

MATTHEW GERGELY, MEMBER  
35TH LEGISLATIVE DISTRICT

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HARRISBURG, PENNSYLVANIA 17120-2035  
(717) 783-1018

DISTRICT OFFICES:  
409 WALNUT STREET  
MCKEESPORT, PENNSYLVANIA 15132  
(412) 664-0035  
FAX: (412) 664-0039

3905 MAIN STREET  
MUNHALL, PENNSYLVANIA 15120  
(412) 476-3046  
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SATELLITE OFFICE:  
551 RAVENSBURG BOULEVARD  
CLAIRTON, PENNSYLVANIA 15025  
(412) 233-2505

REPGERGELY@PAHOUSE.NET

J.J. Livingston  
Public Utility Commission  
400 North Street- Keystone Bldg.  
Harrisburg, PA 17120

Dear Mr. Livingston,

I am writing to express my deep concerns regarding Pennsylvania American Water's recent decision to raise their rates once again. As you are aware, they have previously succeeded in obtaining approval for rate hikes through the PUC, and I fear the adverse impact it has had on the constituents in my district, particularly in Port Vue.

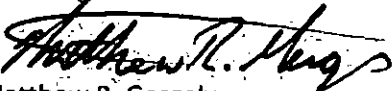
The cumulative effect of these increases has been significant, placing undue financial hardship on residents in Port Vue and neighboring areas, including Liberty, Lincoln, McKeesport, and Duquesne. Another rate increase would exacerbate the challenges faced by these communities, especially Port Vue, and I cannot overstate the potential severity of the financial burden.

Considering these circumstances, I respectfully request and demand that the Public Utility Commission conducts in-person public hearings in the affected communities, with a specific emphasis on Port Vue. The residents of the 35th district deserve the right and opportunity to directly communicate their concerns about how another rate increase would profoundly impact them financially. It is imperative that the voices of the concerned residents are heard, and public hearings are an essential platform for them to express their perspectives and hardships directly to the PUC.

I believe that such hearings are vital to ensuring a fair and comprehensive evaluation of the proposed rate increase, considering the real and tangible consequences it would have on the lives of the people in my district. I appreciate your attention to this matter and trust that you will consider this request seriously. I am confident that the PUC will act in the best interests of the affected communities and strive for a fair resolution.

Thank you for your time and attention to these matters.

Sincerely,



Matthew R. Gergely  
State Representative – 35<sup>th</sup> District



House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

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R-2023-3043189  
R-2023-3043190

RCVD PUC SEC BUR  
JAN 3 2024 PM 12:00

Nick Hoffman  
PO Box 61  
Indiana, PA 15701

January 1, 2024

PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Dear PA PUC Representative:

PA American Water is requesting an increase of \$203.9 million causing residential customers a billing increase of 24.9% ( $\$88.24 / \$70.65 = 1.24897$ ) to help cover the cost to upgrade their facilities and pipelines. A copy of the request is enclosed.

Over the last 12 months, PA American Water paid \$541.3 million in dividends to their shareholders. PAAW increased their dividend at a compound annual growth rate of 7% from 2017-2022, and PAAW recently announced they intend to keep increasing it at at least that rate.

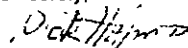
Building new and replacing old infrastructure is a part of doing business. Intel, a company which manufactures semiconductors, recently decided to build more plants and to help fund that effort they cut their dividend by 65.75% from \$1.46 to \$0.50 per share. They may get government subsidies on top of that but it may come with the stipulation that they do not use the subsidies to pay dividends.

The PAAW situation seems to be almost opposite. They are asking the PUC to allow a rate increase to fund a normal business expense but they also intend to raise their dividend. If PA American Water simply holds their dividend steady instead of raising it 7% per year in 2024, they would have \$37.89 million. If PAAW planned no dividend increase and cut their dividend by 30.67% then they would have the full \$203.9 million they are asking for and would not need to ask for any rate increase approval from the PUC

PA American Water might respond to this idea by saying they must pay a strong dividend in order to attract investors. But investors would be less attracted to a company that directs its money away from investing in its infrastructure and toward its dividend since that is a short term benefit with long term consequences. Intel's share price declined on the news of their dividend cut, but as their plans progressed the share price rebounded nicely showing investor approval.

Please consider a denial of the requested rate increase to PA American Water. It may cause them to focus on wisely using their cashflow which would create a stronger utility benefiting everyone in the long run.

Sincerely,



Nick Hoffman

encl: PAAW Notice of Proposed Water Rate Changes, November 8, 2023 date of filing  
cc: Pennsylvania Senate Majority Leader Joseph Pittman

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**PENNSYLVANIA  
AMERICAN WATER**

**NOTICE OF PROPOSED WATER RATE CHANGES**

Dear Customer:

On November 8, 2023, Pennsylvania American Water filed a request with the Pennsylvania Public Utility Commission (PUC) to increase your water rates as of January 7, 2024. A full investigation of this request could delay the change until August 2024. This notice describes our request, the PUC's role, and what actions you can take.

**RATE REQUEST**

Pennsylvania American Water is requesting an overall increase of \$203.9 million for all of its water and wastewater operations. Over the 18 months beginning January 2024, Pennsylvania American Water plans to invest approximately \$1 billion to improve service reliability, water quality and fire protection for your community and more than 400 others across the Commonwealth.

These investments include necessary upgrades to treatment facilities, storage tanks, wells and pumping stations to help ensure that systems meet regulatory standards. Pennsylvania American Water plans to replace more than 100 miles of aging pipeline, as well as valves, service lines and other parts of its 11,650-mile network of water and sewer lines. By making prudent, ongoing investments to maintain and upgrade water and wastewater systems, Pennsylvania American Water is committed to protecting communities from public health concerns and quality of life issues associated with failing infrastructure.

If the entire rate request is approved as filed, the typical water bill for:

- Residential customers using 3,201 gallons a month would increase from \$70.65 to \$88.24 per month. + 24.9 %
- Commercial customers using 22,094 gallons a month would increase from \$346.13 to \$439.77 per month. + 27.1 %
- Industrial customers using 685,947 gallons a month would increase from \$7,663.50 to \$10,173.68 per month. + 32.75 %

Pennsylvania American Water's filing requests approval of a combined revenue requirement for the company's water and wastewater operations as authorized by legislation enacted in 2012. The filing also requests approval of the following alternative rate mechanisms in accordance with 66 Pa. C.S. § 1330: a Revenue Decoupling Mechanism and an Environmental Compliance Investment Charge. If approved as filed, the immediate impact on your rates from these alternative rate mechanisms would be \$0.

To find out more about how the request might affect your water bill, please contact Pennsylvania American Water's customer service center at 1-800-565-7292. You can also find the rates requested by Pennsylvania American Water in Supplement No. 45 to Tariff Water PA PUC No. 5, and Supplement No. 47 to Tariff Wastewater PA PUC No. 16 on our website at [www.pennsylvaniaamwater.com](http://www.pennsylvaniaamwater.com). Under the Customer Service & Billing menu, select "Your Water and Wastewater Rates." You can also review the material filed with the PUC at our office at 852 Wesley Drive, Mechanicsburg, PA 17055. In addition, you can request that we mail you a copy of Pennsylvania American Water's Statement of Reasons, which is a plain language summary of why we are requesting the rate change.

**PUC ROLE**

The state agency that approves rates for regulated public utilities is the PUC. The PUC will review and investigate the requested rate increase. Pennsylvania American Water must prove that the requested rates are reasonable. After examining the evidence, the PUC might grant all, some, or none of the request, or it might reduce existing rates. **As a result, the final effect on your bill might be different than the company's request.**

**ACTIONS YOU CAN TAKE**

There are three ways you can challenge Pennsylvania American Water's request:

1. **Send a letter to the PUC.** You can tell the PUC why you object to the requested rate increase in your letter. You can also tell the PUC about any other concerns you have about the company. This information can be helpful when the PUC investigates the rate request. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. **Attend or present testimony at a PUC public input hearing.** You can attend or be a witness at a PUC public hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's rate request and if there is enough interest in the case. At these hearings, you can present your views to the PUC judge and to company representatives. Testimony under oath becomes part of the rate case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.
3. **File a formal complaint.** If you want to be a party to the case, you must file a formal complaint. You then have an opportunity to take part in all the hearings about the rate increase request. You can receive copies of all materials distributed by the other parties. Formal complaints should be filed with the PUC before January 7, 2024. If no one files a formal complaint, the Commission may grant all, some or none of the request without holding a hearing before a PUC judge. You can request a formal complaint form by writing to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265, or by going to its website at [www.puc.state.pa.us](http://www.puc.state.pa.us).