



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

December 30, 2022

Docket No. M-2022-3037158

Utility Code: 212285

Elizabeth Triscari
Director, Corporate Counsel
Pennsylvania American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
elizabeth.triscari@amwater.com

Re: Pennsylvania American Water Company State Tax Adjustment Surcharge Filing

Dear Ms. Triscari:

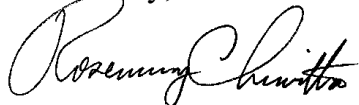
On November 9, 2022, the Pennsylvania Public Utility Commission (Commission) issued a Secretarial Letter to all jurisdictional fixed utilities containing information on the reduction to the Pennsylvania Corporate Net Income Tax (CNIT) and the Commission's State Tax Adjustment Surcharge (STAS) procedures. Additional guidance, information, and clarification on the Commission's STAS procedures and the reduction in CNIT was subsequently provided by Secretarial Letter issued December 15, 2022.

On December 21, 2022, Pennsylvania American Water Company ("PAWC" or the "Company") filed a letter indicating that it will not presently be submitting a STAS revision to account for the reduction in the CNIT. The Company states that on December 8, 2022, the Commission issued an order at Docket no. R-2022-3031372 approving new base rates effective on January 28, 2023 that reflect the reduced CNIT for 2023. Therefore, if PAWC were to file for a STAS to be effective on January 1, 2023, the STAS would only be in effect for 28 days and results in a diminutive amount of 0.27% or \$163,402. PAWC further notes that implementing a billing system change to apply this surcharge for such a short time period would result in an administrative burden to the Company. PAWC states that the Company does not intend to implement an updated STAS until the end of the fully projected future test year, or January 1, 2024. In January 2023, the Company states that it will record a regulatory liability of the \$163,402, plus interest, which would have otherwise been flowed through the STAS, and will incorporate this amount as a reconciling item in the 2024 STAS.

Commission Staff has reviewed the Company's letter and further investigation does not appear warranted at this time. However, this does not preclude this Commission from investigating the financial affairs of the Company and, in appropriate cases, ordering refunds or other remedies, which it deems proper.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within 20 days of the date of this letter. If you have any questions in this matter, please contact Joel Greene, Finance Section, Bureau of Technical Utility Services at (717) 783-4454 or joelgreene@pa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R".

Rosemary Chiavetta
Secretary