



July 20, 2017

Allegheny Institute Op-Ed

515 words

Salvaging the PWSA ship

By Colin McNickle

A measure wending its way through the Pennsylvania Legislature that would place the Pittsburgh Water and Sewer Authority (PWSA) under state Public Utility Commission (PUC) oversight could go a long way in righting the badly listing agency, say researchers at the Allegheny Institute for Public Policy.

But it also could come at a premium for ratepayers, say Frank Gamrat and Jake Haulk (*in Policy Brief Vol. 17, No. 29*).

The legislation, prompted by decades of neglect, operational and political, passed in the House and awaits Senate consideration. While the PWSA would retain most of its autonomy, the authority would be required to bring its operating system – accounting, billing, collections, information technology, etc. -- into compliance with PUC rules and regulations.

More importantly, it also would require the authority to create a long-term infrastructure improvement plan for its aging and oft-failing distribution system.

That, of course, will cost money. A 2012 engineering report, largely ignored by the PWSA, pegged the cost at \$2.5 billion (in 2011 dollars); more recent estimates place the cost at between \$4 billion and \$5 billion. The pending legislation would allow the authority to implement a service charge to pay for repairs and/or replacements, pending PUC review and approval.

“The PWSA would ... have to justify the improvement charge by demonstrating that it is in the public interest and will help finance the long-term plan,” Gamrat and Haulk note.

Additionally, a requirement that the PWSA file an annual plan detailing completed improvements and those to be initiated in the coming year “should hold the PWSA’s feet to the fire and compel it to get the necessary repairs/upgrades done,” the Pittsburgh think tank scholars say.

“Of course, a distribution system charge will not sit well with PWSA customers or even the city’s elected officials,” Gamrat and Haulk remind.

“Past administrations and councils have been reluctant to raise water rates on city customers, a major reason the water department was spun off to its own authority,” they say. “Thus, placing the PWSA under PUC oversight and direction should go a long way to push the authority to do what everyone knows must be done but that heretofore has been the proverbial can being kicked down the road.”

Gamrat and Haulk do note that PUC oversight itself comes with a price. The legislation allows the PUC to impose an assessment on the authority to recover its “proportional share” of expenses.

“Considering that the PWSA currently operates with thin margins and may not be able to absorb this cost internally, this may be another addition to customers’ bills,” the researchers say.

Pittsburgh’s aging water and sewage infrastructure problems long have been known and ignored. Now, after decades of neglect that has created a crisis situation, Harrisburg has stepped in.

“It is unfortunate that local political games-playing have forced the Legislature to take action to prevent major water and sewer system disasters,” Gamrat and Haulk say.

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