

**BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Nunc Pro Tunc Petition of Pennsylvania	:	
American Water Company for Limited	:	P-2024-3051518 (Water)
Waiver of 52 Pa. Code § 56.11(a) and	:	P-2024-3051519 (Wastewater)
Related Tariff Provisions	:	

RECOMMENDED DECISION

Before
Mark A. Hoyer
Deputy Chief Administrative Law Judge

INTRODUCTION

This decision recommends that the Joint Petition for Approval of Settlement of All Issues executed and submitted at this docket by Pennsylvania-American Water Company (PAWC or the Company), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), be approved without modification as it is in the public interest.

HISTORY OF THE PROCEEDING

On October 3, 2024, PAWC filed the Nunc Pro Tunc Petition of Pennsylvania-American Water Company for Limited Waiver of 52 Pa. Code § 56.11(A) and Related Tariff Provisions (Petition) with the Commission. PAWC petitions for a limited waiver of 52 Pa.Code § 56.11(a) and Rules 10.2 and 8 of PAWC’s water and

wastewater tariffs.¹ PAWC averred that the requested waiver is related to a “technical issue that impacted a subset of bills from August 26, 2024 to September 12, 2024.” Petition at 1. PAWC further averred that upgrades to two systems used for billing caused a technical issue that resulted in a subset of customers not receiving a paper bill or notification of their electronic bill. Petition ¶ 7.

On October 23, 2024, OSBA filed a Notice of Intervention, Public Statement and Verification.

On October 23, 2024, CAUSE-PA filed a Petition to Intervene and Answer.

On November 12, 2024, PAWC filed Preliminary Objections to the Petition to Intervene of CAUSE-PA.

On November 19, 2024, a Motion Judge Assignment Notice was served assigning this matter to me for disposition.

On November 21, 2024, OCA filed a Notice of Intervention.

On November 22, 2024, CAUSE-PA filed an Answer to PAWC’s Preliminary Objections.

On December 20, 2024, an Initial Telephonic Prehearing Conference Notice was served scheduling a prehearing conference on January 15, 2025. Also on December 20, 2024, a Prehearing Conference Order was served.

¹ Tariff Water – PA. P.U.C. No. 5; Tariff Wastewater PA. P.U.C. No. 16.

On January 14, 2025, CAUSE-PA and PAWC filed a Joint Motion requesting: (a) to cancel the prehearing conference; (b) to engage in settlement discussions among the parties and provide monthly status reports; and (c) to postpone any ruling on PAWC's Preliminary Objections until settlement discussions conclude.

On January 14, 2025, a Cancellation Notice was issued canceling the prehearing conference.

On January 21, 2025, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance.

On September 19, 2025, PAWC filed a Joint Petition for Approval of Settlement of All Issues (Settlement) executed by PAWC, OCA, OSBA and CAUSE-PA. Also on September 19, 2025, PAWC filed a Joint Stipulation of Facts executed by PAWC, OCA, OSBA and CAUSE-PA. I&E was not a party to the Settlement, nor did I&E join the Joint Stipulation of Facts.

No conferences or evidentiary hearings have been held in this matter.

On October 8, 2025, an Interim Order Setting Date for Objections to Admission of Stipulation of Facts was issued ordering that I&E may file and serve any objection to the admission into evidence of the documents and facts expressly referenced or set forth in the Joint Stipulation of Fact and Appendix A attached thereto by October 17, 2025. No objection was filed.

On December 4, 2025, a Second Interim Order Admitting Evidence and Closing the Record was served.

This Recommended Decision recommends the Settlement be adopted without modification as it is in the public interest.

FINDINGS OF FACT

The Stipulating Parties agreed to certain facts which are hereby adopted as set forth below.²

1. PAWC is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public.

2. In general, PAWC issues monthly bills to the majority of its water and wastewater customers. All residential customers are billed on a monthly basis. Some non-residential customers are billed on a quarterly basis instead.

3. Between August 26, 2024 and September 12, 2024, upgrades to two systems used for billing caused a technical issue that resulted in a subset of customers not receiving a paper bill or notification of their electronic bill (“Billing Delay”).

4. A numerical breakdown of the impacted accounts is below:

Time Period	Bills Created	Bills Sent As Normal	Print Bills Not Mailed	E-Bill Notification Not Sent
8/26/2024 - 9/12/2024	376,541	280,107	78,443	17,991

² See Appendix A to Joint Stipulated Facts.

5. During this period, impacted customers could still view their bills and obtain copies through other means:

A. Bills could be viewed online on PAWC's MyWater customer portal; and

B. If the customer called the Company's Customer Service Center, Customer Care Agents could view bills, process payments, and mail paper bills to customers.

6. Once this technical issue was discovered, credits for any automatically assessed late payment charges and dunning locks to prevent collections activity, including any subsequent late payment charges, were placed on all impacted accounts through the end of 2024.

7. For all impacted accounts, the Company's next regularly scheduled bills issued to the customers as normal. If the customer did not make a payment during the prior billing period, the bill was for all water and/or wastewater usage from the last two billing periods.

8. In recognition of the fact that a larger balance due may have presented a challenge for lower income households, PAWC contributed an additional \$100,000 to its H2O Help to Others Hardship Fund.

9. Impacted customers from all customer classes were mailed a letter informing them that they could request a payment plan of up to 12 months through MyWater or by calling the Customer Service Center.

10. In the Petition, PAWC is requesting a limited waiver of 52 Pa. Code § 56.11(a) and Rules 10.1 and 8 of PAWC’s water and wastewater tariffs for the period of August 26, 2024 to September 12, 2024.

11. PAWC determined that approximately 4,966 self-identified low-income customers were impacted by the Billing Delay. Since the Billing Delay, 26 of these customers applied for Hardship Fund grants, but were deemed ineligible.

12. In accordance with the Settlement, PAWC will conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (i.e., 250% of federal poverty income guidelines or below).

13. Since the Billing Delay, 77 of the 4,966 self-identified low-income customers enrolled in PAWC’s Arrearage Management Program (“AMP”).

14. In accordance with the Settlement, PAWC will conduct targeted outreach, including at least one letter and one email (if email address is available) to all 4,966 customers providing program details and instructions on how to apply for PAWC’s customer assistance programs, including the Bill Discount Program, the Hardship Fund, and AMP (collectively, “Assistance Programs”).

15. In accordance with the Settlement, PAWC will update its Customer Assistance Advisory Group about the results of the outreach, including the number of affected customers who were enrolled in each low income program and the number of affected customers with outstanding balances dating back to the Billing Delay. Based on

these numbers, PAWC will facilitate a discussion about whether additional outreach is needed.

16. In accordance with the Settlement, when impacted customers contact the Company seeking a payment arrangement, PAWC's customer service representatives will ask about the customers' household size and income level to screen for potential eligibility for PAWC's Assistance Programs. If the customer responds affirmatively, they will be directed to contact PAWC's assistance program administrator, Dollar Energy Fund, to begin the application process for PAWC's Assistance Programs.

DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission's Rules of Practice and Procedure, 52 Pa. Code § 5.231, the parties explored the possibility of settlement. As a result of settlement discussions, the parties achieved a settlement in principle under which all issues are resolved. The Settlement, which is fully executed by PAWC, OCA, OSBA and CAUSE-PA, consists of 6 pages and Appendices A through G. Appendix A is Proposed Findings of Fact. Appendix B is Proposed Conclusions of Law. Appendix C is Proposed Ordering Paragraphs. Appendices D through G are the Statements in Support of the Settlement of PAWC, CAUSE-PA, OCA and OSBA respectively.

Joint Petitioners agree to the Settlement terms set forth below:

Approval of Petition

11. The Joint Petitioners agree that the Commission should approve PAWC's Petition for Limited Waiver of 52 Pa. Code § 56.11(a) and Rules 10.1 and 8 of PAWC's water and wastewater tariffs, subject to approval of the following conditions.

Withdrawal of Preliminary Objections

12. PAWC withdraws its Preliminary Objections, filed November 12, 2024.

H2O Help to Others Hardship Fund (“Hardship Fund”)

13. Between August 26, 2024 and September 12, 2024, upgrades to two systems used for billing caused a technical issue that resulted in a subset of customers not receiving a paper bill or notification of their electronic bill (“Billing Delay”), which is the subject of the above-referenced Petition. In recognition of the fact that a larger balance due may present a challenge for lower income households, PAWC contributed an additional \$100,000 to its Hardship Fund.

14. PAWC determined that approximately 4,966 self-identified low-income customers were impacted by the Billing Delay. Since the Billing Delay, 26 of these customers applied for Hardship Fund grants, but were deemed ineligible. PAWC will conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (i.e., 250% of federal poverty income guidelines or below).

Customer Assistance Program Outreach

15. Since the Billing Delay, 77 of the 4,966 self-identified low-income customers enrolled in PAWC’s Arrearage Management Program (“AMP”). PAWC will conduct targeted outreach, including at least one letter and one email (if email address is available) to all 4,966 customers providing program details and instructions on how to apply for PAWC’s customer assistance programs, including the Bill Discount Program, the Hardship Fund, and AMP.

16. PAWC will update its Customer Assistance Advisory Group about the results of the outreach, including the number of affected customers who were enrolled in each low income program and the number of affected customers with outstanding balances dating back to the pancake bill incident. Based on these numbers, PAWC will facilitate a discussion about whether additional outreach is needed.

Payment Arrangements

17. All customers impacted by the Billing Delay were sent a letter on October 4, 2024 notifying them that they are eligible for a 12-month payment arrangement as a result of the Billing Delay. If such customers previously defaulted on a Company or Commission payment arrangement, PAWC will authorize a new payment arrangement for these customers.

18. When impacted customers contact the Company seeking a payment arrangement, PAWC's customer service representatives will ask about the customers' household size and income level to screen for potential eligibility for PAWC's low-income programs. If the customer responds affirmatively, they will be directed to contact PAWC's assistance program administrator, Dollar Energy Fund, to begin the application process for PAWC's Bill Discount and Arrearage Management Programs and/or to apply for a Hardship Fund grant.

Settlement at 2-4.

In addition, the Joint Petitioners agreed to standard settlement conditions (Settlement at 4-5) and that the facts set forth in Settlement Appendix A are sufficient to find the Settlement is in the public interest. Settlement ¶ 24.

PARTIES' POSITIONS ON THE SETTLEMENT

A. PAWC

According to PAWC, through cooperative efforts and the open exchange of information, the Joint Petitioners arrived at a settlement that resolves all of the issues in this proceeding in a fair and equitable manner. PAWC fully supports the Settlement and urges both the undersigned and the Commission to approve it without modification. PAWC asserts that the Settlement resolves all issues raised by the Joint Petitioners.

Considering the diverse interests of the Joint Petitioners, this fact is itself strong evidence that the Settlement is reasonable and in the public interest. The Settlement was achieved through the hard work and perseverance of the Joint Petitioners. According to PAWC, the Joint Petitioners 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 Public Utility Code. PAWC St. in Support at 1-2, 4.

The Settlement requests that the Commission approve the Petition, which provides PAWC with a limited waiver of 52 Pa. Code § 56.11(a) and Rules 10.1 and 8 of PAWC's water and wastewater tariffs related to a billing system issue PAWC experienced between August 26, 2024 and September 12, 2024, which delayed the mailing of hard copy bills to a subset of customers ("Billing Delay"). The Settlement adopts several customer protections to help ensure that customers will not be adversely impacted by the Billing Delay. The Settlement recognizes that PAWC offered 12-month payment arrangements to all customers impacted by the Billing Delay. When customers contact the Company seeking such a payment arrangement, PAWC will screen them for potential customer assistance program eligibility and refer them to the Company's customer assistance program administrator, Dollar Energy Fund, if relevant. Approximately 4,966 self-identified low-income customers experienced the Billing Delay. The Settlement provides for PAWC to conduct targeted outreach to these customers to provide information regarding the Company's customer assistance programs, the Bill Discount Program, the Hardship Fund, and the Arrearage Management Program. PAWC will contact 26 of these individuals who were deemed ineligible for the Hardship Fund previously to provide Hardship Fund grants if they remain income eligible. Finally, the Settlement recognizes PAWC's \$100,000 Hardship Fund contribution, which was contributed to assist low-income customers who may have faced bill payment issues as a result of the Billing Delay. Moving forward, PAWC will keep its Customer Assistance Advisory Group apprised of its outreach efforts and evaluate whether additional outreach efforts would be useful. PAWC St. in Support at 2-3.

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 shall 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. 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. PAWC St. in Support at 3.

B. OCA

OCA first points out that the Settlement is in addition to the steps that PAWC has already taken to resolve the impact of the billing issues. The Petition provided the steps that the Company voluntarily took subsequent to the technical issue being discovered.³ The voluntary steps that PAWC took included:

(1) “credits for any automatically assessed late payment charges and dunning locks to prevent collections activity, including any subsequent late payment charges” placed on the accounts through the end of 2024;

(2) “[i]n recognition of the fact that a larger balance due may present a challenge for lower income households, PAWC contributed an additional \$100,000 to its H2O Help to Others Hardship Fund;”⁴ and

³ Petition ¶¶ 10, 12-13.

⁴ The fund is available to any impacted customers at or below 250% of the Federal Poverty Level (FPL). Petition ¶ 22.

(3) Customers could also request a payment plan of up to 12 months through the MyWater portal or contacting the Customer Service Center. Impacted customers would receive a letter notifying them that the payment arrangement was available.⁵

The Commission encourages settlement, and to do so, it must recognize the balance of compromises struck by settling parties. OCA submits that the Settlement is a reasonable compromise in conjunction with the steps already taken by PAWC. OCA submits that the Settlement is in the public interest and supports Commission approval of the Settlement without modification.

1. H2O Help to Others Hardship Fund (“Hardship Fund”)

Paragraphs 13 and 14 of the Settlement state:

Between August 26, 2024 and September 12, 2024, upgrades to two systems used for billing caused a technical issue that resulted in a subset of customers not receiving a paper bill or notification of their electronic bill (“Billing Delay”), which is the subject of the above-referenced Petition. In recognition of the fact that a larger balance due may present a challenge for lower income households, PAWC contributed an additional \$100,000 to its Hardship Fund.

PAWC determined that approximately 4,966 self-identified low-income customers were impacted by the Billing Delay. Since the Billing Delay, 26 of these customers applied for Hardship Fund grants, but were deemed ineligible. PAWC will conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (i.e., 250% of federal poverty income guidelines or below).

⁵ Petition ¶ 13.

Settlement ¶¶ 13-14; OCA St. in Support at 6.

As noted above, the Company voluntarily contributed an additional \$100,000 to its Hardship Fund. OCA supports the proposed additional outreach to inform self-identified low-income customers about the availability of the Hardship Fund. The billing system error may have created a payment hardship to customers that they are still working to overcome and additional notice of the availability of funds through the Hardship Fund grants will provide an additional pathway for customers to be able to access assistance and to maintain water and/or wastewater service. OCA recommends that the proposal be approved as being in the public interest. OCA St in Support at 6.

2. Customer Assistance Program Outreach

The Settlement provides that since the billing delay 77 of the 4,966 self-identified low-income customers have enrolled in PAWC's Arrearage Management Program (AMP).⁶ Paragraphs 15-16 of the Settlement state:

15. PAWC will conduct targeted outreach, including at least one letter and one email (if email address is available) to all 4,966 customers providing program details and instructions on how to apply for PAWC's customer assistance programs, including the Bill Discount Program, the Hardship Fund, and AMP.

16. PAWC will update its Customer Assistance Advisory Group about the results of the outreach, including the number of affected customers who were enrolled in each low income program and the number of affected customers with outstanding balances dating back to the pancake bill incident. Based on these numbers, PAWC will facilitate a discussion about whether additional outreach is needed.

⁶ Settlement ¶ 15.

Settlement ¶¶ 15-16; OCA St. in Support at 7.

The Settlement further provides that the Company will commit to additional outreach to impacted customers about PAWC’s available resources including the Bill Discount program, the Hardship Fund, and the AMP to assist with bill payment troubles potentially exacerbated or generated by the billing system error. The Company will also involve its Customer Assistance Advisory Group after the conclusion of the additional outreach to report on the “number of affected customers who were enrolled in each low-income program and the number of affected customers with outstanding balances dating back to the pancake bill incident.” OCA supports the proposed additional outreach to customers and then reporting to the Customer Assistance Advisory Group about the efficacy of the outreach and soliciting assistance regarding whether additional outreach measures may be necessary. The term acknowledges the additional challenges that the billing delay incident may have had on low-income customers and provides outreach in order to try to address the problem. It then provides a forum to address whether additional outreach is needed and leverages the collective knowledge of the Advisory Group to try to address the issue. OCA submits that the proposed additional outreach serves the public interest and should be approved. OCA St. in Support at 7-8.

3. Payment Arrangements

Paragraphs 17-18 of the Settlement state:

17. All customers impacted by the Billing Delay were sent a letter on October 4, 2024 notifying them that they are eligible for a 12-month payment arrangement as a result of the Billing Delay. If such customers previously defaulted on a Company or Commission payment arrangement, PAWC will authorize a new payment arrangement for these customers.

18. When impacted customers contact the Company seeking a payment arrangement, PAWC's customer service representatives will ask about the customers' household size and income level to screen for potential eligibility for PAWC's low-income programs. If the customer responds affirmatively, they will be directed to contact PAWC's assistance program administrator, Dollar Energy Fund, to begin the application process for PAWC's Bill Discount and Arrearage Management Programs and/or to apply for a Hardship Fund grant.

Settlement ¶¶ 17-18; OCA St. in Support at 8.

OCA supports the proposal to offer to customers who may have defaulted on a Company or Commission payment arrangement an additional 12-month payment arrangement. OCA also supports an inquiry to assess whether the customer may be eligible for low-income program assistance and referral to the Dollar Energy Fund. According to OCA, the proposal will provide additional tools and resources to help address the long-term impacts of the billing delay on all customers and provide information about available resources to eligible low-income customers. OCA submits that the proposed terms should be approved as serving the public interest. OCA St. in Support at 8.

C. OSBA

OSBA's focus in this proceeding has been to make certain that any small businesses impacted by PAWC's billing failures were not penalized with over-charges, late fees, and terminations for failure to pay in a timely manner.

The Settlement addresses OSBA's issue by proposing the following term:

All customers impacted by the Billing Delay were sent a letter on October 4, 2024 notifying them that they are eligible for a

12-month payment arrangement as a result of the Billing Delay. If such customers previously defaulted on a Company or Commission payment arrangement, PAWC will authorize a new payment arrangement for these customers.

Settlement ¶ 17; OSBA St. in Support at 2.

OSBA respectfully submits that this is a just and reasonable resolution of this issue, as it allows affected small businesses to avail themselves of a 12-month payment arrangement. This option for PAWC's small businesses should minimize, if not eliminate, any penalties that might have accrued of those affected by the Company's billing failure. OSBA St. in Support at 3.

D. CAUSE-PA

CAUSE-PA asserts that the Settlement is in the public interest. According to CAUSE-PA, the Settlement represents a balanced compromise of the issues raised by the Settling parties and amicably resolves a substantial number of issues raised in this proceeding, thereby avoiding additional costly litigation on these issues. CAUSE-PA asserts that the Settlement is consistent with Commission rules and practice encouraging settlements, set forth in 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by substantial record evidence. For these reasons, and the reasons set forth throughout its Statement in Support, CAUSE-PA submits the Settlement is just, reasonable, in the public interest, and should be approved without modification. CAUSE-PA St. in Support at 8.

1. H2O Help to Other Hardship Fund

In its Petition to Intervene and Answer, CAUSE-PA explained that it is generally supportive of PAWC's proposal to waive late fees, place dunning locks on

affected accounts, and contribute additional money to PAWC's Hardship Fund to help address the financial strain caused by its billing lapse. CAUSE-PA Pet. to Intervene and Answer ¶ 14a. However, CAUSE-PA recommended further investigation and review to ensure that this proposed relief is adequate to protect low and moderate income customers from the negative impact of PAWC's billing lapse. *Id.* CAUSE-PA also explained the need to ensure that PAWC's proposed remediation does not create other unintended consequences to the accessibility and availability of PAWC's existing universal service programs. *Id.* CAUSE-PA cautioned that PAWC's proposed \$100,000 contribution is likely inadequate to address the financial hardship resulting from the billing lapse, which affected over 96,000 accounts, 4,966 of whom were low-income customers. *Id.*; *see also* Stipulation of Facts, Appendix A ¶ 11. CAUSE-PA explained that if PAWC's contribution to its Hardship Fund is inadequate to fully address the financial hardship created by the billing error, it will erode the availability of assistance intended to address hardships not associated with PAWC's errors. CAUSE-PA Pet. to Intervene ¶ 14a. Since the billing lapse, 26 affected low-income customers applied for Hardship Fund grants but were deemed ineligible. Stipulation of Facts, Appendix A ¶ 11; CAUSE-PA St. in Support at 3-4.

Under the terms of the Settlement, PAWC will conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (*i.e.*, 250% of federal poverty income guidelines or below). *Id.* at ¶ 15. In combination with PAWC's initial proposals and the additional terms discussed by CAUSE-PA in its Statement in Support, this term of the Settlement will help ensure that affected customers are aware of, and able to access, PAWC's Hardship Fund to address the impact of the billing lapse. Thus, CAUSE-PA asserts this term is just, reasonable, and in the public interest and should be approved. CAUSE-PA St. in Support at 4.

2. Customer Assistance Program Outreach

While CAUSE-PA supports PAWC's proposal to place a dunning lock on affected accounts, CAUSE-PA questioned the adequacy of the timeline for the locks, and recommended that PAWC take additional steps to ensure that impacted households are able to avoid service termination associated with PAWC's billing errors once the dunning locks are removed. CAUSE-PA Pet. to Intervene ¶14b; CAUSE-PA St. in Support at 4-5.

Under the terms of the Settlement, PAWC will conduct targeted outreach, including at least one letter and one email (if email address is available) to all 4,966 customers providing program details and instructions on how to apply for PAWC's customer assistance programs, including the Bill Discount Program, the Hardship Fund, and AMP. Settlement ¶ 15. PAWC will update its Customer Assistance Advisory Group (CAAG) about the results of the outreach, including the number of affected customers who were enrolled in each low-income assistance program and the number of affected customers with outstanding balances dating back to the pancake bill incident. *Id.* ¶ 16. Based on these numbers, PAWC will facilitate a discussion about whether additional outreach is needed. *Id.*; CAUSE-PA St. in Support at 5.

Taken together with the other terms in the Settlement, CAUSE-PA asserts that these terms will help ensure that low-income customers who have been affected by the billing lapse are connected to the appropriate assistance programs to help mitigate the impact of the billing lapse. These terms will also help ensure that PAWC's CAAG is able to stay informed about the status of the affected customers and assist with additional recommendations as necessary. These terms are just, reasonable, in the public interest, and should be approved. CAUSE-PA St. in Support at 5.

3. Payment Arrangements

All customers impacted by the Billing Delay were sent a letter notifying them that they are eligible for a 12-month payment arrangement as a result of the Billing Delay. Stipulation of Facts, Appendix A ¶ 9. In its Petition to Intervene and Answer, CAUSE-PA explained that PAWC's proposed 12-month payment agreements are inadequate for low-income customers, who already face acute rate unaffordability and should not bear the compounding burden of an unaffordable payment arrangement as a result of PAWC's errors. CAUSE-PA Pet. to Intervene ¶ 15. CAUSE-PA recommended additional steps be taken to protect PAWC's low-income customers and ensure that PAWC's billing lapse does not cause undue hardship. *Id.* CAUSE-PA also pointed out that PAWC's Petition lacks critical detail necessary to determine how the proposed payment arrangements would apply to accounts with existing arrears and/or existing payment arrangements which predate the billing errors. *Id.*; CAUSE-PA St. in Support at 5-6.

Under the terms of the Settlement, if such customers previously defaulted on a Company or Commission payment arrangement, PAWC will authorize a new payment arrangement for these customers. Settlement ¶ 17. When impacted customers contact the Company seeking a payment arrangement, PAWC's customer service representatives will ask about the customers' household size and income level to screen for potential eligibility for PAWC's low-income programs. *Id.* at ¶ 18. If the customer responds affirmatively, they will be directed to contact PAWC's assistance program administrator, Dollar Energy Fund, to begin the application process for PAWC's Bill Discount and Arrearage Management Programs and/or to apply for a Hardship Fund grant. *Id.*; CAUSE-PA St. in Support at 6.

According to CAUSE-PA, these terms ensure that low-income customers seeking payment arrangements will be screened for eligibility for PAWC's Bill Discount

and Arrearage Management Programs, which will help them address their arrearages and affordability challenges. In addition, the provision contained in Paragraph 17 of the Settlement will help customers to better address payment difficulties which may occur as a result of PAWC’s billing errors by providing impacted customers with access to payment arrangements, even if they have previously defaulted on a payment arrangement. CAUSE-PA asserts that these terms are just, reasonable, and in the public interest and should be approved. CAUSE-PA St. in Support at 6.

DISCUSSION

In its Petition, PAWC is requesting a limited waiver of 52 Pa. Code § 56.11(a) and Rules 10.1 and 8 of PAWC’s water and wastewater tariffs for the period of August 26, 2024 to September 12, 2024.

Section 56.11(a) of the Pennsylvania Public Utility Code (the Code)⁷ states that “a public utility shall render a bill once every billing period to every residential customer in accordance with approved rate schedules.” “Billing period” is defined, in relevant part, as “in the case of water and wastewater service, a billing period may be monthly, bimonthly or quarterly as provided in the tariff of the public utility. Customers shall be permitted to receive bills monthly and be notified of their rights thereto.”⁸

PAWC’s water tariff states that “the Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules.”⁹

⁷ 52 Pa. Code § 56.11(a).

⁸ 52 Pa. Code § 56.2.

⁹ Supplement No. 40 to Tariff Water-PA P.U.C. No. 5, Fourth Revised Page 58 (Rule 10.1).

Similarly, PAWC’s wastewater tariff provides that “the Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules.”¹⁰

Between August 26, 2024 and September 12, 2024, PAWC created 376,541 customer bills. Of those 376,541 created bills, 280,107 were sent out to customers normally. A total of 96,434 bills were not sent out. Of this 96,434 figure, 78,443 printed bills were not mailed, and an additional 17,991 e-bill notifications were not sent.

Once this technical billing issue was discovered, PAWC voluntarily took three steps to address the problem. First, credits for any automatically assessed late payment charges and dunning locks to prevent collections activity, including any subsequent late payment charges, were placed on all impacted accounts through the end of 2024. For all impacted accounts, the Company’s next regularly scheduled bills issued to the customers as normal. If the customer did not make a payment during the prior billing period, the bill was for all water and/or wastewater usage from the last two billing periods.

Second, in recognition of the fact that a larger balance due may have presented a challenge for lower income households, PAWC contributed an additional \$100,000 to its H2O Help to Others Hardship Fund.

And thirdly, impacted customers from all customer classes were mailed a letter informing them that they could request a payment plan of up to 12 months through MyWater or by calling the Customer Service Center.

¹⁰ Supplement No. 43 to Tariff Wastewater PA P.U.C. No. 16, Fourth Revised Page 31 (Rule 8).

PAWC determined that approximately 4,966 self-identified low-income customers were impacted by the technical billing issue. In accordance with the Settlement, PAWC will conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (i.e., 250% of federal poverty income guidelines or below). Since the technical billing issue occurred, 26 of these customers applied for Hardship Fund grants, but were deemed ineligible. Since the Billing Delay, 77 of the 4,966 self-identified low-income customers enrolled in PAWC's Arrearage Management Program (AMP).

The Settlement requires PAWC to conduct outreach to all of these customers and approve Hardship Fund grants for these customers as long as they are income-eligible (i.e., 250% of federal poverty income guidelines or below). *Id.* at ¶ 15. In combination with PAWC's initial proposals, this term of the Settlement will help ensure that affected customers are aware of, and able to access, PAWC's Hardship Fund to address the impact of the billing lapse. The undersigned finds this term is just, reasonable, and in the public interest and should be approved.

In addition, the Settlement requires PAWC to update its Customer Assistance Advisory Group about the results of the outreach, including the number of affected customers who were enrolled in each low-income program and the number of affected customers with outstanding balances dating back to the pancake bill incident. Based on these numbers, PAWC will facilitate a discussion about whether additional outreach is needed. The undersigned finds this Settlement term in the public interest because it will make sure that affected customers with outstanding balances are identified for future interactions between these customers and PAWC.

All customers impacted by the Billing Delay were sent a letter on October 4, 2024, notifying them that they are eligible for a 12-month payment arrangement as a

result of the Billing Delay. If such customers previously defaulted on a Company or Commission payment arrangement, the Settlement requires PAWC to authorize a new payment arrangement for these customers.

When impacted customers contact the Company seeking a payment arrangement, PAWC's customer service representatives will ask about the customers' household size and income level to screen for potential eligibility for PAWC's low-income programs. If the customer responds affirmatively, they will be directed to contact PAWC's assistance program administrator, Dollar Energy Fund, to begin the application process for PAWC's Bill Discount and Arrearage Management Programs and/or to apply for a Hardship Fund grant. This Settlement term is in the public interest because it will make sure low-income customers and households will be provided an opportunity to access both information and perhaps help with managing bills.

In addition to the Company, OCA, OSBA and CAUSE-PA are all parties to the Settlement. These parties originally had concerns about PAWC's billing issue but after investigating the matter and identifying their respective issues, all three of these parties concluded the Settlement addresses their concerns and is in the public interest. I&E entered an appearance in this case but did not enter into the Joint Stipulation of Fact or join in the Settlement.

Commission policy promotes settlements.¹¹ 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.¹² Settlements also eliminate the time, effort, and expense of litigating a matter to its

¹¹ See 52 Pa. Code § 5.231.

¹² See 52 Pa. Code § 69.401.

ultimate conclusion, which may entail review of the Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a "settlement" reflects a compromise of the positions the parties of interest held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.¹³

For these reasons and the reasons set forth above, the Settlement is fair, just and reasonable. The undersigned concludes that PAWC handled this billing issue correctly. PAWC candidly admitted that bills were not rendered as required and identified the affected customers. Transparency is required when problems like this arise as part of the provision of utility service. PAWC voluntarily took three steps, discussed above, to address the billing issue and also filed the instant Petition. Filing the instant Petition put the statutory parties and others, such as CAUSE-PA, on notice of the issue and allowed these parties to engage in dialogue and discovery with PAWC to protect the interests of ratepayers.

Accordingly, I recommend that the Commission approve PAWC's Petition, as modified by the Settlement, because it is in the public interest.

¹³ *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004).

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this proceeding. 66 Pa.C.S. § 501(a); 52 Pa. Code § 5.43.
2. The Commission’s regulations state that “a public utility shall render a bill once every billing period to every residential customer in accordance with approved rate schedules.” 52 Pa. Code § 56.11(a).
3. “Billing period” is defined, in relevant part, as “in the case of water and wastewater service, a billing period may be monthly, bimonthly or quarterly as provided in the tariff of the public utility. Customers shall be permitted to receive bills monthly and be notified of their rights thereto.” 52 Pa. Code § 56.2.
4. Pennsylvania-American Water Company’s water tariff states that “the Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules.” Supplement No. 40 to Tariff Water-PA P.U.C. No. 5, Fourth Revised Page 58 (Rule 10.1).
5. Pennsylvania-American Water Company’s wastewater tariff provides “the Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules.” Supplement No. 43 to Tariff Wastewater PA P.U.C. No. 16, Fourth Revised Page 31 (Rule 8).
6. The Commission may grant a petition for waiver of regulations and/or tariff provisions that is in the public interest under the Commission’s statutory authority to rescind or modify regulations or orders. Petition of PECO Energy Company for Temporary Waiver of Regulations Related to the Required Days In a Billing Period, Docket No. P-2014-2446292 (Order entered Dec. 4, 2014), p. 3.

7. A petition for waiver of a Commission regulation must set forth the petitioner's interest, the relevant legal authority, the purpose of the petition, and the factual grounds for the waiver. 52 Pa. Code § 5.43.

8. Commission policy promotes settlements. 52 Pa. Code § 5.231.

9. 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.

10. 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.P.U.C. 767 (1991).

11. Pennsylvania-American Water Company's Petition, as modified by the Settlement, is in the public interest and, therefore, should be approved without modification.

ORDER

THEREFORE,

IT IS RECOMMENDED:

