

RYAN A. BIZZARRO, CHAIRMAN

116 MAIN CAPITOL BUILDING
P.O. BOX 202003
HARRISBURG, PA 17120-2003
(717) 772-2297



HOUSE MAJORITY POLICY COMMITTEE

PAHOUSE.COM/POLICY
POLICY@PAHOUSE.NET
✕ f @ @PADEMPOLICY

HOUSE OF REPRESENTATIVES
COMMONWEALTH *of* PENNSYLVANIA

House Democratic Policy Committee Hearing

Red Flag Water Usage

Tuesday, April 2, 2024 | 10:00 a.m.

Representative Jeanne McNeill

OPENING REMARKS

10:00 a.m. **Rep. Jeanne McNeill, D-Lehigh**

PANEL ONE

10:05 a.m. **Mark Will-Weber, Resident**
Northampton County

Kelly Chevalier, Resident
Northampton County

PANEL TWO

10:35 a.m. **Liesel Gross, Chief Executive Officer**
Lehigh County Authority

PANEL THREE

11:00 a.m. **Seth Rolko, Senior Manager of Government Affairs**
American Water

Kelly Chevalier

Resident, Northampton County

We live in a small enclave in Hanover Twp, Northampton County; our water is provided by Community Utilities of Pennsylvania, with sewer provided by Bethlehem City. The overwhelming majority of Hanover has water and sewer both provided by Bethlehem City.

Late Oct/early Nov, we received notice on our door that we needed to call to reschedule installation of a new water meter. I tried to call the number but it's circuitous and impossible to reach anyone; I even tried the extension for bill pay, as these companies usually want their money and that extension might be staffed. Still no answer. I tried again, and then gave up. We received another notice and I tried again, several times. Then I had emergency surgery over Thanksgiving. My entire family was taken down by Flu at Christmas. My oldest is an asthmatic and he was sick the next 8 weeks, on and off, missing 3 weeks of school in that time frame, including 2 weeks in late Feb/early March with pneumonia and partially collapsed lungs.

Getting a hold of the water company was furthest from my mind with everything going on with my family's health.

3/14, we received notice on the door, with leak detecting kit for toilets - the notice said, "please be advised that your account was flagged for high usage this past month. Unless you have a reason for the high usage, you have a leak somewhere inside the home. Your usage for this past month is 26,000 gallons of water." Same 1-800 number. (See attached)

"Luckily," an employee, Felix, called my husband and left a direct line. He spoke to Felix and was instructed to run the leak test for the toilet. Felix said our average usage is about 3000 gallons/month for our family of 4. January we used 3000. February we used 13,000. And half of March was up to 26,000 gallons.

We called our plumber (full disclosure- he's my father. But he spent over 40 years in the steam fitters' union and is more than qualified) and he found no evidence of a leak anywhere. Our lawn was dry. Our foundation walls dry. Sheetrock dry. Toilet (1 in the entire house) not running. We also had a contractor come in the next day (previously scheduled for an estimate for installing a second bathroom ironically) and he did a thorough review of the plumbing and found zero evidence of a leak.

I called Felix back myself and reported this and asked about the age of the meter and the letters we received in the fall. He said he'd been trying to get a hold of us to swap out the meter. I explained their customer service line goes nowhere. He came out 3/18 or 3/19 and changed the meter. He said he'd check it in a few days and if it's measuring normally, he'd send our old one out for an audit. If it's shown to be broken, our account will be credited. But he warned me that these older meters, made of plastic components inside, typically start running more slowly, UNDERreporting usage - he's never seen one run fast, measuring an overage.

He returned 3/22 and told me we'd used 298 gallons since he installed the new meter - which is about 100 gallons/day or 3000 gallons/month - our average.

We have yet to receive the results of the audit. But we aren't optimistic due to his warning over underreporting vs over reporting. Current municipal law states a water bill can't be refunded or waived if the meter comes back normal. We will still be responsible for the bill. There's a chance we can get the sewer forgiven by Bethlehem City but we have to prove that the water didn't enter the sewer - and I'm not sure how to prove a negative.

I'd also reached out to Bethlehem city to ask about a dual meter but they said that isn't possible, they don't do that - they receive their numbers from the water company and then bill based on the usage they report. That's it. I don't understand how a metered service isn't required to provide a meter at our request but apparently they're not.

We have a special needs 4 year old, who's on the spectrum and visually impaired, and I'm a disabled cancer survivor. Managing his therapy and my own health is a full time job; we don't have the time, resources, nor mental/emotional bandwidth to fight these people. And paying a bill for 9 months' of our usual usage will absolutely affect our household budget.

Thank you for your time and for the work you're doing.

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MARK WILL-WEBER

Author, part-time college coach & editor/administrator of "The Drip"

Bethlehem, Pennsylvania

E-Mail: coachwebs@aol.com

WHY THIS MATTERS

First and foremost, kudos to Rep. Jeanne McNeill for responding in a meaningful way to her Lehigh County constituents whom have been blindsided by unusually high water bills—what we at “The Drip” (a citizen/consumer watchdog group on water & sewer issues) often refer to as “Mega-Bills.”

Rep. McNeill’s proposed legislation (House Bill 509) would arm the average homeowner or resident renters (responsible for their own utility bills) with at least the CHANCE to head off potentially crippling water bills.

These bills—often in the hundreds of dollars and, yes, sometimes even THOUSANDS of dollars—can play havoc with the citizen/consumer whom often isn’t even AWARE of the situation until the quarterly bill arrives. Rep. McNeill’s legislation—if introduced and if passed—would at least give the citizen/consumer ONE ARROW to put in his/her quiver.

Some Americans do NOT have the immediate resources to respond to an unexpected bill of even five hundred dollars (\$500) and blind-siding “Mega-Bills” are often that—or even more. The municipal Sewer & Water bureaucracy or private water provider is typically willing to place the citizen/consumer on a payment plan, but even that scenario often leaves the resident with increased financial burden.

In addition to financial woes, “Mega-Bills” can also leave residents reeling from EMOTIONAL STRESS. Why? Because the citizen soon learns that all the power lies with the water provider and anyone daft enough to consider contesting and/or not paying will soon be facing threats of tacked-on PENALTY FEES. In fact, if the water provider decides to play “hard ball” the citizen may even face threats of bill collectors, water shut-offs, or even liens against home and property.

Although Rep. McNeill’s legislation will by no means “even the playing field” it could prevent (through early alerts) some of these nightmare scenarios from inflicting both financial and emotional stress on otherwise defenseless constituents.

THE LEGISLATIVE “NUDGE” & THE INFORMATION GAP

It is highly unlikely that water providers—be they municipal or private—will lead the charge with installing alert systems. Where’s their incentive? In fact, alert systems will potentially cut down on their PENALTY FEE REVENUE. Our strong suspicion is they will reluctantly come along, only if they get some sort of meaningful legislative nudge.

The status quo is fine with the majority of the Sewer & Water czars. When the citizen/consumer is staggered by a totally unexpected “Mega-Bill” the bureaucratic machine holds all the cards.

The victims of the big bill are often ill-equipped to contest the bill—and, in fact, typically find themselves at a tremendous informational disadvantage. The citizens (initially discombobulated as you might imagine) usually find themselves playing “catch-up”—even on something as basic as how many gallons a loose “toilet flapper” might waste per day. (Answer: According to the Pennsylvania EPA, about 200 gallons a day.)

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At “The Drip” we are committed to closing the information gap and also sharing tips that might be worthwhile as citizens joust with the Sewer & Water bureaucracy. For example, we strongly advise our “Drip-sters” to never ever allow utilities to deduct fees directly from their bank account. This can—and sometimes does—end very badly for the consumer/citizen.

ARE “SMART” METERS THE BEST THING SINCE NIGHT BASEBALL?

So-called “Smart” Meters are coming (or, in some places, have already arrived) whether the citizen/consumer wants them or not. The average resident probably doesn’t know that in most states (PA being one of them) installation will be MANDATORY. Some states have an “opt-out” clause, but not PA.

The Water & Sewer czars decide 1.) what MAKE of meter and 2.) what MODEL of meter goes in. The citizen/consumer seemingly has no say in this matter.

On the positive side, a properly functioning “Smart” meter would have the capability of flagging a bad leak sooner. And Rep. McNeill’s bill would at least allow the resident to utilize one of the few “pluses” of “Smart” meter technology. Since “Smart” meters are more than likely to cost the consumer more money (the new meters will have the ability to measure every single drop) the attribute of flagging a potentially huge leak early seems to be the least that can be done for “the little guy.”

Nevertheless, anybody who follows the water & sewer scene closely would be wise to consider that “the jury is still out” how how smart these “Smart” meters really are. Like anything man-made, like anything monitored by man, there can be the occasional “hiccup”...or worse.

Consider that “Smart” Meters have failed in spectacular fashion in numerous places—such as San Diego, Chicago and surrounding suburbs, Atlanta and DeKalb County, Georgia, Richmond VA., Houston, Texas—resulting in a decade of on-going issues. (For a closer look, check out “Drained”—an investigative series in Houston) or “Getting Hosed”—an investigative series in Chicago—just for starters. We’ve posted many of these eye-opening, jaw-dropping debacles from all across the US on “The Drip.”) These on-going issues around the country should serve as a cautionary tale for other places just now getting “up to speed” with “Smart” Meters.

A plethora of “gremlins”—not just a faulty meter, but also one that’s improperly installed, one that gets wet, or issues with software and/or billing—can lead to pitfalls. Regardless of the reason, the results are often disastrous for the hapless citizen/consumer.

In summary, any assistance with flagging an early water issue (leaky faucet or toilet, or busted pipe) might save the citizen/consumer hundreds, if not thousands, of dollars. And beyond the financial costs, those blindsided by “Mega-Bills” are also likely to suffer some degree of emotional stress—which may result in sleepless nights, fear of going on vacation, and deep-rooted

mistrust of local government. I have personally suffered from all of those symptoms in the wake of our "Mega-Bill" and I can assure one and all that it is not a pleasant experience.

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**House Democratic Policy Committee
Public Hearing on HB 905 P.N. 887**

April 2, 2024

**Testimony of:
Liesel M. Gross, Chief Executive Officer, Lehigh County Authority**

Good morning, Chairman Bizzarro, and members of the House Democratic Policy Committee. Thank you for your invitation to provide testimony on House Bill 905 P.N. 887 by Representative Jeanne McNeill.

My name is Liesel Gross, and I am the Chief Executive Officer of the Lehigh County Authority (LCA). LCA is a public water and wastewater utility committed to providing unparalleled service to residents and businesses in all our service areas. Founded in 1966 by the County of Lehigh, LCA is governed by a nine-member Board of Directors appointed by the County. LCA is a non-profit, public agency and our activities and services are funded solely through revenues from our water and wastewater customers. Our 174 dedicated employees work 24/7 to provide water and wastewater services to approximately 270,000 people in the City of Allentown and surrounding communities in Lehigh County.

Today, I am testifying on behalf of the Pennsylvania Municipal Authorities Association (PMAA) which represents more than 700 municipal authorities across the Commonwealth, the vast majority of which provide drinking water and wastewater treatment services to more than six million citizens. If you live in Pennsylvania, you are likely within the service area of at least one authority. In addition, PMAA has more than 500 associate members, such as certified public accountants, engineers, and solicitors, who provide services to authorities.

HB 905 amends Title 53, Chapter 56 (Municipal Authorities) by adding a new section to require municipal authorities to provide customer notice of atypical water usage. A municipal authority shall provide notice via phone or email to “utility customers” if it determines that the property’s water usage has increased by 50% above average for one month. The municipal authority shall also assist the customer in “identifying potential leaks or other wasteful inefficiencies on the property.”

While the goal of HB 905 is laudable, we feel that this legislation, as currently drafted, would present a number of issues for municipal authorities to implement. These issues are outlined below:

Utility Customers

The bill indicates that notice shall be provided to “utility customers” without further definition. This is problematic for a variety of reasons:

- It is assumed that “utility customers” refers to all customers receiving service, regardless of the type of customer. In LCA’s case, for example, we provide water service to residential, commercial, and industrial customers, and bulk water sales to some municipal customers. Each type of customer may have different water use patterns and different needs when it comes to understanding what constitutes “high” water usage. For example, some industrial users’ water usage reflects seasonal changes in manufacturing. Further, some commercial businesses are highly seasonal, reflecting impacts of tourism and other local economic conditions.
- The term “customer” is unclear. Generally, municipal authorities are likely to have reasonably good contact information for individuals and businesses who may receive a water bill but may not have any information for those who use the water directly. For example, tenant-occupied properties are often billed to a property manager or property owner, and the costs passed through to the tenant. A municipal authority may be generally aware that a tenant is residing in the property but may have no means of contacting that “customer” directly about their water usage by phone or email.

50% Increase Threshold

The bill states that notice shall be provided when water usage has increased by 50% for one month above average water usage for the property. This poses several concerns:

- First, it is important to note that many municipal authorities in Pennsylvania, including LCA, bill customers quarterly or four times per year. This is due to factors such as the low overall cost of the water bill compared to other utilities a customer may pay, as well as the cost to the utility to read water meters and deliver billing statements to customers. While many water utilities may migrate to monthly billing over time, this is currently not a universal billing frequency in the water sector. Therefore, implementing a high-usage alert system based on one month’s usage may not be feasible without some significant change in billing systems and increase in costs for those utilities not currently billing monthly.
- Similarly, the process by which a utility may analyze its water billings to customers may not include this very specific calculation in a way that would allow for such notices to occur. For example, billing software currently in use at LCA produces information and reports that our billing analysts use when completing the billing process. These reports analyze each customer’s water usage in the current billing cycle against what we call “prior identical cycles.” In other words, LCA’s billing system does not compare current water usage against the customer’s average usage. Instead, we look at similar prior periods of time, such as comparing a customer’s water usage this winter against the amount of water used at the property last winter. Changing LCA’s billing process to analyze current usage against average usage for the property will require expensive programming changes to our system, which may not result in beneficial changes on behalf of the customer.
- Most critically, a metric of a 50% increase in water usage is an arbitrary threshold that, when applied, may result in a very large number of customer notifications in situations that do not warrant such notice. There are many situations that could result in a 50% increase in a customer’s water usage from one month to the next, such as:
 - a. Change in the number of people living in the household.

- b. Construction, plumbing, or other work being completed at the property.
- c. Seasonal changes in business operation.
- d. Changes in outdoor water use such as lawn watering and filling swimming pools.
- e. Introduction of new medical care in the home that requires additional water usage.
- f. Other changes in lifestyle such as retirement, new healthcare routines, cooking at home more often, showering at home instead of the gym, etc.
- g. Tenant moved in or out, property was sold, business closed or reopened, etc.
- h. Utility practice of rounding of billed usage to the nearest 1,000 gallons.

Furthermore, a 50% change in water usage will have a different impact on different customers financially. For example, for a small household with low water usage of 6,000 gallons per quarter, a 50% change would relate to 3,000 additional gallons being used, with a relatively small impact on the water bill. Conversely, a 50% increase would have a much greater impact on a larger water user.

If we are primarily concerned with residential customers, it is also important to understand that “typical” residential water usage does not exist. While we may say residential customers generally use about 15,000 gallons of water each quarter, the reality is that the variation in residential water usage is quite broad. LCA’s residential water customers can be shown to use anywhere between 1,000 to 50,000 gallons per quarter. Determining what type of water usage is “high” for each customer requires experience and training.

LCA’s practice, which we expect will be similar to the practice employed by many municipal authorities, is to take a very personal and individualized approach to analyzing billable water usage with each bill cycle. Our billing analysts look at every high-usage alert generated by the billing system individually to determine if the higher usage fits an acceptable pattern or falls outside of the norm for that customer or for customers of that type (e.g. residential vs. commercial). High-bill notices are issued to customers where LCA staff determine a more serious problem might exist such as a leak.

For perspective, in March 2024, LCA issued 11,000 water bills to customers located in the City of Allentown. Of those bills issued, the billing system generated 361 “high usage” alerts indicating water usage was more than 50% higher than the “prior identical cycles” (see item above regarding this metric vs. the metric proposed in HB 905 using average usage). Supposing that the “prior identical cycles” method would be found as an acceptable way to indicate “average usage” under HB 905, LCA staff would have been required to call or email 361 customers last month. However, upon further analysis, LCA’s billing analysts were able to identify that only 64 of those customers had usage that fell outside a normal range for the customer type or historical usage pattern. Further investigation and review ultimately resulted in 50 “high bill” notifications being made to these customers.

It would be a significant increase in work (which translates to staffing cost) for LCA, and other municipal authorities, to manage the level of customer notification necessary to contact every customer whose usage falls outside the 50% threshold. If a high-bill alert requirement is necessary to be enacted, we recommend, and would be a willing participant in, a deeper discussion and analysis of actual utility billing practices to determine the appropriate thresholds to implement.

Identifying Leaks and Inefficiencies

The bill would require municipal authorities to “assist the utility customer in identifying potential leaks or other

wasteful inefficiencies on the property.” LCA strongly supports the proper usage and care of our precious natural resources, including eliminating wasteful water usage and water loss whenever possible. However, there are limitations in the lengths a municipal authority can go in achieving this goal, as described below:

- Most water utilities have adopted rules and regulations, ordinances, and resolutions that specify the utility’s ownership and responsibility for the water distribution system ends at the “curb stop.” This is the location of the shut-off valve in a water service line serving a property, which is typically located in the curb line or right-of-way. The municipal authority’s obligation is to prevent and correct leakage that occurs in the public water mains that serve the community, and in the water service lines serving the property ending at the curb stop. Leakage occurring beyond the curb stop and anywhere inside the property is the customer’s responsibility to identify and repair. Changing this long-established separation of responsibilities requires careful thought and likely requires all affected municipal authorities, municipalities, and other utilities to enact legal changes to allow for a new way to manage water systems as proposed within HB 905. This requires deeper legal review and discussion to understand the full impact of the proposed change.
- Because the work completed by municipal authorities in managing their water systems is limited to public components of the system (water mains and water service lines to the curb stop), system employees are not required to be licensed plumbers. For example, the vast majority of LCA’s water operations staff are required to hold licenses issued by the Department of Environmental Protection for water system operators. However, a plumbing license is not a job requirement for any of LCA’s operations positions. The work outlined in HB 905 to assist customers with identifying leaks is work that should be completed by a plumber. Requiring municipal authorities to take on this responsibility adds a layer of liability that must be addressed, and addition of staffing with appropriate licensing, both of which will add to the authority’s operational costs.
- As described above, the lack of definition of a “utility customer” is problematic. As it relates to the provision for identifying leaks and other wasteful inefficiencies, this creates additional challenges. In LCA’s situation, for example, where our service area includes a significant industrial customer base, we believe it is unreasonable to expect LCA to have internal expertise necessary to evaluate water usage within a complex industrial process.
- The term “wasteful inefficiencies on the property” should be reviewed and defined for clarity. While LCA routinely promotes water conservation efforts within the community we serve, we also recognize each customer’s water usage is ultimately their choice. Where is the line between providing helpful advice vs. opining on a customer’s lifestyle or personal choices? For example, a “wasteful inefficiency” related to water might be found in how a customer has their sprinkler system set up for lawn watering or could be related to how the customer separates their laundry, or how often they prefer to top off their swimming pool. Some parameters around what this assistance should entail and how deeply the review of wasteful water uses should go would be helpful in clarifying the intent of this legislation.

Alternative Approaches

Again, LCA and PMAA are supportive of efforts to increase customer awareness of water conservation, ways to prevent waste, and improve timeliness of leak detection and repair. We suggest there may be more appropriate ways that municipal authorities can support this effort vs. the provisions proposed in HB 905.

One important alternative relates to customer engagement and education. LCA has developed many tools and materials to help customers understand the importance of water conservation and also to help identify leaks. During the week of March 18-24, 2024, the U.S. Environmental Protection Agency celebrated “Fix a Leak Week” and LCA celebrated with daily posts on our social media channels with tips on finding and fixing leaks. Our website contains a dedicated page where customers can learn about common service issues and especially how to address a high water bill (visit: <https://www.lehighcountyauthority.org/customer-service/common-service-issues>). Our customer bill inserts routinely include articles about leak prevention, protecting pipes from freezing in the winter, how to read your water meter, and more. Every new customer, shortly after moving into LCA’s service area, receives a fact sheet and diagram that explains the customer’s responsibility vs. LCA’s responsibility related to their water service line and water meter. This customer outreach effort is an important tool in raising customer awareness of their responsibilities to prevent water leakage within their properties. A potential modification to HB 905 may be to require municipal authorities to include customer education materials in their notification to customers with high bills, rather than expecting the municipal authority to take on the responsibility for identifying the source of the customer’s high bill.

Another way that municipal authorities could support customers identifying and correcting leakage would be in the implementation of advanced metering technology. Many utilities are moving toward an Advanced Metering Infrastructure (AMI) framework, which allows for water meters to be read by the system electronically and in real time. When paired with a good customer user interface, information on in-home water usage can be placed at the customer’s fingertips. Many AMI systems have customizable alerts that can be generated so the utility or the customer will know on a nearly real-time basis when water usage spikes due to a leak or other change in the household. Coupled with customer education, AMI tools could be a powerful driver for water conservation and water bill management within a community. However, cost is a major barrier for many utilities. LCA has investigated this type of system and has found it may cost \$4 million to \$6 million to implement. The long-term benefits of this type of system would make the investment worthwhile, but financing support to increase adoption would be helpful, especially for smaller authorities.

These alternatives are offered as an illustration of ways to address the key concern raised by HB 905, which is to provide support for customers who face a high water bill. A full exploration of these alternatives may be warranted, alongside a deeper review and discussion of the proposed provisions within HB 905.

Again, thank you for the opportunity to testify before you today. I am happy to answer any questions.