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The PWSA, the PUC & ‘blame-shifting’

By Colin McNickle

The long-troubled Pittsburgh Water and Sewer Authority (PWSA) officially comes under the jurisdiction of the state Public Utility Commission (PUC) on April 1. The change was prescribed by Act 65 of 2017.

And while significant challenges await both the authority and the public – a massive system upgrade for the former and expected large rate increases for the latter -- there’s a fundamental question for which an answer awaits, says Jake Haulk, president of the Allegheny Institute for Public Policy.

“Now the city’s elected officials can blame the PUC and Harrisburg when the inevitable detours and serious inconveniences due to construction get underway and higher water bills start arriving in mailboxes,” notes the Ph.D. economist.

But, “Will the electorate and customers accept this blame-shifting?” he asks (*in Policy Brief Vol. 18, No. 11*).

That’s because the PWSA long has been rife with operational machinations borne out of political considerations. An independent board that was anything but regularly did the bidding of the pols who appointed them.

And the very structure of the authority’s relationship with the City of Pittsburgh was anathema to independence, state Auditor General Eugene DePasquale said in a report last year. He referred to it as the city’s “over-extended authority regarding the PWSA.”

To wit, the city maintains ownership and leases the infrastructure and equipment to the PWSA. It’s a *de facto* license to meddle, one the city seldom hesitated to use.

“In part,” Haulk also reminds, “the PWSA was used to help the city with its financial problems.”

Additionally, by the end of 2016, the PWSA had piled up a debilitating debt of \$750 million, crippling the authority’s ability to upgrade infrastructure ranging from decades old to a century or more old. Those upgrades are expected to cost up to \$5 billion.

But with coming PUC oversight, one authority answering to a higher authority, such interference should be cut off at the knees. At least in theory.

While current PWSA rates will carry over when the PUC assumes oversight on April 1, the commission mandates that the authority submit a rate, or tariff, filing by July 2. The PUC also will oversee requests for, in the parlance of the PUC, “a distribution system improvement charge.”

By Sept. 28, the authority must file a “compliance plan” detailing how it will bring its information technology, accounting, billing, collections and other operating systems and procedures up to PUC snuff. By the same date, the PWSA must file a long-term infrastructure improvement plan.

“Obviously, a major overhaul of the PWSA’s infrastructure will be very expensive and revenues must increase to cover those expenses,” Haulk says.

“This process will be painful for customers of the PWSA,” he reiterates. “But years of neglect and misuse of the PWSA by city officials has made the actions taken by the Legislature necessary.”

And again, if and when city officials attempt to shift the blame for escalating water and sewer rates to the Legislature, for enacting Act 65, and to the Public Utility Commission, for its mandated oversight, will the public paying the higher freight buy it?

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