



April 5, 2024

**Via E-Mail Only**

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**Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water  
Company  
Docket Nos. R-2023-3043189 (water); R-2023-3043190 (wastewater)**

*CAUSE-PA Reply Brief*

Your Honors:

Please find the attached **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,

A handwritten signature in black ink, appearing to read "Ria Pereira".

Ria Pereira, Esq.  
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CC: Secretary Rosemary Chiavetta – *Via e-file only*  
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Certificate of Service

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2023-3043189
	:	R-2023-3043190
Pennsylvania-American Water Company	:	

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**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)** in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party), as modified by the Prehearing Order in this matter dated January 5, 2024, in the manner and upon the persons listed below.

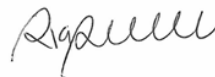
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April 5, 2024

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket Nos. R-2023-3043189  
 : R-2023-3043190  
 Pennsylvania-American Water Company :

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

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**Date: April 5, 2024**

## 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 Brief of Pennsylvania American Water Company (PAWC or the Company) and in support of its positions and recommendations advanced by CAUSE-PA's expert witness, Harry S. Geller, Esq. CAUSE-PA's Main Brief and Reply Brief address the effects of Pennsylvania American Water Company's (PAWC or the Company) proposed increase on PAWC's residential customers, especially low and moderate income customers, and the critical need for improvements to PAWC's low income programming to ensure that essential water and wastewater services are reasonably affordable and accessible for economically vulnerable consumers.

As discussed more fully in CAUSE-PA's Main Brief, low income customers already face acute unaffordability, with many of the lowest income families paying as much as 20% or more of their income each month to maintain water and wastewater service.<sup>1</sup> This high water and wastewater burden is driving pronounced disparities in the rate of low income payment trouble and involuntary terminations as compared to general residential consumers. The record in this case is replete with substantial evidence and data demonstrating that critical reforms to PAWC's low income assistance programs, and policies and procedures affecting residential customers, are necessary to ensure just and reasonable rates.<sup>2</sup> Indeed, the assistance currently provided through PAWC's universal service programs is wholly inadequate to ensure that low income customers can remain connected to water/wastewater services in their homes.<sup>3</sup> These assistance programs are also not reasonable accessible to PAWC's low income customers.<sup>4</sup> For these reasons and the reasons

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<sup>1</sup> CAUSE-PA MB at 40.

<sup>2</sup> CAUSE-PA MB at 9-17.

<sup>3</sup> CAUSE-PA MB at 9-10.

<sup>4</sup> Id.

set forth in CAUSE-PA's Main Brief, PAWC has failed to meet its burden of showing that its rate proposal is just, reasonable, and in the public interest. As such, its request to increase rates should be denied.

PAWC has indicated that they are not opposed to implementing revisions to the structure and discount levels of its Bill Discount Program (BDP) recommended by Mr. Geller and the Office of Consumer Advocate (OCA) expert witness, Roger Colton.<sup>5</sup> However, as discussed below, PAWC opposes many of the other critical reforms that we recommend to ensure that PAWC's low income customers are able to access just, reasonable, and affordable service – even at existing rates. PAWC has failed to advance any persuasive arguments or evidence for why it should be allowed to charge its low income customers rates that are unjust, unreasonable, and contrary to the public interest. We urge the ALJs and the Commission to adopt CAUSE-PA's recommended reforms to ensure that PAWC's economically vulnerable customers are able to reasonably afford to maintain life-sustaining water and wastewater services. Specifically, as explained more thoroughly below and in CAUSE-PA's Main Brief, the ALJs and the Commission should reject PAWC's rate proposal in its entirety, and direct PAWC to improve affordability for its low income customers at existing rates, as outlined in our Main Brief.

We note that this Reply Brief is not intended to address every issue or recommendation that we have raised in our Main Brief, or otherwise discussed by other parties in their Main Briefs submitted in this matter. Absence of a response to a specific recommendation or position set forth in another parties' Main Brief does not indicate our agreement thereto. Unless required for context for this Reply Brief, we will not reiterate the extensive arguments presented in CAUSE-PA's Main Brief based on the evidence provided by CAUSE-PA's expert witness. To the extent that an

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<sup>5</sup> PAWC St. 10- R at 30: 1-5. CAUSE-PA MB at 50.

argument raised by another party in their Main Brief has already been sufficiently addressed through CAUSE-PA's Main Brief, we do not intend to respond to these arguments, and stand by the analyses and recommendations contained in CAUSE-PA's Main Brief.

## II. REPLY ARGUMENT

### A. Low Income Customer Assistance

#### 1. Revisions to Structure and Design of BDP

As discussed in detail in CAUSE-PA's Main Brief, as currently structured, PAWC's Bill Discount Program (BDP) does not produce consistent levels of affordability for program participants – particularly those customers with the lowest incomes and the highest usage levels.<sup>6</sup> Without the assistance of the BDP, at present rates, a family of four with 5,000 gallons of usage at 50% FPL will see a combined burden of approximately 20%.<sup>7</sup> With the assistance of the BDP, these burdens are reduced – but are still well above the 4% threshold for affordability discussed by CAUSE-PA's expert witness and in our Main Brief.<sup>8</sup> This disparity disproportionately impacts larger families and those who reside in poor quality housing.

CAUSE-PA recommends that the Commission require PAWC to transition its BDP from a tiered discount to a Percentage of Income Payment (PIP) structure.<sup>9</sup> We propose that PAWC be required to file a Petition within 6 months of a final order in this proceeding to pursue implementation of a PIP-structured BDP, designed to achieve combined water/wastewater burden levels not to exceed 4% of a participant's household income.<sup>10</sup>

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<sup>6</sup> CAUSE-PA MB at 48.

<sup>7</sup> CAUSE-PA St. 1, Exhibit 1.

<sup>8</sup> CAUSE-PA St. 1 at 27. CAUSE-PA MB at 40.

<sup>9</sup> CAUSE-PA MB at 50.

<sup>10</sup> Id.



PAWC indicates in its Main Brief that they oppose CAUSE-PA's proposal to transition its BDP to a PIP design.<sup>11</sup> PAWC and its expert witness, Ms. Tawana Dean, argue that a PIP structure is not feasible because (1) PAWC's billing system is not currently configured to accommodate a PIP-structured BDP; and (2) PAWC does not currently have income data for most BDP participants.<sup>12</sup> PAWC also argues that a PIP-structure is not necessary because existing BDP discounts are sufficiently tailored to a customer's income level.<sup>13</sup>

CAUSE-PA stands firmly by our recommendation that PAWC transition to a PIP-structured BDP. While PAWC's Main Brief continues to argue that limitations in income verification procedures hamper the ability to implement a PIP, the record is clear that PAWC will be establishing income verification for its BDP and AMP, once implemented, later this year – long before PAWC would be required to file a petition to implement a PIP.<sup>14</sup> Moreover, while PAWC argues that PIP implementation is infeasible because PAWC's billing system constraints, as explained more fully in CAUSE-PA's Main Brief, our recommendation that PAWC file a Petition to transition to a PIP-structured BDP within 6 months after a final order in this proceeding will allow PAWC ample time to assess, design, and effectuate necessary system transitions required to revise its BDP structure before seeking approval to implement a BDP.<sup>15</sup> Importantly, CAUSE-PA's proposal provides a path for further consideration of all aspects of a PIP proposal – including any system-related cost.

PAWC's final argument – that its tiered discount structure adequately accounts for participant income levels – is plainly contradicted by record evidence showing stark disparities in

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<sup>11</sup> PAWC MB at 82. (Public)

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> CAUSE-PA MB at 50-51.

<sup>15</sup> Id.

resulting water and wastewater burdens. Ultimately, transitioning to a PIP-structured BDP would ensure that customers with the lowest incomes and/or with larger family sizes do not pay disproportionate levels of their incomes for critical water/wastewater services.<sup>16</sup> A properly structured PIP-design would deliver accessible, consistent, and equitable levels of affordability for low income participants.<sup>17</sup>

We note that PAWC indicates through testimony that they are not opposed to implementing BDP discount levels as recommended by CAUSE-PA and OCA.<sup>18</sup> While we continue to support implementation of these improved BDP discount levels prior to implementation of a PIP, transitioning to a PIP structure is ultimately necessary to ensure that low income BDP participants can achieve consistent levels of affordability. Thus, we stand firmly by our recommendation that the Commission require PAWC to file a Petition no later than 6 months from the final order in this proceeding to transition its BDP to a PIP structure utilizing the discount levels outlined in CAUSE-PA's Main Brief.

## 2. *Hardship Fund*

As detailed in CAUSE-PA's Main Brief, PAWC's Hardship Fund is extremely undersubscribed compared to demonstrated need amongst low income customers.<sup>19</sup> We also continue to be concerned that the average arrearage level of recipients of Hardship Funding regularly exceeds the maximum Hardship Fund grant limit of \$500, and that PAWC continues to require an upfront payment in order for its low income customers to access Hardship Fund grants.<sup>20</sup> CAUSE-PA recommends several necessary improvements to PAWC's Hardship Fund, including

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<sup>16</sup> CAUSE-PA MB at 50-51.

<sup>17</sup> Id.

<sup>18</sup> CAUSE-PA MB at 49-50.

<sup>19</sup> CAUSE-PA MB at 51-53.

<sup>20</sup> Id.

that PAWC be required to increase its annual hardship funding by an additional \$1 million over existing funding levels.<sup>21</sup> This increase is essential to offset the increased unaffordability drive by its proposed rate increase and to address unaffordability of existing rates for PAWC's low income customers.<sup>22</sup>

PAWC argues against CAUSE-PA's Hardship Fund recommendations, asserting that it is inappropriate to increase funding levels of PAWC's grant assistance program because PAWC's Hardship Fund is maintained through voluntary shareholder contributions.<sup>23</sup> PAWC argues that the Commission cannot order a utility to increase shareholder contributions to its Hardship Fund.<sup>24</sup> In support of this proposition, PAWC cites to Commission Orders in the 2015-2018 Columbia Gas Universal Service and Energy Conservation Plan (USECP) proceeding and the 2014-2016 National Fuel Gas (NFG) USECP proceeding.<sup>25</sup> CAUSE-PA submits that PAWC's reliance on these decisions is misplaced.

In its July 8, 2015 Columbia Gas Order, the Commission explained that (with the exception of PGW) hardship funding was traditionally and primarily funded through voluntary contributions, matching funds from a utility company, and shareholder/company nonrecoverable contributions.<sup>26</sup> As described in the Commission Order, Columbia allocated \$375,000 to its Hardship Fund and recovered this amount from its residential customers as an element of its USP rider.<sup>27</sup> While the Commission expressed concern that Columbia may have placed too much reliance on funding its

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<sup>21</sup> CAUSE-PA MB at 54.

<sup>22</sup> CAUSE-PA MB at 54-55.

<sup>23</sup> PAWC MB at 85. (Public)

<sup>24</sup> Id.

<sup>25</sup> PAWC MB at 85 (Public), citing Columbia Gas of Pa. Inc. Universal Serv. & Energy Conservation Plan for 2015-2018 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2014-2424462, 2015 WL 4309172, at \*23 (Final Order entered July 8, 2015); Nat'l Fuel Gas Distribution Corps. Universal Serv. & Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2013-2366232, 2014 WL 2426998, at \*4 (Final Order entered May 22, 2014).

<sup>26</sup> 2015 Columbia Order at 38.

<sup>27</sup> Id.

Hardship Fund from sources other than contributions (and invited comments related to the same), it did not amend Columbia's alternative, rate-supported funding mechanism.<sup>28</sup> Following the Commission's 2015 Columbia USECP Order, the Commission approved Columbia's use of alternative funding sources to support its Hardship Fund in multiple proceedings – including Columbia's 2016 and 2018 Rate Case proceedings and a stand-alone 2018 Hardship Fund proceeding approving the use of \$750,000 in pipeline penalty credits to support Columbia's Hardship Fund program.<sup>29</sup>

In its May 22, 2014 NFG Order, the Commission declined to adopt recommendations to increase shareholder funds to NFG's hardship fund.<sup>30</sup> The Commission encouraged NFG to continue matching or exceeding ratepayer contributions to its hardship fund, but concluded that it did not have the authority to order an increase in shareholder donations.<sup>31</sup>

CAUSE-PA asserts that neither the 2015 Columbia Order nor the 2014 NFG Order preclude the Commission from ordering PAWC to increase funding for its Hardship Fund. The nearly decade-old USECP Orders that PAWC cites are not rate proceedings – and therefore do not consider the overarching justness and reasonableness of rates of services, or the cost considerations stemming from these inquiries. Ordering increased contributions to PAWC's Hardship Fund is not an improper use of voluntary shareholder contributions, but rather a condition on the benefit that shareholders are receiving – namely robust and stable return on investments. CAUSE-PA submits that it is reasonable and in the public interest to ensure that adequate Hardship Funding is available to struggling low income customers – and to require PAWC to provide sufficient assistance for its

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<sup>28</sup> 2015 Columbia Order at 38-39.

<sup>29</sup> See Pa. PUC v. Columbia Gas of Pa., Docket No. R-2016-2529660 (order entered Oct. 27, 2016); Pa. PUC v. Columbia Gas of Pa., Docket No. R-2018-2647577 (order entered Dec. 6, 2018); Petition of Columbia Gas of Pa., Inc. for Approval to Use Penalty Credit and Refund Proceeds for Its Residential Hardship Fund, Docket No. P-2018-3000160 (order entered June 14, 2018).

<sup>30</sup> 2014 NFG Order at 7.

<sup>31</sup> Id.

own financially vulnerable customers who are impacted from these transactions and resulting system costs.<sup>32</sup>

Further, while the Commission expressed certain norms related to funding of utilities' hardship funds in its 2015 Columbia Order, it did not alter Columbia's approved Universal Service Rider.<sup>33</sup> As explained in our Main Brief, CAUSE-PA's expert noted support for I&E's proposal that additional hardship funding should originate from PAWC shareholders.<sup>34</sup> However, CAUSE-PA we did not otherwise take a position on the origin of hardship funding. If rates are increased, the Commission must ensure that a greater level of funds are available to customers experiencing a financial hardship to prevent involuntary termination of water and wastewater services and the far-ranging consequences that result – whether through shareholder donations, rates, fundraising, or other means.

Ultimately, we stand by our recommendation, as more fully explained in our Main Brief, that PAWC increase its annual hardship funding by an additional \$1 million over existing funding levels, and that any unspent funds from a program year be rolled over and added to the hardship fund budget for the following year.<sup>35</sup> This increase is critical to offset the impact of any approved rate increase, and ensure customers facing acute financial hardship can maintain safe water and wastewater service in the face of objectively unaffordable rates.

### *3. Low Income Customer Outreach, Screening, and Intake*

As discussed in detail in CAUSE-PA's Main Brief, PAWC's low income assistance programs are woefully undersubscribed – with the BDP reaching only approximately 25% of PAWC's estimated low income customers and just 40% of PAWC's confirmed low income

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<sup>32</sup> CAUSE-PA St. 1 at 49-50, 52.

<sup>33</sup> 2015 Columbia Order at 38-39.

<sup>34</sup> CAUSE-PA MB at 56.

<sup>35</sup> CAUSE-PA MB at 54.

customers.<sup>36</sup> Further, while 9,658 confirmed low income customers were terminated for nonpayment in 2023, only 3,443 Hardship Fund grants were issued during that period.<sup>37</sup> These figures undercount true need amongst low income customers.<sup>38</sup> In addition, PAWC does not have adequate systems in place to reasonably ensure that customers are being timely referred to BDP and Hardship Fund.<sup>39</sup>

To address these high levels of unaddressed need, CAUSE-PA recommends that PAWC implement changes to its policies and procedures related to screening and enrollment in its low income assistance programs.<sup>40</sup> Specifically, we recommend that PAWC begin screening all new and moving customers for income level and eligibility in assistance programming at the time their service is established and on a periodic basis thereafter during nonemergency calls.<sup>41</sup> In addition, we recommend that PAWC should be required to refer low income customers to available assistance programs (including the BDP and the Hardship Fund) prior to being placed in a payment arrangement.<sup>42</sup> For economically-vulnerable customers, payment arrangements often exacerbate unaffordability and add to already unaffordable monthly payment obligations – compounding payment trouble and increasing termination rates and uncollectible expenses.<sup>43</sup> If customers are potentially eligible for assistance through one of PAWC’s universal service programs, these options must be offered first. Further, PAWC should be prohibited from requiring customers to enter a payment arrangement as a condition to applying for or enrolling in assistance programs.<sup>44</sup>

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<sup>36</sup> CAUSE-PA MB at 63-64.

<sup>37</sup> Id.

<sup>38</sup> Id.

<sup>39</sup> Id.

<sup>40</sup> CAUSE-PA MB at 65-68.

<sup>41</sup> CAUSE-PA MB at 65-66.

<sup>42</sup> Id.

<sup>43</sup> CAUSE-PA MB at 66.

<sup>44</sup> CAUSE-PA MB at 67.

These recommendations are not merely sound public policy, they are rooted in statutory and regulatory mandates – which PAWC ignores.<sup>45</sup> Pursuant to the requirements of 66 Pa. C.S. § 1410.1 (Public Utility Duties), when a customer or applicant contacts a public utility to make a payment agreement, the utility must “refer the customer or applicant to the universal service program administrator... to determine eligibility for a program and to apply for enrollment in a program.”<sup>46</sup> In addition, 66 Pa. C.S. § 1303 requires that a public utility with has more than one rate for service, after notice of service conditions, must compute bills under the rate most advantageous to the customer.<sup>47</sup> As discussed herein and in our Main Brief, the overall undersubscription of PAWC’s low income assistance programs contravenes statutory requirements in Section 1303 and 1401.1 and limits the ability of low income customers to access rates that are just, reasonable, and in the public interest.<sup>48</sup>

Through its Main Brief, PAWC argues against the recommendations set forth in CAUSE-PA’s Main Brief to improve universal service program screening and referrals.<sup>49</sup> PAWC argues that it should not decide on behalf of customers whether to apply for assistance programs or enter into payment arrangements.<sup>50</sup> PAWC also argues that its representatives should not solicit income information from customers that they may consider private or confidential when contacting PAWC about issues unrelated to billing, including move-ins and non-emergency services issues.<sup>51</sup> For the forgoing reasons, we continue to stand by our recommendations related to screening of customers for referral and enrollment in PAWC’s low income assistance programs. PAWC must ensure that

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<sup>45</sup> CAUSE-PA MB at 63-65.

<sup>46</sup> 66 Pa. C.S. § 1410.1.

<sup>47</sup> 66 Pa. C.S. § 1303.

<sup>48</sup> CAUSE-PA MB at 65.

<sup>49</sup> PAWC MB at 87-88. (Public)

<sup>50</sup> Id.

<sup>51</sup> Id.

all income-eligible customers are matched to the most advantageous rate from the start, helping to prevent the accumulation of unnecessarily high and unmanageable debts.

We disagree with PAWC's argument that its representatives should not solicit income information from customers because customers may consider this information confidential or private. As Mr. Geller explains in surrebuttal testimony, there is a significant difference in a customer's perception when they are informed they may be eligible for a discount on their bills if they provide certain household income information – as opposed to when they are coldly asked for income information without further context.<sup>52</sup> PAWC should be required to make clear (1) that the purpose of the income inquiry is to see if a customer is eligible for a lower rate, debt forgiveness, or conservation assistance; and (2) that the customer may choose not to disclose this information.<sup>53</sup>

We also disagree with PAWC's suggestion that screening and referrals would somehow deprive customers of the autonomy to decide whether to enroll in a universal service program or enter a payment arrangement.<sup>54</sup> We are concerned that PAWC is not routinely providing information about the availability of universal service programs prior to offering a payment arrangement, and may in fact be *requiring* customers to accept a payment arrangement as a *condition* to accessing grant assistance through PAWC's Hardship Fund program.<sup>55</sup> PAWC's process creates an inappropriate barrier to accessing Hardship Fund grants, contradicts clear statutory mandate, and exacerbates customer arrears and payment troubles prior to customers being able to access available grant funding.<sup>56</sup> While we agree that low income customers should have

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<sup>52</sup> CAUSE-PA St. 1-SR at 11-12.

<sup>53</sup> CAUSE-PA MB at 67-68.

<sup>54</sup> Id.

<sup>55</sup> Id.

<sup>56</sup> CAUSE-PA St. 1-SR at 11-12; 66 Pa. C.S. § 1410.1.



the option of whether to enroll in a universal service program or enter a payment arrangement, customers should be given the opportunity to make a *fully informed* choice – armed with clear information about their options, and the resulting affordability of future monthly charges.<sup>57</sup> Screening customers for enrollment in all available assistance programs is sound public policy and mandated by the requirements in Chapter 14 of the Public Utility Code.<sup>58</sup>

For these reasons and the reasons set forth in our Main Brief, we stand by our recommended improvements to PAWC’s screening related to its universal service programs, as detailed more fully in CAUSE-PA’s Main Brief.<sup>59</sup>

#### 4. Data Collection, Reporting, and Monitoring of Low Income Programs

In its Main Brief submitted in this matter, CAUSE-PA describes how PAWC’s universal service programs are undersubscribed, reaching only 25% of PAWC’s estimated low income customers, and just 40% of households *known* to be eligible for PAWC’s BDP.<sup>60</sup>

In line with the recommendations of our expert witness, CAUSE-PA recommends that PAWC be required to enhance data tracking and reporting related to its low income customers and assistance programs, including (1) updates to its estimated low income customer count in coordination with the Commission’s Bureau of Consumer Services (BCS);<sup>61</sup> (2) setting certain target enrollment benchmarks for the BDP;<sup>62</sup> and (3) establishing certain quantitative and qualitative goals – and associate tracking and reporting -- related to customer outreach for the purpose of enrolling low income customers in low income assistance programs.<sup>63</sup>

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<sup>57</sup> CAUSE-PA St. 1-SR at 12: 16-22.

<sup>58</sup> 66 Pa. C.S. § 1410.1 (Duties of Public Utilities). CAUSE-PA MB at 63-65.

<sup>59</sup> CAUSE-PA MB at 65-68.

<sup>60</sup> CAUSE-PA MB at 69.

<sup>61</sup> Id.

<sup>62</sup> CAUSE-PA MB at 69-70.

<sup>63</sup> Id.

In its Main Brief, PAWC argues that our recommendations related to data tracking and reporting should be rejected.<sup>64</sup> PAWC argues that it already has processes in place to share data with the Customer Assistance Advisory Group (CAAG), which meets quarterly to discuss universal service programs and outreach.<sup>65</sup> PAWC also argues that, as part of the AMP settlement, it committed to developing and sharing a draft communication and outreach plan for the AMP with its CAAG.<sup>66</sup> PAWC argues that these efforts make recommendations related to benchmarks and reporting requirements unnecessary.<sup>67</sup>

Despite these criticisms lodged by PAWC, we stand firmly by the recommendations set forth in our Main Brief to improve data tracking and reporting related to PAWC's low income assistance programs. As discussed, tens of thousands of PAWC's low income customers remain unenrolled in available assistance, and must bear the full weight of unaffordable monthly bills at both present and proposed rates.<sup>68</sup> Improvements must be made to better assess need and ensure that low income customers can enroll in available assistance programs necessary to afford and stay connected to services. Improved metrics will help to, in turn, improve transparency and Commission oversight of PAWC's universal service programs.

We are supportive of PAWC's described efforts to engage with its CAAG related to its low income assistance programs. The recommended improvements to data tracking and reporting that we set forth throughout our Main Brief are intended to support PAWC's efforts to engage its CAAG in a more effective manner. Regular tracking, assessment, and reporting of metrics and goals to the CAAG will allow it to better assess the status of low income assistance programs and provide

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<sup>64</sup> PAWC MB at 88. (Public)

<sup>65</sup> PAWC MB at 88-89. (Public)

<sup>66</sup> Id.

<sup>67</sup> Id.

<sup>68</sup> CAUSE-PA MB at 69.

improved feedback related to these programs. Without regular collection and assessment of these key metrics, we are concerned the CAAG's ability to provide robust and meaningful feedback will be merely performative.

For these reasons and for the reasons detailed more fully in CAUSE-PA's Main Brief, we stand by our recommendations that PAWC implement enhanced data tracking and reporting related to its low income assistance programs, and enhance reporting of information and metrics to its CAAG. These recommendations are essential to ensure that the Commission, parties, and stakeholders are able to accurately and precisely evaluate PAWC's low income assistance programs, and their ability to assist PAWC's low income customers afford and stay connected to water/wastewater services.

#### 5. Affordability Analyses

As detailed in our Main Brief, PAWC's Affordability Analyses do not properly account for the unaffordability amongst its low income customers. In its Main Brief, PAWC rejects Mr. Geller's criticism of PAWC's Affordability Analyses.<sup>69</sup> PAWC argues that, despite Mr. Geller's arguments that these Affordability Analyses do not assess the actual debt and breadth of unaffordability related to PAWC's rates, Exhibits CBR-1 and CBR-2 provide "enormous levels of detail on the affordability of water and wastewater service across all income groups and also provide data on BTI ratio for customers at different levels of household income by increments of [the federal poverty level.]"<sup>70</sup>

While we do not dispute that PAWC's Exhibits provide a lot of detail, we continue to have serious concerns that PAWC's Affordability Analyses are premised on inappropriate assumptions and inaccurate data, undercutting the ability to appropriately assess the adequacy of PAWC's

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<sup>69</sup> PAWC MB at 77-79. (Public)

<sup>70</sup> PAWC MB at 79. (Public)

programs.<sup>71</sup> For example, PAWC’s Affordability Analyses do not include an assessment of its estimated low income customer base to determine the scope of likely need – resulting in a dramatic undercounting of PAWC’s low income customer base.<sup>72</sup>

PAWC also argues in its Main Brief against the assessment of Mr. Geller and Mr. Colton that PAWC’s rates are already unaffordable for many of its customers — particularly its low income customers.<sup>73</sup> PAWC asserts that the unavoidable “inconvenient truth” is that there will always be some customers for whom affordability of water/wastewater services is challenging, but for the large majority of its residential customers, PAWC’s services are affordable and will continue to be affordable at proposed rates.<sup>74</sup> PAWC also argues that its BDP and Hardship Fund will continue to ensure that its services are affordable for the vast majority of its customers.<sup>75</sup>

We firmly contest that PAWC’s rates are affordable for the majority of its customers. Contrary to PAWC’s assertions, PAWC has a significant number of low income customers for whom its rates are categorically unaffordable – even without the imposition of additional rate increases.<sup>76</sup> For example, at current rates in Rate Zone 1, a four-person household at 50% FPL using 4,000 gallons of water each month has a combined water and wastewater burden of 16%.<sup>77</sup> If PAWC’s rate increase proposal is approved, this same household will face a combined water and wastewater burden of 17%.<sup>78</sup> These are significant burdens that pose oftentimes insurmountable barriers to low income customers affording and staying connected to services. These are facts

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<sup>71</sup> CAUSE-PA MB at 45-47.

<sup>72</sup> CAUSE-PA St. 1 at 23-24.

<sup>73</sup> PAWC MB at 79-81. (Public)

<sup>74</sup> PAWC MB at 80. (Public)

<sup>75</sup> PAWC MB at 80-81. (Public)

<sup>76</sup> CAUSE-PA MB at 13.

<sup>77</sup> CAUSE-PA MB at 40-41.

<sup>78</sup> Id.

which may be “inconvenient”, but must be fully accounted for in consideration of the justness and reasonableness of rates.

Access issues limit the effectiveness of PAWC’s low income assistance programs, including the BDP, to offset unaffordability at both existing and proposed rates. This is demonstrated clearly by the fact that enrollment in the BDP also remains low – reaching only 25% of PAWC’s *estimated* low income customers.<sup>79</sup> Low income customers who are not able enroll in the BDP “will shoulder the full, unmitigated financial burden of the rate increase – compounding existing high levels of rate unaffordability.”<sup>80</sup>

PAWC’s own Affordability Analyses reveals approximately 176,900 (29%) of water customers and 38,400 (35%) of wastewater customers will face combined water and wastewater burdens exceeding 4%.<sup>81</sup> Thus, based on PAWC’s own analyses, *which demonstrably undercounts its actual low income customer base*, nearly one-third of its residential customers will receive rates of water and wastewater services that exceed widely accepted affordability standards.<sup>82</sup> This high planned failure rate in affordability is unacceptable, contrary to regulatory principles, and does not constitute just and reasonable rates that are in the public interest.

In sum, significant numbers of PAWC’s residential customers already have categorically unaffordable rates of basic water/wastewater services. It is inappropriate and contrary to the public interest to shunt the significant numbers of low income customers aside by concluding that unaffordability for these customers is unavoidable and therefore acceptable. Instead, the weight of the evidence in this proceeding demonstrates that PAWC’s has failed to meet its burden of showing that its rates – both as existing and as proposed – are just, reasonable, and in

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<sup>79</sup> CAUSE-PA MB at 15.

<sup>80</sup> Id.

<sup>81</sup> CAUSE-PA MB at 46. PAWC St. 10 at 16-17.

<sup>82</sup> CAUSE-PA MB at 46. CAUSE-PA St. 1 at 33: 5 – 34: 7.

the public interest. It is imperative that the Commission reject PAWC's present rate increase request and require PAWC to implement revisions to its programs, policies, and procedures – as outlined herein and in our Main Brief – to ensure that PAWC's low income customers can afford to connect to and maintain PAWC's services in their homes.

### III. CONCLUSION

For the reason set forth above, as well as in CAUSE-PA's Main Brief and the testimony of CAUSE-PA's expert witness, CAUSE-PA urges the Honorable Administrative Law Judges and the Pennsylvania Utilities Commission to deny PAWC's proposed rate increase in its entirety and to take immediate steps to remediate substantial levels of existing unaffordability within PAWC's universal service programs. In the event that the Commission allows any rate increase, CAUSE-PA urges the ALJs and the Commission to take necessary steps detailed herein to ensure that low income consumers are protected from the increased unaffordability that results from imposition of any rate increase.

Respectfully submitted,  
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