January 21, 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 Reply 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 Reply 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.

VIA EMAIL AND FIRST-CLASS MAIL

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January 21, 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.	:	

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

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Appendix A: Required Briefing Tables, Adopting OCA's Position (Revised)

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 Reply Brief in response to the Main Briefs of Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (collectively, Aqua) and the Bureau of Investigation and Enforcement (I&E), and in support of its positions and the recommendations advanced by CAUSE-PA's expert witness Harry Geller, Esq.

Consistent with the arguments advanced in CAUSE-PA's Main Brief and as further explained herein, Aqua's proposed rate increases should be significantly reduced in line with the recommendations set forth by the Office of Consumer Advocate (OCA) in this matter. Aqua's current level of rate unaffordability will be worsened by Aqua's proposals to precipitously increase rates, and must be squarely addressed in this proceeding to ensure that low income consumers can reasonably afford to connect to and maintain service in their homes.

In testimony, CAUSE-PA expert witness Harry Geller, Esq., presented several recommendations to remediate existing rate unaffordability and to lessen the impact of any further rate increase on Aqua's low income consumers. However, in its Main Brief, Aqua opposes many of these recommendations – based largely on arguments of administrative convenience. CAUSE-PA urges Administrative Law Judge (ALJ) Mary D. Long and the Commission to disregard Aqua's unreasonable and inequitable positions, and require Aqua to make critical reforms to promote rate affordability by adopting the mitigation measures outlined in CAUSE-PA's Main Brief and this Reply Brief. Doing so would help ensure that Aqua's rates and terms and conditions of service are just and reasonable – and in turn protect the ability of all those residing in Aqua's service territory to access life-sustaining water and wastewater services.

II. SUMMARY OF COUNTER ARGUMENT

CAUSE-PA's Reply Brief responds directly to many of the arguments raised respectively in Aqua's Main Brief and I&E's Main Brief. We note that our silence in response to any specific arguments of the other parties does not indicate our agreement therewith. Except as necessary for context, we do our best not to reiterate the arguments raised in our Main Brief – but instead stand firmly on the arguments and conclusions presented therein. CAUSE-PA continues to urge the Commission to substantially reduce Aqua's proposed rate increase in line with the recommendations set forth by OCA in this proceeding.[1] It is both unjust and unreasonable to precipitously raise rates for life-sustaining services without first ensuring that low and moderate income consumers are able to connect to and maintain services pursuant to just and reasonable terms and rates. Aqua's low income customers already struggle with rate unaffordability and face combined water and wastewater burdens which far exceed accepted affordability standards. Further increasing rates without substantial mitigation will, quite literally, price low income families out of the market for life-sustaining drinking water and sanitation services.

In its Main Brief, Aqua asserts that the Commission should grant a precipitous rate increase for water and wastewater services to support infrastructure investment, and argues that the universal service program improvements they propose in this case are sufficient to address affordability concerns. But the record in this case clearly indicates that Aqua's proposals will not fully resolve existing unaffordability or adequately mitigate the impact of an approved rate increase on the lowest income households or those with larger families and correspondingly higher usage. Significant additional improvements to Aqua's low income programs are necessary to

[1] Note that Appendix A contains the OCA's revised briefing tables, which CAUSE-PA has adopted in this proceeding. CAUSE-PA supports, endorses, and adopts by reference the OCA's positions with regard to overall revenue and rate allocation issues in this proceeding.

ensure all customers, regardless of household income or family size, are able to stay connected to life-sustaining water and/or wastewater services.

CAUSE-PA stands by its position that the critical improvements outlined in CAUSE-PA's Main Brief and this Reply Brief are necessary to ensure just and reasonable rates for low income customers. Consistent with this position, CAUSE-PA opposes the imposition of additional restrictions on low income program eligibility and accessibility advanced by I&E in this proceeding.

For these reasons and the reasons set forth in CAUSE-PA's Main Brief and this Reply Brief, CAUSE-PA asserts that it is inappropriate to raise water and wastewater rates at this time without also providing for substantial programmatic improvements to ensure that low income customers can afford and stay connected to water/wastewater services. Instead, CAUSE-PA continues to urge ALJ Long and the Commission to reject Aqua's proposed rate increases, adopt the revenue and allocation positions of the OCA, and require Aqua to take the necessary steps outlined in CAUSE-PA's Main Brief and this Reply Brief to ensure that Aqua's low income customers can reasonably connect to and maintain affordable water and wastewater services.

III. OVERALL POSITION ON RATE INCREASE

In its Main Brief, Aqua asserts that a primary driver for its requested rate increase is the need to invest in utility infrastructure.[2] Aqua describes how, since March 31, 2020, the Company has invested nearly $330 million in utility infrastructure for its water and wastewater operations through the historic test year ended March 31, 2021.[3]

[2] Aqua MB at 1.
[3] Id. at 1-2.

In its Main Brief, CAUSE-PA strongly opposed Aqua's proposed rate increases and reasoned that substantial revisions must be made to reduce the overall increases in rates and mitigate the impacts on low income customers.[4] CAUSE-PA continues to be deeply concerned about the effect that Aqua's proposed rate increase will have on the accessibility of water and wastewater services – especially for those low income customers who already struggle to afford their water/wastewater bills at existing rates.[5]

While CAUSE-PA and its expert witness recognize the importance of ensuring adequate funding to invest in necessary infrastructure and system upgrades, the reasonableness and justness of Aqua's proposal to increase rates should also be weighed against the fact that billions of dollars in federal funds for water and wastewater infrastructure investment was just recently approved by the federal government through the Infrastructure Investment and Jobs Act (IIJA), with Pennsylvania projected to receive approximately $1.4 billion in funds over the next 5 years to improve water infrastructure throughout the Commonwealth.[6] Aqua should be required to pursue federal funding sources to support infrastructure investments before raising rates.[7] As Mr. Geller noted, Aqua's ratepayers should not have to pay for infrastructure investment twice – first through federal income tax and again through increased rates.[8]

Thus, and consistent with the more thorough arguments advanced in CAUSE-PA's Main Brief, CAUSE-PA continues to assert that Aqua's proposed rate increases should be rejected, and

[4] CAUSE-PA MB at 7.
[5] Id. at 7-9.
[6] CAUSE-PA St. 1 at 11: 1-15.
[7] Id.
[8] Id.

that ALJ Long and the Commission should adopt OCA's positions regarding Aqua's claimed rate base, revenue, expenses, taxes, rate of return, and proposed allocation.[9]

IV. MISCELLANIOUS ISSUES

A. Low Income Customer Assistance

a. Response to Main Brief of Aqua

i. Structure of Aqua's Proposed CAP

In its Main Brief, Aqua opposes several recommendations set forth by CAUSE-PA's expert witness for improving the structure of Aqua's proposed CAP to address existing unaffordability and to mitigate the impact of any approved increase in rates.

First, Aqua alleges that CAUSE-PA recommended Aqua's proposed CAP be implemented as a temporary pilot program and opposes this recommendation.[10] Aqua indicates that implementing the CAP as a temporary pilot program would make it more difficult to promote the proposed CAP and place participants at risk of loss of benefits if it were discontinued.[11]

We agree with Aqua that its proposed CAP should not be implemented on a temporary basis.[12] CAUSE-PA recommended in its Main Brief that Aqua be required to closely monitor, evaluate, and report on the water and wastewater burdens achieved through the program through the first year, and that Aqua shift to a percentage of income program design if the program does not achieve equitable levels of affordability for participants at each income level.[13] In other words,

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[9] CAUSE-PA MB at 7.
[10] Aqua MB at 148.
[11] Id.
[12] CAUSE-PA St. 1-SR at 6: 8-12.
[13] Id. CAUSE-PA MB at 22.

CAUSE-PA recommended that the structure of the program benefits be implemented on a temporary basis and adjusted after the first year – we did not recommend that the program itself should be reconsidered after the first year. As discussed further in CAUSE-PA's Main Brief, Aqua's proposed CAP structure will not produce equitable levels of affordability for households with the lowest income level and those with larger families and correspondingly higher usage levels.[14] Careful and ongoing monitoring and adjustment will be critical to ensure that the program is reaching those in need and providing adequate levels of assistance to ensure that households can reasonably afford to connect to and maintain water and wastewater services in their home.

Second, Aqua argues in its Main Brief that its CAP structure is adequate to address affordability needs.[15] Aqua opposes Mr. Geller's recommendation that it consider and implement a Percentage of Income Program (PIP) structure.[16] Aqua notes that its expert witness, Ms. Rita Black, argues in her testimony that PIPs are "typically more expensive to implement and costly to ratepayers" – though it is unclear what evidence, if any, Ms. Black relies on to make this sweeping assertion.[17] Aqua also argues that a PIP would add to the complexity of the CAP design, as Aqua has many different residential tariff rates.[18] Aqua points out that parties are not precluded from arguing for a PIP in Aqua's next base case.[19]

In support of its proposed CAP discount structure, Aqua argues that its programs were designed based on the affordability standards set forth by Mr. Roger Colton and by the U.S. Environmental Protection Agency (EPA).[20] But as Mr. Geller points out, it is unclear and does not

[14] CAUSE-PA MB at 19.
[15] Aqua MB at 145.
[16] Id. at 153-154.
[17] Id. at 154.
[18] Id.
[19] Id.
[20] Id. at 145.

appear that Aqua fully utilized these affordability standards in setting its proposed discount levels.[21] Mr. Geller also explained the pervasive flaws in utilizing the EPA's *system-wide* affordability assessment tool to analyze bill affordability for low income households – including that the EPA's standards look at system-wide affordability for average usage customers with median income in geographic regions and were not designed to assess affordability of rates for low income customers.[22]

Aqua's proposed CAP discount structure will undoubtedly help many low income households, but further programmatic reforms are nevertheless necessary to provide consistent and equitable levels of affordability for low income customers with higher usage levels and/or those with the lowest level of household incomes.[23] As shown in CAUSE-PA's Exhibit 1 and discussed in CAUSE-PA's Main Brief, at Aqua's proposed CAP discount levels, 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.[24] These water and wastewater burdens far exceed the target affordability standards that the program sets out to achieve. In recognition of Aqua's system constraints, and the overwhelming need for assistance, CAUSE-PA recommended close monitoring of the proposed program to determine whether and the extent to which CAP is reaching acceptable levels of affordability across income tiers. This is a reasonable recommendation in light of undeniable evidence that – as designed – Aqua's program is likely to

[21] CAUSE-PA St. 1 at 39: 1-40: 19.
[22] Id.
[23] CAUSE-PA MB at 24.
[24] Id.

provide inadequate levels of assistance for the lowest income households and larger families with correspondingly higher usage.

Furthermore, there is no meaningful evidence on the record that improving CAP bill affordability and moving towards a PIP structure would necessarily incur greater overall costs for the Company and its ratepayers.[25] As more fully discussed in CAUSE-PA's Main Brief, utility assistance programs that are most successful at achieving programmatic goals – including reduced 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.[26]

CAUSE-PA also contests Aqua's reasoning that consideration of PIP implementation should not be considered because the parties are permitted to argue for a PIP in subsequent base rate proceedings. As discussed more fully in CAUSE-PA's Main Brief, Aqua's low income customers are struggling *now* to afford their monthly water/wastewater bills.[27] It is unjust and unreasonable for low income customers to continue under the weight of significant water/wastewater burdens – especially in light of Aqua's pending proposal to substantially increase rates beyond levels of existing unaffordability.

As a final objection to recommendations advanced in CAUSE-PA's Main Brief, Aqua argues against the recommendation of OCA expert witness Mr. Roger Colton – which was supported by Mr. Geller – to implement a fourth tier of discounts for CAP participants below 50% FPL and to provide improved discounts for CAP participants.[28] Aqua asserts that providing a

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[25] Id. at 23-24.
[26] Id.
[27] Id. at 9-11.
[28] Aqua MB at 154-155.

fourth tier of discounts will add complexity to Aqua's current CIS.[29] Aqua also argues that its proposed CAP structure encourages conservation and controls program costs.[30]

CAUSE-PA firmly asserts that added programmatic complexity should not stand in the way of CAP customers being able to achieve more affordable monthly water/wastewater bills and stay connected to critical and life-sustaining services. Importantly, Mr. Colton's recommendation that CAP participants with household incomes between 0-50% FPL be carved out as a separate group is critical to improving equity and ensuring that CAP participants at the lowest end of the poverty scale receive adequate assistance to maintain critical water/wastewater services in their homes.[31] As Aqua has acknowledged, the Company will be converting to a SAP in 2023, which will resolve any programming constraints.[32] With this system conversion imminent, it is unreasonable and unjust to not provide additional affordability for CAP participants.

ii. Coordination of CAP and Helping Hand

In its Main Brief, Aqua opposes OCA and CAUSE-PA's recommendations that Aqua develop a streamlined application process for existing Helping Hand participants to enroll in Aqua's proposed CAP.[33] Aqua opposes any additional streamlining of its application process and claims that the application process for these customers is "simple and does not require additional income documentation."[34] Aqua also claims that its proposed process of notifying Helping Hand customers by mail of replacement and expansion of its existing program is sufficient.[35]

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[29] Id.
[30] Id. at 155.
[31] CAUSE-PA MB at 21.
[32] Aqua MB at 152.
[33] Id. at 149.
[34] Id.
[35] See id.

As more fully explained in CAUSE-PA's Main Brief, Aqua proposes that current Helping Hand participants who seek to enroll in CAP apply for CAP through the same method available to other customers.[36] CAUSE-PA submits that this requirement is unnecessary and duplicative. As CAUSE-PA described in its Main Brief, requiring Helping Hand customers to go through the entire CAP enrollment process is time consuming, administratively burdensome, and will ultimately act as a barrier to successful CAP enrollment and program transition.[37] It is also unreasonable to assume that a single letter will be able to meaningfully inform and encourage Helping Hand customers to enroll in the CAP.[38]

CAUSE-PA stands by its recommendation that ALJ Long and the Commission require Aqua to (1) coordinate and streamline its proposed CAP with Helping Hand so that customers who enroll in CAP will be able to access arrearage forgiveness without a separate application; and (2) develop a streamlined process for enrolling existing Helping Hand customers in CAP, if approved.[39] To help ensure that existing Helping Hand customers can learn about and enroll in the proposed CAP, Aqua should also be required to attempt robust contact with existing Helping Hand customers through several means, including letters, outbound calls, and through community outreach.[40] CAUSE-PA recommends that Aqua consult its Helping Hand Collaborative to develop its outreach to existing Helping Hand customers.[41] Finally and as discussed below, CAUSE-PA stands by its recommendation that Aqua be required to develop a comprehensive consumer

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[36] CAUSE-PA MB at 25.
[37] Id. See also CAUSE-PA MB at id. CAUSE-PA also notes in its Main Brief that it is unclear based on Aqua's CAP proposal whether 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. This, too, would be potentially onerous and duplicative for CAP customers, would stifle successful CAP enrollment, and add unnecessary administrative costs.
[38] CAUSE-PA MB at 26.
[39] Id. at 25-26.
[40] Id. at 26.
[41] Id.

education and outreach plan in consultation with the Helping Hand Collaborative - and to promote its CAP through a variety of channels - specifically targeting underserved communities, including Black and Latinx low income communities across Aqua's service territory.[42]

iii. Structure of Helping Hand Arrearage Forgiveness Program

Aqua opposes the recommendations set forth by CAUSE-PA and OCA's expert witnesses that Aqua should be required to revise its Helping Hand structure to allow participants to earn full arrearage forgiveness within 3 years.[43] In particular, Aqua argues that its current billing system does not have the capability to allow for a customized, percent arrearage forgiveness benefit.[44] Aqua also argues that – for customers with arrearages less than $900 when entering Helping Hand – Aqua's current $25 per month credit would exhaust pre-program arrears in shorter than three years – especially in light of available hardship funds and funding through the Low Income Household Water Assistance Program (LIHWAP).[45] Importantly, Aqua appears to agree with CAUSE-PA recommendation that arrearage forgiveness credits are granted for full payments made, regardless of the timeliness of these payments – but indicates that this change can only implemented when Aqua's converts to its SAP in 2023.[46]

Contrary to Aqua's contention, Aqua's current system limitations and the current credit structure of Helping Hand does not make CAUSE-PA's recommendation to revise the structure of Helping Hand's arrearage forgiveness benefit unreasonable. While CAUSE-PA strongly believes that system limitations should not act as an insurmountable barrier to making critical

[42] Id.
[43] Aqua MB at 151-152.
[44] Id. at 152.
[45] Id.
[46] Id. at 152-153.

improvements to affordability, in recognition of Aqua's conversion to a new SAP in 2023,[47] CAUSE-PA's expert witness revised his initial analysis to recommend that Aqua be required to implement a percent forgiveness structure within 90 days after the Company converts to its SAP.[48]

While Aqua argues that its current $25 forgiveness credit is sufficient to meet the needs of Aqua's low income customers, CAUSE-PA maintains its position that this level of monthly forgiveness is insufficient to reasonably address arrearage levels carried by many low income customers.[49] As Mr. Geller discussed in his direct testimony, the average arrearage of Helping Hand customers was $1,211.36 as of August 2021.[50] As Mr. Geller notes, at $25 per month, it takes the *average* Helping Hand customer more than 4 years to retire this level of arrears. It is both unjust and unreasonable for low income customers to continue under the weight of these arrears rather than being provided a meaningful mechanism to address continued unaffordability.

CAUSE-PA stands by its recommendation that Aqua be required to implement changes to the structure of Helping Hand to allow participants to equitably and meaningfully address their pre-program arrears. CAUSE-PA again urges ALJ Long and the Commission require Aqua 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 customer makes while enrolled in Helping Hand, 1/36th of the customer's frozen arrears or $25, whichever is greater, should be forgiven.[51] In light of the current

[47] Id. at 152.
[48] CAUSE-PA MB at 31-32.
[49] Id. at 29.
[50] CAUSE-PA St. 1 at 50: 20 – 51: 4.
[51] CAUSE-PA MB at 31-32.

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 to its SAP.[52]

iv. Hardship Fund

In its Main Brief, Aqua notes that Ms. Black concludes that Aqua "could" implement a number of recommendations Mr. Geller set forth for improvements to CAUSE-PA's Hardship Fund, including:[53]

- Carrying over unspent funds from one program year to a subsequent program year;
- Revising the maximum grant available to $500 to allow the fund to be better utilized by customers in need; and
- Promoting the fund through contact center staff and utilizing a community based organization to manage the fund in order to increase referral.

Nevertheless, Aqua does not commit in its Main Brief to adopting these recommendations – just as Ms. Black did not commit to adopting these recommendations in her testimony.

While CAUSE-PA appreciates Ms. Black's openness to these changes, it continues to be unclear whether Aqua has committed to making these changes. Further, while Aqua appears to accept Mr. Geller's recommendation to increase the maximum cash grant amount to $500, Aqua also indicates that the hardship fund grants should be a once per calendar year opportunity.[54] As discussed in CAUSE-PA's Main Brief, we continue to believe hardship fund recipients should have access to *up to* $500 in a calendar year – whether in a single grant or multiple grants.[55] 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

[52] Id.
[53] Aqua MB at 151.
[54] Id.
[55] CAUSE-PA MB at 34-35.

proactively seek assistance when their arrearages are relatively low to not be precluded from receiving additional assistance.[56] Increasing the maximum grant amounts to $500 also more closely matches the average arrears carried by Aqua's low income customers and would help Aqua more fully utilize available hardship funds – which to date remain significantly underspent.[57]

As discussed more fully in CAUSE-PA's Main Brief, critical improvements are needed to the structure, funding, and accessibility of Aqua's Hardship Fund program.[58] In particular, CAUSE-PA noted concern that Aqua's Hardship Fund is severely underutilized, that Aqua does not appear to promote its Hardship Fund through its outreach materials, and that Aqua's calculation of grant amounts are out of line with the needs of Aqua's low income customers.[59] For these reasons and as more fully described in CAUSE-PA's Main Brief, CAUSE-PA stands by its recommendations that Aqua be required to implement the following improvements to its Hardship Fund program:[60]

- Hardship fund recipients should have access to *up to* $500 in a calendar year – whether in a single grant or multiple grants;
- Designate specific funds for the Hardship Fund, including maintaining the current shareholder funding of $50,000 through at minimum the next base rate and rolling over any unused funds into hardship funding for the next program year;
- Consider arrearage levels and applicants' potential for service termination as well as bill amounts;
- Develop a plan to increase and stabilize hardship funding on an ongoing basis, as outlined in CAUSE-PA's Main Brief and in line with Mr. Geller's recommendations; and
- Revise Aqua's policies, procedures, 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 screen CAP and Helping Hand customers

[56] CAUSE-PA St. 1-SR at 4: 15 – 15: 7.
[57] CAUSE-PA MB at 32-34.
[58] Id.
[59] Id.
[60] Id. at 34-36.

who are unable to afford their bills, or customers who are facing an immediate risk of termination, for Hardship Fund eligibility, as outlined in CAUSE-PA's Main Brief and in line with Mr. Geller's recommendations.

CAUSE-PA urges ALJ Long and the Commission to take these steps to improve the structure, funding, and accessibility of Aqua's Hardship Fund, and asserts that it is both just and reasonable to make these necessary improvements to ensure that Aqua's low income customers can access hardship grants critical to improving affordability and staying connected to water/wastewater services.

v. Community Education and Outreach Plan

As discussed in CAUSE-PA's Main Brief, CAUSE-PA recommends that Aqua be required to develop a Community Education and Outreach Plan (CEOP) to promote its universal service programs, including its CAP.[61] As noted in Aqua's Main Brief, Ms. Black appears to accept the recommendation that Aqua develop a CEOP that considers the unique characteristics of Aqua's service territory, customer base, and local agencies/organizations.[62] Ms. Black also appears to accept that Aqua's outreach should include multiple touchpoints with customers and other entities, collaboration with other utilities to cross-promote low income programming, and broad outreach and collaboration related to Aqua's CAP, if approved.[63]

As discussed more fully in CAUSE-PA's Main Brief, CAUSE-PA appreciates Ms. Black's support related to these outreach measures as essential to reducing barriers to participation in Aqua's low income programs.[64] As outlined in CAUSE-PA's Main Brief and in line with Mr. Geller's recommendations, CAUSE-PA stands by its position that Aqua should be required to

[61] Id. at 37-40.
[62] Aqua MB at 150-151.
[63] Id. at 151.
[64] CAUSE-PA MB at 39-40.

develop a comprehensive and coordinated consumer education and outreach plan that (1) is developed with input from the parties and interested stakeholders through Aqua's Helping Hand Collaborative; (2) sets forth how Aqua will specifically promote each of its low income assistance programs; (3) is tailored to the demographics of Aqua's service territory; (4) includes 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 identifies 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) translates all promotional and education materials into, at minimum, Spanish; and (7) identifies resources and translation services for LEP customers. [65] Additionally, Aqua should be required to conduct a language needs assessment to identify other commonly spoken languages in its service territory to further help accessibility to its low income programs.[66]

CAUSE-PA also stands by its position that Aqua should be required to explore other opportunities for cross program enrollment and outreach with Peoples and other major utilities in its services territory, and to set target enrollment numbers for its low income programs, as outlined in CAUSE-PA's Main Brief.[67] Finally, Aqua should be required to 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.[68]

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[65] Id. at 38-39.
[66] Id.
[67] Id.
[68] Id.

b. Response to Main Brief of I&E

In its Main Brief, I&E recommends that the Commission require Aqua to impose burdensome documentation requirements for admission to its low income assistance programs pursuant to its Universal Service Plan (USP).[69] In support of its position, I&E incorrectly claims that Aqua does not plan to verify income to enroll in and/or recertify eligibility for CAP. [70] I&E argues that its proposal would not increase proposed administrative costs, noting the testimony of Aqua's expert witness Ms. Rita Black which indicates that the proposed program budget already assumed management of income documentation.[71] I&E argues that income documentation is needed to (1) ensure legitimacy of the program; and (2) administer program benefits.[72] In an attempt to find some basis in law for its proposal to create onerous barriers to enrollment in Aqua's assistance program, I&E points to the declaration of policy in Chapter 14 of the Public Utility Code, which noted – in part – that increasing amounts of unpaid bills threatens timely paying customers with higher rates and that Chapter 14 is intended to provide for greater equity among all customers.[73]

From the outset, it is important to be clear that Aqua is proposing a verification process for its CAP. Specifically, Aqua is proposing to use self-declared income to verify CAP eligibility and for the purposes of recertification.[74] However, Aqua has not proposed to require applicants to submit physical documentation of income, as physical documentation requirements present unreasonable obstacles for those most in need to access assistance through the program.[75]

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[69] I&E MB at 60-61.
[70] Id.
[71] Id. at 61.
[72] Id.
[73] Id. at 62.
[74] CAUSE-PA St. 1-R at 4: 14-19.
[75] Id. at 4: 14-5: 20.

CAUSE-PA strongly opposes the imposition of stringent income documentation requirements for Aqua's universal service programs, including its proposed CAP. First, I&E expert witness Ms. Christine Wilson has not presented any evidence to support her contention that failure to require more stringent income documentation will cause the process to be subject to abuse and ultimately harm ratepayers and residential customers. Indeed, this is because no such evidence exists to support the conclusion that requiring an applicant to submit a piece of paper will prevent fraud – or that fraud is occurring or has occurred at all.

Second, as noted by CAUSE-PA expert witness Mr. Harry Geller, imposing more restrictive income documentation requirements – as I&E recommends – will act as a barrier to low income customers successfully enrolling in CAP and hinder the success of the proposed CAP at its outset.[76] Historically, Aqua's low income programs have had extremely low levels of enrollment – and are particularly out of line with the number of low income customers Aqua estimates are eligible for assistance.[77] CAUSE-PA outlined several recommendations to increase low income program enrollment in its Main Brief to ensure Aqua's program is reaching those in need.[78] But at an even more fundamental level, it is critical that the Commission not require Aqua to establish program rules which would actively impede enrollment in Aqua's CAP by imposing restrictive income documentation requirements.[79] Indeed, ensuring robust access to Aqua's universal service programs is in line with the intent of Chapter 14 to provide for greater equity among all customers – as I&E acknowledges in its Main Brief.[80] In evoking the Chapter 14 declaration of policy, I&E fails to recognize that this same declaration was also explicit that the

[76] Id. at 5: 1-10.
[77] Id. CAUSE-PA St. 1 at 54: 5-11; CAUSE-PA St. 1 at 48:15-49:9.
[78] CAUSE-PA MB at 2-3.
[79] CAUSE-PA 1-R at 5: 1-10.
[80] I&E MB at 62.

Chapter was enacted to improve payments of those "capable of paying" – not to unfairly penalize those who cannot afford service.[81]

Third, I&E's proposal lacks critical and important details for how income documents will be collected, what income documents will be accepted, how income documents will be evaluated, and how applicants will be informed if the documentation submitted is not received or is deemed unacceptable. These are important details that I&E chose to ignore.

CAUSE-PA similarly opposes I&E's recommendation that Aqua implement restrictive income documentation requirements for households to recertify enrollment in Aqua's proposed low income assistance programs. Mr. Geller extensively describes how periodic recertification is particularly difficult for vulnerable low income customers, including Seniors or individuals with a disability.[82] These vulnerable households more often lack accessible transportation options and/or the capabilities to gather and submit income documentation, and are also more likely to rely on fixed income sources that do not change from year to year – thus making recertification requirements unnecessary and administratively burdensome.[83] As Mr. Geller points out, available independent evaluations of Universal Service and Energy Conservation Plans (USECPs) of other regulated Pennsylvania utilities have shown that requiring submission of income documentation through program recertification is a significant cause of high program attrition.[84]

CAUSE-PA supports the income verification process proposed by Aqua, and opposes I&E's recommendation that the ALJ and the Commission impose restrictive additional income documentation requirements for enrollment and recertification. There is simply no evidence in the

[81] 66 Pa. C.S. § 1402(2).
[82] CAUSE-PA 1-R at 5: 11 – 6: 3.
[83] Id.
[84] Id.

record to support the imposition of burdensome program rules that will serve to suppress access to and enrollment in critical rate assistance programming.

Nevertheless, in the event that ALJ Long and the Commission determine that Aqua's proposal regarding income verification for its proposed CAP needs further monitoring and evaluation after implementation, CAUSE-PA recommends that Aqua's proposed income verification process be implemented on a pilot basis to allow Aqua, the parties, stakeholders, and the Commission to monitor how CAP enrollment, retention, and costs have been affected and to determine if there is any evidence of actual abuse of Aqua's process.[85] If it is later determined Aqua's verbal income verification process is subject to identified abuse, and that additional documentation requirements are needed to address these issues, Aqua should be required to consult stakeholders through a special Helping Hand Collaborative session to develop a process for applicants to submit income documentation that does not create unreasonable barriers to program enrollment.[86]

At this special Helping Hand session, stakeholders should discuss the following issues: (1) common barriers to obtaining income verification/ documentation; (2) alternative methods of certifying and recertifying income if customers are unable to obtain necessary documentation; (3) under what circumstances CAP participants will not be required to recertify, including if they have received a LIHEAP or LIHWAP grant within a certain program year; (4) language access issues to obtaining income verification and documentation, and a list of resources and forms that will be translated into, at minimum, Spanish; and (5) income verification for customers with fixed incomes, or incomes from a consistent funding source.[87] If Aqua ultimately imposes an income

[85] Id. at 6: 4 – 7: 9.
[86] Id.
[87] Id.

documentation requirement, this process should be implemented on a pilot basis that allows Aqua, the parties and stakeholders, and the Commission to monitor how these requirements affect CAP enrollment, retention, and costs, and make adjustments as needed to ensure that low income families can reasonably access assistance through the program.[88]

B. Language Access[89]

Aqua argues that it is unnecessary to implement CAUSE-PA's recommended improvements to Aqua's language access policies.[90] Specifically, Aqua notes that Ms. Black indicates in her testimony that (1) the Company is evaluating implementation of language line translators; and (2) the Company agrees to conduct a language access assessment on a county by county basis, but that any changes to billing information would need to be incorporated into the SAP implementation timeline.[91] Nevertheless, Ms. Black's testimony falls short of any commitment to offer language interpretation service to consumers with limited English proficiency.

As discussed more fully in CAUSE-PA's Main Brief, CAUSE-PA urges ALJ Long and the Commission to require Aqua to substantially improve its policies and procedures related to

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[88] Id.
[89] See Aqua MB at 195.

Aqua argues that, because Mr. Geller did not present further response to Ms. Black's rebuttal testimony related to language access, it is unnecessary to adopt Mr. Geller recommendations. CAUSE-PA has not abandoned Mr. Geller's recommendations related to language access in his direct testimony. Indeed, as Mr. Geller noted in his surrebuttal testimony, his "surrebuttal testimony is not intended to address every issue raised or otherwise discussed by the expert witnesses of Aqua or the other expert witnesses in this proceeding. Absence of a response to any specific recommendation or position of any witness does not indicate [his] agreement. Unless required for context in providing further response to rebuttal testimony, [he] will not reiterate the extensive arguments and evidence that [he] provide in [his] direct and rebuttal testimonies. To the extent an agreement raised by any party in rebuttal is already sufficiently addressed in [his] direct or rebuttal testimonies, [he does] not intend to respond, but stand[s] by the evaluations, analyses, and recommendations contained in [his] direct and rebuttal testimonies."

CAUSE-PA St. 1-SR at 2: 21 – 3: 5.
[90] Aqua MB at 194-195.
[91] Id.

language access.[92] Specifically and in line with Mr. Geller's recommendations, CAUSE-PA recommended that Aqua be required to (1) conduct a formal, county-specific needs assessment to determine whether it should expand language access policies to include document translation in languages other than Spanish;[93] (2) evaluate its process for determining the need for third-party interpretation and incorporate clear guidelines for determining the need for third-party interpretation services;[94] (3) provide certain translated billing information;[95] and (4) amend the language of termination notices to indicate in (at minimum) English and Spanish that the document is a termination notice and inaction may result in termination of water and/or wastewater services.[96]

CAUSE-PA appreciates Ms. Black's support for Aqua to evaluate implementation of language line translators, and conduct a language access assessment on a county by county basis.[97] However, CAUSE-PA maintains its position that Aqua should also be required to take affirmative steps to improve billing and termination information provided to customers with limited English proficiency. CAUSE-PA does not deny Ms. Black's assertion that translation of certain billing information may be intertwined with SAP conversion. It is unjust and unreasonable to argue that these critical reforms should be denied in their entirely because of Aqua's imminent conversion to a SAP in 2023.[98] There is a wealth of evidence that Aqua serves a significant number of LEP customers.[99] Without proper access to translated billing and termination information, LEP

[92] CAUSE-PA MB at 45-48.
[93] Id. at 46.
[94] Id.
[95] Id. at 46-47.
[96] Id. at 47-48.
[97] Aqua MB at 194-195.
[98] CAUSE-PA St. 1-SR at 2: 21 – 3: 5. As discussed *supra*, CAUSE-PA has not abandoned its recommendations related to language access, continues to stand firmly behind the analyses and recommendations made by Mr. Geller, and finds Aqua's arguments against improving its language access policies unreasonable and unjust.
[99] CAUSE-PA MB at 43-45.

customers will face significant challenges to learning about their bills and staying connected to services, and may improperly rely on friends or family to relay crucial bill information.[100] CAUSE-PA stands by its position that Aqua should be required to implement critical improvements to its policies and procedures related to language access, as more fully outlined in CAUSE-PA's Main Brief and described above.

V. CONCLUSION

To be just and reasonable, rates for water and wastewater services must be set to ensure that all Pennsylvanians – regardless of economic status – are able to maintain service in their homes. 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, as well in CAUSE-PA's Main Brief and the testimony of CAUSE-PA's expert witness, CAUSE-PA urges the Honorable Administrative Law Judge Mary D. Long and the Commission to substantially reduce Aqua's proposed rate increases and to take the necessary steps outlined in CAUSE-PA's Main Brief and this Reply Brief to remediate substantial levels of unaffordability faced by Aqua's low income customers at existing rates and protect vulnerable customers from the impact of any further increases in rates.

[100] Id. at 44.

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Date: January 21, 2022

CAUSE-PA Appendix A to Reply Brief –

Adopting OCA Appendix A (Tables) – Revised

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
Operating Revenue	509,746,949	259,737	510,006,687	3,144,172	512,891,121	(35,285,637)	477,605,484
Expenses:							
O & M Expense	116,492,928	(33,693)	116,459,234	(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	170,204	12,450,066	(93,467)	12,186,394	(224,485)	11,961,909
Income Taxes:							
State	5,330,258	26,440	5,356,698	(503,039)	4,827,220	(3,484,552)	1,342,668
Federal	7,901,552	(203,386)	7,698,166	(951,801)	6,949,751	(6,593,129)	356,622
Amort of ITC and Excess DFIT	(253,413)	253,413	0	0	(253,413)	0	(253,413)
Total Expenses	263,917,764	212,977	264,130,742	(4,379,888)	259,537,876	(10,482,914)	249,054,962
Net Inc. Available for Return	245,829,185	46,760	245,875,945	7,524,059	253,353,244	(24,802,723)	228,550,521
Rate Base	3,818,296,012	(5,917,218)	3,812,378,794	(9,120,658)	3,809,175,354		3,809,175,354
				Note 2	Note 2	Note 2	Note 2
Rate of Return	6.44%		6.45%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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. Sm

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
	$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 (1)	0
OCA Adjustment	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	#DIV/0!	$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 (1)	$0	
OCA Adjustment	$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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
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	(43,545)	9,830,816	(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	6,724	303,529	(7,448)	289,357	74,762	364,119
Income Taxes:							
State	(1,185,776)	3,854	(1,181,921)	(14,936)	(1,200,711)	1,152,485	(48,226)
Federal	(1,093,544)	7,292	(1,086,251)	(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	(25,675)	15,646,188	(357,101)	15,314,762	3,548,168	18,862,930
Net Inc. Available for Return	3,339,899	25,675	3,365,573	357,101	3,697,000	8,203,280	11,900,279
Rate Base	198,372,990	(4,000)	198,368,990	(35,000)	198,337,990		198,337,990
				Note 2	Note 2	Note 2	Note 2
Rate of Return	1.68%		1.70%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$ (A)	$ (B) = (C) - (A)	$ (C)	$ (D)	$ (E) = (A) + (D)	$ (F)	$ (G) = (E) + (F)
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	(14,460)	2,041,053	(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	1,407	26,719	0	25,311	28,809	54,120
Income Taxes:		0					
State	(147,783)	1,357	(146,426)	(6,709)	(154,493)	444,108	289,615
Federal	(213,702)	2,567	(211,135)	(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	(9,129)	3,709,090	(42,680)	3,675,540	1,367,280	5,042,820
Net Inc. Available for Return	260,353	9,129	269,483	42,680	303,033	3,161,119	3,464,152
Rate Base	57,746,861	(2,000)	57,744,861	(11,000)	57,735,861		57,735,861
				Note 2	Note 2	Note 2	Note 2
Rate of Return	0.45%		0.47%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
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	(2,327)	1,113,197	(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	359	11,413	0	11,054	4,326	15,380
Income Taxes:		0					
State	(42,422)	201	(42,221)	(159)	(42,581)	66,691	24,110
Federal	(68,721)	381	(68,340)	(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	(1,386)	1,172,601	(7,289)	1,166,700	205,323	1,372,023
Net Inc. Available for Return	(159,419)	1,386	(158,032)	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
Rate of Return	-2.96%		-2.94%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
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	(23,474)	4,552,450	(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	2,567	48,747	0	46,180	12,132	58,312
Income Taxes:		0			0		
State	(12,394)	2,134	(10,260)	(6,527)	(18,921)	187,020	168,099
Federal	160,916	4,038	164,955	(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	(14,735)	5,767,661	(27,595)	5,754,801	575,781	6,330,582
Net Inc. Available for Return	1,476,344	14,735	1,491,079	27,595	1,503,939	1,331,192	2,835,131
Rate Base	47,259,177	(3,000)	47,256,177	(7,000)	47,252,177		47,252,177
				Note 2	Note 2	Note 2	Note 2
Rate of Return	3.12%		3.16%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
Operating Revenue	2,923,766	3	2,923,770	0	2,923,766	2,286,963	5,210,730
Expenses:							
O & M Expense	2,283,124	(11,346)	2,271,778	(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	1,034	19,635	0	18,601	14,550	33,151
Income Taxes:							
State	(85,251)	1,054	(84,197)	(3,094)	(88,344)	224,286	135,942
Federal	(149,474)	1,994	(147,480)	(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	(7,264)	3,012,378	(17,611)	3,002,031	690,513	3,692,544
Net Inc. Available for Return	(95,875)	7,268	(88,608)	17,611	(78,264)	1,596,450	1,518,186
Rate Base	25,308,104	(1,000)	25,307,104	(5,000)	25,303,104		25,303,104
				Note 2	Note 2	Note 2	Note 2
Rate of Return	-0.38%		-0.35%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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	Aqua Pro Forma Rebuttal Filing (Revised) (3)	OCA Adjustments	OCA Pro Forma Present Rates	OCA Revenue Increase/ (Decrease)	Total Allowable Revenues
	$	$	$	$	$	$	$
	(A)	(B) = (C) - (A)	(C)	(D)	(E) = (A) + (D)	(F)	(G) = (E) + (F)
Operating Revenue	2,871,698	17,382	2,889,080	17,382	2,889,080	1,989,353	4,878,433
Expenses:							
O & M Expense	1,848,890	(3,866)	1,845,024	(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	1,132	19,402	0	18,270	12,656	30,926
Income Taxes:							
State	(77,386)	2,035	(75,351)	(1,720)	(79,106)	195,099	115,993
Federal	(44,384)	3,851	(40,533)	(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	3,152	2,484,378	(17,678)	2,463,545	600,654	3,064,199
Net Inc. Available for Return	390,474	14,230	404,704	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
Rate of Return	1.29%		1.34%				6.00000000%

(1) Company's Original Application
(2) See OCA Statement 1SR, Surrebuttal Testimony of Ralph C. Smith, Exhibit LA-5
(3) Company's Main Brief

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