



Elizabeth Rose Triscari
Senior Director, Corporate Counsel
852 Wesley Drive | Mechanicsburg, PA 17055
Phone: 717-550-1574
elizabeth.triscari@amwater.com

December 23, 2025

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In re: Joint Application of American Water Works Company Inc.,
Pennsylvania-American Water Company, Nexus Regulated
Utilities LLC and Community Utilities of Pennsylvania, Inc.
Docket No. A-2025-3055551, *et al.*

Dear Secretary Homsher:

On behalf of Pennsylvania-American Water Company, I am filing the attached Joint Petition for Approval of Unanimous Settlement of All Issues between American Water Works Company, Inc., Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, Community Utilities of Pennsylvania, Inc, the Office of Consumer Advocate and the Office of Small Business Advocate.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari

cc: The Honorable Administrative Law Judge Erin L. Gannon (*via electronic mail*)
All Parties on the Attached Certificate of Service (*via electronic mail*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Joint Application of American Water :
Works Company Inc., Pennsylvania-American : Docket Nos. A-2025-3055551, *et al.*
Water Company, Nexus Regulated Utilities LLC :
and Community Utilities of Pennsylvania, Inc. :

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of December, 2025, the above-referenced **Joint Petition for Unanimous Settlement of All Issues** was served upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

SERVED VIA ELECTRONIC MAIL ON DECEMBER 23, 2025

Christy Appleby, Esquire
Jacob D. Guthrie, Esquire
Office of Consumer Advocate
555 Walnut St.
5th Floor, Forum Place
Harrisburg, PA 17101
E-mail: cappleby@paoca.org
E-mail: jguthrie@paoca.org
Counsel for *Office of Consumer Advocate*

Whitney E. Snyder, Esquire
HMS Legal LLP
501 Corporate Circle, Suite 302
Harrisburg, PA 17110
E-mail: wesnyder@hmslegal.com
Counsel for *Community Utilities of Pennsylvania, Inc.*

Rebecca Lyttle, Esquire
Office of Small Business Advocate
1st Floor, Forum Place
Harrisburg, PA 17101
E-mail: relyttle@pa.gov
Counsel for *Office of Small Business Advocate*

Respectfully submitted,



Elizabeth Rose Triscari, Esquire
(PA ID # 306921)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Phone: (717) 550-1574
E-mail: elizabeth.triscari@amwater.com

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGE
ERIN L. GANNON**

Joint Application of American Water Works :
Company, Inc., Pennsylvania-American Water :
Company, Nexus Regulated Utilities, LLC and :
Community Utilities of Pennsylvania Inc., Pursuant : Docket Nos.
to Sections 1102 and 1103 of the Public Utility Code, : A-2025-3055551 *et al.*
for all of the necessary authority, approvals and :
certificates of public convenience to approve the :
transfer of control of Community Utilities of :
Pennsylvania Inc. from Nexus Regulated Utilities, :
LLC to American Water Works Company, Inc. :

**JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF ALL ISSUES**

I. INTRODUCTION

American Water Works Company, Inc. (“American Water”), Pennsylvania-American Water Company (“PAWC” or the “Company”), Nexus Regulated Utilities, LLC (“Nexus”) and Community Utilities of Pennsylvania Inc. (“CUPA”), the Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) (singularly, a “Petitioner” and collectively, the “Joint Petitioners”) hereby join in this Joint Petition for Approval of Unanimous Settlement of All Issues (“Settlement”) and respectfully request that the Honorable Administrative Law Judge

Erin L. Gannon (the “ALJ”) recommend approval of, and the Commission approve, this Settlement without modification.

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. On May 19, 2025, American Water and Nexus entered into a Purchase and Sale Agreement (the “Stock Purchase Agreement”) by which American Water will purchase all the issued and outstanding equity interests in specified entities that own regulated water and wastewater systems located in various states, including CUPA in Pennsylvania. Upon American Water’s acquisition of 100% of the equity interests in CUPA, American Water will immediately merge CUPA with and into PAWC as contemplated in the Statement of Merger by and among American Water, CUPA and PAWC.

2. On May 30, 2025, the Joint Application of American Water, PAWC, Nexus and CUPA (the “Joint Application”) was filed.

3. By Secretarial Letter dated June 4, 2025, the Pennsylvania Public Utility Commission (“Commission”) acknowledged receipt of the Joint Application and directed that copies of it be served on certain entities. By correspondence dated June 30, 2025, the Commission extended the deadline for PAWC to file proofs of publication.

4. Notice of the filing of the Joint Application was published in the *Pennsylvania Bulletin* on June 14, 2025. 55 Pa. B. 4167-4168.

5. On June 17, 2025, counsel for the OSBA entered her appearance. On June 25, 2025, the OSBA filed a Protest and a Notice of Intervention.

6. On June 30, 2025, the OCA filed a Protest.

7. On June 30, 2025, PAWC filed proof that it had served notice of the Joint Application as directed by the Secretarial Letter of June 4, 2025. Proofs of publication of notice concerning the filing of the Joint Application were filed on July 8, 2025.

8. On July 11, 2025, the Commission issued a Notice of a Call-In Telephonic Prehearing Conference. The ALJ issued her Prehearing Conference Order on July 17, 2025.

9. PAWC and CUPA filed a Petition for Protective Order (the “Petition”) on July 18, 2025. The Petition was unopposed. On July 23, 2025, the ALJ issued an Order Granting Petition for Protective Order.

10. On July 25, 2025, Prehearing Conference Memoranda were filed by CUPA, PAWC, the OSBA and the OCA.

11. The Prehearing Conference was held as scheduled on July 29, 2025.

12. On August 6, 2025, the Commission issued a Public Input Hearing Notice notifying the parties and the public of two in-person Public Input Hearings to be held on September 23, 2025 and two additional telephonic public input hearings to be held on September 24, 2025.

13. On August 7, 2025, the Commission issued an In-Person Evidentiary Hearing Notice advising the parties and the public of the Evidentiary Hearings scheduled for November 20 and 21, 2025.

14. By letter dated August 13, 2025, PAWC notified the ALJ and the other parties that Ashley Everette would testify in this proceeding rather than Dr. Christina Chard.

15. By letter dated August 26, 2025, the OSBA notified the ALJ and the other parties that Ms. Celia Hashlamoun and Ms. Rebecca Forbes would appear as additional expert witnesses in this matter.

16. In accordance with the Litigation Schedule, the parties served Direct Testimony, Rebuttal and Surrebuttal Testimony, and Rejoinder Testimony. This testimony was introduced into the record at the Evidentiary Hearing held on November 20, 2025.

17. In addition, the parties engaged in extensive discovery.

18. On September 5, 2025, the ALJ issued her Scheduling Order memorializing the decisions made at the Prehearing Conference of July 29, 2025.

19. The Public Input Hearings were held as scheduled on September 23 and 24, 2025.

20. By letter dated October 7, 2025, the OCA notified the ALJ and the other parties that Ms. LeeAnn M. Wise would appear as an additional witness in this proceeding.

21. On November 19, 2025, the Commission issued a Hearing Cancellation Notice, cancelling the hearing scheduled for November 20, 2025.

22. Also on November 19, 2025, the Joint Petitioners advised the ALJ via e-mail that they had reached a unanimous settlement of all issues.

23. The Evidentiary Hearing was held in this matter on November 20, 2025.

III. SETTLEMENT TERMS

The Joint Petitioners agree as follows:

A. Approval of Application

24. The Joint Petitioners agree that the Commission should approve:

a. the transfer of control of CUPA from Nexus to American Water;

b. the transfer to PAWC, by merger, of all assets of CUPA used or useful in

the public service (the “Systems”);

c. PAWC’s right to begin to offer, render, furnish, or supply water service in the areas served by the Systems;

d. PAWC’s right to begin to offer, render, furnish or supply wastewater service in the areas served by the Systems;

e. CUPA’s abandonment of all water service in the Commonwealth; and

f. CUPA’s abandonment of all wastewater service in the Commonwealth.

25. If PAWC and CUPA decide to close on the Transaction (“Close”) in accordance with their respective contractual rights and obligations under the Stock Purchase Agreement and the Statement of Merger, the Closing will not take place sooner than the date of the existence of a final order of the Commission approving the Joint Application.

B. Rates

26. The *pro forma* tariff attached to the Application as **Appendix “R”**, including all rates, rules and regulations regarding conditions of PAWC’s water service, shall be permitted to become effective upon one day’s notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC’s water service, as reflected in PAWC’s prevailing water tariff, to become effective upon the completion of the merger.

27. The *pro forma* tariff attached to the Application as **Appendix “S”**, including all rates, rules and regulations regarding conditions of PAWC’s wastewater service, shall be permitted to become effective upon one day’s notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC’s wastewater service, as reflected in PAWC’s prevailing wastewater tariff, to become effective upon the completion of the merger.

28. PAWC shall record the original cost of CUPA’s utility plant in service net of accumulated depreciation as of the acquisition Closing date. PAWC will not request recovery of an acquisition adjustment under Section 1327(a) of the Pennsylvania Public Utility Code (“Code”).

Any goodwill resulting from this transaction that is included on the balance sheet of PAWC shall be excluded from rate base. Therefore, financing costs for the goodwill will not be recovered in rates.

29. PAWC will, in the first base rate case in which it includes the System assets, identify the capital additions made to the acquired System which are necessary for PAWC to integrate the Systems into its operating footprint separately from those capital additions which are safety-, reliability-, quality of service-, or environmentally-related or otherwise necessary for regulatory compliance. PAWC's analysis or report separately identifying these investments shall be made available to the parties to that proceeding upon request.

30. Except as explicitly agreed upon in this Settlement, nothing contained herein or in the Commission's approval of the Joint Application shall preclude any Joint Petitioner from asserting any position or raising any issue in a future PAWC proceeding.

C. Approval of an Agreement with an Affiliated Interest Pursuant to 66 Pa. C.S. § 2102

31. The Stock Purchase Agreement was executed by the corporate parent of PAWC and would briefly make the Systems subsidiaries of American Water. The Joint Petitioners agree that the Commission should approve the Stock Purchase Agreement and the Statement of Merger as affiliated interest agreements pursuant to 66 Pa. C.S. § 2102.

D. Approval of Agreements Pursuant to 66 Pa. C.S. § 507

32. Pursuant to 66 Pa. C.S. § 507, the Commission shall issue a Certificate of Filing or Approval for:

a. Water Services Agreement dated January 16, 2007, by and between Utilities, Inc. – Westgate and the City of Bethlehem; and

b. Addendum to Water Services Agreement dated June 6, 2017, by and between Utilities, Inc. – Westgate and the City of Bethlehem.

E. Distribution System Improvement Charges

33. The DSIC provisions of PAWC’s effective water and wastewater tariffs will apply to the former CUPA water and wastewater customers in the Systems no later than the first base rate case in which those systems are included. Additionally, PAWC will not seek to recover investments in the water or wastewater systems in its DSIC until PAWC applies the DSIC to the Systems’ customers.

F. Customer Assistance Programs

34. Immediately after Closing, System customers will become eligible for all PAWC payment options and customer programs, including applicability of PAWC’s arrearage management program.

35. Within the first billing cycle following Closing, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to the Systems’ customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC’s contact information. PAWC also agrees to ongoing, targeted outreach to its System customers regarding its low income programs.

36. The welcome letter will be sent within the first 30 days of Closing and will also include information about the OCA and the OSBA, about payment options (including low-income programs, eligibility requirements, PAWC contact information) and in-person bill payment

locations reasonably proximate to the areas served by the System. The welcome letter shall also refer customers to PAWC's website (including the link) where a customer can find information concerning the transaction, which will include information regarding the OCA and the OSBA with a hyperlink. Unless PAWC, OSBA and the OCA agree to work together on a different timeline, within 15 days of a final order in this proceeding, PAWC will provide the OSBA and the OCA with a copy of the draft welcome letter; OSBA and the OCA will provide any suggestions to PAWC within 10 days of receipt; and PAWC, in good faith, will consider incorporation of said suggestions.

G. CUPA Customer Protections

37. In furtherance of the settlement terms of CUPA's most recent base rate cases at Docket Nos. R-2023-3042804 *et al*, CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Integration Customer Protection Deferral Mechanism. The balance of the Integration Customer Protection Deferral Mechanism account will be determined as of the last day of the month prior to Closing of the Transactions. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs. This provision is a result of the rate cases at Docket No. R-2023-3042804 *et al*. which authorized CUPA to create the Integration Customer Protection Deferral Mechanism.

38. Within 12 months following the date of Closing, PAWC will complete an initial hydraulic model or other analysis to evaluate fire suppression flows available throughout the Tamiment and Westgate systems and develop a capital plan consistent with its model and analysis to determine the scope of improvements necessary to provide sufficient pressure for fire suppression and the cost of any such improvements.

39. Within 18 months following the date of Closing, or, if delayed as a result of permitting or regulatory approvals, a reasonable time thereafter, PAWC will begin construction on

the identified capital improvements necessary to provide sufficient water pressure for fire suppression in the Tamiment and Westgate systems.

40. Upon Closing, PAWC will assess the treatment needs in the Tamiment system and determine if additional treatment or filtration is required to address particulate matter in the water concerns raised at the public input hearing. An initial report will be prepared within 9 months of Closing detailing the results of the assessment. The report will be shared with the parties to this proceeding.

41. Within 18 months following the date of Closing, PAWC will organize an in-person collaborative in each of CUPA's current water and wastewater service territories. At this collaborative, PAWC will provide customers the opportunity to describe concerns they have regarding the quality of their water or wastewater service. The OCA and OSBA will be invited to participate in the in-person collaboratives and will have input into the locations of the collaboratives. The customer collaborative will be held between May 1 and September 30 and will include customer education on concerns regarding water hardness, particulate matter in water, and water conservation. PAWC will meet with the OCA and OSBA to discuss the issues it intends to present at the collaboratives at least 60 days prior to the collaboratives, and will consider in good faith any feedback provided by the OCA and OSBA. PAWC will provide a description of each concern identified by CUPA's customers to the OCA and OSBA within 60 days following the collaboratives.

42. Within 12 months of Closing, but prior to the first general rate increase request which includes CUPA's system assets, PAWC will conduct an evaluation of a wastewater deduct meter pilot program for CUPA's Utilities, Inc. of Pennsylvania Chester County (former Utilities, Inc. of Pennsylvania Division) service territory. The evaluation may assume that (1) the pilot

program will be voluntary and/or (2) the customer using the deduct meter will provide a contribution in aid of construction for the cost of the deduct meter, its installation, and related plant in service accounts. This evaluation should estimate the costs to PAWC to implement the program, estimate the number of customers who may benefit from enrollment in the program within the studied system, estimate the costs to customers to install and maintain a deduct meter (if applicable), estimate the potential bill savings that the customers would experience, and estimate the effect on other customers' rates due to the adjustment to billing determinants. PAWC will provide the written evaluation to the OCA and OSBA at the time of completion and, upon request, will produce the same in discovery in the first general rate increase request which includes CUPA's system assets.

H. Compliance with CUPA Rate Case Commitments

43. To the extent not otherwise specifically addressed by the terms of this Settlement agreement, CUPA's 2024 rate case settlement terms are not applicable to PAWC upon Closing the transaction, however, PAWC agrees to take actions consistent with its response to OCA-II-5 (attached as **Appendix D**) with respect to CUPA's low-income customers.

I. Other Necessary Approvals

44. The Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the transactions contemplated in the Joint Application in a lawful manner.

J. Standard Settlement Conditions

45. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to

withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

46. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

47. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

48. To the extent possible, the Joint Petitioners shall jointly prepare and submit Joint Proposed Findings of Fact (attached as **Appendix A**), Joint Proposed Conclusions of Law (attached as **Appendix B**), and Joint Proposed Ordering Paragraphs (attached as **Appendix C**). The Joint Petitioners further agree that the facts agreed to in the Joint Proposed Findings of Fact will be sufficient to find that the Settlement is in the public interest.

49. Each Petitioner shall prepare a Statement in Support of Settlement (attached as **Appendices E-H**) setting forth the bases upon which the Petitioner believes the Settlement to be in the public interest.

50. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

IV. REQUEST FOR RELIEF

WHEREFORE, American Water Works Company, Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, Community Utilities of Pennsylvania Inc., the Office of Consumer Advocate and the Office of Small Business Advocate, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Erin L. Gannon recommend, and the Pennsylvania Public Utility Commission (“Commission”) order:

1. That the Joint Petition for Unanimous Settlement of All Issues is APPROVED as submitted, including all terms and conditions thereof, without modification.

2. That the Joint Application filed by American Water Works Company, Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, and Community Utilities of Pennsylvania Inc., on May 30, 2025, is APPROVED as amended by the Joint Petition for Unanimous Settlement of All Issues.

3. That the Commission issue such Orders, Certificates of Public Convenience or such other relief as necessary to evidence its approval under Sections 1102(a) and 1103 of the Code of:

- a. the transfer of control of CUPA from Nexus to American Water;
- b. the transfer to PAWC, by merger, of all assets of CUPA used or useful in the public service (the “Systems”);
- c. PAWC’s right to begin to offer, render, furnish, or supply water service in the areas served by the Systems;

d. PAWC's right to begin to offer, render, furnish or supply wastewater service in the areas served by the Systems;

e. CUPA's abandonment of all water service in the Commonwealth; and

f. CUPA's abandonment of all wastewater service in the Commonwealth.

4. That the *pro forma* tariff attached to the Application as **Appendix "R"**, including all rates, rules and regulations regarding conditions of PAWC's water service, shall be permitted to become effective upon one day's notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC's water service, as reflected in PAWC's prevailing water tariff, to become effective upon the completion of the merger.

5. That the *pro forma* tariff attached to the Application as **Appendix "S"**, including all rates, rules and regulations regarding conditions of PAWC's wastewater service, shall be permitted to become effective upon one day's notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC's wastewater service, as reflected in PAWC's prevailing wastewater tariff, to become effective upon the completion of the merger.

6. That PAWC shall record the original cost of CUPA's utility plant in service net of accumulated depreciation as of the acquisition Closing date. PAWC will not request recovery of an acquisition adjustment under Section 1327(a) of the Pennsylvania Public Utility Code ("Code").

7. That, in the first base rate case in which PAWC includes the System assets, PAWC will identify the capital additions made to the acquired System which are necessary for PAWC to integrate the Systems into its operating footprint separately from those capital additions which are safety-, reliability-, quality of service-, or environmentally-related or otherwise necessary for regulatory compliance. PAWC's analysis or report separately identifying these investments shall be made available to the parties to that proceeding upon request.

8. That the Stock Purchase Agreement and the Statement of Merger are APPROVED as affiliated interest agreements pursuant to 66 Pa. C.S. § 2102.

9. That a Certificate of Filing or Approval shall be issued for the following agreements, pursuant to 66 Pa. C.S. § 507:

- a. Water Services Agreement dated January 16, 2007, by and between Utilities, Inc. – Westgate and the City of Bethlehem; and
- b. Addendum to Water Services Agreement dated June 6, 2017, by and between Utilities, Inc. – Westgate and the City of Bethlehem.

10. That the DSIC provisions of PAWC's effective water and wastewater tariffs will apply to the former CUPA water and wastewater customers in the Systems no later than the first base rate case in which those systems are included. That PAWC will not seek to recover investments in the water or wastewater systems in its DSIC until PAWC applies the DSIC to the Systems' customers.

11. That immediately after Closing, System customers will become eligible for all PAWC payment options and customer programs, including applicability of PAWC's arrearage management program.

12. That within the first billing cycle following Closing, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to the Systems' customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC's contact information.

13. That the welcome letter will be sent within the first 30 days of Closing and will also include information about the OCA and the OSBA, about payment options (including low-income programs, eligibility requirements, PAWC contact information) and in-person bill payment locations reasonably proximate to the areas served by the System. The welcome letter shall also

refer customers to PAWC's website (including the link) where a customer can find information concerning the transaction, which will include information regarding the OCA and the OSBA with a hyperlink. Unless PAWC, OSBA and the OCA agree to work together on a different timeline, within 15 days of a final order in this proceeding, PAWC will provide the OSBA and the OCA with a copy of the draft welcome letter; OSBA and the OCA will provide any suggestions to PAWC within 10 days of receipt; and PAWC, in good faith, will consider incorporation of said suggestions.

14. That CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Integration Customer Protection Deferral Mechanism. The balance of the Integration Customer Protection Deferral Mechanism account will be determined as of the last day of the month prior to Closing of the Transactions. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs.

15. That, within 12 months following the date of Closing, PAWC will complete an initial hydraulic model or other analysis to evaluate fire suppression flows available throughout the Tamiment and Westgate systems and develop a capital plan consistent with its model and analysis to determine the scope of improvements necessary to provide sufficient pressure for fire suppression and the cost of any such improvements.

16. That, within 18 months following the date of Closing, or, if delayed as a result of permitting or regulatory approvals, a reasonable time thereafter, PAWC will begin construction on the identified capital improvements necessary to provide sufficient water pressure for fire suppression in the Tamiment and Westgate systems.

17. That, upon Closing, PAWC will assess the treatment needs in the Tamiment system and determine if additional treatment or filtration is required to address particulate matter in the water concerns raised at the public input hearing. An initial report will be prepared within 9 months of Closing detailing the results of the assessment. The report will be shared with the parties to this proceeding.

18. That, within 18 months following the date of Closing, PAWC will organize an in-person collaborative in each of CUPA's current water and wastewater service territories. At this collaborative, PAWC will provide customers the opportunity to describe concerns they have regarding the quality of their water or wastewater service. The OCA and OSBA will be invited to participate in the in-person collaboratives and will have input into the locations of the collaboratives. The customer collaborative will be held between May 1 and September 30 and will include customer education on concerns regarding water hardness, particulate matter in water, and water conservation. PAWC will meet with the OCA and OSBA to discuss the issues it intends to present at the collaboratives at least 60 days prior to the collaboratives, and will consider in good faith any feedback provided by the OCA and OSBA. PAWC will provide a description of each concern identified by CUPA's customers to the OCA and OSBA within 60 days following the collaboratives.

19. That, within 12 months of Closing, but prior to the first general rate increase request which includes CUPA's system assets, PAWC will conduct an evaluation of a wastewater deduct meter pilot program for CUPA's Utilities, Inc. of Pennsylvania Chester County (former Utilities, Inc. of Pennsylvania Division) service territory. The evaluation may assume that (1) the pilot program will be voluntary and/or (2) the customer using the deduct meter will provide a contribution in aid of construction for the cost of the deduct meter, its installation, and related plant

in service accounts. This evaluation should estimate the costs to PAWC to implement the program, estimate the number of customers who may benefit from enrollment in the program within the studied system, estimate the costs to customers to install and maintain a deduct meter (if applicable), estimate the potential bill savings that the customers would experience, and estimate the effect on other customers' rates due to the adjustment to billing determinants. PAWC will provide the written evaluation to the OCA and OSBA at the time of completion and, upon request, will produce the same in discovery in the first general rate increase request which includes CUPA's system assets.

20. That, to the extent not otherwise specifically addressed by the Settlement agreement, CUPA's 2024 rate case settlement terms are not applicable to PAWC upon Closing the transaction, however, PAWC will take actions consistent with its response to OCA-II-5 with respect to CUPA's low-income customers.

21. That the Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the transactions contemplated in the Joint Application in a lawful manner.

[Signatures appear on next page.]



Elizabeth Rose Triscari, Esq. (PA ID # 306921)
Teresa Harrold, Esq. (PA ID No. 311082)
Erin K. Fure, Esq. (PA ID No. 312245)

Counsel for *Pennsylvania-American Water Company*

/s/ Rebecca Lyttle

Rebecca Lyttle, Esq. (PA ID # 201399)

Counsel for *Office of Small Business Advocate*

/s/ Whitney E. Snyder

Whitney E. Snyder, Esq. (PA ID # 316625)

Counsel for *Community Utilities of Pennsylvania Inc.*

/s/ Christy M. Appleby

Christy M. Appleby, Esq. (PA ID # 85824)
Jacob Guthrie, Esq. (PA ID # 334367)

Counsel for *Office of Consumer Advocate*

List of Appendices:

- A. Proposed Findings of Fact
- B. Proposed Conclusions of Law
- C. Proposed Ordering Paragraphs
- D. PAWC's Answer to Interrogatory OCA-II-5
- E. Statement in Support of Pennsylvania-American Water Company
- F. Statement in Support of Community Utilities of Pennsylvania Inc.
- G. Statement in Support of the Office of Consumer Advocate
- H. Statement in Support of the Office of Small Business Advocate

APPENDIX A
PROPOSED FINDINGS OF FACT

PARTIES

1. Pennsylvania-American Water Company (“PAWC”) is an investor-owned certificated Pennsylvania public utility (public utility code numbers 212285 (water) and 230073 (wastewater)). PAWC St. No. 1 p. 9.

2. American Water Works Company, Inc. (“American Water”) owns 100% of the stock of PAWC. American Water is the largest investor-owned water and wastewater utility in the United States. PAWC St. No. 1 p. 9; PAWC Exhibit MS-2 p. 4..

3. Community Utilities of Pennsylvania, Inc. (“CUPA”) is an investor-owned certificated Pennsylvania public utility (public utility code numbers 2118089 (water) and 2318090 (wastewater)). CUPA St. No. 1 p. 3; PAWC St. No. 1 p. 12.

4. Nexus Regulated Utilities, LLC (“Nexus”) is a holding company that directly owns all of the issued and outstanding stock of CUPA. Nexus is a wholly-owned subsidiary of Nexus Water Group, Inc. (“NWG”). CUPA St. No. 1 p. 4

5. The Office of Small Business Advocate (“OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41.

6. The Office of Consumer Advocate (“OCA”) is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

CUPA AND ITS WATER AND WASTEWATER SYSTEMS

7. CUPA provides water service to approximately 3,212 water customers across three service territories in Pennsylvania. These territories were formerly known as Penn Estates Utilities, Inc. (“Penn Estates”), Utilities Inc.-Westgate (“Westgate”) and Pennsylvania Utility Company (“Tamiment”). CUPA St. No. 1 p. 3.

8. PAWC does not provide wastewater service in any of CUPA’s water service areas. PAWC St. No. 2 p. 16.

9. CUPA provides wastewater service to approximately 3,846 wastewater customers across three service territories in Pennsylvania. These territories were formerly known as Penn Estates, Utilities, Inc. of Pennsylvania a/k/a Broad Run Wastewater (“Broad Run”) and Tamiment. CUPA St. No. 1 p. 3.

10. PAWC does not provide water service in any of CUPA’s wastewater service areas. PAWC St. No. 2 p. 16.

11. The Westgate water system is located in Hanover Township, Northampton County. It purchases all its water from the City of Bethlehem. This system has approximately 77,000 feet of pipe, no pump stations and no storage tanks. PAWC St. No. 2 pp. 2-3.

12. Several fire hydrants in Westgate do not meet state standards for flow and pressure to provide adequate fire service. PAWC St. No. 2 p. 9.

13. The Pennsylvania Department of Environmental Protection (“DEP”) has issued two Notices of Violation (“NOVs”) to Westgate. PAWC St. No. 2 pp. 9-10.

14. Broad Run has a wastewater treatment plant (“WWTP”) that serves a residential subdivision in West Bradford Township, Chester County, Pennsylvania. Sludge is hauled from the WWTP to either the Delaware County Regional Water Quality Control Authority (“DELCORA”) WWTP or to the Pottstown WWTP for disposal. PAWC St. No. 2 pp. 3-4.

15. The Penn Estates community is a second home and year-round residential development. PAWC St. No. 2 p. 4.

16. The Penn Estates water system has seven permitted wells. The system has six storage tanks totaling 554,000 gallons in capacity. PAWC St. No. 2 pp. 4-5.

17. Several fire hydrants in Penn Estates do not meet state standards for flow and pressure to provide adequate fire service. PAWC St. No. 2 p. 10.

18. In 2023, Penn Estates reported 27% unaccounted for water (“UFW”). PAWC St. No. 2 p. 10.

19. The Penn Estates system has exceeded its combined production capacity on a peak day basis in three of the last five years. It had to purchase water from Easton three times in 2023 due to leaks in the distribution system. PAWC St. No. 2 p. 12

20. DEP issued six NOV’s to the Penn Estates water system during the period 2022-2024. PAWC St. No. 2 p. 12.

21. The Penn Estates wastewater system includes a WWTP in Stroud Township, Monroe County. PAWC St. No. 2 p. 6.

22. Penn Estates wastewater had more than twenty sanitary sewage overflows (“SSOs”) (releases of untreated or partially untreated sewage) from 2019-2024. There were thirty-four exceedances of permitted effluent limits from 2020-2024. CUPA entered into a Consent Order and Agreement (“COA”) with DEP in 2020 for ongoing effluent violations and SSOs. PAWC St. No. 2 p. 13.

23. DEP issued seven NOV’s to Penn Estates wastewater from 2020 through 2024. PAWC St. No. 2 p. 13.

24. The Tamiment service areas include private residences, resort facilities, and approximately 2,500 undeveloped acres with a proposed mix of residential and commercial properties. PAWC St. No. 2 p. 7.

25. The Tamiment water system has three permitted wells. Well 1 will likely require treatment for Perfluorooctanesulfonic acid (“PFOS”). PAWC St. No. 2 p. 8.

26. Several fire hydrants in Tamiment do not meet state standards for flow and pressure to provide adequate fire service. PAWC St. No. 2 p. 14.

27. In 2023, Tamiment water reported 28.8% UFW. PAWC St. No. 2 p. 14.

28. One entry point at Tamiment will require a PFOS removal system by the current 2031 deadline. PAWC St. No. 2 p. 14.

29. DEP issued three NOVs to Tamiment water from 2021-2022. PAWC St. No. 2 p. 14.

30. The Tamiment wastewater system has a WWTP. PAWC St. No. 2 p. 8.

31. The Tamiment wastewater system’s NPDES permit expired on April 30, 2021, although a renewal application was submitted in October 2020. PAWC St. No. 2 p. 15.

32. The Tamiment WWTP experienced at least one SSO every year from 2021-2024. PAWC St. No. 2 p. 15.

33. DEP issued seven NOVs to Tamiment wastewater during the period 2020-2024. PAWC St. No. 2 p. 15.

34. Testimony from consumers at the public input hearings highlighted persistent and widespread concerns regarding rates, water pressure, functional fire hydrants, water quality and customer service by CUPA. OCA St. No. 2 p. 4.

PAWC AND ITS SYSTEMS

35. PAWC is the largest regulated public utility corporation duly organized and existing under the laws of Pennsylvania engaged in the business of collecting, treating, storing, supplying, distributing, and selling water service to the public, and collecting, treating, transporting and disposing of wastewater service for the public. PAWC St. No. 2 p. 9.

36. PAWC furnishes water and wastewater services in a service territory encompassing more than 424 communities in 38 counties. PAWC St. No. 1 p. 9.

37. As of July 31, 2025, PAWC furnished water service to approximately 694,617 customers and furnished wastewater service to approximately 116,270 customers in Pennsylvania. PAWC St. No. 1 p. 10.

THE TRANSACTIONS

38. In the Stock Purchase Agreement, American Water agreed to purchase all issued and outstanding equity interests in specified entities that own regulated water and wastewater systems located in various states, including CUPA in Pennsylvania. This will result in the change of control of CUPA from Nexus to American Water (the “Change of Control”). PAWC St. No. 1 p. 5.

39. Upon American Water’s acquisition of all the equity interests in CUPA, American Water will immediately merge CUPA with and into PAWC, with PAWC as the surviving corporation (the “Merger”). PAWC St. No. 1 pp. 5-6. The Change of Control and the Merger are referred to herein as the “Transactions”).

40. Following closing, CUPA will cease to exist. PAWC St. No. 1 pp. 6, 9.

41. The Preliminary Purchase Price for American Water's purchase of Nexus' equity interests is approximately \$315 million. The amount allocated to the purchase of CUPA is \$59,512,629. PAWC St. No. 1 p. 7; PAWC St. No. 3 pp. 4-5. The amount allocated to CUPA is based on the ratio of CUPA's capital structure balance to the total capital structure balance of the entities to be acquired through the Stock Purchase Agreement. PAWC St. No. 3 p. 5; PAWC St. No. 3-R p. 3.

42. If the purchase price had been allocated on the basis of the relative net assets of CUPA compared to the other Nexus systems, the amount allocated to CUPA would have been greater than \$59,512,629. PAWC St. No. 3-R p. 3.

43. The final purchase price for American Water's purchase of Nexus' equity interests will be determined at the closing of the Transactions ("Closing"). The \$315 million Preliminary Purchase Price therefore could change. OCA St. No. 1 p. 13.

44. PAWC plans to split the purchase price between the water and wastewater systems based on the depreciated original cost of each system. PAWC St. No. 3 p. 5.

45. As part of the Transactions, PAWC will negotiate a COA with DEP that establishes a new compliance schedule to deliver improvement projects. PAWC will then assume responsibility for implementing the projects after Closing. PAWC St. No. 2 p. 20.

POST-CLOSING OPERATION OF THE SYSTEMS

46. After Closing, the CUPA systems will continue to be operated as stand-alone systems; they will not be interconnected with another PAWC system. PAWC St. No. 2 p. 17.

47. Employees in PAWC's water and wastewater departments support each other when appropriate and necessary, particularly in emergency situations. PAWC St. No. 2 p. 17.

48. All operations and employees within PAWC and within the broader American Water footprint have access to each other when circumstances require or when a very specialized skill or experience is required to support all local issues. PAWC St. No. 2 p. 17.

49. PAWC has developed a five year capital plan for the CUPA systems based on preliminary cost estimates of needed improvement projects identified during PAWC's due diligence efforts. PAWC estimates the five year capital cost is \$43 million. PAWC St. No. 2 p. 18; PAWC Exhibit MJG-3.

50. The capital projects in PAWC's plan will address the COA in Penn Estates wastewater as well as other projects that will: replace the systems' aging infrastructure; replace portions of the collection system known to have high inflow and infiltration or combined sewer overflows; improve fire flows; address low and high pressure issues; address PFOS; and improve efficiency. PAWC St. No. 2 pp. 20-21.

PAWC'S LEGAL FITNESS

51. PAWC has a history of complying with the Pennsylvania Public Utility Code ("Code") and other applicable laws, including environmental laws. PAWC St. No. 1 p. 14; PAWC St. No. 2 p. 25..

52. There are no pending legal proceedings that would suggest that PAWC is not legally fit to provide service to CUPA's customers. PAWC St. No. 1 p. 14.

PAWC'S TECHNICAL FITNESS

53. PAWC currently employs approximately 1,150 professionals with expertise in all areas of water and wastewater utility operations, including water and wastewater treatment plant

operation and maintenance, distribution and collection system operation and maintenance, engineering, regulatory compliance, materials management, risk management, business development, legal, human resources, accounting and customer service. PAWC St. No. 1 p. 10; PAWC St. No. 2 p. 22.

54. A fifty-person team of American Water engineers has handled a wide variety of system assessments, treatment process evaluations, and design reviews for water and wastewater treatment systems to improve operations and prioritize capital improvements. PAWC St. No. 2 p. 23.

55. PAWC has significant water and wastewater operations throughout Pennsylvania and in the areas near CUPA's water and wastewater systems. PAWC St. No. 1 p. 15; PAWC St. No. 2 p. 16, PAWC Exhibit MJG-2.

56. PAWC is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully integrating those assets into its business operations. PAWC St. No. 1 p. 15.

57. PAWC has improved troubled wastewater systems following acquisition. PAWC St. No. 2 p. 23.

PAWC'S FINANCIAL FITNESS

58. PAWC had total assets of approximately \$7.9 billion and annual revenues of \$1.04 billion for 2024. For 2024, PAWC had operating income of approximately \$498 million and net income of approximately \$314 million. PAWC St. No. 3 p. 2.

59. PAWC has a \$495 million line of credit through American Water Capital Corp. ("AWCC"). PAWC obtains long-term debt financing through AWCC at favorable interest rates

and payment terms. When applicable, PAWC uses low-cost financing through the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) and the Pennsylvania Economic Development Financing Authority (“PEDFA”). PAWC St. No. 3 pp. 3-4.

60. PAWC may obtain additional equity investments through American Water. PAWC St. No. 3 p. 4.

61. PAWC has a corporate credit rating of “A3” from Moody’s Investors Services and an “A” rating from Standard and Poor’s Rating Services. PAWC St. No. 3 p. 3.

62. PAWC does not anticipate that the acquisition of the Systems, or investment commitments in the Systems, will have a negative impact on PAWC’s cash flows, credit ratings or access to capital. PAWC St. No. 3 p. 4.

IMPACTS OF THE TRANSACTION

63. The Transactions will not present any detriments for the Joint Applicants, the public-at-large, or customers of PAWC or CUPA immediately following Closing, as modified by the Joint Petition for Unanimous Settlement. CUPA St. No. 1 p. 11; PAWC St. No. 1 p. 13.

64. The Commission has a policy of promoting regionalization and consolidation when it will result in greater environmental and economic benefits to customers. 52 Pa. Code § 69.721, CUPA St. No. 1 p. 6.

65. PAWC provides water service in close proximity to CUPA’s current water service territory. PAWC St. No. 1 p. 12.

66. PAWC provides wastewater service in close proximity to CUPA’s current wastewater service territory. PAWC St. No. 1 p. 12.

67. The Transactions promote consolidation because they will allow PAWC to achieve greater economies of scale and to apply its management practices over a larger geographic footprint. PAWC St. No. 1 p. 18.

68. Consolidation provides a larger customer base on which to distribute fixed costs, provides opportunities for operating efficiencies and utilization of economies of scale, and serves to mitigate future rate increase impacts. PAWC St. No. 1 pp. 16-17.

69. Examples of economies of scale include in-house laboratory analysis and reductions in sludge disposal costs through utilizing PAWC's existing disposal contracts. CUPA's proximity to existing PAWC operations will result in efficiencies through shared labor and equipment resources. PAWC St. No. 1 pp. 18-19.

70. The Transactions benefit Nexus by allowing it to focus on a smaller core geography where it is better poised to grow and efficiently service its customers over the long term. CUPA St. No. 1 p. 5; PAWC St. No. 1 pp. 6 and 20.

71. The Transactions benefit CUPA employees because, in the Stock Purchase Agreement, PAWC committed to offering employment to CUPA employees. PAWC also committed to not terminating any CUPA employee who accepts an offer of employment from PAWC for twelve months following Closing, except for cause. CUPA St. No. 1 p. 11; PAWC St. No. 1 p. 16.

72. Retaining CUPA employees benefits CUPA customers because it helps ensure a smooth transition. CUPA St. No. 1 p. 11.

73. Service to CUPA's customers will improve due to capital improvements that PAWC will make in the Systems. For example, by replacing mains more quickly than CUPA did,

PAWC will enhance the reliability of service, reduce interruptions in service, and reduce the amount of non-revenue water. PAWC St. No. 2 p. 24.

74. The Transactions will enhance continued compliance with health, safety and environmental regulations because PAWC has the capability to safely and adequately operate CUPA's water and wastewater systems in compliance with applicable laws and regulations. PAWC is committed to environmental compliance and will promote the rights of all Pennsylvanians to a clean environment. CUPA St. No. 1 p. 6.

75. PAWC will review CUPA's current plans and will complete CUPA's forecasted investment plans and/or make additional investments to improve the water system. PAWC St. No. 1-R p. 2.

76. In the past, some CUPA customers have expressed concern about inadequate water pressure, leaks and UFW. PAWC's five-year capital plan will address these complaints. CUPA St. No. 1 p. 10.

77. PAWC will enhance CUPA's main replacement program to improve system reliability and reduce water loss within the Systems. In 2025, CUPA reported 25.08% UFW in the Penn Estates system and 37.3% in the Tamiment system. CUPA St. No. 1 p. 9; PAWC St. No. 1 p. 22.

78. PAWC will conduct a leak detection survey and repair any leaks found shortly after Closing, which will produce savings in water treatment costs. PAWC St. No. 1 p. 25; PAWC St. No. 2-R p. 2.

79. PAWC will address CUPA's current NOV's and COAs. PAWC St. No. 1 p. 19.

80. CUPA lacks adequate fire protection in portions of its Systems. PAWC St. No. 1 p. 22. PAWC has identified projects in its five-year capital plan to replace and/or upsize distribution assets to provide adequate fire protection. PAWC St. No. 1 p. 23.

81. As of August 15, 2025, CUPA completed the hydraulic model to evaluate fire suppression in the Tamiment system. Upon completion of the Transactions, PAWC will incorporate the Tamiment model and data provided by CUPA. CUPA St. No. 1-R p. 3.

82. Upon Closing, PAWC will test fire hydrants in the Westgate, Penn Estate and Tamiment systems to identify those with inadequate fire flow or pressure. PAWC will use data provided by CUPA as well as data gathered by PAWC to develop an initial hydraulic model that will pinpoint distribution system restrictions. Based on these findings, targeted projects will be launched to address and alleviate those limitations. The entire process is expected to take approximately 24 months. PAWC St. No. 2-R pp. 4-5.

83. PAWC will use information gained by operations as well as PAWC's initial hydraulic model to optimize operation of the Systems to maintain consistent system pressure. PAWC St. No. 2-R p. 2.

84. PAWC will address inconsistent water pressure issues immediately upon Closing on the acquisition. In addition to working to improve fire flow, PAWC will institute operational and equipment changes to the systems, such as installing supervisory control and data acquisition ("SCADA") equipment and remote monitoring instrumentation. PAWC St. No. 2-R p. 2.

85. PAWC will undertake projects to replace and/or upsize distribution assets to provide adequate fire protection. Distribution systems capable of providing fire protection benefit entire communities. PAWC's commitments to complete these capital investments are an important benefit to public safety. CUPA St. No. 1 p. 8.

86. PAWC had a 100% ticket completion rate in 2024 for the Pennsylvania One Call System. PAWC St. No. 2 p. 28.

87. To maintain and improve system reliability and meet established regulatory requirements, PAWC will ensure that uninterrupted power is available to critical infrastructure. PAWC St. No. 1 p. 21.

88. PAWC has established standards for facility security and safety and will complete upgrades to CUPA's systems to align with PAWC's safety and security standards. PAWC St. No. 1 p. 21.

89. To address the black particulate matter in the water in the Tamiment system, mentioned in testimony at the public input hearing, PAWC will investigate the system to determine the cause of the particulate matter. If the investigation into the black particulate matter determines that additional raw water treatment or filtration is necessary to meet regulatory compliance, PAWC will invest in the required technology. PAWC St. No. 2-R p. 3.

90. The Transactions will have no immediate impact on the rates of CUPA's existing customers because PAWC will adopt CUPA's rates for CUPA's existing customers upon Closing. Rates will not change for CUPA's existing customers until the first rate case in which the Systems are included in PAWC's rates. PAWC St. No. 1 p. 24.

91. The CUPA systems are not included in the base rate case that PAWC filed on November 14, 2025. If the Commission approves the acquisition, PAWC anticipates that the CUPA Systems will be included in PAWC's next base rate case after the pending case. PAWC St. No. 3-RJ p. 4.

92. In future rate cases, CUPA's existing customers will benefit from being part of a large public utility system. They will be able to share the costs of operating and upgrading the

systems with PAWC's existing 694,617 water customers and its existing 116,270 wastewater customers. By spreading costs over a large customer base, PAWC is able to keep rates stable for all PAWC customers. CUPA customers will no longer face the potential large rate spikes that can occur in small systems. PAWC St. No. 1 p. 24.

93. CUPA currently offers customer assistance programs which, among other things provide low-income discounts of 45% for water and wastewater customers. PAWC St. No. 3 p. 8. PAWC's customer assistance program offers tiered discounts based on the customer's income level, as well as grants of up to \$500 per year for water and wastewater customers. PAWC St. No. 3 pp. 8-9; PAWC St. No. 2 pp. 32-33. Upon acquisition, CUPA's customers will be moved to PAWC's existing low-income program. PAWC St. No. 3 p. 9.

94. CUPA charges a fee for customers to pay their bill on-line. PAWC does not charge a fee for credit card or e-check payments. PAWC St. No. 3-R p. 7.

95. The Integration Customer Protection Deferral Mechanism (the "Deferral Mechanism") was created by the Joint Petition for Settlement (the "Joint Petition") in *Pa. Pub. Util. Comm'n v. CUPA*, Docket Nos. R-2023-3042804 and R-2023-3042805. The purpose of the Deferral Mechanism is to capture the accrued costs and integration benefits associated with the merger of SouthWest Water Company and Corix Infrastructure (US) Inc. (Docket No. A-2022-3036745) for five years after the closing date. PAWC St. No. 3-RJ pp. 3-4. To the extent that the financial benefits exceed the costs to achieve the financial benefits, the excess financial benefits would be passed back to customers. OCA St. 1 p. 15; CUPA St. No. 1-R p. 2.

96. The balance of the Deferral Mechanism as of September 30, 2025 is \$25,840 (*i.e.*, the financial benefits to consumers are \$25,840 greater than the costs to achieve those financial benefits). CUPA St. No. 1-RJ p. 6.

97. For American Water, the Transactions offer a way to strengthen operations in several states and allow American Water to leverage its size and scale to continue to cost-effectively deliver safe, clean, reliable and affordable water and wastewater service to customers, including those in Pennsylvania. PAWC St. No. 1 p. 6.

98. The Transactions will have no immediate rate impact on PAWC's existing water or wastewater customers. PAWC St. No. 1 pp. 27, 28; PAWC St. No. 3 p. 7.

99. The Transactions will result in PAWC immediately gaining about 3,212 additional water customers and 3,846 additional wastewater customers. PAWC St. No. 1 p. 25.

100. Because the Transactions expand PAWC's customer base, they will benefit PAWC's existing customers because the costs of operating PAWC's system will be spread among a greater number of customers in future base rate cases. PAWC St. No. 1 pp. 26, 27.

APPENDIX B
PROPOSED CONCLUSIONS OF LAW

1. The Pennsylvania Public Utility Commission has jurisdiction over the subject matter of, and the parties to, these application proceedings. 66 Pa. C.S. §§ 1102, 1103.

2. American Water Works Company, Inc. (“American Water”), Pennsylvania-American Water Company (“PAWC”), Nexus Regulated Utilities, LLC (“Nexus”), and Community Utilities of Pennsylvania Inc. (“CUPA”) (collectively, the “Joint Applicants”) have the burden of proof. 66 Pa. C.S. § 332(a).

3. The “burden of proof” is composed of two distinct burdens: the burden of production and the burden of persuasion. *Hurley v. Hurley*, 754 A.2d 1283 (Pa. Super. 2000). The burden of production determines which party must come forward with evidence to support a particular proposition. The burden of production goes to the legal sufficiency of a party’s case. Having passed the test of legal sufficiency, the party with the burden of proof must then bear the burden of persuasion to be entitled to a verdict in its favor. “[T]he burden of persuasion never leaves the party on whom it is originally cast, but the burden of production may shift during the course of the proceedings.” *Riedel v. County of Allegheny*, 633 A.2d 1325, 1328 n. 11 (Pa. Cmwlth. 1993).

4. To establish a sufficient case and satisfy their burden of proof, the Joint Applicants’ evidence must be more convincing, by even the smallest amount, than that presented by any opposing party. *Se-Ling Hosiery, Inc. v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950).

5. The decision of the Pennsylvania Public Utility Commission (“Commission”) must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. Pub. Util. Comm’n*, 413 A.2d 1037 (Pa. 1980).

6. Commission policy promotes settlements. 52 Pa. Code § 5.231.
7. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. 52 Pa. Code § 69.401.
8. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).
9. The Settlement and its proposed terms and conditions are in the public interest and, therefore, should be approved without modification.
10. A certificate of public convenience is required for “any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized” 66 Pa. C.S. § 1102(a)(1).
11. A certificate of public convenience is required for “any public utility . . . to acquire from . . . any person or corporation, including a municipal corporation, by any method or device whatsoever . . . the title to, or possession or use of, any tangible or intangible property used or useful in the public service.” 66 Pa. C.S. § 1102(a)(3).
12. A certificate of public convenience is required for “any public utility to abandon or surrender, in whole or in part, any service.” 66 Pa. C.S. § 1102(a)(2).
13. The Commission may issue a certificate of public convenience upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation,

convenience, or safety of the public.” 66 Pa. C.S. § 1103(a) (“Procedure to obtain certificates of public convenience”).

14. In granting a certificate of public convenience, the Commission may impose such conditions as it may deem to be just and reasonable. 66 Pa. C.S. § 1103(a).

15. An applicant for a certificate of public convenience must demonstrate that it is technically, financially, and legally fit to own and operate the acquired public utility assets. *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1958).

16. A certificated public utility enjoys a rebuttable presumption that it possesses the requisite fitness. *See e.g., South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

17. The Joint Applicants have demonstrated, by a preponderance of the evidence, that PAWC is technically, financially and legally fit.

18. An applicant for a certificate of public convenience must demonstrate that the transaction will “affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.” *City of York v. Pa. Pub. Util. Comm’n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972).

19. The transactions described in the Stock Purchase Agreement and the Statement of Merger affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.

20. A contract between a municipality and a public utility (other than a contract to furnish service at regular tariff rates) must be filed with the Commission at least 30 days before the effective date of the contract. The Commission may approve it by issuing a certificate of filing

or institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. 66 Pa. C.S. § 507.

21. The Commission is to approve an affiliated interest contract or arrangement if it is clearly established upon investigation that the contract or arrangement is reasonable and consistent with the public interest. 66 Pa. C.S. § 2102(b).

22. The Stock Purchase Agreement and the Statement of Merger are reasonable and consistent with the public interest.

APPENDIX C

PROPOSED ORDERING PARAGRAPHS

WHEREFORE, American Water Works Company, Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, Community Utilities of Pennsylvania Inc., the Office of Consumer Advocate and the Office of Small Business Advocate, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Erin L. Gannon recommend, and the Pennsylvania Public Utility Commission (“Commission”) order:

1. That the Joint Petition for Unanimous Settlement of All Issues is APPROVED as submitted, including all terms and conditions thereof, without modification.

2. That the Joint Application filed by American Water Works Company, Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, and Community Utilities of Pennsylvania Inc., on May 30, 2025, is APPROVED as amended by the Joint Petition for Unanimous Settlement of All Issues.

3. That the Commission issue such Orders, Certificates of Public Convenience or such other relief as necessary to evidence its approval under Sections 1102(a) and 1103 of the Code of:

- a. the transfer of control of CUPA from Nexus to American Water;
- b. the transfer to PAWC, by merger, of all assets of CUPA used or useful in the public service (the “Systems”);
- c. PAWC’s right to begin to offer, render, furnish, or supply water service in the areas served by the Systems;
- d. PAWC’s right to begin to offer, render, furnish or supply wastewater service in the areas served by the Systems;
- e. CUPA’s abandonment of all water service in the Commonwealth; and
- f. CUPA’s abandonment of all wastewater service in the Commonwealth.

4. That the *pro forma* tariff attached to the Application as **Appendix “R”**, including all rates, rules and regulations regarding conditions of PAWC’s water service, shall be permitted to become effective upon one day’s notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC’s water service, as reflected in PAWC’s prevailing water tariff, to become effective upon the completion of the merger.

5. That the *pro forma* tariff attached to the Application as **Appendix “S”**, including all rates, rules and regulations regarding conditions of PAWC’s wastewater service, shall be permitted to become effective upon one day’s notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC’s wastewater service, as reflected in PAWC’s prevailing wastewater tariff, to become effective upon the completion of the merger.

6. That PAWC shall record the original cost of CUPA’s utility plant in service net of accumulated depreciation as of the acquisition Closing date. PAWC will not request recovery of an acquisition adjustment under Section 1327(a) of the Pennsylvania Public Utility Code (“Code”).

7. That, in the first base rate case in which PAWC includes the System assets, PAWC will identify the capital additions made to the acquired System which are necessary for PAWC to integrate the Systems into its operating footprint separately from those capital additions which are safety-, reliability-, quality of service-, or environmentally-related or otherwise necessary for regulatory compliance. PAWC’s analysis or report separately identifying these investments shall be made available to the parties to that proceeding upon request.

8. That the Stock Purchase Agreement and the Statement of Merger are APPROVED as affiliated interest agreements pursuant to 66 Pa. C.S. § 2102.

9. That a Certificate of Filing or Approval shall be issued for the following agreements, pursuant to 66 Pa. C.S. § 507:

- A. Water Services Agreement dated January 16, 2007, by and between Utilities, Inc. – Westgate and the City of Bethlehem; and
- B. Addendum to Water Services Agreement dated June 6, 2017, by and between Utilities, Inc. – Westgate and the City of Bethlehem.

10. That the DSIC provisions of PAWC's effective water and wastewater tariffs will apply to the former CUPA water and wastewater customers in the Systems no later than the first base rate case in which those systems are included. That PAWC will not seek to recover investments in the water or wastewater systems in its DSIC until PAWC applies the DSIC to the Systems' customers.

11. That immediately after Closing, System customers will become eligible for all PAWC payment options and customer programs, including applicability of PAWC's arrearage management program.

12. That within the first billing cycle following Closing, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to the Systems' customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC's contact information.

13. That the welcome letter will be sent within the first 30 days of Closing and will also include information about the OCA and the OSBA, about payment options (including low-income programs, eligibility requirements, PAWC contact information) and in-person bill payment locations reasonably proximate to the areas served by the System. The welcome letter shall also refer customers to PAWC's website (including the link) where a customer can find information concerning the transaction, which will include information regarding the OCA and the OSBA with a hyperlink. Unless PAWC, OSBA and the OCA agree to work together on a different timeline, within 15 days of a final order in this proceeding, PAWC will provide the OSBA and the OCA

with a copy of the draft welcome letter; OSBA and the OCA will provide any suggestions to PAWC within 10 days of receipt; and PAWC, in good faith, will consider incorporation of said suggestions.

14. That CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Integration Customer Protection Deferral Mechanism. The balance of the Integration Customer Protection Deferral Mechanism account will be determined as of the last day of the month prior to Closing of the Transactions. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs.

15. That, within 12 months following the date of Closing, PAWC will complete an initial hydraulic model or other analysis to evaluate fire suppression flows available throughout the Tamiment and Westgate systems and develop a capital plan consistent with its model and analysis to determine the scope of improvements necessary to provide sufficient pressure for fire suppression and the cost of any such improvements.

16. That, within 18 months following the date of Closing, or, if delayed as a result of permitting or regulatory approvals, a reasonable time thereafter, PAWC will begin construction on the identified capital improvements necessary to provide sufficient water pressure for fire suppression in the Tamiment and Westgate systems.

17. That, upon Closing, PAWC will assess the treatment needs in the Tamiment system and determine if additional treatment or filtration is required to address particulate matter in the water concerns raised at the public input hearing. An initial report will be prepared within 9 months of Closing detailing the results of the assessment. The report will be shared with the parties to this proceeding.

18. That, within 18 months following the date of Closing, PAWC will organize an in-person collaborative in each of CUPA's current water and wastewater service territories. At this collaborative, PAWC will provide customers the opportunity to describe concerns they have regarding the quality of their water or wastewater service. The OCA and OSBA will be invited to participate in the in-person collaboratives and will have input into the locations of the collaboratives. The customer collaborative will be held between May 1 and September 30 and will include customer education on concerns regarding water hardness, particulate matter in water, and water conservation. PAWC will meet with the OCA and OSBA to discuss the issues it intends to present at the collaboratives at least 60 days prior to the collaboratives, and will consider in good faith any feedback provided by the OCA and OSBA. PAWC will provide a description of each concern identified by CUPA's customers to the OCA and OSBA within 60 days following the collaboratives.

19. That, within 12 months of Closing, but prior to the first general rate increase request which includes CUPA's system assets, PAWC will conduct an evaluation of a wastewater deduct meter pilot program for CUPA's Utilities, Inc. of Pennsylvania Chester County (former Utilities, Inc. of Pennsylvania Division) service territory. The evaluation may assume that (1) the pilot program will be voluntary and/or (2) the customer using the deduct meter will provide a contribution in aid of construction for the cost of the deduct meter, its installation, and related plant in service accounts. This evaluation should estimate the costs to PAWC to implement the program, estimate the number of customers who may benefit from enrollment in the program within the studied system, estimate the costs to customers to install and maintain a deduct meter (if applicable), estimate the potential bill savings that the customers would experience, and estimate the effect on other customers' rates due to the adjustment to billing determinants. PAWC will

provide the written evaluation to the OCA and OSBA at the time of completion and, upon request, will produce the same in discovery in the first general rate increase request which includes CUPA's system assets.

20. That, to the extent not otherwise specifically addressed by the Settlement agreement, CUPA's 2024 rate case settlement terms are not applicable to PAWC upon Closing the transaction, however, PAWC will take actions consistent with its response to OCA-II-5 with respect to CUPA's low-income customers.

21. That the Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the transactions contemplated in the Joint Application in a lawful manner.

Appendix D

PAWC's Response to OCA-II-5

**OFFICE OF CONSUMER ADVOCATES
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS ON
PENNSYLVANIA-AMERICAN WATER COMPANY - SET II
Docket Nos. A-2025-3055551, A-2025-3055552, A-2025-3055553, A-2025-3055554**

PAWC RESPONSES TO OCA SET II

OCA-II-5 With respect to CUPA's Low-Income Program, please explain how CUPA's commitments made in Docket Nos. R-2023-3042804 and R-2023-3042805 will be affected by the Transactions.

Response: Pennsylvania American Water Company ("PAWC") has a robust and comprehensive low-income program for qualified customers ("H2O Help to Others Program"). The following is a summary of CUPA's commitments made at Docket Nos. R-2023-3042804 and R-2023-3042805 as described in the August 1, 2024 Commission Opinion and Order at pp. 15-16 (Section F – Low Income Program) and PAWC's proposal on how to incorporate CUPA's low-income customers into PAWC's existing H2O Help to Others Program.

13. The Company will expand the eligibility of its Low-Income Program from income up to 100% to income up to 200% of the [Federal Poverty Level (FPL)].

Response: PAWC's H2O Help to Others Program offers its customers tiered bill discounts up to 200% at or below the Federal Poverty Income Guidelines ("FPIG") and grants up to 250% at or below FPIG. Any existing CUPA customer who is enrolled in CUPA's Low-Income Program will be automatically transferred to PAWC's H2O Help to Others Program should this transaction be approved. PAWC's eligibility requirements will be applicable to CUPA customers.

14. Regarding changes to the Company's website:

a. The Company will make the low-income section of its website a permanent news that is visible as soon as the customer enters the website.

Response: The homepage of PAWC's website has a pictorial link for "Assistance Programs" linked to the H2O Help to Others Program information and applications. CUPA's customers can access PAWC's website to learn about the H2O Help to Others Program and apply for assistance.

b. The separate, low-income page will include a link to the application form, as well as all information about the sign-up process and eligibility qualification requirements.

Response: Please see response to 14(a).

**OFFICE OF CONSUMER ADVOCATES
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS ON
PENNSYLVANIA-AMERICAN WATER COMPANY - SET II**
Docket Nos. A-2025-3055551, A-2025-3055552, A-2025-3055553, A-2025-3055554

PAWC RESPONSES TO OCA SET II

- c. **The Company will change the existing "URL" link to the application page to say "Application" or "Click here to apply"**

Response: Please see 14(a) response.

- d. **The Company will use its existing customer notification infrastructure to drive customers to the website to explore the Low-Income Program and their possible eligibility. Specifically, the Company will use its Voice Reach system - which sends information directly to customers via email, phone, and text messages - to provide quarterly updates to customers about the existence of the program. This outreach will be modified to both English and a Spanish language.**

Response: Pennsylvania American Water Company employs a variety of methods to share information about our H2O Help to Others Program with customers on a frequent, ongoing basis. These methods include direct-to-customer outreach via email, text, and bill messaging. PAWC also shares information about the program on our social media channels, at in-person community events, and at times through paid print, broadcast, and digital advertising. In these communications, we drive traffic to our H2O Help to Others webpage (pennsylvaniaamwater.com/H2O) where a comprehensive program overview and resources, including both English and Spanish summaries, are housed, or to Dollar Energy Fund, our program administrator, where customers can apply to enroll in the program. CUPA's customers will have the same opportunity and experience using PAWC's programs and communication. See also response to 15, below.

- e. **The Company will provide print copies of their low-income handouts to customers in English or Spanish. These mailers will be provided quarterly through bill inserts.**

Response: Handouts that provide an overview of our H2O Help to Others Program are available in both English and Spanish. These documents are easily accessible to customers on our H2O Help to Others webpage at <https://www.amwater.com/paaw/H2O>. Here, customers can view the documents online or download and/or print copies, as needed. Our employees also bring copies of both English and Spanish versions of these documents to in-person public events to share with interested attendees. PAWC shares the English version of the H2O Help to Others Program handout with customers as part of their in-bill

**OFFICE OF CONSUMER ADVOCATES
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS ON
PENNSYLVANIA-AMERICAN WATER COMPANY - SET II**
Docket Nos. A-2025-3055551, A-2025-3055552, A-2025-3055553, A-2025-3055554

PAWC RESPONSES TO OCA SET II

messaging, delivered in print or digitally based on their preference, at least one time per year. See also response to 14(d), above.

15. The Company will continue to provide quarterly report updates detailing participation, usage, and revenue shortfalls/surpluses.

Response: PAWC's Customer Assistance Advisory Group (CAAG), which includes representatives from PAWC, Consumer Advocates, BCS, Community Based Organizations, and the PA Utility Law Project staff, meets on a quarterly basis. At quarterly CAAG meeting, PAWC provides current information, updates, and statistics on its H2O Help to Others Programs from previous quarters. This information includes, but not limited to, the following:

- the balance remaining in the hardship grant fund
- the number of hardship grants provided and the amount of those grants
- the number of grants and amount of grants awarded to customers above 200% of the FPIG to 250% of the FPIG
- the amount of bill discounts awarded during the prior quarter
- the number of bills receiving the discount during the prior quarter
- the number of conservation and education kits mailed during the prior quarter
- the number of postcards mailed to customers offering the free conservation and education kit
- marketing outreach activities
- local outreach events
- new outreach and marketing projects

In addition, as directed in PAWC's last base rate case at Docket Nos. R-2023-3043189 and R-2023-3043190, on August 25, 2025, PAWC submitted a plan to the Commission's Bureau of Consumer Services ("BCS") regarding data collection, reporting and monitoring of low-income programs, attached as OCA-II-5_Attachment. That plan

**OFFICE OF CONSUMER ADVOCATES
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS ON
PENNSYLVANIA-AMERICAN WATER COMPANY - SET II**
Docket Nos. A-2025-3055551, A-2025-3055552, A-2025-3055553, A-2025-3055554

PAWC RESPONSES TO OCA SET II

outlines how PAWC: (1) updated its annual estimated low-income customer count, in consultation with BCS to ensure the methodology used is appropriate and accurate; (2) established target enrollment benchmarks; (3) established quantitative and qualitative goals related to affirmative customer outreach including contacts via phone, mail and electronic communications via text or email with customer consent; and (4) expanded membership of its CAAG to include more diverse community voices.

- 16. The Company will track all costs associated with the administration of its Low-Income Program, if those costs include the Company's payments to Dollar Energy Fund[(DEF)] for income verifications and costs associated with outreach activities. The Company will report these cost on a quarterly basis in its Low-Income reporting. In its next base rate proceeding, the Company shall identify those costs it seeks to recover as part of its ongoing administration of the Low-Income Program.**

Response: Please see response to No. 15 regarding PAWC's quarterly reporting. Consistent with current practice, PAWC will identify any low-income costs it seeks to recover in base rate proceedings.

- 17. Until the Commission issues an order in CUPA's next base rate case, the Company will hold annual customer meeting in each of its service territories where topics including the Low-Income Program will be discussed.**

Response: While PAWC does not plan to hold annual customer meetings in each of CUPA's service territories to discuss its H2O Help to Others Programs, PAWC will continue its robust outreach effort to all customers as described in response to No. 14 to communicate information about the H2O Help to Others Program.

**Responsible Witness: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

Date: September 23, 2025

Appendix E

Pennsylvania-American Water Company's Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGE
ERIN L. GANNON**

Joint Application of American Water Works :
Company, Inc., Pennsylvania-American Water :
Company, Nexus Regulated Utilities, LLC and :
Community Utilities of Pennsylvania Inc., Pursuant : Docket Nos.
to Sections 1102 and 1103 of the Public Utility Code, : A-2025-3055551 *et al.*
for all of the necessary authority, approvals and :
certificates of public convenience to approve the :
transfer of control of Community Utilities of :
Pennsylvania Inc. from Nexus Regulated Utilities, :
LLC to American Water Works Company, Inc. :

**PENNSYLVANIA-AMERICAN WATER COMPANY'S
STATEMENT IN SUPPORT OF SETTLEMENT**

Elizabeth Rose Triscari, Esq. (PA ID #306921)
Erin K. Fure, Esq. (PA ID # 312245)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Telephone: (717) 550-1556
E-mail: elizabeth.triscari@amwater.com
E-mail: erin.fure@amwater.com

David P. Zambito, Esq. (PA ID #80017)
Jonathan P. Nase, Esq. (PA ID #44003) Cozen
O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
Telephone: (717) 703-5892
E-mail: dzambito@cozen.com
E-mail: jnase@cozen.com

Dated: December 23, 2025

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. LEGAL STANDARDS	2
III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED	2
A. Approval of Application	3
B. Rates.....	10
C. Approval of an Agreement with an Affiliated Interest Pursuant to 66 Pa. C.S. § 2102.....	12
D. Approval of Agreements Pursuant to 66 Pa. C.S. § 507.....	12
E. Distribution System Improvement Charge	13
F. Customer Assistance Programs.....	13
G. CUPA Customer Protections	14
H. Compliance with CUPA Rate Case Commitments.....	15
I. Other Necessary Approvals	17
J. Standard Settlement Conditions.....	17
K. Public Input Hearing Testimony.....	17
IV. CONCLUSION.....	20

TABLE OF AUTHORITIES

	Page(s)
 Pennsylvania Cases	
<i>City of York v. Pa. Pub. Util. Comm’n</i> , 295 A.2d 825 (Pa. 1972).....	4, 9
<i>Consum. Advoc. v. Pa. Pub. Util. Comm’n</i> , Docket Nos. 47-49 MAP 2024 (Pa. Dec. 16, 2025)	4, 5
<i>McCloskey v. Pa. Pub. Util. Comm’n</i> , 195 A.3d 1055 (Pa. Cmwlth. 2018)	10
<i>Middletown Tp. v. Pa. Pub. Util. Comm’n</i> , 482 A.2d 674 (1984).....	4
<i>Pa. Env’l Defense Found. v. Comm.</i> , 161 A.3d 911 (Pa. 2017).....	6
<i>Pa. Pub. Util. Comm’n v. C.S. Water and Sewer Assocs.</i> , 74 Pa. P.U.C. 767 (1991).....	2
<i>Popowsky v. Pa. Pub. Util. Comm’n</i> , 937 A.2d 1040 (Pa. 2007).....	4
<i>Seaboard Tank Lines, Inc. v. Pa. Pub. Util. Comm’n</i> , 502 A.2d 762 (Pa. Cmwlth. 1985)	3
<i>South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n</i> , 601 A.2d 1308 (Pa. Cmwlth. 1992)	3
<i>Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm’n</i> , 138 A.2d 240 (Pa. Super. 1958).....	3
 Pennsylvania Public Utility Commission Decisions	
<i>Application of CMV Sewage Co., Inc.</i> , 2008 Pa. PUC LEXIS 950	4
<i>Bret Pfaff v. Community Utilities of Pennsylvania Inc.</i> , Docket No. C-2025-3053638 (Initial Decision issued Oct. 30, 2025, adopted by Order entered Dec. 18, 2025).....	18
<i>Pa. Pub. Util. Comm’n v. CUPA</i> , Docket Nos. R-2023-3042804 (Opinion and Order entered Aug. 1, 2024).....	7

<i>Pa. Pub. Util. Comm'n v. York Water Co.</i> , Docket No. R-00049165 (Order entered Oct. 4, 2004).....	2
---	---

Pennsylvania Constitution

Pa. Const. art. I, § 27.....	5
------------------------------	---

Pennsylvania Statutes

66 Pa. C.S. § 507.....	1, 12
66 Pa. C.S. §§ 1102(a), 1103 and 2102	1
66 Pa. C.S. § 1102(a)(1)-(3).....	3
66 Pa. C.S. §§ 1103.....	1
66 Pa. C.S. § 1103(a)	3
66 Pa. C.S. § 1311(b).....	11
66 Pa. C.S. § 1327(a)	11
66 Pa. C.S. § 2102.....	1, 12

Pennsylvania Public Utility Commission Regulations and Statements of Policy

52 Pa. Code § 5.231	2
52 Pa. Code § 65.20(4)	7
52 Pa. Code § 69.401	2
52 Pa. Code § 69.721(a).....	5
52 Pa. Code § 69.1503(d)	7

Pennsylvania-American Water Company (“PAWC”) files this Statement in Support of the Joint Petition for Approval of Unanimous Settlement of All Issues (the “Settlement”) entered into by: American Water Works Company Inc. (“American Water”), PAWC, Nexus Regulated Utilities, LLC (“Nexus”) and Community Utilities of Pennsylvania Inc. (“CUPA”), the Office of Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”) (singularly, a “Petitioner” and collectively, the “Joint Petitioners”). PAWC respectfully requests that the Honorable Administrative Law Judge Erin L. Gannon (the “ALJ”) recommend that the Commission approve the Settlement, including all terms and conditions thereof, without modification.

I. INTRODUCTION

The Settlement pertains to the Joint Application of American Water, PAWC, Nexus and CUPA (the “Joint Application”) pursuant to Sections 507, 1102(a), 1103 and 2102 of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. §§ 507, 1102(a), 1103 and 2102, requesting (among other things) that the Commission approve the change of control of CUPA from Nexus to American Water and the subsequent merger of CUPA with and into PAWC with PAWC as the surviving corporation (together, the “Transactions”). The Settlement resolves all issues raised by the Joint Petitioners. Considering the diverse interests of the Joint Petitioners and the active roles that each has taken in this proceeding, this fact is itself strong evidence that the Settlement is reasonable and in the public interest.

It should be noted that the Joint Petitioners, their counsel and experts have considerable experience in acquisition proceedings. Their knowledge, experience and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build

a consensus on the issues. The Joint Petitioners, their counsel and experts fully explored the issues in this case and reached a carefully balanced compromise of the interests of the Joint Petitioners that satisfies the various requirements of the Code.

For the reasons discussed in detail below, the Settlement is in the public interest and should be approved.

II. LEGAL STANDARDS

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED

PAWC respectfully submits that the Settlement as a whole is reasonable and in the public interest because each provision in the Settlement is reasonable and in the public interest. In addition, PAWC submits that the Settlement is reasonable and in the public interest because it responds to several concerns expressed at the public input hearings held on September 23 and 24, 2025.

A. Approval of Application

The Settlement asks the Commission to approve: (a) the transfer of control of CUPA from Nexus to American Water, (b) the transfer to PAWC, by merger, of all assets of CUPA used or useful in the public service (the “Systems”); (c) PAWC’s right to begin to offer, render, furnish or supply water service in the areas served by the Systems; (d) PAWC’s right to begin to offer, render, furnish or supply wastewater service in the areas served by the Systems; (e) CUPA’s abandonment of all water service in the Commonwealth; and (f) CUPA’s abandonment of all wastewater service in the Commonwealth. Settlement ¶ 22. These approvals require the Commission to issue certificates of public convenience (“Certificates”), pursuant to 66 Pa. C.S. § 1102(a)(1)-(3). The Commission may issue a Certificate upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation, convenience or safety of the public.” 66 Pa. C.S. § 1103(a). In granting a Certificate, the Commission may impose such conditions as it deems just and reasonable.

Approving the Application, as modified by the Settlement, is in the public interest because it is consistent with Section 1103. Section 1103 requires that the Applicant demonstrate that it is technically, financially, and legally fit to own and operate the System. *Seaboard Tank Lines, Inc. v. Pa. Pub. Util. Comm’n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1958). As a certificated public utility, PAWC enjoys a rebuttable presumption that it possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992). No party attempted to rebut the presumption that PAWC is legally, technically and financially fit.¹

¹ Nevertheless, PAWC introduced extensive evidence of its legal, technical and financial fitness. *See, e.g.*, PAWC St. No. 1 pp. 9-11, 13-16; PAWC St. No. 2 pp. 22-25; and PAWC St. No. 3 pp. 2-4.

In addition, Section 1103 requires that the Joint Applicants demonstrate that the Transactions and PAWC's ownership/operation of the Systems will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way." *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825, 828 (Pa. 1972). An acquisition provides an affirmative public benefit if the benefits of the transaction outweigh the adverse impacts of the transaction. *Application of CMV Sewage Co., Inc.*, 2008 Pa. PUC LEXIS 950. When looking at the benefits and detriments of a transaction, the focus of the analysis must be on all affected parties, not merely a particular group or a particular geographic area. *Middletown Tp. v. Pa. Pub. Util. Comm'n*, 482 A.2d 674 (1984).

In determining whether the acquisition passes the affirmative public benefit test, the Commission is to consider the transaction's impact on rates, in at least a general fashion; it is one of many factors the Commission is to consider in determining whether a transaction will result in affirmative public benefits. *Consum. Advoc. v. Pa. Pub. Util. Comm'n*, Docket Nos. 47-49 MAP 2024 (Pa. Dec. 16, 2025) at 36. However, *City of York* "does not hold that a merger benefits the public *only* if the PUC can demonstrate that the merger savings will lower prices to consumers." *Popowsky v. Pa. Pub. Util. Comm'n*, 937 A.2d 1040, 1056 (Pa. 2007) (emphasis in original).

The Supreme Court of Pennsylvania (the "Supreme Court") recently addressed the affirmative public benefit test in the context of a Section 1329 acquisition. *Consum. Advoc. v. Pa. Pub. Util. Comm'n, supra*. There, the Supreme Court stated:

We emphasize that an acquiring utility's size and fitness are not benefits [of the acquisition] in and of themselves but, rather, simply hold that the Commission can properly consider benefits deriving from that size and fitness in its affirmative benefits analysis.

Id., at 33. Additionally, the Supreme Court held that the Commission may consider the differences between the service provided by the seller, and the service to be provided by buyer, in its public

benefit analysis; the extent to which the buyer would provide better service goes to the weight to be accorded to those benefits rather than whether the services qualify as benefits at all. *Id.* at 34.

The record evidence clearly demonstrates that the Transactions affirmatively benefit the public in a substantial way. First, the Transactions affirmatively benefit the public in a substantial way because they are consistent with the Commission's policy promoting regionalization and consolidation of water and wastewater systems. 52 Pa. Code § 69.721(a). The Transactions promote regionalization because CUPA's systems will become part of a larger organizational footprint. CUPA St. No. 1 p. 7. A physical interconnection between systems is not necessary to promote regionalization. PAWC provides water service in close proximity to CUPA's current water service territories and provides wastewater service in close proximity to CUPA's current wastewater service territories. PAWC St. No. 1 p. 12.

The Transactions promote consolidation because one existing public utility will be merged with and into another, allowing PAWC to achieve economies of scale and to apply its management practices over a larger geographic footprint. PAWC St. No. 1 p. 18. Consolidation provides a larger customer base on which to distribute fixed costs, provides opportunities for operating efficiencies and utilization of economies of scale, and serves to mitigate future rate increase impacts. PAWC St. No. 1 pp. 16-17. In this case, examples of economies of scale include laboratory analysis and reductions in sludge disposal costs through utilizing PAWC's existing disposal contracts. Additionally, CUPA's proximity to existing PAWC operations will result in efficiencies through shared labor and equipment resources. PAWC St. No. 1 pp. 8-19.

Second, the Transactions affirmatively benefit the public in a substantial way by promoting the people's right to a clean environment. In pertinent part, Pennsylvania's Environmental Rights Amendment ("ERA"), Pa. Const. art. I, § 27 states: "The people have a right to clean air, pure

water, and to the preservation of the natural, scenic, historic and esthetic values of the environment.” This provision limits the state’s power to act contrary to the people’s right to a clean environment. *Pa. Env’l Defense Found. v. Comm.*, 161 A.3d 911, 931 (Pa. 2017) (“*PEDF*”).

The Transactions implicate this portion of the ERA because CUPA has environmental challenges. In the past several years, the Pennsylvania Department of Environmental Protection (“DEP”) has issued two Notices of Violation (“NOVs”) for the Westgate water system, PAWC St. No. 2 pp. 9-10, six NOVs for the Penn Estates water system, PAWC St. No. 2 p. 12, seven NOVs for the Penn Estates wastewater system, PAWC St. No. 2 p. 13, three NOVs for the Tamiment water system, PAWC St. No. 2 p. 14, and seven NOVs for the Tamiment wastewater system, PAWC St. No. 2 p. 15. In addition, the Penn Estates wastewater system had more than twenty sanitary sewage overflows (“SSOs”) (releases of untreated or partially untreated sewage) between 2019 and 2024. There were thirty-four exceedances of permitted effluent limits between 2020 and 2024. CUPA entered into a Consent Order and Agreement (“COA”) with DEP in 2020 for ongoing effluent violations and SSOs. PAWC St. No. 2 p. 13.

The Transactions will transfer the Systems to an owner/operator who will address the Systems’ environmental problems. For example, PAWC will address CUPA’s current NOVs and COAs. PAWC St. No. 1 p. 19. Among other things, PAWC’s capital plan includes projects to address the COA for the Penn Estates wastewater system. PAWC St. No. 2 pp. 20-21. Therefore, the Transactions are in the public interest because they promote the people’s right to pure water and the preservation of the natural and esthetic values of the environment.

Third, the Transactions affirmatively benefit the public in a substantial way because they benefit the existing customers of CUPA. In CUPA’s most recent base rate case, Commission Chairman DeFrank stated:

However, a number of customers raised serious service concerns that I believe warrant mentioning. By far the most disconcerting fact brought to light is the lack of fire protection in much of CUPA's system. Several hydrants in the Westgate and Penn Estates areas are inadequate for fire suppression, which is alarming. Meanwhile, the Tamiment community has no fire hydrants capable of meeting state standards of 500 to 1,000 gallons per minute.

Pa. Pub. Util. Comm'n v. CUPA, Docket Nos. R-2023-3042804 *et al.* (Opinion and Order entered Aug. 1, 2024) Statement of Chairman DeFrank at 1 ("CUPA's 2023 Rate Case"). As of August 15, 2025, CUPA completed a hydraulic model to evaluate fire suppression in the Tamiment system. CUPA St. No. 1-R p. 3. Nevertheless, much remains to be done and PAWC will do it.

Upon closing on the Transactions ("Closing"), PAWC will test fire hydrants in the Westgate, Penn Estate and Tamiment systems to identify those with inadequate fire flow or pressure. PAWC will use data provided by CUPA as well as data gathered by PAWC to develop an initial hydraulic model that will pinpoint distribution system restrictions. Based on these findings, targeted projects will be launched to address and alleviate those limitations. The entire process is expected to take approximately 24 months. PAWC St. No. 2-R pp. 4-5. PAWC's five-year capital plan includes funds for projects to replace and/or upsize distribution assets to provide adequate fire protection. PAWC St. No. 1 p. 23; PAWC St. No. 2 pp. 20-21. This is consistent with the Commission's Statement of Policy on Public Fire Protection Service and System Hydraulic Monitoring, which states that a water public utility should, as part of its acquisition due diligence process, analyze and estimate the level of capital expenditures and associated time frames to remediate and/or repair a water system to bring the fire protection service up to at least the water public utility's minimum operating characteristics. 52 Pa. Code § 69.1503(d).

CUPA's systems also have high levels of unaccounted-for water ("UFW"). In 2025, CUPA reported 25.08% UFW in the Penn Estates system and 37.3% UFW in the Tamiment system. CUPA St. No. 1 p. 9; PAWC St. No. 1 p. 22. The Commission's Statement of Policy on Water

Conservation Measures, 52 Pa. Code § 65.20(4), states “[l]evels of unaccounted-for water should be kept within reasonable amounts. Levels above 20% have been considered by the Commission to be excessive.” High levels of UFW harm CUPA’s existing customers in many ways, including financially, because they are paying to treat a lot of water that is leaking into the ground rather than being delivered to customers.

PAWC will address CUPA’s high levels of UFW. PAWC will conduct a leak detection survey and repair any leaks found shortly after Closing, which will produce savings in water treatment costs. PAWC St. No. 1 p. 25; PAWC St. No. 2-R p. 2. PAWC’s five-year capital plan includes projects to address leaks and UFW. CUPA St. No. 1 p. 10. Additionally, by replacing mains more quickly than CUPA did, PAWC will reduce the amount of non-revenue water. PAWC St. No. 2 p. 24.

The Transactions will also benefit the customers of CUPA by addressing concerns about the water pressure in CUPA’s Systems. OCA St. No. 2 p. 4 (summarizing testimony from the public input hearings). PAWC’s five-year capital plan includes funds to address CUPA’s low and high pressure issues. PAWC St. No. 2 pp. 20-21; CUPA St. No. 1 p. 10. PAWC will address inconsistent water pressure issues immediately upon Closing. PAWC will use information gained by operations, as well as PAWC’s initial hydraulic model, to optimize operation of the Systems to maintain consistent system pressure. PAWC St. No. 2-R p. 2.

Additionally, CUPA’s customers will benefit from the Transactions because the Systems will be more reliable, with fewer service interruptions, due to the projects discussed above to improve water pressure and reduce leaks. PAWC St. No. 1 p. 22; PAWC St. No. 2 p. 24. PAWC will ensure that uninterrupted power is available to critical infrastructure, which will further improve system reliability. PAWC St. No. 1 p. 21.

Fourth, the Transactions affirmatively benefit the public in a substantial way because they benefit the seller and its employees. The Transactions benefit Nexus by allowing it to focus on a smaller core geography where it is better poised to grow and efficiently serve its customers over the long term. CUPA St. No. 1 p. 5; PAWC St. No. 1 pp. 6 and 20. The Transactions benefit CUPA's employees because, in the Stock Purchase Agreement, PAWC committed to offering employment to CUPA employees. PAWC also committed to not terminating any CUPA employee who accepts an offer of employment from PAWC for twelve months following Closing, except for cause.² CUPA St. No. 1 p. 11; PAWC St. No. 1 p. 16.

Fifth, the Transactions affirmatively benefit the public in a substantial way because they benefit PAWC and its customers. The Transactions make PAWC a larger, financially stronger utility. The Transactions will result in PAWC immediately gaining about 3,212 additional water customers and 3,846 additional wastewater customers. PAWC St. No. 1 p. 25.

The above list of five significant affirmative public benefits is not intended to be comprehensive. The Transactions benefit the public in many additional ways. For example, PAWC has an excellent track record of compliance with the requirements of the Pennsylvania One Call System. PAWC had a 100% ticket completion rate in 2024. PAWC St. No. 2 p. 28. In addition, PAWC has established standards for facility safety and security and will bring CUPA's facilities up to those standards. PAWC St. No. 1 p. 21. In these respects, the Transactions affirmatively benefit the public in a substantial way by promoting public safety.

When evaluating an acquisition, the Commission is required to consider, at least in a general way, the impact of the acquisition on rates. *City of York, supra*, 295 A.2d at 829; *see also*,

² This provision also benefits CUPA's existing customers because retaining CUPA's employees helps ensure a smooth transition to the new owner. CUPA St. No. 1 p. 11.

McCloskey v. Pa. Pub. Util. Comm'n, 195 A.3d 1055, 1066 (Pa. Cmwlth. 2018). The Transactions will have no immediate impact on rates. PAWC's customers' rates will not be affected by the Transactions until the first base rate case in which the Systems are included. PAWC St. No. 1 pp. 27, 28; PAWC St. No. 3 p. 7. In that future rate case, PAWC will have more than 3,200 more water customers and more than 3,800 more wastewater customers due to the Transactions. This expansion of PAWC's customer base will benefit PAWC's existing customers because the costs of operating PAWC's system can be spread among a greater number of customers in future base rate cases. PAWC St. No. 1 pp. 26, 27.

Similarly, the Transactions will have no immediate rate impact on CUPA's existing customers. PAWC will implement CUPA's rates upon Closing; rates for CUPA's customers will not increase until the first PAWC base rate case that includes the Systems. PAWC St. No. 1 p. 24. PAWC's recently-filed base rate case did not include the CUPA Systems. PAWC St. No. 3-RJ p. 4.

Finally, as discussed above, the affirmative public benefit test is a "net benefits assessment." The benefits of the Transactions must be weighed against the detriments of the Transaction. No party to this proceeding has identified any significant adverse impacts of the Transactions, as modified by the Settlement. Considering all of the affirmative public benefits listed above and the dearth of public detriments from the Transactions, the Settlement provision asking the Commission to approve the Transactions is reasonable and in the public interest and should be approved without modification.

B. Rates

The Settlement asks the Commission to approve the *pro forma* tariffs found at Appendices R (water) and S (wastewater) of the Joint Application. Settlement ¶¶ 24-25. This request is in the public interest because it means there will be no change in the rates charged to CUPA's customers

immediately after Closing. PAWC will charge rates after Closing that are equal to CUPA's existing rates. Rates will not increase for CUPA's customers until the first PAWC base rate case in which the CUPA Systems are included. PAWC St. No. 1 p. 24. Significantly, the CUPA Systems are not included in PAWC's base rate case that was filed on November 14, 2025. PAWC St. No. 3-RJ p. 4.

One of the major issues in this litigation was the possibility that PAWC might request an acquisition adjustment for the Systems pursuant to Section 1327(a) of the Code. *See, e.g.*, OSBA St. No. 1-SR pp. 2-3; OCA St. 1 pp. 11-12. In the Settlement, PAWC agrees that it will not request a Section 1327(a) acquisition adjustment for the Systems. Instead, the CUPA Systems will be recorded at their original cost net of accumulated depreciation. Settlement ¶ 26. This provision is in the public interest because it eliminates the risk to ratepayers that PAWC will, in a subsequent base rate case, seek to place the entire purchase price of the Systems (approximately \$59.5 million, OSBA St. No. 1 p. 4) into rate base. Instead, PAWC will place the Systems' depreciated original cost (estimated at \$34.2 million, *id.*) into rate base consistent with 66 Pa. C.S. § 1311(b).

Finally, the Settlement requires that PAWC identify, in the first base rate case in which the CUPA Systems are included, the capital additions PAWC made to the CUPA Systems to integrate those Systems into PAWC's footprint separately from those capital additions that are safety, reliability, quality of service, or environmentally related, or are otherwise necessary for regulatory compliance. This information is to be given to the parties to that future rate proceeding upon request. PAWC submits that this provision is in the public interest because the pertinent information will enable all parties to that future base rate proceeding to fully understand the costs that PAWC has had to incur to bring the CUPA Systems into regulatory compliance.

C. Approval of an Agreement with an Affiliated Interest Pursuant to 66 Pa. C.S. § 2102

Section 2102 of the Code requires a utility to obtain Commission approval of contracts with affiliated interests. The Commission is to approve such a contract if it is reasonable and consistent with the public interest.

The Settlement requests that the Commission approve the Stock Purchase Agreement and the Statement of Merger as affiliated interest agreements. Settlement ¶ 29. This request is necessary because the Stock Purchase Agreement, which was executed by American Water (the corporate parent of PAWC), would briefly make the CUPA Systems subsidiaries of American Water. The Stock Purchase Agreement and the Statement of Merger are necessary to effect Transactions that affirmatively promote the public interest in a substantial way, as discussed above. Consequently, the approval of these agreements pursuant to Section 2102 is reasonable and in the public interest.

D. Approval of Agreements Pursuant to 66 Pa. C.S. § 507

Section 507 of the Code, 66 Pa. C.S. § 507, requires that contracts between a public utility and a municipal corporation (except for contracts to furnish service at regular tariffed rates) be filed with the Commission at least thirty days before the effective date of the contract. The Commission approves the contract by issuing a certificate of filing, unless it decides to institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract.

In this proceeding, PAWC seeks Section 507 approval of the following agreements:

a. Water Services Agreement dated January 16, 2007, by and between Utilities, Inc. – Westgate and the City of Bethlehem; and

b. Addendum to Water Services Agreement dated June 6, 2017, by and between Utilities, Inc. – Westgate and the City of Bethlehem.

These two agreements are necessary to allow PAWC to provide service to the territory currently served by the Systems. Consequently, the approval of these agreements is reasonable and in the public interest.

E. Distribution System Improvement Charge

PAWC’s water and wastewater tariffs include a distribution system improvement charge (“DSIC”). The Joint Applicants proposed that the DSIC would not apply to CUPA customers until the conclusion of a base rate case that includes the CUPA Systems. PAWC St. No. 3 p. 7. The Settlement includes two important consumer safeguards. First, the DSIC will apply to CUPA’s existing customers *no later than* the first base rate case in which the Systems are included. This provision ensures that CUPA’s customers will help fund investments in other portions of the PAWC system promptly after Closing. Second, PAWC will not seek to recover investments in the CUPA Systems through the DISC until PAWC applies the DSIC to CUPA’s existing customers. This provision ensures that PAWC’s existing customers will not be forced to pay for improvements to the CUPA System through the DSIC until CUPA’s existing customers share in the cost of those improvements. These consumer safeguards are reasonable and in the public interest and should be approved.

F. Customer Assistance Programs

The Settlement makes clear that CUPA’s customers will become eligible for PAWC’s customer assistance programs immediately after Closing. Settlement ¶ 32. Within the first billing cycle after Closing, PAWC is to send a bill insert to CUPA’s customers notifying them of PAWC’s

low income programs. In addition, PAWC is to send CUPA's customers a welcome letter that will include information about PAWC's low income programs. Settlement ¶ 33. The welcome letter will also include information about the OCA and the OSBA, in-person bill payment locations, and PAWC's website. PAWC will provide a draft of the welcome letter to the OSBA and the OCA for review and comment. Settlement ¶ 34.

These provisions are reasonable and in the public interest and should be approved. It is important that low income customers are notified of the assistance programs that are available to them. In addition to the bill insert and the welcome letter, which will be provided shortly after Closing, the Settlement ensures that PAWC continues to provide information to low income households by providing ongoing, targeted outreach regarding PAWC's low income programs. Settlement ¶ 34.

G. CUPA Customer Protections

One of the major issues in this case concerned the Integration Customer Protection Deferral Mechanism (the "Deferral Mechanism"), which was created by the Joint Petition for Settlement in CUPA's 2023 Rate Case. *See, e.g.*, OCA St. 1 pp. 15-17, OCA St. 1-SR pp. 2-7. The purpose of the Deferral Mechanism is to capture the accrued costs and integration benefits associated with the merger of SouthWest Water Company and Corix Infrastructure (US) Inc. at Docket No. A-2022-3036745, for five years after the closing date of that merger. PAWC St. No. 3-RJ pp. 3-4.

The Settlement resolves this issue by providing that CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Deferral Mechanism. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs. Settlement ¶ 35. As of September 30, 2025, the balance of the Deferral Mechanism was \$25,840. CUPA St. No. 1-RJ p. 6.

These provisions are reasonable and in the public interest because they pass the net benefits (if any) of the merger of SouthWest Water Company and Corix Infrastructure (US) Inc. from CUPA to CUPA's existing customers, consistent with the settlement in CUPA's 2023 Rate Case.

Another major issue in this proceeding concerns the inadequate fire protection in the CUPA System, which was also a significant issue in CUPA's 2023 Rate Case. *See, e.g.*, OCA St. 1 pp. 13-15; OCA St. 1-SR p. 8. *See also*, Section III.A, *supra*. At the public input hearings, several customers expressed concern that the Transactions would delay a resolution of this issue. Tr. 49-50, 75, 123. The Settlement provides that, within 12 months following Closing, PAWC will complete an initial hydraulic model to evaluate fire suppression flows throughout the Tamiment and Westgate systems. PAWC will also develop a capital plan, consistent with the model, to determine the improvements necessary to provide sufficient water pressure for fire suppression and the cost of such improvements. Settlement ¶ 36. The Settlement further provides that PAWC will begin construction on the identified capital improvements within 18 months after Closing (or, if delayed by permitting or regulatory approvals, within a reasonable time thereafter). Settlement ¶ 37.

These provisions are reasonable and in the public interest because they ensure that PAWC will timely address the inadequate fire suppression capabilities of the CUPA Systems. As discussed above, timely resolution of this public safety concern is a key benefit of the Transaction for existing CUPA customers.

H. Compliance with CUPA Rate Case Commitments

Unless specifically addressed by the Settlement, CUPA's commitments in the settlement of its 2023 rate case are not applicable to PAWC upon Closing. However, CUPA's settlement included several commitments regarding its customer assistance program. In the Settlement of the instant proceeding, PAWC agreed to take actions with respect to these commitments consistent

with PAWC's answer to an OCA interrogatory (PAWC's Answer to Interrogatory OCA-II-5 is attached to the Settlement as **Appendix D**). Among other things, **Appendix D** states:

- In its settlement, CUPA agreed to expand the eligibility for its Low-Income Program from an income up to 100% to an income up to 200% of the Federal Poverty Level. PAWC agreed that any existing CUPA customer who is enrolled in CUPA's Low-Income Program will be automatically transferred to PAWC's H2O Help to Others Program, which offers tiered bill discounts up to 200% at or below the Federal Poverty Income Guidelines ("FPIG") and grants up to 250% at or below FPIG.
- In its settlement, CUPA agreed to (a) make the low-income section of its website a permanent news item that is visible as soon as the customer enters the website and (b) ensure that the separate, low-income page of its website includes a link to the application form and related information. PAWC's website has a pictorial link for "Assistance Programs" that is linked to the H2O Help to Others Program information and applications.
- In its settlement, CUPA agreed to use its existing customer notice infrastructure to direct customers to its website to explore CUPA's low-income program and customer eligibility. PAWC currently employs a variety of methods to share information about its H2O Help to Others Program with customers. PAWC's communications direct customers to the H2O Help to Others Program webpage or to Dollar Energy Fund, the program administrator.
- In its settlement, CUPA agreed to provide print copies of its low-income handouts to customers quarterly in English and Spanish. PAWC's website includes an overview of its H2O Help to Others program in English and Spanish. PAWC also provides English and Spanish handouts to customers at in-person public events.
- In its settlement, CUPA agreed to continue to provide quarterly updates detailing participation, usage and revenue shortfalls/surpluses. PAWC has a Customer Assistance Advisory Group that meets on a quarterly basis. At each meeting, PAWC provides current information on its H2O Help to Others program, including information on the number and amount of hardship grants, the amount of bill discounts awarded, and the balance remaining in the hardship fund.
- In its settlement, CUPA agreed that, in its next base rate proceeding, it would identify the costs it sought to recover as part of its administration of the Low-Income Program. PAWC stated that, consistent with current practice, it will identify any low-income costs it seeks to recover in base rate proceedings.

PAWC submits that this provision of the Settlement is reasonable and in the public interest because PAWC will substantially comply with CUPA's settlement commitments regarding its customer assistance program.

I. Other Necessary Approvals

The Joint Petitioners believe that they have requested all necessary approvals from the Commission. Nevertheless, as a safeguard, the Settlement includes a customary “safety valve” provision requesting that the Commission grant any necessary approvals that the Joint Petitioners might have inadvertently overlooked. Settlement ¶ 42. This provision is reasonable and in the public interest and should be approved.

J. Standard Settlement Conditions

The Settlement is conditioned upon the Commission’s approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation. In such event, the Settlement will be void and of no effect. The Joint Petitioners acknowledge and agree that the Settlement, if approved, will have the same force and effect as if the Joint Petitioners had fully litigated this proceeding. Settlement ¶ 43.

This provision is standard in settlements in Commission proceedings. It protects all of the Joint Petitioners by allowing them to withdraw from the Settlement if the Commission modifies the Settlement in a way they find unacceptable. This provision makes parties to a Commission proceeding more willing to settle than they otherwise might be. It is therefore in the public interest and should be approved.

K. Public Input Hearing Testimony

The Settlement is reasonable and in the public interest because it responds to some of the testimony at the public input hearings. First, several witnesses expressed concern that the Transactions will delay the implementation of measures to address inadequate fire suppression capabilities at several CUPA Systems. Tr. 49-50, 75, 123. As discussed in Section III.G. above,

the Settlement provides specific timelines for PAWC to take concrete steps toward resolving this issue.

Second, several witnesses expressed concern about black particulate matter in the water. Tr. 92, 106. The Settlement requires PAWC, upon Closing, to assess the Tamiment System's treatment needs to determine if additional treatment or filtration is needed to address this issue. Within nine months of Closing, PAWC is to prepare an initial report describing the results of this assessment. This report will be shared with the parties to this proceeding. Settlement ¶ 38.

Third, several witnesses complained about the way that CUPA and PAWC bill for wastewater service. Both utilities bill for wastewater service based on the amount of water used by the customer. These customers argued that this billing methodology is inappropriate because some water is used for gardening or washing cars and therefore never enters the wastewater system. Tr. 60, 150-153. To address this concern, the Settlement provides that, within 12 months of Closing (but prior to the first general rate increase request that includes the CUPA Systems), PAWC will conduct an evaluation of a wastewater deduct meter pilot program for CUPA's service territory in Chester County.³ The evaluation should estimate the costs to PAWC to implement the program, the number of customers who may benefit from enrollment in the program within the studied system, the costs to customers to install and maintain a deduct meter (if applicable), the potential bill savings that the customers would experience, and the effect on other customers' rates

³ By Order entered December 18, 2025, the Commission adopted the Initial Decision of Administrative Law Judge Vero in *Pfaff v. Community Utilities of Pennsylvania Inc.*, Docket No. C-2025-3053638 (Initial Decision issued Oct. 30, 2025), which dismissed a formal complaint alleging that CUPA was improperly charging wastewater rates for water that is not processed through its wastewater facilities. In a statement, Vice Chair Barrow stated "while I agree that CUPA's billing is in compliance with its tariff, I do not believe it is proper for a utility to charge a customer for service it did not provide." *Id.*, Statement of Vice Chair Barrow at 2. She encouraged wastewater utilities with deduct meter usage customers to file and obtain Commission approval for a deduct meter tariff. The Settlement is reasonable and in the public interest because it provides for an evaluation of a wastewater deduct meter pilot program for CUPA.

due to the adjustment to billing determinants. PAWC will provide the written evaluation to the OCA and OSBA at the time of completion. Settlement ¶ 42.

Finally, the Settlement is reasonable and in the public interest because it provides for a collaborative in each of CUPA's water and wastewater service territories within 18 months following Closing to give consumers another opportunity to comment on their water and wastewater service. Settlement ¶ 41. The OCA and OSBA will be invited to participate in the in-person collaboratives and will have input into the locations of the collaboratives. The collaboratives will be held between May 1 and September 30 to ensure maximum participation by consumers. At these collaboratives, PAWC will provide customer education on such concerns as water hardness,⁴ particulate matter in water, and water conservation.⁵

These collaboratives are reasonable and in the public interest because they will give PAWC and its customers an opportunity to share information of interest to both parties. PAWC will have an opportunity to advise customers about the company's progress on addressing the fire suppression capabilities of the CUPA Systems and removing the black particulate matter from the water in the Tamiment System. Customers will have an opportunity to ask questions of PAWC representatives and discuss any new concerns that have arisen since September 2025.

Additionally, the Settlement provision requiring customer collaboratives is reasonable and in the public interest because it is similar to a provision in the settlement of CUPA's recent rate case. That settlement required CUPA to hold annual customer meetings in each of its service

⁴ At the public input hearings in this case, one consumer discussed concerns about the hardness of CUPA's water. Tr. 116. PAWC introduced testimony that it does not treat for or soften hard water because hardness does not pose a health risk; hardness does not have a maximum contaminant level or a secondary maximum contaminant level set by the United States Environmental Protection Agency. PAWC St. No. 2-R p. 4.

⁵ Several witnesses at the public input hearings discussed the topic of water conservation. Tr. 85 and 103-104.

territories until the Commission issues an order in CUPA's next base rate case. *See*, Settlement, **Attachment D** p. 4. It is reasonable and in the public interest for PAWC to substantially comply with the commitments that CUPA made in its most recent rate case, where feasible.

IV. CONCLUSION

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all of the issues in this proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of the Transactions, discovery responses, evidence that was entered into the record, and extensive settlement negotiations. A fair and reasonable compromise has been achieved in this case. PAWC fully supports the Settlement and urges the ALJ to recommend that the Commission approve it without modification.

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the Honorable Administrative Law Judge Erin L. Gannon recommend that the Commission approve the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the Settlement and the specific paragraphs set forth in its "Request for Relief."

[Signature appears on next page.]

Respectfully submitted,



Elizabeth Rose Triscari, Esq. (PA ID #306921)
Erin K. Fure, Esq. (PA ID # 312245)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
Telephone: (717) 550-1556
E-mail: elizabeth.triscari@amwater.com
E-mail: erin.fure@amwater.com

David P. Zambito, Esq. (PA ID #80017)
Jonathan P. Nase, Esq. (PA ID #44003)
Cozen O'Connor
17 North Second Street, Suite 1410 Harrisburg,
PA 17101
Telephone: (717) 703-5892
E-mail: dzambito@cozen.com
E-mail: jnase@cozen.com

Dated: December 23, 2025

Appendix F

Community Utilities of Pennsylvania Inc.'s
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of American Water Works Company, Inc., Pennsylvania-	:	Docket Nos.	A-2025-3055551
American Water Company, Nexus Regulated Utilities, LLC, and Community Utilities of Pennsylvania, Inc. for Approval Pursuant to Sections 1102 and 1103 of the Pennsylvania Public Utility Code of the Transfer of Control of Community Utilities of Pennsylvania, Inc. to American Water Works Company, Inc. and Subsequent Merger of Community Utilities of Pennsylvania, Inc. with and into Pennsylvania-American Water Company	:		A-2025-3055552 A-2025-3055553 A-2025-3055554

**STATEMENT IN SUPPORT OF JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF ALL ISSUES**

Pursuant to 52 Pa. Code §§ 5.231-5.232, the Community Utilities of Pennsylvania Inc. (“CUPA”) submits this Statement in Support of the Joint Petition for Approval of Unanimous Settlement of All Issues (“Settlement”) of the Joint Application of American Water Works Company, Inc. (“American Water”), Pennsylvania-American Water Company (“PAWC”), Nexus Regulated Utilities, LLC (“Nexus”) and CUPA, pursuant to Sections 1102 and 1103 of the Public Utility Code, for all of the necessary authority, approvals, and certificates of public convenience to approve the transfer of control of CUPA from Nexus to American Water and thereafter merge CUPA with and into PAWC (“Joint Application”). The Settlement is among American Water, PAWC, Nexus, CUPA, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”).

For the reasons stated below, the Settlement is in the public interest and in accordance with the law. Accordingly, CUPA is submitting this Statement in Support and respectfully requests that Administrative Law Judge Erin L. Gannon (“ALJ Gannon”) and the Commission approve the Settlement, without modification or delay.

I. INTRODUCTION AND BACKGROUND

On May 30, 2025, American Water, PAWC, Nexus, and CUPA filed a Joint Application related to a change in control, under Sections 1102 and 1103 of the Public Utility Code, 66 Pa. C.S. §§ 1102, 1103. Specifically, the Joint Applicants seek the Commission’s approval of American Water’s acquisition of 100% of the equity interests in CUPA and CUPA’s subsequent merger with and into PAWC, a wholly-owned subsidiary of American Water. In addition, Joint Applicants request approval for: (1) PAWC to begin to offer, render, furnish, or supply water and wastewater services in the areas currently served by CUPA and (2) CUPA to abandon all water and wastewater service in the Commonwealth.

On June 26 and June 30, 2025, the OSBA and OCA, respectively, filed Protests to the Joint Application. Public input hearings were held on September 23 and September 24, 2025, and ALJ Gannon presided over an in-person evidentiary hearing on November 21, 2025, during which the parties moved into evidence the testimony and exhibits of their witnesses. At the evidentiary hearing, the parties confirmed to ALJ Gannon that they had reached a unanimous settlement of all issues.

II. THE JOINT APPLICATION, AS MODIFIED BY THE SETTLEMENT, MEETS THE REQUIREMENTS FOR COMMISSION APPROVAL

The Joint Application as modified by the Settlement is in the public interest and provides affirmative benefits because it addresses various issues parties raised in this proceeding with commitments by PAWC to study and/or remedy concerns raised.

In its testimony, the OCA raised concerns that CUPA has not prepared a hydraulic model to evaluate fire suppression in CUPA's Tamiment System. OCA St. No. 1 at 14. Through the Settlement, PAWC committed, within 12 months following the date of closing as contemplated by the Stock Purchase Agreement and Statement of Merger between PAWC and CUPA ("Closing"), to complete an initial hydraulic model or other analysis to evaluate fire suppression flows available throughout the Tamiment and Westgate systems and develop a capital plan consistent with its model and analysis to determine the scope of improvement necessary to provide sufficient pressure for fire suppression and the cost of any such improvements. Settlement ¶ 38. Moreover, within 18 months following the date of closing, or, if delayed as a result of permitting or regulatory approvals, a reasonable time thereafter, PAWC will begin construction on the identified capital improvements necessary to provide sufficient water pressure for fire suppression in the Tamiment and Westgate systems. *Id.* ¶ 39.

The OCA also introduced testimony recommending that the Commission order that the financial benefits that have accumulated in the Integration Customer Protection Deferred Account (which resulted from the rate cases at Docket No. R-2023-3042804 *et al.* and allowed CUPA to defer the benefits stemming from the Corix/SWWC Merger and the costs of achieving those benefits and, if net savings resulted, to pass those savings to customers in future rate cases) be passed through to customers as a one-time credit to customers' bills. OCA St. No. 1 at 16. As part of the Settlement, CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Integration Customer Protection Deferral Mechanism. The balance of the Integration Customer Protection Deferral Mechanism account will be determined as of the last day of the month prior to Closing of the

Transactions. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs. Settlement ¶ 37.

Various CUPA customers expressed water quality concerns at the public input hearings – the Settlement addresses these concerns. *See* OCA St. No. 2, Ex. LMW-1 at 4-5. PAWC has committed to assessing the treatment needs in the Tamiment system and determining if additional treatment or filtration is required to address particulate matter. An initial report will be prepared within 9 months of Closing detailing the results of the assessment. The report will be shared with the parties to this proceeding. Settlement ¶ 40. Moreover, within 18 months of Closing, PAWC will organize an in-person collaborative in each of CUPA’s current water and wastewater service territories. At this collaborative, PAWC will provide customers the opportunity to describe concerns they have regarding the quality of their water or wastewater service, and the OCA and OSBA will be invited to participate.

PAWC has also committed to conducting an evaluation of a wastewater deduct meter pilot program for CUPA’s Utilities, Inc. of Pennsylvania Chester County service territory. The evaluation may assume that (1) the pilot program will be voluntary and/or (2) the customer using the deduct meter will provide a contribution in aid of construction for the cost of the deduct meter, its installation, and related plant in service accounts.

Adoption of the Settlement is in the public interest. The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code §§ 5.231, 69.401. A settlement, by definition, reflects a compromise of the parties’ positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14,

2011) (citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996)); *Pa. Pub. Util. Comm'n v. CS Water and Sewer Associates*, 74 Pa. PUC 767 (1991)). Taken as a whole, the agreed upon Settlement is a reasonable resolution that reflects the range of likely outcomes in the event of full litigation before the Commission. For the reasons detailed above, the Settlement is in the public interest.

III. CONCLUSION

CUPA believes that the commitments contained in the Joint Application, as modified by the Settlement, provide substantial affirmative public benefits in accord with Pennsylvania law and applicable precedent. For the foregoing reasons, CUPA respectfully requests that the Commission find the Joint Petition for Approval of Unanimous Settlement of All Issues to be in the public interest and approve the Settlement without modification.

Respectfully submitted,

/s/ Whitney E. Snyder

Whitney E. Snyder, PA Attorney ID No. 316625

Erich W. Struble, PA Attorney ID No. 310768

HMS Legal LLP

501 Corporate Circle

Suite 302

Harrisburg, PA 17110

Phone: 717.236.1300

Fax: 717.236.4841

wesnyder@hmslegal.com

ewstruble@hmslegal.com

Dated: December 23, 2025

Appendix H

Office of Consumer Advocate's
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of American Water Works :
Company, Inc., Pennsylvania-American :
Water Company, Nexus Regulated Utilities, :
LLC, and Community Utilities of : Docket Nos. A-2025-3055551
Pennsylvania, Inc. for Approval Pursuant to : A-2025-3055552
1102 and 1103 of the Pennsylvania Public : A-2025-3055553
Utility Code of the Transfer of Control of : A-2025-3055554
Community Utilities of Pennsylvania, Inc. to :
American Water Works Company, Inc. and :
Subsequent Merger of Community Utilities :
of Pennsylvania, Inc. with and into :
Pennsylvania-American Water Company :

**STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR FULL SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERIN L. GANNON:

AND NOW, before the Honorable Administrative Law Judge (ALJ) Erin L. Gannon, and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Full, Unanimous Settlement (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The

OCA's interest in this case is to ensure that the proposed acquisition will affirmatively benefit the public in some substantial way, including considerations regarding the rate impact of the proposed transaction, assurances of quality of service improvements, and establishing protections for both existing and acquired customers.

B. Statement of the Case

On May 30, 2025, American Water Works Company, Inc. (American Water) and its subsidiary Pennsylvania-American Water Company (PAWC), in conjunction with Nexus Regulated Utilities, LLC (Nexus) and its subsidiary, Community Utilities of Pennsylvania Inc. (CUPA) (collectively, Joint Applicants) filed a Joint Application for approval of PAWC's acquisition of the water and wastewater system assets of CUPA and provide service in CUPA's certificated service territory (Application). The Application was filed pursuant to Sections 1102 and 1103 of the Public Utility Code, 66 Pa. C.S. Sections 1102, 1103, and seeks additional and related approvals pursuant to Sections 507 and 2102 of the Public Utility Code. 66 Pa. C.S. Sections 507, 2102.

PAWC provides water service to approximately 690,173 customers throughout the Commonwealth, including approximately 635,622 residential customers. PAWC provides wastewater service to approximately 115,130 customers, including approximately 105,721 residential customers. Application at ¶ 6.

CUPA serves approximately 3,212 water customers, of which 3,164 are residential and 48 are commercial. CUPA also serves approximately 3,846 wastewater customers, 3,777 of which are residential and 69 of which are commercial. CUPA also provides water and wastewater service to a class of availability customers. *Id.* at ¶¶ 8-9.

The Application is filed as a part of a multi-state transaction involving American Water's acquisition of certain water and wastewater utility subsidiaries of Nexus. *Id.* at ¶ 14. The total

transaction amount for the multi-state acquisition is \$315 million, with approximately \$59.5 million allocated to CUPA for the acquisition of all Pennsylvania-jurisdictional water and wastewater assets. OCA St. 1 at 6. This amount was based on CUPA's capital structure balance as compared to the total capital structure of all entities to be acquired through the American Water-Nexus transaction. *Id.* CUPA's net book value for its combined water and wastewater operations is approximately \$27.9 million, meaning that the purchase price of CUPA's system assets is 46.9% greater than the net book value. *Id.* at 10.

CUPA was recently authorized to increase its water and wastewater rates. *Pa. PUC v. Cmty. Utils. of Pa. Inc.*, Docket No. R-2023-3042804 (Order entered Aug. 2, 2024)¹ (*CUPA 2023*). The rate increase was approved subject to a Joint Petition for a Full, Non-Unanimous Settlement. *Id.* at 11-22 (terms of the Settlement). The *CUPA 2023* Settlement included a number of provisions regarding the improvement of CUPA's water quality of service addressing, *inter alia*, unaccounted-for-water and inadequate pressure for fire flows, as well as significant improvements for CUPA's low-income customer programming. *Id.* Several of CUPA's settlement obligations from *CUPA 2023* are outstanding.

In *CUPA 2023*, a significant number of *pro se* consumer complainants actively participated in the proceeding, including 49 who testified at public input hearings and two who submitted exceptions to the *CUPA 2023* Settlement. *Id.* at 8 (identifying the number of public input hearing witnesses), 24-33 (addressing exceptions to the Recommended Decision which recommended approval of the Settlement). In this proceeding, 13 unique customers testified at public input hearings, seeking assurance that approval of the Application would not result in significant rate impacts and that PAWC would invest in providing adequate pressure for fire suppression, and

¹ Available at: <https://www.puc.pa.gov/pdocs/1842337.pdf>.

raising concerns regarding water quality, namely pressure, particulate matter, and hardness. OCA St. 2, OCA Exh. LMW-2.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

In order to approve a Settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. P.U.C. 1, 22 (1985); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)). “It is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted). The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” *CS Water and Sewer*, 74 Pa. P.U.C. at 771.

In order to approve the Settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. PUC v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991). Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5 (2).

Proponents of an order bear the burden of proof. 66 Pa.C.S. § 332(a). Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S. § 332(a); *City of Bethlehem* at 13. It is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.” *Lansberry v. Pa. PUC*, 578 A.2d 600,

602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*). For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*). The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602.

For the reasons set forth below, the Office of Consumer Advocate submits that the proposed acquisition is in the public interest and should be approved.

III. SETTLEMENT TERMS AND CONDITIONS

The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. The OCA submits that the Settlement is in the public interest and supports Commission approval of the Settlement without modification. The OCA points to the substantial evidence in the record support the provisions addressed by the OCA below and relies on the other parties to the settlement to address those provisions that are significant and material to them in their respective statements in support.

A. Approval of Application

PAWC and CUPA claim several benefits would result from the transaction. Namely, the proposed acquisition would grow PAWC’s captive customer base while permitting CUPA to exit the water and wastewater utility business; PAWC and CUPA also claim that PAWC will make environmental- and safety-related investments in CUPA’s water and wastewater systems at a potentially lower cost compared to the cost to CUPA. OCA St. 1 at 8-9.

While the OCA did not oppose approval of the Application, OCA witness Morgan recommended that several conditions be satisfied to ensure that approval of the Application would not result in harms which would outweigh the aspirational benefits of the acquisition. Mr. Morgan raised concerns about the potential for an acquisition adjustment, the reasonableness of the purchase price allocated to CUPA's operations, the investment in adequate fire protection, and the savings achieved through the recent merger which created Nexus being passed on to consumers. OCA St. 1 at 9-10; *see also Application of Cmty. Utils. of Pa. Inc. for Approval of a Merger of Equals Transaction*, Docket Nos. A-2022-3036744, A-2022-3036745 (Order entered Sept. 8, 2023). The OSBA raised similar concerns regarding the potential for an acquisition adjustment and the reasonableness of the purchase price allocated to CUPA's operations. *See generally* OSBA St. 1; OSBA St. 1SR.

Settlement Paragraph 24 provides that the Joint Petitioners agree that the Commission should approve the Application. Settlement at ¶ 24.

The OCA submits that, because neither the OCA nor the OSBA submitted testimony indicating that the Application should be denied and that the Settlement addresses the concerns raised by the OCA and OSBA in testimony, the Application should be approved. As set forth more fully below, Paragraph 28 provides that PAWC will not request an acquisition adjustment related to its acquisition of CUPA's water and wastewater system assets, Paragraph 37 provides for the benefits of the Nexus merger to flow through to CUPA's customers as a one-time bill credit, and Paragraphs 38 and 39 include PAWC's commitment to investing in plant to permit adequate pressure for fire flows. Settlement at ¶¶ 28, 37-39. With these commitments, the OCA's concerns regarding the Application have been resolved, and approval of the Application is in the public interest.

B. Rates

PAWC averred that approval of the Application will have no effect on rates until the Commission reaches a determination to adjust the current rates of PAWC or CUPA customers in a future base rate case. PAWC St. 3 at 6-7.

However, the OCA raised the concern that PAWC may request that the purchase price for CUPA's water system assets be included in rate base instead of the depreciated original cost of the assets under Section 1327(a) of the Public Utility Code. OCA St. 1 at 10-11; 66 Pa. C.S. § 1327(a). The purchase price in excess of the depreciated cost of CUPA's total system assets is \$27.9 million. OCA St. 1 at 10. While it is uncertain what portion of this amount would be attributable to CUPA's water system assets until the time of closing, the potential for PAWC to claim Section 1327(a) treatment for a water system that is currently operated by a highly sophisticated and financially fit public utility presents a clear harm to PAWC and CUPA customers. *Id.* The OSBA presented similar concerns in its testimony. OSBA St. 1 at 6-9, 11-12.

The Settlement provides that:

28. PAWC shall record the original cost of CUPA's utility plant in service net of accumulated depreciation as of the acquisition Closing date. PAWC will not request recovery of an acquisition adjustment under Section 1327(a) of the Pennsylvania Public Utility Code ("Code"). Any goodwill resulting from this transaction that is included on the balance sheet of PAWC shall be excluded from rate base. Therefore, financing costs for the goodwill will not be recovered in rates.

29. PAWC will, in the first base rate case in which it includes the System assets, identify the capital additions made to the acquired System which are necessary for PAWC to integrate the Systems into its operating footprint separately from those capital additions which are safety-, reliability-, quality of service-, or environmentally-related or otherwise necessary for regulatory compliance. PAWC's analysis or report separately identifying these investments shall be made available to the parties to that proceeding upon request.

30. Except as explicitly agreed upon in this Settlement, nothing contained herein or in the Commission's approval of the Joint Application shall preclude any Joint Petitioner from asserting any position or raising any issue in a future PAWC proceeding.

Settlement ¶¶ 28-30.

These provisions of the Settlement squarely commit PAWC to not request a Section 1327(a) acquisition adjustment associated with the acquisition of CUPA's water system assets, and that any financing for goodwill to fund the acquisition will not be recovered through base rates. *Id.* at 28. With this commitment, the Settling Parties have ensured that the acquisition will not have a long-term impact on rates for PAWC or CUPA customers through the use of alternative ratemaking mechanisms.

Further, in PAWC's first general rate increase request which includes CUPA's system assets, PAWC will specifically delineate between capital improvements which are integration-related, and serve only to permit PAWC to operate CUPA's systems as PAWC systems, and those which are necessary to ensure that the system operator is providing service that is compliant with the Public Utility Code. Settlement at ¶ 29. Providing this detailed review of integration-related costs in that case to requesting parties ensures access to essential information regarding the true cost of CUPA's acquisition by PAWC and to distinguish between the costs of the acquisition and the costs of reliable, safe, environmentally-compliant service that is adequate for all household needs.

Finally, the Settling Parties reserve the right to challenge any rates proposed by PAWC in any future base rate cases. Settlement at ¶ 30. This provision ensures that the Settlement does not limit the OCA's flexibility in future rate cases to adopt a position that is in the interest of consumers, except as explicitly agreed-to in the Settlement.

The OCA submits that these protections for PAWC and CUPA customers are essential to the overall Settlement, and are in the public interest because they mitigate potential future rate increase requests, provide the Settling Parties with additional information regarding the effects of

the transaction on plant in service, and do not limit the rights of the Settling Parties to raise related issues in future rate cases.

C. Approval of an Agreement with an Affiliated Interest Pursuant to 66 Pa. C.S. § 2102

The OCA did not present evidence regarding this issue. However, because resolution of this issue is critical to settling all issues in the instant proceeding, the OCA supports this term as, when considered in the context of the Settlement, in the public interest.

D. Approval of Agreements Pursuant to 66 Pa. C.S. § 507

The OCA did not present evidence regarding this issue. However, because resolution of this issue is critical to settling all issues in the instant proceeding, the OCA supports this term as, when considered in the context of the Settlement, in the public interest.

E. Distribution System Improvement Charge

Under the terms of the Settlement, PAWC will not include system-related investments in its Distribution System Improvement Charge (DSIC) until PAWC collects a DSIC from CUPA customers. Settlement at ¶ 33. This term protects current PAWC customers by ensuring that no PAWC customer is charged for improvements to CUPA's plant until CUPA customers pay their share of the DSIC and that CUPA customers will be charged the DSIC in a timely manner so that they begin to contribute to overall reliability-related system improvements.

F. Customer Assistance Programs

In the *CUPA 2023* settlement, CUPA made a number of improvements to its low-income program, namely increasing the level of bill discount and applying it to monthly fixed charges as well as establishing an arrearage management program. *CUPA 2023* at 15-18 (quoting settlement paragraphs 13-18, regarding the bill discount program, and 22-29, regarding the arrearage management program). However, due to its size and fitness, PAWC has a more robust low-income

program, which includes an income-tier structure to provide greater bill discounts to lower income customers. *See* PAWC St. 3 at 8-10. In comparing the bill discount programs, CUPA's low-income program provides a higher discount for water service charges, water usage charges, and wastewater bills for customers earning at 151% to 200% of the Federal Poverty Level (FPL) as well as for water usage charges for customers earning at 101% to 150% FPL, because CUPA's bill discount program provides a flat 45% discount to all customers earning at or below 200%. *Id.* at 9. PAWC's bill discount program provides a greater discount for all other water service charges, water usage charges, and wastewater bills for qualifying customers. *Id.* PAWC also has a hardship fund grant program, while CUPA does not. *Id.* PAWC witness Everette testified that extending PAWC's suite of low-income programs and options to CUPA's customers who are currently enrolled in its low-income program will not come at a significant cost to current PAWC customers. *Id.* at 10.

The Settlement provides:

34. Immediately after Closing, System customers will become eligible for all PAWC payment options and customer programs, including applicability of PAWC's arrearage management program.

35. Within the first billing cycle following Closing, PAWC shall include a bill insert to System customers regarding its low income programs and shall include such information in a welcome letter to the Systems' customers. The bill insert and welcome letter shall include, at a minimum, a description of the available low income programs, eligibility requirements for participation in the programs, and PAWC's contact information. PAWC also agrees to ongoing, targeted outreach to its System customers regarding its low income programs.

36. The welcome letter will be sent within the first 30 days of Closing and will also include information about the OCA and the OSBA, about payment options (including low-income programs, eligibility requirements, PAWC contact information) and in-person bill payment locations reasonably proximate to the areas served by the System. The welcome letter shall also refer customers to PAWC's website (including the link) where a customer can find information concerning the transaction, which will include information regarding the OCA and the OSBA with a hyperlink. Unless PAWC, OSBA and the OCA agree to work together on a different timeline, within 15 days of a final order in this proceeding, PAWC will provide the OSBA and the OCA with a copy of the draft welcome letter; OSBA

and the OCA will provide any suggestions to PAWC within 10 days of receipt; and PAWC, in good faith, will consider incorporation of said suggestions.

Settlement ¶¶ 34-36.

These terms seek to create as seamless of a transition for CUPA's customers who are currently enrolled in its low-income program as possible, as well as to provide all CUPA customers with information regarding PAWC's low-income program offerings. The OCA has consistently supported the issuance of a bill insert and welcome letter following PAWC's acquisition of a system in recent proceedings because the letters are an effective way to inform acquired customers of PAWC's low-income programming, including whether customers can qualify for the program, and how they can enroll. Furthermore, the OCA's review of the welcome letter, and PAWC's good faith effort to address any feedback provided by the OCA, serves as an additional level of review and accountability for the Company to ensure that the welcome letter clearly describes PAWC's low-income programming and how customers can participate. Raising awareness of such programs following an acquisition is critical to ensure that acquired customers are fully informed of their options should they face difficulty paying their water and/or wastewater bills.

G. CUPA Customer Protections

1. CUPA 2023 Settlement Commitments

The *CUPA 2023 Settlement* provided:

30. CUPA shall set up a deferral account, "Integration Customer Protection Deferral Mechanism," which will capture accrued costs and benefits of integration that occur for five years after the closing date. All parties reserve their rights to challenge recovery of any deferred amounts in future rate proceedings.

32. Before the next rate case, CUPA will provide an update to OCA, I&E, and OSBA on the implementation of the recommendations from the engineering study and hydraulic analysis to address low and high pressure in Penn Estates.

34. The Company will have [an engineering consulting firm] develop a hydraulic model utilizing existing data for its Tamiment system. The hydraulic model will then be used to evaluate the fire suppression flows available throughout

the Tamiment system before the next base rate case. Monthly unmetered public fire protection rates will not be decreased.

CUPA 2023 Settlement at ¶¶ 30, 32, 34.

As part of Nexus's acquisition of CUPA in 2022, Nexus supported the acquisition by claiming that cost savings would result, which would benefit CUPA's customers in the long-term. OCA St. 1SR at 3-4. The settlement of the *CUPA 2023* rate case provided that these cost savings would be tracked and, if net savings resulted after five years, that the savings would be flowed back to customers. *Id.* at 5-6. Because CUPA will no longer exist as a legal entity capable of flowing these cost savings back if the acquisition is approved, it is imperative that all accrued benefits of Nexus's 2022 acquisition be captured and passed back to CUPA customers in this proceeding, as recommended by OCA witness Morgan. *Id.* at 6. While PAWC and Nexus disagreed with the OCA's recommendation, CUPA witness Lubertozzi confirmed in rejoinder testimony that the Integration Customer Protection Deferral Mechanism had a net balance of \$25,840, reflecting cost savings to consumers. Nexus St. 1-RJ at 6.

Further, as part of the *CUPA 2023* settlement agreement, CUPA agreed to conduct engineering analyses regarding inconsistent water pressure in its Penn Estates system due to the inadequate water pressure for fire suppression in its Tamiment system. OCA St. 1 at 14-15. When the Commission entered the Order approving the settlement agreement, Chairman DeFrank noted the importance of these terms, as they could assist CUPA's development and implementation of a capital improvement plan to provide adequate fire suppression in these systems. *CUPA 2023*, Statement of Chairman DeFrank² (entered Aug. 1, 2024). In this proceeding, the record was unclear as to CUPA's progress in implementing these settlement terms. OCA St. 1 at 14-15. Poor and inconsistent water pressure, including the lack of availability of fire suppression, was raised

² Available at: <https://www.puc.pa.gov/pcdocs/1842461.pdf>.

by a number of public input hearing witnesses. OCA Exh. LMW-2 at 3-4. It is a critical concern to CUPA's customers that adequate fire suppression be available in their neighborhoods.

The Settlement provides:

37. In furtherance of the settlement terms of CUPA's most recent base rate cases at Docket Nos. R-2023-3042804 et al, CUPA will provide a one-time credit on the final bills issued by CUPA to CUPA's customers to reimburse customers for the net balance of the Integration Customer Protection Deferral Mechanism. The balance of the Integration Customer Protection Deferral Mechanism account will be determined as of the last day of the month prior to Closing of the Transactions. A credit will only be provided if the dollar amount of benefits exceeds the dollar amount of costs. This provision is a result of the rate cases at Docket No. R-2023-3042804 et al. which authorized CUPA to create the Integration Customer Protection Deferral Mechanism.

38. Within 12 months following the date of Closing, PAWC will complete an initial hydraulic model or other analysis to evaluate fire suppression flows available throughout the Tamiment and Westgate systems and develop a capital plan consistent with its model and analysis to determine the scope of improvements necessary to provide sufficient pressure for fire suppression and the cost of any such improvements.

39. Within 18 months following the date of Closing, or, if delayed as a result of permitting or regulatory approvals, a reasonable time thereafter, PAWC will begin construction on the identified capital improvements necessary to provide sufficient water pressure for fire suppression in the Tamiment and Westgate systems.

Settlement at ¶¶ 37-39.

These terms of the Settlement cement CUPA's obligations in the *CUPA 2023* settlement regarding CUPA's Integration Customer Protection Deferral Mechanism and investment in fire suppression. Namely, the parties agreed that CUPA would provide a one-time bill credit to its customers with the amount of net savings contained in the deferral account, consistent with the intentions for the establishment of the mechanism, the recommendation of the OCA's witness, and the nature of the premature termination of the tracking of benefits to customers. As the account contains net savings, CUPA customers will likely see a rate benefit from a one-time bill credit consistent with the Settlement commitment.

Additionally, the Settlement will ensure that PAWC will undertake best efforts to install sufficient water pressure capacity to provide adequate fire protection in its Westgate and Tamiment systems, as CUPA would have done if it were not acquired. This commitment addresses the concerns of CUPA's customers, the OCA, and Chairman DeFrank, that PAWC will continue the work which CUPA committed to undertake as part of the settlement of its recent rate case. Furthermore, the Settlement includes timing windows, consistent with the testimony of PAWC witness Guntrum, so that all improvements necessary to provide adequate fire suppression will be implemented as quickly as is feasible. *See* PAWC St. 2-R at 4-8.

Because these provisions of the Settlement contain critical protections for CUPA's customers which were bargained-for as part of the *CUPA 2023* settlement, the OCA submits that they are in the public interest and should be approved without modification.

2. Customer Collaboratives

At the Public Input Hearings in this proceeding, a number of Tamiment customers identified that they had a number of concerns regarding the quality of their water, including hard water, black particulate matter in the water, and unaccounted for water loss. OCA Exh. LMW-2 at 4-5. In its rebuttal testimony, PAWC witness Guntrum provided several possible explanations for the black particulate matter, how PAWC would investigate water quality in the Tamiment system, and how PAWC would consider implementing improvements to the Tamiment system in order to address the particulate matter, depending on the source. PAWC St. 2-R at 2-4.

As further described *supra* and *infra*, CUPA's customer base is active in public input hearings, during its rate cases and in this proceeding, as well as in terms of raising disputes with the Commission. *See* OCA Exh. LMW-2. For example, in 2021, 2022, and 2023, CUPA had the highest rate of consumer complaints per 1,000 customers of any jurisdictional, Class A water or

wastewater utility in Pennsylvania. *2023 Utility Consumer Activities Report and Evaluation*, Pa. PUC (published Jan. 2025)³ at 54.

The Settlement provides:

40. Upon Closing, PAWC will assess the treatment needs in the Tamiment system and determine if additional treatment or filtration is required to address particulate matter in the water concerns raised at the public input hearing. An initial report will be prepared within 9 months of Closing detailing the results of the assessment. The report will be shared with the parties to this proceeding.

41. Within 18 months following the date of Closing, PAWC will organize an in-person collaborative in each of CUPA's current water and wastewater service territories. At this collaborative, PAWC will provide customers the opportunity to describe concerns they have regarding the quality of their water or wastewater service. The OCA and OSBA will be invited to participate in the in-person collaboratives and will have input into the locations of the collaboratives. The customer collaborative will be held between May 1 and September 30 and will include customer education on concerns regarding water hardness, particulate matter in water, and water conservation. PAWC will meet with the OCA and OSBA to discuss the issues it intends to present at the collaboratives at least 60 days prior to the collaboratives, and will consider in good faith any feedback provided by the OCA and OSBA. PAWC will provide a description of each concern identified by CUPA's customers to the OCA and OSBA within 60 days following the collaboratives.

Settlement at ¶¶ 40-41.

While the Settlement does not require PAWC to take steps in order to address CUPA's customers' reports of black particulate matter in their water, it does require PAWC to investigate potential causes, as described in Mr. Guntrum's rebuttal testimony. As Mr. Guntrum testified, it is impossible to know the source of particulate matter in water unless an investigation into the system is conducted which looks at iron and manganese content in the water, corroding fittings, or silt from the well which is drawn into the distribution system. PAWC St. 2-R at 3. By investigating, and providing a report on, the cause of black particulate matter in Tamiment customers' homes, PAWC is committing to taking the first step towards addressing an issue which is significant in

³ Available at: <https://www.puc.pa.gov/media/3305/2023-ucare-final.pdf>.

the mind of CUPA's Tamiment customers. This commitment is important assurance to CUPA's Tamiment customers that their concerns are going to be taken seriously under PAWC ownership, a concern which was raised at the public input hearings.

Furthermore, by providing a forum in which CUPA's customers can express concerns regarding their service to PAWC, PAWC will be better informed on what issues are likely to arise in the acquired systems and will be better able to address them. Holding collaborative meetings with CUPA's customers provides PAWC with an opportunity to educate its customers, as well as build trust that it will be responsive to their concerns, hopefully reducing the rate of complaints filed with the Commission. By giving the OCA and the OSBA the opportunity to review areas of discussion in these collaborative meetings, as well as participate in the meetings, the collaboratives will be more targeted at the areas of service that the advocates' offices hear about from CUPA's customers.

In sum, based off of the high levels of participation in CUPA's public input hearings, these Settlement terms are designed to be directly responsive to the concerns of CUPA's customers and give those customers the chance to communicate their concerns to PAWC in an open, friendly, and collaborative format.

3. Deduct Metering Evaluation

In *CUPA 2023*, the Commission approved metered wastewater rates for CUPA's previously unmetered residential and commercial wastewater customers, including those in its Chester County service territory (former Utilities, Inc. of Pennsylvania Division), which calculate monthly usage based on metered water consumption provided by the water service provider. *CUPA 2023*. The OCA supported this transition, as consistent with the Commission's policies incentivizing conservation and efficiency of utility services. *See CUPA 2023* at 26. However, a number of CUPA's customers disapproved of the transition to metered wastewater rates due to the

inclusion of water used for irrigation purposes in the metered wastewater rate and submitted formal complaints to the Commission on this issue. These customers urged the Commission to Order CUPA to adopt a deduct metering program, whereby water consumption which is not used for household purposes would be measured through a second meter, and the wastewater bill would be based on metered household consumption less the amount metered through the second meter. *See, Jason Showers v. Cmty. Utils. of Pa. Inc.*, Docket No. F-2025-3052795 (Initial Decision submitted Aug. 18, 2025)⁴ at 6-8; *see also Sean Petty v. Cmty. Utils. of Pa. Inc.*, Docket No. C-2024-3052590 (Initial Decision on Remand issued Nov. 24, 2025)⁵ at 9-13.

At the time the Commission adopted the Initial Decision in Mr. Showers' Formal Complaint proceeding, Vice Chair Barrow entered a Statement "to implore CUPA and other wastewater utilities with similarly situated wastewater customers to promptly address" the use of metered water data – inclusive of water used for irrigation – "by filing and obtaining approval for a deduct tariff from the Commission." *Jason Showers v. Cmty. Utils. of Pa., Inc.*, Docket No. F-2025-3052795 (Barrow Statement entered Oct. 9, 2025)⁶ at 2. According to Vice Chair Barrow, "CUPA billed the Complainant for usage that did not pass through its wastewater system because of the absence of a deduct meter to account for such usage." *Id.* at 1-2.

In its 2023 general rate increase request, PAWC proposed a "winter averaging" method for determining water usage for the purposes of metered wastewater billing, which the OCA opposed, where the volumetric component of a customer's wastewater bill would be the lesser of their average water consumption during January, February, and March or their actual water usage. *Pa. PUC v. Pa.-American Water Co.*, Docket Nos. R-2023-3043189 *et al* (Order entered July 22,

⁴ Available at: <https://www.puc.pa.gov/pcdocs/1891391.pdf>.

⁵ Available at: <https://www.puc.pa.gov/pcdocs/1903514.pdf>.

⁶ Available at: <https://www.puc.pa.gov/pcdocs/1897982.pdf>.

2024)⁷ (*PAWC 2023*) at 275-85. The Commission denied PAWC’s proposal, finding that the difference between winter and summer usage was *de minimis* and that the proposal might have a disproportionate effect on PAWC’s lower income customers that have less variance in seasonal usage as compared to higher income customers. *Id.* at 283-85. PAWC made a similar proposal, a “deduct adjustment,” in its 2025 general rate increase request filing. *See Pa. PUC v. Pa.-American Water Co.*, Docket Nos. R-2025-3057983 *et al* (Filed Nov. 14, 2025), PAWC St. 10⁸ at 25-29.

Settlement Paragraph 42 provides:

42. Within 12 months of Closing, but prior to the first general rate increase request which includes CUPA’s system assets, PAWC will conduct an evaluation of a wastewater deduct meter pilot program for CUPA’s Utilities, Inc. of Pennsylvania Chester County (former Utilities, Inc. of Pennsylvania Division) service territory. The evaluation may assume that (1) the pilot program will be voluntary and/or (2) the customer using the deduct meter will provide a contribution in aid of construction for the cost of the deduct meter, its installation, and related plant in service accounts. This evaluation should estimate the costs to PAWC to implement the program, estimate the number of customers who may benefit from enrollment in the program within the studied system, estimate the costs to customers to install and maintain a deduct meter (if applicable), estimate the potential bill savings that the customers would experience, and estimate the effect on other customers’ rates due to the adjustment to billing determinants. PAWC will provide the written evaluation to the OCA and OSBA at the time of completion and, upon request, will produce the same in discovery in the first general rate increase request which includes CUPA’s system assets.

Settlement at ¶ 42.

While the OCA is currently evaluating PAWC’s “deduct adjustment” proposal in its pending general rate increase proceeding, the OCA supports a fulsome investigation into what mechanisms – if any – are appropriate to more accurately measure the amount of water used which does not flow into the wastewater collection system and, therefore, does not cause the wastewater utility to incur costs for collection or treatment. The deduct metering evaluation contained in the

⁷ Available at: <https://www.puc.pa.gov/pcdocs/1838564.pdf>.

⁸ Available at: <https://www.puc.pa.gov/pcdocs/1902593.pdf>. PAWC Statement 10 is included as Volume 9 of the rate filing.

Settlement will do just that. This evaluation will include the relevant data necessary to complete a full evaluation, namely the costs of implementing deduct metering for both PAWC and customers, potential benefits of deduct metering, and the potential harms to customers due to the change in billing determinants from deduct metering. The evaluation is limited in scope and addresses the concerns of several current CUPA customers, applying only to CUPA's former Utilities, Inc. Division, a service territory which recently switched from unmetered to metered wastewater rates and has seen large bill increases as a result.

PAWC would retain flexibility on the assumptions necessary to build the evaluation, while providing the OCA and OSBA the opportunity to review the results of the evaluation and request that it be produced in PAWC's next general rate increase filing. The targeted nature of this provision of the Settlement will produce valuable data for further consideration as to whether an alternative method for wastewater billing may be beneficial and, as a result, is in the public interest.

H. Compliance with CUPA Rate Case Commitments

In its response to OCA Set II-5, attached to the Settlement, PAWC provided a proposal on how to incorporate CUPA's low-income customers into PAWC's existing low-income programming beyond providing a bill insert and welcome letter, as described *supra*. The Settlement commits PAWC to implementing that proposal, to the extent not otherwise required by the terms of the Settlement. Settlement ¶ 43. This commitment includes transferring CUPA's enrolled low-income customers into PAWC's bill discount program and direct-to-customer outreach regarding programming, among others. Under these terms, PAWC commits to round out its low-income programming commitments contained in Paragraphs 34-36 of the Settlement and ease CUPA's low-income customers into PAWC ownership as effectively as possible.

I. Other Necessary Approvals

The OCA supports the Settlement term contained in Paragraph 44 because it is a critical component of approval of the proposed acquisition, overall, and it is unlikely that settlement would have been achieved but-for the parties' agreement to this term.

J. Standard Settlement Conditions

The OCA supports the Settlement term contained in Paragraphs 45-50 because they are a critical component of approval of settlements before the Commission and is necessary to ensure that the Settling Parties retain their respective rights in future proceedings, as well as the right to withdraw from the Settlement if it is modified in a way which contravenes the purpose of the Settlement.

K. Public Input Hearing Testimony

As set forth in the discussion of individual terms provided *supra*, this Settlement is designed to address the testimony given by CUPA's customers at the public input hearings in this case. As identified in OCA Exhibit LMW-2, there are four areas of concern raised by CUPA's customers: affordability, fire hydrants/water pressure, water quality, and infrastructure improvements. OCA Exh. LMW-2. One PAWC customer testified, who raised concerns regarding customer service as well as industrial growth and data centers, issues which are not addressed by the Settlement. *Id.*; *see also* Sanchez Exhs. 1, 2.

Regarding affordability, the Settlement does not affect the ability of PAWC or CUPA customers to afford their monthly bills. CUPA's rates will remain in effect for CUPA customers at the time of closing. PAWC St. 3 at 6. The following table compares the water and wastewater rates of CUPA and PAWC's Rate Zone 1 customers:

	CUPA ⁹	PAWC Rate Zone 1 ¹⁰
Water Customer Charge	\$18.18	\$18.80
Water Volumetric Charge (per 100 gallons)	\$2.112	\$1.8772
Water Base Rate – 4,000 gallons ¹¹	\$102.66	\$93.89
Wastewater Customer Charge	\$39.90	\$15.00
Wastewater Volumetric Charge (per 100 gallons)	\$1.800	\$2.9539
Wastewater Base Rate – 4,000 gallons	\$111.90	\$133.16

As seen in this table, it is clear that CUPA and PAWC currently charge comparable rates. The proposed acquisition will not have an immediate effect on rates or affordability, and the long-term effect of PAWC’s acquisition on rates may be relatively small, considering the level of parity in rates which already exists between CUPA and PAWC.

Regarding fire hydrants and water pressure concerns, as described *supra*, the Settlement holds PAWC to a reasonable schedule within which it must design, plan, and implement a capital plan to address CUPA’s existing deficiencies regarding fire hydrants. Furthermore, it is likely that investment in mains capacity sufficient to provide adequate fire suppression will improve customers’ water pressure in their homes. As a result, the Settlement clearly addresses CUPA’s customers’ concerns regarding fire suppression and water pressure.

Regarding water quality, the Settlement requires PAWC to investigate particulate matter in the Tamiment system and to hold customer collaborative sessions discussing water quality in each of CUPA’s service territories. This combination of terms will help educate PAWC on what water quality issues currently affect CUPA’s customers and pushes PAWC to investigate the cause

⁹ PAWC St. 3 at 6.

¹⁰ Supplement No. 50 to Tariff Water-PA P.U.C. No. 5 at 16; Supplement No. 52 to Tariff Wastewater PA P.U.C. No. 16 at 11.1.

¹¹ The usage level of 4,000 gallons is a hypothetical amount which is provided only for purposes of comparison.

of at least one concern which was raised at public input hearings. While there is no guarantee that PAWC can or will address all of the water quality concerns CUPA's customers may have, CUPA's customers will be given the opportunity to express those concerns to PAWC directly, which is the first critical component of having water quality be improved. These commitments also address the concerns raised at the public input hearings regarding infrastructure investment.

In sum, the Settlement squarely addresses the issues raised by CUPA's customers at the public input hearings in this case.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement, taken together, represent a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully Submitted,

/s/ Christy M. Appleby

Christy M. Appleby, Esq.

Senior Assistant Consumer Advocate

PA Attorney I.D. # 85824

Email: CAppleby@paoca.org

Jacob Guthrie, Esq.

Assistant Consumer Advocate

PA Attorney I.D. # 334367

Email: JGuthrie@paoca.org

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

December 23, 2025

Counsel for:

Darryl A. Lawrence

Consumer Advocate

Appendix H

Office of Small Business Advocate's

Statement in Support

The OSBA requests that the Pennsylvania Public Utility Commission (“Commission”) approve the *Settlement*, in full, subject to the following terms and conditions.

II. LEGAL STANDARDS

The OSBA will defer to the Joint Petition for Approval of Unanimous Settlement of All Issues.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED

The *Settlement* sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Settlement* was in the best interests of the PAWC’s small business customers.

IV. SETTLEMENT TERMS

A. Approval of Application

The OSBA agrees that the Commission should approve the *Settlement*. More specifically, the OSBA concludes that the *Settlement* provides a reasonable result and a meaningful benefit to small business customers and that the Commission should:

1. Grant the transfer control of CUPA from Nexus Regulated Utilities, LLC to American Water Works Company, Inc.;
2. Grant the transfer to PAWC, by merger, all assets of CUPA used or useful in the public service;
3. Grant PAWC the right to begin to offer, render, furnish, or supply water service in the areas served by the System;
4. Grant PAWC the right to begin to offer, render, furnish or supply wastewater service in the areas served by the System;

5. Grant CUPA approval to abandon all water service in the Commonwealth, and;
6. Grant CUPA approval to abandon all wastewater service in the Commonwealth.

B. Rates

Another important aspect relates to the treatment of the acquisition premium associated with the transaction. While this proceeding does not establish ratemaking treatment, PAWC will record the original cost of CUPA's utility plant in service net of accumulated depreciation as of the acquisition closing date. PAWC will not request recovery of an acquisition adjustment under Section 1327(a) of the Public Utility Code. Any goodwill resulting from this transaction that is included on the balance sheet of PAWC shall be excluded from rate base. Therefore, financing costs for the goodwill will not be recovered in rates. This will result in future rates paid by small business customers that are lower than they otherwise would have been.

The OSBA concludes that above paragraph provides a reasonable result and a meaningful benefit to PAWC's small business customers.

C. Approval of an Agreement with an Affiliated Interest Pursuant to 66 Pa. C.S. § 2102

The OSBA is not commenting on this *Settlement* provision.

D. Approval of Agreements Pursuant to 66 Pa. C.S. § 507

The OSBA concludes that the Agreement is reasonable and a meaningful benefit to PAWC's small business customers:

Pursuant to 66 Pa. C.S. § 507, the Commission shall issue a Certificate of Filing or Approval for:

1. The Water Services Agreement dated January 16, 2007, by and between Utilities, Inc. – Westgate and the City of Bethlehem, and;
2. The Addendum to Water Services Agreement dated June 6, 2017, by and between Utilities, Inc. – Westgate and the City of Bethlehem.

E. Distribution System Improvement Charge

The OSBA concludes that the below provides a reasonable result and a meaningful benefit to PAWC’s small business customers:

The DSIC provisions of PAWC’s effective water and wastewater tariffs will apply to the former CUPA water and wastewater customers in the Systems no later than the first base rate case in which those systems are included. Additionally, PAWC will not seek to recover investments in the water or wastewater systems in its DSIC until PAWC applies the DSIC to the Systems’ customers. DSIC is connected to rate impacts. Understanding what infrastructure investments PAWC may seek to recover through the DSIC following the close of the transaction and assurance that small business customers are only charged for improvements that benefit their service area is important.

F. Customer Assistance Programs

The OSBA concludes that the below provides a reasonable result and a meaningful benefit to PAWC’s small business customers:

1. *Payment Plan:* Immediately after closing, small business customers will become eligible for all PAWC payment options and customer programs, including applicability of PAWC’s arrearage management program. This

will help small businesses manage their finances and help prevent their water from being turned off.

2. *Low Income Program*: The OSBA is not commenting on this *Settlement* provision.
3. *Welcome Letter*: PAWC has agreed to send out a welcome letter to all its customers. This letter shall introduce the OSBA to commercial customers and provide our contact information. This will give small businesses a resource to contact in case they have issues with PAWC.

G. CUPA Customer Protections

The OSBA concludes that the below provides a reasonable result and a meaningful benefit to PAWC's small business customers:

PAWC has agreed to organize an in-person collaborative in each of CUPA's current water and waste-water territories. This will be an opportunity for PAWC's new customers to discuss any issues that they are having either with customer service and/or water quality. PAWC will also use this time to educate its customers on water conservation and water hardness.

H. Compliance with CUPA Rate Case Commitments

The OSBA is not commenting on this issue.

I. Other Necessary Approvals

The OSBA agrees that the Commission shall issue all other approvals needed.

J. Standard Settlement Conditions

The OSBA agrees that this *Settlement* is conditioned upon the Commission's approval of the terms and conditions contained in the *Settlement* without modification. If the Commission modifies the *Settlement*, any Petitioner may elect to withdraw from the

Settlement and may proceed with litigation and, in such event, the *Settlement* shall be void and of no effect.

K. Public Input Hearing Testimony

The OSBA attended the public input hearings. Small business consumers did not testify.

V. CONCLUSION

WHEREFORE, the Office of Small Business Advocate respectfully request that the Honorable Administrative Law Judge Erin L. Gannon recommend, and the Pennsylvania Public Utility Commission (“Commission”) Order:

1. That the Joint Petition for Unanimous Settlement of All Issues be APPROVED as submitted, including all terms and conditions thereof, without modification.

2. That the Joint Application filed by American Water Works Company, Pennsylvania-American Water Company, Nexus Regulated Utilities, LLC, and Community Utilities of Pennsylvania Inc., on May 30, 2025, be APPROVED as amended by the Joint Petition for Unanimous Settlement of All Issues.

3. That the Commission issue such Orders, Certificates of Public Convenience or such other relief as necessary to evidence its approval under Sections 1102(a) and 1103 of the Code of:

- a. The transfer of control of CUPA from Nexus to American Water;
- b. The transfer to PAWC, by merger, of all assets of CUPA used or useful in the public service (the “Systems”); and

- c. PAWC's right to begin to offer, render, furnish, or supply water service in the areas served by the Systems.

Respectfully submitted,

/s/ Rebecca Lyttle

Rebecca Lyttle
Assistant Small Business Advocate
Attorney ID No. 201399

Commonwealths of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Dated: December 23, 2025