



Testimony of Caroline S. West
Secretary and Chair, Government & Law Committee
Apartment Association of Metropolitan Pittsburgh

Before the Pennsylvania Public Utility Commission

Regarding the May 9, 2023 request by the Pittsburgh Water and Sewer Authority to increase its rates for water, wastewater conveyance and stormwater management.

PUC Hearing – Telephonic (July 27, 2023)

Good evening. My name is Caroline West and I have the honor of serving as an officer of the Apartment Association of Metropolitan Pittsburgh and as the chair of its Government & Law Committee. Apart from my volunteer service to the members of AAMP, I also own and manage multifamily rental units in the City of Pittsburgh and surrounding communities.

AAMP has been the voice and advocate for the multifamily industry in Southwestern Pennsylvania since 1974. Today, the organization represents the majority of the apartment owners and property managers invested in the region's multifamily rental market, including the City of Pittsburgh.

At the outset, we are concerned that these hearings were publicized with only a few days notice and that in-person hearings have not been scheduled over the course of multiple days or in various neighborhoods. It is our hope that more will be scheduled, with greater publicity.

We support the action of the PUC to unanimously suspend implementation, investigate further and determine whether this rate increase is lawful, reasonable, just and nondiscriminatory.

The first point I'd like to raise is the lack of transparency as to the what the proposed rate increases would be for different customer classes and account classifications other than the "typical residential customer" with a 5/8-inch meter or a "typical commercial customer" with a 1-inch meter, as noted in the May 9 Notice of Proposed Rate Changes. Aside from the foregoing, I have not been able find anything that clearly sets forth the proposed rate increases for commercial customers, which would include multifamily residential buildings, with ¾ - inch, 1 ½ - inch, 2 - inch, 3 - inch or other meters. Also unclear is what the rate increase will be for every 1,000 gallons over

the minimum depending on the account classification, *ie*, residential versus commercial customers. Also unclear is what the rate increase will be for required fire lines, based on meter size.

From what I have been able to glean from the May 9 notice, however, is that while a residential property owner whose home has a 5/8th -inch meter will face a proposed **58.2** percent increase, which is in and of itself exorbitant, a commercial property owner whose building has a 1-inch meter will face a **70.1** percent increase, a building with a 2-inch meter could face a **71.9** percent increase and a building with a 4-inch meter could face a **72.2** percent increase over the next three years. With respect to the proposed rate increase, why is there a 14 percent discrepancy between the various meter sizes?

Second, why are commercial customers seemingly bearing a grossly disproportionate share of the proposed increase when they are already subject to increased costs and responsibilities? For example, every commercial property waterline must be equipped with a backflow prevention device, which is to be tested every twelve months at a minimum. Fire lines are also required for many commercial customers. Additionally, commercial property owners are responsible for the maintenance of the entire water service line from the water main to the water meter (whereas, for residential owners, their responsibility is only between the curb box and the water meter).

Third, while PWSA's expansion of a series of "customer assistance programs designed to provide financial relief for income-qualified customers" is commendable, those who rent their homes often do not qualify for these programs as they, by definition, are not PWSA customers.

As unpaid water and/or wastewater charges are a lien on the property, the billing party for multifamily properties is typically the building owner, **not** the renters. As explained on the PWSA website, *"The Bill Discount Program applies to renters when the tenant is the responsible billing party. If a landlord is the responsible billing party, their tenants may not be considered because the property is income generating or is possibly used for commercial purposes."*

So, in short, even though renters comprise more than half of Pittsburgh's residential population, renters are excluded from obtaining financial assistance and effectively shut out of this administrative process as they are not PWSA customers.

And even though multifamily building owners are PWSA customers – and the multifamily industry in Pittsburgh is an increasingly critical stakeholder – PWSA has failed to proactively engage with us to discuss or brainstorm alternative solutions to mitigate the detrimental impact of its exorbitant rate increase on the majority of the City's citizens, many of whom are the city's most vulnerable and live in rental senior, subsidized or various other types of affordable rental housing properties.

As building expenses go up, the cost to the tenant will increase. For the local multifamily industry, incurring a 70-plus percent increase over the next three years, coupled with the water and sewer increases we have already faced in recent years, is not sustainable. Not only will this proposal drive up expenses, preventing owners from investing in their property, it will detrimentally impact housing affordability.

Multifamily building owners are stuck with the cards in which they have been dealt as their water and sewer rates, as well as their required minimum usage each month, stem from the building's meter size. For existing multifamily buildings or new multifamily construction, moreover, the size of the meter installed is determined and mandated by PWSA.

If approved, these rate increases will further exacerbate housing affordability concerns as they are passed along to tenants. And if owners cannot pass along these costs, they will be unable to make other important capital and infrastructure investments in their properties ... to the City's detriment.

On behalf of AAMP, we oppose the proposed rate increases, encourage the PUC to require more transparency as to the effect of these proposed rate increases on multifamily customers (and, by consequence, their tenants) and to include the multifamily industry in its discussions and decision-making processes.

Thank you.

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