January 11, 2022

Via E-mail and First-Class Mail

The Honorable Mary D. Long
Administrative Law Judge
Office of Administrative Law Judge
Pennsylvania Public Utility Commission
301 Fifth Avenue, Suite 220
Pittsburgh PA 15222
malong@pa.gov

Re: Pa. PUC v. Aqua Pa., Inc., and Aqua Pa. Wastewater, Inc.,
R-2021-3027385, R-2021-3027386

Dear Judge Long:

Please find the attached **the Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above-referenced proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully Submitted,

Ria M. Pereira, Esq.
Counsel for CAUSE-PA

CC: Secretary Rosemary Chiavetta (Cover Letter/COS only, via e-file)
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BEFORE THE PENNSYLVANIA PUBLIC UTILTY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2021-3027385
	:	R-2021-3027386
Aqua Pennsylvania, Inc., and	:	
Aqua Pennsylvania Wastewater, Inc.	:	
	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of ***the Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)*** upon the parties of record in the above-captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

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January 11, 2022

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2021-3027385
	:	R-2021-3027386
Aqua Pennsylvania, Inc., and	:	
Aqua Pennsylvania Wastewater, Inc.	:	

MAIN BRIEF OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files this Main Brief in support of its positions, and the recommendations advanced by CAUSE-PA's expert witness, Harry Geller, Esq. CAUSE-PA's expert witness set forth recommendations through direct, rebuttal, and surrebuttal testimony regarding the effects of Aqua's proposed increase on Aqua's residential customers, especially low and moderate income customers, and the critical improvements to Aqua's low income programming which are necessary to ensure that rates are reasonably affordable for and equitably available to economically vulnerable customers.

As discussed below, Aqua is proposing to precipitously increase the cost of basic and life-sustaining water and wastewater services. Such an increase will exacerbate existing unaffordability and will ultimately cause a substantial number of residential customers to face unaffordable rates and, consequently, termination of service to their homes. Aqua's proposed rates will present unique hardships for Aqua's low income customers who already struggle to keep up with unaffordable rates for service and will pose an insurmountable challenges for many low income customers to stay connected to critical water and wastewater services. As Pennsylvania continues to struggle with the impacts of the COVID-19 pandemic, Aqua's unjust and unreasonable proposal poses significant risk to the lives and livelihoods of consumers in Aqua's service territory.

To address critical affordability issues at existing rates – and especially in the event that any rate increase is approved – CAUSE-PA urges the ALJ and Commission to take the following steps to ensure that low income consumers are protected from rate unaffordability and the corresponding inaccessibility of service for economically vulnerable Pennsylvanians:

- Substantially reduce Aqua's requested rate increase consistent with the recommendations advanced by OCA and adopt the mitigation measures discussed below.

- Require Aqua to suspend terminations, waive reconnection fees, and offer more lengthy payment arrangements, regardless of customer account history, for at least one year from the date of the final order in this rate case.

- Require Aqua to set forth a comprehensive and coordinated consumer outreach and education plan, expand outreach to payment troubled customers, actively screen and solicit callers for enrollment in available assistance programs, and set concrete target enrollment numbers for all low income programs.

- Approve Aqua to implement its proposed CAP, with critical modifications to the proposed discount and income tiers to help ensure equitable distribution of assistance more closely tied to relative need.

- Require Aqua to closely monitor and analyze water and wastewater burdens of CAP participants and transition its proposed bill discount structure of its CAP to a Percentage of Income Program structure if participants are not reaching acceptable levels of affordability.

- Require Aqua to streamline the application process for its CAP discount and arrearage forgiveness programs and allow households to apply for both types of assistance in a single application.

- Require Aqua to allow existing Helping Hands program participants to enroll in CAP without the need to resubmit information and/or documentation.

- Require Aqua to provide a monthly percent of forgiveness, rather than a flat forgiveness amount for its Helping Hand Program, to allow participants to retire pre-program debts within a reasonable period of time.

- Require Aqua to set its maximum hardship grant amount at $500, and revise its internal policies and procedures for informing customers about the availability of emergency grant assistance through the Hardship Fund Program.

- Require Aqua to maintain its annual shareholder hardship grant funding levels of $50,000 through, at minimum, its next base rate case, and rollover any unused hardship funds into hardship funding for the next program year.

- Require Aqua to further develop and propose critical improvements to its proposed conservation and line repair program within 6 months of the date of the final order in this proceeding.

- Require Aqua to coordinate its conservation service delivery with other utilities in Aqua's service territory that operate efficiency and conservation programs, such as Low Income Usage Reduction Programs (LIURP) and Act 129 programs.

- Require Aqua to translate all promotional and education materials into, at minimum, Spanish, identify resources and interpreter services for LEP customers.
- Require Aqua to begin using a telephone interpretation service to ensure that consumers with limited English proficiency are served in their primary language.
- Require Aqua to conduct a formal, county-specific needs assessment to determine whether it should expand its language access policies to include document translation in languages other than Spanish.
- Require Aqua to amend the language on all of its termination notices to indicate, in Spanish, that the document is a termination notice and inaction may result in the termination of water service.

As more fully discussed below, critical reforms and enhancements are needed to ensure that customers continue to have access to affordable water and wastewater services in their homes. While these services have always been essential and life-sustaining, the importance of uninterrupted water and wastewater services has become all the more essential as a result of the spread of the COVID-19 pandemic. Immediate and decisive steps must be taken to ensure that access to running water is not dependent on income.

A. Procedural History

Aqua serves over 490,000 water and wastewater customers in Pennsylvania, and its service territory spans four counties surrounding the City of Philadelphia and municipalities spread across the Commonwealth.[1]

On August 20, 2021, Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (collectively "Aqua") filed respectively, Original Tariff Water – PA P.U.C. No. 3 ("Tariff Water No. 3") and Original Tariff Sewer – PA P.U.C. No. 3 ("Tariff Sewer No. 3") to become effective on October 19, 2021. In the filings, Aqua's proposed tariffs seek approval to increase total annual

[1] CAUSE-PA St. 1 at 8: 11-15.

operating revenues of $97,684,824, or approximately 17.86%.[2] As Mr. Geller explained in his Direct Testimony, Aqua's water and wastewater rate structures consist of multiple rate zones, which each contain rate divisions with their own respective rates.[3] As such, the impact of Aqua's proposed rate increases would vary based on the type of service and by rate zone.

The Commission's Bureau of Investigation and Enforcement (I&E) entered its appearance in this case on September 3, 2021. The Office of Small Business Advocate (OSBA) filed a formal complaints on September 8, 2021; the Office of Consumer Advocate (OCA) filed formal complaints on September 13, 2021. CAUSE-PA filed a petition to intervene on September 20, 2021. Masthope Mountain Community Association filed a petition to intervene and formal complaints on October 5, 2021.

On September 16, 2021, Commissioner Ralph V. Yanora posed ten Direct Questions to be examined by the parties in this proceeding. On October 7, 2021, the Commission suspended Aqua's rate filing until May 19, 2022, and directed an investigation to determine, the justness, reasonableness, and lawfulness of the proposed rates, rules, and regulations contained in Aqua's filings. On October 8, 2021 this matter was assigned to the Honorable Mary Long. A prehearing conference was conducted on October 15, 2021, and a Prehearing Order was served on October 19, 2021, in which CAUSE-PA's intervention was granted with active party status.

Public input hearings were held the week of November 8, 2021. Pursuant to the October 15 Prehearing Order, CAUSE-PA submitted Direct Testimony on November 10, 2021 (CAUSE-PA St. 1); Rebuttal Testimony on December 2, 2021 (CAUSE-PA St. 1-R); and Surrebuttal Testimony on December 14, 2021 (CAUSE-PA St. 1-SR), along with respective exhibits and appendices.

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[2] Aqua, Base Rate Filing Vol. 1, Statement of Specific Reasons for Proposed Increase in Rates, at 1.
[3] CAUSE-PA St. 1 at 8: 16-18.

An evidentiary hearing was held on December 20, 2021. Counsel for parties, including CAUSE-PA, Aqua, BIE, OCA, OSBA, Aqua LUG, and Masthope Mountain Community Association. Parties waived cross-examination of witnesses and moved for admission of their written testimony. OCA additionally moved for admission of Day 2 Exhibit on behalf of Complainant Mr. John Day. Parties testimony was admitted into the record.

CAUSE-PA submits this Main Brief in support of its positions and the recommendations of CAUSE-PA expert witness, Mr. Harry Geller, Esq.

B. Burden of Proof

The Commission has a "duty to set 'just and reasonable' rates, reflecting a 'balance of consumer and investor interests.'"[4] In determining just and reasonable rates, the Commission has discretion to determine the proper balance between interests of ratepayers and utilities.[5] Pursuant to Section 315 of the Public Utility Code, the burden of providing that a rate proposal is just and reasonable rests on the public utility.[6]

II. SUMMARY OF ARGUMENT

It is both unjust and unreasonable to raise rates for critical water and wastewater services without first ensuring that low and moderate income customers are able to connect and maintain affordable services under just and reasonable terms and rates. Even at present rates, Aqua's low income customers struggle to afford and remain connected to basic water and wastewater services in their homes – facing combined water and wastewater burdens which far exceed accepted affordability standards for water and wastewater service.

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[4] Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.
[5] Id. citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981)
[6] 66 Pa. C.S. § 315.

With the precipitous increases in rates proposed by Aqua in the present proceeding, a substantial number of Aqua's residential customers will face increasingly unaffordable rates and, consequently, termination of service to their homes. As Pennsylvania's consumers continue to cope with the devastation caused by COVID-19 and its impacts, continued access to water and wastewater services is vital to fighting against the continued spread of COVID-19, and protecting the lives and livelihoods of Pennsylvania's consumers as they continue to recover from the economic devastation of the pandemic.

CAUSE-PA submits that Aqua's requested rate increase is both unjust and unreasonable and should not be approved absent substantial revision and mitigation, consistent with the positions advanced by the OCA regarding Aqua's claimed revenue requirements and expenses.

Moreover, as discussed throughout, immediate steps must be taken to address existing unaffordability for Aqua's low income customers – who represent the most financially vulnerable customers and who have been disproportionately impacted by the COVID-19 pandemic. Regardless of any approved rate increase, Aqua must be required to adopt meaningful improvements to the structure, accessibility, and policies and procedures for its low income programs to address existing rate unaffordability. Aqua should also be required to make several temporary changes to its policies and procedures to protect customers in acknowledgement of the continued effects of the COVID-19 pandemic.

Finally, Aqua should be required to improve its policies, procedures, and training materials related to language access for consumers with limited English proficiency to ensure that all customers can reasonably access Aqua's services regardless of spoken language.

III. OVERALL POSITION ON PROPOSED RATE INCREASE

CAUSE-PA opposes Aqua's proposed rate increases and submits that substantial revisions must be made to reduce the overall increase in rates and mitigate impacts on low income customers. We support and adopt by reference the positions of the OCA regarding Aqua's claimed rate base, revenues, expenses, taxes, and rate of return, and its proposed allocation.

CAUSE-PA is deeply concerned about how the overall proposed rate increases will affect the accessibility of water and wastewater services for residential customers - especially low income customers who already struggle profoundly to pay their water and wastewater bills at existing rates.

The Commission has a "duty to set 'just and reasonable' rates, reflecting a balance of consumer and investor interests."[7] In determining just and reasonable rates, the PUC has discretion to determine the proper balance between interests of ratepayers and utilities.[8] "[T]he PUC is obliged to consider broad public interests in the rate-making process."[9]

> [T]he term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital.[10]

As CAUSE-PA expert witness Mr. Geller explained, it is not appropriate "to raise rates for water and wastewater service without first ensuring that low and moderate income customers are able to receive affordable service under just and reasonable terms."[11] Indeed, universal accessibility is a

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[7] Popowsky v. Pa. PUC, 542 Pa. 99, 107-108 (1995) (emphasis added); 66 Pa. C.S. § 1301.

[8] Id. citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981)).

[9] Id. citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).

[10] Id.

[11] CAUSE-PA St. 1 at 10: 6-8.

polestar principle of ratemaking for essential, life-sustaining services like water and wastewater. It is neither just nor reasonable to price an entire class of consumers out of the market – but that is exactly what Aqua's proposed rate increase threatens to do.

As households in Pennsylvania continue to struggle with the impacts of the COVID-19 pandemic, Aqua is proposing to substantially raise rates for basic water and wastewater services. As Mr. Geller explained in his direct testimony, if Aqua's full request were approved, an average residential customer receiving both water and wastewater service from Aqua would see their combined monthly bill increase approximately from $124.86 to $155.27, a combined monthly increase of $30.41 – or 24.4%.[12]

The actual impact (as opposed to the average impact) of Aqua's proposed rate increases on residential customers will depend on a customer's usage and will vary by rate zone. In Rate Zone 1, which contains the majority of Aqua's water customer, a water bill for a typical customer using 4,000 gallons/month will increase by $11.97 per month – from $69.35 to $81.32 – or by approximately 17.3%.[13] As shown in Table 2 of Mr. Geller's Direct Testimony, Aqua's other rate zones will see an even steeper increase if Aqua's proposed water rate increases are approved, and several zones will see increases of $25.00 or more *per month*, representing percent increases as high as 51%.[14] In terms of wastewater, the residential monthly bill increases will vary widely by rate zone. As shown in Table 3 of Mr. Geller's Direct Testimony, Newlin Green Division will receive a $5.06 (3.4%) monthly decrease, while Limerick division will see a $33.22 (83.61%) monthly increase.[15] These increases will be severe for residential customers – and will place low

[12] Id. at 9: 2-9.
[13] Id. at 16: 12 – 17: 4. See also CAUSE-PA St. 1 at Table 1, at 17.
[14] CAUSE-PA St. 1 at 17: 2 – 18: 2. See also CAUSE-PA St. 1 at Table 2, at 18.
[15] CAUSE-PA St. 1 at 18: 5-7; 19: Table 3.

income customers who struggle on a daily basis to make ends meet at particular risk of unaffordable bills and terminations.

There are a substantial number of low income consumers in Aqua's service territory.[16] As of October 2021, Aqua reports having 21,495 *identified* low income customers – representing approximately 5% of Aqua's total residential customers.[17] However, based on census data, Aqua estimates that nearly one in four households (106,823 out of 443,383) in its service territory have incomes less than 200% FPL.[18]

Low income consumers have been particularly hard hit by the economic repercussions of COVID-19. As Mr. Geller explained, low income workers have been particularly hard hit by the COVID-19 pandemic and its economic impacts and continue to struggle to gain financial stability.[19]

Even during relatively good economic times, low income customers struggle profoundly to afford and maintain water and wastewater services at current rates. For context, a family of four at 200% FPL has a gross annual income of $53,000, while a family of four at 50% FPL has a gross annual income of just $13,250.[20] In comparison, the average income level necessary for a family of four in Aqua's service territory to meet all their basic living expenses is approximately $60,863 per year – nearly $9,000 more than a household with income at 200% FPL and nearly *five times* the amount a household with income at 50% FPL makes in a given year.[21]

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[16] Id. at 13: 1-13.
[17] Id. at 13: 1-3.
[18] Id. at 13: 1-5. See also id. at 13: 5-13. As Mr. Geller explained, as Aqua's identified low income count only incomes those customers who have already affirmatively obtained assistance or reported incomes, this metric is less inclusive than census-based estimates of low income customer counts.
[19] CAUSE-PA St. 1 at 15: 13 – 16: 2.
[20] Id. at 14: 3-9.
[21] Id. at 14: 16 – 15: 3. The Self Sufficiency Standard is a benchmark used to assess the minimum amount of income necessary for a family to meet their basic needs in a given geographic region. Id.

Mr. Geller quantified the percentage of income that low income households pay at existing rates for water and wastewater in each of Aqua's rate zones, revealing that Aqua's existing and proposed rates far exceed accepted levels of affordability.[22] For example, a 4-person household with income at 50% FPL in Aqua's Rate Zone 1 with average usage (4,000 gal./month) currently pays 6% of their income on water, and 6% of their income on wastewater – *a combined 12% water/wastewater burden*.[23] At proposed rates, this same household would pay 7% of their income on water and 7% on wastewater – *a combined 14% water/wastewater burden*.[24] A 4 person household with slightly higher income (100% FPL) with the same average usage and in the same rate zone currently has a combined water/wastewater burden of 6% - and at proposed rates would have a combined water/wastewater burden of 8%.[25] **To be considered affordable, a combined water/wastewater burden should not exceed 4.5% of household income.**

At both current and proposed rates, Aqua's burden levels are unsustainable, and greatly exceed the bounds of reasonableness and justice. Indeed, it is both unjust and unreasonable to price the lowest income families out of the market for basic, life-sustaining water and wastewater services.

In his direct testimony, Mr. Geller described the tangible link between water services and household health and well-being, and the serious and far-ranging consequences that result from termination of water and wastewater services:

> **Water service termination is akin to eviction from a home, as the home may be deemed uninhabitable or even condemned, forcing families to vacate with little to no notice.** Termination of service to the home can jeopardize a parent's custody of their children and is often cited as a cause of evictions from private and public housing -- leading to increased rates of homelessness. Water shutoffs also

[22] Id. at 23-24 & 26-27, Tables 4-7. The percentage of income a household pays for water and wastewater services is known as a water/wastewater burden.
[23] Id. at 23-24, Tables 4-5.
[24] Id. at 26-27, Tables 6-7.
[25] Id. at 23-24 & 26-27, Tables 4-7.

> pose a threat to public health and human dignity because without access to running water, families are unable to cook, bathe, clean, or flush their toilets.
>
> **Access to water service is tied directly to the health and well-being of the household, and the habitability of the home.** Consistent and affordable access to water and wastewater services has shown to have numerous benefits to communities as a whole. Having affordable access to such services has been linked to healthier child development, decreasing homelessness, and improving affordability of public and private housing.[26]

Again, difficulties accessing safe and affordable water and wastewater services have been amplified as a result of the COVID-19 pandemic – with grave consequences to the health of individual families and the surrounding communities in which they live and work.

As Mr. Geller concluded, thousands of low income families across Aqua's service territory are already having to make unconscionable choices to keep up with existing rates – foregoing other critical needs like food and medicine in order to keep the water running in their home. Raising rates for such consumers will make their ability to afford basic, life-sustaining water and wastewater services and other basic needs even more difficult, resulting in disastrous consequences for individual families and across whole communities.[27]

For these reasons, CAUSE-PA opposes Aqua's proposed rate increases, and recommends that Aqua be required to undertake substantial revision and mitigation to ensure that its customers can access safe and affordable water services based on reasonable terms and conditions. [28]

Specifically, CAUSE-PA submits that if the Commission ultimately approves any increase in this proceeding, it should adopt the recommendations set forth in OCA's Main Brief and associated exhibits and appendices to substantially reduce any approved increase and to allocate

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[26] Id. at 20: 5-15 (internal citations omitted, emphasis added).
[27] Id. at 21: 5-11.
[28] Id. at 10: 1-3.

the reduced increases more equitably across rate classes. The required charts in support of OCA's positions, which we support and adopt herein, are attached to this Main Brief as Appendix D.

IV. RATE BASE

CAUSE-PA did not offer testimony as to Aqua's rate base in this proceeding but supports and adopts by reference the positions of the OCA on these issues.

V. REVENUES

CAUSE-PA did not offer testimony as to Aqua's revenues in this proceeding but supports and adopts by reference the position of the OCA on these issues.

VI. EXPENSES

CAUSE-PA did not offer testimony as to Aqua's claimed expenses in this proceeding but supports and adopts by reference the positions of the OCA on these issues.

VII. TAXES

CAUSE-PA did not offer testimony as to Aqua's tax accounting in this proceeding but supports and adopts by reference the positions of the OCA on these issues.

VIII. RATE OF RETURN

CAUSE-PA did not offer testimony as to Aqua's proposed rate of return in this proceeding but supports and adopts by reference the positions of the OCA on these issues.

IX. MISCELLANEOUS ISSUES

A. COVID-19 Relief Measures

Aqua made several temporary modifications to its policies and procedures regarding residential collections and terminations as a result of the COVID-19 pandemic. Pursuant to the March 12, 2020 Emergency Order of the Pennsylvania Utility Commission, Docket No. M-2020-301944, Aqua ceased all payment related terminations of residential accounts through early

2021.[29] Aqua also noted in response to discovery that Helping Hand participants were not removed from the Program from May 2020 through June 2021 due to COVID-19.[30] Aqua claimed through testimony that it implemented several temporary measures in response to the COVID-19 pandemic, though it is unclear what those temporary measures included – and whether Aqua provided consumers with anything beyond the protections already mandated by the Commission.[31]

As Mr. Geller described in his direct testimony, Aqua has only collected limited information of how COVID-19 has affected residential customers.[32] Specifically, Aqua adheres to the Commission's mandatory reporting requirements at Docket No. M-2020-3019244.[33] But the Company has not analyzed the impact of the COVID-19 pandemic on bill affordability for low income customers or residential customers as a whole.[34]

Despite Aqua's lack of analysis of the impact of COVID-19 on its residential customers, there is substantial evidence that Aqua's residential customers – and specifically its low income customers – have experienced and continue to experience increased difficulty with bill affordability during the COVID-19 pandemic. As Mr. Geller describes in his direct testimony, residential customers as a whole have substantially increased usage, carry substantially greater levels of arrears, and face substantially higher rates of termination since the expiration of the Commission's emergency moratorium on utility terminations.[35] In particular, Aqua's low income residential customers have faced disparate and profound difficulties as a result of the COVID-19 pandemic.[36] Aqua's low income customers experienced a **74% increase** in average arrearage

[29] Id. at 28: 10-12.
[30] Id. at 28: 15-17.
[31] Id. at 28: 12-15.
[32] Id. at 29: 1-7.
[33] Id.
[34] Id.
[35] Id. at 29: 10-12.
[36] Id. at 31: 3-14.

levels compared to 2019 levels – and are far more likely than higher income households to experience an involuntary termination.[37] In 2021, identified low income customers represented **23% of terminations** for non-payment amongst residential customers, despite the fact that *identified* low income customers only constituted 5% of residential accounts.[38] As noted at the outset of this brief, it is both unjust and unreasonable for a household's income to be the driving factor in whether they can access essential, life-sustaining water and wastewater service.

Because of the profound economic repercussions of the COVID-19 pandemic, CAUSE-PA urges ALJ Long and the Commission to require Aqua to adopt the following temporary modifications to its collections and termination policies and procedures for one year following the effective date of rates – regardless of whether a rate increase is ultimately approved.

First, Aqua should suspend terminations and offer more lengthy payment arrangement terms, regardless of prior broken arrangements, for at least one year from the date of the final order in the present proceeding.[39] As Mr. Geller pointed out in his direct testimony, this would allow crucial time for emergency federal utility relief dollars to be fully deployed across the service territory.[40] Providing this relief would also comport with the purpose and policy goals of Chapter 56, which provides the ability to utilize functional alternatives to termination and requires that the Chapter be liberally construed to fulfill the purpose and policy of the Chapter and to ensure justice for consumers.[41] As Mr. Geller pointed out, it would be administratively inefficient and unconscionable as a matter of public policy and public health to allow terminations to move forward when significant emergency funding has not yet been distributed to help resolve

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[37] Id. at 31: 5-11.
[38] Id. at 31: 12-14.
[39] Id. at 32: 3-15.
[40] Id. Hundreds of millions of dollars in federal emergency relief is pending distribution to low and moderate income renters and homeowners through the temporary Low Income Household Water Assistance Program (LIHWAP); the Homeowners Assistance Fund; and the Emergency Rental Assistance Program. Id.
[41] CAUSE-PA St. 1 at 33: 1-7; 52 Pa. Code § 52.1(a).

unprecedented levels of debt accrued through the pandemic – which remains ongoing, and continues to disrupt school, work, and our broader economy.[42]

Second, Aqua should waive reconnection fees for one year from the final order in the present proceeding. As Mr. Geller explained, reconnection fees create unnecessary barriers to reconnection and compound financial hardships faced during the pandemic.[43]

Third, Aqua should expand its outreach to payment troubled customers and actively screen and solicit callers for enrollment in available assistance programs. Specifically, CAUSE-PA recommends that Aqua engage in the following targeted outreach activities:

- Screen customers with arrears, seeking reconnection, or in danger of termination for eligibility for low income programs, and provide regular training and updates to call center staff regarding available assistance programs.
- Send low income program applications to identified low income customers who are not enrolled in a low income assistance program, or who may be eligible for additional programming.
- Place outbound calls to all payment troubled customers and provide regular training and information about assistance programming to call center staff.[44]

In her rebuttal testimony I&E expert witness, Ms. Christine Wilson opposed the provision of any further pandemic-related relief.[45] She argued that the Commission's requirements for suspending terminations and providing more flexible payment arrangements have lapsed, and that setting a one-year period for such relief is arbitrary.[46] Ms. Wilson argues that changes to collections and termination policies and procedures should be carried out only on a state level. [47]

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[42] Id.
[43] Id. at 33: 8-14.
[44] Id. at 33: 16 – 34: 4.
[45] I&E St. 1-R at 6: 2-8; CAUSE-PA St. 1 at 6; 32-33.
[46] I&E St. 1-R at 7: 10- 9: 17.
[47] Id. at 10-11.

In response to Ms. Wilson, Mr. Geller explained that a one-year period for proposed pandemic-related relief measures was not arbitrary.[48] As acknowledged by Ms. Wilson and Ms. Rita Black, Aqua's expert witness, the Low Income Household Water Assistance Program (LIHWAP) opened on January 4, 2022.[49] As a brand new program, it will take time to reach those in need. Allowing additional relief for at least one year would help this critical funding to reach Aqua's low income customers, who are struggling more than ever to cope with high level of arrears accrued during the COVID-19 pandemic.[50]

Importantly, it is wholly appropriate to order additional temporary relief measures even if the Commission's prior requirements have lapsed.[51] As Mr. Geller explained, Commission regulation sets a floor for minimal protections for Pennsylvania's utility consumers and do not preclude additional relief.[52] While CAUSE-PA supports addressing these challenges on a statewide level, the absence of a regulatory floor should not preclude adoption of additional protections to help residential consumers stay connected to water and wastewater services – especially if Aqua is approved to increase rates in the midst of this ongoing economic crisis, exacerbating affordability challenges even further.[53]

B. Low Income Customer Assistance

1. Proposed Customer Assistance Program

In the present case, Aqua proposes to implement a Customer Assistance Program (CAP), which will be available to both water and wastewater customers.[54] Aqua proposes to structure its CAP as a bill discount program, which will provide tiered discounts for the following three income

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[48] CAUSE-PA St. 1-SR at 12: 5-14.
[49] Aqua St. 10-R at 9: 8-11; see also I&E St. 1-R at 5: 16-19; CAUSE-PA 1-SR at 12: 7-14.
[50] CAUSE-PA St. 1-SR at 12: 5-14.
[51] CAUSE-PA St. 1-SR at 12: 15 – 13: 10.
[52] Id.
[53] Id.
[54] CAUSE-PA St. 1 at 34: 16-17.

tiers: 0-100% FPL, 101-150% FPL, and 151-200% FPL.[55] As described in Mr. Geller's direct testimony and Aqua Exhibit RFB-2, CAP customers would receive the following discounts:[56]

Water	**Wastewater**
Base Facility Customer Charge Discount: • **Tier 1-3:** 100%	Base Facility Customer Charge Discount: • **Tier 1:** 75% • **Tier 2:** 65% • **Tier 3:** 50%
Consumption Charge Discount: • **At or below 100% FPL:** 100% discount on first 2,000 gallons • **Between 101-150% FPL:** 50% discount on consumption charge of first 2,000 gallons • **Between 151-200% FPL:** 0% discount on consumption	Consumption Charge Discount: • **At or below 100% FPL:** 100% discount on first 2,000 gallons • **Between 101-150% FPL:** 50% discount on consumption charge of first 2,000 gallons • **Between 151-200% FPL:** 0% discount on consumption

In support of this program, Aqua's expert witness, Ms. Rita Black, describes how Aqua performed a needs assessment to determine the need for low income programming in its service territory utilizing census data to analyze rate affordability for households with incomes at or below 200% FPL – the eligibility maximum for Helping Hand.[57] Mr. Black acknowledged that the United States Environmental Protection Agency (EPA), provided guidelines more than twenty years ago, which recommend that the average combined water and wastewater bill should be less than 4% to 4.5% of the median household income (maximum 2.5% for water, and 2% for wastewater).[58] Ms. Black also acknowledged affordability research by Mr. Roger Colton, which concluded a household's *combined* household water and wastewater burden should be no greater than the following percentage of income to be considered "affordable": 4.5% for households between 150-

[55] Aqua St. 10 at 7: 3-10.
[56] CAUSE-PA St. 1 at 35: 1-6.
[57] CAUSE-PA St. 1 at 39: 1-14. Aqua St. 10 at 6: 5-11. Aqua PA Exhibit RFB-1.
[58] Aqua St. 10 at 6: 12-16.

200% FPL, 4% for households between 100-149% FPL, 3.5% for households between 50-99% FPL, and 3% for households between 0-49% FPL%.[59]

CAUSE-PA strongly supports implementation of a CAP.[60] As explained earlier, Aqua's existing rates are unaffordable – with many facing combined water/wastewater burdens far exceeding 10% of household income.[61] Comprehensive, well-targeted bill assistance is critical to help low income families access and maintain stable service to their home.

Assistance programs have evolved to include coordinated benefits include bill discounts, arrearage forgiveness, and hardship funding in order to help low income customers stay connected to services and reduce uncollectible expenses.[62] While not discounting the role of Helping Hand in address customer debt, Mr. Geller reasons that customers apply for Helping Hand because they cannot afford their monthly bills.[63] So, while debt forgiveness is helpful, it does not get at the root of the issue: unaffordable rates. Aqua's average cost in the first 9 months of 2021 for current services for identified low income customers was $80.49 a month – or $965.88 a year.[64] For a family of four at 50% FPL who subsists on $13,250/year, this represents a combined water/wastewater burden of more than 7%.[65] For many low income customers who cannot afford to pay their bills, Helping Hand is simply insufficient to address unaffordability even at existing rates – especially given the shortfalls of Helping Hand discussed further below. This cycle of unaffordability results in increased terminations, uncollectible expenses, and severe consequences to individual households and the communities in which they live and work.[66] As such,

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[59] See id. at 6-7. CAUSE-PA St. 1 at 39: 1-14.
[60] CAUSE-PA St. 1 at 35: 11-12.
[61] Id. at 36: 13- 37: 7; Id. at 23-24 & 26-27, Tables 4-7.
[62] Id. at 36: 13- 37: 7.
[63] Id. at 37: 8-12.
[64] Id. at 37: 12-14.
[65] Id. at 37: 12-17.
[66] Id. at 38: 5-18.

implementing a CAP that will work in coordination with Helping Hand's arrearage forgiveness program to provide comprehensive bill affordability and arrearage management would help to ensure that Aqua's low income customers are able to reduce their water/wastewater burdens and stay connected to life-sustaining water/wastewater services.[67]

That said, and notwithstanding our strong support for implementation of a CAP, CAPs must be designed to achieve consistent and targeted levels of affordability for participants in order to effectively improve access and affordability of utility services – and should be carefully coordinated with other benefits, including arrearage management and hardship funding.[68] In his testimony, Mr. Geller noted concern that the design of Aqua's CAP proposal did not provide an equitable and appropriately targeted level of assistance to ensure that those low income customers with larger families and higher usage levels would be able to achieve affordable monthly bills.[69] Thus, while CAUSE-PA recommends that Aqua implement a CAP, we propose a number of modifications to the structure of the program and planned program outreach and administration to ensure the program is able to achieve its intended goal of ensuring low income families can maintain service to their home at reasonably affordable rates. Mr. Geller set forth several recommendations related to the proposed CAP structure and proposed CAP enrollment and outreach efforts, which will be addressed below in turn.

i. CAP Structure

As described more fully in Mr. Geller's direct testimony, it is unclear whether and to what extent Aqua utilized accepted affordability standards in the design of its CAP discount structure.[70]

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[67] See id.
[68] CAUSE-PA St. 1 at 36: 9-12.
[69] Id. at 36: 2-8.
[70] Id. at 39: 1 – 40: 11.

CAUSE-PA Exhibit 1 to Mr. Geller's direct testimony provides a snapshot of the applicable water/wastewater burdens for customers enrolled in Aqua's CAP in Water Rate Zone 1 – Main Division and Wastewater Rate Zone 1 – Media. Using these rate zones as examples, Mr. Geller explained that Aqua's proposed CAP discount would lower water/wastewater burdens to an accepted level of affordability for many of Aqua's low income customers who participate in CAP.[71] Mr. Geller expressed concern, however, that Aqua's proposed CAP structure will not reach consistent levels of affordability – and that the lowest income household and those with larger families would not reach appropriate levels of affordability.[72]

As illustrated in CAUSE-PA Exhibit 1, low income customers with higher usage levels and lower household incomes will see combined water and wastewater burdens which exceed accepted levels of affordability.[73] For example, a 2-person household with income at 50% FPL in Aqua's Main Division who enrolls in CAP will still face an 8% water and wastewater burden at *average* usage rates, and 3 or 4-person household at the same income and average usage level will have a 6% combined water/wastewater burden through Aqua's proposed CAP.[74] Those with larger families who exceed average usage levels will face even higher burdens – falling disproportionately hard on larger families. In short, and as explained in far greater detail in Mr. Geller's direct testimony, Aqua's proposed discount levels will result in many of the most economically vulnerable households greatly exceeding accepted affordability standards and highlights how Aqua's proposed CAP structure will not provide adequate assistance for households with the lowest income and/or higher usage levels.

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[71] Id. at 41: 15-19.
[72] Id. at 42: 3-8.
[73] Id. at 42: 9-19.
[74] Id.

To provide more meaningful and equitable discount levels under Aqua's proposed CAP, CAUSE-PA urges the Commission to require Aqua to implement a CAP with the following discount structure and adjusted income tiers, consistent with the proposal of OCA expert witness Mr. Roger Colton and supported by Mr. Geller:[75]

	Water	Wastewater
0-50% FPL	100% discount on fixed charge 100% discount on first 2Kgal 40% discount on second 2Kgal	100% discount on fixed charge 100% discount on first 2Kgal
50-100% FPL	100% discount on fixed charge 100% discount on first 2Kgal 20% discount on second 2Kgal	75% on discount fixed charge 100% on discount first 2Kgal
100-150% FPL	100% discount on fixed charge 65% discount on first 2Kgal 0% discount on second 2Kgal	65% on discount fixed charge 50% on discount first 2Kgal
150-200% FPL	100% discount on fixed charge 0% discount on consumption	50% on discount fixed charge 0% on discount on consumption

Importantly, Mr. Colton's recommendation that CAP participants with household incomes between 0-50% FPL be carved out as a separate discount group is critical to improve equity and ensure the lowest income households receive adequate assistance such that they can reasonably maintain service to their home. Households at this income level are profoundly poor, are often at a critical point of transition or are experiencing a severe hardship, and require substantial assistance to get back on their feet.[76] Mr. Colton's proposed CAP discount levels will also provide certain improvements to usage discounts offered to CAP participants and will help those low income customers who experience the highest usage levels – which often correspond to low income customers with larger family size or who live in poor housing stock – to better achieve affordable monthly bills.[77]

[75] OCA St. 5 at 35, Table 9; OCA St. 5 at 39, Table 39. CAUSE-PA St. 1-R at 7: 16 – 9: 11.
[76] OCA St. 5 at 35, Table 9; OCA St. 5 at 39, Table 39. CAUSE-PA St. 1-R at 8: 12 – 9: 11.
[77] Id.

Moreover, as Mr. Geller recommended in his direct testimony, Aqua should also be required to closely monitor and analyze the water and wastewater burdens of CAP participants and should transition its proposed bill discount structure to a Percentage of Income Program structure if participants are not reaching acceptable levels of affordability.[78] Specifically, Aqua should closely evaluate the relative water and wastewater burdens achieved in the first year of its program, and should present its findings to the Helping Hand Collaborative within 18 months of implementation. If the program is not reaching acceptable levels of affordability - including a combined 4.5% for households between 150-200% FPL, 4% for households between 100-149% FPL, 3.5% for households between 50-99% FPL, and 3% for households between 0-49% FPL% - Aqua should be required to consider structural changes to its CAP – including implementation of a Percentage of Income (PIP) program design.[79]

As Mr. Geller explains, transitioning to a PIP structure would ensure that those at the lowest levels of the FPL and/or with larger family sizes are not paying a disproportionate level of their incomes for critical water and wastewater services and would help to deliver accessible, consistent and equitable levels of affordability for economically vulnerable low income customers.[80]

Notably, transitioning to a PIP structure will allow for Aqua to align its CAP with the Peoples Gas CAP – helping to bring about synergies promised when Aqua acquired Peoples Gas.[81] Aqua is converting to a new customer billing system (SAP) in 2023, which will align other systems across the Aqua and Peoples Companies and will provide the technical capability needed for Aqua to transition its CAP to a PIP.[82]

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[78] CAUSE-PA St. 1 at 44-45. OCA St. 5 at 31: 15-22.
[79] Id; CAUSE-PA St. 1 at 22: 3-15.
[80] CAUSE-PA St. 1 at 44: 15-19.
[81] Id. at 45: 3-10.
[82] CAUSE-PA St. 1-SR at 8: 7-11.

In rebuttal testimony, Aqua expert witness Ms. Black objects to improving the discount structure and to adding a fourth tier of discounts for CAP customers at or below 50% FPL, and claims that these improvements would discourage conservation and would somehow further complicate enrollment and program administration.[83] Ms. Black also claims that adoption of a PIP would be more expensive and costly for ratepayers.[84]

Improving discount levels for the proposed CAP to ensure a more equitable distribution of assistance, and to better target affordability, would not disincentivize conservation.[85] Mr. Geller explained that low income households tend to experience higher usage costs because they tend to live in older housing stock and have correspondingly higher likelihood of costly leaks that often go unrepaired due to lack of resources or a landlord's refusal to make necessary repairs.[86] Rather than these customers being punished with continued unaffordability as a result of the quality of their home, Aqua should develop a robust low income conservation and emergency repair program in coordination with the conservation and Low Income Usage Reduction Programs (LIURPs) of other utilities in Aqua's service territory.[87] This program is supported by Mr. Black and Mr. Geller, and will help low income customers to better address high usage levels.[88]

Apart from Ms. Black's vague assertion that a PIP is more expensive, there is no evidence on the record that improving CAP bill affordability and moving towards a PIP-structure would necessarily incur greater costs overall for the Company and its ratepayers.[89] Utility assistance programs that are most successful at achieving programmatic goals – including reduced

[83] Aqua St. 10-R at 10-11.
[84] Id.
[85] CAUSE-PA St. 1-SR at 7: 7-17.
[86] Id. at 7: 7-17.
[87] Id.
[88] Id.
[89] CAUSE-PA St. 1-SR at 6: 19 – 7: 6.

uncollectible expenses and termination-related costs – when they are designed to deliver consistent and targeted levels of affordability across income and usage levels, along with meaningful arrearage management and conservation tools.[90]

As discussed, Aqua's proposed CAP discounts will not provide consistent and equitable level of affordability for low income customers with higher usage levels and/or lower household incomes. CAUSE-PA Exhibit 1 provides an extensive analysis of the relative water and wastewater burdens of CAP participants at different income tiers and usage levels under Aqua's proposed CAP design. At the CAP discount levels proposed by Aqua, a 2-person household with income at 50% FPL in Aqua's Main Division will have a 8% combined water/wastewater burden at average usage rates; and a 3- or 4-person household with income at 50% FPL will face a 6% combined water/wastewater burden at average usage rates – which far exceed the affordability standards discussed above.[91] At these burden levels, Aqua's low income customers face steep challenges to affording their bills and maintaining services, ultimately resulting in increased terminations and uncollectible expenses. In order to stem to flow of these expenses, Aqua must be required to implement a CAP structure that allows low income customers to achieve affordability and stay connected to services.

ii. CAP Enrollment and Outreach

Aqua indicates that if its CAP proposal is approved, it intends to launch an outreach program, including offering the program to current Helping Hand customers via an informational letter.[92]

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[90] Id.
[91] CAUSE-PA St. 1 at 42: 11-16.
[92] Id. at 45: 12-15.

Mr. Geller expressed concern that existing Helping Hand customers who would seek to enroll in CAP would need to apply for CAP through the same method available to other customers – thus requiring Helping Hand participants to provide duplicative information to enroll in CAP.[93] Requiring unnecessary and duplicative information from Helping Hand participants to obtain a bill discount through CAP would be time consuming, administratively burdensome, and act as a barrier to successful CAP enrollment.[94]

Mr. Geller also noted concern that it was unclear based on Aqua's CAP proposal whether the arrearage forgiveness benefits of Helping Hand will be subsumed under CAP, if approved, so that new CAP participants with pre-existing arrears will automatically have access to arrearage forgiveness benefits without requiring a separate application.[95] This, too, would be potentially onerous and duplicative for CAP customers, would stifle successful CAP enrollment, and add unnecessary administrative costs.[96] As such, Mr. Geller recommended a coordinated approach that streamlined the essential elements of low income programs: arrearage management, bill reduction, and emergency funds.[97]

In line with Mr. Geller's recommendations, CAUSE-PA urges ALJ Long and the Commission to require Aqua to coordinate and streamline its proposed CAP with Helping Hand so that customers who enroll in CAP and carry pre-program arrears will be able to access arrearage forgiveness with a separate application.[98] This will help to streamline and encourage enrollment and is consistent with other CAPs operated by Pennsylvania utilities which have both bill discount and arrearage forgiveness as integrated Program components.[99]

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[93] Id. at 46: 1-8.
[94] Id.
[95] CAUSE-PA St. 1 at 46: 2-20.
[96] Id. at 46: 9-20.
[97] Id. at 47: 1-3.
[98] Id. at 47: 6-14.
[99] Id.

Further, Aqua should develop a streamlined process for enrolling existing Helping Hand customers in CAP. Ms. Black indicates that Aqua will not automatically enroll existing Helping Hand customers in CAP, but will instead provide some limited outreach to these customers through a single letter.[100] This is insufficient to ensure that Helping Hand customers can readily learn about and enroll in CAP, if approved. In line with Mr. Geller's recommendations, Aqua should be required to develop a streamlined application and enrollment process for existing Helping Hand customers so that these customers are not required to provide duplicative information to enroll in CAP.[101] To help ensure that existing Helping Hand customers can learn about the proposed CAP, Aqua should also be required to attempt to contact existing Helping Hand customers through several means, including letters, outbound calls, and through community outreach.[102] CAUSE-PA recommends that Aqua consult its Helping Hand Collaborative to develop its outreach to existing Helping Hand customers.[103]

Finally, Aqua should be required to develop a comprehensive consumer education and outreach plan in consultation with its Helping Hand Collaborative in order to promote it CAP, if approved.[104] Aqua should be required to promote its CAP through various means, including website information, bill inserts, direct correspondence, and verbal referrals, and should target traditionally underserved communities, including consumers with limited English proficiency and Black and Latinx low income communities.[105]

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[100] Aqua St. 10-R at 3: 1-11. CAUSE-PA St. 1-SR at 10: 8-14.
[101] CAUSE-PA St. 1 at 47: 15-19.
[102] CAUSE-PA St. 1-SR at 11: 4-7.
[103] Id. at 11: 7-10.
[104] CAUSE-PA St. 1 at 47: 20 – 48: 6.
[105] Id.

2. Helping Hand Arrearage Forgiveness Program

Aqua is not proposing in the present proceeding to make substantive changes to its Helping Hand Arrearage Forgiveness Program.[106] CAUSE-PA asserts that critical improvements are needed to Aqua's Helping Hand arrearage forgiveness program to equitably improve the affordability for Helping Hand participants and to ensure that Aqua's customers can learn about and successfully enroll in Helping Hand. In his direct testimony, Mr. Geller describes several concerns related to both the structure and accessibility of Helping Hand, which will be address in turn below.

iii. *Helping Hand – Accessibility and Enrollment*

As discussed above, Aqua estimates that nearly one in four 0 – 106,823 out of 443,383 or 24.1% – households in its service territory have income less than 200% FPL.[107] Despite the large numbers of low income consumers in Aqua's service territory, Helping Hand enrollment remains low. As shown more fully in Table 10 of Mr. Geller's Direct Testimony, in January 2021, Aqua reported 1,234 Helping Hand enrollments, and in August 2021, Aqua reported only 876 Helping Hand enrollments.[108] These numbers are remarkably low, and are out of line with the number of Aqua's low income customers who have experienced payment troubles. As an example, Mr. Geller describes how Aqua indicates that the following number of identified low income customers were terminated for nonpayment: 2,339 in 2019; 255 in 2020; and 1,593 as of September 2021.[109] Mr. Geller notes that Aqua also reports that as of September 2021 alone, 4,336 identified low income customers were issued notices of disconnection.[110] The chasm between the number of low income

[106] Id. at 49: 10-13.
[107] Id. at 56: 8-10.
[108] Id. at 48: Table 10.
[109] Id. at 49: 1-4.
[110] Id.

customers who experience trouble paying their bills and the number of customers enrolled in Helping Hand underscores the need for significant and immediate improvement to increase customers' ability to learn about and enroll in Helping Hand, and prevent the accrual of additional debts. Without customer having adequate means to learn about and enroll in Helping Hand, the collections benefits associate with low income programs – including reduced collections and uncollectible expenses and higher bill payment coverage rates – will not be achieved.[111] As Mr. Geller points out, the strong incentive of making full payments based on a percentage of arrears forgiven is only effective if customers are aware and understand the process.[112]

For these reasons, and in line with Mr. Geller's recommendations, Aqua should take steps to improve the accessibility of its Helping Hand Program. Specifically, and as discussed above, Aqua should be required to appropriately coordinate and streamline Helping Hand with its CAP, if approved, so that low income customers can successfully enroll and receive the benefits of bill discounts and arrearage forgiveness as a seamless process without requiring unnecessary and duplicative applications. As discussed below, Aqua should also be required to develop a comprehensive consumer education and outreach plan that is developed in conjunction with interested parties and stakeholders through Aqua's Helping Hand Collaborative.[113] In line with Mr. Geller's recommendations, Aqua should also be required to review its bill structure for residential CAP and Helping Hand customers to ensure that bills clearly communicate the amount of forgiveness earned each time a full payment is made, and the effect on underlying debt amounts.[114]

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[111] Id. at 52: 6-8.
[112] Id. at 54: 5-14.
[113] Id.
[114] Id.

iv. *Helping Hand – Arrearage Forgiveness Structure*

In his direct testimony, Mr. Geller describes how Helping Hand's arrearage forgiveness structure fails to adequately address the high level of arrears faced by many low income customers.[115] Helping Hand currently provides a $25 credit for each payment received while a customer is enrolled in Helping Hand.[116] This amount is insufficient compared to the average arrearage level carried by many low income customers, who tend to carry higher arrears compared to residential customers as a whole.[117] As shown in Table 11 of Mr. Geller's direct testimony, the average arrearage for identified low income customers as of September 2021 was $810.94, and the average arrearage level carried to all residential customers as of September 2021 was $334.70.[118] At $25 per month, it would take more than 4 years for the average Helping Hand customer to achieve full forgiveness, and even longer for those Helping Hand customers with above average arrearage levels. As Mr. Geller noted, it is simply unrealistic to expect low income customers to be able to successfully retire their debt based on these terms.[119] This is especially true for households who may not receive an affordable bill through CAP, including the lowest income and/or highest usage families. Only a small number of Helping Hand customers have completed the Program successfully: 24 in 2021; 221 in 2020; 20 in 2019; and 3 in 2018.[120] Mr. Geller concluded that this "dismal success rate" spoke to the need for critical structural improvement to the Helping Hand Program.[121]

CAUSE-PA urges ALJ Long and the Commission to require Aqua to implement comprehensive changes to the structure of the Helping Hand arrearage forgiveness program so that

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[115] Id. at 50: 17- 51: 10; Table 11.
[116] Id. at 50: 13-15.
[117] Id. at 50: 17- 51: 10; Table 11.
[118] Id.
[119] Id. at 51: 1-4.
[120] Id. at 52: 1-4.
[121] Id.

Helping Hand participants can equitably and meaningfully address their pre-program arrears. In line with Mr. Geller's recommendations, customers who enroll in Aqua's proposed CAP with existing pre-program arrears should be automatically enrolled to receive the benefits of arrearage forgiveness through Helping Hand.[122] To ensure that more at-need customers are able to access arrearage forgiveness, customers should not be required to apply for arrearage forgiveness as a separate process, but rather should be provided the benefit as an integrated component of Aqua's CAP if they enter the program with existing arrears.[123] As Mr. Geller noted, this is consistent with the arrearage forgiveness provided by other major Pennsylvania utilities – in which arrearage forgiveness is provided concurrently with the bill discount under customer assistance programs.[124]

Second, Aqua should be required to revise the forgiveness structure under Helping Hand to more equitably target the level of forgiveness to allow participants to retire their debts in a reasonable period of time. Upon entry into Helping Hand, pre-program arrears should be frozen and should no longer accrue late fees or charges.[125] Customers should then have 1/36th of their frozen arrears or $25, whichever is greater, forgiven for each in-full payment that the customer makes while enrolled in Helping Hand.[126]

In Rebuttal Testimony, Ms. Black objects to Mr. Geller and Mr. Colton's recommendation that Aqua revise the structure of Helping Hand to provide the opportunity for participants to earn full arrearage forgiveness within 3 years. [127] Ms. Black argues that (1) Aqua's current billing system does not have the capability to implement this change; and (2) that for customers with pre-program arrears less than $900, Aqua's current structure of providing a $25 per month credit would

[122] Id. at 52: 15-17.
[123] Id. at 52: 17 – 53: 2.
[124] Id. at 53: 2-4.
[125] Id. at 53: 7-15.
[126] Id.
[127] Aqua St. 10-R at 8-9.

exhaust arrears in less than three years – noting the possibility of grant assistance to further reduce debts.[128] As discussed by Mr. Colton, and supported by Mr. Geller and Ms. Black, arrearage forgiveness credits for full CAP payments, regardless of timeliness, help promote catch-up payments and help ensure that those on a fixed income are not penalized if their monthly check consistently arrives after the due date.[129] While Ms. Black agrees with this analysis, she explained that Aqua is unable to adopt this consensus change to its program due to systems constraints and falls short of making a commitment to adopt the change once Aqua completes its billing system upgrade.

While CAUSE-PA and its expert recognize that Aqua's current systems limit its ability to revise its Helping Hand arrearage forgiveness structure,[130] information system constraints should not stand as an insurmountable barrier to providing customers with affordable bills. Ms. Black indicates in her rebuttal testimony that Aqua will be converting to a new SAP in 2023.[131] These system upgrades should allow for changes to the structure of Helping Hand to allow for a percent of customers' arrears be forgiven for each in-full payment. As discussed above, and contrary to Ms. Black's assertions, the structure of Helping Hand is simply insufficient to meaningfully and reasonably address customers who carry average arrearage levels amongst Helping Hand participants – and poses an insurmountable barrier to customers with above average arrears from achieving full forgiveness.

CAUSE-PA urges ALJ Long and the Commission to revise the structure of its Helping Hand arrearage forgiveness program so that (1) when entering the program, pre-program arrears are frozen and no longer accrue late fees or charges; and (2) for each in-full payment that a

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[128] Id. at 9: 1-5.
[129] CAUSE-PA St. 1-R at 8: 14 – 9: 2; Aqua St. 10-R at 9: 16-22; OCA St. 5 at 50-51.
[130] CAUSE-PA St. 1-SR at 8: 7-11.
[131] Aqua St. 10-R at 8: 7-11.

customer makes while enrolled in Helping Hand, 1/36th of the customer's frozen arrears or $25, whichever is greater, should be forgiven.[132] In light of the current limitations of Aqua's systems and its implementation of an SAP in 2023, CAUSE-PA recommends that Aqua be required to implement these changes within 90 days of conversion of its SAP.[133]

3. Hardship Fund Program

Aqua maintains a Hardship Fund Program, whereby certain income qualified customers can receive a grant from Helping Hand to reduce their unpaid balances.[134] The Joint Settlement in Aqua's recent merger proceeding with People's (Filed June 26, 2019 at Docket Nos. A-2018-300606L A-2018-3006062 and A-2018-3006063) required Aqua America's shareholders to contribute $50,000 for Hardship Fund for four years, and to evaluate and discuss the development of a comprehensive universal service and conservation program that includes the following program components to serve the comprehensive affordability needs of low income consumers: a bill payment/ customer assistance program; a hardship fund; a water conservation program; and a low income service repair line and replacement program.[135] Currently, Aqua's hardship fund grant amounts are determined based on the customer's average bill, with maximum grant amounts being $75 for average bills above $76.[136] For higher usage or large metered accounts, grants are calculated at 10% of the balance or the high bill the customer is having difficulty paying.[137]

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[132] CAUSE-PA St. 1-SR at 9: 19 – 10: 5.
[133] Id.
[134] CAUSE-PA St. 1 at 54: 17-18.
[135] Id. at 66: 6-15; Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC and Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding, LLC's Membership Interests by Aqua America, Inc., Order, Docket Nos. A-2018-3006061; A-2018-3006062; and A-2018-3006063 (Order entered Jan. 24, 2020).
[136] CAUSE-PA St. 1 at 54: 18-19.
[137] Id. at 54: 19 – 55: 2.

While Aqua does not propose any changes to its Hardship Fund in the present proceeding,[138] Mr. Geller detailed several concerns about the structure and accessibility of Aqua's Hardship Fund.

First, Mr. Geller described in his direct testimony how Aqua's Hardship Fund is severely underutilized. Specifically, Mr. Geller detailed how only 68 customers received a hardship grant in 2020, and only 131 customers received a hardship grant in 2021.[139] In 2021, the average grant amount per customers was approximately $75 with Aqua reporting a total of $14,991 hardship grant funds distributed.[140] Further, while Aqua reported that it only distributed $186 in emergency grant assistance in January 2021, $50,461 in grant funding was available that month.[141] While Aqua consistently underspends available hardship funds, the need for grant assistance amongst Aqua's low income customers is substantial. As Mr. Geller describes, Aqua estimates that nearly one in four – 106,823 out of 443,383 or 24.1% -- households in its service territory have income less than 200% FPL.[142] Aqua's low income customers carry substantial arrears compared to residential customers as a whole, and are terminated at substantially higher rates than residential customers as a whole.[143] These figures are significant and evidence of the critical need amongst low income customers for grant assistance.

Second, Mr. Geller raises concerns that Aqua appears to not promote its Hardship Fund in outreach materials, and it is unclear based on Aqua's provided policies and procedures how low income customers are being informed and given the option to apply for hardship funding – if at all

[138] Id. at 55: 16-18.
[139] Id. at 55: 5-8.
[140] Id. at 55: 5-8.
[141] Id. at 56: 2-6.
[142] Id. at 56: 7-10.
[143] Id. at 56: 7-16.

– or if they are being placed in payment arrangements prior to being given the chance to apply for hardship funding.[144]

Third, Mr. Geller raises concerns that Aqua's calculation of grant amounts is out of line with the need of low income customers. Specifically, Mr. Geller describes despite Aqua's stated policy that its maximum grant amounts is $75, Aqua's identified low income customers carried increasing average levels of arrears – with the average arrearage level of identified low income customers disconnected for nonpayment in 2021 as $810.38 compared to $607.88 in 2019.[145] Similarly, as described in Table 13 of Mr. Geller's direct testimony, there is a substantial gap between the average emergency grant awarded, compared to the average arrearage of grant recipients.[146] Mr. Geller concluded that critical improvements were needed to ensure that Aqua's hardship grant was sufficient to provide grants adequate to offset the unaffordability borne by Aqua's low income customers and help to keep these customers connected to critical services.[147]

Based on Mr. Geller's analysis and recommendations, CAUSE-PA urges ALJ Long and the Commission to take several steps to improve the structure, funding, and accessibility of Aqua's Hardship Grant. First, Aqua should be required to revise its maximum grant amounts to $500 to more closely match the average arrears carried by Aqua's low income customers and to help Aqua more fully utilize available hardship funds, which to date remain significantly underspent.[148]

Setting the maximum cash hardship grant amounts at $500 also appears to be supported by Aqua's expert witness, Ms. Black.[149] However, Ms. Black also noted that hardship fund grants should be a "once-per-calendar-year opportunity" and should be limited to the amount the

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[144] Id. at 57: 7-18.
[145] Id. at 58: 1-14.
[146] Id. at 59: 1-4; Table 13.
[147] Id. at 58: 15-17; 59: 5-11.
[148] Id. at 60: 1-9.
[149] Aqua St. 10-R at 7: 3-12.

customer needs at the time of application.[150] While we appreciate Ms. Black's support of the maximum of $500, we believe hardship fund recipients should have access to *up to* $500 in a calendar year – whether in a single grant or multiple grants. As Mr. Geller explains, this is similar to how LIHEAP Crisis funds operate, is more equitable as all households have equal access to the same level of annual funding, and protects household that proactively seek assistance when their arrearages are relatively low to not be precluded from receiving additional assistance.[151]

Second, in awarding hardship grants, Aqua should be required to consider arrearage levels and applicants' potential for service termination as well as bill amounts.[152] This would again help Aqua to more closely target grant amounts to those in critical need of assistance and help Aqua to utilize available grant funds.[153]

Third, Aqua should designate specific funds in this rate case for its Hardship Fund that will act to supplement the time-limited requirement set forth in the Joint Settlement in Aqua's recent merger proceeding that Aqua America's shareholders contribute $50,0000 for the Hardship Fund for four years.[154] As Mr. Geller noted, the Joint Settlement in the merger proceeding did not explicitly require rollover of unspent funds from previous program years, and thus allowed unpent funds to lapse.[155] By failing to promote its Hardship Fund and setting unrealistic and unreasonable restrictions on grant amounts, Aqua has failed to meet the spirit of its Joint Settlement commitments and has saved its shareholders tens of thousands of dollars each year, while undercutting the need for critical assistance.[156] Aqua should be required to maintain its current

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[150] CAUSE-PA St. 1-SR at 4: 15 – 5: 7. Aqua St. 10-R at 7: 3-12.
[151] CAUSE-PA St. 1-SR at 4: 15 – 5: 7.
[152] CAUSE-PA St. 1 at 60: 9-11.
[153] Id. at 60: 9-13.
[154] Id. at 60: 14-16.
[155] Id. at 60: 17- 61: 5.
[156] Id. at 61: 1-5.

shareholder funding level of $50,000 through at minimum the next base rate case and to rollover any unused funds int into funding for the next program year.[157]

Fourth, Aqua should be required to develop a plan to increase and stabilize hardship funding on an ongoing basis. In line with Mr. Geller's recommendation, Aqua should be required to work with parties and stakeholders through the Helping Hand Collaborative to develop a plan that includes voluntary contributions to the Hardship Fund through fundraising initiatives and other funding streams and in coordination with other utilities, including Peoples Natural Gas, to determine cross-outreach opportunities to solicit additional funds; and adding an option for customers who make online payments to "add a buck" to their bills or "round up" their bills in order to contribute to the Hardship Fund.[158]

Finally, Aqua should be required to revise its internal policies, procedures, and associated training materials to inform customers about the availability of Hardship Grant funding. As discussed, it is unclear how, when, or under what circumstances Aqua's customers are informed of the availability of the Hardship Fund. Aqua should be required to revise its policies, procedures, and training materials and scripting to affirmatively screen customers who are having trouble paying their bills or who have accrued past due arrears for CAP and Helping Hand; and should screen CAP and Helping Hand customers who are unable to afford their bills, or customers who are facing an immediate risk of termination, for Hardship Fund eligibility, and assist these customers to apply for grant assistance, regardless of whether they have first applied for or enrolled in a payment arrangement.[159]

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[157] Id. at 61: 6-8. Aqua St. 10-R at 7: 3-12. Ms. Black agrees that unspent hardship fund dollars "could be carried over to the following year", though it is unclear from her testimony whether she has committed to doing so.

[158] CAUSE-PA St. 1 at 61: 13-21.

[159] Id. at 62: 1-11.

4. Customer Education and Outreach Plan

Aqua has developed several printed and promotional materials, including directed letters, Facebook advertisements, and blog posts geared at community outreach and education.[160] Aqua has also developed criteria to determine outreach that includes a low income analysis broken down by counties and the need for information on its various programs, including when there is modified program requirements.[161] Aqua proposed that it will utilize cross-enrollment features through Dollar Energy Fund (DEF) to enroll customers in CAP, if approved.[162]

As Mr. Geller explained, the success of low income programming depends on whether customers are aware about the existence, benefits, eligibility rules, and process for enrollment in Aqua's low income programs.[163] Aqua's enrollment in Helping Hand is very low compared to the number of low income in its service territory who have experienced termination as a result of nonpayment, or who have been issued notices of disconnection.[164] Similarly, Aqua's Hardship Fund is severely undersubscribed – with only a total of 199 customers successfully receiving funds since its creation in 2020, with the majority of funds remaining unspent.[165] Mr. Geller concluded that these low enrollment and take rates in Aqua's low income assistance program highlight the critical need for "enhanced, more concerted efforts to reach and enroll low income consumers in Aqua's service territories in assistance programs."[166]

Mr. Geller expressed concern about the limited reach of Aqua's current consumer outreach and education efforts, particularly amongst traditionally underserved communities who have

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[160] Id. at 62: 14-15.
[161] Id. at 62: 15-18.
[162] Id. at 65: 6-11.
[163] Id. at 63: 4-9.
[164] Id. at 48: 10- 49: 9.
[165] Id. at 64: 5-11.
[166] Id. at 64: 9-11.

experienced disproportionate levels of utility insecurity.[167] Mr. Geller also noted that Aqua did not appear to have developed outreach materials in languages other than English.[168] As discussed in further detail below, it is critical that barriers to utility access are overcome for limited English proficiency consumers so that they can learn about and enroll in Aqua's low income assistance programs.[169]

Finally, Mr. Geller expressed concern that Aqua has not reported any Helping Hand events since 2018.[170] While the spread of COVID-19 has necessitated a recent halt to in-person events, Aqua's failure to conduct in-person events even prior to the pandemic has severely limited Aqua's ability to directly target hard to reach communities.[171]

CAUSE-PA submits, in line with Mr. Geller's recommendations, that Aqua should be required to develop and implement a comprehensive and coordinated consumer outreach and education plan. This plan should (1) be developed with input from the parties and interested stakeholders through Aqua's Helping Hand Collaborative; (2) set forth how Aqua will specifically promote each of its low income assistance programs; (3) be tailored to the demographics of Aqua's service territory; (4) include how Aqua will target outreach to specific communities, including those communities that have faced pervasive utility insecurity such as Black and Latinx communities; (5) specifically identify efforts to educate and enroll eligible customers at or below 50% FPL who represent those customers with the lowest incomes who struggle most profoundly to make ends meet; (6) translate all promotional and education materials into, at minimum, Spanish; and (7) identify resources and translation services for LEP customers.[172] Aqua should

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[167] Id.
[168] CAUSE-PA St. 1 at 63: 10-18.
[169] See infra Section IX.C.
[170] CAUSE-PA St. 1 at 63: 29 – 64: 4.
[171] Id.
[172] Id. at 64: 14- 65: 5.

also conduct a language needs assessment to identify other commonly spoken languages in its service territory to further help accessibility to its low income programs.[173] Aqua should also explore other opportunities for cross program enrollment and outreach with Peoples and other major utilities in its services territory.[174]

Finally, Aqua should be required to set target enrollment numbers for its low income programs. In line with Mr. Geller's recommendation, enrollment targets should be set at 20% per year of the estimated number of customers at or below 200% FPL for CAP and Helping Hand until Aqua reaches at least 75% enrollment of this target group.[175] For its Hardship Fund, Aqua should be required to establish quantitative goals related to affirmative customer contacts with the purpose of enrolling low income customers in assistance programs – including telephone contacts and mailing, electronic communications, virtual events, "train the trainer" sessions with local community, social, and legal services groups, and eventual in-person events once safe to do so.[176] Aqua should track and report progress – including successful enrollments in low income assistance programs as a result of these efforts – and should continue to refine its community outreach and education through dialogue with the Helping Hand Collaborative.[177]

It is important to note that Aqua's expert witness, Ms. Black, appears to accept several of the recommendations Mr. Geller set forth in his Direct Testimony related to consumer outreach and education, including (1) development of a customer education and outreach plan;[178] (2) seeking collaboration with other utilities to cross-promote its low income programs;[179] and (3)

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[173] Id.
[174] Id. at 65: 6-11.
[175] Id. at 65: 12-17.
[176] Id. at 65: 17 – 66: 1.
[177] Id. at 66: 1-4.
[178] Aqua St. 10-R at 5: 5 -14.
[179] Id. at 6: 2-7.

providing training for contact center staff about the availability of assistance programs.[180] CAUSE-PA appreciates Ms. Black's support of these recommendations and urges ALJ Long and the Commission to require Aqua to implement a comprehensive community outreach and education plan, as outlined above.

5. Low Income Service Line Repair and Replacement and Water Conservation Program

Pursuant to Paragraph 108 of the Joint Petition for Settlement in the Aqua-People's merger proceeding (Filed June 26, 2019 at Docket Nos. A-2018-300606L A-2018-3006062 and A-2018-3006063), Aqua was required to evaluate and discuss the development of a comprehensive universal service and conservation program that includes the following program components to serve the comprehensive affordability needs of low income consumers: a bill payment/ customer assistance program; a hardship fund; *a water conservation program*; and a *low income service repair line and replacement program*.[181]

In the present proceeding, in addition to proposing a CAP – discussed above - Aqua is proposing an Emergency Repair Program – encompassing aspects of the line repair and conservation program requirements in the agreed-to settlement.[182] Through this Program, Aqua proposes that low income homeowners will be able to contact Aqua about bill concerns in order to identify ongoing leaks, and can obtain assistance with the cost of repairs.[183] Aqua proposes a limited $100,000 annual budget for emergency line repair and conservation "kits" across its far-

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[180] Id. at 6: 17-19.
[181] CAUSE-PA St. 1 at 66: 6-15; Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC and Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding, LLC's Membership Interests by Aqua America, Inc., Joint Petition, Docket Nos. A-2018-300606L; A-2018-3006062; and A-2018-3006063, at para. 108 (Joint Petition filed June 26, 2019).
[182] Aqua St. 10 at 8: 9-21.
[183] Id.

flung service territory.[184] Aqua currently offers conservation kits to Helping Hand participants which include very basic, low cost, self-installed conservation devices such as leak detection tablets, a low flow showerhead, and low flow aerators for kitchen faucets.[185]

Mr. Geller expressed concern that Aqua is proposing to limit funding for its proposed Program to just $100,000 per year.[186] Mr. Geller explained that Aqua's low income customers and Helping Hand customers have higher usage levels compared to residential customers as a whole.[187] In response to discovery, and as charted in Mr. Geller's testimony, Aqua's residential water customers use an average 42.6 thousand gallons per year, compared to 52.4 thousand gallons per year for identified low income customers and 68 thousand gallons per year for Helping Hand customers.[188] For wastewater, residential customers use an average 61.5 thousand gallons, compared to 67.7 thousand gallons for identified low income customers.[189] Lower income households tend to have higher usage because they more often live in older homes with aging fixtures and plumbing, and at the same time lack adequate resources to make necessary repairs and adopt conservation measures to help control usage.[190]

Aqua estimates that 106,823 out of 443,383 (or 24.1%) of households in its service territory have incomes below 200% FPL.[191] With the large number of low income customers who would benefit from leak repair and conservation measures, Aqua's proposal to allocate only $100,000 per year is inadequate to meaningfully address clear disparities in usage and arrearage levels for low income customers – and will limit services offered given the potentially high costs of

[184] Aqua St. 10 at 8: 9-21.
[185] CAUSE-PA St. 1 at 67: 7-8.
[186] Id. at 67: 9-16.
[187] Id.
[188] Id. at 67, Table 14.
[189] Id.
[190] Id. at 51.
[191] Id. at 68: 1-8.

replacing/repairing damaged customer service lines.[192] As Mr. Geller noted, this is particularly concerning given that Aqua's policy is to terminate service to customers who do not make repairs to leaking customer-side service lines, or make arrangements with Aqua for such repairs.[193] Further, Aqua has not set forth a plan for how it will allocate this limited funding [194]

In order to help Aqua's low income customers meaningfully control their usage levels and monthly bills and to help Aqua to effectively manage costs associated with its low income programming by helping reduce high usage associated with leaky pipes/fixtures, CAUSE-PA urges ALJ Long and the Commission to require Aqua to develop a comprehensive conservation and line repair program through coordination with the Helping Hand Collaborative no later than 6 months after the final order in this case.[195] These conservation measures offered under this Program should include *direct installation* of deeper saving measures above and beyond line repair/replacement and 'do it yourself' kits.[196] Program services should be coordinated with energy reduction programs offered by other utilities in Aqua's service territory and should include proposed annual reporting of water savings achieved and reductions in low income program and other costs achieved through the Program.[197]

This Program should be available to all low income customers, but Aqua should be required to prioritize high usage, low income customers enrolled in CAP or Helping Hand.[198] As Mr. Geller explained, low income customers most often lack the discretionary income to participate in a rebate

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[192] Id. at 68: 1-13.
[193] Id.
[194] Id. at 68: 14-19.
[195] Id. at 69: 3-13.
[196] Id.
[197] Id.
[198] Id. at 69: 14-19.

program, and will not have up-front cash on hand to pay for a plumber, so installation services should be included in the Program.[199]

C. Language Access

Pursuant to 52 Pa. Code § 56.91(17), utilities are required to include on termination notices a phone number and directions for LEP customers to call for information and translation assistance in Spanish and any other language comprising 5% or more of the population in its service territory.[200] Utilities are also required to provide billing information in Spanish if they serve a substantial number of Spanish speaking customers.[201] Mr. Geller noted in his direct testimony that language access should not be limited to merely what is legally required.[202] In order to ensure that all consumers are able to access reasonable service, utilities should proactively meet the language access needs of the populations that its serves.[203]

Aqua does not appear to have a meaningful language access plan. As described by Mr. Geller, Aqua has a limited number of customer service representatives available to provide Spanish language interpretation when a customer chooses the Spanish language prompt through Aqua's interactive voice response (IVR) system.[204] Aqua does not provide any documentation to its customers in Spanish other than the statement required by 52 Pa. Code § 56.91(17) directing Spanish-speaking customers to a number to call for information and translations assistance, and does not provide interpretation or translation services in any language other than Spanish.[205]

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[199] Id.
[200] 52 Pa. Code § 56.91(17).
[201] 52 Pa. Code § 56.201(b).
[202] CAUSE-PA St. 1 at 70: 17-19.
[203] Id.
[204] Id. at 71: 8-15.
[205] Id.

Further Aqua has not performed a needs assessment regarding the need for additional translation or interpretation services or other language access policies within Aqua's service area.[206]

Mr. Geller concluded that Aqua's language access plan was insufficient to meet the needs of Aqua's non-English speaking customers.[207] As described my Mr. Geller, basing language needs only on affirmative requests for interpretation through an IVR system obscures the real need for language resources in Aqua's service territory.[208]

For non-Spanish speaking limited English proficient customers, it is not clear whether Aqua provides translation services.[209] Mr. Geller describes the difficulty that limited English proficient consumers will face when attempting to contact Aqua:[210]

> Limited English proficient individuals may not be aware that they can ask for interpretation and may abandon the contact, attempt to muddle through the process without requesting interpretation, or may rely on family or friends to call for them. Reliance on family or friends for translation can be cause for important aspects of the terms of service to be missed or obscured, especially when children are required to step in to assist their LEP parent, and raises significant privacy and confidentiality concerns.

LEP speakers who do not have meaningful access to translation and interpretation services often rely on relatives or friends that speak English – raising issues of confidentiality and putting substantial strain on minors to help their parents avoid loss of life-sustaining services to the household or deal with other matters related to household expenses.

Aqua has not performed a needs assessment to evaluate the need for translation or language access within its service territory.[211] While Aqua has indicated that it does not believe that its Spanish speaking population is substantial, Mr. Geller estimates that approximately 156,800

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[206] Id.
[207] Id. at 72: 1-2.
[208] Id. at 72: 4-6.
[209] Id. at 72: 6-7.
[210] Id. at 72: 6-13.
[211] Id. at 73: 1-4.

Pennsylvania residents speak a language other than English in their homes.[212] With Aqua reporting that it serves more than 1.4 million residents in 32 counties, Aqua likely serves substantial numbers of LEP customers.[213] While a large percentage of Pennsylvania's LEP households are Spanish-speaking, Pennsylvania also has large numbers of non-Spanish speaking LEP customers, including those that speak Mandarin, Cantonese, Russian, or Vietnamese in their homes.[214] Thus, it is critical that Aqua take concerted steps to evaluate the diverse needs of LEP consumers in its service territory in order to ensure that all customers can equitably access water/wastewater services regardless of spoken language.

Finally, Mr. Geller expressed concern that Aqua's termination notices did not meet the requirements set forth under 52 Pa. Code § 56.91.[215] Section 56.91 states in relevant part that: "A notice of termination must include, in conspicuous print, clearly and fully the following information when applicable: …

> (17) Information in Spanish directing Spanish-speaking customers to the number to call for information and translation assistance. Similar information shall be included in other languages when census data indicates that 5% or more of the residents of the utility's service territory are using that language."

After review of Aqua's termination notices to residential customers, Mr. Geller found that – while termination notices utilized by Aqua contain a Spanish language blurb, the blurb does not indicate that the document is a termination notice.[216] This could be confusing and misleading to LEP customers, and act as a barrier to these customers remaining connect to services.

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[212] Id. at 73: 5-11.
[213] Id. at 73: 5-15.
[214] Id. at 74: 1-10.
[215] Id. at 76: 11-25. 52 Pa. Code § 56.91.
[216] Id.

In line with Mr. Geller's recommendations, Aqua should first be required to conduct a formal, county-specific needs assessment to determine whether it should expand its language access policies to include document translation in languages other than Spanish. Aqua should then incorporate findings from this analysis into a formal language access policy, which at a minimum should be shared with parties in the present proceeding and through the Helping Hand Collaborative.[217]

As part of this needs assessment, Aqua should also be required to evaluate its process for determining the need for third-party interpretation and incorporate clear guidelines for determining the need for a third-party interpretation service.[218] As an immediate step, Aqua should contract with a telephonic interpretation service to ensure that LEP consumers who do not speak Spanish can communicate and access services.[219] Accordingly, Aqua should also change its IVR to inform all customers of the availability of interpreter services in multiple languages, allowing the customer to select their language and be transferred to an interpreter.[220]

Aqua should also be required to comply with requirements set forth in 52 Pa. Code § 56.201(b). Specifically, Aqua should provide translated billing information, including but not limited to:[221]

(1) Billing and estimated billing procedures.
(2) Methods for customer verification of billing accuracy.
(3) Explanation of operation of purchased gas adjustment clauses.
(4) Payment requirements and procedures.
(5) Security deposit and guarantee requirements.
(6) Procedures for discontinuance and reconnection of service.

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[217] Id. at 74: 10-14.
[218] Id. at 75: 16 – 76: 2.
[219] Id.
[220] Id.
[221] Id. at 76: 6 – 77: 6.

> (7) Dispute, informal complaint, and formal complaint procedures.
> (8) Explanation of meter reading procedures which would enable a customer or occupant to read his own meter.
> (9) Procedure whereby customers or occupants may avoid discontinuance of service during extended periods of absence.
> (10) Third-party notification procedures.
> (11) Telephone numbers and addresses of the public utility and of the nearest regional office of the Commission where further inquiries may be made.
> (12) Definitions of terms or abbreviations used by the public utility on its bills.
> (13) Information indicating that additional consumer protections may be available for victims of domestic violence who have a protection from abuse order or a court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence, people with serious illnesses and low income households.[222]

As Mr. Geller points out, providing translated billing information will both ensure that Aqua is compliant with the Commission's language access regulations and ensure that Spanish-speaking LEP customers are able to understand what they owe, how to pay, steps they can take if they have trouble paying, and their rights and responsibilities if they are unable to pay.[223]

As discussed above, Aqua's termination notices appear to not contain crucial language access information as required under Section 56.201(b). In order to remedy Aqua's compliance under this Section and to help ensure that LEP customers are able to access crucial information needed to stay connected to water/wastewater services, Aqua should be required to amend the language of all termination notices to indicate in, at minimum, Spanish and English, that the

[222] 52 Pa. Code § 56.201(b).
[223] CAUSE-PA St. 1 at 77: 7-11.

document is a termination notice and inaction may result in termination of water and/or wastewater services. [224]

X. RATE STRUCTURE

Aqua's current rate structure for water and wastewater services consists of monthly minimum (fixed) charge that varies by meter size and a volumetric charge that varies by customer class and rate zone.[225] Most of Aqua's customers are charged rates applicable to its Main Division rate zone.[226] In the present case, Aqua is proposing to move several divisions equal or closer to Main Division rates.[227]

In his direct testimony, Mr. Geller explained that that Aqua's proposal to consolidate water rate zones that represent acquired systems into Main Division, and to propose a similar model for its wastewater rates with the intent of gradually consolidating these divisions, will mean that customers who are not currently in Main Division will typically see a steeper increase as they move towards consolidated Main Division rates.[228]

While CAUSE-PA did not offer further comprehensive testimony or recommendations as to Aqua's proposed rate structure and cost allocation in this proceeding, CAUSE-PA nevertheless supports and adopts by reference the positions of the OCA on these issues. CAUSE-PA asserts that OCA's rate structure and allocation proposals equitably evaluate and assign costs across rate classes and rate divisions, and are therefore just, reasonable, and in the public interest.

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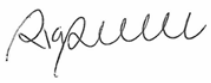
[224] Id. at 77: 21-25.
[225] Id. at 11: 18-12: 1.
[226] Id. at 12: 1-3.
[227] Id.
[228] Id. at 12: 2-7.

XI. CONCLUSION

Stable access to affordable water and wastewater service is not a luxury – it is a basic human need. Inability to afford water and wastewater service to a home has far-ranging and severe consequences on the lives and livelihood of individual households and on the public health of the surrounding communities in which those individuals live and work. To be just and reasonable, rates for these services must be set to ensure that all Pennsylvanians – regardless of economic status – are able to maintain service in their home. Indeed, it would be fundamentally unjust and unreasonable to approve rates that would price the lowest income families out of the market for these life-sustaining services.

For the reasons set forth above, CAUSE-PA urges the Honorable Mary D. Long and the Pennsylvania Utility Commission to substantially reduce Aqua's proposed rate increases and to take the immediate steps outlined in this Main Brief to remediate substantial levels of unaffordability faced by Aqua's low income customers at existing rates and insulate those customers from the impact of any further increase in rates.

Respectfully submitted,
Counsel for CAUSE-PA



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Date: January 11, 2022

Appendix A: Proposed Findings of Facts

1. In the filings, Aqua's proposed tariffs seek approval to increase total annual operating revenues of $97,684,824, or approximately 17.86%.[229] CAUSE-PA MB at 3.

2. Aqua's water and wastewater rate structures consist of multiple rate zones, which each contain rate divisions with their own respective rates.[230] CAUSE-PA MB at 3.

3. If Aqua's full request were approved, a residential customer with average usage receiving both water and wastewater service from Aqua would see their combined monthly bill increase by an average of $124.86 to $155.27, a combined monthly average increase of $30.41 – or 24.4%.[231] CAUSE-PA MB at 8.

4. The actual impact (as opposed to the average impact) of Aqua's proposed rate increases on residential customers will depend on a customer's usage and will vary by rate zone.

    a. In Rate Zone 1, which contains the majority of Aqua's water customer, a water bill for a typical customer using 4,000 gallons/month will increase by $11.97 per month – from $69.35 to $81.32 – or by approximately 17.3%.[232] Several zones will see increases of $25.00 or more *per month*, representing percent increases as high as 51%.[233] CAUSE-PA MB at 8. In terms of wastewater, the residential monthly bill increases will vary widely by rate zone, and may represent as high as a 83.61% monthly increase (Limerick division).[234] CAUSE-PA MB at 8.

5. Aqua's proposed rate increases for water and wastewater services will exacerbate existing unaffordability and will place low income customers who struggle on a daily basis to make ends meet at particular risk of unaffordable bills and, consequently, terminations. CAUSE-PA MB at 8.

6. Nearly one in four households (106,823 of 442,383) in Aqua's service territory are estimated to have household income less than 200% of the federal poverty level.[235] CAUSE-PA MB at 9.

7. Low income consumers have been particularly hard hit by the economic repercussions of COVID-19.[236] CAUSE-PA MB at 9.

8. As Pennsylvania continues to struggle with the impacts of the COVID-19 pandemic, Aqua's unjust and unreasonable proposals to increase rates pose a significant risk to the lives and livelihoods of consumers in Aqua's service territory. CAUSE-PA MB at 1.

9. Even at present rates, Aqua's low income customers struggle to afford and remain connected to basic water and wastewater services in their homes – facing combined water

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[229] Aqua, Base Rate Filing Vol. 1, Statement of Specific Reasons for Proposed Increase in Rates, at 1.
[230] CAUSE-PA St. 1 at 8: 16-18.
[231] CAUSE-PA St. 1 at 10: 6-8.
[232] CAUSE-PA St. 1 at 16: 12 – 17: 4 & T1.
[233] CAUSE-PA St. 1 at 17: 12 – 18: 4 & T2..
[234] CAUSE-PA St. 1 at 18: 5-7.
[235] CAUSE-PA St. 1 at 13: 5-13..
[236] CAUSE-PA St. 1 at 15: 13 – 16: 2.

and wastewater burdens which far exceed accepted affordability standards for water and wastewater service. CAUSE-PA MB at 5, 9.

10. To be considered affordable, a combined water/wastewater burden should not exceed 4.5% of household income. CAUSE-PA MB at 10.

    a. A 4-person household with income at 50% FPL in Aqua's Rate Zone 1 with average usage (4,000 gal./month) currently pays 6% of their income on water, and 6% of their income on wastewater – *a combined 12% water/wastewater burden*.[237] CAUSE-PA MB at 10.

    b. At proposed rates, this same household would pay 7% of their income on water and 7% on wastewater – *a combined 14% water/wastewater burden*.[238] A 4 person household with slightly higher income (100% FPL) with the same average usage and in the same rate zone currently has a combined water/wastewater burden of 6% - and at proposed rates would have a combined water/wastewater burden of 8%.[239] CAUSE-PA MB at 10.

11. There is a tangible link between water services and household health and well-being, and the serious and far-ranging consequences that result from termination of water and wastewater services. CAUSE-PA MB at 10.

12. Aqua has not analyzed the impact of the COVID-19 pandemic on bill affordability for low income customers or residential customers as a whole.[240] CAUSE-PA MB at 13.

13. Residential customers as a whole have substantially increased usage, carry substantially greater levels of arrears, and face substantially higher rates of termination since the expiration of the Commission's emergency moratorium on utility terminations.[241] CAUSE-PA MB at 13-14.

14. Aqua's low income customers experienced a **74% increase** in average arrearage levels compared to 2019 levels – and are far more likely than higher income households to experience an involuntary termination.[242]. CAUSE-PA MB at 13-14.

15. A household's *combined* household water and wastewater burden should be no greater than the following percentage of income to be considered "affordable": 4.5% for households between 150-200% FPL, 4% for households between 100-149% FPL, 3.5% for households between 50-99% FPL, and 3% for households between 0-49% FPL%.[243] CAUSE-PA MB at 18.

16. Aqua's average cost in the first 9 months of 2021 for current services for identified low income customers was $80.49 a month – or $965.88 a year[244] -- representing a combined

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[237] Id. at 23-24, Tables 4-5.
[238] Id. at 26-27, Tables 6-7.
[239] Id. at 23-24 & 26-27, Tables 4-7.
[240] CAUSE-PA St. 1 at 29: 1-7.
[241] Id. at 29: 10-12.
[242] Id. at 31: 5-11.
[243] See Aqua St. 10 at 6-7.
[244] Id. at 37: 12-14.

water/wastewater burden of 7% or more low income households.[245] CAUSE-PA MB at 18-19.

17. Implementing a CAP that will work in coordination with Helping Hand's arrearage forgiveness program to provide comprehensive bill affordability and arrearage management will help to ensure that Aqua's low income customers are able to reduce their water/wastewater burdens and stay connected to life-sustaining water/wastewater services.[246] CAUSE-PA MB at 18-19.

18. A 2-person household with income at 50% FPL in Aqua's Main Division who enrolls in CAP will still face an 8% water and wastewater burden at *average* usage rates, and 3 or 4-person household at the same income and average usage level will have a 6% combined water/wastewater burden through Aqua's proposed CAP.[247] Those with larger families who exceed average usage levels will face even higher burdens – falling disproportionately hard on larger families. CAUSE-PA MB at 19-20.

19. Mr. Colton's proposed CAP discount levels and inclusion of an additional discount tier for those with income at or below 50% FPL, will help to relieve inequities in the distribution of assistance to Aqua's lowest income families and larger families with higher than average usage.[248] CAUSE-PA MB at 21-22.

20. Improving discount levels for the proposed CAP to ensure a more equitable distribution of assistance, and to better target affordability, would not disincentivize conservation.[249] CAUSE-PA Main Brief at 24.

21. Utility assistance programs that are most successful at achieving various programmatic goals – including reduction uncollectible expenses and termination-related costs – when they are designed to deliver consistent and targeted levels of affordability across income and usage levels, along with meaningful arrearage management tools.[250] CAUSE-PA Main Brief at 24.

22. Requiring unnecessary and duplicative information from Helping Hand participants to obtain a bill discount through CAP would be time consuming, administratively burdensome, and act as a barrier to successful CAP enrollment.[251] CAUSE-PA Main Brief at 25.

23. While Helping Hand enrollment remains low, Aqua reports substantial number of identified low income customers experiencing payment troubles, with the following number of identified low income customers were terminated for nonpayment: 2,339 in 2019; 255 in 2020; and 1,593 as of September 2021;[252] -- and with Aqua reporting that as

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[245] Id. at 37: 12-17.
[246] See id.
[247] Id.
[248] OCA St. 5 at 35, Table 9; OCA St. 5 at 39, Table 39. CAUSE-PA St. 1-R at 8: 12 – 9: 19.
[249] CAUSE-PA St. 1-SR at 7: 7-17.
[250] CAUSE-PA St. 1-SR at 6: 19 – 20: 6.
[251] CAUSE-PA St. 1 at 46: 1-8.
[252] Id. at 49: 1-4.

of September 2021 alone, 4,336 identified low income customers were issued notices of disconnection.[253]. CAUSE-PA MB at 28.

24. The collections benefits associated with low income programs – including reduced collections and uncollectible expenses and higher bill payment coverage rates – will not be achieved without robust education and outreach.[254] CAUSE-PA MB at 28.

25. Helping Hand's arrearage forgiveness structure fails to adequately address the high level of arrears faced by many low income customers.[255] CAUSE-PA MB at 29.

26. Helping Hand currently provides a $25 credit for each payment received while a customer is enrolled in Helping Hand.[256] CAUSE-PA MB at 29.

27. Only a small number of Helping Hand customers have successfully completed the Program - 24 in 2021; 221 in 2020; 20 in 2019; and 3 in 2018.[257] CAUSE-PA MB at 30.

28. Aqua is converting to a new SAP in 2023.[258] CAUSE-PA MB at 32.

29. Aqua maintains a Hardship Fund Program, whereby certain income qualified customers can receive a grant from Helping Hand to reduce their unpaid balances.[259] CAUSE-PA MB at 33.

30. Aqua's Hardship Fund grant amounts are currently determined based on the customer's average bill, with maximum grant amounts being $75 for average bills above $76.[260] For higher usage or large metered accounts, grants are calculated at 10% of the balance or the high bill the customer is having difficulty paying.[261] CAUSE-PA MB at 33.

31. While Aqua does not propose any changes to its Hardship Fund in the present proceeding,[262] CAUSE-PA MB at 33.

32. Only 68 customers received a hardship grant in 2020, and only 131 customers received a hardship grant in 2021.[263] CAUSE-PA MB at 33-34.

33. While Aqua reported that it only distributed $186 in emergency grant assistance in January 2021, $50,461 in grant funding was available that month.[264] CAUSE-PA MB at 33-34.

34. While Aqua consistently underspends available hardship funds, the need for grant assistance amongst Aqua's low income customers is substantial. [265] CAUSE-PA Main Brief at 34.

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[253] Id.
[254] CAUSE-PA St. 1 at 52: 6-8.
[255] CAUSE-PA St. 1 at 50: 17- 51: 10; Table 11.
[256] CAUSE-PA St. 1 at 50: 13-15.
[257] Id. at 52: 1-4.
[258] Aqua St. 10-R at 8: 7-11.
[259] CAUSE-PA St. 1 at 54: 17-18.
[260] CAUSE-PA St. 1 at 54: 18-19.
[261] CAUSE-PA St. 1 at 54: 19 – 55: 2.
[262] CAUSE-PA St. 1 at 55: 16-18.
[263] Id. at 55: 5-8.
[264] Id. at 56: 2-6.
[265] CAUSE-PA St. 1 at 56: 7-10.

35. Aqua does not currently promote its Hardship Fund in outreach materials, and it is unclear based on Aqua's provided policies and procedures how low income customers are informed and given the option to apply for hardship funding – if at all – or if they are being placed in payment arrangements prior to being given the chance to apply for hardship funding.[266] CAUSE-PA MB at 34.

36. Despite Aqua's stated policy that its maximum grant amounts is $75, Aqua's identified low income customers carried increasing average levels of arrears – with the average arrearage level of identified low income customers disconnected for nonpayment in 2021 as $810.38 compared to $607.88 in 2019.[267] CAUSE-PA MB at 35.

37. The Joint Settlement in the Aqua/Peoples acquisition proceeding did not explicitly require rollover of unspent funds from previous program years, and thus allowed unpent funds to lapse – providing an incentive to under-promote the program.[268] CAUSE-PA MB at 36.

38. Aqua's current consumer outreach and education efforts, particularly amongst traditionally underserved communities who have experienced disproportionate levels of utility insecurity, has limited reach.[269] CAUSE-PA Main Brief at 38-39.

39. In the present proceeding, Aqua is proposing an Emergency Repair Program which encompasses aspects of the line repair and conservation program requirements from a prior agreed-to settlement.[270] CAUSE-PA Main Brief at 41-42.

40. Compared to identified need, Aqua's proposal to allocate only $100,000 per year for leak repair and conservation is inadequate to meaningfully address clear disparities in usage and arrearage levels for low income customers and will limit services offered given the potentially high costs of replacing/repairing damaged customer service lines.[271] CAUSE-PA MB at 42.

41. Aqua is not providing reasonable service to applicants and customers with limited English proficiency.[272] CAUSE-PA MB at 44.

42. Aqua does not have an adequate language access plan; has a limited number of customer service representatives available to provide Spanish language interpretation when a customer chooses the Spanish language prompt[273]; provides extremely limited information to its customers in Spanish, including a single statement on termination notices directing Spanish-speaking customers to a number to call for information and translations assistance – without informing the consumer that the document is a termination notice or otherwise indicating the importance of the document; does not provide interpretation or translation services in any language other than Spanish;[274] and has not performed a language needs

[266] CAUSE-PA St. 1 at 57: 7-18.
[267] Id. at 58: 1-14.
[268] CAUSE-PA St. 1 at 60: 17- 61: 5.
[269] CAUSE-PA St. 1 at 64: 9-11.
[270] Aqua St. 10 at 8: 9-21.
[271] CAUSE-PA St. 1 at 68: 1-13.
[272] CAUSE-PA St. 1 at 70: 17-19.
[273] CAUSE-PA St. 1 at 71: 8-15,
[274] CAUSE-PA St. 1 at 71: 8-15.

assessment to determine the need for additional translation or interpretation services or other language access policies within Aqua's service area.[275] CAUSE-PA MB at 44.

43. For non-Spanish speaking limited English proficient customers, it is not clear whether Aqua provides any interpretation services.[276] CAUSE-PA MB at 45.

44. Aqua's language access plan is insufficient to meet the needs of Aqua's non-English speaking customers.[277] CAUSE-PA Main Brief at 44-45.

45. While termination notices utilized by Aqua contain a Spanish language blurb, the blurb does not indicate that the document is a termination notice.[278] This could be confusing and misleading to LEP customers, and act as a barrier to these customers remaining connect to services. CAUSE-PA Main Brief at 46

[275] CAUSE-PA St. 1 at 71: 8-15.
[276] CAUSE-PA St. 1 at 72: 6-7.
[277] CAUSE-PA St. 1 at 72: 1-2.
[278] CAUSE-PA St. 1 at 76: 11-25.

Appendix B: Proposed Conclusions of Law

1. The Commission has a "duty to set 'just and reasonable' rates, reflecting a 'balance of consumer and investor interests.'"[279] CAUSE-PA MB at 5.

2. In determining just and reasonable rates, the Commission must determine the proper balance between interests of ratepayers and utilities.[280] CAUSE-PA MB at 5.

3. Pursuant to Section 315 of the Public Utility Code, the burden of providing that a rate proposal is just and reasonable rests on the public utility.[281] CAUSE-PA MB at 5.

4. "[T]he PUC is obliged to consider broad public interests in the rate-making process."[282] CAUSE-PA MB at 7.

5. It is both unjust and unreasonable to raise rates for critical water and wastewater services without first ensuring that low and moderate income customers are able to connect and maintain affordable services under just and reasonable terms and rates. CAUSE-PA MB at 10.

6. At both current and proposed rates, Aqua's water and wastewater burden levels are unsustainable, and greatly exceed the bounds of reasonableness and justice. It is both unjust and unreasonable to price the lowest income families out of the market for basic, life-sustaining water and wastewater services. CAUSE-PA MB at 10.

7. Chapter 56 must be liberally construed to fulfill the purpose and policy of the Chapter.[283] CAUSE-PA MB at 14.

8. Commission regulation sets a floor for minimal protections for Pennsylvania's utility consumers and do not preclude additional relief.[284] CAUSE-PA MB at 16.

9. The Joint Settlement in Aqua's recent merger proceeding with People's (Filed June 26, 2019 at Docket Nos. A-2018-300606L A-2018-3006062 and A-2018-3006063) required Aqua America's shareholders to contribute $50,000 for Hardship Fund for four years, and to evaluate and discuss the development of a comprehensive universal service and conservation program that includes the following program components to serve the comprehensive affordability needs of low income consumers: a bill payment/ customer assistance program; a hardship fund; a water conservation program; and a low income service repair line and replacement program.[285] CAUSE-PA MB at 33.

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[279] Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.
[280] Id. citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981))
[281] 66 Pa. C.S. § 315.
[282] Id. citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).

[283] CAUSE-PA St. 1 at 33: 1-7.
[284] CAUSE-PA St. 1-SR at 12: 15 – 13: 10.
[285] CAUSE-PA St. 1 at 66: 6-15; Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC and Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding, LLC's

10. Pursuant to 52 Pa. Code 56.91(17), utilities are required to include on termination notices a phone number and directions for LEP customers to call for information and translation assistance in Spanish and any other language comprising 5% or more of the population in its service territory. Utilities are also required to provide billing information in Spanish if they serve a substantial number of Spanish speaking customers.[286] CAUSE-PA MB at 44.

11. Aqua's termination notices appear to not contain crucial language access information as required under Section 56.201(b). CAUSE-PA MB at 48-49.

12. OCA's rate structure and allocation proposals equitably evaluate and assign costs across rate classes and rate divisions, and are therefore just, reasonable, and in the public interest. CAUSE-PA MB at 49.

Membership Interests by Aqua America, Inc., Joint Petition, Docket Nos. A-2018-300606L; A-2018-3006062; and A-2018-3006063, at para. 108 (Joint Petition filed June 26, 2019).

[286] 52 Pa. Code 56.201(b).

Appendix C: Proposed Ordering Paragraphs

IT IS RECOMMENDED:

1. That Aqua not be permitted to place in effect the rates contained in Original Tariff Water – PA P.U.C. No. 3 ("Tariff Water No. 3") and Original Tariff Sewer – PA P.U.C. No. 3 ("Tariff Sewer No. 3"), which have been found to be unjust and unreasonable and, therefore, unlawful.

2. That Aqua be permitted to file tariffs, tariff supplements or tariff revisions containing proposed rates, rules, and regulations to increase annual revenues in the total amount consistent with the recommendations advanced by OCA.

3. That Aqua be required to allocate the authorized increase in operating revenues to each customer class and rate schedule within each class in the manner consistent with the recommendations advanced by OCA.

4. That, to help mitigate the ongoing and severe economic impact of the COVID-19 pandemic on residential consumers, Aqua should be required to take the following actions as of the effective date of rates:

    - Suspend terminations, waive reconnection fees, and offer more lengthy payment arrangements, regardless of customer account history, for one year from the date of the final order in this rate case.

    - Expand its outreach to payment troubled customers and actively screen and solicit callers for enrollment in available assistance programs.

    - Screen customers with arrears, seeking reconnection, or in danger of termination for eligibility for low income programs, and provide regular training and updates to call center staff regarding available assistance programs.

    - Send low income program applications to identified low income customers who are not enrolled in a low income assistance program, or who may be eligible for additional programming.

    - Place outbound calls to all payment troubled customers, and provide regular training and information to call center staff.

5. To remediate existing unaffordability of Aqua's rates, Aqua should be required to do the following within 90 days of the effective date of rates, unless otherwise indicated:

    - Develop a comprehensive and coordinated consumer outreach and education plan, expand outreach to payment troubled customers, actively screen and solicit callers for enrollment in available assistance programs, and set concrete target enrollment numbers for all low income programs.

- Implement its proposed CAP, with critical modifications to the proposed discount and income tiers consistent with the recommendations of OCA witness Roger Colton.

- Undertake an analysis of the water and wastewater burdens of its CAP customers at various usage levels and income tiers after its CAP program has been implemented for a full year, and consult with members of the Helping Hand Collaborative to identify necessary amendments to the CAP structure – including consideration of a Percentage of Income Program.

- Streamline the application process for the CAP discount and arrearage forgiveness programs and allow households to apply for both types of assistance in a single application.

- Allow existing Helping Hands program participants to enroll in CAP without the need to resubmit information and/or documentation.

- Provide a monthly 1/36th percent of forgiveness to allow participants to achieve full arrearage forgiveness after making 36 in-full payments.

- Increase the maximum Hardship Fund Program grant amount to $500, and revise its internal policies and procedures for informing customers about the availability of emergency grant assistance through the Hardship Fund Program.

- Maintain its annual shareholder hardship grant funding levels of $50,000 through, at minimum, its next base rate case, and rollover any unused hardship funds into hardship funding for the next program year.

- Develop and propose improvements to its proposed conservation and line repair program within 6 months of the date of the final order in this proceeding. These conservation measures offered under this Program should include *direct installation* of deeper saving measures above and beyond line repair/replacement and 'do it yourself' kits. Program services should be coordinated with energy reduction programs offered by other utilities in Aqua's service territory and should include proposed annual reporting of water savings achieved and reductions in low income program and other costs achieved through the Program.

- Develop a system to coordinate conservation service delivery with other utilities in Aqua's service territory that operate efficiency and conservation programs, such as Low Income Usage Reduction Programs (LIURP) and Act 129 programs.

6. To address identified deficiencies in the quality and reasonableness of service provided to consumers with limited English proficiency, Aqua should be required to take the following actions within 90 days of the effective date of rates in this proceeding:

    - Translate all promotional and education materials into, at minimum, Spanish, identify resources and interpreter services for LEP customers.

- Offer telephone interpretation service to all consumers with limited English proficiency.
- Conduct a formal, county-specific needs assessment to determine whether it should expand its language access policies to include document translation in languages other than Spanish.
- Require Aqua to amend the language on all of its termination notices to indicate, in Spanish, that the document is a termination notice and inaction may result in the termination of water service.

SUMMARY TABLE
Aqua Pennsylvania, Inc.
R-2021-3027385 and R-2021-3027386

Line No.	Description	Reference[*]	Total Company (A)	Water (B)	Wastewater Base Operations (C)	Limerick Wastewater (D)	East Bradford Wastewater (E)	Cheltenham Wastewater (F)	East Norriton Wastewater (G)	New Garden Wastewater (H)
1	Adjusted rate base	B	$ 4,173,417,917	$3,809,175,354	$ 198,337,990	$ 57,735,861	$ 5,376,205	$ 47,252,177	$ 25,303,104	$ 30,237,226
2	Rate of return	D		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
3	Net operating income required		$ 250,405,075	$ 228,550,521	$ 11,900,279	$ 3,464,152	$ 322,572	$ 2,835,131	$ 1,518,186	$ 1,814,234
4	Adjusted net operating income	C	$ 259,052,356	$ 253,353,244	$ 3,697,000	$ 303,033	$ (152,130)	$ 1,503,939	$ (78,264)	$ 425,535
5	Net operating income deficiency		$ (8,647,281)	$ (24,802,723)	$ 8,203,280	$ 3,161,119	$ 474,702	$ 1,331,192	$ 1,596,450	$ 1,388,699
6	Gross revenue conversion factor	A-1		1.422652	1.432530	1.432530	1.432530	1.432530	1.432530	1.432530
7	Revenue deficiency (Sufficiency)		$ (12,142,476)	$ (35,285,637)	$ 11,751,447	$ 4,528,399	$ 680,025	$ 1,906,973	$ 2,286,963	$ 1,989,353
8	Operating Revenue at Current Rates	C	$ 549,967,611	$ 512,891,121	$ 19,011,761	$ 3,978,573	$ 1,014,569	$ 7,258,740	$ 2,923,766	$ 2,889,080
9	Percentage Increase	L7 / L8	-2.2%	-6.9%	61.8%	113.8%	67.0%	26.3%	78.2%	68.9%

Notes and Source

See referenced schedules

Act 11: Per Aqua Exhibit 1-A, Act 11

10	Present Rate Revenue		$ 549,967,611	$ 512,891,121	$ 19,011,761	$ 3,978,573	$ 1,014,569	$ 7,258,740	$ 2,923,766	$ 2,889,080
11	Additional Revenue Requirement		$ (12,142,476)	$ (35,285,637)	$ 11,751,447	$ 4,528,399	$ 680,025	$ 1,906,973	$ 2,286,963	$ 1,989,353
12	Proposed Revenues before Act 11 Allocation		$ 537,825,135	$ 477,605,484	$ 30,763,208	$ 8,506,973	$ 1,694,594	$ 9,165,713	$ 5,210,729	$ 4,878,434
	OCA Act 11 Allocation	Notes [A, B]	$ -	$ 8,410,788	$ (6,790,182)	$ (823,750)	$ (84,939)	$ 291,038	$ (296,127)	$ (706,827)
	OCA Revenue Increase After Act 11 Allocation		$ (12,142,476)	$ (26,874,849)	$ 4,961,265	$ 3,704,649	$ 595,086	$ 2,198,011	$ 1,990,836	$ 1,282,526
	OCA Proposed Revenues After Act 11 Allocation		$ 537,825,135	$ 486,016,271	$ 23,973,026	$ 7,683,222	$ 1,609,655	$ 9,456,751	$ 4,914,602	$ 4,171,606
14	Rate Increase/(Decrease) - %		-2.21%	-5.24%	26.10%	93.12%	58.65%	30.28%	68.09%	44.39%

* References for lines 1-8 are to Schedules in OCA St. 1SR, Exh LA-5

Note [A]: See the testimony of OCA Witness Glenn Watkins for OCA's recommended Act 11 allocation. OCA St. 4; OCA St. 4SI

Note [B]: The OCA Act 11 Allocations were used to calculate the rate impact shown in Appendix B to the OCA's Main Brie

TABLE I
Aqua Pennsylvania, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

Water Operations

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	509,746,949	0	509,746,949	3,144,172	512,891,121	(35,285,637)	477,605,484
Expenses:							
O & M Expense	116,492,928	0	116,492,928	(2,709,716)	113,783,212	(180,748)	113,602,464
Depreciation	122,166,578	0	122,166,578	(121,865)	122,044,713	0	122,044,713
Taxes, Other	12,279,861	0	12,279,861	(93,467)	12,186,394	(224,485)	11,961,909
Income Taxes:							
State	5,330,258	0	5,330,258	(503,039)	4,827,220	(3,484,552)	1,342,668
Federal	7,901,552	0	7,901,552	(951,801)	6,949,751	(6,593,129)	356,622
Amort of ITC and Excess DFIT	(253,413)	0	(253,413)	0	(253,413)	0	(253,413)
Total Expenses	263,917,764	0	263,917,764	(4,379,888)	259,537,876	(10,482,914)	249,054,962
Net Inc. Available for Return	245,829,185	0	245,829,185	7,524,059	253,353,244	(24,802,723)	228,550,521
Rate Base	3,818,296,012	0	3,818,296,012	(9,120,658)	3,809,175,354		3,809,175,354
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	6.44%		6.44%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

Water Operations	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%
Pre-Tax Interest Coverage	3.82				
After-Tax Interest Coverage	3.00				

TABLE I(B)
Aqua Pennsylvania, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

Water Operations	
100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.00512242
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98851564
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09875271
Factor After Local and State Taxes	0.88976293
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18685022
Revenue Factor (100% - Effective Tax Rates)	0.70291271

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

Water Operations

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(719,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
Utility Plant Acquisition Adjustments - Phoenixville Water	(2,315,440)						
Adjustment to Contributions in Aid of Construction (CIAC) and Customer Advances for Construction (CAC)	0						
Accumulated Deferred Income Tax Offset that had been Erroneously Omitted by Aqua in its Application	(3,386,218)						
Adjustment to ADIT for ADIT Offset that had been Erroneously Omitted by Aqua in its Application Through 3/31/2023	(2,700,000)						
REVENUES:							
Special Contract Revenue		236,777				23,654	44,756
Revenue for Post-COVID Customer Metered Water Sales		2,757,223				275,447	521,173
Water Miscellaneous Revenue Adjustment from Aqua's Rebuttal Filing		150,172				15,002	28,386
EXPENSES:							
Utility Plant Acquisition Adjustments Amortization - Phoenixville Water				(121,865)		12,174	23,035
General Inflation			(864,335)			86,347	163,377
Purchased Power Expense			96,312			(9,622)	(18,205)
Chemicals Expense			66,787			(6,672)	(12,624)
Universal Service Program Expense			0			0	0
Advertising Expense			(50,000)			4,995	9,451
Payroll Expense			(267,031)			26,676	50,475
Stock-Based Compensation			(780,493)			77,971	147,530
Payroll Tax Expense					(93,467)	9,337	17,667
Employee Group Insurance			(23,285)			2,326	4,401
Insurance Expense			(71,428)			7,136	13,501
Rate Case Expense			(95,651)			9,556	18,080
Non-Rate Case Legal Expense			(24,981)			2,496	4,722
Supplemental Executive Retirement Program (SERP)			(695,612)			69,492	131,485
TAXES:							
Income Tax Expense - Repairs Deduction						(528,744)	(1,000,437)
Interest Synchronization (Table III)						(580,610)	(1,098,574)
TOTALS	(9,120,658)	3,144,172	(2,709,716)	(121,865)	(93,467)	(503,039)	(951,801)

TABLE III
Aqua Pennsylvania, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

Water Operations	Amount $
Company Rate Base Claim	3,818,296,012
OCA Rate Base Adjustments	(9,120,658)
OCA Rate Base	3,809,175,354
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	76,183,507
Company Claim (1)	70,371,594
Total OCA Adjustment	(5,811,913)
Company Adjustment	0
Net OCA Interest Adjustment	(5,811,913)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(580,610)
Net OCA Interest Adjustment	(5,811,913)
State Income Tax Adjustment	(580,610)
Net OCA Adjustment for F.I.T.	(5,231,303)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(1,098,574)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

Water Operations

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$3,818,296,012	$3,818,296,012	Company Rate Base Claim	$3,818,296,012
OCA Rate Base Adjustments	($9,120,658)	($9,120,658)	OCA Rate Base Adjustments	($9,120,658)
OCA Rate Base	$3,809,175,354	$3,809,175,354	OCA Rate Base	$3,809,175,354
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$76,183,507	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	45.1	45.1	Average Revenue Lag Days	45.1
Average Expense Lag Days	90.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-45.2	45.1	Net Lag Days	45.1
Working Capital Adjustment				
OCA Daily Interest Exp.	$208,722	$0	OCA Daily Dividends	$0
Net Lag Days	-45.2	45.1	Net Lag Days	45.1
OCA Working Capital	($9,434,234)	$0		$0
Company Claim (1)	($8,715,000)	$0	Company Claim (1)	$0
OCA Adjustment	($719,234)	$0		$0
Total Interest & Dividend Adj.	($719,234)			
Rounded to $1,000	($719,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

Water Operations

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	($224,485)	($224,485)	($615.03)	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($503,039)	($503,039)	($3,484,552)	($3,987,591)	($10,924.91)	0.00	$0
Federal Income Tax	$0	($951,801)	($951,801)	($6,593,129)	($7,544,930)	($20,671.04)	0.00	$0
	$0	($1,454,839)	($1,454,839)	($10,302,166)	($11,757,005)			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

Water Operations

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	45.1	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	45.1	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	19,011,761	0	19,011,761	0	19,011,761	11,751,447	30,763,209
Expenses:							
O & M Expense	9,874,361	0	9,874,361	(306,457)	9,567,904	140,302	9,708,206
Depreciation	7,780,016	0	7,780,016	0	7,780,016	0	7,780,016
Taxes, Other	296,805	0	296,805	(7,448)	289,357	74,762	364,119
Income Taxes:							
State	(1,185,776)	0	(1,185,776)	(14,936)	(1,200,711)	1,152,485	(48,226)
Federal	(1,093,544)	0	(1,093,544)	(28,260)	(1,121,804)	2,180,619	1,058,815
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	15,671,863	0	15,671,863	(357,101)	15,314,762	3,548,168	18,862,930
Net Inc. Available for Return	3,339,899	0	3,339,899	357,101	3,697,000	8,203,280	11,900,279
Rate Base	198,372,990	0	198,372,990	(35,000)	198,337,990		198,337,990
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	1.68%		1.68%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%

Pre-Tax Interest Coverage	3.82
After-Tax Interest Coverage	3.00

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations	
100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(35,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
Adjustment to Contributions in Aid of Construction (CIAC) and Customer Advances for Construction (CAC)	0						
REVENUES:							
		0				0	0
EXPENSES:							
General Inflation			(145,368)			14,522	27,478
Universal Service Program Expense			0			0	0
Advertising Expense			(5,000)			500	945
Payroll Expense			(19,342)			1,932	3,656
Stock-Based Compensation			(66,000)			6,593	12,475
Payroll Tax Expense					(7,448)	744	1,408
Employee Group Insurance			(4,113)			411	777
Insurance Expense			(710)			71	134
Rate Case Expense			(8,874)			887	1,677
Supplemental Executive Retirement Program (SERP)			(57,050)			5,699	10,784
TAXES:							
Income Tax Expense - Repairs Deduction						(15,254)	(28,861)
Interest Synchronization (Table III)						(31,041)	(58,734)
TOTALS	(35,000)	0	(306,457)	0	(7,448)	(14,936)	(28,260)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations	Amount $
Company Rate Base Claim	198,372,990
OCA Rate Base Adjustments	(35,000)
OCA Rate Base	198,337,990
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	3,966,760
Company Claim (1)	3,656,035
Total OCA Adjustment	(310,725)
Company Adjustment	0
Net OCA Interest Adjustment	(310,725)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(31,041)
Net OCA Interest Adjustment	(310,725)
State Income Tax Adjustment	(31,041)
Net OCA Adjustment for F.I.T.	(279,684)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(58,734)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$198,372,990	$198,372,990	Company Rate Base Claim	$198,372,990
OCA Rate Base Adjustments	($35,000)	($35,000)	OCA Rate Base Adjustments	($35,000)
OCA Rate Base	$198,337,990	$198,337,990	OCA Rate Base	$198,337,990
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$3,966,760	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	50.2	50.2	Average Revenue Lag Days	50.2
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-41.1	50.2	Net Lag Days	50.2
Working Capital Adjustment				
OCA Daily Interest Exp.	$10,868	$0	OCA Daily Dividends	$0
Net Lag Days	-41.1	50.2	Net Lag Days	50.2
OCA Working Capital	($446,675)	$0		$0
Company Claim (1)	($412,000)	$0	Company Claim (1)	$0
OCA Adjustment	($34,675)	$0		$0
Total Interest & Dividend Adj.	($34,675)			
Rounded to $1,000	($35,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$74,762	$74,762	$204.83	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($14,936)	($14,936)	$1,152,485	$1,137,549	$3,116.57	0.00	$0
Federal Income Tax	$0	($28,260)	($28,260)	$2,180,619	$2,152,359	$5,896.87	0.00	$0
	$0	($43,196)	($43,196)	$3,407,866	$3,364,670			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

Wastewater Base Operations

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	50.2	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	50.2	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	3,978,573	0	3,978,573	0	3,978,573	4,528,399	8,506,972
Expenses:							
O & M Expense	2,055,513	0	2,055,513	(23,275)	2,032,238	54,065	2,086,303
Depreciation	1,998,881	0	1,998,881	0	1,998,881	0	1,998,881
Taxes, Other	25,311	0	25,311	0	25,311	28,809	54,120
Income Taxes:							
State	(147,783)	0	(147,783)	(6,709)	(154,493)	444,108	289,615
Federal	(213,702)	0	(213,702)	(12,695)	(226,397)	840,298	613,901
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	3,718,220	0	3,718,220	(42,680)	3,675,540	1,367,280	5,042,820
Net Inc. Available for Return	260,353	0	260,353	42,680	303,033	3,161,119	3,464,152
Rate Base	57,746,861	0	57,746,861	(11,000)	57,735,861		57,735,861
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	0.45%		0.45%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

Limerick Wastewater	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%
Pre-Tax Interest Coverage	3.82				
After-Tax Interest Coverage	3.00				

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(11,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
REVENUES:							
		0				0	0
EXPENSES:							
General Inflation			(23,275)			2,325	4,400
TAXES:							
Interest Synchronization (Table III)						(9,035)	(17,094)
TOTALS	(11,000)	0	(23,275)	0	0	(6,709)	(12,695)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

Limerick Wastewater	Amount $
Company Rate Base Claim	57,746,861
OCA Rate Base Adjustments	(11,000)
OCA Rate Base	57,735,861
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	1,154,717
Company Claim (1)	1,064,281
Total OCA Adjustment	(90,437)
Company Adjustment	0
Net OCA Interest Adjustment	(90,437)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(9,035)
Net OCA Interest Adjustment	(90,437)
State Income Tax Adjustment	(9,035)
Net OCA Adjustment for F.I.T.	(81,402)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(17,094)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$57,746,861	$57,746,861	Company Rate Base Claim	$57,746,861
OCA Rate Base Adjustments	($11,000)	($11,000)	OCA Rate Base Adjustments	($11,000)
OCA Rate Base	$57,735,861	$57,735,861	OCA Rate Base	$57,735,861
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$1,154,717	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	49.7	49.7	Average Revenue Lag Days	49.7
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-41.6	49.7	Net Lag Days	49.7
Working Capital Adjustment				
OCA Daily Interest Exp.	$3,164	$0	OCA Daily Dividends	$0
Net Lag Days	-41.6	49.7	Net Lag Days	49.7
OCA Working Capital	($131,622)	$0		$0
Company Claim (1)	($121,000)	$0	Company Claim (1)	$0
OCA Adjustment	($10,622)	$0		$0
Total Interest & Dividend Adj.	($10,622)			
Rounded to $1,000	($11,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$28,809	$28,809	$78.93	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($6,709)	($6,709)	$444,108	$437,399	$1,198.35	0.00	$0
Federal Income Tax	$0	($12,695)	($12,695)	$840,298	$827,603	$2,267.41	0.00	$0
	$0	($19,404)	($19,404)	$1,313,215	$1,293,811			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

Limerick Wastewater

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	49.7	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	49.7	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	1,014,569	0	1,014,569	0	1,014,569	680,025	1,694,594
Expenses:							
O & M Expense	1,115,524	0	1,115,524	(6,828)	1,108,696	8,119	1,116,815
Depreciation	158,552	0	158,552	0	158,552	0	158,552
Taxes, Other	11,054	0	11,054	0	11,054	4,326	15,380
Income Taxes:							
State	(42,422)	0	(42,422)	(159)	(42,581)	66,691	24,110
Federal	(68,721)	0	(68,721)	(301)	(69,022)	126,187	57,165
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	1,173,988	0	1,173,988	(7,289)	1,166,700	205,323	1,372,023
Net Inc. Available for Return	(159,419)	0	(159,419)	7,289	(152,130)	474,702	322,572
Rate Base	5,377,205	0	5,377,205	(1,000)	5,376,205		5,376,205
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	-2.96%		-2.96%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%

Pre-Tax Interest Coverage	3.82
After-Tax Interest Coverage	3.00

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(1,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
REVENUES:							
		0				0	0
EXPENSES:							
General Inflation			(6,828)			682	1,291
TAXES:							
Interest Synchronization (Table III)						(841)	(1,592)
TOTALS	(1,000)	0	(6,828)	0	0	(159)	(301)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater	Amount $
Company Rate Base Claim	5,377,205
OCA Rate Base Adjustments	(1,000)
OCA Rate Base	5,376,205
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	107,524
Company Claim (1)	99,102
Total OCA Adjustment	(8,422)
Company Adjustment	0
Net OCA Interest Adjustment	(8,422)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(841)
Net OCA Interest Adjustment	(8,422)
State Income Tax Adjustment	(841)
Net OCA Adjustment for F.I.T.	(7,581)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(1,592)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$5,377,205	$5,377,205	Company Rate Base Claim	$5,377,205
OCA Rate Base Adjustments	($1,000)	($1,000)	OCA Rate Base Adjustments	($1,000)
OCA Rate Base	$5,376,205	$5,376,205	OCA Rate Base	$5,376,205
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$107,524	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	48.1	48.1	Average Revenue Lag Days	48.1
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-43.2	48.1	Net Lag Days	48.1
Working Capital Adjustment				
OCA Daily Interest Exp.	$295	$0	OCA Daily Dividends	$0
Net Lag Days	-43.2	48.1	Net Lag Days	48.1
OCA Working Capital	($12,744)	$0		$0
Company Claim (1)	($12,000)	$0	Company Claim (1)	$0
OCA Adjustment	($744)	$0		$0
Total Interest & Dividend Adj.	($744)			
Rounded to $1,000	($1,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$4,326	$4,326	$11.85	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($159)	($159)	$66,691	$66,532	$182.28	0.00	$0
Federal Income Tax	$0	($301)	($301)	$126,187	$125,886	$344.89	0.00	$0
	$0	($460)	($460)	$197,204	$196,744			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

East Bradford Wastewater

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	48.1	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	48.1	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	7,258,740	0	7,258,740	0	7,258,740	1,906,973	9,165,712
Expenses:							
O & M Expense	4,575,924	0	4,575,924	(8,719)	4,567,205	22,768	4,589,973
Depreciation	1,011,770	0	1,011,770	0	1,011,770	0	1,011,770
Taxes, Other	46,180	0	46,180	0	46,180	12,132	58,312
Income Taxes:							
State	(12,394)	0	(12,394)	(6,527)	(18,921)	187,020	168,099
Federal	160,916	0	160,916	(12,349)	148,567	353,861	502,428
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	5,782,396	0	5,782,396	(27,595)	5,754,801	575,781	6,330,582
Net Inc. Available for Return	1,476,344	0	1,476,344	27,595	1,503,939	1,331,192	2,835,131
Rate Base	47,259,177	0	47,259,177	(7,000)	47,252,177		47,252,177
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	3.12%		3.12%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%

Pre-Tax Interest Coverage	3.82
After-Tax Interest Coverage	3.00

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(7,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
REVENUES:							
		0				0	0
EXPENSES:							
General Inflation			(8,719)			871	1,648
TAXES:							
Interest Synchronization (Table III)						(7,398)	(13,997)
TOTALS	(7,000)	0	(8,719)	0	0	(6,527)	(12,349)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater	Amount $
Company Rate Base Claim	47,259,177
OCA Rate Base Adjustments	(7,000)
OCA Rate Base	47,252,177
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	945,044
Company Claim (1)	870,992
Total OCA Adjustment	(74,052)
Company Adjustment	0
Net OCA Interest Adjustment	(74,052)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(7,398)
Net OCA Interest Adjustment	(74,052)
State Income Tax Adjustment	(7,398)
Net OCA Adjustment for F.I.T.	(66,654)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(13,997)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$47,259,177	$47,259,177	Company Rate Base Claim	$47,259,177
OCA Rate Base Adjustments	($7,000)	($7,000)	OCA Rate Base Adjustments	($7,000)
OCA Rate Base	$47,252,177	$47,252,177	OCA Rate Base	$47,252,177
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$945,044	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	57.2	57.2	Average Revenue Lag Days	57.2
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-34.1	57.2	Net Lag Days	57.2
Working Capital Adjustment				
OCA Daily Interest Exp.	$2,589	$0	OCA Daily Dividends	$0
Net Lag Days	-34.1	57.2	Net Lag Days	57.2
OCA Working Capital	($88,285)	$0		$0
Company Claim (1)	($81,000)	$0	Company Claim (1)	$0
OCA Adjustment	($7,285)	$0		$0
Total Interest & Dividend Adj.	($7,285)			
Rounded to $1,000	($7,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$12,132	$12,132	$33.24	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($6,527)	($6,527)	$187,020	$180,493	$494.50	0.00	$0
Federal Income Tax	$0	($12,349)	($12,349)	$353,861	$341,512	$935.65	0.00	$0
	$0	($18,876)	($18,876)	$553,013	$534,137			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

Cheltenham Wastewater

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	57.2	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	57.2	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	2,923,766	0	2,923,766	0	2,923,766	2,286,963	5,210,730
Expenses:							
O & M Expense	2,283,124	0	2,283,124	(8,665)	2,274,460	27,304	2,301,764
Depreciation	952,641	0	952,641	0	952,641	0	952,641
Taxes, Other	18,601	0	18,601	0	18,601	14,550	33,151
Income Taxes:							
State	(85,251)	0	(85,251)	(3,094)	(88,344)	224,286	135,942
Federal	(149,474)	0	(149,474)	(5,853)	(155,327)	424,373	269,046
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	3,019,642	0	3,019,642	(17,611)	3,002,031	690,513	3,692,544
Net Inc. Available for Return	(95,875)	0	(95,875)	17,611	(78,264)	1,596,450	1,518,186
Rate Base	25,308,104	0	25,308,104	(5,000)	25,303,104		25,303,104
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	-0.38%		-0.38%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%

Pre-Tax Interest Coverage	3.82
After-Tax Interest Coverage	3.00

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(5,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
REVENUES:							
		0				0	0
EXPENSES:							
General Inflation			(8,665)			866	1,638
TAXES:							
Interest Synchronization (Table III)						(3,959)	(7,491)
TOTALS	(5,000)	0	(8,665)	0	0	(3,094)	(5,853)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater	Amount $
Company Rate Base Claim	25,308,104
OCA Rate Base Adjustments	(5,000)
OCA Rate Base	25,303,104
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	506,062
Company Claim (1)	466,431
Total OCA Adjustment	(39,631)
Company Adjustment	0
Net OCA Interest Adjustment	(39,631)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(3,959)
Net OCA Interest Adjustment	(39,631)
State Income Tax Adjustment	(3,959)
Net OCA Adjustment for F.I.T.	(35,672)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(7,491)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$25,308,104	$25,308,104	Company Rate Base Claim	$25,308,104
OCA Rate Base Adjustments	($5,000)	($5,000)	OCA Rate Base Adjustments	($5,000)
OCA Rate Base	$25,303,104	$25,303,104	OCA Rate Base	$25,303,104
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$506,062	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	44.1	44.1	Average Revenue Lag Days	44.1
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-47.2	44.1	Net Lag Days	44.1
Working Capital Adjustment				
OCA Daily Interest Exp.	$1,386	$0	OCA Daily Dividends	$0
Net Lag Days	-47.2	44.1	Net Lag Days	44.1
OCA Working Capital	($65,419)	$0		$0
Company Claim (1)	($60,000)	$0	Company Claim (1)	$0
OCA Adjustment	($5,419)	$0		$0
Total Interest & Dividend Adj.	($5,419)			
Rounded to $1,000	($5,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$14,550	$14,550	$39.86	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($3,094)	($3,094)	$224,286	$221,192	$606.01	0.00	$0
Federal Income Tax	$0	($5,853)	($5,853)	$424,373	$418,520	$1,146.63	0.00	$0
	$0	($8,947)	($8,947)	$663,209	$654,262			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

East Norriton Wastewater

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	44.1	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	44.1	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

TABLE I
Aqua Pennsylvania Wastewater, Inc.
INCOME SUMMARY
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

	Aqua Pro Forma Original Filing Present Rates (1)	Company Adjustments (1)	Aqua Pro Forma Rebuttal Filing (Revised) (1)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
Operating Revenue	2,871,698	0	2,871,698	17,382	2,889,080	1,989,353	4,878,433
Expenses:							
O & M Expense	1,848,890	0	1,848,890	(12,705)	1,836,185	23,751	1,859,936
Depreciation	735,834	0	735,834	0	735,834	0	735,834
Taxes, Other	18,270	0	18,270	0	18,270	12,656	30,926
Income Taxes:							
State	(77,386)	0	(77,386)	(1,720)	(79,106)	195,099	115,993
Federal	(44,384)	0	(44,384)	(3,254)	(47,638)	369,148	321,510
Amort of ITC and Excess DFIT	0	0	0	0	0	0	0
Total Expenses	2,481,224	0	2,481,224	(17,678)	2,463,545	600,654	3,064,199
Net Inc. Available for Return	390,474	0	390,474	35,061	425,535	1,388,699	1,814,234
Rate Base	30,246,226	0	30,246,226	(9,000)	30,237,226		30,237,226
			Note 2	Note 2	Note 2	Note 2	Note 2
Rate of Return	1.29%		1.29%				6.00000000%

(1) Company Main Brief / OCA has not yet received Aqua's Main Brief. If needed, this column can be filled in after OCA receives Aqua's Main Brief
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5

TABLE I(A)
Aqua Pennsylvania Wastewater, Inc.
RATE OF RETURN
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

	Structure	Cost	After-Tax Weighted Cost	Effective Tax Rate Complement	Pre-Tax Weighted Cost Rate
Total Cost of Debt			2.00000000%		
Long-term Debt	50.00%	4.00%	2.00000000%		2.00%
Short-term Debt	0.00%	0.00%	0.00000000%		
Preferred Stock	0.00%	0.00%	0.00000000%	0.711079	0.00%
Common Equity	50.00%	8.00%	4.00000000%	0.711079	5.63%
	100.00%		6.00000000%		7.63%

Pre-Tax Interest Coverage	3.82
After-Tax Interest Coverage	3.00

TABLE I(B)
Aqua Pennsylvania Wastewater, Inc.
REVENUE FACTOR
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01193911
PUC, OCA, OSBA Assessment Factors (*)	0.00636194
Gross Receipts Tax	0.00000000
Other Tax Factors	0.00000000
	0.98169895
State Income Tax Rate (*)	0.09990000
Effective State Income Tax Rate	0.09807173
Factor After Local and State Taxes	0.88362723
Federal Income Tax Rate (*)	0.21000000
Effective Federal Income Tax Rate	0.18556172
Revenue Factor (100% - Effective Tax Rates)	0.69806551

(*) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5, Schedule A-1)

TABLE II
Aqua Pennsylvania Wastewater, Inc.
SUMMARY OF ADJUSTMENTS
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	$	$	$	$	$	$	$
RATE BASE:							
CWC:							
Int. & Div. (Table IV)	(9,000)						
Taxes (Table V)	0						
O & M (Table VI)	0						
REVENUES:							
New Garden Late Payment Revenue from Aqua's Rebuttal Filing		17,382				1,736	3,286
EXPENSES:							
General Inflation			(12,705)			1,269	2,402
TAXES:							
Interest Synchronization (Table III)						(4,726)	(8,941)
TOTALS	(9,000)	17,382	(12,705)	0	0	(1,720)	(3,254)

TABLE III
Aqua Pennsylvania Wastewater, Inc.
INTEREST SYNCHRONIZATION
R-2021-3027385 and R-2021-3027386

New Garden Wastewater	Amount $
Company Rate Base Claim	30,246,226
OCA Rate Base Adjustments	(9,000)
OCA Rate Base	30,237,226
Weighted Cost of Debt	2.00000000%
OCA Interest Expense	604,745
Company Claim (1)	557,441
Total OCA Adjustment	(47,303)
Company Adjustment	0
Net OCA Interest Adjustment	(47,303)
State Income Tax Rate	9.99%
State Income Tax Adjustment	(4,726)
Net OCA Interest Adjustment	(47,303)
State Income Tax Adjustment	(4,726)
Net OCA Adjustment for F.I.T.	(42,577)
Federal Income Tax Rate	21.00%
Federal Income Tax Adjustment	(8,941)

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule C-4)

TABLE IV
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL - Interest and Dividends
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

Accrued Interest	Long-Term Debt	Short-Term Debt	Preferred Stock Dividends	
Company Rate Base Claim	$30,246,226	$30,246,226	Company Rate Base Claim	$30,246,226
OCA Rate Base Adjustments	($9,000)	($9,000)	OCA Rate Base Adjustments	($9,000)
OCA Rate Base	$30,237,226	$30,237,226	OCA Rate Base	$30,237,226
Weighted Cost of Debt	2.00000000%	0.00%	Weighted Cost Pref. Stock	0.00000000%
OCA Annual Interest Exp.	$604,745	$0	OCA Preferred Dividends	$0
Average Revenue Lag Days	22.9	22.9	Average Revenue Lag Days	22.9
Average Expense Lag Days	91.3	0.0	Average Expense Lag Days	0.0
Net Lag Days	-68.4	22.9	Net Lag Days	22.9
Working Capital Adjustment				
OCA Daily Interest Exp.	$1,657	$0	OCA Daily Dividends	$0
Net Lag Days	-68.4	22.9	Net Lag Days	22.9
OCA Working Capital	($113,339)	$0		$0
Company Claim (1)	($104,000)	$0	Company Claim (1)	$0
OCA Adjustment	($9,339)	$0		$0
Total Interest & Dividend Adj.	($9,339)			
Rounded to $1,000	($9,000)			

(1) OCA Statement 1SR (Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-6, Schedule B-3)

TABLE V
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -TAXES
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

Description	Company Proforma Tax Expense Present Rates	OCA Adjustments	OCA Pro forma Tax Expense Present Rates	OCA Allowance	OCA Adjusted Taxes at Present Rates	Daily Expense	Net Lead/ Lag Days	Accrued Tax Adjustment
PUC Assessment	$0	$0	$0	$12,656	$12,656	$34.67	0.00	$0
Public Utility Realty	$0	$0	$0		$0	$0.00	0.00	$0
Capital Stock Tax	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
	$0	$0	$0		$0	$0.00	0.00	$0
State Income Tax	$0	($1,720)	($1,720)	$195,099	$193,379	$529.81	0.00	$0
Federal Income Tax	$0	($3,254)	($3,254)	$369,148	$365,894	$1,002.45	0.00	$0
	$0	($4,974)	($4,974)	$576,903	$571,929			

OCA Allowance	0
Company Claim	0
OCA Adjustment (1)	0

(1) OCA did not adjust cash working capital for taxes

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
CASH WORKING CAPITAL -- O & M EXPENSE
R-2021-3027385 and R-2021-3027386

New Garden Wastewater

Description	Company Pro forma F.T.Y. Expense	OCA	OCA Pro forma Expenses	Lag Days	Lag Dollars
Service Company	$0	$0	$0	0.00	$0
Chemicals	$0	$0	$0	0.00	$0
Group Insurance	$0	$0	$0	0.00	$0
Insurance, Other	$0	$0	$0	0.00	$0
Labor	$0	$0	$0	0.00	$0
Leased Equip./Rent	$0	$0	$0	0.00	$0
Leased Vehicles	$0	$0	$0	0.00	$0
Miscellaneous	$0	$0	$0	0.00	$0
Natural Gas	$0	$0	$0	0.00	$0
Power	$0	$0	$0	0.00	$0
Purchased Water	$0	$0	$0	0.00	$0
Telephone	$0	$0	$0	0.00	$0
Waste Disposal	$0	$0	$0	0.00	$0
Post Retirement Benefits	$0	$0	$0	0.00	$0
Pensions	$0	$0	$0	0.00	$0
	$0	$0	$0	0.00	$0

OCA Average Revenue Lag	22.9	
Less: OCA Avg. Expense Lag	0.0	
Net Difference	22.9	Days
OCA Pro forma O & M Expense per Day	$0	
OCA CWC for O & M	$0	
Less: Company Claim	$0	
OCA Adjustment (1)	$0	

(1) OCA did not adjust cash working capital for O&M expense

AQUA PENNSYLVANIA, INC.
WATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
RESIDENTIAL

Rate Zone	Division	Avg. Bill At Present Rates 1/, 2/	Avg. Bill At OCA Rates 3/	Percent Change
RZ1	Main	$70.44	$70.44	0.00%
RZ1	CC Gardens,Sand Springs	$56.96	$56.96	0.00%
RZ1	Beech Mtn	$34.11	$34.11	0.00%
RZ1	Bristol	$41.28	$41.28	0.00%
RZ1	Mifflin	$54.44	$54.44	0.00%
RZ1	Mt. Jewett	$66.06	$66.06	0.00%
RZ1	Robin Hood Lakes	$57.07	$57.07	0.00%
RZ2	Main	$70.40	$70.40	0.00%
RZ2	Chalfont	$66.06	$66.06	0.00%
RZ2	Concord Park	$47.20	$47.20	0.00%
RZ2	Treasure Lake	$43.17	$43.17	0.00%
RZ3	All Divisions	$70.43	$70.43	0.00%
BH	Bunker Hill	$28.34	$28.34	0.00%
PH	Phoenixville	$16.74	$16.74	0.00%

1/ Based on 5/8" meter and an average consumption of 4,080 gallons per month for all divisions (per average consumption in Docket No. A-2018-3004108).

2/ Present rates include current DSIC revenues.

3/ The OCA has supported a revenue decrease for water operations but for the purpose of showing the bill impact of the OCA's recommendations, we have reflected zero increase to current rates.

Source: Calculated per Witness Heppenstall's water rate design. Response to I&E-RS-3-D (Revised).

AQUA PENNSYLVANIA, INC.
WATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
COMMERCIAL

Rate Zone	Division	Meter Size	Avg. Consumption 1/	Avg. Bill At Present Rates 2/	Avg. Bill At OCA Rates 3/	Percent Change
RZ1	Main	5/8	37,800	$451.10	$451.10	0.00%
RZ2	Main	5/8	6,000	$96.11	$96.11	0.00%
RZ3	All Divisions	5/8	5,500	$94.06	$94.06	0.00%

1/ Approximate average consumption per customer.
2/ Present rates include current DSIC revenues.
3/ The OCA has supported a revenue decrease for water operations but for the purpose of showing the bill impact of the OCA's recommendations, we have reflected zero increase to current rates.

Source: Calculated per Witness Heppenstall's water rate design. Response to I&E-RS-3-D (Revised).

AQUA PENNSYLVANIA, INC.
WATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
INDUSTRIAL

Rate Zone	Division	Meter Size	Avg. Consumption 1/	Avg. Bill At Present Rates 2/	Avg. Bill At OCA Rates 2/	Percent Change 3/
RZ1	Main	5/8	231,500	$2,257.06	$2,257.06	0.00%
RZ2	Main	2	37,000	$518.36	$518.36	0.00%
RZ3	All Divisions	5/8	76,500	$905.43	$905.43	0.00%

1/ Approximate average consumption per customer in Docket No. A-2018-3004108.
2/ Present rates include current DSIC revenues.
3/ The OCA has supported a revenue decrease for water operations but for the purpose of showing the bill impact of the OCA's recommendations, we have reflected zero increase to current rates.

Source: Calculated per Witness Heppenstall's water rate design. Response to I&E-RS-3-D (Revised).

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
RESIDENTIAL

Rate Zone	Division	Avg. Bill Current Rates	Avg. Bill OCA Rates	% Change
RZ1	Media	$ 61.94	$ 79.77	28.79%
RZ1-EDU	Bridlewood, Eagle Rock	$ 55.34	$ 71.40	29.00%
RZ1A	Tres. Lake, Valley Forge, Bunker Hill	$ 54.07	$ 77.31	42.99%
RZ1B	Penn Township	$ 60.42	$ 80.36	33.00%
RZ2	Emlenton, River Crest, White Haven	$ 68.20	$ 75.62	10.88%
RZ2	Pinecrest			
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes	$ 78.32	$ 101.12	29.11%
RZ3	Woodloch Springs			
RZ4	Honeycroft, Lake Harmony, New Daleville	$ 106.69	$ 135.78	27.27%
RZ5	Avon Grove, East Bradford, Little Washington	$ 120.60	$ 150.87	25.10%
RZ5	Newlin Green	$ 171.22	$ 183.14	6.96%
RZ6	Masthope	$ 45.06	$ 58.29	29.38%
Bulk	Southdown Home			
Bulk	East Brandywine			
Bulk	Foster Township			
Bulk	Dennison			
Bulk	Upper Providence			
Bulk	Elwyn			
Bulk	Penn Lake			
Bulk	East Side			
Total Legacy System		$ 72.30	$ 92.58	28.06%
Acquired	Limerick	$ 41.06	$ 82.13	100.00%
Acquired	East Bradford	$ 60.61	$ 93.29	53.92%
Acquired	Cheltenham	$ 37.48	$ 48.86	30.36%
Acquired	East Norriton	$ 38.04	$ 71.63	88.32%
Acquired	New Garden	$ 99.65	$ 144.57	45.09%
Total Newly Acquired Systems		$ 44.80	$ 71.66	59.96%
Total Aqua Wastewater		$ 55.82	$ 80.05	43.40%

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
COMMERCIAL

Rate Zone	Division	Avg. Bill Current Rates	Avg. Bill OCA Rates	% Change
RZ1	Media	$259.32	$334.19	28.87%
RZ1-EDU	Bridlewood, Eagle Rock	$81.20	$104.65	28.87%
RZ1A	Tres. Lake, Valley Forge, Bunker Hill	$841.74	$1,328.27	57.80%
RZ1B	Penn Township	$914.44	$767.33	-16.09%
RZ2	Emlenton, River Crest, White Haven	$116.61	$131.00	12.34%
RZ2	Pinecrest	$3.15	$2.94	-6.80%
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes	$79.45	$107.23	34.97%
RZ3	Woodloch Springs	$385.00	$496.51	28.96%
RZ4	Honeycroft, Lake Harmony, New Daleville	$107.91	$137.26	27.21%
RZ5	Avon Grove, East Bradford, Little Washington	$2,162.11	$2,802.62	29.62%
RZ5	Newlin Green			
RZ6	Masthope	$101.51	$130.93	28.98%
Bulk	Southdown Home			
Bulk	East Brandywine			
Bulk	Foster Township			
Bulk	Dennison			
Bulk	Upper Providence			
Bulk	Elwyn			
Bulk	Penn Lake			
Bulk	East Side			
Total Legacy System		$91.02	$114.76	26.08%
Acquired	Limerick	$53.95	$96.32	78.55%
Acquired	East Bradford	$337.17	$661.63	96.23%
Acquired	Cheltenham	$33.43	$43.58	30.36%
Acquired	East Norriton	$188.60	$220.08	16.69%
Acquired	New Garden	$243.46	$348.08	42.97%
Total Newly Acquired Systems		$49.00	$69.46	41.74%
Total Aqua Wastewater		$60.47	$81.82	35.31%

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
INDUSTRIAL

Rate Zone	Division	Avg. Bill Current Rates	Avg. Bill OCA Rates	% Change
RZ1	Media	$ 61.94	$ 79.77	28.78%
RZ1-EDU	Bridlewood, Eagle Rock			
RZ1A	Tres. Lake, Valley Forge, Bunker Hill			
RZ1B	Penn Township			
RZ2	Emlenton, River Crest, White Haven			
RZ2	Pinecrest			
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes			
RZ3	Woodloch Springs			
RZ4	Honeycroft, Lake Harmony, New Daleville			
RZ5	Avon Grove, East Bradford, Little Washington			
RZ5	Newlin Green			
RZ6	Masthope			
Bulk	Southdown Home			
Bulk	East Brandywine			
Bulk	Foster Township			
Bulk	Dennison			
Bulk	Upper Providence			
Bulk	Elwyn			
Bulk	Penn Lake			
Bulk	East Side			
Total Legacy System		$ 61.94	$ 79.77	28.78%
Acquired	Limerick			
Acquired	East Bradford			
Acquired	Cheltenham	$ 25.81	$ 33.64	30.36%
Acquired	East Norriton			
Acquired	New Garden			
Total Newly Acquired Systems		$ 25.81	$ 33.64	30.36%
Total Aqua Wastewater		$ 29.42	$ 38.26	30.03%

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE MONTHLY BILL COMPARISON
PUBLIC

Rate Zone	Division	Avg. Bill Current Rates	Avg. Bill OCA Rates	% Change
RZ1	Media	$ 346.50	$ 446.49	28.86%
RZ1-EDU	Bridlewood, Eagle Rock			
RZ1A	Tres. Lake, Valley Forge, Bunker Hill			
RZ1B	Penn Township			
RZ2	Emlenton, River Crest, White Haven			
RZ2	Pinecrest			
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes			
RZ3	Woodloch Springs			
RZ4	Honeycroft, Lake Harmony, New Daleville			
RZ5	Avon Grove, East Bradford, Little Washington			
RZ5	Newlin Green			
RZ6	Masthope			
Bulk	Southdown Home			
Bulk	East Brandywine			
Bulk	Foster Township			
Bulk	Dennison			
Bulk	Upper Providence			
Bulk	Elwyn			
Bulk	Penn Lake			
Bulk	East Side			
Total Legacy System		$ 346.50	$ 446.49	28.86%
Acquired	Limerick	$ 278.79	$ 387.28	38.91%
Acquired	East Bradford	$ 72.67	$ 149.68	105.96%
Acquired	Cheltenham	$ 33.78	$ 44.48	31.68%
Acquired	East Norriton			
Acquired	New Garden			
Total Newly Acquired Systems		$ 42.16	$ 57.03	35.26%
Total Aqua Wastewater		$ 107.81	$ 141.04	30.82%

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE REVENUE COMPARISON
BULK

Rate Zone	Division	Present Revenues	Increase	OCA Revenue	% Increase
RZ1	Media		$ -	$ -	
RZ1-EDU	Bridlewood, Eagle Rock		$ -	$ -	
RZ1A	Tres. Lake, Valley Forge, Bunker Hill		$ -	$ -	
RZ1B	Penn Township		$ -	$ -	
RZ2	Emlenton, River Crest, White Haven		$ -	$ -	
RZ2	Pinecrest		$ -	$ -	
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes		$ -	$ -	
RZ3	Woodloch Springs		$ -	$ -	
RZ4	Honeycroft, Lake Harmony, New Daleville		$ -	$ -	
RZ5	Avon Grove, East Bradford, Little Washington		$ -	$ -	
RZ5	Newlin Green		$ -	$ -	
RZ6	Masthope		$ -	$ -	
Bulk	Southdown Home	$ 84,614	$ -	$ 84,614	0.00%
Bulk	East Brandywine	$ 1,403	$ -	$ 1,403	0.00%
Bulk	Foster Township	$ 270,065	$ (132)	$ 269,933	-0.05%
Bulk	Dennison	$ 57,989	$ (28)	$ 57,961	-0.05%
Bulk	Upper Providence	$ 542,530	$ 108,539	$ 651,070	20.01%
Bulk	Elwyn	$ 98,470	$ 19,703	$ 118,173	20.01%
Bulk	Penn Lake	$ 135,861	$ (66)	$ 135,795	-0.05%
Bulk	East Side	$ 89,099	$ (18)	$ 89,081	-0.02%
Total Legacy System		$ 1,280,031	$ 127,997	$ 1,408,028	10.00%
Acquired	Limerick	$ -	$ -	$ -	
Acquired	East Bradford	$ -	$ -	$ -	
Acquired	Cheltenham	$ -	$ -	$ -	
Acquired	East Norriton	$ -	$ -	$ -	
Acquired	New Garden	$ -	$ -	$ -	
Total Newly Acquired Systems		$ -	$ -	$ -	
Total Aqua Wastewater		$ 1,280,031	$ 127,997	$ 1,408,028	10.00%

AQUA PENNSYLVANIA, INC.
WASTEWATER OPERATIONS
AVERAGE REVENUE COMPARISON
CONTRACTS

Rate Zone	Division	Present Revenues	Increase	Scaleback Revenue	% Increase
RZ1	Media		$ -	$ -	
RZ1-EDU	Bridlewood, Eagle Rock		$ -	$ -	
RZ1A	Tres. Lake, Valley Forge, Bunker Hill		$ -	$ -	
RZ1B	Penn Township		$ -	$ -	
RZ2	Emlenton, River Crest, White Haven		$ -	$ -	
RZ2	Pinecrest		$ -	$ -	
RZ3	Beech Mtn, Deerfield Knoll, Laurel Lakes		$ -	$ -	
RZ3	Woodloch Springs	$ 312,754	$ 27,205	$ 339,958	8.70%
RZ4	Honeycroft, Lake Harmony, New Daleville		$ -	$ -	
RZ5	Avon Grove, East Bradford, Little Washington		$ -	$ -	
RZ5	Newlin Green		$ -	$ -	
RZ6	Masthope		$ -	$ -	
Bulk	Southdown Home		$ -	$ -	
Bulk	East Brandywine		$ -	$ -	
Bulk	Foster Township		$ -	$ -	
Bulk	Dennison		$ -	$ -	
Bulk	Upper Providence		$ -	$ -	
Bulk	Elwyn		$ -	$ -	
Bulk	Penn Lake		$ -	$ -	
Bulk	East Side		$ -	$ -	
Total Legacy System		$ 312,754	$ 27,205	$ 339,958	8.70%
Acquired	Limerick	$ -	$ -	$ -	
Acquired	East Bradford	$ -	$ -	$ -	
Acquired	Cheltenham	$ -	$ -	$ -	
Acquired	East Norriton	$ -	$ -	$ -	
Acquired	New Garden	$ -	$ -	$ -	
Total Newly Acquired Systems		$ -	$ -	$ -	
Total Aqua Wastewater		$ 312,754	$ 27,205	$ 339,958	8.70%