



City of Pittsburgh

510 City-County Building
414 Grant Street
Pittsburgh, PA 15219

Text File

Introduced: 11/16/2010

Bill No: 2010-1117, **Version:** 1

Committee: City Council

Status: Died due to expiration of legislative council session

Resolution directing the Mayor of the City of Pittsburgh to terminate the subsidization of the water rates of the Pennsylvania American Water Company.

WHEREAS, on February 1, 1957 the City of Pittsburgh (the "City") entered into a contract with the South Pittsburgh Water Company for the provision of water to citizens in certain portions of the City south and west of the Monongahela River; and,

WHEREAS, in 1973 the City amended the 1957 agreement and agreed to subsidize the water rates for the successor company known as Western Pennsylvania Water Company; and,

WHEREAS, in 1995 the City amended the 1973 agreement transferring responsibility to the Pittsburgh Water and Sewer Authority (the "Authority") the responsibility and the cost for subsidizing the water rates of the successor company known as the Pennsylvania American Water Company ("Pennsylvania American") a subsidiary of American Water; and,

WHEREAS, in the last 25 years alone the Authority ratepayers have given nearly \$60 million, an average of more than \$2.2 million annually, to Pennsylvania American rather than reinvesting that money in the infrastructure owned by the public; and,

WHEREAS, across the nation public officials have turned to privatization to fill budget gaps and on the local level some officials have expressed interest in privatizing the Authority; and,

WHEREAS, the board of the Authority wants to improve operations and finances in part to strengthen the Authority and better position it to defend against privatization; and,

WHEREAS, the Council of the City opposes the privatization of water treatment and distribution and supports the Authority's efforts to improve operations and finances and to reinvest in public infrastructure; and,

WHEREAS, according to paragraph 3 of the 1973 agreement, Pennsylvania American provides the Authority with a list of billings to each customer within the corporate limits of the City and the Authority in return pays Pennsylvania American the excess between the Authority rate schedule and the Pennsylvania American rate schedule; and,

WHEREAS, Pennsylvania American charges residents in the City more for water than the Authority charges

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for water, Distribution Infrastructure System Charge and sewage conveyance combined; and,

WHEREAS, according to paragraph 8 of the agreement the public subsidy of the water rates of Pennsylvania American shall remain in effect "from year to year unless and until terminated by either party hereto giving the other party written notice thereof six (6) calendar months prior to the expiration of the current term",

Be it resolved by the Council of the City of Pittsburgh as follows:

Section 1: That the Mayor is hereby directed in accordance with paragraph 8 to serve notice no later than July 31, 2011, which is exactly six months prior to the expiration of the term beginning on February 1, 2011, to the Pennsylvania American Water Company of the termination by the City of its subsidization of Pennsylvania American water rates in the City effective February 1, 2012.

Section 2: That the Mayor is hereby directed to amend the co-operation agreements between the City and the Authority releasing the Authority from the responsibility of subsidizing the water rates of Pennsylvania American effective February 1, 2012.