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PUBLIC  
INTERNATIONAL MEETING  
regarding the  
EPA CONSENT DECREE  
and Sewer Overflows

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Holiday Inn Pittsburgh - Parkway East  
915 Brinton Road  
Pittsburgh, PA 15221

\* \* \*

October 12, 2007  
10:00 a.m. - 12:11 p.m.

\* \* \*

Presentation by:  
Arletta Scott Williams,  
Executive Director of Alcosan  
and  
David Borneman, P.E.  
Director of Engineering & Construction

\* \* \*

Reported by:  
Marcy J. Llewellyn,  
Court Reporter

\* \* \*

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P R O C E E D I N G S

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MS. SCOTT WILLIAMS: Good morning, folks. To make sure we have everything on the record, when we get to the point where we are going to take questions, we have two microphones, one here and one there. If you would step up to the microphone, identify yourself, first and last name, where you're from or who you represent, and then spell your last name for the stenographer. That would be very helpful. Not because we want to use any of this against you in the future, we just want to make sure we have a very accurate accounting of what your issues are.

How many engineers do I have here today?  
Oh, my goodness. This has got to be the first meeting -- wow. I would tell you to give yourselves a hand, but I'll give you a hand.  
Fantastic.

Any elected officials? Not that elected officials are bad or engineers are bad, it's just typically the people who have come to the meetings up to this point. So everybody here is pretty much a concerned citizen, would that be the case?

25 You folks?

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1 MR. BERGMAN: Nonprofit Nine Mile Run  
2 Watershed Subdivision.

3 UNIDENTIFIED SPEAKER: Urban Forestry  
4 Group.

5 MS. SCOTT WILLIAMS: Okay, my  
6 citizens are over here. This is my happy  
7 citizens, unhappy citizens?

8 UNIDENTIFIED SPEAKER: Monroeville  
9 Municipal Authority.

10 MS. SCOTT WILLIAMS: Monroeville  
11 Municipal Authority, welcome to the party. All  
12 right. Let's get going here.

13 I am going to, for the most part, cover  
14 what you see here on this slide. For those of you  
15 who are not familiar with Alcosan, give you a  
16 background of who we are, the service we provide,  
17 talk about the wet weather issue. I certainly  
18 don't want to jump into the consent decree and  
19 what that means in terms of a solution without you  
20 having some firm appreciation for what the issue  
21 is, the issue being the wet weather issue.

22 We are going to talk about the consent  
23 decree. I'm not going to give you a full-blown  
24 detail, but I will point out that the consent  
25 decree is this white document over here. Has

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1 anybody gone on line to look at the consent  
2 decree? Does anybody have a copy of the consent  
3 decree? You guys certainly should have a copy.  
4 We are going to talk about it. Again, I'm not  
5 going to give you all the full-blown, 275-page  
6 detail. I'm going to give you a better  
7 appreciation for it.

8 Lastly, I'm going to talk about finances.  
9 I am not going to give you rate projections for  
10 the next couple of years, for the next ten, 20  
11 years. That's not what we are going to do here.  
12 We are going to talk about money in much broader  
13 terms and what it means to the authority, what it  
14 could potentially mean to you as a rate payer, but  
15 again, not specific detail with respect to what  
16 your rates are going to be. We are not at a point  
17 where we can make those determinations. It's not  
18 something we are trying to hide from you, we just  
19 don't want to give you improper or bad  
20 information, so we are not there yet.

21 Alcosan. Alcosan is, the word itself, is  
22 the acronym for the Allegheny County Sanitary

23 Authority. The Allegheny County Sanitary  
24 Authority, don't be misled by the Allegheny County  
25 in the name. We are not a county department. We

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1 are not a county authority. We are an independent  
2 municipal authority. We will talk about that in a  
3 little bit. We are your waste water treatment  
4 service provider. We don't treat the water that  
5 comes to your home. We treat the water that goes  
6 to the river for those people who take the water  
7 out and treat it and it comes to your home. We  
8 treat waste water.

9 To give you a feel for the background of  
10 when waste water treatment came to Allegheny  
11 County, it really hasn't been that long. In 1945,  
12 the state board issued orders to 102  
13 municipalities and 90 industries in the county  
14 saying you have to stop polluting the waterways of  
15 the Commonwealth, cease and desist at that point.  
16 These were major orders. They required  
17 construction plans to be in place by June of 1946,  
18 construction plans that would detail what type of  
19 facilities would be constructed and put into  
20 operation to deal with the treating of sewage at  
21 that point.

22 Well, 74 of those communities went to the  
23 county at that time and asked for the formation of  
24 an authority, a single entity that would be able  
25 to deal with that compliance issue rather than

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1 each one of them trying to meet compliance on  
2 their own. The county responded by forming the  
3 authority. In 1946, Alcosan was formed. We were  
4 formed to accept the responsibility for conveying  
5 the waste from the municipal systems, That is  
6 once the municipal systems had collected them,  
7 from conveying it and then treating it. The  
8 conveyance would be what we call "interceptors."  
9 As Pittsburgh is a football town, I'm sure we can  
10 all understand interception, we intercepted that  
11 flow that had been previously going to the  
12 rivers. Huge pipes, some as large as ten and a  
13 half feet in diameter, they are to convey that  
14 flow to the treatment facility. We have that  
15 responsibility.

16 As can you see here, only 56 communities  
17 of those 74 that originally petitioned came into  
18 the system. The others felt that they had more  
19 viable options someplace else, because of course  
20 we still had to meet the orders that were issues,

21 but they went in a different direction. Here, the  
22 municipalities again retained responsibility for  
23 all of those sewers within their municipal  
24 orders. So as I said, we are intercepting,  
25 conveying and treating. We are not collecting

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1 within the municipality.

2 I told you we are an independent municipal  
3 authority. We are not governed by the city or the  
4 county. We have our own government body, the  
5 Alcosan Board of Directors. In 1945, because the  
6 county formed the authority, there were five board  
7 members, five authority board members, county  
8 appointments. By 1956, the City of Pittsburgh  
9 came into the system. When they joined the club,  
10 they brought \$2.5 million. \$2.5 million is  
11 significant today let alone in 1956. When they  
12 brought these resources, the board was  
13 reconfigured. Three board members went to the  
14 city; two remained with the county.

15 By 1998, the board had expanded to seven  
16 board members. It was reconfigured so that there  
17 would be equal representation: Three from the  
18 county, three from the city, one joint  
19 appointment. When I say city and county, the city  
20 being the Mayor of the City of Pittsburgh makes  
21 those appointments with the concurrence from City  
22 Council. Back in the day, the County  
23 commissioners made the county appointment. Today,  
24 of course, the County Executive makes the county  
25 appointment with concurrence of County Council.

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1 As I said, we are independent. We receive  
2 no tax monies. We are supported solely by user  
3 fees. We did have some outside state funding but  
4 that has evaporated unfortunately. We are a  
5 completely self-contained unit. When I say that,  
6 I am referring to the ancillary services. Of  
7 course, we treat sewage, but there are a lot of  
8 support services that go along with that.  
9 Engineering, IT services, human resources,  
10 laboratory services. All of those functions are  
11 contained in-house. In some large cities because  
12 of who has responsibility for treating the waste,  
13 those functions, those ancillary support services  
14 can be provided by either the city or the county.  
15 Again, because we are not a city nor a county  
16 agency, we have those services in-house.

17 We are the largest treatment facility in  
18 Allegheny County. I would not want you to think

19 we are the only treatment facility. First of all,  
20 we only treat 83 communities. There are 130 in  
21 Allegheny County. There are upwards of  
22 20 treatment facilities within Allegheny County.  
23 At 250 million gallons a day of treatment, we are  
24 certainly the largest. If you look at the others  
25 that we have noted here, and these are the next

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1 largest in size in the county, you can see they  
2 are fairly small. The City of Duquesne,  
3 2 millions gallons a day; McKeesport, I believe  
4 they are up over 12 now, and Clairton at 6. We  
5 are a very large treatment facility.

6 Again, as I said, we service 83  
7 communities within the county, the largest, of  
8 course, being the City of Pittsburgh. We have a  
9 310-square mile surface area. We service a little  
10 under 900,000 customers, individuals. Actual  
11 billed customers is a little over 300,000, but  
12 individuals, a little under 900,000, and about  
13 122 industrial customers.

14 Now, I talked about the municipalities and  
15 their responsibility for their sewers. We have  
16 responsibility for those football interceptors and  
17 the treatment facilities. Those are the three  
18 components of waste water treatment. You have to  
19 collect it from the source, the sources being  
20 residential. It could be homes, business,  
21 industry, what have you. That is the collection  
22 aspect of it which the municipalities are  
23 responsible for. Then there is the conveying of  
24 that throughout interceptors and treatment. You  
25 have to have all three components. I point this

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1 out because once again, as I made the distinction,  
2 in other large cities one entity is typically  
3 responsible for all three components, which makes  
4 managing waste water much easier than it is here.  
5 But this is the system we have and this is what we  
6 have to work with, and we make the best use of  
7 it.

8 As I said, we are responsible for  
9 conveyance, interceptors, and the treatment  
10 plant. We have 90 miles of interceptors. This is  
11 a picture of one of the original borings for one  
12 of our tunnels. As I said, it can be as much as  
13 ten and a half feet in diameter, as small as three  
14 feet in diameter. There are diversion  
15 structures. Along these interceptors, there are  
16 built-in points where flow can be released when

17 it's necessary. When there is more flow than the  
18 treatment facility on the down-end of the process  
19 can accommodate, these interceptors are designed  
20 to have relief points, gates that open, and allow  
21 this discharge. This only happens during wet  
22 weather. Understand that the systems are sized  
23 appropriately for the conveyance of pure sewage,  
24 pure sewage being when there is no rain water.  
25 These diversion structures opening up allow what

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1 are called "overflows," which is the reason we are  
2 here today, to talk about overflows, controlling  
3 them, and how the consent decree permits that.  
4 The municipal system, again, the municipalities,  
5 retain responsibility for that. There is about  
6 4,000 miles of municipal sewer systems out there.  
7 Again, remember, it's 83 independent systems that  
8 the municipalities each have responsibility for  
9 their own system.

10 Now, these overflows that I talked about,  
11 these points where this gate can open at the site  
12 of interceptor and release flow, it's not just a  
13 local problem. It is a national problem. It has  
14 been a national problem. I explained that the  
15 system was designed to have those relief points  
16 back in the '40s. Now, we come up to 1972, we  
17 have the Clean Water Act that becomes law, which  
18 regulates specifically how water discharge to all  
19 water bodies of the United States are to be  
20 managed and dealt with.

21 By the time you get to 1987, you have  
22 amendments to the Clean Water Act that are saying  
23 okay, we have dealt with discharges and making  
24 sure that every community has a treatment plant to  
25 deal with these discharges. Now, we have to back

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1 it up and deal with the next issue, the overflows  
2 that resulted from these interceptors opening up  
3 and relieving.

4 By 1993, we are seeing the impacts of all  
5 of this in our permit. The authority is issuing a  
6 permit to regulate how we operate the treatment  
7 plant and what discharges from the treatment  
8 plant, making sure that it is the cleanest product  
9 possible and also what discharges from the  
10 interceptor system. We saw all of this coming  
11 into our permit in '93 and had anticipated that it  
12 would.

13 We talked a lot about overflows. What is  
14 an overflow? It is a discharge of untreated

15 sewage. If sewage is coming into the facility and  
16 being treated, that is not an overflow. It is  
17 receiving the appropriate treatment. Those points  
18 again in the system that open up and discharge  
19 create overflows. You see SSO and CSO here. We  
20 are going to talk specifically about what SSOs and  
21 CSOs are, but understand that all overflows are  
22 discharged with untreated sewage into the system.

23 This is a picture that shows one of those  
24 gates I was talking about opening up and making  
25 that release into the stream. It is a CSO. This

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1 is an SSO, a manhole within a stream that is  
2 obviously inundated and bubbling over. Now, to  
3 understand more about the differences between  
4 these two systems, and you may have heard a lot  
5 about CSOs, SSOs, and wonder what does all of it  
6 mean, what is the distinction. We are going to go  
7 over that very quickly here.

8 Combined systems. Combined sewer systems  
9 are those systems in the older communities in our  
10 country. Older communities were built so that all  
11 of the waste and the storm water went into one  
12 pipe. In this picture, that would be this pipe.  
13 When it's simply sewage, you notice the lovely  
14 brown shading, when it's simply sewage, it comes  
15 out, hits this line, it comes down and goes to the  
16 treatment facility, to the Alcosan treatment  
17 facility. When there is rain, either coming  
18 through the downspout, driveway drain or any other  
19 mechanism you have rain coming into the system,  
20 it's hitting the same line. Now, you've got the  
21 clean water and the sewage. A lot of it can come  
22 to the treatment facility. Most of it discharges  
23 to the river. That is the combined sewer  
24 overflow, the CSO. These are designed this way,  
25 they're permitted this way, they're perfectly

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1 legal. Regulations have evolved that changed how  
2 you deal with them, but this system is legal.

3 Sanitary sewer overflows are the same  
4 scenario in terms of the house, the car, all of  
5 that, the lovely driveway drain, but the sewage is  
6 coming directly into a line that is separate from  
7 the line that is taking these other flows. These  
8 are our newer communities, those communities that  
9 were established from 1940 up to this point. The  
10 systems were required to be separated so we would  
11 not be having that overflow of sewage and storm  
12 water. For the most part, they worked very well.

13 Everything that is clean can and does go to the  
14 river. The sewage goes on for treatment.  
15 Unfortunately, even though it is supposed to be  
16 designed and built this way, it doesn't always  
17 work this way. There can be cross connections of  
18 many kinds that create what is essentially a  
19 combined sewer because you have got sewage going  
20 into that storm waterline.

21 This is a picture that we affectionately  
22 refer to as "bones." It is a picture of the  
23 lateral that comes from your house to that  
24 municipal system. When I talked about these three  
25 components where the municipality has

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1 responsibility for and the two components we have  
2 responsibility for, I didn't point out that you  
3 have responsibility for another portion, that line  
4 that runs from your home to the street to that  
5 municipal sewer. In some cases they can be  
6 deteriorated very badly. If that is the case,  
7 because of the high levels of ground water that we  
8 have in this area, you have water going into this  
9 line or you could have sewage seeping out of the  
10 line, depending on what is going on. That is one  
11 way that you can get water migrating into the  
12 system where it should not be. In some cases for  
13 construction purposes, these downspouts were  
14 tapped right into the sewer line because it was  
15 convenient, again, for construction purposes at  
16 that time.

17 Sanitary sewer overflows, unlike combined  
18 sewer overflows, are illegal. They have to be  
19 eliminated. They are illegal because it should  
20 only be clean water going out that overflow. If  
21 it is within a separate community on a system that  
22 is designed the way it's supposed to be designed,  
23 it should be nothing but clean water coming out of  
24 there. That is why it would be illegal to have  
25 sewage in that discharge.

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1 What causes the overflows? Obviously,  
2 rainwater, rainfall. When you have a lot of  
3 rainfall, you have overflows. If you think about  
4 the amounts of snow that we get locally, you have  
5 a couple feet of snow piled up. It's too cold for  
6 it to melt. More snow comes. More snow is piled  
7 up. When it does warm up and it melts, that wet  
8 water has to go somewhere. It comes into the  
9 systems. Floods certainly have an impact.  
10 Infiltration and inflow in that bones picture,

11 that water that would be coming in, that  
12 groundwater that would be coming into that  
13 busted-up home lateral, that would be an example  
14 of infiltration.

15 Inflow, there are points within the system  
16 where for development purposes natural streams  
17 were tied into the sewer system so they wouldn't  
18 have to be dealt with. The construction of 279,  
19 that highway, is a classic example of how that can  
20 occur. These are all occurrences of wet weather  
21 discharges.

22 What about dry weather discharges? Dry  
23 weather discharges are bad. They are very, very  
24 bad because, of course, if you think back to those  
25 two pictures of the house and the driveway that I

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1 showed you, nothing should be happening out of the  
2 ordinary unless there is wet weather, that is that  
3 rainwater coming into the system. Otherwise, that  
4 sewage should be coming to the treatment facility  
5 and everything should be normal. But, of course,  
6 things can and do go wrong. You can have  
7 blockages in pipes. If you have a blocked pipe,  
8 sewage can't come to the treatment facility for  
9 whatever reason. It's going to back up and  
10 discharge somewhere, even if that is dry weather.  
11 You can have a pipe that is broken somewhere or  
12 unfortunately something we have all experienced,  
13 power failures, all causes of overflows.

14 What is the impact? The impact from  
15 overflows hits us in a variety of ways. There are  
16 environmental impacts. There are economic  
17 impacts. Remember that even though this is  
18 dilute, very dilute sewage, it's still sewage  
19 going into the waterways. It's carrying a variety  
20 of contaminants and pollutants that are impacting  
21 anybody who has access to the waterways and  
22 certainly those down stream from us, just as we're  
23 being affected by what is being sent to us from  
24 upstream users.

25 You see another gate open discharging.

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1 Here, this is somebody's basement. Now, you  
2 wouldn't think of a basement as an overflow point,  
3 but if the system is backed up and discharging  
4 into that basement, typically that is an overflow.  
5 That certainly is the last thing anybody wants to  
6 have happen, but it is an impact.

7 Economic impacts. If you look on a  
8 national level, this is looking simply at what

9 clean water supports. There are many impacts to  
10 clean water outside of overflows, but just clean  
11 water, \$45 billion impact on the seafood, fishing  
12 and agricultural industry. A much larger impact  
13 to tourism, to recreation. Pretty significant.

14 When you look locally, what does it mean  
15 for us? Well, riverfront revitalization, we have  
16 more things going on along our rivers than we ever  
17 had before, and it's because we have cleaner water  
18 than we ever had before. At the same time, we  
19 have development issues related to clean water and  
20 overflows. Real estate, industrial, commercial,  
21 it doesn't make any difference. If there is too  
22 much flow in the pipe and we are not managing the  
23 sewage that is in the pipe effectively already,  
24 there are regulations and there are agencies that  
25 will prevent us from putting more flow into that

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1 pipe. You have a ban on development. We have  
2 been in situations where there have been  
3 restrictions on new restaurants, new housing  
4 developments. Nobody wants to be in a position to  
5 thwart development. Locally, we need as much as  
6 we possibly can.

7 This is a picture of Pittsburgh. This is  
8 the Majestic. I don't know if you can tell from  
9 that far away. This is right along the Ohio River  
10 right across from the Alcosan treatment plan. I  
11 would encourage people to come down and take a  
12 dip. Is that lovely looking or not? You people  
13 don't believe me, do you? Well, maybe it's not  
14 the Ohio, but I did make sure you were awake if  
15 nothing else. The national impacts are just as  
16 important as the local impacts.

17 Back to the surface area. I told you  
18 before what the surface area was. Now that you  
19 have a better understanding and appreciation I  
20 hope for overflows, let's look at it a little  
21 differently. At 310-square miles, 60 is  
22 combined. 145 is separate. That would make you  
23 think separate sewer areas are a much bigger  
24 problem than the combined areas. It's so much  
25 more. It's really not the case. If you look at

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1 the population served within those areas, because  
2 combined communities are much more densely  
3 populated, it's about a 50-50 split of who is  
4 living in each of those type of service areas.

5 One is no better or worse than the other.

6 Going back to the design history. When

7 the original 74 communities petitioned the county,  
8 a lot of evaluation and investigation went on to  
9 determine what are these plans going to be for  
10 waste water treatment in Allegheny County.  
11 Through those studies it became very clear that it  
12 didn't make any difference whether it was a  
13 combined community or a separate community. The  
14 flows were reacting about the same during wet  
15 weather. It was just as much water getting into  
16 the separate systems as there was in the combined  
17 systems. Because of that, all of the systems were  
18 designed to have those relief points within the  
19 interceptor. Understand that again, based on this  
20 evaluation and this recognition of what the system  
21 was actually encountering, the designs were put  
22 together. Permits were issued. This was totally  
23 blessed by the regulatory agencies at that time.  
24 It was acceptable. That is how the system was  
25 designed the way it is.

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1 Again, the service area, the black  
2 outline, is the Alcosan service area. If you look  
3 at the pinkish shading, that is the combined sewer  
4 areas. The mustard-type color is the separate  
5 sewer areas and this lighter shading of yellow is  
6 for areas that aren't contributing to the system.  
7 When you look at the split, 60-square miles of  
8 combined sewer area, you still see we've got total  
9 numbers of overflows at 259 CSOs. 259 combined  
10 sewer outfalls. That is a lot. It makes us one  
11 of the largest in the country. Of course, there  
12 is a certain obligation that goes along with being  
13 one of the largest within the country. Within the  
14 State of Pennsylvania, we have the misfortune of  
15 having more CSOs than anybody else at 1671. You  
16 can see it drops pretty rapidly from one to ten.  
17 Maine only has 277. They are mostly in this area,  
18 and it's a function of the topography and terrain  
19 of Pennsylvania. It's not just a Pittsburgh  
20 issue. It is a Pennsylvania issue and a national  
21 issue.

22 I took you through the progression of the  
23 Clean Water Act evolving into amendments and what  
24 we were seeing in our permit. By the 1990s, there  
25 is this recognition that, yes, this overflow issue

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1 is much more significant than it was originally  
2 anticipated to be. The Federal Agencies, Federal  
3 Agencies in this case being EPA and the Department  
4 of Justice, started to move into larger cities

5 across the country and implement enforcement  
6 actions for those who were out of compliance.  
7 Essentially, there was no way people could be in  
8 compliance.

9 These enforcement orders entail some  
10 pretty stiff penalties. Alcosan is not alone.  
11 There is a lot of misery, or company in our misery  
12 out there. You see, of course, much more in the  
13 northeastern area of the country, but there are a  
14 lot of people that are either going through the  
15 consent decree process now or have gone through  
16 it. We are not alone in this endeavor. Again, it  
17 is not an Allegheny County/Pittsburgh issue.

18 The consent decree itself in being under a  
19 consent decree is a mandatory action. As I  
20 explained, we are a large system with the 259 CSO  
21 outfalls. The Clean Water Act and the CSO policy  
22 mandates that anybody as large as we are, a  
23 permittee who is a major permittee, and because of  
24 that permit that I explained to you that we are  
25 issued that regulates how we discharge from the

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1 treatment plan and the interceptor system, because  
2 of that permit and our major status, we had to  
3 have a consent decree. Our issues have to be  
4 resolved through a judicial order. The consent  
5 decree is that judicial order.

6 You are here because of the consent  
7 decree. What is it? You go strictly by the  
8 definition, here you have it. It's big enough  
9 that I don't need to read it for you. The consent  
10 decree, we have heard much more about in the news  
11 over the past ten years or so for a variety of  
12 reasons. Many people have had to enter a consent  
13 decree. The process is a plaintiff and a  
14 defendant coming to an agreement. The plaintiff  
15 in this case would be the government, the Federal  
16 Government, the state government, the county  
17 government. The defendant would believe Alcosan.  
18 There is some violation that we are charged with.  
19 We have to remedy that violation. We have to pay  
20 penalties associated with that violation. We are  
21 going to do everything we can to not violate in  
22 that manner anymore. From personal experience, I  
23 can tell you that consent decree is definitely the  
24 result of a lot of compromise, a lot of battling  
25 of strong wills and extensive negotiation.

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1 This particular consent decree, you can't  
2 get any bigger than that, this is a consent decree

3 based on the Clean Water Act. We violated the  
4 Clean Water Act by discharging untreated sewage.  
5 I showed you the map with the grouping of  
6 communities that has the consent decree. Just  
7 showing you that doesn't really give you an  
8 appreciation for, okay, what does theirs look like  
9 compared to ours. The requirements where we end  
10 up at the end of the day, our consent decree is  
11 very much comparable to those in these other major  
12 cities. It is certainly the best combination of  
13 coming back with an environmental benefit and  
14 being economically prudent at the same time.

15 Now, the document. The book itself is not  
16 an official document yet. It is not an official  
17 document even though we have negotiated  
18 extensively and come to a settlement. It's not an  
19 official document because the process requires  
20 it to go through this procedure. It was lodged in  
21 Federal Court in May, the end of May, May 31st.  
22 Once it was lodged, it was then published in the  
23 Federal Register as having been lodged. That  
24 would be the date of notice, June 14th.

25 Even though the agreement has been made

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1 between the plaintiff and defendant, it cannot be  
2 an official document until the Court, a Court, in  
3 this case the Federal Court, weighs in on it. The  
4 Court is not going to weigh in on it until  
5 commentary from the public is received, until you  
6 give your input to say, this is good or bad for  
7 valid reasons. Either way, the Court is not going  
8 to enter it. Entering is when it becomes the  
9 official document that I spoke of.

10 So as of June 14th, the comment period  
11 opened. It closed on the 16th. Within that time  
12 frame, let me say for a consent decree, there is a  
13 minimum 30-day comment period that is required.  
14 That certainly met the period. Comments were  
15 received from a few of our customer  
16 municipalities. Those comments go directly to the  
17 Court. Right now, this whole matter sits with  
18 Judge Gary Lancaster in Federal Court. Those  
19 communities and their responses went to Judge  
20 Lancaster.

21 At the same time, a couple of our  
22 communities filed an intervention to prevent the  
23 consent decree from being entered and becoming  
24 official. All of that sits with the Judge right  
25 now. We are all patiently awaiting his

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1 determination. When he is through and he is  
2 satisfied, he will enter the document.

3 The date of entry is a very important  
4 date. The date of entry starts the clock ticking  
5 for us in terms of compliance requirements.  
6 30 days from date of entry so many things have to  
7 happen. Certain reports have to be presented to  
8 the agencies. There are a lot of activities that  
9 spring from the date of entry, certain compliance  
10 that goes from 180 days of date of entry. It  
11 could be a few years from date of entry. Date of  
12 entry is a very important date. Of course, we are  
13 not there yet.

14 The settlement process, it was a very  
15 intense seven-year process. We negotiated from  
16 the draft we received in September of 2000. The  
17 initial draft of the document was about 45 pages  
18 long. Again, you can see the book, 275 pages,  
19 seven years later, we have a settlement. We  
20 negotiated with the agencies from September of  
21 2000 up until November of 2001. While we are  
22 going through this process of negotiating, we were  
23 having a difficult time explaining to EPA, not the  
24 state, not the county, because they are here, they  
25 understand our system, understand our

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1 requirements, but EPA had a difficult time  
2 understanding that we were not responsible for  
3 those municipal collection systems. If you think  
4 back to that three-part pie chart, EPA wanted to  
5 hold us responsible for all three of those pieces  
6 of the pie. That was impossible because we do not  
7 have responsibility, we do not have the capability  
8 to deal with the municipal systems. That is not  
9 the way this arrangement is structured.

10 After extensive debate and us educating  
11 them, by November of 2001 EPA, DEP and the Health  
12 Department left negotiating with us and went to  
13 negotiate with the communities to bring them into  
14 the loop. They could not bring them into our  
15 consent decree negotiations because that is a  
16 closed process, closed to the plaintiff and the  
17 defendant, period. But this was an ancillary  
18 negotiation that they engaged in to support what  
19 they were doing with us with the consent decree.  
20 They engaged in that up until July of 2003 and  
21 came back with orders for all of the communities.

22 There are administrative consent orders or  
23 consent order agreements that each of the  
24 83 communities was required to sign. The  
25 distinction is based on whether you're a combined

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1 sewer community or a separate sewer community.  
2 Having those in hand, they can then come back to  
3 us to deal with the other two parts of that pie  
4 chart. That began, and we negotiated from July of  
5 2003 to May of 2007, and we have a settlement.

6 The participants in the process for the  
7 government, I think I have explained extensively  
8 who that was. EPA is represented by the  
9 Department of Justice, but they have in-house  
10 counsel as well. They have people from their  
11 Region 3 level in Philadelphia. They have people  
12 from headquarters in Washington D.C. There are a  
13 lot of people at the table representing the  
14 government. They have legal staff. They have  
15 technical staff, and we have the local agencies.

16 On my side of the house, we were  
17 represented by Eckert Seamans Cherin & Mellott.  
18 They did a very, very fine job for us. All of my  
19 staff, every area of the operation is represented  
20 at the negotiations table because for the  
21 authority, this is a unified effort. It is not  
22 simply an engineering issue or a compliance  
23 department issue. This is something that my  
24 entire organization is going to have to be  
25 involved with. Our technical consultant was Camp,

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1 Dresser, McKee. They sat at the table us with as  
2 well. I should point out that the technical  
3 consultant for the government team was SAIC.  
4 There were a lot of people at the table for that  
5 seven-year period.

6 What were we attempting to do? What were  
7 the goals in negotiating? The goal obviously is  
8 to get the best deal possibility for the rate  
9 payer. At the same time, I was tasked with  
10 bringing the civil penalty in under \$1 million.  
11 Well, we got an agreement, a very large headline.  
12 You can see it through the plastic on your lawn.  
13 Even though you have reached the agreement,  
14 believe me, you don't really appreciate it until  
15 you're walking over there to pick the newspaper  
16 up. Then, we got the best deal possible because  
17 it's in the newspaper. If it's in the newspaper,  
18 it must be right. Everything in the newspaper is  
19 true, correct? I can tell you we did get the best  
20 deal possible. That's not just because it was my  
21 team in the endeavor. We worked very hard over  
22 that seven-year period to make sure that we did.

23 Now, the civil penalty, the civil penalty  
24 that I was tasked with bringing in under a million

25 dollars. I got close, didn't get quite there.

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1 The civil penalty is \$1.2 million. It's split  
2 three ways between the three participants in the  
3 negotiating process for the government. The  
4 Federal Government gets their share, \$400,000,  
5 30 days from date of entry, that all-important  
6 date. Of course, they haven't received that check  
7 yet, but whenever the Judge drops that hammer,  
8 30 days from that point, the Federal Government  
9 gets their check. 180 days from date of entry the  
10 state gets theirs, and 360 days from the date of  
11 entry the county gets theirs.

12 What is the civil penalty? What's the  
13 importance of the civil penalty? Civil penalty is  
14 the penalty for everything that has happened in  
15 the past, for all of the overflows, all of the  
16 discharges that have occurred, to right all the  
17 past sins. That \$1.2 million, technically if you  
18 look at the basic calculation for a civil penalty,  
19 which is so many thousands of dollars times  
20 however many overflows you have over a certain  
21 period, so a certain large number of overflows,  
22 the civil penalty in that pure mathematical  
23 calculation could have been \$1.3 billion. Not  
24 that anybody would have entertained anything of  
25 that nature, but ultimately when I got to 1.2, I

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1 wasn't going to push it trying to get down to  
2 below a million. Again, I think we got the best  
3 deal we possibly could.  
4 Stipulated penalties are the all-important  
5 penalties now. They are for future occurrences.  
6 This is not just for overflows. This is for  
7 future violations. Stipulated penalties can range  
8 from \$750 to \$2500. You're looking at that number  
9 and saying, man, what is the big deal, we can  
10 manage that. This is \$750 to \$2500 per event, per  
11 day. You can have multiple events in a day. You  
12 can have multiple days. Those numbers can add up  
13 very, very, very quickly. Again, this is not just  
14 for overflows. You can incur stipulated penalties  
15 for dry weather overflows, those dry weather  
16 discharges that I talked about before being very,  
17 very bad because there is no wet weather. There  
18 is nothing to excuse it. So you can get  
19 stipulated penalties for those, but you can also  
20 get stipulated penalties for failing to perform  
21 any activity within the 275 pages that we said we  
22 would perform. If that is submitting a report, it

23 has to be submitted on time. If it doesn't, we  
24 start to get these penalties. The clock starts  
25 ticking on them the minute you violate. If it's

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1 any other act, we can incur stipulated penalties.  
2 We are focused and working very hard to make sure  
3 that we can meet all the requirements. Believe  
4 me, you don't negotiate seven years to come away  
5 with something that you don't think you can meet.  
6 That was a large part of what took the extended  
7 time. We were not going to agree to some of the  
8 activities that the government was trying to force  
9 upon us, because we knew that there was no way  
10 that we could meet the standard and we would  
11 definitely be in violation.

12 Getting to that \$1.2 million. In getting  
13 to the 1.2 million, there are a variety of  
14 mechanisms for suppressing the penalty, the civil  
15 penalty. One of those is the use of supplemental  
16 environmental projects. Supplemental  
17 environmental projects, SEPs are those that have  
18 an environmental benefit that have absolutely  
19 nothing to do with the violation you're being  
20 charged with. That made sense. It wouldn't be  
21 fair if you were given credit for cleaning up  
22 something that you are being charged with. These  
23 are completely independent of the issue. We have  
24 agreed to spend \$3 million on SEPs. The  
25 regulatory agencies still have to sign off on

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1 these, and within the consent decree there is a  
2 table that identifies what projects will be  
3 considered. These are simply -- it's a simple  
4 list of projects within Appendix J. We are not  
5 looking at projects outside of that scope, but of  
6 those projects that we can choose from, we have to  
7 submit to the agencies and they have to sign off  
8 on what we are proposing.

9 SEPs across the country seem to be half a  
10 million up to a little over 5 million. If you  
11 look at the national comparison, this line showing  
12 you civil penalties, this line showing you SEPs,  
13 we definitely match up pretty good with what has  
14 occurred in other areas. If you look specifically  
15 at Cincinnati, they have the same civil penalty  
16 that we have, much higher SEPs. We're at  
17 \$3 million, they're at 5.3. I would point out  
18 that Cincinnati has had to deal with this issue  
19 already. This is not their first consent decree.  
20 I would also point out that we have a much better

21 football team so we are better off for a variety  
22 of reasons.

23 What is the consent decree going to have  
24 us do? It's going to have us evaluate, monitor,  
25 model, prepare, and guarantee that we will be

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1 compliant. It's also going to hold us to a very,  
2 very aggressive, very rigid 20-year schedule.

3 You might say 20 years, that's a long  
4 time. How could it be aggressive? How could it  
5 be rigid? There are a lot of requirements within  
6 that 20 years that have to go off in a certain  
7 manner or we will incur stipulated penalties.  
8 Specifically, we're going to eliminate sanitary  
9 sewer overflows. We have talked about how bad  
10 they are, how illegal they are. We're going to  
11 eliminate dry weather discharges. Again, CSOs are  
12 not illegal. They have to be reduced and  
13 minimized. We are going to have to do a better  
14 job of managing them to meet compliance  
15 requirements. Then just to make sure it's all  
16 encompassing, we're going to have to construct and  
17 operate the necessary facilities to deal with  
18 flows from the entire collection and conveyance  
19 system.

20 We are also going to have to develop and  
21 implement a wet weather plan. The wet weather  
22 plan is the most significant requirement of the  
23 consent degree. The wet weather plan is going to  
24 detail how we deal with coming into compliance and  
25 meeting all the requirements of the consent

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1 decree, not just for Alcosan but for the region.  
2 It will require the incorporation of information  
3 from the municipalities. We are working with them  
4 extensively to bring their information in. Also,  
5 we are required to provide pretty extensive public  
6 outreach.

7 Now, this is just a time line. We talked  
8 about the 20 years or so. Right now we are and  
9 have been for some time doing flow monitoring. We  
10 are about to begin a project where we are going to  
11 be flow monitoring for those 83 communities where  
12 we will be going into those communities to do flow  
13 monitoring. We are modeling the systems at the  
14 same time and have been. We are doing water  
15 quality assessments. We have been testing water  
16 quality for quite some time. We want to know  
17 where we are, where we are going to be at the end  
18 of the day. We are going to plan and design. We

19 need to have an adequate base line.  
20 This wet weather planning, I told you we  
21 are going to have to submit this very significant  
22 document that is going to outline how we come into  
23 compliance. It has to be submitted by 2012. It's  
24 not very far away. We have a lot of work to do.  
25 We have done a lot of work. We have implemented

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1 projects over the last several years to give us a  
2 better understanding of what is going to need to  
3 be incorporated into a wet weather plan. At the  
4 same time, the communities are and have been  
5 working on their own requirements doing all types  
6 of assessment and analyses of their systems to  
7 bring that in to the wet weather planning  
8 process. You can see, we have municipal  
9 coordination requirements. I'm telling you there  
10 are little requirements in the document of how we  
11 are to coordinate and cooperate with your  
12 communities. Your communities are not signatory  
13 to the document. They are not held to anything  
14 specifically in the document, but there is a  
15 mechanism built in for us to request information  
16 from them. If we don't get that information, we  
17 have a certain recourse that kind of draws them in  
18 even though, once again, they are not a party to  
19 the document. But remember, they have all signed  
20 the agreements, the administrative consent orders  
21 or the consent order agreements within the  
22 agencies. They have their own responsibilities  
23 and obligations. All of that takes place in this  
24 very short time frame. This massive document, and  
25 it will be a very complex massive document.

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1 You see here there is a review period by  
2 the agencies. They have one year to review the  
3 wet weather plan. That should give you a sense of  
4 how elaborate this document is going to be if it's  
5 going to require a year for review. In this  
6 phase, we are going to plan, design and construct  
7 over this period. Everything has to be in the  
8 ground by 2026 for us to be in compliance.  
9 Everything coming out of this wet weather plan has  
10 to be constructed, in the ground, operable by  
11 2026. Then we have a three-year period beyond  
12 2026 where we evaluate, where we monitor the  
13 efficiency, the efficacy of what has been put into  
14 operation.

15 In addition to that, we have a requirement  
16 beyond what you see here. What goes in the ground

17 by 2026 has to be compliant for the next 20  
18 years. This is going to be an extensive planning  
19 process.

20 I'm throwing a lot of information at you.  
21 We've talked about a lot of different concepts.  
22 What does it all mean? Who is responsible? How  
23 is it going to get done and what will it cost? I  
24 already told you we are not going to talk  
25 specifically about what it's going to cost and who

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1 will pay how much. But a reminder, we are not  
2 alone. Because we are not alone, we benefit from  
3 other cities who have a little bit of a head start  
4 in the process. Some lessons learned are  
5 available to us, and there are a variety of  
6 consultants out there who have experience from  
7 these other areas they have brought into our  
8 project.

9 At the same time, we haven't just been  
10 sitting around waiting for all of this to  
11 develop. We have had a recognition of what was  
12 happening and what will be required back in the  
13 late '80s. We recognized that the national CSO  
14 policy was evolving and to position ourselves to  
15 be able to deal with the requirements we brought  
16 on a wet weather consultant in 1991. That period  
17 between '89 and '91, we were figuring out exactly  
18 what we thought we needed, the type of consultant  
19 we needed and the type of expertise we needed. We  
20 went through a very extensive process of putting  
21 together a scope of work and looking at the type  
22 of requirements and criteria that people were  
23 going to have to meet so that we could weed  
24 through the possible consultants.

25 We brought Camp, Dresser, McKee on board  
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1 in 1991. Camp, Dresser, McKee is the technical  
2 consultant that I told you we used during the  
3 consent decree negotiation. They are a national  
4 firm with national wet weather experience. Once  
5 we had them on board between 1992 and 1998, we did  
6 a lot of investigation, analysis, monitoring,  
7 looking at our system in ways we had not looked at  
8 it since it was constructed back in the '50s. All  
9 of that information was used to prepare reports.

10 These four books you see here, we'll talk  
11 about them in a minute, but the bulk of the work  
12 to prepare those documents took place here. By  
13 1998, having gone through all of this and really  
14 developing an appreciation for how much all of

15 this was going to cost and recognizing we are  
16 talking about massive sums of money, more money  
17 than the rate payer is going to be able to bear in  
18 simply user rates alone, we knew we had to bring  
19 funding to the region.

20 At the same time, we had fairly strained  
21 relationships with our municipalities for various  
22 reasons, and we recognized that if we lobby for  
23 funding, if we lobby for state funding, Federal  
24 funding, we couldn't necessary bring it to Alcosan  
25 and have credibility.

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1 So we formed Three Rivers Wet Weather  
2 along with the Health Department in 1998 with the  
3 understanding that Three Rivers would be the  
4 mechanism for money coming to this region and  
5 being distributed to the communities to help deal  
6 with this matter. The initial purpose and the  
7 initial intent of Three Rivers was to provide  
8 money to the communities for demonstration  
9 projects, projects that demonstrated how they  
10 could take excess flows out of their system so  
11 there would be less overall flow to manage.  
12 Eventually, Three Rivers evolved into a support  
13 mechanism for the communities when it came to  
14 negotiating with the EPA, Department of Justice,  
15 the state and the county. In that period where  
16 they left us to negotiate with the communities,  
17 Three Rivers was the force that brought them  
18 together, helped them become a cohesive unit so  
19 they could negotiate effectively.

20 Without Three Rivers, I think the  
21 communities would probably still be negotiating  
22 and we wouldn't be back at the table with a  
23 consent decree yet. Our lobbying efforts, and I  
24 should make it clear, when we formed Three Rivers,  
25 it wasn't just to form and dump and run. We fully

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1 support Three Rivers. We provide the lobbying  
2 support for Three Rivers. We are actively  
3 involved in getting that money into this region.  
4 At this point, Three Rivers has seen about \$23  
5 million come to the region that has gone to the  
6 communities. I've heard complaints that it's not  
7 enough, it's a drop in the bucket. It is much  
8 more than many other areas of the country have  
9 seen. There are people who would love to be able  
10 to say that they've seen that money. We need a  
11 lot more. We our talking about a major deficit  
12 across the nation, but that 23 million, we are

13 happy to have it.  
14 By 1998, between '98 and 2000, we are now  
15 meeting and dealing with EPA, the Department of  
16 Justice on a pretty consistent basis, sharing  
17 information. We are not negotiating. We are  
18 sharing information, trying to get them a better  
19 understanding of our system, the region, what is  
20 going on. Ultimately, of course, that evolved  
21 into the consent decree negotiations, the  
22 documents that I told you about that was the  
23 result of all this information that we collected  
24 between '92 and '98.

25 The first one told us what was in the  
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1 ground. Let me point out this is relative to the  
2 Alcosan system. What was in the ground. The  
3 second one was how well is it working. This  
4 document, the Nine Minimum Controls document, it  
5 is specifically CSO related. What are we doing?  
6 Are we doing the best with what we have?  
7 Ultimately, it led to the regional Long Term Wet  
8 Weather Control Plan, this last document here,  
9 next to the last book here. That was our concept  
10 of how we could deal with the deficits that we  
11 determined were out there based on all this  
12 investigation.

13 This was the deficit, that municipal  
14 systems could collect about a billion gallons a  
15 day when there is wet weather. That is a lot of  
16 flow. Our interceptor systems, the conveyance  
17 system, can only convey about 875 million gallons  
18 a day. That's not bad. You're going to have some  
19 overflows there because it's not equal, but not  
20 significant overflows.

21 The pinch point is the treatment  
22 facilities, the treatment plant. Go back to that  
23 pie chart in your mind. You have the municipal  
24 component, Alcosan's first component, Alcosan's  
25 second component. Initially, we only had a

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1 200-million-gallon treatment plant. We have  
2 extended capacity. Even with that extra 75, you  
3 can see there is a huge deficit. It's not going  
4 to get you the treatment that you need.

5 So we started looking at alternatives for  
6 dealing with all of this flow. We know we're  
7 going to have to manage it. We know the policy  
8 has evolved in a way that's going to require us to  
9 manage it differently. This Long Term Control  
10 Plan, again, as I said, was a concept. It was our

11 concept of how we could deal with all of this flow  
12 that we wanted to put before the regulatory  
13 agencies to get their feedback before we went any  
14 further, before we made any major commitments to  
15 say, okay, this is how we're going to resolve it.

16 We put our concept out to them. Our  
17 concept revolved around the combination of these  
18 alternatives. We've got too much flow. We've got  
19 a billion gallons out there. How are you going to  
20 deal with it? You can provide more treatment.  
21 That is more treatment plants, or you can provide  
22 treatment along the interceptor system out there  
23 in the system. You could convey more. In some  
24 areas there are spots where you have some  
25 restrictions where you can run an additional

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1 interceptor line, a parallel line, similar to what  
2 was done in Saw Mill Run. You could have two  
3 lines to move more flow. You could engage in  
4 source reduction, again, that original philosophy  
5 of Three Rivers, get the flow out of the community  
6 so that you're dealing with less overall flow. Or  
7 you could simply build storage, huge tanks to hold  
8 it until the wet weather event is over and then  
9 you bleed it back into the system when everything  
10 is dry and can accommodate the additional flow.

11 There is no one alternative. It is  
12 definitely a combination of all of these that is  
13 going to resolve this issue. Wet weather  
14 planning, that concept that we talked about, is  
15 what will evolve into that wet weather plan that I  
16 told you is so important. It must be submitted by  
17 2012. As we are going through the wet weather  
18 planning stages, we are going to be communicating  
19 and coordinating with our municipalities and with  
20 the public more than we ever have. We're going to  
21 be looking at cost, doing affordability analyses.  
22 We will certainly continue the water quality  
23 investigation, and then we're going to develop  
24 recommendations.

25 This is not a done deal for a long time.

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1 There are extensive requirements for a lot of  
2 participation in the process as we go along. Of  
3 course, as I said, we are going to have to  
4 construct and then monitor. These are just  
5 pictures of some of the possible facilities that  
6 may be used for compliance purposes.

7 I would like to point out this picture in  
8 the bottom right-hand corner. I hope it just

9 looks like a basketball court to most people.  
10 That's what it is, just a basketball court that  
11 has treatment facilities under it. You can have  
12 treatment under a facility like this. Why is this  
13 important? Because we are going to run into  
14 siting issues when we decide where we're going to  
15 need these facilities, how we are going to need to  
16 treat. Again, we're not looking at any one  
17 specific option. We are looking at everything.  
18 We are required to evaluate everything.

19 When we do get out into the communities,  
20 we are going to want to make it as appealing and  
21 attractive as possible for the community to say  
22 "site here." There will be certain places where  
23 it will be more beneficial for treatment for the  
24 collection of flows to site, and hopefully, again,  
25 we can make it as palatable as possible by things

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1 of this nature. If the treatment is site unseen  
2 and there can be some steady enhancement, that is  
3 what we want to be able to offer.

4 How are we going to accomplish all of  
5 this? At 310-square miles of service area, we are  
6 not just going to jump at it. We have already  
7 separated the service area. Again, that is the  
8 outline of the service area, into seven planning  
9 basins. Each one of these basins of course has  
10 multiple communities except for what you have  
11 here. Within each of these planning basins and  
12 within these municipalities, you have municipal  
13 engineers. We will be working extensively with  
14 those municipal engineers. Alcosan will be  
15 retaining and assigning engineering firms for each  
16 one of these basins to work with those municipal  
17 engineers and to work with Camp, Dresser, McKee  
18 who is providing the over-urgent support for how  
19 we pull all this together to prepare the wet  
20 weather plan.

21 How are we tracking it? We talked about a  
22 lot of information that is going to be required.  
23 If you look at this board, and I'm telling you to  
24 just look at the board, do not attempt to read  
25 it. I can't read the board. If you can, I

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1 probably want to talk to you later because I might  
2 be able to use you for some other purpose. Every  
3 requirement of the consent decree, our wet weather  
4 planning, is accounted for here. All these little  
5 lines. It also shows you responsibilities.  
6 Responsibility varies by color, who is responsible

7 for what. Once a certain responsibility has been  
8 met, of course it then moves onto somebody else.

9 This runs out to 2026. It encompasses  
10 every activity that is required. You see it  
11 here. There are 17 sheets like this that cover  
12 all the information we are going to have to keep  
13 track of. We use what is called an "Enterprise  
14 Content Management System." James T. Kirk told me  
15 about this in a dream once. He said, "You can  
16 manage the enterprise, Arletta." We have an  
17 Enterprise Content Management System, which is  
18 simply a super computer system that tracks all of  
19 this. It tracks it in a very official way so that  
20 we will not be out of compliance, miss a deadline,  
21 miss an activity and incur stipulated penalties.

22 What is the goal overall? The goal of our  
23 program, obviously, it's to meet the requirements  
24 of the consent decree, to comply with the Federal  
25 Clean Water Act and the state Clean Streams Law,

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1 but also to support local growth. We need to have  
2 clean water. We need to have the best possible  
3 water quality that we can.

4 What is it going to cost? Again, I'm not  
5 telling you what it is going to cost because there  
6 are so many unknowns. I've told you about all  
7 this alternative analysis that we have to be  
8 involved in. If we have all of that yet to do, we  
9 obviously don't know what the results are going to  
10 be.

11 Just to give you a feel for program costs  
12 across the country, and these are the costs to  
13 implement the program, to design, to put things in  
14 the ground. We are not talking about penalties  
15 here anymore. This is the cost for the program  
16 itself. You see we are talking about billion  
17 dollar numbers no matter where you are. You see  
18 that, as far as I'm concerned, that is a billion  
19 dollars. I'm sure as far as they're concerned,  
20 that's a billion dollars. These are very large  
21 dollars.

22 As always, we are going to be as  
23 responsible as possible, and we have requirements  
24 to be as responsible as possible in coming up with  
25 what all of this is going to cost. As much as we

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1 have to do the technical analyses, we have to do  
2 the financial analyses. We have to look at  
3 financial capability, affordability. We will also  
4 have to, as we have up to this point, continue to

5 look for state and Federal funding. We could be  
6 looking at new rate structures, a rate structure  
7 that could provide incentives for people to remove  
8 flows that we don't have to deal with.

9 I want to talk very briefly about the  
10 current Alcosan rate so you understand where we  
11 are today. Again, not projecting where we are  
12 going to be, but where we are today. This is only  
13 the Alcosan user rate. This does not have  
14 anything do with whatever your municipality  
15 charges you. Right now, we charge \$2.98 per  
16 thousand gallons. When I say "per thousand  
17 gallons," that's because we bill based on water  
18 consumption. For every thousand gallons of water  
19 that your water company tells us you use, we  
20 charge \$2.98 and a \$6.27 quarterly fee. Average  
21 usage, 18,000 gallons per quarter for the average  
22 user comes to about \$240 a year. That is strictly  
23 for your Alcosan bill.

24 There are a couple of billing options that  
25 your community has available that they have the

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1 right to make use of. We could bill you directly  
2 where Alcosan sends you a bill based on what we  
3 have been told your water consumption is. There  
4 are only a handful of communities, I mean  
5 literally, five or six communities out of the  
6 83 that still make use of that method. Most of  
7 them use the lump sum billing method. That's  
8 where we bill the community, the community then in  
9 turn bills you and can add fees. They can add  
10 fees to deal with their portion of that pie chart,  
11 those three portions of the waste water management  
12 responsibility, the portion that they have  
13 responsibility for. They can add fees to our bill  
14 to deal with those municipal sewer system issues.

15 An understanding of what impacts our  
16 budget, which of course then in turn impacts your  
17 rates, very much what impacts everybody else, not  
18 unlike anybody else, utilities. We've seen  
19 increases of 15 to 40 percent in utilities whether  
20 that's electricity, natural gasoline. We see  
21 those increases. In addition to those increases,  
22 the consent decree will require us to operate the  
23 facility a little differently than we have up to  
24 this point.

25 Right now, my monthly electric bill is

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1 \$600,000. When I implement requirements of the  
2 consent decree, I will have to pump sewage a

3 little differently than I have pumped sewage.  
4 Right now, I'm telling you we pump 250 million  
5 gallons a day. That gets us to \$600,000 a month.  
6 We are going to be pumping more and we are going  
7 to be pumping it at different rates. Those  
8 numbers are going to go up. There are many other  
9 activities associated with the consent decree  
10 where we will see an impact on our utility  
11 consumption.

12 Billing, less flow. We bill based on  
13 water consumption. The whole wet weather issue  
14 has a dual edge for us. If it is wetter in the  
15 springs and the summers, you have more rain,  
16 people aren't using as much water. They are not  
17 watering lawns. They are not filling up the  
18 kiddie pool. They are not washing the cars.  
19 Things that may seem like little quantities of  
20 water, it adds up over 310 square miles. We can  
21 definitely see the impacts. The impact of  
22 conservation in people becoming wiser about how  
23 they use water, low water toilets. Those low  
24 water toilets, get rid of them. You need to flush  
25 as much as possible. Remember that. You want to

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1 get a good clean flush so if you've got a low  
2 water toilet, flush twice just to be on the safe  
3 side. We see the impacts of that type of  
4 conservation. It's good for the environment. It  
5 can be bad for us and, in turn, bad for your  
6 rates, unfortunately.

7 Decline in the largest commercial and  
8 industrial customer, we all know we lost an  
9 industry. We continue to lose industries. The  
10 steel mills, very, very, large users of water.  
11 Certainly not around as much as we have had in the  
12 past. Other users that you might not think about,  
13 hospitals, manufacturers. I'm sure nobody would  
14 ever give any consideration to housing projects.  
15 Housing projects, which have been taken out of the  
16 system, major users of water. We see those  
17 impacts. It is unfortunate to say that the  
18 penitentiary is the only commercial customer we  
19 have that over the past ten years has increased in  
20 consumption consistently. That is a sad  
21 commentary on the state of affairs in America  
22 today. Even with that, then they upped and  
23 moved. What is a girl to do? I just don't know.  
24 They have come back. They have people in a  
25 facility, but certainly nowhere near what it was.

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1 We lost state funding. We had access to  
2 what was called an Act 339 grant. That grant was  
3 available since 1952. It was worth about \$5.5  
4 million to us. It is gone. It was eliminated in  
5 2003. You've heard a lot about the Port Authority  
6 and their needs. I'm sure you have not heard  
7 nearly as much about this particular issue, and  
8 I'm not going to stand here and weigh in on the  
9 drink tax and Port Authority, but I would say  
10 anything that encourages people to drink more  
11 encourages people to flush more. Drink more,  
12 flush more.

13 Lastly, the most obvious impact, the  
14 consent decree is going to require a lot of  
15 additional analyses, more of what we have done up  
16 to this point, more jobs, more processes, more  
17 equipment. I had somebody ask me in one of the  
18 presentations, all that money that you're taking  
19 for the analysis and doing all that stuff, why  
20 didn't you just put that into fixing the problem?  
21 My response was that would be like going to the  
22 doctor for your operation without having any  
23 diagnostic work and just saying take it out,  
24 whatever it is. We have to do all of this. The  
25 planning process is critical. We again work

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1 diligently to make sure we are spending the least  
2 amount of money possible, but we have to engage in  
3 that process.

4 Rate hikes, don't know what they are going  
5 to be going out 20 years. Had anticipated that we  
6 would be able to avoid one for '08. That is not  
7 the case. We are going to have a January 1st rate  
8 increase. Future increases guaranteed. I'll bet  
9 the farm and everything else on that. It's still  
10 too early to know what the full impacts of the  
11 document are going to be on rates. We are in the  
12 process of looking at other cities, those  
13 comparison cities that I showed you, to see what  
14 occurred with their rate structure over the time  
15 period they have been in a consent decree  
16 process.

17 Right now, we don't know where that is  
18 going to go for us. I can say within 2008 we are  
19 going to perform a cost of service study. That is  
20 simply a study to do just what it says, determine  
21 what it costs to provide the service that is being  
22 provided today. That again will not project many  
23 years out. I guarantee that staff, the board,  
24 particularly the chairman, are very focused on  
25 doing whatever it takes to minimize rate

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1 increases. When we lost that state funding a few  
2 years back, we tightened a belt that was already  
3 extremely tight, and we continue to tighten that  
4 belt.

5 Public participation is required. These  
6 meetings, you are going to see meetings like this  
7 on at least an annual basis as we go through this  
8 20-year process so that we are coming back and  
9 providing information. As much as I've stood here  
10 and told you, there is a lot of things that I  
11 can't tell you now. A year from now, I will know  
12 more. A year from then, I will know more, and so  
13 on and so forth. We are required within the  
14 document, and because it makes good sense as well,  
15 to come back and share that type of information  
16 with you. There are requirements for your  
17 participation in the process. We hope you will  
18 participate. We are required to do newsletters.  
19 You can always go to our Web site to get  
20 information and updates on the consent decree and  
21 other activities at Alcosan.

22 Public notifications. You may be familiar  
23 with this particular source of notification. This  
24 is the CSO flag that they fly on marinas. They  
25 are indicating to folks that we are in a combined

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1 sewer overflow event status and people should  
2 minimize and avoid contact with the waterways  
3 because of the discharges. They are very much  
4 like the air quality advisories that you see on  
5 TV. These are flying on the marinas. You will  
6 see different types of notifications that we will  
7 be coming up with.

8 We are required to form a municipal  
9 customer advisory committee. Two years ago, we  
10 formed a municipal advisory committee with  
11 absolutely disastrous results. It did not  
12 function the way the committee anticipated or the  
13 way the authority anticipated. This was no fault  
14 of committee members. They brought their best to  
15 the table. It was all on my end. Again, this  
16 document has a specific requirement to have this  
17 type of committee, so if I don't have the  
18 ten-member committee that is specified in the  
19 document, I will be out of compliance and I will  
20 incur stipulated penalties. We will have the  
21 committee. The committee will function. We will  
22 interact with the committee as prescribed in the  
23 document. It's a ten-member committee that will  
24 be appointed by the county executive.

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1 pictures from our most recent, very successful  
2 outreach event. That was the Alcosan open house.  
3 It was held Saturday, September 22nd. Was anybody  
4 here there by any chance? Did you hear about it?  
5 Did you hear about it from Marty Griffin or did  
6 you hear about it from somebody who had something  
7 positive to say?

8 UNIDENTIFIED SPEAKER: Just the  
9 notice.

10 MS. SCOTT WILLIAMS: Just the notice,  
11 okay. I will take that. Every activity you see  
12 here depicts some educational opportunity. I have  
13 slipped up and said we exposed 1802 people to  
14 sewage that day. That's not exactly what we did.  
15 We exposed them to education about sewage  
16 treatment. We hosted 1802 people. That is  
17 phenomenal. Here you have children looking at the  
18 microbiology of sewage. Everybody's got a  
19 microscope. Over here, you have a fish tank, a  
20 huge fish tank, of fish that were drawn from the  
21 Ohio River. A multitude of species that I would  
22 have never recognized, but the fact that they are  
23 there and thriving in an environment that 50 years  
24 ago would have been impossible speaks volumes.  
25 Again, a great event. We take every opportunity

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1 we can to participate in outreach events.  
2 So where are we now? Good news, I'm done  
3 talking. Bad news, everything I have described to  
4 you as extensive as it is, as comprehensive as it  
5 is only deals with one aspect of the water quality  
6 issues in this region. That is the overflow  
7 issue. That's the overflow issue relative to  
8 Alcosan. I have told you we only treat 83  
9 communities. There are 130 in Allegheny County.  
10 The agencies in dealing with us in the consent  
11 degree are not dealing with those other issues  
12 right now. They will, but this document only  
13 deals with the Alcosan system. It does not deal  
14 with acid mine drainage, with agricultural runoff  
15 and storm water issues. All of that is a shoe  
16 left to drop in the future. I can tell you that  
17 for certain what we are talking about implementing  
18 here, what we are required to implement is going  
19 to improve water quality. Absolutely. Will it be  
20 pristine? Will it meet all the objectives for our  
21 local waterways? No, it will not, because these  
22 other matters are still out there and have to be

23 resolved, but we are going to give you better  
24 water quality.

25 With that, I will take questions now.

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1 Again, I'll remind you that you are going to need  
2 to go to one of the microphones. I would remind  
3 you to state your first and last name, last name  
4 spelled, and who you represent.

5 MR. BERGMAN: I forgot how official  
6 we were being today.

7 MS. SCOTT WILLIAMS: We are very  
8 official. Not to intimidate you, but again, we  
9 want to get your information accurately so that we  
10 can incorporate it and respond if necessary.

11 MR. BERGMAN: Jeffrey Bergman,  
12 Program Director for the Nine Mile Run Watershed  
13 Association based in Regent Square. Thank you for  
14 that presentation. It was very informative and  
15 actually interesting, but I guess you have a  
16 target audience here. I don't know if you could  
17 wow everyone with sewage treatment talk.

18 I have a bunch of questions. I guess one  
19 kind of straightforward or more simple one is I'm  
20 curious about Alcosan's ability in levying the  
21 fees, the user fees. Does Alcosan in and of  
22 itself just have the power to raise fees as it  
23 sees fit or is it something that needs approval  
24 from the municipalities or some other body?

25 MS. SCOTT WILLIAMS: As I indicated

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1 early on in the presentation, we are an  
2 independent municipal authority. We are not  
3 regulated by the PEC or any other structure of  
4 that nature. We do not need outside approval but  
5 we know there is going to be that threshold of  
6 pain that you're not going to move beyond because  
7 you don't want to create problems, so it is  
8 certainly self-regulating. You are not going to  
9 see my Board of Directors come with an exorbitant  
10 rate increase that is going to shock everybody.

11 MR. BERGMAN: Right, because it's not  
12 like a homeowner could refuse the service. They  
13 basically have to pay for the service.

14 MS. SCOTT WILLIAMS: This is pretty  
15 much a monopoly.

16 MR. BERGMAN: Do you mind if I ask  
17 another question?

18 MS. SCOTT WILLIAMS: You can ask as  
19 many as you want.

20 MR. BERGMAN: Another just kind of

21 straightforward question that I had, who monitors  
22 these -- once the consent decree is underway, what  
23 is the monitoring system for these overflows, the  
24 overflows that would incur the stipulated  
25 penalties?

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1 MS. SCOTT WILLIAMS: We have a  
2 requirement within the document to come up with  
3 plans for monitoring overflows. We have a  
4 specific requirement, one of those activities that  
5 is required from date of entry, within 30 days of  
6 date of entry. We have to have an overflow  
7 response plan, an action list of what we are going  
8 to do when we incur these overflows. There are  
9 monitoring requirements, specific monitoring  
10 requirements. I don't know how detailed you want  
11 to get? I have my Director of Engineering &  
12 Construction, Dave Borneman, who can get  
13 nitty-gritty detailed with you if you want to go  
14 that far.

15 MR. BERGMAN: I'm actually just  
16 curious, would it be equipment that would  
17 measure --

18 MS. SCOTT WILLIAMS: Yes.

19 MR. BERGMAN: It would be equipment  
20 mostly. I guess that would go right along with --  
21 oh, you had mentioned a reduction, the consent  
22 decree requires a reduction of CSOs, of course not  
23 elimination. Is there a goal percentage for  
24 reduction or is -- I didn't see like a number.

25 MS. SCOTT WILLIAMS: Take it away,

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1 Dave.

2 MR. BORNEMAN: There is a guidance  
3 document published by EPA which we will be  
4 following. Basically when it comes to combined  
5 sewer overflows, there are a couple approaches you  
6 can take. Most efforts now are actually trying to  
7 vary the percent of capture or -- you either look  
8 at it from, can I reduce the frequency of these  
9 overflow events to say seven a year. Some areas,  
10 if it's an area where the pipe is very sensitive  
11 to a lot of recreational activity, they may want  
12 you to look at just relocation of that outfall  
13 over zero events a year. Some people have looked  
14 at in terms of percent capture, whether it's 85  
15 percent, 90 percent. What really happens is we  
16 will assemble a number of alternatives and vary  
17 the size of the suggested improvements to under  
18 those various scenarios. We will also be

19 measuring what the potential reduction could mean  
20 in terms of pollution reduction in the receiving  
21 streams. There is a series of analyses where you  
22 try to weigh this cost for this benefit or this  
23 cost for reducing it down to X number of events  
24 per year or percent or volume reduced. Through  
25 that analyses, you try to achieve the most cost

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1 effective way. It does consider the impacts of  
2 the receiving streams. It does look at the  
3 recreational activities and uses of the receiving  
4 streams and also tries to develop those varying  
5 costs where you can prioritize the improvements in  
6 size and volume.

7 MR. BERGMAN: So basically it's too  
8 soon to really be able to give a number because  
9 you're sort of experimenting with the different --  
10 a range of possibilities.

11 MR. BORNEMAN: That is correct.  
12 Again, the work going forward, as Arletta  
13 mentioned earlier, past work strictly related to  
14 the Alcosan system. This document is more  
15 comprehensive that we have to address overflows  
16 that are up in the municipal systems as well.  
17 They are supposed to share with us, and there's  
18 been work done already, there is over 100  
19 overflows up in the systems as well. This plan  
20 has to address what improvements communities with  
21 us have to do to abate those problems. So it's  
22 going to be a reiterative effort not just  
23 addressing our system but the communities and  
24 working with them as well towards their issues.

25 MR. BERGMAN: Can I ask one more  
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1 question?

2 MS. SCOTT WILLIAMS: Sure.

3 MR. BERGMAN: Related to that  
4 actually in talking about the municipalities, you  
5 said that the EPA had wanted Alcosan to take over  
6 all three portions of that pie chart.

7 MS. SCOTT WILLIAMS: There is a  
8 difference. The EPA wanted us to accept  
9 responsibility for bringing them into compliance.

10 MR. BERGMAN: That is different. I  
11 am just curious if knowing how all these  
12 municipalities that we have in the region and sort  
13 of the territorial --

14 MS. SCOTT WILLIAMS: You can say  
15 dysfunctional.

16 MR. BERGMAN: Dysfunctional

17 municipalities in southwestern Pennsylvania, why  
18 -- I mean, some might say from somewhere else,  
19 why would the municipalities not want to concede  
20 collection to Alcosan. Do they want to? Did they  
21 not want to? What was their reaction? I mean,  
22 were they able to give any input in this process?

23 MS. SCOTT WILLIAMS: There are many  
24 reasons why people would not want to relinquish  
25 their systems, not the least of which is the

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1 monetary implications. When I explained to you  
2 that there are arrangements for lump sum billing  
3 for that ability for the municipality to add a fee  
4 to the Alcosan bill, they would not want to  
5 relinquish that ability, again, with other  
6 reasons, but that would be the primary reason. We  
7 may be getting to the point where they're not  
8 going to have that option anymore. The threshold  
9 of pain is just going to overwhelm them.

10 MR. BERGMAN: All right. That is all  
11 I have. Thank you.

12 MS. SCOTT WILLIAMS: Thank you.

13 MS. CRUMRINE: I'm Danielle Crumrine,  
14 C-r-u-m-r-i-n-e. I'm the executive director of  
15 Friends of the Pittsburgh Urban Forest. Our  
16 mission is to protect and maintain the city's tree  
17 population. One of the -- part of our programming  
18 is to educate the public on the benefits of trees,  
19 in particular street trees. One of the various  
20 benefits trees give us is retaining storm water.  
21 I know Three Rivers Wet Weather, which by the way  
22 I commend you for supporting that organization,  
23 and they have given a great amount to this region,  
24 but at any rate, my point is I could be standing  
25 here talking to Columbia Gas or Duquesne Light,

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1 and any time that there is construction going on  
2 where utilities are concerned, trees die as a  
3 result of that. I was on the Lynn Cullen show  
4 about a month ago and a caller called in and said,  
5 "Hey, Alcosan is going to be doing all this  
6 work. Have you thought about talking to them  
7 about any plan they may have to replace these  
8 trees that are destroyed in the process?" So I am  
9 here to today to ask, has there been any thought  
10 as to what can happen on your end?

11 MS. SCOTT WILLIAMS: Let me tell you  
12 that we have had an extensive bit of construction  
13 at the treatment facility itself and it is  
14 mandatory. We are very serious about our

15 environmental stewardship. It is mandatory as we  
16 are going through that process of making sure that  
17 we are recreating that green environment where  
18 trees are being destroyed, which we do everything  
19 we really can to make sure that doesn't happen.  
20 But where they are destroyed, we are replacing,  
21 and just as much as we are offering the basketball  
22 court scenario, we want to make sure that wherever  
23 we've been, whatever we're involved with is going  
24 to be better than it was when we got there. That  
25 is certainly high on the priority list.

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1 MS. CRUMRINE: I would like to offer  
2 our consultation in any way throughout this  
3 process. We have arborists that work with us who  
4 can support your efforts.

5 MS. SCOTT WILLIAMS: Thank you. We  
6 appreciate that.

7 MR. DeROSA: Hello. My name is Jerry  
8 DeRosa, D-e-R-o-s-a. I am an environmental  
9 division manager with Pennoni Associates, an  
10 engineering firm here in town. I'm standing up to  
11 follow up to your comments, the last person in the  
12 group that had a question. I am also on the Board  
13 of Directors for the Allegheny County Land Trust.  
14 Recently, we had a board meeting last night  
15 coincidentally, and part of the topic of  
16 discussion at our Board of Directors meeting was  
17 something that our executive director and a large  
18 committee of several different organizations in  
19 town funded by the Heinz endowments and  
20 collaborated with the Pennsylvania Environmental  
21 Council and Western Pennsylvania Conservancy and  
22 the Pennsylvania DEP and several others, there's a  
23 long list of people that have been in the advisory  
24 committee for this, have been working on something  
25 called the Green Print, the Allegheny County Green

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1 Print. A substantial amount of evaluation of data  
2 from different databases and overlaying areas  
3 around the county that are green areas, areas that  
4 have been undeveloped, but also areas that have  
5 direct correlation to storm water overflow and  
6 storm water management and discharges in areas  
7 that can act as reservoirs or natural paths of  
8 storage for storm water. In looking at those  
9 areas to determine whether or not different tracks  
10 in the land can be protected and prevented, avoid  
11 development in those areas and acquiring those  
12 properties, getting easements on those properties,

13 strategically evaluating or identifying those  
14 areas and making sure that we don't let areas that  
15 might be developed become developed and therefore  
16 lose that natural path of storage capacity, to the  
17 extent that you're not aware of that initiative, I  
18 wanted to bring it to your attention. The  
19 executive director for the Allegheny County Land  
20 trust is Mr. Roy Kraynyk, K-r-a-y-n-y-k, and it  
21 might be worthwhile for there to be some  
22 collaboration and discussion with them. It's been  
23 a large initiative.

24 MS. SCOTT WILLIAMS: Thank you. We  
25 will familiarize ourselves with that. Thank you

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1 very much.

2 MR. DeROSA: Certainly I want to  
3 emphasize that regardless of whether or not you  
4 actually talk to those folks, that that be part of  
5 your plan, to look at that. It's something that  
6 is easily overlooked and should be something to be  
7 included.

8 MS. SCOTT WILLIAMS: Thank you very  
9 much.

10 MS. SKOLNICK: I'm Marilyn Skolnick,  
11 S-k-o-l-n-i-c-k. I am co-environmental chair for  
12 the Sierra Club, Allegheny Group. I have a couple  
13 of questions. One, how does the Three Rivers Wet  
14 Weather demonstration project interface with  
15 Alcosan? They are separate and yet are they  
16 duplicating the work you're doing?

17 MS. SCOTT WILLIAMS: First question?

18 MS. SKOLNICK: Yes.

19 MS. SCOTT WILLIAMS: They are not  
20 duplicating our work effort. They work in  
21 cooperation with us, and they are focused very  
22 much on working with the municipalities. As I  
23 indicated initially, their focus was on  
24 demonstrating technologies on getting money to  
25 communities to demonstrate ways to manage their

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1 flows better, to remove flows from the system.  
2 That has changed. It needed to change. When the  
3 communities were faced with having to negotiate  
4 with the Department of Justice and EPA, they  
5 really didn't have the wherewithal to come  
6 together to present a united front. Three Rivers  
7 did that. Beyond that, Three Rivers has now taken  
8 it upon themselves to set the standards for how  
9 the communities are going to come into compliance  
10 with the agreements that came out of that

11 negotiating process with the agencies. Three  
12 Rivers is an integral part of all of this. In the  
13 flow monitoring program, and I think I just  
14 briefly mentioned it, in that long compliance  
15 schedule that went out to 2026, flow monitoring is  
16 one of the activities that we will be engaged in.  
17 We are about to enter each of the communities to  
18 provide that service. Three Rivers is going to  
19 provide support for that to keep an eye on the  
20 data that is coming out of that entire process and  
21 perform the quality control assessments of all of  
22 that data. Again, Three Rivers is an integral  
23 part of all of this.

24 MS. SKOLNICK: That's good. We hate  
25 to see duplication.

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1 MS. SCOTT WILLIAMS: Absolutely.  
2 MS. SKOLNICK: I was just wondering  
3 with the 83 municipalities that are part of  
4 Alcosan, is there in each individual municipality  
5 a limit to the number of sewer taps they are  
6 permitted?

7 MS. SCOTT WILLIAMS: There has been.  
8 As part of that negotiating process with the  
9 agencies, any area that had a limit on what they  
10 could tap into the system, a waiver was given for  
11 their signing of those orders so that they could  
12 continue development. Unfortunately, there are  
13 not really that many of them out there that are in  
14 that position. Some of them have had corrective  
15 action plans in the past which I couldn't begin to  
16 speak to specifically, but that mechanism that had  
17 restricted them in the past has been lifted.

18 MS. SKOLNICK: I just wondered  
19 because in Monroeville there is a large town  
20 house, Orion Development, that's going in. I  
21 think there are over 50 town houses, and one very  
22 vulnerable area that is subject to flooding. I  
23 just wondered how they would manage to get the  
24 sewer tap-ins.

25 MS. SCOTT WILLIAMS: Again, those

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1 restrictions were lifted. Unfortunately, I see  
2 that the gentleman from Monroeville had left.

3 MS. SKOLNICK: Yeah, I noticed.

4 MS. SCOTT WILLIAMS: Thank you very  
5 much.

6 MR. RAPP: My name is Darryl Rapp,  
7 last name R-a-p-p. I have a number of questions,  
8 and I guess they kind of came up in your

9 presentation. The time line you showed showed  
10 various analyses and evaluation and then  
11 construction, so just one quick question. Is all  
12 construction halted until all of that is completed  
13 or are there construction activities to address  
14 pressing issues that are going to be done in the  
15 next couple years, or is everything going to be  
16 put on hold until that time with the time line?

17 MS. SCOTT WILLIAMS: As I said, there  
18 are a variety of activities and projects that we  
19 have been engaged in along the way. Those  
20 continue. There are some activities that we  
21 stopped while we were in the negotiating process  
22 because we really weren't sure which direction the  
23 agencies were going to lead us in. Some of those  
24 have been put on hold, but there are still  
25 activities that are taking place and there will be

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1 construction. Not as much as you are going to  
2 have at the end of all of that evaluation, but  
3 there are things that are definitely ongoing.

4 MR. RAPP: Another question relating  
5 to the stipulated penalties. I'm assuming that  
6 once the date of entry occurs that if there is an  
7 overflow event, you are not going to get fined the  
8 day after the date of entry, but are all -- I'm  
9 also going to assume that you don't have a free  
10 ride to have overflows until 2027 or something  
11 like that.

12 MS. SCOTT WILLIAMS: I could  
13 literally talk about that for three or four hours  
14 because there was a lengthy part of the  
15 negotiating period where the agencies did want to  
16 hold us accountable immediately after date of  
17 entry, that fines would begin for overflows at  
18 that point. We were steadfast in arguing against  
19 that and now those dry weather discharges that we  
20 will incur stipulated penalties for, while we are  
21 going through the wet weather planning process,  
22 putting that document together and implementing,  
23 we are given forgiveness for that time period as  
24 long as we are in compliance with everything that  
25 we said we would do in the document. As long as

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1 we stay on track and meet everything else that we  
2 are required to do, there will be forgiveness  
3 until we get to the end of the wet weather plan  
4 implementation. Very important point.

5 MR. RAPP: So dry weather, kind of  
6 the implementation of dry -- or the elimination of

7 dry weather discharges I'm assuming has a date  
8 certain sometime in the document, and if those  
9 aren't addressed by 2012 or 2014 or something like  
10 that --

11 MS. SCOTT WILLIAMS: 2026.

12 MR. RAPP: So you could have dry  
13 weather discharges all of the way up until 2026?

14 MS. SCOTT WILLIAMS: We will not be  
15 penalized until we get -- and understand, from our  
16 perspective we have already paid the civil penalty  
17 to say, yes, we have been in violation. We  
18 recognize that we've had these discharges, and now  
19 we are going to go through this very methodical  
20 process of dealing with them, analyzing, designing  
21 for compliance. Until we get to all that in the  
22 ground, very little is going to change. Why would  
23 I pay all this money for these past sins and then  
24 agree to continue to pay until I get to the point  
25 where I have all the remedial measures in place.

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1 That was the focus.

2 MR. BORNEMAN: I just wanted to add  
3 when you mentioned the dry weather discharge, it's  
4 a very uncommon occurrence of a dry weather  
5 discharge. There are provisions in there  
6 independent of all the wet weather planning that  
7 say we have to investigate the cause of that. If  
8 it occurs, there has to be some remedial measure  
9 depending on the type. Like if we had a blockage  
10 that caused it or if there was a break in the  
11 line, that wouldn't wait until 2026. We would  
12 have to submit a plan to correct that as soon as  
13 possible. I just didn't want that to be  
14 misunderstood.

15 MS. SCOTT WILLIAMS: Thank you,  
16 Dave. You're absolutely right.

17 MR. RAPP: There was Federal  
18 legislation recently passed, and I don't know if  
19 it was signed to be implemented, but it was  
20 highlighted in the newspaper about -- it sounded  
21 like there was going to be \$20 billion or  
22 something like that nationwide. It talked about  
23 Senator Specter or something or other if I  
24 recall. I wondered if that is going to have any  
25 influence that you can speak of.

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1 MS. SCOTT WILLIAMS: As far as I  
2 know, that money is still hanging out there  
3 somewhere. It's really not available. The  
4 national deficit that is out there is about \$400

5 to \$500 billion for needs across the country.  
6 There will be a lot of competing interests for  
7 that pot whenever it does materialize.

8 MR. RAPP: But if some of that pot  
9 would be available for Alcosan to propose and  
10 potentially get a --

11 MS. SCOTT WILLIAMS: We would  
12 certainly hope so. We would certainly hope that  
13 we would meet the criteria of whatever is placed  
14 on that pot.

15 MR. RAPP: You're talking the various  
16 numbers in the low billion dollar range or  
17 \$2 billion range for addressing some of the  
18 issues. I was curious about what the financial  
19 condition in terms of the rates, the costs and the  
20 bonding situation of Alcosan, because this is  
21 going to be infrastructured to last many years.  
22 Part of the reason I am interested in this is as a  
23 relatively new resident to the area, what is my  
24 perception is that there have been low rates, low  
25 tax rates or fee rates or things like that, and

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1 there has been what I might call a disinvestment  
2 that has been lack of maintenance. So as a new  
3 resident, I look at the current situation and say  
4 people who have lived here for the last 20 years  
5 have not been paying to maintain their system.  
6 The systems are deteriorated and now the cost is  
7 going to be on the current residents and future  
8 residents. If the bonding capability of an  
9 authority say like Alcosan has been tapped out and  
10 is maximized, so I'm speculating on a little bit  
11 of this, if there is a lot of bonds that are to be  
12 paid off and there is a lot of maintenance issues  
13 that need to be addressed, that, to me, sounds --  
14 would be very irresponsible for the past 20 years  
15 or however many years of the people who have  
16 decided the rates and maintenance of the system.  
17 So I'm curious as to what the financial situation  
18 is. You mentioned the 2008 rate cost of service  
19 study. Can you talk to a number of those things?

20 MS. SCOTT WILLIAMS: I will do the  
21 best I can. I will tell you the authority's bond  
22 rating is absolutely phenomenal. We are very  
23 solvent. You're talking more about -- I believe  
24 what you're referring to is the capacity of the  
25 municipalities to deal with what they have do deal

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1 with.

2 MR. RAPP: Some of what I'm talking

3 about is very general. You look at the roads  
4 around and some of them are in horrible shape, yet  
5 some of the municipalities that are responsible  
6 for maintaining those roads, maybe their ratings  
7 are okay but the amount of their budgets that are  
8 dedicated to paying interest on their bonds is  
9 kind of -- you know, they're maxed out. So not  
10 only do they owe money, but they have a large  
11 backlog of maintenance. That has thrown future  
12 maintenance and maintenance of that backlog and  
13 the payment onto future -- you know, that has just  
14 been irresponsible financial management, I guess  
15 is what I'm saying. I don't know the specifics of  
16 what the situation is for Alcosan, but I'm curious  
17 about that.

18 Again, with that rate survey, I'm curious  
19 because I have heard that the Alcosan rates have  
20 been lower than the national average, and yet I  
21 hear that Alcosan -- I realize that there is  
22 Alcosan and the municipalities, but that Alcosan  
23 has significant maintenance and regulatory  
24 violations and things like that. I'm curious as  
25 to that situation.

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1 MS. SCOTT WILLIAMS: Let's first go  
2 on record that we do not have significant  
3 regulatory violations. For the most part, we are  
4 very compliant.

5 MR. RAPP: You have environmental  
6 issues.

7 MS. SCOTT WILLIAMS: I will accept  
8 that one. Again, the authority, specifically the  
9 authority speaking to what our financial  
10 capability and capacity is, we are in very good  
11 shape. Our system is very well maintained and of  
12 course we benefit from the economy of scale that  
13 goes with operating a 250-million-gallon-a-day  
14 treatment facility. Looking to the municipal  
15 side, they are going to be much more stressed.  
16 The rates that we have had in place for some time  
17 are relatively low. That goes without saying, but  
18 it's not because we have forgone maintenance on  
19 our system. Again, our system is in very good  
20 shape, and as you can see, we have done a lot of  
21 work in preparing for what the regulations have  
22 required of us. So not only are we maintaining,  
23 we have put quite a bit of money into the  
24 analytical and engineering efforts to position  
25 ourselves. The cost of service study, we have not

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1 had cost of service study since 1999 or 2000. Do  
2 you remember, Arthur?

3 MR. TAMILIA: I'm going to say 1999.

4 MS. SCOTT WILLIAMS: It was performed  
5 by Black & Beech, a very comprehensive study. We  
6 have not had one since then. There are many  
7 things that have changed in that time period, and  
8 specifically looking at what does it cost us to  
9 provide the service that we provide right now.

10 That is something that we really need to do to  
11 make sure that we are charging appropriately. As  
12 you have said, we want to make sure that the rates  
13 are where they are supposed to be, not simply  
14 saying, okay, we have this miscellaneous need  
15 projected, so the rates here, we are going to add  
16 this much to it. Let's find out what it costs to  
17 provide the service that we provide. That is  
18 where we are.

19 MS. SMITH: As long as we're talking  
20 about rates, my name is Brenda Smith, S-m-i-t-h,  
21 Squirrel Hill. Currently, the charges to Alcosan  
22 are based on usage, so that is actually already an  
23 incentive for using less, but you said that one of  
24 the things that might happen in the future is some  
25 other kind of system to incentivize using less, and

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1 you joked a lot about the conservation issue, but  
2 I'm guessing that you really aren't looking for  
3 ways to get people to use less water?

4 MS. SCOTT WILLIAMS: We are talking  
5 about two different less usages, let's say. The  
6 conservation issue, people are using less water.  
7 That is wonderful for the environment. It is not  
8 so wonderful for me, obviously. The future rate  
9 structures that may incentivize less flow, that is  
10 less flow coming from your community. That is not  
11 using less water. That is taking some of that  
12 water, extraneous water out of the sewer systems  
13 that your municipalities would be doing, so that  
14 is less flow coming to Alcosan. That is the  
15 incentive less flow that I'm talking about.

16 MS. SMITH: Okay.

17 MS. SCOTT WILLIAMS: Did that make  
18 more sense?

19 MS. SMITH: Yes. Thank you.

20 MR. TAMILIA: I'm Art Tamilia,  
21 T-a-m-i-l-i-a, with Alcosan. I'm the Director of  
22 Environmental Compliance. I would like to throw  
23 in an example of what Arletta is speaking of. In  
24 Cincinnati they have had a number of consent  
25 decrees. They are a little ahead of us in this

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1 process as far as having to respond to the  
2 government. What they have put into place as an  
3 incentive, because they serve a number of areas as  
4 well, is an additional charge based on impervious  
5 runoff that comes into their system. They have  
6 found a way to charge for water that doesn't run  
7 through a water meter. That is the type of  
8 incentive I think that Arletta is talking about.  
9 It could take a number of forms. You have to look  
10 at these physical means of estimating or assessing  
11 or quantifying this water.

12 If you wouldn't mind, I would like to  
13 throw in a little bit on the maintenance and cost  
14 issues. I have been with the authority for 28  
15 years. I started when I was 12. The conventional  
16 wisdom within our organization is that our rates  
17 have been low because of where we are located and  
18 our low utility consumption. What I mean, we are  
19 at the lowest point in Allegheny County. All of  
20 the water flows downhill to us. We only have  
21 seven pumping stations in that 310-square mile  
22 area. That is unique. Dave could speak to that  
23 better than I can, but it is really kind of a  
24 unique benefit that we have within the industry  
25 for a plant this size.

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1 Also, the other thing that keeps our costs  
2 down is the fact that in the '50s and '40s, we  
3 were overconstructed. When we take facilities  
4 down at the plant, it's an incredible effort  
5 because everything is built so well. Our deep  
6 tunnels were bored through solid rock, and within  
7 that solid rock we have reinforced concrete pipe  
8 that is of a greater quality than you can buy or  
9 produce today. Those pipes were oversized for  
10 what we needed to treat.

11 I'm the Director of Environmental  
12 Compliance, so I do all the reporting to the  
13 agencies. I can recall maybe five significant  
14 events related to facility failures during my  
15 career. That is a testament to the quality and  
16 the consistency of our maintenance. We are not --  
17 don't get the wrong idea. We are not deflating  
18 costs as a political expedient or to be popular in  
19 the area. We got to spend what we got to spend.  
20 We have prided ourselves on our maintenance and  
21 our preemptive action. One of the biggest  
22 projects that I recall, and I think Dave was  
23 involved extensively with, was a revamp of all  
24 those pump stations in the early '90s. That was

1    stead now to provide the additional service that  
2 we are going to have to deliver to move these  
3 extra flows that we are going to capture to the  
4 treatment plant or to the points of treatment.

5       Excuse me for bragging, but Alcosan has  
6 held its end of the deal. We are seeing a lot of  
7 excess flows from communities, plain and simple.  
8 Our burden would be far less if the liquid burden  
9 from our service area was less. Everybody's got a  
10 priority. Generally the priority is what you see,  
11 feel, touch. You don't see, feel, touch a sewer  
12 until it collapses.

13       MS. SCOTT WILLIAMS: As you can tell,  
14 we are very passionate about what we do. Go  
15 ahead, Dave, weigh in.

16       MR. BORNEMAN: We are fortunate as  
17 Art said that our forefathers, when they did some  
18 planning, if you look at our service area, it has  
19 expanded a bit, but we have not gone through a lot  
20 of needs to go through extensive upgrades and  
21 expansion that frequently. We were one of the  
22 first plants to go to secondary ahead of other  
23 plants like on the Ohio River. We have been ahead  
24 of the curve, very proactive. When we had to  
25 borrow money and when we had to plan, they were

1    pretty good.  
2       We were just doing a look at Chartiers  
3 Creek and what the design population was like back  
4 in the '40s when they designed this system. The  
5 year 2000, when we looked at the numbers, they  
6 were right on. I'm just saying, there has been  
7 really good planning by our forefathers. The fact  
8 that we only have one plant as opposed to like  
9 Cleveland has three plants. I mean, that, as you  
10 said, the ability to bring it all to one point  
11 helps reduce the related capital and operating  
12 costs as well.

13       MS. SCOTT WILLIAMS: One moment, sir.  
14 Do you have many more questions?

15       MR. RAPP: Just one or two.

16       MS. SCOTT WILLIAMS: Okay, can you  
17 hang on?

18       MR. RAPP: Sure.

19       MS. SCOTT WILLIAMS: Okay.

20       MR. RAPP: Actually, I was going to  
21 comment and say that the city streets, and this is  
22 relating to rates, and that there is more or less

23 some water that you have to treat that didn't come  
24 through a water meter, as was mentioned. So  
25 currently municipalities that send water, rain

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1 water, storm water into the system, they don't  
2 have to pay for that treatment.

3 MS. SCOTT WILLIAMS: Those are the  
4 combined systems.

5 MR. RAPP: One comment that I have is  
6 they are not the total problem. I mean, there are  
7 leaking systems and laterals and all that stuff,  
8 but that those streets are one of the issues and  
9 they're getting a free ride. They are not paying  
10 for -- municipalities are not paying for the water  
11 that is being sent to you for treatment. So  
12 developing some method to be able to estimate,  
13 whether that's the Three Rivers Wet Weather radar,  
14 to estimate other impervious areas and things like  
15 that, so I would encourage you to move forward  
16 with that, and I guess maybe the rate study will  
17 look at that as well.

18 The last thing is I do work with various  
19 watershed associations, and there is a state act  
20 called the Storm Water Management Planning Act.  
21 It's Act 167. There has been a very slow  
22 implementation of that. One of the potentials  
23 that I see is that by developing good storm water  
24 management planning through Act 167, there is a  
25 potential to get into municipal ordinances,

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1 regulations that talk about redevelopment and  
2 saying that if a mall that currently has lots of  
3 impervious area, that may be a mall or anywhere  
4 that has to repave their parking lot, especially  
5 say in the city, the South Side Works, different  
6 places, that that surface, that impervious  
7 surface, must be that new modern best management  
8 practices capturing that storm water before it  
9 gets into the system and the distinction between  
10 the combined and the storm water and things with  
11 interconnections that obviously will get  
12 complicated, but by implementing state-of-the-art  
13 current regulations to existing developments, and  
14 that is one of the issues I think, and that is  
15 that a lot of the service area, in particular the  
16 older areas that are combined systems, they have  
17 been developed that they are impervious. The  
18 ability to have them come into kind of the 21st  
19 Century in terms of storm water management  
20 practices is something that would benefit the

21 Alcosan system. It would benefit the environment  
22 and different things like that.  
23 I have heard that some redevelopment  
24 projects have been grandfathered into the old  
25 standards and not have to implement modern storm  
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1 water practices. I think that that's kind of  
2 ridiculous just that all redevelopment and that  
3 all facilities and properties should be brought  
4 into 21st Century storm water practices at some  
5 rate. You know, for houses, should it be 20 years  
6 from now, 2027? I don't know. But if there is  
7 some schedule that homeowners and existing  
8 businesses and so on are warned that when you  
9 repave a parking lot or when you redo your roof or  
10 different things, that you need to put in rain  
11 barrels or detention ponds or whatever it is.

12 I think that there are policy actions that  
13 are not under the control of Alcosan that can help  
14 to solve the problems that Alcosan and the  
15 municipalities have. So what I'm saying is that I  
16 would like to see Alcosan help to push those types  
17 of progressive policy actions on the state and on  
18 the county and on the municipalities.

19 MS. SCOTT WILLIAMS: Understood.  
20 Very well spoken. Thank you very much, sir.

21 Dave, would you like to say anything about  
22 the whole storm water management issue?

23 MR. BORNEMAN: The only thing I  
24 wanted to at least acknowledge is that we are very  
25 much active in keeping up on the green

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1 infrastructure concept as it relates to storm  
2 water management. I don't know if you know,  
3 earlier this year EPA and NACWA, National  
4 Associates Of Clean Water Agencies, came to  
5 Pittsburgh to sign a document where there is all  
6 this cooperation realizing how various cities are  
7 implementing what they call a green  
8 infrastructure, green roofs, which Three Rivers  
9 has demonstration programs in certain buildings in  
10 Pittsburgh. We are keeping our eye on all those  
11 as they all can work toward the solution to the  
12 problem we have as well as there are certainly  
13 many other benefits to green infrastructure  
14 concepts, planting trees. Washington D.C. is  
15 planting trees on their street scapes. Now,  
16 they've got a program. I mean, those are things  
17 we are open to. We embrace what you're saying,  
18 and again, we are keeping up on how that can work

19 towards a win-win situation.  
20 MS. SCOTT WILLIAMS: Thank you,  
21 Dave.  
22 MR. BORNEMAN: Sure.  
23 MR. WEISS: My name is Damon Weiss,  
24 W-e-i-s-s. I'm with Pennoni Associates here in  
25 Pittsburgh. I'm a professional engineer. I've  
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1 got some experience with these consent decrees and  
2 SSOs out in the Philadelphia area. I'm also a  
3 storm water management professional, so I can also  
4 see the concerns the previous speaker had  
5 outlined.

6 My big interest is exploring the link  
7 between the two a little bit more from a design  
8 standpoint. It seems to me that you differentiate  
9 between the CSOs and the SSOs, but you can solve  
10 one by eliminating the other a little bit. I was  
11 kind of wondering about the supplemental  
12 environmental projects and trying to learn a  
13 little more about those to see if there could be a  
14 mechanism for taking a storm water project, for  
15 example, taking a parking lot where it's a  
16 combined sewer system, putting it instead into a  
17 -- retrofitting it with a bio-retention basin,  
18 for example, and, you know, treating the overflow  
19 problem that way.

20 Is that an option or does that follow too  
21 closely to being related to the violation?

22 MS. SCOTT WILLIAMS: That is not an  
23 option because the supplemental environmental  
24 projects have been set, at least the list of  
25 options that we can select from have already been

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1 established. Those are all stream inflow removal  
2 projects, again, for those areas where streams  
3 were diverted into a system for development  
4 purposes.

5 MR. WEISS: Is there any funding that  
6 you know of that municipalities can take advantage  
7 of to retrofit their impervious surface areas and  
8 reduce the SSOs?

9 MS. SCOTT WILLIAMS: I cannot point  
10 to any specific funding, but I would refer you to  
11 Three Rivers Wet Weather. They are very  
12 knowledgeable and might be able to point you in  
13 the right direction.

14 MR. WEISS: Thank you.

15 MS. SCOTT WILLIAMS: If you find any  
16 funding, let me know because I'm going to come and

17 fight you for it.  
18 Anybody else? Dan.  
19 MR. RIHN: Good morning.  
20 MS. SCOTT WILLIAMS: Good morning.  
21 MR. RIHN: Dan Rihn, R-i-h-n. I am  
22 from Swissvale. A question on your civil penalty  
23 where you assume your violations of the Clean  
24 Water Act. Were those also violations of your  
25 permit?

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1 MS. SCOTT WILLIAMS: No.  
2 MR. RIHN: So you were permitted to  
3 have so many CSO overflows but they still  
4 penalized even though you were permitted to do  
5 that?  
6 MS. SCOTT WILLIAMS: That's correct.  
7 MR. TAMILIA: Can I clarify that?  
8 MS. SCOTT WILLIAMS: Okay.  
9 MR. TAMILIA: Again, Art Tamilia,  
10 Director of Environmental Compliance, Alcosan.  
11 The complaint or consent decree cites permit  
12 violations for overflows that were not permitted,  
13 so technically to the extent an overflow did not  
14 have or could not have a permit, that forms part  
15 of the basis of the complaint. At this time, I  
16 have a permit with all my overflows in it, and I  
17 am in compliance with that permit.  
18 MR. RIHN: It just seems like the  
19 government agency that is penalizing is penalizing  
20 versus an action of another government agency that  
21 told you to go ahead and have these overflows in  
22 order to operate your system.  
23 MR. TAMILIA: You've got to  
24 understand the history of it. The permitting that  
25 allowed these overflows occurred in 1946. I can

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1 pull articles from the newspapers at the time  
2 citing Carnegie Tech professors stating that we  
3 should not take overflows out of Chartiers Creek  
4 because the sewage would buffer and neutralize the  
5 acid mine drainage going into the creek. The  
6 nutrients would sustain the fish. It will provide  
7 a food medium for aquatic life to return, and, you  
8 know, this guy was no slouch at the time. That  
9 runs counter to everything that we understand and  
10 work towards now. So it's design. It's  
11 permitting. It's laws at the time. As we all  
12 know, laws change. Laws will continue to change.  
13 Laws follow technology and our ability to  
14 understand.

15 MR. RIHN: On the offsets through a  
16 SEP, do I understand if you do three million in  
17 SEP projects then the whole penalty is offset or  
18 is that just the Federal end?

19 MS. SCOTT WILLIAMS: I'm glad you  
20 asked that question. If there is any  
21 misunderstanding, the penalty is the \$1.2  
22 million. The offset got us to 1.2 million. There  
23 is no further reduction from that 1.2. That is  
24 where we are.

25 MR. RIHN: Thank you.  
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1 MS. SCOTT WILLIAMS: Thank you, Dan.  
2 All right. Last opportunity. Folks, I  
3 really appreciate you coming. I appreciate the  
4 interaction and your input, and I would encourage  
5 you to keep track on the Alcosan Web site of  
6 activities. If you have an opportunity to become  
7 involved in the process, please do. If there are  
8 people that you would recommend this presentation  
9 to, whether that is neighbors, your leaders, what  
10 have you, we will have one more of these. That  
11 will occur Tuesday morning at 10:00 a.m. at the  
12 David Lawrence Convention Center. Please, if you  
13 can recommend it to somebody, we would appreciate  
14 that. Otherwise, have a wonderful weekend and  
15 thanks for coming out.

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1 C E R T I F I C A T E

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

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Marcy J. Llewellyn  
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