

1 PUBLIC
 2 INFORMATIONAL MEETING
 3 regarding the
 4 EPA CONSENT DECREE
 5 and Sewer Overflows
 6 * * *
 7 Holiday Inn Pittsburgh - Greentree
 8 401 Holiday Drive
 9 Pittsburgh, PA 15220

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 11
 12 October 10, 2007
 13 7:09 p.m. - 8:38 p.m.

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 15
 16 Presentation by:
 17 Arletta Scott Williams,
 18 Executive Director of Alcosan

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 20
 21 Reported by:
 22 Marcy J. Llewellyn,
 23 Court Reporter

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1 P R O C E E D I N G S

2 -----
 3 MS. SCOTT WILLIAMS: Good evening,
 4 folks. I know it's going to take a while for
 5 everyone to find their seats. If anyone would
 6 like to move up, now would certainly be the time
 7 to do so. I am Arletta Williams, the executive
 8 director of Alcosan. Unfortunately, the majority
 9 of you know me because we've worked together in
 10 some capacity, but for the citizens that have
 11 joined us this evening, thank you, and I am the
 12 executive director now.

13 We are going to cover quite of bit of
 14 information tonight. I would ask that you hold
 15 your questions. You have a note pad there.
 16 Please take copious notes. Make notes of your
 17 questions and hold them until we get to the end of
 18 this and we will be happy to go through those
 19 questions with you. When we get to that point, if
 20 you would step to the microphone, identify
 21 yourself, where you live, you don't have to give
 22 us a street address, we can Google Earth you, just
 23 let us know where you live, what community you
 24 live in, and state your name, first and last. I

25 need you to spell your last name because we have a
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1 stenographer with us this evening. For this
2 series of public presentations, we are attempting
3 to keep track of all of your questions, all of
4 your commentary, so we can respond as effectively
5 as we possibly can. We have gone very official,
6 so I am going to need you to do all of these
7 things. We might as well get rolling.

8 This is the purpose of the presentation
9 tonight, to give you the background of Alcosan,
10 who we are, what services we provide, to frame the
11 wet weather issue for you, for those of you who
12 are not completely familiar with it, to talk about
13 the consent decree and the impact of the consent
14 decree and into what I call "address financial
15 concerns." I guess that is a misnomer of sorts
16 because some folks have taken that to mean I'm
17 going to come here and I'm going to tell you how
18 it's going to be paid for, I'm going to tell you
19 exactly what it's going to cost you in terms of
20 rates over the next ten to 20 years. That's not
21 the case. I cannot project that type of
22 information at this point. We do not have enough
23 information available to do that, but we will
24 share with you what we do have available and again
25 certainly respond to any of your questions.

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1 Who is Alcosan? The word Alcosan is an
2 acronym for the Allegheny County Sanitary
3 Authority. We are your waste water treatment
4 service provider. We treat sewage. We do not
5 treat the water that comes to your home or the
6 water that you use. We are not a garbage
7 collector. Because of the sanitary in our name,
8 people tend to mistake that at times. We treat
9 sewage.

10 Anybody have a feel -- and if any of you
11 that know you are not supposed to raise your hand
12 raise your hand, you know I am going to get you
13 later. Does anybody else have a feel for how long
14 sewage treatment services have been provided in
15 Allegheny County? A guess? Not even a guess?

16 UNIDENTIFIED SPEAKER: 50 years.

17 MS. SCOTT WILLIAMS: 1945. 1945 was
18 the beginning of attempting to address these
19 issues. I think you will be surprised that -- and
20 even if you just think of 50 years, not 48, 49,
21 47 years -- 50 years is really not much time for a
22 service that is this important to have been

23 available to the public. In 1945, the State Board
24 issued orders to 102 communities and 90 industries
25 in Allegheny County, issued orders that stated you

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1 need to stop polluting the waterways of the
2 Commonwealth, stop, cease and desist. Their
3 response by the communities and the industrial
4 customers at that point was to say "We can't do
5 this by ourselves." They went to the county, went
6 to Allegheny County and said "We need you to
7 manage this for us. We need to have an Authority
8 forum." That was taken into consideration with
9 the understanding that when these communities and
10 industries received these orders in 1945, they had
11 to have plans for how they were going to deal with
12 the sewage issue submitted by June of 1946. That
13 wasn't much time.

14 So again, the county responded and formed
15 the authority, Alcosan, in 1946. Not all of the
16 74 communities came in. Some felt that they had
17 other options, better options available to them,
18 but the plans were put together for an interceptor
19 system and a treatment facility. We will talk
20 more about what those components are and what they
21 mean. The municipalities maintain all
22 responsibility for the sewage, the collection
23 system within the municipal boundaries. This new
24 Authority, Alcosan, was responsibility for these
25 other two components, the interceptor system and

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1 the treatment plant. After all the planning,
2 design, construction, the facility went into
3 operation in 1959.

4 How is the authority managed? Governed?
5 It would be incorrect to believe that because the
6 name is "Allegheny County Sanitary Authority" that
7 we are a county agency. We are not. We are an
8 independent municipal authority. We have
9 representation from the county and the city. When
10 the organization was first formed in 1946, there
11 were five board members. They were appointed by
12 the county. The county was the only entity at the
13 plate at that time.

14 By 1956, the City of Pittsburgh decided to
15 join the authority, and in joining they brought
16 \$2.5 million to the table. \$2.5 million is
17 significant to me today. You can imagine what it
18 was worth in 1956. In bringing that money, the
19 city acquired three of those five Board seats,
20 left the county with two. By 1988, the board had

21 been completely restructured to a total of seven
22 members with equal representation from the county
23 and the city, one joint appointment.

24 When I talk about these appointments and I
25 say county appointments and city appointments, the
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1 county appointments way back when were made by the
2 county commissioners. The county appointments
3 today are made by the county executive with the
4 concurrence of county council. The city
5 appointments are made by the mayor with the
6 concurrence of city council. Today, again, we are
7 an independent municipal authority. Literally, we
8 always have been an independent municipal
9 authority, but we are up to about 326 employees,
10 all self-contained.

11 When I say a completely self-contained
12 entity, in various parts of the country the
13 services that are provided for waste water
14 treatment are independent of the auxiliary or
15 ancillary services that go along with that. By
16 that I mean there is a department or an entity
17 that just treats the waste. It does not have the
18 engineering. It does not have human resources,
19 IT services, any of those functions embedded
20 within that agency. We do not receive that
21 support from someplace else. Again, other parts
22 of the country, the city or county, provide all
23 those support services. We are completely
24 self-contained and we get no money from taxes for
25 anybody who would -- and you will hear people

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1 mention what is done with the tax dollars that
2 come to Alcosan. There are no tax monies that
3 come to Alcosan. We are supported solely by user
4 rates.

5 We are the largest treatment plant in
6 Allegheny County. I wouldn't want you to think we
7 are the only treatment facility. There are
8 upwards of 20 treatment facilities, albeit much
9 smaller than Alcosan, they are around. We are at
10 250 million gallons a day. You can see the
11 comparisons. Duquesne is at 2 million gallons a
12 day; McKeesport, 11 and a half. It's a completely
13 different order of magnitude. We are very large,
14 and we are also one of the largest in the Ohio
15 Valley, period. Our service encompasses 83
16 communities, the largest, of course, being the
17 City of Pittsburgh. We have a 310 square mile
18 service area and we service a little over 900,000

19 people and about 122 industrial customers.
20 Now, earlier when I said we were going to
21 come back to the interceptor system, the treatment
22 plant and municipal sewers, waste water management
23 has three basic components. We have to collect it
24 from the source, the source being the homes, the
25 businesses, industry. Then you convey that.

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1 Where do you convey it? You convey it to the
2 treatment facility. Collect, convey, treat.
3 Once again, in most large cities, one
4 entity is responsible for all three components.
5 Here, that is not the case. Here, the Authority,
6 Alcosan, is responsible for the conveyance and
7 treatment system. So somebody else collects it,
8 we convey it, we treat it. The way the system was
9 designed back in the '40s, that conveyor and
10 interceptor system I referred to -- and I'm sure
11 the whole interceptor philosophy is easily
12 understandable because in Pittsburgh, and we are a
13 football town in Pittsburgh, and we understand
14 interceptions. So think of this pipe as
15 intercepting the flow that was originally going to
16 the streams, the creeks, the rivers, it's now been
17 intercepted and it's been brought to Alcosan. And
18 yes, we are running it back for a touchdown all
19 the way.

20 Along that interceptor there are overflow
21 diversion points. That 316 diversion structures
22 you see there, those are points of relief where
23 the interceptor, when it's overloaded, is designed
24 to open and release sewage, ala overflows, the
25 reason we are here and talking today. The

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1 interceptor system is fairly lengthy, 90 miles
2 long.
3 The municipal systems that up front and
4 that thirdly of the three-part pie chart, the
5 municipal systems, there's about 4,000 miles of
6 interceptor. 4,000 miles of sewage is in the
7 municipal systems. When I say within the
8 municipal systems, I'm only talking about those
9 83 communities that we service, not all of
10 Allegheny County, not all 130 communities. As I
11 said before, these systems dump into the
12 interceptor system and their relief points.

13 The relief, the overflows, the diversion
14 of dilute sewage from the interceptor system.
15 Overflows became a national problem. Over time,
16 although the systems were designed to allow these

17 diversions, to allow that opening of the gate that
18 let's the sewage out, it became problematic. The
19 impacts on the environment, public health, became
20 something that had to be dealt with. So more
21 regulations were developed.

22 1972, you have the Clean Water Act
23 regulating all discharges to all water bodies
24 across the country. By 1987, you got amendments
25 to the Clean Water Act that are saying you know

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1 what, those overflows, these points where the gate
2 is open, you've got to do something about them.
3 They were okay when they were designed, but we've
4 got to do something.

5 By 1993, we are seeing those requirements
6 in our permit. The permit is what we are issued
7 to be able to run the treatment facility. It
8 regulates how we can operate and what we can
9 discharge from the facility. We have to meet
10 certain permit requirements. Again, this is a
11 national problem. This is not simply an Alcosan
12 issue, a Southwestern Pennsylvania issue, a
13 Pennsylvania issue. It's across the board.

14 All this talk about overflows. What is an
15 overflow? Overflow is what I have described up to
16 this point. It's a discharge of untreated sewage,
17 albeit dilute sewage, untreated sewage from either
18 a combined system or a separate system. We will
19 talk about the distinction of a system shortly
20 here. It can come from a variety of sources. We
21 have some examples of those overflows here. As
22 much as I have talked about the flat opening,
23 there is the opening allowing discharge because
24 the system is overloaded. This is a stream, a
25 manhole that is obviously overflowing. This is an

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1 SSO; this is a CSO.

2 What is the difference between the CSO and
3 the SSO? The combined sewer system, combined
4 sewer systems are the older communities, the
5 original communities in our nation, those that
6 were built with sewer systems that were designed
7 to collect not only the sewage, but all the
8 rainwater, the runoff on the street. Everything
9 was supposed to go into one pipe. That is this
10 pipe you see here. Water or sewage coming from
11 the house, the industry, some commercial entity,
12 sewage comes right into this pipe and normally
13 comes straight down and goes to the treatment
14 facility. Of course, in this example, the

15 treatment facility is Alcosan. But this is a CSO
16 no matter where you are.

17 The rainwater, when it's coming from the
18 downspouts, driveway drain or some other
19 mechanism, it's the same pipe, and for the most
20 part it gets to come to the treatment facility,
21 too, but you also see this discharge, this
22 overflow. That is the way the system is
23 designed. You look at the relative size of this
24 pipe. That's a pretty big pipe. When we move to
25 the next example, you will see the distinction.

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1 Combined sewer overflows, while they need to be
2 addressed, they need to be minimized, they are
3 legal. They are legal as they have been
4 designed.

5 A sanitary sewage overflow, on the other
6 hand, is not legal. The sewage is designed to
7 come out of the home into a pipe that is going
8 directly to treatment. You notice how much
9 smaller this pipe is than the other pipe because
10 it's supposed to contain pure sewage. All of the
11 extra flow coming from the downspout, coming from
12 the storm drain, catch basin, what have you, it
13 should be clean water, relatively clean, certainly
14 cleaner than being compromised by sewage.

15 The way these systems are designed, I
16 think now that you've seen it, gives you an
17 appreciation for why a sanitary sewer overflow is
18 illegal, because it's going to have sewage in it
19 when it should not have sewage in it. It should
20 only have clean water in it.

21 How does that happen? Well, this is a
22 picture we like to call "bones," of a lateral
23 coming from the house. The municipality is
24 responsible for the sewers within the community.
25 You, the homeowner, are responsible for what is

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1 called the "lateral" that takes the sewage from
2 your home to that line that the municipality is
3 responsible for. In many cases, that line
4 conveying sewers from your house looks very much
5 like this. It has deteriorated. It's been
6 compromised because of our topography, how the
7 region is laid out. There is a lot of ground
8 water. That ground water infiltrates this pipe,
9 comes into the system, causes overflows. A very
10 large percentage of the overflow issue is believed
11 to reside within that homeowner lateral. It's not
12 that we are trying to push the issue back on. We

13 look at ways to try to deal with that, but there
14 is a significant impact. Again, sanitary overflow
15 is illegal and must be stopped.

16 What causes an overflow? As we have said,
17 wet weather, rainfall, snow and ice melt. Once
18 you have a couple feet of snow, it's sitting
19 there, it's cold, it's very cold, it's not
20 melting. It's all been pushed to the sides. When
21 it begins to melt and it's inundating the system,
22 it's just like rainwater. It is causing the
23 system to be overloaded. You can have floods,
24 infiltration. Infiltration like that
25 (indicating), this cracked up line, flow going in

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1 there is infiltrating the system.

2 You can also have dry weather discharges.
3 Dry weather discharges are very, very, very bad,
4 because if you think back to that picture that I
5 showed you where the sewage is coming out of the
6 house, going into the pipe, the only reason it
7 should overflow is because there is that extra
8 water in it. Let's say, and it's probably not the
9 best example, but let's say there is a pipe that
10 typically has sewage in it that overflows without
11 having any excess water in it. That can happen
12 for several reasons. It can have blockage in the
13 pipe. It can have pipe breaks, power failure,
14 things of that nature. Then you have raw sewage
15 coming out of that pipe, discharging to the
16 receiving stream. Certainly not what you want to
17 have happen.

18 What are the impacts? We're talking a lot
19 about overflows, what they are. Some people would
20 say what is the big deal? The water that we have
21 been using has been A-OK for quite some time, and
22 it is significantly better than it was before
23 1959, obviously. Well, what's the big deal?
24 There is a big deal. There are many impacts to
25 overflows. I don't think anybody would care to

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1 argue that sewage in our receiving streams is a
2 good idea, even dilute sewage. You have
3 environmental impacts. You have the potential for
4 public health impacts. There are development
5 impacts. There's more of an impact downstream.
6 These discharges with these pollutants are hitting
7 the waterways and moving on to the next
8 community. Just like we are impacted by what is
9 coming to us from above, we are impacting somebody
10 else by what we are sending home. Again, a lot of

11 impact on downstream users.
12 This is somebody's basement. You can have
13 an overflow into somebody's basement. Now, I
14 don't think anybody here wants to be the person
15 who has the overflow or has to meet up with the
16 person who has the overflow in their basement. I
17 know I prefer not to be that person, but that does
18 happen when you have sewage that is backing up
19 within the system, it can back up into homes.
20 Technically, that is an overflow.

21 Economic impact. If you look on the
22 national level, there are the impacts to tourism,
23 to recreation. These are some significant dollars
24 that clean water impacts these industries. Again,
25 I don't think anybody can argue with that.

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1 Locally, riverfront revitalization, recreational
2 pursuits on the river. If you look at this, this
3 is Pittsburgh everybody. That's the Majestic.
4 You're not going to have those type of
5 activities. You are not going to have people
6 making use of local waterways.

7 I like to say this is on the Ohio across
8 from the treatment facility, but I have not found
9 anybody yet that is willing to buy that. Again,
10 you can see that there is huge potential for
11 negative impacts. Development, real estate
12 development, whether that is commercial,
13 industrial, residential, it can be completely
14 thwarted. If we are not appropriately dealing
15 with the sewage that is in the pipe as we exist
16 today, why in the world should anybody permit us
17 to add sewage to that pipe, to add to the
18 dilemma. There could be serious repercussions all
19 the way around.

20 Back to the services area, now that you
21 have a better appreciation for overflows, we
22 talked about the square milage that we have. This
23 is how it breaks out. Combined sewer, square
24 mileage; separate sewer, square mileage. It looks
25 like it's a big distinction, but when you look at

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1 the population served, it's not really a huge
2 distinction because you have the CSO communities
3 that are more densely populated. About 50 percent
4 of the people we service are in one area and 50
5 percent in the other area. So the point is nobody
6 is better or worse than anybody else. A CSO is in
7 how you deal with it technology-wise, yes, there
8 is a distinction, but they both have to be dealt

9 with. The fact that SSO's are illegal really
10 doesn't make them any worse in our dealing with
11 them in recognizing that we have a problem.

12 Now, how do we get into this situation?
13 We go back to those earlier designs back in the
14 '40s when the intensive, extensive investigation
15 was going on as to what was going to go be built,
16 how it was going to be built, how we were going to
17 provide treatment. It became obvious very early
18 that both of those areas, both the combined areas
19 and the separate areas, were reacting the same way
20 during wet weather. You would think that the
21 separate areas would be much dryer than the wet
22 weather because there's supposed to be a
23 distinction. That was not the case. The
24 practical reality was that you were getting a lot
25 of excess flow into the separate areas. So the

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1 system was designed to treat all areas the same.
2 They have the same type of relief points because
3 of the recognition and realization that it was
4 essentially combined flow.

5 Again, the service area, this is the black
6 outline. This is the service area. The pinkish
7 area is the combined sewer areas. The yellow,
8 darker yellow, is the separate sewer areas, and
9 that lighter yellow, those are the areas that just
10 aren't contributing whether they're on septic
11 systems or for some other reason.

12 You can see, 259 combined sewer
13 overflows. There are 53 sanitary sewer
14 overflows. It is a very, very large combined
15 sewer system. If you look across the country, the
16 State of Pennsylvania ranges right up at the top
17 with the number of CSO's. If you look at the
18 comparison going down from 1 to 10, that's a
19 pretty big jump from 1 to 10. We have a lot.
20 There are a lot right up in the top three, but we
21 do have a lot in Pennsylvania, and obviously quite
22 a few in Allegheny County.

23 Again, this is a national issue, and as
24 all of these issues were coming to bear, the
25 regulatory agencies on a Federal level began to

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1 recognize that we are going to have to take some
2 action. So regulations were created and
3 implemented. Enforcement actions began to develop
4 with large cities to resolve the overflow issue.
5 Again, this is on a national level, not just a
6 local issue. Enforcement actions that entail some

7 significant penalties, once again, we are not
8 alone. We are not the only folks facing an
9 overflow issue. We are not the only folks who
10 have a consent decree. You can look across the
11 country and you can see where they are primarily
12 concentrated because of where the CSO's are. We
13 are in good company, so to speak. We're not
14 alone.

15 Why do we have a consent decree? We have
16 a consent decree because, as I explained to you,
17 we have numerous overflows. That makes us a major
18 permittee. When I talked about that permit that
19 we have that governs how we discharge, how we
20 treat, that, again, makes us a permittee. Again,
21 the Clean Water Act CSO policy states that major
22 permittees have to have these issues dealt with
23 and resolved through a judicial order. A judicial
24 order is a consent decree. So, there would have
25 been no other mechanism for us to resolve this

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1 ultimately.

2 What is a consent decree? The reason
3 you're here is because of the consent decree. So
4 you've read about it, you've heard about it,
5 you've formed some opinions about it. Over the
6 last several years, I'd say the last ten years or
7 so, we're more familiar with hearing the
8 terminology "consent decree" because there have
9 been a variety of consent decrees in the news. A
10 consent decree is essentially, as I said, a
11 judicial order. It is an agreement that in this
12 case we, the bad guy, have committed some
13 violations, and the regulators, the good guys, the
14 Federal government, the EPA and the Department of
15 Justice, the state government, Pennsylvania
16 Department of Environmental Protection and the
17 Allegheny County Health Department, want us to
18 stop doing whatever it is that we have done to
19 violate. In this case, we have been discharging
20 sewage. A consent decree is definitely, and I can
21 tell you this from personal experience, it is a
22 very, very arduous task of compromise, negotiation
23 and putting good faith on the table again and
24 again and again.

25 This particular consent decree is a

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1 consent decree based on violations of the Clean
2 Water Act. Again, the violations, discharges,
3 overflows. This particular consent decree, while
4 I showed you the map that says other people have

5 consent decrees, that really doesn't give you an
6 appreciation or the feel for, okay, if they have
7 consent decrees, how is ours in comparison to
8 theirs? It is very comparable. We are in line
9 with the Washingtons, Atlantas, Baltimores. And I
10 can guarantee you, this consent decree represents
11 the best possible combination of environmental
12 benefit and economic prudence.

13 The status of the consent decree right now
14 is as you see before you, we negotiate it for many
15 years. The document was finalized by both
16 parties, the government as the plaintiff, the
17 Authority as the defendant, was finalized in May
18 of this year. It was lodged. Date of lodging,
19 date it was actually filed in Federal Court, May
20 31st. The date of notice is the date that there
21 appeared at the Federal register a little sentence
22 or two that said it had been lodged back on the
23 31st. The 14th and the date of notice is
24 important because that began the comment period.
25 In the process of coming to a consent decree, no

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1 matter what the consent decree is about, the
2 parties negotiated and they come to an agreement.

3 Once they have that agreement, that
4 agreement has to go to the court to a Judge who
5 then determines whether or not it's a viable
6 agreement. Just because we have agreed across the
7 table doesn't mean it's okay. The Court has to
8 make that determination at the end of day, and the
9 Court can't do that alone, so the Court has a
10 comment period. This was a 30-day period and
11 closed on July 16th. They took comments from you
12 and me, Alcosan service area communities, and on
13 the process of responding to those comments, that
14 being the Court, that is not an Alcosan issue, the
15 comments do not come to us.

16 At the same time, some of the Alcosan
17 communities filed an intervention to stop the
18 consent decree, this is this large white book over
19 here, from becoming an official document. All of
20 that resides with the Court right now, Federal
21 Court. The Judge is Gary Lancaster, and we are
22 anxiously and eagerly awaiting a determination,
23 because once we get that, we get to the
24 all-important date.

25 Let me hear you say "DOE." Date of

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1 entry. Date of entry is when the Court has
2 decided this is a good document. It's fair, it's

3 just, it's great in the land, and it is entered.
4 Again, it becomes an official document. That is
5 important for us because date of entry starts our
6 compliance issues. There are many activities,
7 many responsibilities that spring from date of
8 entry, whether it's the submission of a report,
9 some activity that has to be performed. There are
10 things that are due in 30 days from date of
11 entry. There are things that are due 180 days and
12 360 days or so many years from date of entry.
13 Date of entry is important.

14 The settlement process. Again, as I said,
15 it was a very lengthy process. Seven years
16 formally in totality, we received the first draft
17 of the consent decree in September of 2000. The
18 process of those negotiations with the agencies,
19 the agencies being EPA, DOJ, the state and county,
20 we had to do quite a bit of education with respect
21 to who was responsible for what.

22 I will take you back mentally to that pie
23 chart, the pie chart of waste water management
24 responsibility, the three sections of that chart.
25 We, the authority, had responsibility for two of

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1 those statements. As I said, the conveyance, the
2 interceptor, the treatment facility, that third
3 leg, the municipal collection system, that had to
4 be dealt with. The thought from EPA initially
5 was, well, we'll come to you, Alcosan, and you
6 deal with that. You regulate them. We'll
7 regulate you and you regulate them. That is not
8 the nature of our agreement. That is not the
9 nature of the service that we provide or how we
10 function. We cannot do that.

11 After quite of bit of back and forth
12 exchange, November of 2001, the agencies accepted
13 that premise. They left us in negotiations and
14 went off to deal with the 83 communities to come
15 to some agreement on what their compliance terms
16 would be. That took a little bit of time. They
17 came back to us in July of 2003 and concluded
18 negotiations in May of 2007.

19 These are the people who participated in
20 the process. As I said, EPA, their outside
21 counsel is the Department of Justice. They also
22 have internal counsel on all levels. We are
23 within Region 3. Region 3 has legal
24 representation and technical representation. They
25 have the some thing from headquarters. They are

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1 well represented. The state is there, the county
2 is there. The government uses an outside
3 technical consultant, SAIC. We can't expect these
4 people to have the requisite knowledge to deal
5 with all the technical complexities of what we're
6 talking about. They have engineers.

7 On my side of the fence, our outside
8 counsel, Eckert Seamans Cherin & Mellott, did an
9 excellent job. Every area of the organization is
10 represented because for Alcosan, this matter
11 reaches across all boundaries within the
12 organization. It's not just an engineering
13 issue. Every part of the organization has to be
14 lock stead to make sure that we meet the
15 requirements of this document. These are the
16 people that participated, although I can say Jan
17 brought a lot of fire to the party. I don't think
18 it had anything to do with the red hair. Camp,
19 Dresser, McKee, just like government has a
20 technical consultant, we have a technical
21 consultant, too.

22 Goals, what we are trying to accomplish.
23 Getting the best deal possible. That was my
24 directive, to make sure, once again, we came back
25 with the best deal for the rate payer. Also, I

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1 was told to bring the civil penalty in under a
2 million dollars. That will make everybody very
3 happy. We got it done. Very, very big headline.
4 That was one of the largest headlines I've ever
5 seen, and lo and behold, even the newspaper says
6 we got the best deal possible. If it's in the
7 newspaper, it's got to be the truth.

8 What do we end up paying in terms of civil
9 penalty? I didn't meet that requirement
10 completely. I wasn't able to bring it in under a
11 million dollars. We had a civil penalty of
12 1.2 million. And the civil penalty, please
13 understand the civil penalty is for past sins, for
14 past overflows, past occurrences, everything that
15 has happened.

16 Stipulated penalties are those penalties
17 for transgressions going forward and not just for
18 overflows, for a variety of issues. Let's focus,
19 on the civil penalties just for a moment. 1.2
20 million, that's three equal payments. You'll see
21 once again, that date of entry that nobody wanted
22 to say with me, the first payment goes to the
23 Federal government 30 days from date of entry.
24 They get a \$400,000 check. Second check goes to
25 the state within 180 days, and the third check to

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1 the county, 360 days later.

2 The civil penalty of 1.2 million we felt
3 was an excellent compromise because when you look
4 at what the penalty could have been, if the
5 penalty is, and it can be based simply on
6 discharges, simply on overflows. The total number
7 of overflows that have occurred over a certain
8 time period, it's just so many thousands of
9 dollars times that number of overflows. If you
10 look at all those overflows within the system and
11 that calculation, the civil penalty could have
12 been \$1.3 billion. Nobody ever believed that
13 anybody would consider a settlement agreement that
14 would require \$1.3 billion in a penalty alone.
15 That was the frame of reference that we started
16 with, so by the time you get to 1.2 million,
17 you're feeling pretty good and you're ready to go
18 home.

19 The stipulated penalties, you look at
20 this, compare it to the 1.2 million, probably say,
21 "piece of cake, no problem." Well, we are very
22 concerned about stipulated penalties. We do not
23 want to incur stipulated penalties and will do
24 everything we can to avoid stipulated penalties.
25 That \$750 to \$2500 is per event, per day. Per

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1 event, you can have multiple events in a day, and
2 that's per day. You can have these multiple
3 events only for multiple days. So what looks like
4 a fairly minor amount of money can add up very,
5 very quickly. These penalties are not, as I said
6 before, they're not simply for overflows, for
7 discharges. You can incur them for dry weather
8 discharges. As I've said, you don't want dry
9 weather discharges. That's, for the most part,
10 pure sewage discharging.

11 You can also incur these penalties for
12 failing to do anything within the white book. If
13 we don't submit a report on time. If we don't
14 perform some activity on time. If I said I would
15 hop on my left foot for three days and I don't hop
16 on my left foot for three days, we incur these
17 penalties. So we are going to do everything we
18 can to avoid that.

19 SEPs, supplemental environmental projects,
20 are a mechanism for suppressing the penalty. That
21 \$1.2 million could have been more had we not
22 agreed to perform SEPs. Supplemental
23 environmental projects are those projects that
24 have some environmental benefit that have

1 hand. That certainly makes sense. You can't be
2 charged for something you didn't get credit for
3 performing work to correct it. Supplemental
4 environmental projects help push down that
5 penalty. We said we would spend \$3 million, which
6 we will. There are a list of projects that we
7 have to choose from. These projects are all of a
8 particular nature, but we then submit the projects
9 that we are going to attempt to receive credit for
10 to the agencies. They have to approve them and we
11 have to spend the \$3 million.

12 SEPs across the country can range anywhere
13 from half a million to \$5.3 million, those that we
14 are familiar with that we've come across, so we're
15 feeling relatively good about where we ended up.
16 If you look at the comparison across the country,
17 the civil penalties and the supplemental
18 environmental projects, remember that our civil
19 penalty is \$1.2 million. Our SEPs are
20 \$3 million. Cincinnati has \$1.2 million; so do
21 we. They are spending \$5.3 million in SEPs. I
22 should point out that this is not the first time
23 that Cincinnati has been to this particular
24 dance. They have been hit fairly hard. If we
25 compare to them alone, as we compare to their

1 football team, we look very good.
2 What is the CD requiring us to do? It is,
3 as it states here, requiring us to model, monitor,
4 evaluate and repair the conveyance and treatment
5 system. It's also requiring us to stick to this
6 very, very rigorous 20-year schedule. We have
7 planning, design, construction, and at the end of
8 that, you got to monitor to make sure that you
9 have achieved everything that your studies
10 indicated you would before you start to put these
11 facilities in the ground. Specific requirements,
12 of course, eliminate sanitary sewer overflows.
13 They are illegal, right? You have to eliminate
14 them. Eliminate dry weather discharges. They are
15 bad, and you incur stipulated penalties. We
16 definitely want to eliminate them.

17 You have to manage the combined sewer
18 overflows to meet the regulations. We have to, if
19 we didn't understand all of these other
20 requirements, we have to construct and operate
21 everything that is going to be required to deal
22 with the flows in the system. We have to

23 implement a wet weather plan.
24 Wet weather plan is the framework, it's
25 the structure of how we are going to deal with all

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1 these issues. Once we do all of this analysis and
2 evaluation, we prepare a plan, the wet weather
3 plan. It has to be submitted to the agencies in
4 2012. It has to be prepared and available to the
5 communities by 2011 with their input. It is a
6 very significant document. Remember the wet
7 weather plan. You will hear a lot about that as
8 we go forward.

9 We have to work with the municipalities,
10 work with the municipalities and work with the
11 public to bring into the process to address your
12 concerns. With the municipalities specifically,
13 we need information from them. They need
14 information from us so that those three parts of
15 the pie chart are all working together. We don't
16 want to design and build for something that
17 doesn't match up with what the communities are
18 saying. We have to engage in additional public
19 outreach. We are not reaching much of the public
20 but we are reaching and we are going to continue
21 to do that in a variety of ways.

22 Now, the time line. Some of this I've
23 just talked about. We have until 2012 to submit
24 the wet weather plan, so this time period we are
25 putting that plan together. That is not a lot of

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1 time, not a lot of time at all to do some very
2 significant work. Once we have that in place,
3 we're going to design and construct all the way
4 out to 2026. Once we get to 2026, we are going to
5 have to then monitor, as I said, to make sure that
6 what we have done is effective, but also when we
7 get to 2026, everything that we have in the ground
8 needs to work and be compliant for 20 years beyond
9 that 2026. So somewhere over there it's got to
10 work.

11 Over here, we have got work that your
12 communities are doing to evaluate their systems to
13 determine what the current condition of their
14 systems are, what they can manage, what needs to
15 be repaired, major repairs. They are required to
16 implement those. At the same time while all this
17 is going on and has been going on for some time,
18 we are performing flow monitoring, which has been
19 ongoing. We are now going to engage in a very
20 extensive and aggressive flow monitoring program

21 in support of the communities and their needs;
22 modeling and water quality assessment. What is
23 out there? What is really in the receiving
24 streams? What are we going to improve? How are
25 we going to improve it? Right in the heart of it

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1 all, municipality coordination. We are going to
2 continue that effort.

3 Notice here when we get to the end of the
4 wet weather planning, that document that I said is
5 all important, the agencies have a review period.
6 The agencies have one year to review the wet
7 weather plan. That should give you appreciation
8 for how extensive this document is going to be,
9 the magnitude of what it will encompass. They
10 have a year to review, evaluate and respond to
11 us.

12 So, a lot of information. What does it
13 mean? Who is responsible? How is it going to get
14 done? What is it going to cost? Once again, we
15 go back to this slide. We are not alone. I
16 remind you we are not alone because we can and
17 have benefited from the experience of others who
18 have been in this circumstance. There are many
19 consultants who have gained experience while
20 working across the nation on these matters and
21 bring that knowledge to our program. I wouldn't,
22 by any stretch of the imagination, want you to
23 think that we have been waiting to either
24 negotiate this document or conclude negotiations
25 of this document to work on the issue. We have

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1 been very proactive in that manner.

2 1989, we noticed that the CSO policy would
3 be coming. We started to determine what we
4 thought our needs were going to be. By 1991, we
5 retained a wet weather consultant, a nationally
6 renowned wet weather consultant. That is the
7 consultant that I noted for you who worked with us
8 during the negotiations. Camp, Dresser, McKee has
9 been with us quite some time. Between 1992 and
10 1998, we collected a lot of information, did a lot
11 of investigation, a lot of assessment, a lot of
12 evaluation of our system and prepared multiple
13 reports to be in compliance with requirements as
14 they were evolving. These documents that you see
15 here, they truly do step right up to the consent
16 decree.

17 By 1998, we formed Three Rivers Wet
18 Weather along with the Health Department. The

19 goal of forming Three Rivers Wet Weather was to be
20 able to bring funding to the region. It didn't
21 take much to recognize that large sums of money
22 were going to be required to deal with this
23 matter, that it was more money, more of a monetary
24 requirement than could be dealt with with simply
25 rates and rate increases among user fees. At the

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1 same time, we had strained relationships with our
2 municipality, so we understood. Through Jan's
3 leadership and the executive director at the time,
4 understanding that we need to get this funding
5 together but it cannot come to the authority, it
6 has to fall to the municipalities in some other
7 manner. So we joined with the Health Department
8 again to create Three Rivers.

9 Three Rivers initially was designed to
10 provide funding to communities to demonstrate
11 technology that would put them in a position to
12 reduce flows within their municipal boundaries.
13 Over time, it evolved into a support system, a
14 structure that helped the municipality deal with
15 negotiating with the regulators at that point
16 where the regulators left us in negotiations and
17 went to communities to bring them into
18 compliance.

19 Without Three Rivers, the process probably
20 would still be going on right now. They brought a
21 lot to the table, and the result of that is
22 administrative consent orders and consent order
23 agreements with the communities. The type of
24 agreement depends on whether you're a CSO
25 community or an SSO community. There is a lot of

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1 work required with these agreements that your
2 municipality has to own up to. So that pulled us
3 back into the three parts of that pie chart being
4 covered.

5 Between 1998 and 2000, we engaged in a
6 series of informational meetings with EPA, with
7 all of the agencies, but primarily with EPA.
8 Understand that the state and county certainly
9 have a much better appreciation for this region,
10 for Alcosan, for what goes on here, because they
11 are here. We took quite a bit of time trying to
12 bring the Federal agencies on board.

13 These documents that I pointed out here,
14 they look just as good up on the screen, don't
15 they? The result of all that assessment,
16 evaluation between 1992 and 1998, the first

17 report, the SIC, system, inventory and
18 characterization, identifies what is in the
19 ground.

20 The next one, how well is it working? The
21 Nine Minimum Controls document, are we doing the
22 best with what we've got? Then ultimately the
23 book on the end, almost on the end, the Long Term
24 Control Plan which outlined, based on all this
25 information we gathered, what we thought was the

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1 best course of action in dealing with the
2 deficit. What was the deficit through all this
3 evaluation? We realized that the deficit was what
4 the communities could generate, which was about a
5 billion gallons a day during wet weather. That's
6 a lot of flow. When our interceptor system can
7 only convey about 875 million gallons a day,
8 That's not a bad comparison. You can discharge
9 some. But the treatment facility, the third part
10 of that pie chart, was the limited factor.

11 Right now, we can treat 275 million
12 gallons a day with sustained capacity. At that
13 point, we were closer to 225, but even at 275,
14 that's not going to deal with this huge gap. So
15 we put together this document again as a concept
16 of how we can deal with that to present to the
17 agencies to say, is this acceptable? You let us
18 know if you think we are headed in the right
19 direction. The result of that ended up in the
20 consent decree process.

21 So once we know that we've got this
22 deficit, we have national consultants, everybody's
23 got their shoulder to the wheel trying to
24 determine what to do about this. We look at four
25 alternatives. You can treat it; you can convey

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1 it; you can remove it, or you can store it.

2 Treatment, you can have additional
3 treatment plants or treatment capacity out in the
4 interceptor system along those large pipes. Treat
5 it so you can deal with it right there, shoot it
6 out to the river. That's an option.

7 You can convey more. You can build
8 parallel interceptors so you have more pipes
9 bringing more flow. That wouldn't seem to be the
10 best approach because you still got this pinch
11 point at the treatment facility, but it is an
12 option and in specific areas, it works.

13 Source reduction, going back to what Three
14 Rivers was engaged in initially, hoping

15 communities could know how to remove those flows,
16 certainly via storage, not the preferred option,
17 but you can just build large tanks to hold this
18 flow until the rain subsides and you can bleed it
19 into a system again. No one of these approaches
20 is the ultimate solution. It has got to be a
21 combination of everything. That is what we
22 propose in this document for the agencies to
23 review.

24 As we move forward in wet weather planning
25 and determining exactly how we are going to deal

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1 with these flows relative to the consent decree,
2 and again, remember, a wet weather plan is the
3 document that has to be submitted in 2012, we are
4 going to engage in a lot of coordination and
5 communication with the customer municipality
6 sharing information, that back and forth give and
7 take.

8 We're going to perform cost analyses for
9 these alternatives. That is mandatory. Water
10 quality analysis. Everything that you saw in that
11 beautiful chart with the big arrows going out, we
12 are going to engage in all those activities. What
13 you see here are some of the options for
14 treatment. As we move forward most notable with
15 this facility here, because I'm sure to most of
16 you it just looks like a basketball court, you
17 say, what in the world does that have to do with
18 treating sewage? Well, as we try to recreate some
19 incentive to people being more receptive to these
20 facilities in their neighborhood, because that is
21 an uphill battle, we are going to have to site
22 these facilities. We are going to have to make
23 them as palatable as possible for people to have
24 these facilities within their neighborhood.

25 We have the option of this type of

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1 approach where you have facilities. There are
2 facilities like this underground. You have
3 something aesthetically pleasing and useful above
4 ground. There are communities that will greatly
5 benefit from that, and if that can be used as an
6 enticement of some type, I can see us taking that
7 approach.

8 The service area, once again, it looks a
9 little different here because I am not looking at
10 it combined versus separate. We are not going to
11 approach this project, this program by just
12 jumping at the entire ball of wax and saying,

13 okay, let's figure out how to make this happen.
14 We have already divided the service area into
15 seven planning basins, basins where an extensive
16 amount of detailed work will be performed within
17 those basins. We retained engineering consultants
18 to work specific to each one of these basins.
19 Then we have the program management team led by
20 CDM who is providing oversight and taking all that
21 information as it is brought back from the
22 engineers that are working in here to make sure we
23 have one cohesive program that meets the
24 requirement of the consent decree and brings us
25 into compliance.

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1 At the same time, we are going to be
2 creating committees within these planning basins.
3 Each planning basin has multiple communities in
4 it, so there will be a lot of representation. How
5 are we going to manage it all? It looks like an
6 awful lot of information. Can we manage it?
7 Absolutely, we can manage it, and there are a lot
8 of tools out there to help us, not just the really
9 smart guys of CDM, but we have tracking
10 mechanisms. We have the Enterprise Content
11 Management System, what I like to call the super
12 computer system that will help us keep track of
13 everything.

14 If you look over here at this board, it
15 details every item ad nauseam that we are
16 responsible for, who is responsible, when they are
17 responsible, how they are responsible, what are
18 the results of what they have to do, because that
19 then flows to something and somebody else. There
20 are 11 pages of this for tracking purposes. We
21 have people that that is their role, that is their
22 responsibility, to keep track and make sure that
23 all of our requirements are being met. That is
24 going to happen. I can assure you of that.

25 What is the overall objective through this

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1 whole program? We have to be in compliance with
2 the consent decree. At the same time of course
3 we've got to meet Federal mandates, the Federal
4 Clean Water Act, the Pennsylvania Clean Streams
5 Law, and we have to make sure that we are
6 supporting those other matters that are impacted
7 by overflows.

8 The development issue, you have the
9 riverfront revitalization and new development.
10 These are estimates. These are numbers for other

11 cities. This is just to give you a feel for the
12 program costs. We are not talking about penalties
13 anymore. We are not talking about past penalties
14 or future penalties, we are talking about
15 potential program costs.

16 If you look now, you're looking at
17 billions no matter where you are. Baltimore,
18 there is 750 million, and I know that because
19 Jerry was much more successful in being able to
20 say it's under a million than I was on my penalty,
21 and that's all it is. I wish I had that
22 tenacity.

23 Large numbers, again, we are not alone.
24 Because we are not alone, all of these people are
25 looking for money, too. Everybody is going to the

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1 same pot, to the same well, no pun intended, to
2 try to find funding to help their rate payers.

3 As much as we have looked at the technical
4 side of things and we will continue to, it is a
5 requirement to do that, we also have to look at
6 the finances associated with all of this.
7 Affordability analysis. Financial capability
8 analysis. I will tell you that early on in
9 looking at what was being suggested in the Long
10 Term Control Plan when we did the EPA
11 affordability analysis, I call it the magic
12 diamond, you throw all these factors in, median
13 income, unemployment, yada, yada, yada, the EPA
14 magic diamond spits out it's affordable, numbers,
15 very large numbers I think most people would say
16 did not appear to be affordable, but again, this
17 was back in the late '90s. We have the
18 opportunity to look at this all again. We are
19 going to do it with the consent decree through the
20 wet weather plan, but we have to look at all of
21 these financial issues again.

22 Funding, we are going to continue to
23 aggressively seek funding. We have supported
24 Three Rivers in the funding effort for the money
25 coming to the communities which to this point is

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1 around \$23, \$24 million. We are in that
2 ballpark. While some people have complained
3 that's not enough, it isn't enough. It's a good
4 share. That's a good bit of money. It's the
5 lion's share of what's been available while we
6 have been out there. There are programs that were
7 out there years ago. That doesn't have anything
8 to do with what we are doing now. We weren't at

9 that point. There were no regulations that
10 required us to move in that direction, but we are
11 there now, and we are fortunate enough to have
12 received at least that much money. We are going
13 to continue to seek money on both the state and
14 Federal level. Ultimately, we will be looking at
15 potentially different rate structures, perhaps
16 with some incentives for people reducing flows.
17 We can't say that for sure right now, but those
18 are certainly options.

19 User rates right now, just to make sure
20 that everybody is on board with where we are right
21 now today. The user is paying \$2.98 per thousand
22 gallons. When I say "per thousand gallons," that
23 is based on your water consumption. That is the
24 best way we have to bill at this point. We go
25 based on the water coming into your home. The

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1 average household is using about 18,000 gallons
2 per quarter. That's roughly \$240 a year. That is
3 simply the Alcosan charge, the Alcosan fee for
4 sewage treatment, the waste water treatment. That
5 does not incorporate what your communities are
6 doing, what their requirements are for your
7 municipal sewer system.

8 We have two methods of billing. We have
9 direct bill. We can engage in lump sum bill.
10 Direct bill is just what it would seem to
11 indicate. We send the end user a bill directly.
12 That bill is for our services.

13 In the lump sum scenario, we bill the
14 municipality. The municipality then in turn bills
15 you. Because they do it that way, they have the
16 opportunity to add fees to that bill. Those are
17 not Alcosan fees. They are not forwarded to
18 Alcosan. We get that \$2.98 per thousand gallons
19 plus a quarterly service fee. The service fee
20 goes to all the ancillary services to support the
21 treatment. Again, that is just a quarterly
22 tack-on.

23 Just following up, that lump sum ability
24 we tack on that the municipalities can add, most
25 of the communities take advantage of that. We

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1 only have about five, maybe six customer
2 communities that are still engaged in direct
3 billing. It's very useful for communities to be
4 able to deal with the requirements within their
5 sewer system to be able to add those fees on.
6 What impacts our rates? The same thing that

7 impacts everybody else's budget. Our budget
8 impact lines up with what you would be accustomed
9 to.

10 Utility costs. We have seen, as you have
11 seen, huge increases in utility costs over the
12 years, over the last few years specifically, 15 to
13 40 percent. We pump a lot of sewage at 250
14 million gallons a day. Our electric bill per
15 month is \$600,000 per month. That is a lot of
16 money. Every increase, of course, is just going
17 to magnify that. We are going to have to perform
18 more activities because of what is entailed in the
19 consent decree that are going to require those
20 costs to go up. So it's not just the increase
21 that is coming from the utilities themselves, it's
22 our usage of the utilities that are going to
23 increase as well.

24 Less billable consumption. The wet
25 weather issue is a dual-edged sword. When it is

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1 wet outside, people are not using as much water.
2 If it's a wet spring, certainly wet summer, we see
3 less billable consumption. That is an impact to
4 us. It's an impact to our budget. If it's
5 raining, people aren't watering their lawns.
6 They're not washing their cars. They're not
7 filling up the kiddie pool. While they may seem
8 like little things, that is not the case. It adds
9 up across a 310 square mile service area very
10 quickly, and we can see that in our budget.

11 Conservation, the low water toilets, get
12 rid of them. I don't know whoever came up with
13 that. Our concept, flush early, flush often. If
14 you have one, flush it twice just to be on the
15 safe side. Again, seems like a small thing, but
16 we can see those impacts. When we see the
17 impacts, it affects our bottom line.

18 A very large decline in our largest
19 industrial customers, the steel mills. They used
20 a lot of water. The hospitals, consolidation,
21 downsizing, closings, we see that. Housing
22 projects, things that you might not think about.
23 Certainly manufacturers, that is an easy one to
24 recognize. The penitentiary. It pains me to say
25 that the penitentiary is the only large user, the

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1 only commercial user, the only user, period, that
2 has increased in consumption over the last ten
3 years. That is a sad commentary for many reasons,
4 but then they upped and moved away. Yes, they are

5 coming back, but there are not many people over
6 there and if there are not many people over there,
7 the consumption is very, very low.

8 Loss of state funding. We lost state
9 funding that had been available to us since the
10 inception of the authority. Act 339 had been
11 available to at least one treatment plant since
12 1952. It was at the time of its demise worth
13 about \$5.5 million a year to us. That's a pretty
14 big hole in our budget. People have heard a lot,
15 of course, about the Port Authority and
16 sustainable funding. We are not going to weigh in
17 on the drink tax, but let me remind you that
18 drinking is good. Drink more, flush more, drink
19 again and flush again. Make sure you make it to
20 the right receptacle.

21 Of course, consent decree implementation.
22 We are going to have additional analyses. We are
23 going to have more of these reports, more
24 processes, additional equipment, jobs. All of
25 this impacts the budgets, impacts your rate.

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1 Along with all the other headlines, when the
2 consent decree was signed, we anticipated that we
3 would be able to forego a rate increase until
4 possibly 2009, that it would be after 2008.

5 What is probably much more important here
6 is Steve's comment. We have a lot of people in
7 Forest Hills who are concerned about the
8 environment so they might understand the rates. I
9 am going to the east tomorrow and I am going to
10 blow that up so big and say, are you with me or
11 against me? I hope Steve can take a good joke.

12 We now know that we are going to have an
13 increase in January of '08. We're not sure
14 exactly what it's going to be, but we are
15 definitely going to have to implement a January of
16 '08 rate increase. We'll know within the next
17 couple weeks because we have to provide that
18 information to the communities so that they can
19 incorporate that into their budget.

20 There is no doubt there is going to be
21 numerous increases over the years. As I said in
22 the opening, I am not going to stand here and tell
23 you it's going to be ten percent this year, at the
24 end of 15 years you're going to pay \$500 a year.
25 We can't get into that speculation because the

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1 consent decree does not tell us what to put in the
2 ground, where to put it. It gives us a framework

3 for putting together plans that are going to
4 answer all those questions. I can't assess what
5 it's going to cost until I know what it's going to
6 be. That is coming in the future. We are going
7 to do a cost of service study next year. A cost
8 of study service is just that. It determines what
9 it costs to provide the service that you're
10 providing. That is absent where we're going with
11 the consent decree implementation, just what does
12 it cost to provide waste water treatment services
13 right now. Understand that we will always do
14 everything we can to minimize rate impact.

15 Public participation. I referred earlier
16 to our outreach efforts, how we, I think, have had
17 an excellent outreach effort. That doesn't have
18 anything to do with how we coordinated with our
19 municipalities. I am talking about to public
20 outreach. I think we've done a very good job
21 there. But through the consent decree, we are
22 required to do more, and it only makes sense that
23 we will be doing that. We'll have to develop a
24 public participation plan. We're going to have to
25 have additional meetings like this. We are going

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1 to have this type of meeting annually through 2026
2 and probably beyond because we need to be able to
3 share where we are, what we're doing, what kind of
4 information we have available to us and make that
5 available to you.

6 We are going to form a municipal customer
7 advisory committee. We formed a municipal
8 advisory committee a few years ago with disastrous
9 results. It is one of the dismal failures of my
10 executive directorship. Fortunately because I
11 have this document now that tells me I have to do
12 it and I have to do it in a certain way, I have to
13 form this at least ten-member committee. That's
14 what we are going to do and we are going to make
15 it work. We are going to do it the right way this
16 time. We need to be able to share information.
17 Provision of public notifications, things like
18 this and other mechanisms to get information to
19 the public about overflows, the program, where we
20 are.

21 This, one of the best outreach efforts
22 ever, the Alcosan open house. A lot of you were
23 there. Saturday, September 22nd, we hosted
24 1802 people. It wasn't just fun and games and
25 football. I think everybody understands you have

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1 to take that approach to lure people -- not lure
2 people -- to get people to come in and
3 participate. Once they are there, you're teaching
4 them something hopefully in a way they don't even
5 realize they are being taught. That was the theme
6 at the open house. Every one of these slides was
7 indicative of some educational process taking
8 place. A lot of fun, a lot of work, but a lot of
9 sharing of valuable information. I can't wait
10 until next year.

11 Lastly, the good part. I'm done. You are
12 not going to have to listen to me gravel on here
13 and cough. The bad news, with the consent decree
14 implementation, we our going to improve water
15 quality. We're going to have much better water
16 quality, but we are not going to cure all the ills
17 of water quality issues in this region, not even
18 within our service area, because there are so many
19 other impacts on water quality. You've got
20 agricultural runoff, acid mine drainage, storm
21 water management issues. There are many other
22 things out there. Our piece, again, will make a
23 significant improvement, but there are many other
24 things to be done. So there is more to the story,
25 more to come later. I wouldn't want you to walk

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1 away from here thinking they are going to spend a
2 lot of money, they're going to fix everything.
3 That is not the case. It will be better but it
4 won't be perfect.

5 With that, we will open it up to
6 questions. I will remind you once again to come
7 to the microphone, state your name, let us know
8 where you're from, and please spell your last
9 name.

10 MR. DIXON: Jack Dixon, D-i-x-o-n,
11 Carnegie, PA. What neighboring city has evolved
12 farthest into this plan that signed a consent
13 decree? Detroit?

14 MS. SCOTT WILLIAMS: Probably
15 Detroit. Cleveland.

16 MR. DIXON: What are their increases
17 in rates? They are ten years into it from their
18 base rate to their current rate, what has the
19 increase been? Does anyone know?

20 MS. SCOTT WILLIAMS: I couldn't tell
21 you that right now, but that is a good question
22 and something we will research and make
23 available.

24 MR. DIXON: The second thing,
25 everything discussed all sounds reasonable, but

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1 the biggest bang for our buck is on Woods Run. If
2 you could get a technology or a plan to put more
3 than 275 million gallons, if you could go even to
4 550, we would eliminate a lot of these storage
5 inceptor plants. If we multiply treatment units,
6 we multiply expenses. Our most efficient way to
7 go is to look at that plan, to look at other
8 technologies and see if there is any way you could
9 pump through it.

10 MS. SCOTT WILLIAMS: Well, I tell you
11 what. I heard this many places, but it's true,
12 the best and brightest people are from Carnegie.
13 Pleased to meet you, sir. That is a large part of
14 our proposed plan. I have talked about the pinch
15 point of the 275 million gallons a day. We have a
16 concept, and that continues to evolve, that would
17 allow us to move 875 million gallons through the
18 plant. It is a little offbeat, which is true, but
19 we think it's viable. Our consultants think it
20 has great merit and the regulatory agencies are
21 willing to listen to our concept. So they haven't
22 ruled it out right now. You hit the nail right on
23 the head. I appreciate you being here and
24 speaking up tonight. Thank you.

25 MS. KUESHNER: Judy Kueshner,
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1 K-u-e-s-h-n-e-r. I live in Crafton Borough. I
2 seem to be one of the few people here who are here
3 just because I am consumer. I guess we are one of
4 the communities who has been charging people
5 directly from our community and it's being added
6 on to our Alcosan bill. I have to say also that I
7 am a landlady and I have eight tenants who all pay
8 their own utilities. I am starting to get
9 feedback from them. They are very upset about
10 their higher Alcosan bill, and I myself have
11 noticed for the first time that the sewage is
12 larger than the water consumption bill on my bills
13 for the last two months, which is kind of
14 shocking. I just never expected that. In all of
15 the years I have been paying utilities, I have
16 never known a utility to go up that dramatically
17 in such a short period of time, and then I have to
18 pass on the bad news to my tenants who maybe if
19 they lived in another community, of course I'm
20 competing with landlords in other communities,
21 maybe if they lived in another community, they
22 wouldn't have these shocking bills. So I'm kind
23 of an in a lose-lose situation here.

24 At the same time, I would like to take it

25 from a historical background. I spent the first
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1 ten years of my life in Carnegie and, of course,
2 Chartiers Creek runs under the main street in
3 Carnegie. Ever since I was a child, I would ask
4 whatever male relative I was with to lift me up on
5 their shoulder so I could see the water flowing
6 underneath the main street. It was always
7 orange. Then later on when I first wanted to take
8 my first canoe ride down Chartiers Creek, I was
9 told it really wasn't safe because there was a lot
10 of sewage in it. So of course I want clean water,
11 but as I said, these things are coming so thick
12 and fast, more dramatic than any other utility
13 charges that I've seen raised so quickly, that
14 that's concerning me. I don't know how you want
15 to address that, but I just want to be here to
16 give you my concerns as a customer. Thank you.

17 MS. SCOTT WILLIAMS: Thank you. I
18 certainly feel your pain. I live in a community
19 that was one of those that early on started
20 raising rates for a variety of reasons, and it was
21 painful. We had people attending the council
22 meeting who would threaten to cease bathing so
23 that they could save water and force the council
24 into some action to rescind those rates, but it
25 hasn't happened. They have continued to go up.

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1 Carnegie, I didn't realize that Carnegie's
2 rates had -- I'm sorry -- Crafton, I didn't
3 realize their rates had gone up so much.
4 Is Crafton Dan's? Dan is a very
5 knowledgeable man. He is willing to, with the wet
6 weather compliance issues, and I know he has taken
7 that issue to council and urged them to be
8 proactive in preparing for it, and I would say
9 you're seeing the results of that. I wish there
10 was some other way to manage it. I wish there was
11 some magical pot of money that would become
12 available, but again, as you look across the
13 country and see other areas that are looking for
14 resources, and even locally, I joke about the Port
15 Authority, but that is a serious matter. There
16 are many, many competing voices looking for the
17 limited resources that are available right now.

18 I appreciate the recognition on your part
19 of the environmental benefit to it, but I have no
20 easy answer for you, no solution. As I have
21 indicated, our rates are going to increase as of
22 January 1st, and I'm sure you will certainly see

23 that as a pass-through, but I would not be
24 surprised if you see an add-on to what you're
25 already experiencing from your borough when that

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1 increase comes from us. Certainly not what you
2 wanted to hear, but again, I don't really have
3 good news.

4 MS. KUESHNER: Just from what I am
5 hearing and reading in the newspaper and hearing
6 on the news, it seems like the entire country is
7 faced with the situation that the citizens of this
8 country can no longer afford our infrastructure.
9 Would everybody agree with that? Our
10 infrastructure is getting so expensive to
11 maintain, not just building new stuff, but just
12 maintaining the old stuff, the taxpayers can't
13 afford it anymore. I don't know where we are
14 going to get the money.

15 MS. SCOTT WILLIAMS: It is very
16 difficult, and with respect to sewage treatment
17 matters because your sewer lines and sewage
18 treatment-related infrastructure tends to be
19 underground, out of sight, out of mind, we are
20 dealing with avoidance that has occurred over
21 many, many years. It's unfortunate, but it
22 certainly is the case. I agree with you. When I
23 am asked, I believe it is the largest issue. When
24 I called it a dilemma in that opening slide, it is
25 a dilemma. I believe it's the largest issue

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1 facing us locally and many places across the
2 country, of course aside from health care, but
3 with respect to something that people really don't
4 have a true appreciation for, this issue is it.
5 At least with respect to health care, everybody
6 understands it, has dealt with it, knows what is
7 happening. This is a sleeping child that has the
8 potential to eat our lunch.

9 MR. DIXON: Part of our problem, the
10 pie in this region is shrinking. As that pie
11 shrinks, anything we do, the cost goes up. Again,
12 back to my point, if you could just get your
13 center facility and double in what you process, it
14 would greatly benefit the region and your own
15 problem.

16 MS. SCOTT WILLIAMS: Thank you.

17 MR. SCHOMBERT: I'm John Schombert,
18 S-c-h-o-m-b-e-r-t, Three Rivers Wet Weather. I'm
19 a resident of Coraopolis. Just supporting on the
20 issue of rate, we have done a rate study every

21 year for the last couple of years. It's available
22 on our Web site. If you look at that, it breaks
23 out the Alcosan component, which is generally the
24 lower percentage of that component. Most of the
25 rate structure as the rate increases over the last

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1 few years, particularly with the consent orders of
2 the municipalities and stuff, have been on the
3 municipal component of that rate structure. I
4 think it will be very surprising to communities to
5 see who has the highest rates in the region. Some
6 of the older towns, Oakdale, actually has the
7 highest rates in the region. It's not who you
8 might think it is. It's just a matter that the
9 towns are being forced by the consent order to
10 have to invest in their component of the system.
11 They started that investment. Alcosan will be
12 doing its own investment, but a large part of this
13 cost will be on the municipal side. We're going
14 to continue to see that happen over the next
15 decade.

16 MS. SCOTT WILLIAMS: My eager staff
17 is telling me it's over, Arletta, call it a
18 night. I do appreciate everybody coming out and
19 participating, especially the really, really
20 bright guy from Carnegie. Thank you so very
21 much. I am glad we were able to get you on the
22 record.

23 (Applause.)

24 We do have a couple of more meetings. We
25 are here again tomorrow morning. We have two

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1 meetings in the east tomorrow evening and Friday
2 morning, but most importantly we have a meeting
3 Tuesday morning at 10:00 a.m. at the Convention
4 Center. If there are people that you can suggest
5 come to this, I'm not looking for any more
6 consultants, I'm looking for people who are
7 concerned citizens, please, if there is somebody
8 you can suggest to come, we would really
9 appreciate having them present. I appreciate the
10 folks from Heidelberg being here. Thank you very
11 much, Mr. Mayor.

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I hereby certify that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me on the informational meeting of the within cause and that this is a correct transcript of the same.

Marcy J. Llewellyn
Professional Court Reporter

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