates	2026 Rates
Water	\$223.10	\$285.39	\$370.93	\$442.18
Wastewater Conveyance	\$69.84	\$73.72	\$94.48	\$109.10
Stormwater	\$63.60	\$82.08	\$100.00	\$116.96
Total	\$356.54	\$441.19	\$565.41	\$668.24

The typical Industrial customer using 680,000 gallons per month with a 4-inch meter and generating stormwater runoff from 30 ERU's, the total bill would increase from \$12,934.31 to \$16,945.22 per month or by 31.0% in 2024, from \$16,945.22 to \$20,846.87 per month or by 23.0% in 2025, and from \$20,846.87 to \$24,648.17 per month or by 18.2% in 2026 as shown below:

Industrial	Current Rates	2024 Rates	2025 Rates	2026 Rates
Water	\$9,148.89	\$12,753.45	\$15,876.61	\$18,905.87
Wastewater Conveyance	\$3,546.92	\$3,883.98	\$4,595.26	\$5,303.70
Stormwater	\$238.50	\$307.80	\$375.00	\$438.60
Total	\$12,934.31	\$16,945.22	\$20,846.87	\$24,648.17

The typical Health and Education customer using 50,000 gallons per month with a 2-inch meter and generating stormwater runoff from 32 ERU's, the total bill would increase from \$1,474.16 to \$1,844.81 per month or by 25.1% in 2024, from \$1,844.81 to \$2,371.36 per month or by 28.5% in 2025, and from \$2,371.36 to \$2,804.42 per month or by 18.3% in 2026 as shown on the next page:

Health and Education	Current Rates	2024 Rates	2025 Rates	2026 Rates
Water	\$918.59	\$1,217.03	\$1,589.22	\$1,895.02
Wastewater Conveyance	\$301.17	\$299.46	\$382.14	\$441.56
Stormwater	\$254.40	\$328.32	\$400.00	\$467.84
Total	\$1,474.16	\$1,844.81	\$2,371.36	\$2,804.42

PWSA's rate request is scheduled to go into effect on July 8, 2023; however, in most cases, the PUC suspends the increase for up to an additional seven (7) months.

To find out your customer class or how the requested increase may affect your water, wastewater conveyance, and stormwater management bill contact PWSA at 412-255-2423. The rates requested by the Authority may be found in the Tariff Water – PA. P.U.C. No.1 Supp. No. 12, Tariff Wastewater – PA. P.U.C. No.1 Supp. No. 11, and Tariff Stormwater – PA. P.U.C. No. 1 Supp No. 3. You may also examine the material filed with the PUC, which explains the requested increase and the reasons for it. A copy of these documents is kept at PWSA's

office. Upon request, the Authority will send you the Statement of Reasons for these Tariffs, explaining why the rate increase has been requested.

PUC ROLE

The state agency which now approves rates for PWSA is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Authority must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or decrease requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the utility as shown above.

ACTIONS YOU CAN TAKE

There are three ways to support or challenge PWSA's request to change its rates:

1. You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the utility's rate increase request and if there is a large number of customers interested in the case. At these hearings, you have the opportunity to present your views in person to the PUC judge hearing the case and to the PWSA representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the utility.
2. You can send the PUC a letter telling why you support or object to the requested rate increase. At times there is information in these letters that makes the PUC aware of successes or problems with the utility's service or management. This information can be helpful when the PUC investigates the rate request.
3. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before July 8, 2023. If no formal complaints are filed, the Commission may grant all, some, or none of the request without holding a hearing before a judge. Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.

For more information, call the PUC's Bureau of Consumer Services at 1-800-692-7380. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case. You may also contact the Pennsylvania Office of Consumer Advocate (OCA). The OCA represents the interests of consumers in cases before the PUC. You may contact the OCA with questions or requests for public input [hearings at 1-800-684-6560](tel:1-800-684-6560) or by email at consumer@paoca.org.

The Pittsburgh Water and Sewer Authority | 1200 Penn Avenue | Pittsburgh, PA 15222 | 412-255-2423