

# Morgan Lewis

**Mark A. Lazaroff**

Partner

+1.215.963.4603

mark.lazaroff@morganlewis.com

September 26, 2025

**VIA E-FILING**

Matthew L. Homsher, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2nd Floor  
400 North Street  
Harrisburg, PA 17120

Re: Pennsylvania-American Water Company  
Supplement No. 55 to Tariff Water-PA P.U.C. No. 5  
Docket No. R-2025-

---

Dear Secretary Homsher:

On September 18, 2025, Pennsylvania-American Water Company (the “Company”) filed materials in support of Supplement No. 55 to Tariff Water-PA P.U.C. No. 5 (“Supplement No. 55”) with the Pennsylvania Public Utility Commission (“Commission”) but inadvertently omitted the Supplement No. 55 tariff pages. The Company filed the Supplement No. 55 tariff pages with the Commission on September 23, 2025. Supplement No. 55 authorizes the Company to implement a tariff rider, the PFAS Litigation Universal Credit Rider, to credit to customers net proceeds that the Company receives from litigation against manufacturers of perfluoroalkyl and polyfluoroalkyl substances.

On September 26, 2025, we received a request from the Secretary’s Bureau to re-file the documents that had initially been filed on September 18, 2025. In response to that request, please find the following materials in support of the Company’s proposed tariff change, which were previously filed with the Commission on September 18, 2025:

- a. Statement of Reasons;
- b. Responses to 52 Pa. Code §§ 53.52(a) and (b); and
- c. the Verifications of Dr. Christina E. Chard and Tony M. Nokovich, P.E.

**Morgan, Lewis & Bockius LLP**

2222 Market Street  
Philadelphia, PA 19103-3007  
United States

**T** +1.215.963.5000  
**F** +1.215.963.5001

Matthew L. Homsher, Secretary  
September 26, 2025  
Page 2

As indicated on the enclosed Certificate of Service, copies of the foregoing materials will be served upon the Commission's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, and the Office of Consumer Advocate.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark A. Lazaroff".

Mark A. Lazaroff

MAL  
Enclosure

cc: All Parties on the Attached Certificate of Service  
Christina Chard (Christina.Chard@amwater.com)  
Elizabeth Rose Triscari (Elizabeth.Triscari@amwater.com)  
Paul T. Diskin (pdiskin@pa.gov)  
Kenneth M. Kulak (ken.kulak@morganlewis.com)  
Brooke E. McGlinn (brooke.mcglinn@morganlewis.com)

## **PENNSYLVANIA-AMERICAN WATER COMPANY**

### **STATEMENT OF REASONS**

Pennsylvania-American Water Company (“PAWC” or the “Company”) is filing herewith Supplement No. 55 to Tariff Water PA P.U.C. No. 5, which bears an effective date of November 17, 2025 (“Supplement No. 55”). The purpose of Supplement No. 55 is to implement a tariff rider – the PFAS Litigation Universal Credit Rider (“Rider”) – to credit to customers net proceeds that the Company receives from litigation against manufacturers of perfluoroalkyl and polyfluoroalkyl substances (“PFAS”) (such amounts, “PFAS Funds”).

PFAS consists of manufactured chemicals historically used in household products such as nonstick cookware, stain repellants, and waterproofing materials. PFAS are (or were) also used in industrial applications such as firefighting foams and electronics production. Thousands of PFAS chemicals persist in the environment.

In 2024, the United States Environmental Protection Agency (“EPA”) announced PFAS drinking water regulations and identified PFAS as a hazardous substance under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”). Drinking water limits of four parts per trillion were instituted, with a compliance deadline of 2029. The Pennsylvania Department of Environmental Protection (“DEP”) separately implemented its own PFAS regulations in 2023. *See* 52 Pa. Code § 109.1 *et. seq.* PAWC proactively implemented a number of projects in order to comply with these EPA and DEP regulations and to safeguard its water supplies and customers.<sup>1</sup>

More than 7,000 lawsuits related to PFAS contamination were brought against primary and secondary PFAS manufacturers and were consolidated into multidistrict litigation docket no. 2873 before the U.S. District Court for the District of South Carolina (the “MDL”).<sup>2</sup> PAWC, along with many other water utilities, actively participated in litigation against several of the major manufacturers of PFAS. These efforts resulted in settlements between the impacted water utilities and several PFAS manufacturers.<sup>3</sup> As a result of these settlements, PAWC has received approximately \$5.4 million (two payments of \$4,924,456 and \$447,522 = \$5,371,978) in settlement

<sup>1</sup> *See, .e.g.*, Direct Testimony of Bruce W. Aiton, *Pa. P.U.C. v. Pennsylvania-American Water Co.*, Docket Nos. 2023-3043189; 2023-3043190, pp. 5-9, 44-45, 56-57.

<sup>2</sup> Multi-district litigation is a judicial tool to promote judicial efficiency among multiple civil cases involving one or more common issues in cases that are pending at the same time in different courts.

<sup>3</sup> Documents and other material pertinent to the settlement agreements are available at the Court’s website for this litigation: <https://www.pfaswatersettlement.com/>.

payments and expects to receive additional compensation from ongoing PFAS litigation in the future.

The Company is proposing to utilize a tariff rider to enable it to distribute PFAS Funds via bill credits to customers as payments are received.<sup>4</sup> This approach would allow customers to benefit immediately rather than PAWC holding the proceeds for a future rate case. The Company would optimally apply credits at the beginning of a month, so that customers would receive credits within that month's billing cycle. Utilizing the Rider would also eliminate the need to determine any interest on PFAS Funds because they will be distributed to customers quickly following receipt.

The Rider also promotes regulatory efficiency. PAWC chose a formulaic design so that it could credit any current and future PFAS Funds without further tariff revisions in the future, thereby reducing the amount of regulatory and legal resources expended for the purpose of delivering funds to customers. Similarly, the Rider is flexible – it can accommodate varying payment timelines and amounts, none of which are predictable or controllable by the Company, and the Rider will ensure customers receive funds as they are paid to the Company, without unnecessary barriers, costs, or delays.

The methodology of calculating the credit is simple and will remain constant. The PFAS Funds will be divided by the number of the Company's active water customers at the time of calculation and each will receive an equal share of the PFAS Funds. PAWC will report to the Pennsylvania Public Utility Commission ("Commission") no more than 10 days after crediting PFAS Funds to customer accounts with a workpaper showing its calculation of the credit so that the Commission can ensure the full proceeds received by the Company were distributed to customers. The Company will round customer credits down to the nearest whole penny. If any portion of PFAS Funds are leftover as a result of rounding or a fluctuation in the Company's customer count between the date the credit is calculated and when credits are issued to customers, those remaining funds will be transferred by the Company to its H2O Help to Others Program and used to fund customer Hardship Grants.

The first credit proposed under the Rider will include two settlement payments received by the Company, net of attorneys' fees and costs, in the aggregate amount of \$5,371,978. As of August 31, 2025, the Company had 694,673 water customers. If the Rider is approved, the resulting one-time credit per customer will be approximately \$7.73.

<sup>4</sup> The amounts received by the Company will be the amount awarded net of attorneys' fees and costs.

**52 Pa. Code § 53.52(a)(1): The specific reasons for each change.**

**Response:**

The Company proposes to implement a tariff rider – the PFAS Litigation Universal Credit Rider (“Rider”) – to credit to customers net proceeds that the Company receives from litigation against manufacturers of perfluoroalkyl and polyfluoroalkyl substances (“PFAS”) (such amounts, “PFAS Funds”). Please refer to the Statement of Reasons for further information.

**52 Pa. Code § 53.52(a)(2): The total number of customers served by the utility.**

**Response:**

As of August 31, 2025, PAWC furnished water service to 694,673 customers.

**52 Pa. Code § 53.52(a)(3): A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.**

**Response:**

The proposed change would affect all PAWC active water customers at the time the credits are issued.

**52 Pa. Code § 53.52(a)(4): The effect of the change on the utility's customers.**

**Response:**

Water customers would receive periodic one-time bill credits calculated with receipt of PFAS Funds (as defined in the Statement of Reasons).

**52 Pa. Code § 53.52(a)(5): The direct or indirect effect of the proposed change on the utility's revenue and expenses.**

**Response:**

There will be no impact to utility revenue or expenses as the Rider will serve as a pass-thru mechanism of PFAS settlement proceeds received by the Company to customers through one-time bill credits.

**52 Pa. Code § 53.52(a)(6): The effect of the change on the service rendered by the utility.**

**Response:**

None.

**52 Pa. Code § 53.52(a)(7): A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).**

**Response:**

Please refer to the Statement of Reasons. Utilizing the Rider would enable the Company to distribute PFAS Funds via bill credits to customers as payments are received.<sup>1</sup> This approach would allow customers to benefit immediately from these funds rather than deferring the proceeds for application in a future rate case.

---

<sup>1</sup> The amounts received by the Company will be the amount awarded net of attorneys' fees and costs.

**52 Pa. Code § 53.52(a)(8): Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308.**

**Response:**

None.

**52 Pa. Code § 53.52(a)(9): Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.**

**Response:**

No customer polls were taken.

**52 Pa. Code § 53.52(a)(10): Plans the utility has for introducing or implementing the changes with respect to its ratepayers.**

**Response:**

Please refer to the Statement of Reasons. As PFAS Funds are received, PAWC will calculate per customer bill credits and apply them to each active water customer account. Bill messages will identify the reason for the adjustment.

**52 Pa. Code § 53.52(a)(11): FCC, FERC or Commission orders or rulings applicable to the filing.**

**Response:**

None.

**52 Pa. Code § 53.52(b)(1): The specific reasons for each increase or decrease.**

**Response:**

Please refer to the Company's response to 52 Pa. Code § 53.52(a)(7) as well as the Statement of Reasons.

**52 Pa. Code § 53.52(b)(2): The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.**

**Response:**

Please see below for PAWC’s income statement for the 12 months ended June 30, 2025. This is the per-books income statement for water and wastewater operations and does not reflect any additional adjustments or allocations between water and wastewater operations.

**Pennsylvania-American Water Company  
Water & Wastewater Operations  
Income Statement  
12 months ending June 30, 2025 (unaudited)  
(Dollars in thousands)**

<b>DESCRIPTION</b>	<b>Total Company PER BOOKS</b>
Operating Revenue	\$1,106,234
Operating Expenses	
Operation and Maintenance	316,812
Depreciation & Amortizations	247,279
General Taxes and Other	18,606
Total Operating Expenses	<u>582,697</u>
Operating Income	523,537
Other Income/(Expenses)	
Other Income/(Expenses), Net	17,556
Interest Expense, Net	<u>(115,158)</u>
Total Other Expenses	(97,602)
Operating Income Before Taxes	425,935
Provision for Income Taxes	102,061
Net Income	<u>\$323,874</u>

**52 Pa. Code § 53.52(b)(3): A calculation of the number of customers, by tariff subdivision, whose bills will be increased.**

**Response:**

None.

**52 Pa. Code § 53.52(b)(4): A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.**

**Response:**

None.

**52 Pa. Code § 53.52(b)(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.**

**Response:**

The proposed credit would affect all PAWC active water customers in all rate zones at the time the credits are issued.

**52 Pa. Code § 53.52(b)(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.**

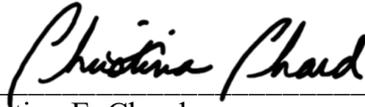
**Response:**

The first credit proposed under the Rider will include two settlement payments received by the Company, net of attorneys' fees and costs, in the aggregate amount of approximately \$5.4M. The Company is proposing a per-customer credit that would apply equally to all customers in all rate zones.

The annual total credits cannot be determined as the payment timelines and amounts are not predictable or controllable by the Company. See Statement of Reasons for further explanation.

## VERIFICATION

I, Dr. Christina E. Chard, hereby state that the facts above set forth in the attached are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



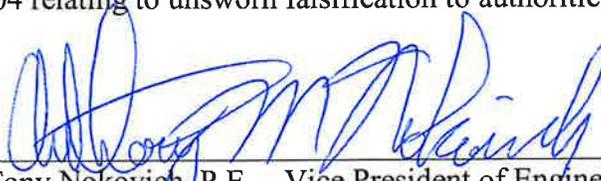
---

Dr. Christina E. Chard  
Senior Director of Rates and Regulatory  
American Water Works Service Company, Inc.

Dated: September 18, 2025

**VERIFICATION**

I, Tony M. Nokovich, hereby states that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Tony Nokovich, P.E. – Vice President of Engineering  
Pennsylvania-American Water Company

Dated: 9/17/2005

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**IN RE: PENNSYLVANIA-AMERICAN** :  
**WATER COMPANY: SUPPLEMENT NO.** : **Docket No R-2025-**  
**55 TO TARIFF WATER-PA P.U.C. NO. 5** :

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served a true copy of the foregoing **Tariff Supplement** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA ELECTRONIC MAIL**

Office of Consumer Advocate  
555 Walnut Street  
Forum Place – 5th Floor  
Harrisburg, PA 17101-1921  
[ra-oca@paoca.org](mailto:ra-oca@paoca.org)

Allison Kaster  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17120  
[akaster@pa.gov](mailto:akaster@pa.gov)

Office of Small Business Advocate  
555 Walnut Street  
Forum Place – 1st Floor  
Harrisburg, PA 17101  
[ra-sba@pa.gov](mailto:ra-sba@pa.gov)

Dated: September 26, 2025



---

Mark A. Lazaroff  
Morgan Lewis & Bockius LLP  
2222 Market Street  
Philadelphia, PA 19103-2921  
(215) 963-4603  
[mark.lazaroff@morganlewis.com](mailto:mark.lazaroff@morganlewis.com)