



April 6, 2026

Via Email Only

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The Honorable Jeffrey A. Watson
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Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company
Docket No. R-2025-3057983 (Water)
Docket No. R-2025-3058051 (Wastewater)

Your Honors:

Please find the attached copy of the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully Submitted,

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket Nos. R-2025-3057983
 : R-2025-3058051
 Pennsylvania-American Water Company :

Certificate of Service

I hereby certify that I have this day served copies of the **Main Brief being submitted on behalf of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. : Docket Nos. R-2025-3057983
Pennsylvania-American Water Company : R-2025-3058051

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

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files this Main Brief in opposition to the unjustified proposal of Pennsylvania American Water Company (PAWC) to substantially increase rates for basic water and wastewater services, and in support of the recommendations advanced by CAUSE-PA's expert witness, Harry S. Geller, to help mitigate categorical rate unaffordability for PAWC's economically vulnerable customers. As detailed throughout the record in this proceeding, PAWC's rates for water and wastewater services are already the highest in the state and are categorically unaffordable for a growing number of Pennsylvanians – forcing an increasing number of families to survive without water and wastewater services, and creating a cascade of resulting consequences to families, other ratepayers, and the broader community.

Rate affordability, and the universal accessibility of water and wastewater services at all income levels, is a polestar principle to determining just and reasonable rates – and an essential component of the regulatory compact. Indeed, rates and the attendant terms and conditions of public utility services are not just and reasonable if service is not accessible to all households in need of service within a given service territory. PAWC's low income customers already face demonstrably unaffordable rates for basic water/wastewater services – even before any rate increase is approved – pricing tens of thousands of households out of the market for life essential services. As such, and as

discussed further herein, PAWC has failed to meet its burden of showing that its rate proposals are just, reasonable, and in the public interest. In fact, the Office of Consumer Advocate provided substantial and compelling evidence that PAWC's water and wastewater rates should be *reduced* – not increased. We urge the Honorable Deputy Chief Administrative Law Judge (DCALJ) Watson, the Honorable Administrative Law Judge (ALJ) DeVoe, and the Public Utility Commission (Commission) to deny PAWC's proposed rate increase in its entirety, consistent with the clear weight of record evidence in this proceeding.

In addition to rejecting PAWC's proposed rate proposals, CAUSE-PA urges DCALJ Watson, ALJ DeVoe, and the Commission to order PAWC to make critical improvements to its universal service programs and customer service standards to help ensure that PAWC's economically vulnerable customers can access and maintain water and wastewater services to their home. Specifically, CAUSE-PA recommends the following overarching reforms, regardless of whether PAWC is permitted to increase its residential bills:

- Reject and/or eliminate inequitable, unjust, and unreasonable rate design proposals that shift costs to lower income households.
- Improve customer service standards to ensure appropriate screening and referral processes are in place so that customers in need are able to reasonably access the Company's low income programming.
- Reform the design and scope of PAWC's universal service programming, consistent with the detailed recommendations below, to ensure the programs provide an effective alternative collections path capable of ensuring low income households can connect and maintain services to their home.

While CAUSE-PA’s recommended reforms are necessary regardless of whether any rate increase is ultimately approved, the comprehensive reforms to PAWC’s universal service and customer service standards detailed in this Main Brief become even more pressing if the PAWC is permitted to increase its basic rates for water/wastewater services.

As discussed throughout this Main Brief, substantial reforms and enhancements to PAWC’s customer service standards and universal service programs are required to ensure that all customers – regardless of income – can access reasonably affordable water/wastewater services in their homes. We urge DCALJ Watson, ALJ DeVoe, and the Commission to take decisive action to ensure that access to life-sustaining water and wastewater services is not dependent on income.

A. Procedural History

On November 14, 2025, Pennsylvania-American Water Company (PAWC or the Company) filed Supplement No. 58 to Tariff Water – PA P.U.C. No 5 and Supplement No. 61 to Tariff Wastewater – PA P.U.C. No. 16 to become effective January 13, 2026. PAWC’s tariffs would increase PAWC’s total annual operating revenues by approximately \$168.7 million, or approximately 14.6%, based on a fully projected future test year (FPFTY), ending June 30, 2027.¹

¹ Volume I, Statement of Specific Reasons.

CAUSE-PA filed a Formal Complaint and Notice of Entry of Appearance in this proceeding on December 5, 2025, which was consolidated with the instant rate case proceeding at the prehearing conference held on December 12, 2025.

On December 4, 2025, the Commission suspended the respective water/wastewater filings by operation of law until August 13, 2026, pursuant to Section 1308(d) of the Public Utility Code, unless permitted by the Commission to become effective at an earlier date.² The Commission ordered an investigation of PAWC's filings to determine the lawfulness, justness, and reasonableness of rates, rules, and regulations contained in PAWC's proposed tariffs and associated filings – and the lawfulness, justness, and reasonableness of existing rates, rules, and regulations of PAWC's existing rates.³

On December 5, 2025, a hearing notice was issued for both filings setting a telephonic prehearing conference for December 12, 2025, at 10:00 A.M. On December 10, 2025, CAUSE-PA filed prehearing memoranda. At the prehearing conference on December 12, 2025, DCALJ Watson and ALJ DeVoe consolidated CAUSE-PA's Formal Complaint with the Company's rate case, affording CAUSE-PA full status as an active party in this proceeding. On December 17, 2025, a Prehearing Order was issued, establishing a procedural schedule. On January 9, 2026, an Order was issued which granted PAWC's Petition for Protective Order.

² Suspension Order, December 4, 2025.

³ *Id.*

On December 19, 2025, the Commission issued a hearing notice for public input hearings. In-person public input hearings were conducted in Washington on January 13, 2026; Scranton on January 15, 2026; Harrisburg on January 16, 2026; and Reading on January 20, 2026. Telephonic public input hearings were conducted on January 21, 2026. On December 29, 2025, the Commission issued a hearing notice for additional in-person public input hearings in New Garden Township (Landenberg) on January 29, 2026. On January 7, 2026, a further pre-hearing conference was held, whereby the parties agreed to modify the public input hearings to cancel hearings in New Garden Township for January 29, and schedule hearings for Coatesville City Hall on the same date and time.

On January 30, 2026, CAUSE-PA served prepared written direct testimony in this matter. On February 5, 2026, CAUSE-PA served an errata to our direct testimony. On February 27, 2026, CAUSE-PA filed a letter indicating that we would not submit rebuttal testimony in this matter. On March 13, 2026, CAUSE-PA served prepared written surrebuttal testimony in this matter. On March 19, 2024, the Company submitted its rejoinder outline in this matter, with oral rejoinder testimony conducted at the evidentiary hearings.

Evidentiary hearings were held on March 23, 24, and 25, 2026, during which preserved testimony of the parties' witnesses, including the direct and surrebuttal testimony of Harry S. Geller on behalf of CAUSE-PA, was admitted into the record in this matter. During these evidentiary hearings, the ALJs provided briefing instructions, which had previously been memorialized in a Briefing Order dated March 17, 2026⁴.

B. Legal Standards (Burden of Proof)

In any rate case filed pursuant to section 1308 of the Public Utility Code, such as the current case filed by PAWC, the burden of proof is on the public utility to show that the rate involved is just and reasonable.⁴ The public utility must satisfy its burden of proof by a preponderance of the evidence, meaning it must present evidence that is more convincing than the evidence presented by the other parties.⁵

Section 1301(a) of the Public Utility Code mandates that “every rate made, demanded, or received by any public utility ...shall be just and reasonable, and in conformity with regulations or orders of the commission.”⁶

The Commission has a “duty to set ‘just and reasonable’ rates, reflecting a ‘balance of consumer and investor interests.’”⁷ In determining just and reasonable rates, the Commission has discretion to determine the proper balance between interests of ratepayers and utilities.⁸ Pursuant to Section 315 of the Public Utility Code, the burden of proving that a rate proposal is just and reasonable rests on the public utility.⁹

⁴ 66 Pa. C.S. §§ 315 (a), 1308 (a); NRG Energy, Inc. v. Pa. PUC, 233 A.3d 936, 939 (Pa. Commw. Ct. 2020).

⁵ NRG Energy, Inc., 233 A.3d at 939.

⁶ 66 Pa. C.S. § 1301(a).

⁷ Popowsky v. PUC, 665 A.2d 808, 811 (1995); 66 Pa. C.S. § 1301.

⁸ Popowsky, 665 A.2d at 811, citing Pa. PUC v. Phila. Elec. Co., 561 A.2d 1224, 1226 (Pa. 1989); Pa. PUC v. Pa. Gas & Water Co., 424 A.2d 1213, 1219 (Pa. 1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981))

⁹ 66 Pa. C.S. § 315.

In determining the justness and reasonableness of rates the “PUC is obliged to consider broad public interests in the rate-making process.”¹⁰ The PUC’s discretion is described as follows:

[T]he term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital.¹¹

Section 102 of the Code defines “rates” broadly to include the following:

Every individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility ... made, demanded, or received for any service within this part, offered, rendered, or furnished by such public utility, or contract carrier by motor vehicle, whether in currency, legal tender, or evidence thereof, in kind, in services or in any other medium or manner whatsoever, and **whether received directly or indirectly, and any rules, regulations, practices, classifications or contracts affecting any such compensation, charge, fare, toll, or rental.**¹²

Thus, when considering whether rates are just, reasonable, and in the public interest, it is imperative that the Commission also consider the rules, regulations, programs, and practices affecting such rates. Neither statutory law nor the Constitution imposes a

¹⁰ *Id.* citing Pa. Elec. Co. v. Pa. PUC, 502 A.2d 130, 134 (Pa. 1985).

¹¹ *Id.*

¹² 66 Pa. C.S. § 102; see also McCloskey v. Pa. PUC, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102) (emphasis in original).

unilateral obligation on customers to pay for the cost of service without a reciprocal obligation of the utility to satisfy standards of reasonable service.¹³

As discussed below, PAWC has failed to meet its burden of proof to demonstrate that its rate proposal is just, reasonable, and in the public interest. To the contrary, PAWC proposes rates, rate design, programs, and policies through this proceeding that are patently inequitable and will impose unreasonable terms and conditions of service for PAWC's residential customers, particularly economically vulnerable low income customers, across its broad and growing service territory. As demonstrated through substantial record evidence, PAWC's proposals will exacerbate existing disparities in access to safe, affordable water service and will result in patently inequitable rates for service. As such, PAWC's rate proposals must be denied and its terms and conditions of service, inclusive of its universal service programs, must be reformed to more equitably meet the needs of its customers.

II. SUMMARY OF ARGUMENT

It is unjust, unreasonable, and contrary to the public interest to raise rates for essential, life-sustaining water and wastewater services when PAWC's customers – particularly its estimated 152,000 low income customers – are already struggling to afford and remain connected to services at existing rates. Indeed, rates cannot be just and

¹³ See Nat'l Utilities, Inc. v. Pa. PUC, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Comm'n, 466 F.2d 394, 411 (D.C. Cir. 1972), cert denied.

reasonable if they are not reasonably affordable to all those who rely on service. Pennsylvania consumers have faced profound economic pressures in recent years, including the economic impacts of recent steep inflation in the costs of basic goods and essential services while existing federal assistance programs, such as SNAP and Medical Assistance, are reduced in scope and more difficult to access.¹⁴

PAWC customers have faced a series of rate increases in recent years – further exacerbating the inability of low income customers to afford and stay connected to services.¹⁵ In fact, PAWC already has the highest rates for water and wastewater in the state¹⁶ – placing considerable strain on families across PAWC’s broad geographic footprint. As PAWC’s rates continue to increase, an increasing number of households face involuntary termination of essential service. From January-November, 2025, 15% (9,922) of PAWC’s confirmed low income customers experienced an involuntary terminated, a 5% increase over 2024.¹⁷ Low income terminations accounted for over half of the 17,177 residential terminations conducted in that timeframe.¹⁸

Without access to running water, Pennsylvanians cannot perform basic life functions – drinking water, cooking, cleaning, showering, and even flushing the toilet.¹⁹ Service termination triggers other severe consequences for Pennsylvania families,

¹⁴ CAUSE-PA St. 1 at 6-8.

¹⁵ *Id.* at 7.

¹⁶ *Id.* at 19: 1-3.

¹⁷ *Id.* at 25, T. 5.

¹⁸ *Id.*

¹⁹ *Id.* at 27.

including eviction, condemnation, and family separation.²⁰ Lack of access to consistent water/wastewater services threatens the health, housing stability, and general welfare of customers, their families, and their communities.²¹

As discussed throughout this Main Brief and supported by substantial evidence in this matter, PAWC has failed to meet its burden of showing that its revenue proposals are just, reasonable, and in the public interest. To the contrary, there is substantial record evidence supporting a \$17 million rate *decrease* in this proceeding.²²

PAWC's rate design proposals are similarly unjust, unreasonable, and inequitable – eroding the ability of low income families to reduce their bill through conservation and shifting the burden of high wastewater costs from higher income households with larger homes and vacation properties and correspondingly greater discretionary usage, to lower income families that reside in smaller homes and apartments without the same discretionary usage.²³

Finally, PAWC's universal service programs and customer service standards are insufficient to meet the needs of its low income customers – which account for nearly a quarter (23%) of its residential customer base.²⁴ Its proposal to institute a guaranteed rate recovery mechanism for certain universal service program costs is not supported by the evidence, as PAWC's programs are still in their nascency and lack foundational aspects

²⁰ *Id.*

²¹ *Id.*

²² See generally OCA St. 1, 2.

²³ CAUSE-PA St. 1 at 17:16 – 18: 2.

²⁴ *Id.* at 25, T. 5; *Id.* at 41, T. 15.

necessary to ensure the programs are designed to meet the needs of economically vulnerable customers, administered in a cost-effective manner, subject to appropriate Commission review and oversight, and transparent to PAWC's customer base.

For the reasons outlined below, CAUSE-PA urges DCALJ Watson, ALJ DeVoe, and the Commission to reject PAWC's proposed rate increase and alternative rate mechanisms in their entirety. In addition, immediate steps must be taken to address *existing* unaffordability, which would be greatly exacerbated by any approved increase in rates. PAWC must be required to adopt meaningful improvements to its customer service standards and low income assistance programs and must enhance its consumer education and outreach related to these programs to ensure that those who are eligible are enrolled.

III. OVERALL POSITION ON RATE INCREASE

PAWC has failed to meet its burden in this proceeding to demonstrate that its proposed rate increase, rate design, alternative rate mechanisms, and associated programs, terms, and conditions of service are just, reasonable, and in the public interest, as required by the Public Utility Code. To the contrary, the record evidence suggests that PAWC's rates are too high and should be decreased, consistent with the extensive record evidence presented by OCA in this proceeding. Rates are not just and reasonable if they are unaffordable or fail to ensure universal access to essential service. PAWC's proposal would significantly increase the cost of basic water and wastewater services for residential customers and exacerbate existing unaffordability across its service territory, without adequate remediation to ensure service remains universally accessible.

Accordingly, CAUSE-PA contends that PAWC's proposed residential rate increase and its inequitable rate mechanisms must be denied.

1. *PAWC's existing rates are already unaffordable – falling hardest on low income households, who will in turn be disproportionately impacted by PAWC's unjust and inequitable rate design proposals.*

PAWC's combined water and wastewater rates are currently the highest in the Commonwealth.²⁵ Over the past several years, repeated rate increases have rendered service unaffordable for many low-income households. Since 2020 alone, PAWC has been awarded more than \$300 million in rate increases and now seeks an additional \$169 million.²⁶ If approved, average residential water bills will be 65% higher than in 2020, while average residential wastewater bills will be 81% higher.²⁷ These increases are neither affordable nor sustainable and threaten to price low and moderate income families out of the market for essential water and wastewater service.

The record demonstrates that rate growth has far outpaced income growth for PAWC's customers. As OCA expert Roger Colton explained, in all but three of the eighteen PAWC communities he examined, rate growth from 2020 through 2023

²⁵ CAUSE-PA St. 1 at 19: 2-3. Note that PAWC provides service through multiple rate zones and rate schedules. However, over 99% of water revenues are collected through Rate Zone 1, which operates as the statewide water and wastewater rate zone and therefore drives nearly all customer impacts. Accordingly, this Brief focuses primarily on Rate Zone 1. See PAWC St. 10 at 8-9, 17; PAWC St. 10 at 11-14, 22, 37-38.

²⁶ Pa. PUC v. PAWC, Opinion and Order, Docket Nos. R-2023-3043189, R-2023-3043190, et al. (Opinion and Order, July 22, 2024). Pa. PUC v. PAWC, Order on Reconsideration, Docket Nos. R-2023-3043189, R-2023-3043190, et al. (Order, September 26, 2024).

²⁷ CAUSE-PA St. 1 at 35.

exceeded income growth for households in the lowest income quintile.²⁸ During that period, PAWC’s rates increased by 26%, while incomes in many parts of PAWC’s service territory stagnated or declined.²⁹ As a result, the affordability “income deficit”—the gap between actual household income and the income needed to maintain water service at an affordable level—has grown, leaving households across PAWC’s territory struggling to keep up.³⁰

Moreover, PAWC’s service territory contains a substantial population of low-income households who already struggle profoundly to afford basic water and wastewater service at existing rates. Low income households cannot afford a further rate increase – yet, as a result of PAWC’s inequitable rate design and rate mechanisms, will bear disproportionate impacts.

As of November 2025, PAWC reported 65,898 confirmed low-income customers and approximately 152,558 estimated low-income customers.³¹ Whether this substantial

²⁸ OCA St. 4 at 17: 10-14, Figure 2.

²⁹ *Id.* at 17: 10-15.

³⁰ *Id.* at 19: 4-11.

³¹ PAWC considers customers at or below 250% FPL as low income due to the income eligibility limits of its low income programming. PAWC identifies its confirmed low income customers through a methods that include: (1) weekly reports of BDP enrollment; (2) income information provided to the Company when determining whether the customer qualifies for a payment arrangement; and (3) information related to informal complaints and PUC-issued payment arrangement request. Regarding its count of estimated low income customers, PAWC points to analysis of its expert witness, Deba F. Ather, estimating the number of customers served by household income in PAWC’s service territory based on U.S. Census data, as provided in Exhibits DFA-1 and DFA-2.

group of customers can reasonably afford to connect and maintain service to their home must be central to any determination of whether PAWC's proposed rates are just, reasonable, and in the public interest.³²

Even at current rates, PAWC's lowest-income customers face acute affordability challenges.³³ Based on the 2026 federal poverty guidelines, a family of four earning at or below 200% of the Federal Poverty Level—the eligibility threshold for PAWC's Bill Discount Program ("BDP")—has a maximum gross annual income of \$66,000, or \$5,500 per month, while a family at or below 50% FPL has a maximum gross annual income of just \$16,500, or \$1,375 per month.³⁴ These figures stand in stark contrast to actual earnings in Pennsylvania: a full-time worker earning \$10 per hour makes only \$20,800 annually, and a worker earning the statewide median hourly wage of \$25.30 earns \$52,624 annually.³⁵

The Self-Sufficiency Standard, which accounts for geographic cost-of-living variation and household composition, further underscores the extent of hardship presented by PAWC's proposed rates. A family of four requires between \$71,585 and \$104,762 annually across PAWC's service territory to meet basic needs without public or

The numbers cited above account for its low income customers at or below 200% FPL due to the Company's BDP income eligibility limits.

³² CAUSE-PA St. 1 at 10: 6-8.

³³ *Id.* at 23: 13-14.

³⁴ *Id.* at 11: 2-5.

³⁵ *Id.* at 11: 5-9.

private assistance.³⁶ Yet PAWC's identified low-income customers earn far less: the average annual income of H2O participants is just \$21,351, and the average annual income of confirmed low-income customers is only \$11,387.³⁷

These affordability constraints are not speculative; they are reflected in PAWC's collections data. At existing rates, PAWC's low-income customers carry disproportionately high arrearages and experience termination at substantially higher rates than residential customers as a whole.³⁸ Although confirmed low-income customers make up only 9.9% of PAWC's residential customer base, they account for more than 40% of total residential arrears and carry significantly higher average arrearage balances.³⁹ In November 2025 (the last reported month), confirmed low income customers carried an average arrearage level of \$341.19. By comparison, residential customers as a whole (inclusive of low income customers) carried an average arrearage level of \$224.90, excluding low income customers brings that arrearage level down further to \$171.83.⁴⁰ These disparities underscore the fact that PAWC's rates are already unaffordable, even before any additional increase is imposed.⁴¹

The burden of PAWC's proposed rate increase will not be evenly distributed. Rate impacts within each PAWC rate zone vary dramatically based on household usage, which

³⁶ *Id.* at 12: 11-13.

³⁷ *Id.* at 12: 15-18.

³⁸ *Id.* at 24: 11-14.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.* at 26: 4-6.

in turn depends on household size and housing conditions—factors closely correlated with income.⁴² As a result, the impact of PAWC’s proposal will fall disproportionately on low-income households, including renters, apartment dwellers, and smaller households with limited opportunity to reduce essential water use.⁴³

Taken together, the record establishes that PAWC’s low-income customers lack the economic capacity to absorb additional rate increases and that PAWC’s rate structure and usage-based impacts intensify, rather than mitigate, this hardship. Any further increase in residential rates will deepen existing unaffordability and place essential water and wastewater service further out of reach for tens of thousands of households across PAWC’s service territory.

2. *PAWC has not justified any additional rate increase.*

The evidentiary record does not support PAWC’s request for additional revenue. To the contrary, the record demonstrates that PAWC’s rates should be *reduced* by \$17 million.⁴⁴ OCA expert David Garrett showed that PAWC’s proposed 10.95% return on equity is excessive and unsupported by objective, market-based cost-of-equity analysis.⁴⁵

3. *PAWC’s rate design and alternative rate mechanisms compound inequity.*

Even if the Commission were to approve a rate increase in whole or in part, PAWC’s proposed rate design and alternative rate mechanisms must still be rejected.

⁴² *Id.* at 33-34.

⁴³ *Id.* at 33: 3-5.

⁴⁴ OCA St. 1 at 6: 11-14.

⁴⁵ OCA St. 2 at 2: 20 – 3:21.

PAWC seeks to impose higher fixed charges, a deduct adjustment, and a non-bypassable CAP rider. Collectively, these mechanisms operate to erode affordability by limiting customers' ability to manage bills through conservation and shift wastewater costs away from higher-income households with larger homes and secondary properties and onto lower-income households residing in smaller homes and apartments.⁴⁶

Rather than advancing affordability, PAWC's proposals systematically chip away at customers' ability to maintain service - while at the same time the Company rejected recommended reforms that would meaningfully expand or improve its low-income assistance programming. The resulting framework prioritizes guaranteed cost recovery while offering incomplete and inaccessible mitigation.

4. *PAWC's assistance programs are insufficient to mitigate affordability concerns.*

PAWC's Bill Discount Program does not adequately mitigate affordability concerns. Enrollment remains low—just 13% of estimated low-income customers and 30% of confirmed low-income customers were enrolled as of November 2025.⁴⁷ Customers unable to enroll will bear the full, unmitigated burden of any rate increase.⁴⁸

Even for participating customers, the BDP does not ensure consistent affordability. Because discount levels are not tied to rate increases, BDP participants necessarily see

⁴⁶ See *infra* sections X.B; X.C.1; X.C.4.

⁴⁷ CAUSE-PA St. 1 at 28: 18 – 29:1.

⁴⁸ *Id.* at 29: 1-3.

their bills rise when base rates increase.⁴⁹ The program therefore reduces—but does not eliminate—the impact of unaffordable rates.

5. *Sworn testimony from the public confirms widespread hardship.*

Customer testimony further supports rejection of PAWC’s proposal. As OCA expert Barbara Alexander reported, customers filed more than 500 formal and informal complaints and testified in large numbers at public input hearings opposing the increase.⁵⁰ Customers described steep cost increases, the rapid cadence of successive rate cases, extreme conservation measures, and profound concern about their ability to continue affording essential water and wastewater service.⁵¹

6. *The record evidence does not support PAWC’s proposed rate increase.*

The overwhelming weight of evidence in this proceeding, including voluminous testimonials from PAWC’s customers, demonstrates that PAWC customers, especially its low income customers, struggle to afford service at current rates and cannot afford to pay more. PAWC has failed to carry its burden to demonstrate that yet another rate increase in residential rates would be just and reasonable. Therefore, the Commission should not

⁴⁹ *Id.* at 28: 9-14. See also *infra*, Section XII.C.

⁵⁰ OCA St. 5 at 5:20-23.

⁵¹ OCA St. 5, Exhibit BA-2 (citing Tr. at 219, 243, 262, 252-53, 341-43, 347, 350, 355-56, 359-60, 362, 365-67, 369-71, 387-89, 401, 490-91, 525-27, 547, 568, 737-44, 758-60, 772-75, 787-92, 807-13, 819-21, 826-30, 835-39, 841-42, 855-56, 890-92, 899-901, 908-09, 911-13, 915-19, 921-23, 926-28, 929-31, 934-37, 940, 943, 948-49, 955-58, 960-62, 967, 974-75, 978-79, 981-83, 986-87, 1032-33, 1044, 1047, 1126, 1130, 1145, 1164, 1192-93, 1270-71, 1275-76, 1278, 1292, 1298-99, 1361, 1367-68, 1384, 1406-11, 1391, 1400, 1417-19).

allow PAWC to further increase its rates and should order the Company to take affirmative steps to remediate the current levels of unaffordability for its low income customers.

IV. RATE BASE

CAUSE-PA did not offer independent expert testimony with regard to rate base in this proceeding, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

V. REVENUES

CAUSE-PA did not offer independent expert testimony with regard to PAWC's claimed revenues in this proceeding. Nevertheless, we strongly support the position of OCA that PAWC's rates should be decreased. Without reiterating the detailed testimony presented by OCA expert witnesses Lafayette Morgan and David Garrett, we note that they each raised substantial evidence and data demonstrating that PAWC's revenue proposals are unjust, unreasonable, and contrary to the public interest – including, *inter alia*, the acquisition costs that PAWC proposes to include in base rates,⁵² its proposed incentive compensation expense,⁵³ and its excessive proposed return on equity.⁵⁴ PAWC's proposal to dramatically increase rates and revenue for basic water/wastewater

⁵² See OCA St. 1 at 7-20.

⁵³ OCA St. 1 at 20:17-23.

⁵⁴ OCA St. 2 at 40-42.

services, if approved, will negatively affect the accessibility of service for residential customers, especially low income customers who already struggle to maintain service to their homes. It is not just, reasonable, or in the public interest to permit PAWC to increase its revenue when doing so will result in rates which are categorically unaffordable for low income households – pricing tens of thousands of families out of the market for basic, life-essential water and wastewater services. Thus, CAUSE-PA submits that PAWC’s revenue proposal must be rejected, as PAWC has failed to show that its proposals will result in rates that are just, reasonable, and in the public interest.

VI. EXPENSES

CAUSE-PA did not offer independent expert testimony with regard to PAWC’s claimed expenses, though it supports the positions advanced by the Office of Consumer Advocate and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

VII. TAXES

CAUSE-PA did not offer independent expert testimony with regard to taxes in this proceeding, though it supports the positions advanced by the Office of Consumer Advocate and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

VIII. DEPRECIATION

CAUSE-PA did not offer independent expert testimony with regard to depreciation in this proceeding, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

IX. RATE OF RETURN

CAUSE-PA did not offer independent expert testimony with regard to PAWC's proposed rate of return in this proceeding, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

X. RATE STRUCTURE

A. Cost of Service Studies

CAUSE-PA did not offer independent expert testimony with regard to PAWC's Cost of Service Study, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

B. Revenue Allocation and Act 11 Shift

As it has done in the past, in addition to its proposed water and wastewater increases, and the other rate design mechanism discussed in more detail below, PAWC is also proposing to reallocate a portion of its wastewater revenue requirements to its water

service customers, citing Act 11 of 2012 to support this cross-service subsidization proposal.⁵⁵ The Company's Act 11 proposal improperly shifts an extraordinary amount of its wastewater revenue requirement to its water customers. Most PAWC water customers are served by a different wastewater provider and, thus, by shifting *PAWC's wastewater customers'* revenue requirement to its water customers, the Company is choosing to place an additional burden on its water customers wherein they are paying for both their own wastewater costs *and* the wastewater costs of PAWC's water customers.⁵⁶ The record in this case does not show that a shift of this magnitude is in the public interest as required by 66 Pa. C.S. § 1311(c).

Specifically, of PAWC's total \$168.9 million revenue requirement increase requested in this case, PAWC proposes to allocate \$99.4 million to water operations and \$69.3 million to wastewater operations *before* application of the Act 11 shift.⁵⁷ Citing Act 11, PAWC proposes to shift \$53 million of its proposed wastewater revenue – a full 76% – to water customers, increasing the revenue proposal for water customers to \$152.4 million and reducing the revenue proposal for wastewater customers to \$16.3 million.⁵⁸

Section 1311(c) of the Public Utility Code provides that – as a general rule – the cost of furnishing different types of utility services by the same provider must be

⁵⁵ PAWC St. 10 at 21.

⁵⁶ CAUSE-PA St. 1 at 14: 10-13.

⁵⁷ *Id.* at 14: 1-3.

⁵⁸ *Id.*; PAWC St. 10 at 31: 3-7.

segregated for the purpose of establishing base rates.⁵⁹ Act 11 added a narrow exception to this rule for combined water and wastewater utilities, and allows that “[t]he Commission, when setting base rates, after notice and an opportunity to be heard, *may* allocate a portion of the wastewater revenue requirement to the combined water and wastewater customer base *if in the public interest.*”⁶⁰

In his Direct testimony, CAUSE-PA’s witness explained that there are inherent equity issues related to PAWC’s Act 11 proposals and modifications.⁶¹ Namely, most PAWC water customers are served by a different wastewater provider. By shifting PAWC’s proposed wastewater revenue to its water customers, the Company – is masking the true impact of its costly wastewater acquisitions, and saddling many of its water-only customers with additional costs for wastewater systems that they do not use.⁶²

At the same time as PAWC proposes to shift wastewater costs onto water customers through Act 11, it is also proposing to shift wastewater costs from higher income customers to lower income customers through its proposed deduct adjustment,⁶³ discussed below.

In determining whether PAWC’s Act 11 proposal is in the public interest, CAUSE-PA urges the Commission to view PAWC’s Act 11 proposal to shift 76% of its wastewater revenue requirement to water customers, in the context of the overall equity

⁵⁹ 66 Pa. C.S. § 1311(c).

⁶⁰ *Id.*

⁶¹ CAUSE-PA St. 1 at 11-12.

⁶² *Id.* at 14: 9-13.

⁶³ *Id.* at 17: 19 – 18:2.

considerations raised by CAUSE-PA in this proceeding. We submit that PAWC has failed to meet its burden to prove that its rate proposals will result in just and equitable rates. As such, its proposals – including its Act 11 proposal – must be denied. CAUSE-PA urges that Commission to follow the Act 11 proposals submitted by other parties in this proceeding – either the OCA or I&E – both of whom take more measured approaches that still provide relative relief to wastewater customers without unduly burdening PAWC’s water customers.

C. Tariff Structure

1. Customer Charges

PAWC’s proposal to increase its fixed customer charges for water (6%) and wastewater (20%) should be rejected, as it will undermine the ability of low and moderate income households to reduce their bill through conservation.

The Company charges a fixed service charge to all active customers on metered service, regardless of usage. The current fixed service charge for residential water customers in Zone 1 is \$18.80 and the current fixed service charge for residential wastewater customers in Zone 1 is \$15.00.⁶⁴ In this proceeding, the Company is proposing to increase its fixed service charge for residential water customers in Zone 1 to

⁶⁴ *Id.* at 15: 3-6.

\$20 (6%), and increase its fixed charge for residential wastewater customers in Zone 1 to \$20 (25%).⁶⁵

CAUSE-PA is opposed to this increase, as any increase in fixed charges, not tied to usage, undermines a household's ability to reduce their bills by reducing their usage.⁶⁶ As Mr. Geller explained in testimony, increasing the fixed charge will erode achievable bill savings through conservation – such as shorter showers, low flow appliances, and limited outdoor watering.⁶⁷ In light of PAWC's unaffordable rates, and the disproportionate risk of termination faced by low income customers, it is critical that customers “retain the ability to reduce their bills by conserving wherever possible.”⁶⁸

In his rebuttal testimony, PAWC witness McClellan disagreed with the assertion that increasing the fixed customer charge undermines customers' ability to manage their bills through conservation.⁶⁹ He stated that the proposed customer charges are designed to recover fixed costs, including metering, billing, customer service, and system readiness.⁷⁰ While noting that volumetric charges signal usage and conservation incentives, he concluded that conservation alone cannot reasonably be expected to

⁶⁵ *Id.* at 15: 8-10.

⁶⁶ *Id.* at 15: 13-15.

⁶⁷ *Id.* at 15: 15-18.

⁶⁸ *Id.* at 16: 1-3.

⁶⁹ PAWC St. 10-R at 24: 10-12.

⁷⁰ *Id.* at 24: 12-14.

eliminate the fixed costs required to maintain continuous access to safe and reliable service.⁷¹

Mr. McClellan's argument conflates principals of rate design with the goal of low income programming, which is to ensure that low income households can afford their monthly bills. A low income customer who receives a bill is not calculating what portion of their bill is fixed and what portion is volumetric. They are responsible for their entire bill. For households struggling to make ends meet, the ability to conserve to reduce bills is an important affordability tool. Customers will still be paying for the overall costs of the distribution system even if more of those costs are shifted to volumetric rates, as compared to PAWC's proposal to increase the unavoidable, fixed portion of a customer's bill.⁷²

As described above in summarizing the public input hearing testimony of current PAWC customers, low and moderate income households in PAWC's service territory are *already* taking extraordinary steps to reduce their bills through conservation at *current* rates.⁷³ Given that low income households are disproportionately at risk of termination as a result of unaffordable rates, it is critical that they retain the ability to reduce their bills by conserving wherever possible. Thus, the Commission should reject PAWC's proposal to increase its water and wastewater fixed charges, as it will deprive households of the

⁷¹ *Id.* at 24: 16-18.

⁷² CAUSE-PA St. 1-SR at 9: 4-7.

⁷³ See OCA St. 5, Exhibit BA-2.

ability to reduce their bill through conservation. Such a result is unjust, inequitable, and contrary to the public interest.

2. Water Rate Design

CAUSE-PA did not offer independent expert testimony with regard to PAWC's water rate design, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

3. Wastewater Rate Design

CAUSE-PA did not offer independent expert testimony with regard to PAWC's wastewater rate design, though it supports the position advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

4. Wastewater Deduct Adjustment

PAWC's wastewater deduct adjustment improperly shifts revenue burden from households that reside in larger properties, with greater levels of discretionary water usage in the non-winter months, to customers that reside in smaller homes and apartments without the same discretionary water use. As such, the Commission should reject this proposal as unjust, unreasonable, and contrary to the public interest.

Wastewater service is not metered. This means that to bill for the volume of wastewater used by a customer, wastewater providers rely on meter reading from water

usage as a proxy for measuring and billing wastewater service.⁷⁴ The Company is proposing to change the way that it measures wastewater usage for residential customers to account for discretionary, outdoor water usage to fill pools, water lawns, and wash cars.⁷⁵ PAWC’s wastewater deduct proposal – a reprise of its previously denied “winter averaging” proposal – is based on the assumption that this type of discretionary usage does not flow through the wastewater system.⁷⁶

Under PAWC’s proposed deduct adjustment method, a customer’s wastewater bill in the months of January, February, and March would be determined by actual metered water usage for the month.⁷⁷ In all other months, a customer’s wastewater bill would be based on the lesser of actual metered water usage for the month or the average water consumption for that customer in the winter months.⁷⁸ For new customers or those without winter billing history, PAWC proposes to bill based on actual consumption until sufficient average billing data is available.⁷⁹ PAWC further proposes that in cases where the customer has low winter usage which is non-representative of actual consumption included in the deduct adjustment calculation (for example, summer vacation homes), it will use 1,000 gallons in place of the month’s actual consumption.⁸⁰ In other words,

⁷⁴ CAUSE-PA St. 1 at 16: 9-11.

⁷⁵ *Id.* at 16: 13-16.

⁷⁶ PAWC St. 10 at 25: 3-6.

⁷⁷ *Id.* at 26: 11-13.

⁷⁸ *Id.* at 25: 11-15.

⁷⁹ *Id.* at 27: 3-5.

⁸⁰ *Id.* at 27: 9-11.

summer vacation homes with low to no winter usage would be charged for just 1,000 gallons of wastewater usage from April through December, regardless of their usage.

CAUSE-PA is opposed to this deduct adjustment, as it is inequitable and contrary to the public interest. As explained by Mr. Geller, the proposal improperly favors customers that reside in larger properties and have greater levels of discretionary water usage in the non-winter months – to the detriment of customers that reside in smaller homes and apartments that do not have the same discretionary water use.⁸¹ The methodology would also favor customers with summer vacation homes, which may have very low average usage in the winter months – but very high water and wastewater usage in the summer, when their vacation home is in use. PAWC acknowledges that the effect of this proposal is to increase the volumetric rate more than it otherwise would need to for the same revenue requirement request.⁸² This is because the revenue requirement would have to be collected over a smaller number of wastewater gallons billed. The effect of this proposal is inequitable, unjust, and unreasonable for lower income customers who cannot afford to engage in discretionary water use in non-winter months, and customers residing in smaller homes and apartments where discretionary use is not possible or permitted.⁸³ These customers will shoulder a higher revenue burden than their higher income counterparts, despite having fewer resources with which to pay.

⁸¹ CAUSE-PA St. 1 at 17: 19 - 18-2.

⁸² PAWC St. 10 at 28: 3-5.

⁸³ CAUSE-PA St. 1 at 18:14-17.

In addition to its fundamental inequity, the assumptions built into PAWC's winter averaging methodology are flawed. PAWC's methodology assumes outdoor water usage does not impact wastewater system costs, without consideration of whether a given system is combined stormwater and wastewater.⁸⁴ As noted by I&E expert witness Ethan Cline, "treatment plants in the CSS Wastewater Operations treat flows that originate from both sanitary sewer systems as well as storm sewer systems. Therefore, the outdoor activity flows likely still get treated at the wastewater treatment plant despite not entering through the sanitary sewer system. Therefore, deducting these volumes from a customer's bill does not follow cost causation principles."⁸⁵ Mr. Cline noted that Aqua allows some of its customers to install deduct meters, so that they can submit readings to receive bill credits,⁸⁶ he argued that this option, installed at the expense of the customer, would provide far more accuracy in summer period wastewater bills than using the average of three winter months, particularly for those customers who only reside in their home during non-winter seasonal month.⁸⁷

Moreover, PAWC's methodology assumes that increased summer water usage is all attributable to outdoor water usage, without any individualized determination of whether a customer's average winter usage is reflective of their average summer usage.⁸⁸ This means that customers with a vacation home used primarily in the summer months,

⁸⁴ I&E St. 4 at 9-10.

⁸⁵ *Id.* at 9: 15-19.

⁸⁶ *Id.* at 10: 15-18.

⁸⁷ *Id.* at 10: 7-10.

⁸⁸ CAUSE-PA St. 1 at 13.

families with children returning from college for summer vacation, and other households with higher summer usage would be charged the lower winter rates throughout the year.

OCA expert witness Roger Colton analyzed seasonal usage among the Company's residential customers and noted while there is monthly variation for both low-income customers and residential customers generally, that variation does not evidence the seasonal variation that PAWC identifies.⁸⁹ He further noted that the three-month average median bill (i.e., the average of the median bills for January through March) did not substantially differ from the average of the median bills for the remaining nine months. He found that while the non-winter median residential bills were higher than the median bills for the three winter months, the increase was minimal.⁹⁰ He concluded that, "the analysis which PAWC presents in support of its proposal is sufficiently flawed that it should not be used to adopt a proposal in this proceeding."⁹¹

PAWC's proposed deduct adjustment is unreasonable and contrary to the public interest because it is premised on faulty assumptions about summer usage and it improperly shifts the revenue burden from customers who reside in single-family homes with greater discretionary water usage and/or who own summer vacation homes (most often higher income customers) onto customers that live in smaller properties or apartments with little discretionary water usage (most often lower income customers).⁹²

⁸⁹ See OCA St. 4 at 106: 8-10; Figure 7.

⁹⁰ See OCA St. 4 at 108: 1-5; Table 22.

⁹¹ *Id.* at 110: 7-8.

⁹² CAUSE-PA St. 1 at 17: 19 – 18: 2.

For these reasons, we recommend that the ALJs and the Commission reject PAWC's proposed deduct adjustment.

Further, in conjunction with the Company's Act 11 proposals to shift a significant proportion of wastewater costs to water customers, this additional reallocation of wastewater costs from higher income households to lower income households is particularly concerning. The cumulative effect of both Act 11 shifting and this proposed deduct adjustment is to significantly reduce the revenues collected from higher income wastewater customers at the expense of all other residential customers, the effects of which will be felt most significantly by low income water customers.⁹³

5. Demand Based Contract Rates

CAUSE-PA did not offer independent expert testimony with regard to PAWC's demand based contract rates, though it expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

D. Summary and Alternatives (Including Scale Back of Rates)

CAUSE-PA did not offer independent expert testimony with regard to the scaleback of rates, though it supports the positions advanced by the OCA and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

⁹³ *Id.* at 18:5-9.

XI. ALTERNATIVE RATEMAKING REQUESTS

A. CAP Rider

PAWC's proposed CAP Rider should be rejected at this time, as PAWC's customer assistance program portfolio is in its nascency, is woefully under-subscribed, and lacks the basic, foundational elements of an accessible, appropriately resourced, and cost-effective universal service program. To the contrary, PAWC's universal service costs should remain appropriately embedded in rates and should be allocated across customer classes to ensure equitable recovery based on core principles of cost causation.

1. *PAWC's proposed CAP Rider is premature, as its nascent low income programs lack foundational components of a comprehensive, cost-effective universal service program.*

Currently, PAWC collects the costs of its Bill Discount Program (BDP), its Arrearage Management Program (AMP), and the attendant administrative costs (referred to here as CAP costs) through rates, and directly assigns those costs to all residential ratepayers.⁹⁴ PAWC proposes to continue to recover the bulk of these costs through rates, but collect or refund the difference between PAWC's CAP costs included in base rates and PAWC's actual CAP costs through a new, reconcilable CAP rider.⁹⁵ The Company proposes to include in its rider the costs related to its BDP discounts and AMP credits, as well as its newly proposed Renter Assistance Pilot Program (RAPP) stipends, and RAPP

⁹⁴ CAUSE-PA St. 1 at 18: 21 – 19: 1.

⁹⁵ *Id.* at 19: 1-4.

administrative costs. The Company proposes to collect these costs solely from residential customers under this new rate design.⁹⁶

It is premature to collect these costs through a reconcilable rider. As explained by Mr. Geller, nothing is compelling PAWC to make this switch at this time other than it seeks to guarantee revenue recovery through a rider rather than rates.⁹⁷ Gas and electric universal service programs, mandated a quarter of a century ago and matured under Commission oversight since then, are collected through a rider because the Public Utility Code specifically requires this method of collection – subject to explicit statutory, regulatory, and policy mandates.⁹⁸ However, PAWC’s low income programs remain nascent and in development, and lack key elements of a comprehensive universal service program. Thus, it is appropriate to continue to collect the costs of these programs through base rates - without implementation of a separate rider.⁹⁹ PAWC has evidenced a rapid cadence of rate cases that creates more than sufficient opportunities to update its costs and expenses to fund these programs.¹⁰⁰

In rebuttal testimony, PAWC witness Chard stated that the Company’s proposed CAP Rider is based on section 1330 of the Public Utility Code, distinguishing the Company’s proposal in this case from previous proposals for water and wastewater

⁹⁶ *Id.* at 19: 4-7.

⁹⁷ *Id.* at 19: 9-11.

⁹⁸ See 66 Pa. C.S. §§ 2203(6) & 2802(17).

⁹⁹ CAUSE-PA St. 1 at 19: 15-16.

¹⁰⁰ *Id.* at 19: 16-18.

universal service riders.¹⁰¹ She argued that neither Mr. Geller nor Mr. Colton addressed factors under the Commission’s alternative ratemaking policy statement.¹⁰² Dr. Chard also reiterated that the Company is proposing its CAP Rider because it anticipates significant CAP participation fluctuation as a result of its recently imposed income documentation process.¹⁰³ Dr. Chard reiterated this argument yet again in oral rejoinder testimony – though she later admitted on cross examination that the Company does not intend to impose additional changes to its income documentation process, raising substantial doubt about the Company’s claims that enrollment will continue to fluctuate over time.¹⁰⁴

While correct that Mr. Geller did not directly address the factors identified in the Commission’s alternative ratemaking policy statement, it is not the role of an expert witness to apply law to facts – nor is application of the Commission’s policy statement dispositive to the issue of whether an alternative rate mechanism is just, reasonable, and in the public interest. To the contrary, the Commission’s nonbinding policy statement explicitly provides that it may consider any relevant factors in determining whether a proposed alternative rate mechanism is just and reasonable in accordance with the requirements of section 1330 of the Public Utility Code. Certainly, EDC and NGDC universal service and conservation programs – statutorily recovered through a

¹⁰¹ PAWC St. 2-R at 14:17-19.

¹⁰² *Id.* at 15: 1-2; 66 Pa. Code § 1330; 52 Pa. Code § 69.3302.

¹⁰³ *Id.* at 15: 3-5.

¹⁰⁴ Evidentiary Hearing Tr. at 1856: 1-20.

nonbypassable rider, and subject to a host of statutory and regulatory requirements – are relevant factors that the Commission should consider when determining whether to approve PAWC’s CAP rider proposal.

As Mr. Geller explained, given the relatively low percentage of eligible customers who are currently enrolled, the nascent nature of this recently overhauled program, and the fact that no other water or wastewater providers in Pennsylvania have rider recovery mechanisms, PAWC should not be entitled to guaranteed recovery of its costs through a rider at this time.¹⁰⁵

By seeking nonbypassable rider, the Company is attempting to gain the benefit of a fully developed universal services portfolio while rejecting the obligations of implementing fundamental universal service program components, undertaking efforts at robust enrollment, or submitting to third party evaluation, public reporting, and periodic due process review.

For example, PAWC has firmly rejected Mr. Geller’s recommendations to implement a leak repair program targeted at high usage Bill Discount Program (BDP) participants – despite clear evidence that BPD participants have higher than average usage that, in turn, drives higher collections and program costs borne by other ratepayers.¹⁰⁶ In rejecting Mr. Geller’s proposal, PAWC witness Prine framed Mr. Geller’s recommendation as “attempting to impose a low-income usage reduction

¹⁰⁵ CAUSE-PA St. at 1-SR at 11: 11-14.

¹⁰⁶ CAUSE-PA St. 1 at 33: T. 7-9.

program (“LIURP”) construct on PAWC that was established for electric distribution companies (“EDCs”) and natural gas distribution companies (“NGDCs”).”¹⁰⁷ As PAWC witness Prine correctly points out, EDCs and NGDCs implement LIURP programming as part of a comprehensive universal service plan, which – coincidentally – the Company has also expressly refused to develop or implement – leaving the Commission and consumers to piece together testimony from multiple rate cases just to understand the basis for how the program works.¹⁰⁸

PAWC’s round rejection of recommendations to implement a targeted leak repair program serves to underscore the nascency of PAWC’s programs, and the corresponding lack of critical program features necessary to ensure cost-effective program administration. Indeed, comprehensive usage reduction services through LIURP serves a critical role within a cost-effective universal service and energy conservation program portfolio – helping reduce the cost of providing rate assistance and arrearage forgiveness through EDC and NGDC Customer Assistance Programs.¹⁰⁹

Unlike PAWC’s nascent programs, EDC and NGDC universal service and conservation programs are subject to quinquennial due process review, annual reporting,

¹⁰⁷ PAWC St. 15-R at 25:1-3.

¹⁰⁸ *Id.* at 3-4.

¹⁰⁹ 52 Pa. Code § 58.1 (“A reduction in energy usage creates an opportunity for cost savings, which can lessen the incidence and risk of customer payment delinquencies and the attendant public utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.”); 52 Pa. Code § 69.265(3)(iii) (“A utility should include the following control features to limit program costs: ...*High usage treatment*. Utilities should target for special treatment those participants who historically use high amounts of energy.”)

comprehensive third party evaluation, and ongoing Commission oversight – in compliance with a host of statutory, regulatory, and policy provisions to ensure programs are appropriately funded, cost-effective, and available to those in need of assistance.¹¹⁰ In return, EDCs and NGDCs are explicitly authorized by statute to collect guaranteed recovery of universal service program costs through a nonbypassable rider.¹¹¹

While PAWC is focused on application of the Commission’s alternative ratemaking policy to support its CAP rider, CAUSE-PA submits that the Commission’s formal policy on CAP cost recovery is more directly applicable to evaluating PAWC’s CAP Rider.¹¹² Indeed, PAWC’s alignment with the Commission’s formal policy statement on CAP cost recovery is – at the very least – an “other relevant factor” that the Commission should consider in determining whether PAWC’s CAP rider should be approved.¹¹³ Specifically, the Commission’s policy on CAP cost recovery states:

In evaluating utility CAPs for ratemaking purposes, the Commission will consider both revenue and expense impacts. Revenue impact considerations include a comparison between the amount of revenue collected from CAP participants prior to and during enrollment in CAP. CAP expense impacts include both the expenses associated with operating the CAPs as well as the potential decrease of customary utility operating expenses. Operating expenses include the return requirement on cash working capital for carrying arrearages, the cost of credit and collection activities for dealing with low income negative ability to pay customers and uncollectible accounts expense for writing off bad debt for these customers. When making CAP-related expense adjustments and projections, utilities should indicate

¹¹⁰ 66 Pa. C.S. §§ 2202; 2803(6), (7), (8); 2804(9); 52 Pa. Code § 58.1 *et seq.*; 52 Pa. Code § 54.71 *et seq.*; 52 Pa. Code § 62.1 *et seq.*; 52 Pa. Code § 69.265.

¹¹¹ CAUSE-PA St. 1-SR at 12: 4-8; 66 Pa. C.S. § 2803 (definition of universal service and energy conservation); 2804(9).

¹¹² 52 Pa. Code § 69.266.

¹¹³ 52 Pa. Code § 69.266.

whether a customer's participation in a CAP produced an immediate reduction in customary utility expenses and a reduction in future customary expenses pertaining to that account.

PAWC's nascent universal service programs are not sufficiently developed to be able to conduct the kind of analysis necessary to justify its CAP rider. As explained, PAWC's programs lack foundational aspects necessary to drive the kind of operational savings achieved by fully-developed programs – including critical cost-control mechanisms, like targeted efficiency programs, that help reduce long-term program costs. PAWC does not have a unified universal service program, has never conducted a third party evaluation, and does not provide any standardized reporting necessary to evaluate whether and to what extent it is operating the programs in a cost-effective manner to properly quantify and offset achieved savings.

Ultimately, CAUSE-PA submits that the Company is prematurely attempting to avail itself of the benefits of guaranteed cost recovery through a rider enshrined in the Choice Act without establishing each component of universal service and conservation programming, without incorporating critical cost-effectiveness measures, without developing a unified universal service and conservation plan subject to Commission review and oversight, and without taking on the other responsibilities incumbent upon Companies who are explicitly authorized by statute to collect universal service and conservation program costs through a nonbypassable rider.

2. *PAWC should allocate universal service costs across all customer classes to ensure all customer classes equitably bear the shared cost of these public purpose programs.*

CAUSE-PA strongly disagrees with PAWC's decision to continue collecting universal service costs only from residential ratepayers. It is unreasonable for residential customers, many of whom are struggling themselves but have neither been selected or qualified for assistance, to solely bear the burden of these costs.¹¹⁴ Poverty, and the multifaceted issues that contribute to poverty, is the "cause" driving the need for these public purpose programs. Poverty is a societal problem, not an individual one. Addressing the methods to retain basic and essential service is a community wide problem - not created by residential customers, who, as workers and consumers, are subject to the level of the wages, costs of goods, essential services, and utility rates controlled by other aspects of society.¹¹⁵

The General Assembly has recognized that universal service programs are public purpose costs in the context of both gas and electric service because they assist economically vulnerable Pennsylvania families maintain access to essential utility service.¹¹⁶ By extension, those same principles are at play for water and wastewater

¹¹⁴ CAUSE-PA St. 1 at 19:19 – 20:2.

¹¹⁵ *Id.* at 20: 8-12.

¹¹⁶ 66 Pa. C.S. § 2802(17), "There are certain public purpose costs, including programs for low-income assistance, energy conservation and others, which have been implemented and supported by public utilities' bundled rates. The public purpose is to be promoted by continuing universal service and energy conservation policies, protections and services, and full recovery of such costs is to be permitted through a nonbypassable rate mechanism."

service. They are no less essential services than other utility costs. The fact that assistance programs for water and wastewater are not as well developed is a consequence of their relative nascence, not an indication that they are less important.¹¹⁷ As such, it is not reasonable for residential customers, alone, to bear these costs.

This fact was recognized by the Commission in its Final CAP Policy Statement and Order, where the Commission addressed the recovery of universal service program costs. While the Commission did not require jurisdictional utilities to propose specific allocations, the Commission indicated that it is appropriate to consider recovery of the costs of customer assistance programs from all ratepayer classes because “poverty, poor housing stock, and other factors that contribute to households struggling to afford utility service are not just ‘residential class’ problems.”¹¹⁸ The Commission explained that the provision of universal services to help low income families maintain service to their homes is “a benefit to the economic climate of a community.”¹¹⁹ The Commission directed utilities and stakeholders to address CAP cost recovery in utility-specific rate proceedings, indicating that “the Commission will no longer routinely exempt non-residential classes from universal service obligations.”¹²⁰

Recognizing that the CAP Policy Statement is not currently directed to water and wastewater utilities, the principles that apply are nevertheless the same – especially in

¹¹⁷ CAUSE-PA St. 1 at 20: 4-8.

¹¹⁸ Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 97 (order entered Nov. 5, 2019); see also 52 Pa. Code §§ 69.265(1), 69.266 (b).

¹¹⁹ Final CAP Policy Statement and Order at 7, 94-96, 107.

¹²⁰ *Id.* at 97 (emphasis added); see also 52 Pa. Code § 69.266 (b).

consideration of whether to approve PAWC’s proposed CAP Rider. The consequences of energy and water insecurity are severe – with short and long-term consequences to health and safety that ripple across communities. Without access to running water, families are unable to cook, bathe, clean, or flush the toilet.¹²¹ Access to water service is tied directly to the health and well-being of the household, and the habitability of the home.¹²² Water terminations are akin to eviction from a home, as the home may be deemed uninhabitable or even condemned following termination of water service, forcing families to vacate with little to no notice.¹²³ Termination of water service to the home can also jeopardize a parent’s custody of their children, can result in the loss of housing assistance, and is often cited as a catalyst for homelessness.¹²⁴ Maintaining water and wastewater service to a low income family’s home is just as important to the “economic climate” of a community as maintaining electric and gas service to that same home.¹²⁵

For the foregoing reasons, and as further explained in the direct and surrebuttal testimony of Mr. Geller, CAUSE-PA recommends that the ALJs and the Commission reject PAWC’s CAP Rider proposal and appropriately allocate the costs of PAWC’s universal service and conservation programs across all customer classes consistent with other costs incurred by PAWC.

¹²¹ CAUSE-PA St. 1 at 27: 9-10.

¹²² *Id.* at 27: 10-12.

¹²³ *Id.* at 27: 12-14.

¹²⁴ *Id.* at 27: 14-16.

¹²⁵ *Id.* at 21: 3-6.

XII. LOW-INCOME CUSTOMER ASSISTANCE

A. Summary

PAWC offers customer assistance to income qualified customers through its Help to Others (H2O) programs, which are administered by the Dollar Energy Fund (DEF).¹²⁶ Through its H2O programs, PAWC currently offers four forms of assistance to low income customers: (1) grant assistance of up to \$500 per year for water and up to \$500 per year for wastewater for customers experiencing a temporary hardship, conditional on the availability of funds; (2) monthly bill discounts (through the Bill Discount Program – or BDP) for water and wastewater services; (3) arrearage forgiveness for those enrolled in its arrearage forgiveness program (AMP) which was implemented in October 2024¹²⁷, and (4) usage reduction assistance through the availability of water-saving devices and education available to BDP customers.¹²⁸ To qualify for a hardship grant, a customer’s total household income must be at or below 250% FPL.¹²⁹ To qualify for the BDP and AMP, a customer must have income at or below 200% FPL.¹³⁰

As discussed in the sections that follow, PAWC’s low income assistance programs are inadequate to address widespread utility unaffordability at both existing and proposed rates. PAWC’s affordability analysis is premised on flawed assumptions and

¹²⁶ CAUSE-PA St. 1 at 35: 9-10.

¹²⁷ *Id.* at 35: 10 – 36: 5.

¹²⁸ *Id.* at 36: 5-6.

¹²⁹ *Id.* at 36: 6-7.

¹³⁰ *Id.* at 36: 7-8.

inappropriately narrow and circular data which masks the depth and breadth of need amongst its low income customers. In turn, PAWC's program enrollment is woefully inadequate to address overwhelming need, and program benefits do not produce consistent and equitable levels of affordability. Moreover, the outright rejections of CAUSE-PA's recommended programmatic reforms and screening and referral policies indicate that the Company does not feel the need to make any significant improvements to its programs or outreach processes despite its low enrollment numbers and significant struggles of its low income customers to maintain service.

Further, despite proposing a CAP Rider which would guarantee cost recovery for the Company, it is opposed to instituting a comprehensive conservation and leak/line repair program, an essential component of the low income programming of the gas and electric utilities that are permitted to guaranteed recovery of these program costs. Compounding these issues related to its low income assistance programs and further evidence against the appropriateness of the Company's CAP Rider proposal, PAWC has no centralized universal service program plan to promote program transparency and facilitate effective Commission oversight. CAUSE-PA submits that substantial reforms are necessary – regardless of whether any rate increase is ultimately approved in this case.

It is important to recognize that the mere existence of assistance programs does not, on its own, fulfill the duty of ensuring that rates are affordable. The number of households in need of assistance and the amount of assistance needed per household is far

greater than what is presently reflected in the uptake and structure of PAWC's current programming. Of the 152,000 households estimated to be eligible for PAWC's low income programs, *over 132,000* were not enrolled in PAWC's BDP as of November 2025 and will feel the full impact of this rate increase with zero mitigating effect.¹³¹ Thus, when analyzing burdens on households, the Commission must consider the burden on households enrolled in PAWC's low income programs **and** the burden on low income customers who are not enrolled.

B. Affordability of Water and Wastewater

As documented in CAUSE-PA Exhibit 1, PAWC's low income customers face excessive and unaffordable water and wastewater burdens at existing rates – often exceeding 20% of household income, depending on household size and usage.¹³² These are significant burdens that oftentimes pose insurmountable barriers to low income customers affording their monthly bills and staying connected to services. Indeed, these high burdens leave insufficient funds to pay for housing, energy, food, medicine, childcare, and other basic needs – and lead to cascading consequences to the health, safety, and stability of Pennsylvania's economically vulnerable families.¹³³

¹³¹ CAUSE-PA St. 1 at 28:18 – 29: 1.

¹³² *Id.* at 23: 18-20. CAUSE-PA St. 1, Exhibit 1. A four-person household at 50% FPL using 6,000 gallons of water each month (a typical usage of 50 gallons per person per day), has a combined water and wastewater burden of nearly 24%.

¹³³ *Id.* at 24: 3-7.

According to the EPA’s recent report to Congress on water affordability, “[o]ne widely used qualitative definition of water affordability is the ability of a household to pay for basic water services necessary for drinking, cooking, cleaning, and sanitation without experiencing undue hardship.”¹³⁴ In its report, the EPA explains that the definition of the term “undue hardship” should be understood to describe water affordability as “essential water and sanitation services available at a price that does not prevent access, nor interfere with other essential expenditures such as food, healthcare, housing, clothing, and education.”¹³⁵

A utility bill burden – in this case a water/wastewater burden – is a common accepted metric used to determine the affordability of utility service and comprises the percentage of household income required to cover the cost of the bill, utilized in this analysis.¹³⁶ While Pennsylvania has not adopted statewide water and wastewater burden standards, it has been generally accepted that the combined cost for water and wastewater service should not exceed 4% of household income.¹³⁷ While useful for purposes of this analysis, 4% should be viewed as the upper limit as we are moving to make bills more affordable. It does not mean that bills are definitively affordable as they approach this limit, especially for low income households.¹³⁸

¹³⁴ *Id.* at 21: 14-16.

¹³⁵ *Id.* at 21: 17-20. (internal citations omitted).

¹³⁶ *Id.* at 22: 10-12.

¹³⁷ *Id.* at 22: 14-16.

¹³⁸ *Id.* at 22: 16-18.

CAUSE-PA Exhibit 1 provides a snapshot of water/wastewater burdens for low income customers, at current and proposed rates, for Water Rate Zone 1 and Wastewater Rate Zone 1 customers.¹³⁹ At current rates, PAWC's lowest income customers are subject to excessive and unaffordable water and wastewater burdens. For example, at current rates in Rate Zone 1, a four-person household at 50% FPL using 6,000 gallons of water each month (a typical usage of 50 gallons per person per day),¹⁴⁰ has a combined water and wastewater burden of nearly 24%. If PAWC's rate increase proposal is approved, this same household will face a combined water and wastewater burden of almost 27%.¹⁴¹

While CAUSE-PA Exhibit 1 provides important insight into the water/wastewater burdens faced by low income families at both present and proposed rates, there is ample other evidence that low income households struggle to afford water/wastewater services—even before any rate increase is approved. Despite making up just 9.9% of PAWC's residential customer base, confirmed low income customers carry over 40% of residential arrears.¹⁴² In November 2025 (the last reported month), confirmed low

¹³⁹ *Id.* at 23: 14-15.

¹⁴⁰ *Id.* at 23: 18-20 (citing 2024 EPA Report at Appendix D: Water Hygienic Use Values used in National Affordability Studies; the majority of studies cited use 50 gallons per day, assuming a household of 4, resulting in 6,200 gallon usage per household per month).

¹⁴¹ *Id.* at 23:20 - 24:2.

¹⁴² *Id.* at 24: 20-21.

income customers carried an average arrearage level of \$341.19.¹⁴³ By comparison, residential customers (exclusive of low income customers) carried an average arrearage level of just \$171.83.¹⁴⁴ These disproportionate arrearage levels underscore the existing hardship that PAWC's confirmed low income customers face to afford basic water/wastewater services – even before any rate increase is approved.

PAWC's low income customers are also far more likely to have their service involuntarily terminated for nonpayment compared to residential customers as a whole. In 2025, the residential termination rate was 2.57%, compared to 15.06% for confirmed low income customers.¹⁴⁵ In other words, in 2025, the involuntary termination rate amongst confirmed low income customers was more than *six times higher* than the termination rate for residential customers as a whole. These disparate rates of termination between low income customers and residential customers, as a whole, further underscore the unaffordability that PAWC's low income customers already bear and require additional action to address rate unaffordability so that all PAWC customers can afford and maintain basic water/wastewater services.¹⁴⁶

In sum, these indicators demonstrate that PAWC's low income customers are already struggling – even at present rates – to afford and stay connected to water/wastewater services. PAWC's proposed rate increases would further exacerbate

¹⁴³ *Id.* at 26: 1-2.

¹⁴⁴ *Id.* at 26: 2-4.

¹⁴⁵ *Id.* at 25, T. 5.

¹⁴⁶ *Id.* at 25: 5-8.

existing levels of unaffordability for PAWC's low income customers. If PAWC's rate increase were approved, low income customers will be subject to excessive combined water/wastewater burdens.¹⁴⁷ For example, at proposed rates, a family of two at 50% FPL using 3,000 gallons/month would have a combined water/wastewater burden of 22.58%, and a family of four at 50% FPL using 6,000 gallons/per month would have a combined water/wastewater burden of 26.7%. These families would have household incomes of \$10,820 and \$16,520, respectively. As noted above, PAWC's confirmed low income customers have an average income of just \$11,387.¹⁴⁸ Of note, low income families are more likely to live in aging housing stock with leaky pipes and fixtures, and are less able to afford repairs and efficiency upgrades to control usage levels.¹⁴⁹ Thus, it is critical to understand that low income households are more likely than average residential customers to have higher than average usage and, in turn, higher resulting water and wastewater burdens.

Multiple recent PAWC rate increases have further eroded the ability of low income customers to afford existing rates. As noted above, since 2020, PAWC has been awarded more than \$300 million in rate increases and now seeks an additional \$169 million.¹⁵⁰

¹⁴⁷ *Id.* at 57: 12-16.

¹⁴⁸ *Id.* at 12: 17.

¹⁴⁹ *Id.* at 31: 12-17.

¹⁵⁰ *Id.* at 7: 17-18.

The excessive water and wastewater burdens that PAWC proposes to impose will have profound and negative impacts on its low income customers. As noted above, water terminations pose a serious threat to public health and human dignity – and have short and long-term consequences to health and safety.¹⁵¹ Water terminations are akin to eviction from a home, as the home may be deemed uninhabitable or even condemned following termination of water service, triggering eviction proceedings and forcing families to vacate with little to no notice.¹⁵² Termination of water service to the home can also jeopardize a parent’s custody of their children, can result in the loss of housing assistance, and is often cited as a catalyst for homelessness.¹⁵³ As shown above, PAWC’s unaffordable water bills are driving an increase in terminations, resulting in a host of consequences to families and communities.¹⁵⁴

Critically, the impacts of unaffordable water fall disproportionately on a subset of the population in specific communities.¹⁵⁵ Older populations on fixed incomes may struggle disproportionately with rising rates and children may experience school absenteeism and increased interpersonal conflict.¹⁵⁶ High water bills can also increase the likelihood that these households may resort to expensive payday loans to pay for basic

¹⁵¹ *Id.* at 27: 10-14.

¹⁵² *Id.* at 27: 12-14.

¹⁵³ *Id.* at 27: 14-16.

¹⁵⁴ *Id.* at 27: 16-18.

¹⁵⁵ *Id.* at 27: 18-19.

¹⁵⁶ *Id.* at 27: 19 – 28:3.

living expenses.¹⁵⁷ It is imperative that rates – and attendant policies and procedures – are designed to address disparities in water and wastewater economic burdens, and ensure low income families are able to maintain essential services to their home.

In his direct testimony, Mr. Geller expressed significant concerns about PAWC’s Affordability Analyses provided in its initial filings.¹⁵⁸ As he described, PAWC’s analysis is substantially flawed, obscures the substantial needs of PAWC’s low income customer base – especially for larger families and those with the lowest income levels, and relies on false assumptions to come to broad conclusions regarding affordability.¹⁵⁹

In her direct testimony, PAWC expert witness, Deba F. Ather, presented two affordability analyses conducted by PAWC, an “Enterprise-Level” analysis and a “Community-Level” analysis.¹⁶⁰ Her “Enterprise-Level” analysis looked at average monthly bills for residential customers over time, utilizing a “Bill-to-Income (BTI) Ratio” – defined as annual water bills divided by estimated annual income – as compared to median household income (MHI).¹⁶¹ According to Ms. Ather, the data shows that the BTI Ratios for water service for PAWC customers have remained steady since 2014 and increased very slightly from 0.93% in 2023 to 0.94% in 2024.¹⁶² The BTI Ratio at the

¹⁵⁷ *Id.* at 28: 4-5.

¹⁵⁸ *Id.* at 31:17-20.

¹⁵⁹ *Id.* at 32: 1-14.

¹⁶⁰ PAWC St. 9 at 3-4.

¹⁶¹ *Id.* at 7:6-10.

¹⁶² *Id.* at 9: 16-18.

median income level is expected to be 1.04% under the Company's proposed rates in this case.¹⁶³

Ms. Ather's "Community-Level" analysis as an attempt to assess the affordability of service at proposed rates in this case for individual groups of customers, using information on household income, size, and home ownership data from the U.S. Census Bureau at varying usage levels.¹⁶⁴ This analysis considered a number of factors impacting the ability of a household to access "basic water service" at current and proposed rates.¹⁶⁵ Basic water service, as used in this analysis, is "a water usage level that reflects the level of water consumption for basic human services" – which PAWC sets at 40 gallons per household member per day.¹⁶⁶ As discussed further below, these usage levels are insufficient when compared to actual residential usage, especially among PAWC's low income customers.

According to Ms. Ather, applying this analysis, there are approximately 84,300 residential water customers and 21,000 wastewater customers that will see bills for Basic Water Service (BWS) above 2% of their household income, which is approximately 14% and 20% of the total customer population for water and wastewater service, respectively.¹⁶⁷ Ms. Ather appears to be relying on Charts 5 and 6 in her testimony to

¹⁶³ *Id.* at 9: 18-19.

¹⁶⁴ *Id.* at 14: 17-22.

¹⁶⁵ *Id.* at 16: 8-21.

¹⁶⁶ *Id.* at 17: 11-12.

¹⁶⁷ *Id.* at 21: 6-10.

come to this conclusion. Notably, these charts presume *full* BDP participation¹⁶⁸ - as opposed to the paltry 13% of estimated low income customers that are actually enrolled in the BDP. This presumption, not grounded in reality, necessarily results in a significant under-counting of PAWC customers who will fall above the Company's 2% BTI threshold. In other words, based on PAWC's own analysis – *which, again, inexplicably presumes full BDP enrollment* - roughly one-third of its residential customers will receive rates that exceed widely accepted water and wastewater affordability standards.

In reviewing the analysis provided by Ms. Ather in DFA-1 and DFA-2, which includes household income **and** varying usage levels, Mr. Geller noted that it is not until a household income reaches more than \$50,000 that the household begins to reach affordability, and even then, only at the lowest usage levels, up to 2,400 gallons per month.¹⁶⁹ For the lowest income households, PAWC's proposed rates are acutely unaffordable at any usage level.¹⁷⁰

Based on the Company's Community-Level analysis, roughly one-third of PAWC's customers will receive bills that exceed broadly accepted affordability standards, Ms. Ather, somehow concludes from this that "the Company's analysis demonstrates that PAWC's management of its operations and maintenance costs and its decisions on how to execute on the capital investments needed to provide safe and

¹⁶⁸ *Id.* at 19: 15-18.

¹⁶⁹ CAUSE-PA St. 1 at 31: 6-9.

¹⁷⁰ PAWC St. 9; Exhibits DFA-1, DFA-2.

reliable water service...continues to result in reasonable rates for PAWC customers.”¹⁷¹ She further stated that (1) affordability of PAWC’s water/wastewater service from 2012 through the forecast test period indicates that PAWC has managed its systems for long-term customer benefits; (2) PAWC’s water/wastewater services has been – and is projected to continue to be – affordable for the majority of residential customers; and (3) there are groups of customers for whom affordability of service remains a challenge.¹⁷²

These conclusions are not supported by the record in this case. First, Ms. Ather’s affordability analyses rely heavily on the use of MHI. MHI is not an appropriate standard by which to assess affordability for all customers. By definition, half of all households have income at or below the median and PAWC’s identified low income families have significantly lower income than MHI.¹⁷³ PAWC’s reliance on MHI masks the extreme levels of unaffordability experienced by the lowest income households.¹⁷⁴ Ms. Ather’s only response to these observations as stated in her rebuttal was to make the assertion that “MHI...encompasses the entire residential customer base, not a subset.”¹⁷⁵ This is simply incorrect. As OCA witness Colton explains in his surrebuttal,

The median is certainly not considered to be “representative” of the entire population. The inequality of income is measured by what is known as the “Gini Index.” A Gini Index of greater than 0.40 is considered to be an indicator of a substantial level of income inequality. A high Gini Index is generally driven by a concentration of wealth in the upper incomes. More

¹⁷¹ *Id.* at 24: 22 – 25:3.

¹⁷² *Id.* at 24: 9-17.

¹⁷³ CAUSE-PA St. 1 at 5: 12-17.

¹⁷⁴ *Id.* at 32: 1-5.

¹⁷⁵ PAWC St. 9-R at 7.

than two-thirds of the zip codes comprising the PAWC service territory (215 of 321) have a Gini Index of 0.4 or greater. An additional 74 of the 321 PAWC zip codes reporting data have a Gini Index of between 0.35 and 0.40. Within the PAWC service territory, in other words, use of the Median Household Income is inappropriate as being representative of the total population given the level of income is driven by a concentration of wealth in upper incomes. Even though the “median” is the “middle,” the middle is artificially high given the inequality in the distribution of income.¹⁷⁶

Ms. Ather’s proposition that PAWC’s rates have remained consistently low over time also fails to stand up to scrutiny. CAUSE-PA was a party to PAWC’s rate proceedings in 2020, 2022, and 2023. During these proceedings, numerous experts described in extensive detail how PAWC’s rate proposals – and subsequent rate increases – have come in quick succession over the last several years.¹⁷⁷ As stated above, since 2020, the average residential PAWC water bill has increased 65%, and the average residential PAWC wastewater bill has increased by 81%.¹⁷⁸

In rebuttal testimony, Ms. Ather attempted to reframe the concept of affordability as a hypothetical question of assumed availability of a discount program rather than as measured by the actual experience of PAWC customers – and their ability to meaningfully access assistance through the programs. Specifically, she asserted that the test should be whether a “robust and sustainable tariff program, like the BDP, is in place to help customers with affordability issues and provides them with the opportunity for

¹⁷⁶ OCA St. 4-SR at 10: 1-11.

¹⁷⁷ CAUSE-PA St. 1 at 34: 6-12.

¹⁷⁸ *Id.* at 35: 2-3.

Basic Water Service (BWS) at a level deemed to be affordable.”¹⁷⁹ Essentially, arguing that the mere existence of a bill discount program means the Company has addressed affordability. Ms. Ather further implied that the current low enrollment levels can be ascribed to “individual customer’s enrollment decisions.”¹⁸⁰

The Company’s conclusion that service is generally affordable relies on the fallacy that all BDP-eligible customers in need of assistance are already enrolled in the BDP,¹⁸¹ and posits that those who are not enrolled have intentionally opted not to be.¹⁸² Based on Ms. Ather’s exhibits DFA-1 and DFA-2, however, a household of four with usage roughly at PAWC’s BWS who is not enrolled in the BDP would have a monthly water/wastewater bill of nearly \$300.¹⁸³ It strains credulity that a low income household receiving a bill this size would be aware of an available discount program and simply opt not to apply for assistance. The vast majority of low income customers not enrolled in the BDP are not making a conscious, informed choice to forgo rate assistance and arrearage management when faced with disproportionately high debt and termination rates. Even for those who are enrolled, rates remain categorically unaffordable: a \$217.22

¹⁷⁹ PAWC St. 9-R at 9:4-8.

¹⁸⁰ *Id.* at 9:12-16.

¹⁸¹ PAWC St. 9 at 19: Tables 5,6.

¹⁸² PAWC St. 9-R at 9:12-16.

¹⁸³ See PAWC St. 9; Exhibit DFA-1, DFA-2; proposed base water bill for 4,800 gallons of usage is \$130.73, proposed base wastewater bill for 4,800 gallons of usage is \$156.29, for a total combined bill of \$278.02.

water/wastewater bill for a family of four making just over \$49,500 per year, is not affordable.¹⁸⁴

Ms. Ather's definition of basic water service also fails to properly account for varied actual usage levels of PAWC's low income customers, resulting in disparate impacts on larger families. The *average* usage rate for actual confirmed low income households regularly exceeds the 3,264 gallon/mo. usage rate used in PAWC's affordability analyses: In reality, many low income customers have far greater usage, either because they have a larger family and/or system inefficiencies.¹⁸⁵

Contrary to PAWC's flawed affordability analyses which seek to minimize and obscure rate impacts, the data and evidence in this case plainly reveal that a substantial number of PAWC's low income customers do not have access to affordable water/wastewater services. Indeed, Mr. Geller expressed concerns that PAWC's analyses masked critical affordability challenges experienced by PAWC's low income customers.¹⁸⁶ It is unjust and unreasonable that there are large swaths of PAWC's customer base who will continue to be priced out of access to water, a natural resource necessary for all life on earth.

¹⁸⁴ CAUSE-PA St. 1 at 38: T. 13; citing PAWC responses to CAUSE PA 1-26, 1-27, attached to CAUSE-PA St. 1 at Appendix B; the burden for a family of 4 at just above 150% FPL with usage at 41.6 gallons per person per day, approximately PAWC's definition of BWS, is 5.3%.

¹⁸⁵ See CAUSE-PA St 1 at 33, Tables 7-9; In 2025, the average usage was 3,281 gallons per month for all residential water customers, 3,959 for confirmed low income water customers, and 4,776 for BDP participants.

¹⁸⁶ *Id.* at 32: 20 – 33:1.

C. Bill Discount Program (BDP) Design

PAWC’s Bill Discount Program requires significant structural improvements to provide consistent levels of affordability to its low income customer regardless of household size, usage, and condition of the home.

Currently, PAWC’s Bill Discount Program provides for the following discounts:

PAWC Current BDP Discount Levels

FPL	Current Water Discounts		Current Wastewater Discounts
	Fixed	Volumetric	Total Bill
0-50%	90%	80%	85%
51-100%	75%	65%	73%
101-150%	60%	40%	55%
151-200%	30%	20%	37%

As illustrated in CAUSE-PA Exhibit 1, the existing BDP discount rates do not produce consistent levels of affordability – especially for BDP participants with the lowest income with higher usages. For example, a household of four at 150% FPL using 6,000 gallons per month is currently charged a monthly bill of approximately \$163.73, or 3.97% of gross household income – just barely what is considered affordable by that particular metric.¹⁸⁷ As Mr. Geller notes, this unaffordability for low income customers exists *before* the imposition of any additional rate increase and is even worse for low

¹⁸⁷ *Id.* at 37: 1-5; Exhibit 1-c.

income customers with higher usage rates – most severely impacting larger families and those who live in older, less efficient housing.¹⁸⁸

In the context of the present proceeding, PAWC is proposing to adjust its tiered discount rates as follows:

PAWC Proposed BDP Discount Levels

FPL	Proposed Water (Fixed and Volumetric)	Proposed Wastewater (Fixed and Volumetric)
0-50%	82%	85%
51-100%	67%	73%
101-150%	44%	55%
151-200%	22%	37%

Compared to existing BDP discount levels, PAWC’s proposed discount levels do get a little closer to affordability for some incomes and usage levels; however, as shown in CAUSE-PA Exhibit 1-c, PAWC’s proposed discount levels will also result in higher bills for some BDP participants at both current and proposed rates, and do not provide consistent and equitable levels affordability for participants – falling hardest on larger families and families with the lowest income levels. For example, under the Company’s BDP proposal, a family of four at 150% FPL using 50 gallons per person/day, or approximately 6,000 gallons/month, will be burdened with combined water/wastewater burdens of 4.42%.¹⁸⁹

¹⁸⁸ *Id.* at 37: 6-12; As discussed, low income households often have higher usage as a result of plumbing and fixture leaks from living in older homes – yet most often lack the discretionary income to invest in repairs themselves and/or are unable to force their landlord to make such repairs.

¹⁸⁹ *Id.* at 40: 8-11.

To ensure that the BDP is correctly structured to provide consistent affordability for all income tiers, CAUSE-PA recommends the following improvements to the structure and discount levels of the BDP, in line with Mr. Geller’s recommendations:¹⁹⁰

CAUSE-PA Recommended BDP Discount Levels

	Water		Wastewater	
	Fixed Charge	Volumetric Charge	Fixed Charge	Volumetric Charge
Tier 1 (0-50% FPL)	100%	85%	100%	85%
Tier 2 (51-100% FPL)	100%	75%	100%	75%
Tier 3 (101-150% FPL)	100%	50%	100%	50%
Tier 4 (151-200% FPL)	100%	25%	100%	25%

Pursuant to this proposal, BDP participants would see marked improvements to affordability and reductions in water/wastewater burdens, ensuring a greater number of participants will receive a consistently affordable rate. CAUSE-PA Exhibit 1 provides additional information related to burden levels that would result under this proposal.¹⁹¹ We recommend that the Commission require PAWC to implement these recommended improvements to its BDP structure and discounts upon entry of a final order in this proceeding – regardless of whether any rate increase is approved – to mitigate existing unaffordability.

In his rebuttal testimony, Mr. McClellan opposed CAUSE-PA’s recommended bill discount reforms, stemming primarily from the belief that all customers should have to

¹⁹⁰ *Id.* at 40, T. 14.

¹⁹¹ *Id.* at 45-46.

pay a portion of the fixed customer charge.¹⁹² CAUSE-PA disagrees. The purpose of designing a bill discount program is to ensure that income eligible customers can reasonably afford to pay their bill on an ongoing basis – driving a host of co-benefits, including improved bill coverage and payment frequency, reduced collections costs, reduced arrears, and reduced terminations. This is fundamentally different than the goal of designing rates to recover a revenue requirement.¹⁹³ Based on Mr. Geller’s direct testimony, it is evident that PAWC’s current and proposed discount program does not achieve the same levels of affordability his recommendations would achieve.

In the context of past rate proceedings, CAUSE-PA has recommended that PAWC implement a tiered percentage of income payment (PIP) structure – as have other experts for CAUSE-PA and OCA.¹⁹⁴ Implementing a PIP structure would, in the long term, ensure that those with the lowest levels of FPL and/or with larger families are not paying a disproportionate level of their incomes for critical and life-sustaining water/wastewater services. This is particularly true as rates for basic water and wastewater services are likely to continue to rise in the short term, further increasing the exigency that PAWC’s program structure deliver accessible, consistent, and equitable levels of affordability to economically vulnerable households.

¹⁹² PAWC St. 10-R at 6-7.

¹⁹³ CAUSE-PA St. 1 at 14: 18-20.

¹⁹⁴ *Id.* at 39: 8-9.

In its previous rate case, PAWC stated that it was unable to implement a PIP at that time because did not have a verification of income process in place.¹⁹⁵ The Company also noted at that time that its Arrearage Management Program (AMP) would be implemented by the end of the year,¹⁹⁶ and that the Company would begin requiring income verification for AMP and BDP.¹⁹⁷

Now that those conditions have been satisfied, it seems the Company is simply reluctant to invest in the necessary IT upgrades to institute a PIP to provide a more precise level of affordability for participating households. While recognizing that PAWC's tiered discounts provide more targeted bill assistance than a flat discount across all low income customers, they do not target affordability as closely or clearly as a maximum bill based on a percentage of income.¹⁹⁸ Thus, a PIP rate structure is more equitable than a tiered discount program and transitioning PAWC's BDP to a PIP would ensure that those at the lowest tiers of the FPL and/or with larger families are not paying a disproportionate level of their income for critical water and wastewater services.

Rates for water and wastewater services have risen precipitously over the past several years,¹⁹⁹ and are already unaffordable for PAWC's low income customers.²⁰⁰ PAWC must have a program structure in place capable of delivering accessible,

¹⁹⁵ CAUSE-PA St. 1-SR at 13: 17-19.

¹⁹⁶ *Id.* at 13: 19 – 14: 1.

¹⁹⁷ *Id.* at 14: 1-2.

¹⁹⁸ CAUSE-PA St. 1 at 14: 5-7.

¹⁹⁹ *Id.* at 35; T. 10.

²⁰⁰ See CAUSE-PA St. 1 at 24-25.

consistent, and equitable levels of affordability to economically vulnerable households. For the foregoing reasons, and based on the analysis of Mr. Geller, CAUSE-PA recommends that DCALJ Watson, ALJ DeVoe and the Commission require that PAWC transition its BDP to a PIP structure. If the company is unable to do so at this time, due to system constraints, the Commission should require PAWC to adjust its discount levels to those recommended by Mr. Geller, which would assist the Company in approaching affordability for its low income customers.

D. Arrearage Management Program (AMP)

1. *PAWC's Arrearage Management Program (AMP) requires significant accessibility improvements to reach the customers it is intended to assist.*

The AMP, launched in October 2024,²⁰¹ is intended to provide an alternative path to collections for low income households – helping prevent termination while improving bill payment frequency and coverage rates. As part of the AMP, customers receive a \$25 arrearage forgiveness credit in exchange for each full and timely monthly payment.²⁰² Customers must also have a balance of at least \$150 that is at least 60 days past due in order to enroll.²⁰³ PAWC also requires that customers pay a \$5 co-pay if enrolled in the AMP.²⁰⁴

²⁰¹ CAUSE-PA St. 1 at 43: 4.

²⁰² PAWC St. 2 at 13: 4-5.

²⁰³ CAUSE-PA St. 1 at 43: 2-3.

²⁰⁴ *Id.* at 43: 3-4.

Like PAWC’s BDP, its AMP is similarly undersubscribed and underperforming. As Mr. Geller noted, PAWC had 19,966 customers enrolled in its BDP as of November 2025, but merely 3,739 of those customers were enrolled in the AMP component of its BDP – despite the fact that 18,539 BDP participants were in active arrears, 11,000 of which had balances older than 61 days.²⁰⁵ In fact, PAWC has issued over 20,000 payment arrangements to BDP participants since its AMP began.²⁰⁶ As similarly noted by Mr. Colton, “the total number of newly-enrolled BDP participants with a pre-existing arrears exceeds the number of AFP participants by a substantial extent. If the \$0 - \$100 enrollees are excluded, the number of newly-enrolled BDP participants with pre-existing arrears exceeds the number of AFP participants by 50% (6,304 vs. 3,970).”²⁰⁷

Mr. Geller addressed these concerning enrollment and payment arrangement numbers in his direct testimony.²⁰⁸ He recommended that all BDP participants that have qualifying arrears and are not enrolled in the AMP should be enrolled within 90 days of the effective date of rates.²⁰⁹ He further recommended that PAWC be ordered to work with its Customer Assistance Advisory Group (CAAG) to develop outreach and education targeted to BDP customers with arrears to explain that their arrears will be forgiven with each in full BDP payment moving forward and that they do not have to

²⁰⁵ *Id.* at 43: 9-10.

²⁰⁶ PAWC St. 2-R at 22: 8-20.

²⁰⁷ OCA St. 4 at 79; Table 19.

²⁰⁸ See CAUSE-PA St. 1 at 43-44.

²⁰⁹ *Id.* at 44: 6-7.

enter a payment arrangement to receive this forgiveness.²¹⁰ He explained PAWC should allow all new BDP participants who have arrears to automatically be enrolled in the AMP without an additional application and without additional steps.²¹¹ In other words, the BDP and AMP should function as two components that are integrated as part of an overall customer assistance program, not as separate programs.

In response to Mr. Geller's concerns and recommendations, Dr. Chard maintained that customers who enroll in the BDP are "automatically" enrolled in the AMP, assuming they have a balance of at least \$150 that is at least 60 days old, and clarified that there is no separate application required.²¹² She then stated that for customers who are already enrolled in the BDP but otherwise qualify for the AMP, the Company offers a streamlined AMP enrollment process that does not require any further income verification.²¹³ While she acknowledged the substantial enrollment gap, she concluded that the enrollment level does not indicate that the AMP is unsuccessful – noting that the AMP is a nascent program, having only launched in late 2024.²¹⁴ Dr. Chard concluded that Mr. Geller's recommendations to successfully implement the AMP are not necessary and should be rejected.²¹⁵

²¹⁰ *Id.* at 44: 7-10.

²¹¹ *Id.* at 44: 11-13.

²¹² PAWC St. 2-R at 9:4-7.

²¹³ *Id.* at 9:11-13.

²¹⁴ *Id.* at 9: 19-20.

²¹⁵ *Id.* at 9: 14-15.

It is difficult to see the Company's AMP implementation as a success when nearly 93% of BDP enrollees are carrying a balance, but less than 20% are also enrolled in a program that would suspend collections activities and allow the household to earn monthly forgiveness on their debt over time by paying their discounted BDP bill. While it is not clear why, as both programs are managed by PAWC's third-party administrator Dollar Energy Fund, the BDP and AMP appear to be operating as two distinct offerings, rather than as a comprehensive assistance program.

Despite the Company's claims that no enhancements of its AMP are necessary, it is undeniable that not all customers who are eligible for the AMP are enrolled, and further policies and procedures are necessary to ensure all eligible BDP participants are enrolled. The alternative that the Company appear to be relying on is providing low income households with payment arrangements that they are not reasonably able to maintain, leaving them at greater risk of termination despite an existing program designed to assist them.

It is essential that PAWC enroll all BDP participants that have qualifying arrears and are not enrolled in the AMP within 90 days of the effective date of rates – without requiring further affirmative action by the qualifying customer. As recommended by Mr. Geller, PAWC should be required to work with its CAAG to develop outreach and education to these customers to explain that their arrears will be forgiven with each in full

BDP payment moving forward and that they do not have to enter a payment arrangement to receive this forgiveness.²¹⁶

2. *PAWC's AMP requires significant structural changes to ensure that it is providing tangible benefits to its enrollees.*

In addition to the significant implementation and access issues with PAWC's AMP, certain structural components of the program also erode its intended purpose, including 1) the requirement that a customer have a debt of at least \$150 in order to enroll, 2) the \$5 co-pay, 3) the requirement that a payment must be timely in order for the enrollee to receive forgiveness, and 4) the \$25 forgiveness with each payment made regardless of the underlying balance.²¹⁷

First, as recommended by Mr. Geller, any customer with a balance who enrolls in the BDP should have that balance set aside or frozen at enrollment, regardless of the size of the balance. For a household with extremely limited means, any amount that they are required to pay above and beyond a discounted rate chips away at affordability gained by enrolling in the BDP and places that household at risk of falling further behind and having their service involuntarily terminated.²¹⁸ If a household has \$100 in arrears and needs to enroll in BDP, they cannot pay their current full tariff bills in full so there is no reason to believe they will be able to make payments on their arrearages.²¹⁹

²¹⁶ CAUSE-PA St. 1 at 44: 6-10.

²¹⁷ *Id.* at 44: 16-20.

²¹⁸ *Id.* at 44: 22 – 45: 3.

²¹⁹ *Id.* at 45: 3-5.

Second, PAWC should not be charging its AMP customers a co-pay. Even with a BDP discount, bills remain unaffordable for many low income customers and the addition of a co-pay serves to undermine any affordability improvements gained through the program. As a flat fee, this charge is regressive, meaning that it harms the lowest income households most severely.²²⁰

The Commission has looked with disfavor on these co-pays and has on multiple occasions rejected the continued imposition of additional fees on CAP participants and arrears co-pay amounts.²²¹ Additionally the Commission's Final CAP Policy Statement provides "[E]ach utility CAP payment plan should be designed to ensure a household's total CAP bill – including any add-ons such as PPA co-payments or CAP Plus charges – will not exceed the Commission's energy burden threshold."²²² While this policy statement applies specifically to CAPs provided by electric and natural gas utilities, it is instructive for PAWC as well.²²³ PAWC's \$5 co-pay is being charged to customers in need of rate assistance, with a demonstrated inability to pay. These are customers who have provided detailed income documentation to PAWC to enroll in a program designed to improve affordability and help keep them connected to essential

²²⁰ *Id.* at 45: 6-9.

²²¹ See Peoples Universal Service and Energy Conservation Plan for 2019-2024, Petition for Reconsideration of Staff Action, Docket Nos. M-2018-3003177, M-2020-3021343, P-2020-3017641, M-2014-2432515, at 5-6 (filed July 20, 2022); Columbia Universal Service and Energy Conservation Plan for 2024-2028, Docket No. M-2023-3039487, Order at 28 (filed April 4, 2024).

²²² 2019 Amendments to CAP Policy Statement, Final Policy Statement and Order, Docket No. M-2019-3012599, at 31 (order entered Nov. 5, 2019).

²²³ CAUSE-PA St. 1 at 45: 15-16.

water and wastewater service.²²⁴ The insufficiency of PAWC's current and proposed discount rates are clearly evidenced above through its significant confirmed low income termination rates. By adding an additional \$5 copay, PAWC is raising the burden of those households it knows are already struggling to keep up. Thus, the \$5 co-pay must be eliminated.²²⁵

Third, PAWC's requirement that payments be timely in order to receive forgiveness is punitive and does not account for the reality of low income consumers' lives. As stated by Mr. Geller,

In my experience working with low income households, most try to pay their bills in full and on time when they are able, but there are often setbacks that make timely payments difficult to achieve. PAWC should provide arrearage forgiveness for each full payment that a customer makes. Refusal to provide forgiveness because these payments do not fall within a narrow time period fails to recognize the economic reality of low income households and penalizes low income customers who, through no fault of their own, often face additional economic pressures as a result of fluctuations in their monthly incomes, financial emergencies, and other unforeseen expenses which stretch their already limited monthly budgets.²²⁶

The AMP is an alternative collections program which should be designed to incentivize low income households with insufficient resources to prioritize payment of PAWC bills. Providing earned forgiveness for all in-full payments, regardless of timeliness, will help incentivize in-full payments – thereby reducing collections costs and improving bill payment.

²²⁴ *Id.* at 45: 18-20.

²²⁵ *Id.* at 46: 1-2.

²²⁶ *Id.* at 45: 4-11.

Finally, the AMP does not offer adequately structured relief to ensure participants are able to catch up on arrears accrued prior to entry into the AMP. Low income customers carry a substantial level of arrears that the \$25 per month arrearage forgiveness structure is not sufficient to address.²²⁷ As explained in his direct testimony, the average arrearage level for a wastewater customer who enrolled in the BDP in 2025 is over \$1,000, which would take 41 months to fully retire under the current AMP structure. Many BDP applicants will have arrearage amounts exceeding these averages and thus face even longer periods before they can earn full forgiveness.²²⁸

In order to adequately address the current arrearage levels of its low income customers, Mr. Geller recommended that PAWC be required to transition to a percentage of forgiveness structure over 24 months, so that with each payment, 1/24th of the customer's debt is forgiven.²²⁹ This would ensure that even those customers with the highest debt levels upon enrollment would still be able to receive full forgiveness within a reasonable time frame.²³⁰ He further recommended that if the Company is not able to institute that specific forgiveness structure at this time due to technological constraints, it should be required to, in the interim, increase the flat rate forgiveness to \$45 per month.²³¹ At that rate, while some customers may still take longer than 24 months to retire their full balances, the vast majority will be receiving forgiveness within a

²²⁷ *Id.* at 46: 22 – 47: 1.

²²⁸ *Id.* at 47: 11-14; T. 16.

²²⁹ *Id.* at 47: 15-16.– 48: 1.

²³⁰ *Id.* at 47: 17 – 48: 1.

²³¹ *Id.* at 48: 1-3.

reasonable timeframe. If the Company intends to undergo any system upgrades, the Commission should require that it be required to attain the capability to operate a percentage of forgiveness program through those upgrades.

In response to Mr. Geller's recommendations, Dr. Chard stated that it is important that customers participating in the AMP make timely payments to receive credits and that the Company's AMP is intentionally structured to encourage timely payment behavior.²³² She also stated that the current \$25 per month forgiveness credit is reasonable. While acknowledging that it may take longer for some AMP participants to achieve full forgiveness, she stated that the Company believes this is a fair outcome, treating each AMP participant equally.²³³ Confusingly, Dr. Chard then pointed to the Company's hardship fund as a mitigating factor, stating that despite the longer forgiveness timeframe, other PAWC program rules are more beneficial to AMP customers.²³⁴ As all jurisdictional water, wastewater, gas and electric companies currently run hardship funds, it is not clear what was meant by "more beneficial." She also maintained that that the Company's AMP is intentionally structured to encourage timely payment behavior.²³⁵

Despite the Company's contention that the AMP is structured to encourage timely behavior, the *effect* of this policy is to significantly decrease the forgiveness that enrollees are able to earn despite making payments. As explained by OCA witness Colton, "The

²³² PAWC St. 2-R at 7: 10-14.

²³³ *Id.* at 7: 15-18.

²³⁴ *Id.* at 8:2-3.

²³⁵ *Id.* at 7: 10-14.

Company's restrictive policies on when, or whether, to grant [AMP] credits has resulted in the program being largely ineffective in delivering arrearage relief to low income customers...Anywhere from 20% to more than 30% of the total payments made by AMP customers were made after the due date but *before the next billing date*. Under the Company's existing arrearage forgiveness policy, those AMP customers would not qualify to receive an [AMP] credit."²³⁶ His analysis further shows that, over the 14 months for which data was provided, the total number of payments received was nearly two times higher than the number of timely payments provided (189%). In seven of the 14 months, the total number of payments was more than 200% of the number of "timely" payments received by PAWC.²³⁷

It is clear from the above, that PAWC's AMP enrollees are making far more payments than they are receiving forgiveness for and there is no evidence provided by the Company that its *intent* to "encourage timely payments" is resulting in such. When incomes fluctuate and unexpected expenses arise, low income households, who do not have budget elasticity, may not be able to make timely payments. In those situations, which are commonplace for households living near or below the poverty line, the timely payment requirement functions merely to reduce the forgiveness they are able to access -

²³⁶ OCA St. 4 at 68: 15-18.

²³⁷ *Id.* at 68: 11-14.

not to incent payment behavior.²³⁸ The AMP should incent regular payment – without strict adherence to a timeliness requirement.

CAUSE-PA submits that the Commission should require PAWC to address both the programmatic and accessibility issues of its AMP as outlined above. As further explained below, the mere existence of an assistance program does not allow low income households to afford water, the design of the programs and the ability to access them is paramount.

E. H2O Help to Others (H2O) Program, Screening, Outreach and Enrollment Procedures

As currently structured, PAWC’s universal service programs – including reduced rates available through PAWC’s BDP – are not reasonably accessible to PAWC’s low income customers. PAWC must improve its screening, outreach, and enrollment procedures to ensure that its low income customers have a meaningful opportunity to enroll in its H2O program.

Mr. Geller raised concerns throughout his testimony regarding the under-subscription of PAWC’s low income programming, noting that just a fraction of PAWC’s low income customers are enrolled.²³⁹ PAWC reported that BDP enrollment dropped by

²³⁸ CAUSE-PA St. 1-SR at 16: 6-10.

²³⁹ CAUSE-PA St. 1 at 28: 18 – 29:1.

more than half following implementation of new documentation requirements – from approximately 30,000 customers to approximately 14,000 customers.²⁴⁰

While the Company has made some progress towards regaining its enrollees, as of November 2025, only 19,966 customers were enrolled in the BDP, representing merely 13% of PAWC’s *estimated* low income customers – and just 30% of the Company’s *confirmed* low income customers, those it already knows are eligible for its programs.²⁴¹ PAWC’s low rate of enrollment in its BDP evidences a need for systemic solutions to ensure that eligible low income customers are receiving more affordable bills.

Section 1303 of the Public Utility Code requires that a public utility with more than one rate for service must compute bills under the rate most advantageous to the customer.²⁴² This necessarily includes rates available to low income customers through PAWC’s BDP. Further, Section 56.97(3) of the Commission’s regulations requires that, after the issuance of the initial termination notice and prior to the actual termination of service, the public utility must fully explain information about the public utility’s universal service programs, including the customer assistance program, and refer the customer or applicant to the universal service program of the public utility to determine eligibility for a program and to apply for enrollment in a program.

The under-subscription of PAWC’s low income assistance programs, and high arrearage levels and termination rates among its low income customers as detailed above,

²⁴⁰ *Id.* at 53: 9-11.

²⁴¹ *Id.* at 41: Table 15.

²⁴² 66 Pa. C.S. § 1303.

indicates that the vast majority of PAWC's low income customers are not receiving the most advantageous rate available to them – nor being referred to the appropriate programs in a timely manner. Due to these failures, their ability to access affordable service is limited – ultimately resulting in more extensive accrual of arrears, more frequent collections actions, and higher rates of termination.

PAWC claims that it has adequate systems in place to offer to assess customers who self-initiate contact to express their inability to pay or request an installment plan; however, the Company has no requirement for customer service staff to reasonably ensure that customers are being timely matched to available rate assistance through the BDP, and other H2O programming, *before* debt is accrued.

Moreover, the Company's excessive issuance payment arrangements for those known to be eligible for debt forgiveness through its AMP indicates that its current referral procedures are ineffective and inadequate to prevent unnecessary accrual of debt. PAWC has issued over 68,000 payment arrangements to *confirmed* low income households since November 2024, after the implementation of its AMP.²⁴³ Nearly 20,000 of those payment arrangements were issued to low income customers actively participating in PAWC's BDP and, thus, were categorically eligible for PAWC's AMP. These figures present clear evidence that PAWC lacks appropriate customer service policies and practices to ensure compliance with Section 1301 to provide low income households with the most advantageous rate available.

²⁴³ CAUSE-PA St. 1 at 49: 6-11.

Mr. Geller's analyses further found that the Company's policies, procedures, and training materials for its frontline customer service call staff, which can be helpful after a payment crisis has developed, do not require that staff affirmatively screen for eligibility to ensure payment troubled customers are given the opportunity to enroll in the BDP and access hardship funding prior to being placed in potentially unaffordable payment arrangements.²⁴⁴ This deficiency inappropriately prevents low income customers from enrolling in available assistance programs before debts are accrued.²⁴⁵

Consistent with Mr. Geller's recommendations, PAWC should be required to refer low income customers to available assistance programs – including its BDP and Hardship Fund programs – prior to being placed on a payment arrangement, particularly given the sheer volume of payment arrangements the Company continues to issue to confirmed low income households despite claiming that its existing policies already ensure such referrals.²⁴⁶ This requirement is not only sound public policy to prevent the accrual of unmanageable debt; it is also required by law.²⁴⁷ It is essential that low income customers are directed first to low income assistance programs, which are specifically designed as an alternative path to collections for low income households in recognition of the limitations of payment arrangements.²⁴⁸

²⁴⁴ *Id.* at 50.

²⁴⁵ *Id.*

²⁴⁶ *Id.* at 56: 13-16.

²⁴⁷ 66 Pa. C.S. §§ 1303, 1410.1.

²⁴⁸ CAUSE-PA St. 1 at 56: 11-12.

In addition, PAWC should begin screening all new and moving customers for income level and eligibility for assistance at the time their service is established and on a periodic basis thereafter during non-emergency calls.²⁴⁹ We similarly recommend that PAWC update their call scripting and checklists for its Customer Service Representatives (CSRs) so that all applicants for new service are informed of the availability of low income assistance programming and requested to voluntarily self-disclose any changes to income information.²⁵⁰ Customers identified as low income through this process should be provided a warm referral to PAWC's low income assistance programs, and should not be required to provide duplicative information in order to enroll in these programs.²⁵¹

Of note, the Commission approved the screening mechanisms recommended by Mr. Geller, in its Final Order in Columbia Gas's most recent rate case.²⁵²

Mr. Geller also set forth recommendations to assist PAWC in measuring and tracking its effectiveness in increasing universal service program enrollment. Specifically, Mr. Geller recommended that PAWC set target BDP enrollment benchmarks at 20% per year of PAWC's estimated low income customer counts until the

²⁴⁹ *Id.* at 52: 13-22.

²⁵⁰ *Id.* at 53: 1-6.

²⁵¹ *Id.*

²⁵² Pa. PUC v. Columbia Gas of Pa., Docket No. R-2025-305349, Order at 350-351 (issued Dec. 4, 2025) (“As of December 2024, only 20,988 Columbia customers were enrolled in CAP, accounting for only 23% of the Company’s estimated low income customers and 30% of its CLI customers. Such statistics highlight that additional CAP screening is appropriate.”) (internal citations omitted).

Company reaches at least 75% enrollment of this estimated group,²⁵³ and that PAWC establish other quantitative goals related to affirmative customer outreach.²⁵⁴ This affirmative outreach should include telephone contacts, mailings, and forms of electronic communication (with customer consent).

Mr. Geller also recommended that PAWC be required to track and report relevant data regarding its progress to its CAAG. He explained that this would help PAWC to refine outreach efforts based on CAAG feedback – and should in turn expand membership of its CAAG to include a broader array of community voices who advocate for and assist households in need of assistance from all corners of PAWC’s expansive service territory.²⁵⁵ These reforms would help ensure PAWC’s universal service program outreach and education activities are informed by partners with experience serving low income communities.²⁵⁶

PAWC expert witness Prine disagreed with CAUSE-PA’s recommendation that the Company avoid entering into a deferred payment arrangement unless the customer expressly declines to enroll in BDP/AMP or to apply for a Hardship Grant.²⁵⁷ He stated that PAWC already trains Customer Care Agents (CCAs) to ask for income information and advise the customer about assistance programs available to them when a customer

²⁵³ CAUSE-PA St. 1 at 42: 8-10.

²⁵⁴ *Id.* at 42: 11-14.

²⁵⁵ *Id.* at 42: 17-19.

²⁵⁶ *Id.* at 42: 14-17.

²⁵⁷ PAWC St. 2-R at 21: 16-21.

expresses trouble paying their bills and wishes to set up a payment plan.²⁵⁸ Mr. Prine also opined that customers may not want to share their income information with their utility.²⁵⁹ While Mr. Prine pointed to the *myWater* link as sufficient information for low income customers who are interested in screening for the Company's universal service programs, he notes elsewhere in his testimony that less than 63% of PAWC customers complete transactions with the Company online.²⁶⁰

CAUSE-PA firmly contests Mr. Prine's implication that income screening during non-emergency or non-billing calls for low income assistance programs will be viewed negatively by PAWC's customers. There is a significant difference between a CCA requesting income information with no context, and the request alongside an appropriate explanation of the purpose of the request and the availability of rate discount, debt forgiveness, and grant assistance programs. We note, further, that Mr. Prine's testimony confirmed Mr. Geller's concerns that PAWC's low income customers are not routinely offered or referred to apply for hardship funding or enroll in AMP prior to being placed in potentially unaffordable payment arrangements that may exacerbate arrearage levels and lead to involuntary termination.²⁶¹ As Mr. Geller explained, the Company's current approach to measuring the effectiveness of call handling performance and enrollment procedures is not sufficient because it depends entirely on customers reaching out on

²⁵⁸ *Id.*

²⁵⁹ *Id.* at 22: 1-6.

²⁶⁰ *Id.*

²⁶¹ CAUSE-PA St. 1 at 52: 7-16.

their own and stating their inability to pay or logging into *myWater* to see information about PAWC's low income programming.²⁶² According to Mr. Prine's testimony – over 37%, or nearly 250,000 customers, are not completing transactions online, which underscores the need for PAWC to strengthen policies and training so CCAs do not default to offering payment arrangements without first explaining universal service options.²⁶³

For the foregoing reasons, and consistent with the recommendations of Mr. Geller, in addition to the screening recommended above, the Commission should require PAWC to revise its policies, procedures, and training materials to reflect that BDP participants with qualifying arrears will be referred to PAWC's universal service programs – including both the Hardship Fund and AMP – prior to being placed in a payment arrangement. Similarly, PAWC should also work with its CAAG to develop targeted outreach and education so customers understand that arrears will be forgiven with each on-time BDP payment and that a payment arrangement is not required to receive this benefit.²⁶⁴

To ensure that its low income customers are provided a meaningful opportunity to maintain water service to their homes, and in compliance with regulatory and policy requirements, PAWC must improve its customer outreach, screening, and intake policies and procedures consistent with Mr. Geller's recommendations above – helping ensure

²⁶² PAWC St. 2-R at 22: 8-20.

²⁶³ *Id.*

²⁶⁴ *Id.*

that all qualifying low income customers are enrolled in the benefits they are intended to receive under the current approved universal service program design.

F. Water Conservation and Line Repair and Replacement Assistance

PAWC's current conservation programming is woefully insufficient to address the need for a comprehensive low income conservation and leak and line repair assistance in its service territory.

Currently, PAWC offers BDP participants, upon request, a water conservation kits containing basic, self-installed water-saving devices (low-flow showerhead, sink aerator, and toilet fill cycle diverter), leak detection kit, conservation tips and materials, and a water use calculator.²⁶⁵ Aside from the education materials citing EPA estimates, PAWC does not provide any measure of actual impact, leaving its current conservation efforts unverified and insufficient.²⁶⁶

The Company distributed about 5,000 of these conservation kits between January 2023 and December 2025, but does not track whether customers actually install the kits or if they reduce household water usage.²⁶⁷ PAWC says it does not collect this information because customers are responsible for installing the items and do not report back to the Company.²⁶⁸ Since each kit costs between \$11.80 and \$16.75, the Company

²⁶⁵ CAUSE-PA St. 1 at 57: 6-9.

²⁶⁶ *Id.* at 58: 2-5.

²⁶⁷ *Id.* at 59: 10-12.

²⁶⁸ *Id.* at 59: 12-13.

has spent approximately \$59,000 to \$84,000 on this effort,²⁶⁹ yet is unable to demonstrate any measurable outcomes.²⁷⁰ The Company cannot verify whether a single kit has been installed or whether any installation has led to reduced usage, cost savings, or avoidance of termination.²⁷¹ There is also no evidence that the households receiving PAWC's kits did not otherwise receive the same measures from their electric or gas provider through energy efficiency programs.²⁷² Without tracking results, it is unclear whether this program is reducing water usage or lowering bills, highlighting the need for a more accountable and results-focused conservation program.²⁷³

Despite taking issue with Mr. Geller's description of PAWC's low income programming as nascent and in development,²⁷⁴ PAWC clearly lacks a comprehensive conservation assistance program that addresses both water efficiency and the financial burden of leak and line repairs and replacements for its low income customers.

The lack of comprehensive conservation programming is especially stark as PAWC's low income customers have higher average usage levels compared to residential customers as a whole.²⁷⁵ For example, from January through May 2025, PAWC reported that – for water service – the mean usage level for confirmed low income customers was 3,959 gallons and the mean usage level for H2O participants was 4,776 gallons –

²⁶⁹ *Id.* at 59: 12-15.

²⁷⁰ CAUSE-PA St. 1-SR at 22: 10-11.

²⁷¹ *Id.* at 22:10-12.

²⁷² *Id.* at 22: 13-14.

²⁷³ CAUSE-PA St. 1 at 59: 17-19.

²⁷⁴ PAWC St. 2-R at 14:11-12.

²⁷⁵ CAUSE-PA St. 1 at 33: Tables 7-9.

compared to the mean usage level for residential customers generally of 3,281 gallons during this same period.²⁷⁶

As referenced by Mr. Geller throughout his testimony, low income households are more likely to have higher water usage often due to old or inefficient appliances and fixtures, and leaky plumbing – and may experience higher usage levels as a result.²⁷⁷ Low income customers most often lack enough discretionary income to reasonably afford the high costs of unexpected repairs – including indoor plumbing leaks and customer-side service line issues. When such leaks occur, they drive up monthly water usage and bills increase, often leading to involuntary service terminations.²⁷⁸

According to PAWC policies, customers with a damaged customer-side service line can access no cost repairs if the customer-side line is determined to be a lead containing service line. However, if the customer-side service line does not contain lead, no such cost assistance is available – even though the leak (and corresponding high bills) remains.²⁷⁹ Customers must either rely on their own funding sources, or third-party protection plans that come at additional monthly costs, to afford the costs of needed repairs. This is particularly concerning as PAWC has a policy to terminate service to customers who do not make repairs to leaking customer-side service lines, or do not

²⁷⁶ CAUSE-PA St. 1 at 58: 7-11.

²⁷⁷ *Id.* at 58: 12-14.

²⁷⁸ *Id.* at 58: 14-17.

²⁷⁹ *Id.* at 58: 18 – 59: 1.

make arrangements with the Company for needed repairs, after notices are provided to customers.²⁸⁰

PAWC's Leak on Owner's Side (LOOS) process keeps track of when a customer-side leak is found and how the repair moves forward, but the Company does not track cases specifically for BDP customers or whether these leaks end up causing high bills that eventually lead to service terminations.²⁸¹

With existing unaffordability at current rates, the substantial rate increase that PAWC is proposing, and the comparatively high usage among its low income customers, a comprehensive water efficiency and leak repair program is essential to mitigate the costs of unaffordability both at existing and proposed rates for its low income customers. Consistent with Mr. Geller's recommendations, PAWC should be directed to develop a low income comprehensive conservation and leak repair/replacement assistance program available to all customers under 250% FPL that will help to reduce wasteful and expensive usage and control H2O program costs.²⁸²

Mr. Geller recommended that PAWC work with its CAAG, to develop this comprehensive assistance program.²⁸³ He advised that this program should include conservation measures, including provision of water conservation kits, but also include

²⁸⁰ *Id.* at 59: 1-6.

²⁸¹ *Id.* at 59: 7-10.

²⁸² *Id.* at 60: 3-4.

²⁸³ *Id.* at 60: 11-12.

deeper savings measures – including leak repair and line replacement.²⁸⁴ Low income customers most often lack the discretionary income to participate in a rebate program, so the program should – at a minimum – be designed to deliver line repair and efficiency measures with no out-of-pocket or up-front costs – either for the measures or for installation.²⁸⁵ The program should also include annual reporting parameters of water savings achieved and any associated reduction in low income assistance program costs as a result of these programs, to ensure that both the costs and benefits of these programs are properly accounted for. While the program should be available to all low income customers with income at or below 250% FPL, it should target high usage low income customers enrolled in PAWC’s BDP. This targeting will have the added benefit of further reducing the cost of PAWC’s BDP.²⁸⁶

Finally, Mr. Geller recommended that PAWC should be required to coordinate its service delivery with other utilities in its service territories that operate energy efficiency and conservation programs, such as Low Income Usage Reduction Programs (LIURP) and Act 129 programs. Many utility conservation programs already provide a number of energy efficiency measures that also increase water efficiency, such as low flow faucets and shower heads.²⁸⁷ Partnering with other energy efficiency programs will allow PAWC to leverage other utility conservation programs to help streamline program delivery and

²⁸⁴ *Id.* at 60: 11-14.

²⁸⁵ *Id.* at 60: 13-17.

²⁸⁶ *Id.* at 60: 19-22.

²⁸⁷ See 52 Pa. Code § 58.14.

reach, helping ensure that a greater number of PAWC customers can obtain comprehensive conservation measures to reduce their overall water and energy usage.²⁸⁸

In response to these recommendations from Mr. Geller, PAWC witness Mr. Prine stated that it is not required nor feasible for PAWC to develop and implement a comprehensive conservation and line repair/replacement program, as the Company has not included the costs in this case to hire additional staff to support a LIURP-type program or projections for repairing and replacing the leaking lines and infrastructure of low income customers.²⁸⁹ While recognizing that other water utilities have line repair/conservation programs or pilots, he stated that such programs were created through voluntary settlements and were not imposed unilaterally by the Commission.²⁹⁰

While Mr. Prine is correct that other water utilities implemented leak repair and conservation programs voluntarily or through settlements, each program was reviewed and approved by the Commission. Nothing in his rebuttal testimony indicates that the Commission would oppose the creation of such a program for PAWC customers. In fact, noting that other programs were approved by the Commission demonstrates their feasibility and effectiveness, not a reason to dismiss them. Regarding Mr. Prine's conclusions about staffing needs to support a LIURP style program, it would be prudent for the Company to compare any projected staffing costs to the substantial volume of water lost to leaks and line breaks in low income households. These losses contribute to

²⁸⁸ CAUSE-PA St. 1 at 61: 5-8.

²⁸⁹ PAWC St. 15-R at 25: 6-9.

²⁹⁰ *Id.* at 25: 10-12.

unaffordable bills, unpaid charges, uncollectible expenses and loss of service.²⁹¹ As explained above, with regard to PAWC’s proposed CAP Rider, the Commission’s policy statements on CAP cost recovery requires consideration of the operational savings achievable through implementation of a comprehensive universal service program portfolio.²⁹²

As noted above, Mr. Prine framed Mr. Geller’s recommendation as “attempting to impose a [LIURP] construct on PAWC that was established for [EDCs and NGDCs].”²⁹³ To be clear, the need for this program is evidenced through the record in this case, and comparable programs have been approved by the Commission due benefits to participants and other ratepayers – helping reduce the cost of providing bill assistance and arrearage management benefits. If one is to take the Company at its word that it is looking for innovative ways to address affordability, as stated by Dr. Chard,²⁹⁴ CAUSE-PA maintains that there are many *proven* ways to address affordability, and before the Company attempts to charter new ground through its Renter Assistance Program Pilot (RAPP) or any other novel approach, it should consider existing programs, both its own and those of other utility companies, that are designed to benefit its low income ratepayers and address unnecessarily high usage. For households facing unaffordable bills driven by leaks, a conservation kit is not a substitute for necessary repairs. A

²⁹¹ CAUSE-PA St. 1-SR at 22:1-4.

²⁹² 52 Pa. Code § 69.266.

²⁹³ PAWC St. 15-R at 25:1-3.

²⁹⁴ PAWC St. 2-R at 12:1.

properly structured water conservation program produces measurable, trackable benefits, including reduced usage, lower arrearages, and improved payment stability.

CAUSE-PA advocated for a low income leak repair program in PAWC's last rate case filed in 2023.²⁹⁵ The Administrative Law Judges in that case recommended that the Commission reject the proposal that PAWC be required to design and implement a comprehensive conservation and line repair and replacement plan.²⁹⁶ While finding that "such a program would certainly be beneficial to PAWC's ratepayers," the ALJs agreed with PAWC that LIURPs (and similar programs) are currently only required under Pennsylvania law for EDCs and NGDCs.²⁹⁷ Without statutory authority mandating LIURPs for water companies, the ALJs concluded that it "would be inappropriate to impose such a requirement **on PAWC alone.**" (emphasis added)²⁹⁸ CAUSE-PA contends that that consideration is no longer material as AQUA PA, Pittsburgh Water, and Veolia all administer low income leak repair and conservation programs,²⁹⁹ leaving PAWC as the lone outlier among Pennsylvania's large investor-owned water utilities that does not provide this essential and Commission approved program for its low income customers.

²⁹⁵ Pa. PUC v. Pa. American Water Co., Docket No. R-2023-3043189, Direct Testimony of Harry S. Geller, Esq. (filed Feb. 1, 2024) at 63:5-11.

²⁹⁶ *Id.*, Recommended Decision at 334.

²⁹⁷ *Id.*, see also 52 Pa. Code § 58.1.

²⁹⁸ *Id.*

²⁹⁹ CAUSE-PA St. 1 at 60.

G. Hardship Fund

PAWC should be required to increase its maximum water and wastewater grant amounts to ensure the program is appropriately addressing the need in its service territory. As currently structured, PAWC customers at or below 250% FPL may receive a Hardship Fund grant of up to \$500 annually toward their water bill and \$500 annually toward their wastewater bill.³⁰⁰

Compared to relative need, very few customers have been awarded Hardship Fund grants in recent years – evidencing a clear lack of customer knowledge and information about the program.³⁰¹ As stated by Mr. Geller, the following number of customers received a Hardship Fund grant, per year and across PAWC’s divisions: 1,631 in 2023; 1,754 in 2024; 4,862 in 2025 (through November).³⁰² By comparison, from January through November 2025, 9,922 confirmed low income customers were terminated for nonpayment – yet just 4,862 customers received a Hardship Fund grant.³⁰³ The low number of customers awarded PAWC’s Hardship Fund grants indicates a significant failure to address the much larger need for grant assistance among low income customers.³⁰⁴

³⁰⁰ *Id.* at 48: 9-11.

³⁰¹ *Id.* at 49: 15 – 50: 5.

³⁰² *Id.* at 48: 21 – 49:3.

³⁰³ *Id.* at 49, Table 17.

³⁰⁴ *Id.* at 49: 2-3.

In addition, low income customers carry substantial levels of arrears that are disproportionate to the average arrears carried by residential customers as a whole.³⁰⁵ As of November 2025, the average arrearage level of confirmed low income customers was \$341.19 compared to residential customers (exclusive of low income customers) who carried an average arrearage level of just \$171.83.³⁰⁶ By definition, a significant portion of low income customers in these segments will have arrearage levels exceeding these averages, which places these customers at risk of termination of life-sustaining water/wastewater services.

The substantial unmet need for grant assistance amongst PAWC's low income customers underscores the need for PAWC to improve its accessibility and the benefits provided under its Hardship Fund program.³⁰⁷ As such, the Commission should require that PAWC take immediate steps to improve the efficacy and accessibility of its Hardship Fund consistent with Mr. Geller's recommendations.³⁰⁸

Specifically, PAWC should increase the maximum amount of its Hardship Fund grant from \$500 for water and wastewater, respectively. In November 2025, the average arrearages of BDP participants at the time of termination was \$1,552.24, for confirmed low income customers, exclusive of BDP customers, that amount was \$3,332.15.³⁰⁹ This extremely high arrearage level may be an outlier, however in October 2025, that amount

³⁰⁵ *Id.* at 49: 11-12.

³⁰⁶ *Id.* at 26: 2-4.

³⁰⁷ *Id.* at 50: 3-5.

³⁰⁸ *Id.* at 50: 16 – 51: 2.

³⁰⁹ *Id.* at 50: 17-19.

was \$762.96, still well above the \$500 grant threshold.³¹⁰ To attempt to better address the high levels of arrears carried by PAWC's low income customers, PAWC should increase maximum Hardship Fund grant to \$750 for water and \$750 for wastewater.

In her rebuttal testimony, Dr. Chard argued that Mr. Geller's recommendation to increase the grant amounts to \$750 for water and wastewater, respectively, is not necessary and that PAWC is not aware of any other Pennsylvania utility offering hardship grants of up to \$1,500 per customer.³¹¹ She also indicates that increasing the annual caps could strain program resources.³¹²

It is certainly true that increasing PAWC's hardship fund limit may result in increased spending, especially if PAWC's staggering proposed rate increase is approved. This point only underscores clear evidence of need. A residential customer with *average* usage will see a combined bill of nearly \$215 each month if PAWC's proposed rates are approved³¹³ and the significant arrearages among PAWC's confirmed low income customers *at current rates* have been discussed above. Further, confirmed low income customers, as defined by PAWC as those with income at or below 250% FPL,³¹⁴ have significantly higher than average usage and will therefore experience significantly higher bill impacts compared with average usage customers.³¹⁵ It is appropriate that PAWC's

³¹⁰ *Id.* at 50: 19-20.

³¹¹ PAWC St. 2-R at 10: 11-12.

³¹² *Id.* at 10: 15-17.

³¹³ CAUSE-PA St. 1 at 5:7-14.

³¹⁴ *Id.* at 9: 4-7.

³¹⁵ CAUSE-PA St. 1 at 33; Tables 7-9.

hardship fund account for the actual bill amounts and arrearage levels of its own customers, whose combined water and wastewater rates are already the highest in the Commonwealth and will be even higher after this proposed rate increase.³¹⁶

As detailed above, PAWC is requesting Commission approval to implement a CAP Rider without committing to fundamental universal service and conservation obligations that gas and electric utilities are required to undertake in order to implement a nonbypassable rider. One such obligation that jurisdictional gas and electric utilities have is to raise funds so that their hardship fund grants are appropriately funded to meet the need in their service territories.³¹⁷ They are not permitted to rely solely on obligations stemming from prior settlements to determine appropriate funding levels.³¹⁸ To the contrary, hardship fund program budgets, eligibility, and fundraising activities are subject to Commission review and approval.

Further, while it is technically correct that no other utility has a maximum grant of \$1500, PECO's Matching Energy Assistance Fund grants are available up to \$1250 per account, regardless of whether the customer receives electric service or gas *and* electric service from the company.³¹⁹ PPL's Operation Help fund does not have an upper grant limit, allowing flexibility to address their customers' needs as they arise, and many utility

³¹⁶ CAUSE-PA St. 1-SR at 18:19 – 19:3.

³¹⁷ Evidentiary Hearing Transcript at 1868.

³¹⁸ *Id.* at 1868: 14 – 1869: 17.

³¹⁹ Pa. PUC v. PECO Energy Co - Electric Division, Docket No. R-2024-3046931, Opinion and Order at 44-45, 75 (order issued Dec. 12, 2024).; Pa. PUC v. PECO Energy Co. – Gas Division, Docket No. R-2024-3046932, Opinion and Order at 79, 102 (order issued Dec. 12, 2024).

companies that provide a single utility service (as opposed to PAWC's combined services) have increased their maximum grant amounts to \$600.³²⁰ Given that the vast majority of PAWC customers are *solely* water customers, the \$1500 grant amount is an overstatement, and \$750 per service is not out of line with what is available from other hardship fund programs.

For the foregoing reasons, and consistent with the recommendations of Mr. Geller, we strongly urge the Commission to direct PAWC's to increase its hardship fund grant amounts to more appropriately assist households facing acute financial hardship to maintain water and wastewater services to their home.

H. Renter Assistance Pilot Program (RAPP)

PAWC's proposed Renter Assistance Pilot Program (RAPP) is an imprudent use of ratepayers funds and should be rejected.

Through this proceeding, PAWC is proposing a Renter Assistance Pilot Program (RAPP), which would provide quarterly stipends to tenants in master-metered buildings and other rental properties, meant to approximate the discounts they would be receiving if they were customers of PAWC and enrolled in the BDP.³²¹

As proposed, PAWC would apply its average level of residential water customer usage of 3,263 gallons per month. Using a household's income level, PAWC would

³²⁰ PPL 2023-2027 USECP, Docket No. M-2022-3031727, Order at 100-101 (Issued February 9, 2023).

³²¹ PAWC St. 2 at 15. CAUSE-PA notes that throughout the description of this proposed program, PAWC refers to these tenants as customers. However, the design of the program necessitates that these renters are not customers or ratepayers of PAWC.

calculate what their bill discount would be if they were enrolled in the BDP and using 3,263 gallons per month. For example, if the household's income level is at 150% of FPL, they would receive quarterly stipends of the monthly bill discount amount of \$41.92 (average usage x percentage discount) x 3 equaling \$125.76. If the household's income level is at 50% FPL, they would receive quarterly stipends of the monthly bill discount amount of \$78.12 (average usage x percentage discount) x 3 equaling \$234.36.³²² These would be in the form of cash payments funded through customer rates but paid directly to non-customers who are renters.

Once a tenant applies for the RAPP, Dollar Energy Fund, the administrator of PAWCs existing low income programming would, 1) review the income documentation, 2) confirm that the household is income eligible for the program, 3) confirm that the household resides in a master-metered property in one of the eligible municipalities for the program (a lease would be required), and 4) notify the household if they are enrolled in the program.³²³ PAWC is proposing a \$1 million annual cap on RAPP stipends to be recovered through its proposed CAP Rider.³²⁴ PAWC states that it proposes to administer the RAPP in two locations, Scranton and Butler, due to their high renter populations and locations in varying parts of the Commonwealth.³²⁵

³²² *Id.* at 16: 1-8.

³²³ *Id.* 16: 18-21.

³²⁴ *Id.* at 17: 15-16.

³²⁵ *Id.* at 16: 11-13.

While CAUSE-PA certainly recognizes the benefits of providing assistance to tenants who are not able to enroll in PAWC’s programming and supports the theoretical concept of assisting renters with water and wastewater costs embedded in rent, this is an inappropriate use of rate payer funds at this time. As discussed in detail above, PAWC’s existing low income programming is woefully undersubscribed and not effectively mitigating existing high rates for water and wastewater service. Improvements to programs serving actual PAWC customers, as Mr. Geller recommended throughout his testimony, should take priority over expanding assistance to non-ratepayers.

As proposed, this program will benefit both non-ratepayers (tenants) and non-residential ratepayers (multi-family building owners).³²⁶ Despite this, PAWC proposes to fund this Pilot through its CAP rider which, as proposed, will only be charged to residential ratepayers, directly contradicting Dr. Chard’s assertion that it is proposing to collect the CAP rider only from those ratepayers who would benefit from the programs it funds.³²⁷ The RAPP will clearly provide benefits to landlords that own commercial class multifamily buildings – underscoring CAUSE-PA’s earlier contention that universal service costs should be supported by all ratepayers, not isolated to residential customers.

Of note, there are a number of critical missing pieces in PAWC’s proposed RAPP. For example, the Company proposes to remove RAPP participants if a check is returned as undeliverable but never considered the potential that a tenant may forward their mail

³²⁶ CAUSE-PA St. 1 at 63: 12-14.

³²⁷ PAWC St. 2 at 34: 16-17.

when they move – allowing that tenant to continue to receive quarterly stipends even after they move to another residence.³²⁸

Further, CAUSE-PA is concerned about the geographic limitations PAWC proposes for this pilot. CAUSE-PA is concerned that PAWC’s proposal to serve just two areas, Scranton and Butler, to the exclusion of other areas across its broad service territory, lacks a compelling rationale and may constitute rate discrimination under the Public Utility Code. Section 1304 prohibits a public utility to “make or grant any unreasonable preference or advantage to any person, corporation or municipal corporation” or to “establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service.”³²⁹ PAWC loosely claims that there are more rental properties in Scranton and Butler, and that the location of the cities in northeast and southwest Pennsylvania ensures geographic diversity.³³⁰ But, beyond these basic assertions, PAWC has not put forth substantial evidence supporting its decision to select Scranton and Butler for this \$1 million pilot program for non-customer tenants.³³¹ To meet the requirements of section 1304, PAWC must prove there is a rational basis for geographic limitations with regard to any rate – which broadly includes all rate-supported pilots or programming such as PAWC’s proposed RAPP.

³²⁸ Evidentiary Hearings Transcript at 1866: 17 – 1867: 15.

³²⁹ 66 Pa. Code § 1304.

³³⁰ CAUSE-PA St. at 63; PAWC St. 2 at 16.

³³¹ CAUSE-PA St. at 63; PAWC St. 2 at 16.

In her rebuttal testimony, Dr. Chard stated again that the program is solely intended to benefit low income tenants,³³² but does not further attempt to justify spending residential ratepayer funds towards non-ratepayers that reside in commercial buildings. She then explains, as she did in the Company's initial filing, that participants will be income verified, payments will be sent directly to participants, and that the Company will have in place additional safeguards around recertification.³³³ Finally, while rejecting all of my other recommendations to improve PAWC's existing programs to support its low income customers directly, Dr. Chard asserted that the Company is looking for innovative ways to address unaffordability.³³⁴

While it is commendable that the Company is looking for innovative ways to address the economic challenges faced by low income households, it must be noted that the Company has requested a rate increase of nearly \$170 million, its fourth in five years, yet its low income programming is under-subscribed and does not produce consistent levels of affordability for its low income customers.³³⁵ The Company is also opposed to nearly every recommendation Mr. Geller has made to improve both its enrollment numbers and affordability of service for its low income *customers*, claiming broadly that these recommended improvements are not necessary.³³⁶

³³² PAWC St. 2-R at 11:17.

³³³ *Id.* at 11: 17-20.

³³⁴ *Id.* at 12:1.

³³⁵ CAUSE-PA St. 1-SR at 20: 12-14.

³³⁶ *Id.* at 20: 14-16.

CAUSE-PA maintains that until and unless PAWC has provided sufficient funding and has made the necessary structural program and technical modifications to assure affordable rates through appropriate discounts and complementary programming for their *customers*, the Commission should not approve the introduction of a new program that functionally supports the tenants of commercial buildings.³³⁷

I. Comprehensive Written Universal Service Plan

PAWC should be required to produce, concurrent with its next rate case filing, a comprehensive Universal Service Plan (USP) which includes a detailed Consumer Education and Outreach Plan (CEOP).

There is currently no single, unified document for the Commission, customers, or other stakeholders to review the benefits and requirements of PAWC's universal service programming. As a jurisdictional water/wastewater utility, PAWC is not required to submit periodic plans related to their low income assistance programming for Commission review and approval.³³⁸ This leaves a substantial gap for Commission staff, consumers and utility advocates, who must rely on PAWC's tariffs and the information

³³⁷ Of note, PAWC is proposing to include costs associated with its proposed RAPP within its proposed CAP rider. While CAUSE-PA opposes the RAPP in its entirety, as discussed above, since the direct beneficiaries of the RAPP would be landlords who own commercial, multifamily buildings, this underpins the need to ensure universal service programs are supported by all ratepayers, not borne solely by the residential class. If the Commission were to approve the RAPP, notwithstanding our objections to the program, CAUSE-PA submits that all customers – not just residential customers – must bear the cost.

³³⁸ CAUSE-PA St. 1 at 54: 10-12.

that can be pieced together from websites and outreach materials, to determine important program rules, policies, and procedures for the Company's low income assistance programs.³³⁹ This is a customer service issue, and the absence of a comprehensive plan engenders consumer confusion and hampers consumers' ability to learn about and ultimately enroll in assistance programs.³⁴⁰

Consistent with Mr. Geller's recommendations, CAUSE-PA recommends that the Commission require PAWC to develop and submit a comprehensive Universal Service Plan for Commission review and approval concurrent with the Company's next rate case.³⁴¹ CAUSE-PA recommends that PAWC be directed to develop a detailed consumer education and outreach plan (CEOP) for inclusion in the Universal Service Plan recommended above. The continued undersubscription of PAWC's low income assistance programs, as evidenced clearly throughout this proceeding, shows a clear need for a more coordinated and comprehensive approach to consumer outreach and education related to PAWC's low income assistance programs that does not rely on customer self-advocacy.³⁴² PAWC's CEOP should be developed with input from parties and stakeholders through PAWC's CAAG and should set forth how PAWC will specifically promote and coordinate each of its low income programs. This Plan should be tailored to the demographics of the Company's service territories; include targeted outreach to

³³⁹ *Id.* at 54: 12-15.

³⁴⁰ *Id.* at 54: 15-17.

³⁴¹ *Id.* at 54: 8-10.

³⁴² *Id.* at 54: 18-21.

specific at-need and historically underserved consumers and communities, including customers with Limited English Proficiency; identify efforts to educate and enroll customers at or below 50% FPL in assistance programming; and include measurable goals and clear metrics to evaluate performance.³⁴³

Dr. Chard argued that the Commission should reject this recommendation because there is no statutory or regulatory requirement that water utilities file such a plan, citing the Order from its 2023 rate case.³⁴⁴ Mr. Prine echoed this sentiment, stating that unlike EDCs and NGDCs, PAWC is not explicitly required to develop and file a universal service plan.³⁴⁵

In response to these concerns, Mr. Geller explained that PAWC is proposing to develop new low income programming (RAPP) and alternative ratemaking mechanisms (CAP Rider, deduct adjustment) that are *not* specifically required for water and wastewater utilities, and the Company claims that it is looking for innovative ways to address utility affordability.³⁴⁶ Yet it resists developing a unified plan that outlines the parameters of each program to promote transparency, expand access, and improve oversight of its programs, and rejects all of Mr. Geller's recommendations to improve the access and effectiveness of its low income programming. Mr. Geller's recommendation for a universal service plan, including a consumer education and outreach plan, is an

³⁴³ *Id.* at 54: 2-6.

³⁴⁴ PAWC St. 2-R at 16: 9-16; Pa. PUC v. Pa. American Water Co., Docket Nos. R-2023-3043189 and R-2023-3043190, at 362-363 (order entered July 22, 2024).

³⁴⁵ PAWC St. 15-R at 25: 4-6.

³⁴⁶ CAUSE-PA St. 1-SR at 25: 16-18.

essential tool in ensuring that existing programs are appropriately designed, functioning properly, adhering to guidelines, and reaching customers in need of assistance. CAUSE-PA stands by this recommendation. As noted above, other water and wastewater utilities have more developed universal service program portfolios and additional reporting and planning requirements.³⁴⁷ Indeed, PAWC provides the least comprehensive universal service and conservation programming among its peer utilities despite having the highest rates in the state. Unlike its peer utilities, PAWC is proposing to create a guaranteed additional revenue stream through its proposed CAP rider for its inadequate universal service programming.

Taken together, the concerns and criticisms lodged by PAWC merely serve to underscore the vital need for the Commission to require that PAWC develop and submit a comprehensive universal service plan for periodic Commission review and approval.

XIII. SERVICE QUALITY AND CUSTOMER SERVICE ISSUES

A. Summary

B. Customer Service Performance

CAUSE-PA did not offer independent expert testimony with regard to PAWC's claimed expenses, though it supports the positions advanced by the Office of Consumer

³⁴⁷ For example, AQUA PA files annual CEOP updates at Docket Nos., R-2021-3027385, et al., and maintains all three universal service program components – including a bill discount, arrearage management, and conservation / line repair program. As discussed throughout, Aqua PA's programs are more developed in many respects compared to PAWC, and Aqua's program costs remain embedded in rates.

Advocate and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

C. Billing Arrangement with American Water Resources

CAUSE-PA did not offer independent expert testimony with regard to PAWC's claimed expenses, though it supports the positions advanced by the Office of Consumer Advocate and expressly reserves the right to respond to arguments raised by the Company and other parties in its Reply Brief.

XIV. CONCLUSION

For the reasons set forth above, and in the direct and surrebuttal testimony of CAUSE-PA's expert witnesses Harry S. Geller, Esq., CAUSE-PA urges DCALJ Watson, ALJ DeVoe, and the Pennsylvania Public Utility Commission to deny PAWC's proposed rate increase in its entirety, and to take immediate steps to remediate substantial levels of unaffordability within PAWC's low income assistance programs. Moreover, and in the event that the Commission allows any rate increase, CAUSE-PA urges DCALJ Watson, ALJ DeVoe, and the Commission to take necessary steps detailed herein to ensure that low income consumers are protected from the increased unaffordability that results from imposition of any rate increase.

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Appendix A: Proposed Findings of Fact

Rate Impacts

1. PAWC's existing rates are unaffordable for low income families.³⁴⁸ Currently, PAWC's combined water and wastewater rates are the highest in Pennsylvania.³⁴⁹
2. At PAWC's existing rates, a family of four at 50% FPL using 6,000 gallons/month have a combined water/wastewater burden of 24%.³⁵⁰ At PAWC's proposed rates, a family of four at 50% FPL using 6,000 gallons/per month would have a combined water/wastewater burden of 27%.³⁵¹
3. Pennsylvania consumers have faced profound and growing economic pressure in recent years. From December 2024 to December 2025, consumer prices increased overall by 2.7%, with essential needs categories rising sharply.³⁵²
4. PAWC customers have faced a series of rate increases in recent years. PAWC having been awarded more than \$300 million in rate increases since 2020 and now seeks an additional \$169 million.³⁵³ If approved, the average PAWC residential water will be 65% higher than it was in 2020 and the average PAWC residential wastewater bill will be 81% higher.³⁵⁴ These exorbitant increases in the cost of essential service further exacerbates the inability of low income customers to maintain safe services to their home.
5. Without access to running water, Pennsylvanians cannot perform basic life functions.³⁵⁵ Lack of access to consistent water/wastewater services threatens the health and stability of customers, their families, and their communities – triggering

³⁴⁸ CAUSE-PA St. 1 at 6-8.

³⁴⁹ *Id.* at 19: 2-3.

³⁵⁰ *Id.* at 23: 18-20.

³⁵¹ *Id.* at 23:20 - 24:2.

³⁵² *Id.* at 7.

³⁵³ Pa. PUC v. PAWC, Opinion and Order, Docket Nos. R-2023-3043189, R-2023-3043190, et al, (Opinion and Order, July 22, 2024). Pa. PUC v. PAWC, Order on Reconsideration, Docket Nos. R-2023-3043189, R-2023-3043190, et al. (Order, September 26, 2024).

³⁵⁴ CAUSE-PA St. 1 at 35.

³⁵⁵ *Id.* at 25: T. 5.

short and long term consequences, including eviction, condemnation, and family separation.³⁵⁶

6. As of November 2025, PAWC involuntarily terminated service to 17,177 residential customers. Over half of those terminations (9,922) were of confirmed low income customers.³⁵⁷
7. Between 2024 and 2025, PAWC's low income termination rate increased from 10 to 15%.³⁵⁸
8. As of November 2025, PAWC indicates that it has 65,898 *confirmed* low income customers,³⁵⁹ and approximately 152,558 *estimated* low income customers.³⁶⁰
9. Based on the 2026 FPL guidelines, a family of four with household income at or below 200% FPL has a maximum gross annual income of \$66,000 (\$5,500 per month).³⁶¹ A family of four with income at or below 50% FPL has a maximum gross annual income of just \$16,500 (\$1,375 per month).³⁶²
10. The Self Sufficiency Standard for a family of four in Pennsylvania (consisting of 2 adults and 2 school-aged children) ranges across PAWC's service territory from a low of \$71,585 in Clarion County to a high of \$104,762 in Bucks County.³⁶³
11. The average annual household income of participants in PAWC's universal service (Help to Others) programs is just \$21,351, and the average annual income of PAWC's confirmed low income customers is only \$11,387.³⁶⁴
12. When rates increase without a corresponding increase to percentage discounts through PAWC's BDP, program participants' monthly charges necessarily increase.³⁶⁵

³⁵⁶ *Id.*

³⁵⁷ *Id.* at 25, T.5.

³⁵⁸ *Id.* at 25, T.5.

³⁵⁹ *Id.* at 28: 12-14.

³⁶⁰ *Id.* at 9: 19 – 23; 10: 1-5.

³⁶¹ *Id.* at 11: 1-5.

³⁶² *Id.* (citing US Dept. of Health & Human Services, HHS Poverty Guidelines for 2026, available at: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>).

³⁶³ *Id.* at 12: 9-13.

³⁶⁴ *Id.* at 12: 15-18.

³⁶⁵ *Id.* at 28: 12-14.

13. A utility bill burden – in this case a water/wastewater burden – is a common metric applied to determine the affordability of utility service and comprises the percentage of household income required to cover the cost of the bill.³⁶⁶ At current rates, PAWC’s lowest income customers shoulder the highest utility burdens.³⁶⁷
14. The high water/wastewater burdens at proposed and existing rates leave insufficient funds to pay for housing, energy, food, medicine, childcare, and other basic needs – and lead to cascading consequences to health, safety, and stability of Pennsylvania’s economically vulnerable families.³⁶⁸
15. While Pennsylvania has not adopted statewide water and wastewater burden standards, it is generally accepted that the combined cost for water and wastewater service should not exceed 4% of household income.³⁶⁹
16. The existence of assistance programs, alone, does not fulfill a utility’s duty to ensure that rates are affordable to families who reside within its service territory.³⁷⁰

Proposed Rate Structure

17. PAWC’s proposal to shift its wastewater customers’ revenue requirement to its water customers would place an additional burden on its water customers that is not based on cost of service, as many PAWC water customers are served by a different wastewater service providers – yet would pay for PAWC’s wastewater services through rates.³⁷¹
18. PAWC’s deduct adjustment would benefit higher income families and those with larger properties who have sufficient funds to engage in discretionary outdoor water usage during nonwinter months, shifting a greater portion of wastewater costs onto those who live in apartments and smaller properties, or who otherwise do not have sufficient funds to engage in these forms of discretionary water usage.³⁷²

³⁶⁶ *Id.* at 22: 10-12.

³⁶⁷ *Id.* at 23: 13-14.

³⁶⁸ *Id.* at 24: 3-7.

³⁶⁹ *Id.* at 22: 14-16.

³⁷⁰ *Id.* at 23: 3-5

³⁷¹ *Id.* at 14: 9-13.

³⁷² *Id.* at 17: 19 – 18:2.

19. Increasing the fixed charge portion of a bill undermines the ability for consumers to reduce their bills by reducing their usage.³⁷³ PAWC's proposed increase to its fixed charges would raise the residential (Zone 1) fixed charge for water service by 6% and wastewater service by 25%.³⁷⁴
20. For low income households, the ability to conserve to reduce bills is an important affordability tool.³⁷⁵
21. Residential ratepayers are already taking extraordinary steps to reduce their bills through conservation at current rates, and it is critical that Pennsylvania households retain the ability to reduce their bills through conservation.³⁷⁶

Alternative Ratemaking – CAP Rider

22. PAWC currently collects the costs of its Bill Discount Program (BDP), Arrearage Management Program (AMP), and associated administrative costs through rates and directly assigns those costs to residential ratepayers.³⁷⁷
23. Gas and electric utilities are statutorily authorized to implement a nonbypassable rider to collect universal service and conservation program costs, subject to a host of statutory and regulatory laws and Commission policies that ensure the programs are accessible, appropriately funded, and operated in a cost effective manner.³⁷⁸
24. PAWC's low income programs remain nascent and in development and lack multiple key elements of a comprehensive universal service program similar to those operated by EDCs and NGDCs.³⁷⁹
25. PAWC has consistently refused to adopt critical elements of a comprehensive, cost-effective universal service program.³⁸⁰

³⁷³ *Id.* at 15: 13-15.

³⁷⁴ *Id.* at 15: 8-10.

³⁷⁵ *Id.* at 15: 15-18.

³⁷⁶ OCA St. 5, Exhibit BA-2.

³⁷⁷ CAUSE-PA St. 1 at 18: 21 – 19: 1.

³⁷⁸ CAUSE-PA St. 1-SR at 12: 4-8.

³⁷⁹ *Id.* at 12: 4-8; 66 Pa. C.S. § 2803 (definition of universal service and energy conservation); 2804(9).

³⁸⁰ PAWC St. 15-R at 25:1-4.

26. All ratepayers (including industry, business, commerce, educational institutions, hospitals, local and state governments, and other residential customers) and their communities benefit from low income assistance programs.³⁸¹
27. Water insecurity is a broad societal problem, not created by residential customers.³⁸²

Low Income Customer Assistance

28. PAWC offers customer assistance through its Help to Others (H2O) programs, which are administered by the Dollar Energy Fund (DEF).³⁸³
29. Through its H2O programs, PAWC currently offers four forms of assistance to low income customers: (1) grant assistance of up to \$500 per year for customers with temporary hardship, which is conditioned on the availability of funds; (2) monthly bill discounts through PAWC's BDP for water and wastewater services; (3) arrearage forgiveness for those enrolled in its AMP, and (4) usage reduction assistance through the availability of water-saving devices and education available to BDP customers.³⁸⁴
30. PAWC implemented its Arrearage Management Program (AMP) in October 2024.³⁸⁵
31. PAWC's existing low income programs are gravely undersubscribed with over 132,000 households estimated to be eligible for assistance programs not enrolled.³⁸⁶
32. PAWC's confirmed low income residential customers make up 9.9% of the residential customer rate base, yet they carry over 40% of residential arrears.³⁸⁷
33. As of November 2025, the average arrearage level of PAWC confirmed low income customers was \$341.19, compared to the average arrearage of \$171.83 carried by non-low income residential customers.³⁸⁸

³⁸¹ CAUSE-PA St. 1 at 20: 8-12.

³⁸² *Id.* at 20: 8-12.

³⁸³ *Id.* at 35: 9-10.

³⁸⁴ *Id.* at 36: 5-6.

³⁸⁵ *Id.* at 35: 10 – 36: 5.

³⁸⁶ *Id.* at 28:18 – 29: 1

³⁸⁷ *Id.* at 24: 20-21.

34. PAWC’s low income customers are far more likely to have service involuntarily terminated for nonpayment. In 2025, the residential termination rate was 2.57%, compared to the termination rate for confirmed low income customers of 15.06%.³⁸⁹
35. If approved, the proposed increases will likely cause increased terminations of economically vulnerable consumers or will cause economically vulnerable households to go without other critical life necessities such as housing, energy, food, medicine, childcare, and other essential services to afford water and wastewater services to their home.³⁹⁰
36. Termination of water service may result in homes being deemed uninhabitable or potentially condemned after water service is shut off, which can trigger eviction proceedings and force families to vacate the home with little or no notice.³⁹¹
37. PAWC’s proposed rates are acutely unaffordable for the lowest income customers at any usage level.³⁹² If approved, approximately one third of PAWC’s customers would receive bills that exceed broadly accepted affordability standards.³⁹³
38. PAWC’s BDP, as currently structured, does not produce consistent levels of affordability – particularly for BDP customers with the lowest incomes and highest usage levels.³⁹⁴
39. In 2025, the average usage was 3,281 gallons per month for all residential water customers, 3,959 for confirmed low income water customers, and 4,776 for BDP participants.³⁹⁵ PAWC’s proposed base water bill for 4,800 gallons usage is \$130.73; with the base wastewater bill for 4,800 gallons usage at \$156.29, for a total combined bill of \$278.02.³⁹⁶

³⁸⁸ *Id.* at 26: 2-4.

³⁸⁹ *Id.* at 25, Table 5.

³⁹⁰ *Id.* at 24: 3-7.

³⁹¹ *Id.* at 27: 12-14.

³⁹² PAWC St. 9; Exhibits DFA-1, DFA-2.

³⁹³ *Id.* at 24: 22 – 25:3.

³⁹⁴ CAUSE-PA St. 1 at 37: 1-5; Exhibit 1-c.

³⁹⁵ *Id.* at 33, Tables 7-9.

³⁹⁶ PAWC St. 9; Exhibit DFA-1, DFA-2.

40. BDP participants would see marked improvements to affordability and reductions in water/wastewater burdens under CAUSE-PA’s proposed BDP design.³⁹⁷
41. A percentage of income (PIP) structure is the optimal way to structure the BDP to achieve consistent, equitable, and targeted levels of affordability for low income customers.³⁹⁸ A properly structured PIP design would deliver accessible, consistent, and equitable levels of affordability for low income participants.³⁹⁹
42. Low income households often have higher usage as a result of plumbing and fixture leaks from living in older homes – yet most often lack the discretionary income to invest in repairs themselves and/or are unable to force their landlord to make such repairs, resulting in higher water and wastewater burdens.⁴⁰⁰
43. PAWC’s AMP is intended to provide an alternative path to collections for low income households, helping prevent termination of service while improving bill payment frequency and coverage rates.⁴⁰¹
44. AMP customers receive a \$25 arrearage forgiveness credit for each full and timely monthly payment.⁴⁰²
45. To be eligible for AMP, low income customers must have a balance of at least \$150 that is 60 or more days past due.⁴⁰³
46. PAWC requires that AMP customers pay a \$5 monthly co-pay, further increasing BDP participant bills and undermining affordability goals.⁴⁰⁴
47. Both PAWC’s BDP and AMP are undersubscribed and underperforming. PAWC had only 19,966 customers enrolled in its BDP as of November 2025 – and just 3,739 customers were enrolled in the AMP component of BDP.⁴⁰⁵

³⁹⁷ CAUSE-PA St. 1 at 40, T. 14.

³⁹⁸ *Id.* at 14: 5-7.

³⁹⁹ *Id.* at 39: 8-9.

⁴⁰⁰ *Id.* at 31: 12-17.

⁴⁰¹ *Id.* at 42: 22-23.

⁴⁰² PAWC St. 2 at 13: 4-5.

⁴⁰³ CAUSE-PA St. 1 at 43: 2-3.

⁴⁰⁴ *Id.* at 43: 3-4.

⁴⁰⁵ *Id.* at 43: 9-10.

48. As of November 2025, 18,539 BDP participants were in active arrears, 11,000 carrying balances for more than 60 days.⁴⁰⁶ 93% of BDP enrollees are carrying a balance, but fewer than 20% are also enrolled in AMP.
49. PAWC has issued over 20,000 payment arrangements to BDP participants since the AMP began.⁴⁰⁷
50. To maximize program effectiveness, PAWC's BDP and AMP programs should operate in tandem as two components of a comprehensive assistance program, not as separate programs.
51. PAWC's Hardship Fund does not provide adequate relief and is not adequately accessible to low income customers facing an acute financial hardship.⁴⁰⁸
52. Compared to relative need, only a few customers have been awarded Hardship Funding over recent years.⁴⁰⁹ In 2023, 1,631 customers received a Hardship Fund grant, 1,754 customers received a grant in 2024, and between January and November 2025, only 4,862 received a Hardship Fund grant.⁴¹⁰ Yet, from January through November 2025, 9,922 confirmed low income customers were terminated for nonpayment.⁴¹¹
53. The average arrearage level of customers eligible for Hardship Funding regularly exceeds the maximum Hardship Fund grant limit of \$500. In November 2025, the average arrearages of BDP participants at the time of termination was \$1,552.24.⁴¹²
54. PAWC lacks a comprehensive conservation assistance program that addresses both water efficiency and the financial burden of leak and line repairs and replacements for its low income customers.
55. Apart from its lead service line replacement program, PAWC currently does not provide service line and/or leak repair assistance to any customers.⁴¹³

⁴⁰⁶ *Id.*

⁴⁰⁷ PAWC St. 2-R at 22: 8-20.

⁴⁰⁸ CAUSE-PA St. 1 at 49: 2-3.

⁴⁰⁹ *Id.* at 49: 15 – 50: 5.

⁴¹⁰ *Id.* at 48: 21 – 49:3.

⁴¹¹ *Id.* at 49, Table 17.

⁴¹² *Id.* at 50: 17-19.

⁴¹³ *Id.* at 58.

56. PAWC has a policy to terminate service to customers who do not make repairs to leaking customer-side service lines, or do not make arrangements with the Company for needed repairs, after notices are provided to customers.⁴¹⁴
57. PAWC's Leak on Owner's Side (LOOS) process keeps track of when a customer-side leak is found and how the repair moves forward. PAWC does not track cases specifically for BDP customers or whether these leaks end up causing high bills that eventually lead to service terminations.⁴¹⁵
58. A comprehensive water efficiency and leak repair program is essential to mitigate the costs of unaffordability both at existing and proposed rates for its low income customers.⁴¹⁶
59. With limited financial resources, low income customers most often lack discretionary income to afford the costs of unexpected repairs – including indoor plumbing leaks and customer-side service line issues. When such leaks occur, they drive up monthly water usage and bills increase, often leading to involuntary service terminations.⁴¹⁷
60. PAWC distributed approximately 5,000 conservation kits between January 2023 and December 2025,⁴¹⁸ at a total cost of between \$59,000 and \$84,000.⁴¹⁹ Yet, PAWC does not track whether provision of kits results in reduced household water usage, household bills, or if customers have even installed the kit measures – and PAWC is unable to quantify whether the kits resulted in reduced usage, costs savings to the customer, or avoidance of service termination.⁴²⁰
61. Water conservation and line repair/replacement programs help to control usage levels and corresponding high monthly bills resulting from homes in need of repairs and enhancements.⁴²¹ Assisting low income customers to better control high usage helps to lower inflated bills, reduce universal service program costs,

⁴¹⁴ *Id.* at 59: 1-6.

⁴¹⁵ *Id.* at 59.

⁴¹⁶ *Id.* at 58-60.

⁴¹⁷ *Id.* at 58: 14-17.

⁴¹⁸ *Id.* at 59: 10-12.

⁴¹⁹ *Id.* at 59: 12-15.

⁴²⁰ CAUSE-PA St. 1-SR at 22:10-12.

⁴²¹ *Id.* at 5-6.

and reduce uncollectible expenses and termination costs that affect all ratepayers.⁴²²

62. Aqua PA, Pittsburgh Water, and Veolia all administer low income leak repair and conservation programs, rendering PAWC the sole large investor-owned water utility in Pennsylvania that does not offer such a program.⁴²³
63. PAWC's proposed Renter Assistance Pilot Program (RAPP) would provide quarterly stipends to non-customer tenants in master-metered buildings and other rental properties in Scranton and Butler, meant to approximate the discounts they would be receiving if they were customers of PAWC and enrolled in the BDP.⁴²⁴
64. RAPP would provide direct benefit to both non-ratepayers (tenants) and non-residential ratepayers (multi-family building owners)⁴²⁵ but would be funded through PAWC's proposed CAP Rider, which PAWC proposes to assign exclusively to residential ratepayers.
65. PAWC should provide adequate funding and make necessary structural reforms and technical modifications to its existing universal service programs to assist its low income *customers* before attempting to develop RAPP.

Outreach, Education, and Training

66. PAWC's consistently undersubscribed low income assistance programs indicates a need for a more coordinated and comprehensive approach to consumer outreach and education for these programs that does not rely on customer self-advocacy.⁴²⁶
67. The under-subscription of PAWC's low income assistance programs and high arrearage levels and termination rates among its low income customers indicates that the majority of PAWC's low income customers are not receiving the most advantageous rate available to them - nor are they being referred to the appropriate programs in a timely manner.
68. PAWC's policies, procedures, and training materials for its frontline customer service call staff do not require that staff affirmatively screen for eligibility to

⁴²² CAUSE-PA St. 1 at 60; 52 Pa. Code § 58.1.

⁴²³ *Id.* at 60.

⁴²⁴ PAWC St. 2 at 15.

⁴²⁵ CAUSE-PA St. 1 at 63: 12-14.

⁴²⁶ *Id.* at 54: 18-21.

ensure payment troubled customers are given the opportunity to enroll in the BDP and access hardship funding prior to being placed in potentially unaffordable payment arrangements.⁴²⁷

69. Low income customers should be directed first to low income assistance programs, which are specifically designed as an alternative path to collections for low income households.⁴²⁸
70. PAWC has issued over 68,000 payment arrangements to confirmed low income households since it implemented AMP in November of 2024.⁴²⁹
71. PAWC's current approach to measuring the effectiveness of call handling performance and assistance program referral and enrollment procedures depends entirely on customers reaching out on their own and stating their inability to pay or logging into *myWater* to see information about PAWC's low income programming.⁴³⁰
72. Over 37%, or nearly 250,000 customers, are not completing transactions online. PAWC needs to strengthen policies and training so Customer Care Agents do not default to offering payment arrangements without first explaining universal service options.⁴³¹
73. A universal service plan, including a consumer education and outreach plan, is an essential tool in ensuring that existing programs are appropriately designed, functioning properly, adhering to guidelines, and reaching customers in need of assistance.
74. PAWC reported that BDP enrollment dropped by more than half following implementation of new documentation requirements – reducing enrollment from approximately 30,000 customers to approximately 14,000 customers.⁴³²
75. By November 2025, enrollment improved slightly to 19,966 customers were enrolled in the BDP – but nevertheless reaches just 13% of PAWC's estimated

⁴²⁷ *Id.* at 50.

⁴²⁸ *Id.* at 56: 11-12.

⁴²⁹ *Id.* at 49: 6-11.

⁴³⁰ PAWC St. 2-R at 22: 8-20.

⁴³¹ *Id.*

⁴³² CAUSE-PA St. 1 at 53: 9-11.

low income customers and just 30% of the Company's confirmed low income customers, those it already knows are eligible for its programs.⁴³³

76. Currently no single, unified document exists for the Commission, customers, or other stakeholders to review the benefits and requirements of PAWC's universal service programming.⁴³⁴
77. Failure to maintain a Universal Service Plan leaves a substantial gap for consumers and utility advocates, who must rely on PAWC's tariffs and the information that can be pieced together from websites and outreach materials, to determine important program rules, policies, and procedures for the Company's low income assistance programs.⁴³⁵
78. The absence of a comprehensive plan engenders consumer confusion and hampers consumers' ability to learn about and ultimately enroll in assistance programs.⁴³⁶

⁴³³ *Id.* at 41, 53.

⁴³⁴ *Id.* at 54: 10-12.

⁴³⁵ *Id.* at 54: 12-15.

⁴³⁶ *Id.* at 54: 15-17.

Appendix B: Proposed Conclusions of Law

1. The Commission has a “duty to set ‘just and reasonable’ rates, reflecting a ‘balance of consumer and investor interests.’”⁴³⁷
2. In determining just and reasonable rates, the Commission has discretion to determine the proper balance between interests of ratepayers and utilities.⁴³⁸
3. “[T]he PUC is obliged to consider broad public interests in the rate-making process.”⁴³⁹
4. Pursuant to Section 315 of the Public Utility Code, the burden of proving that a rate proposal is just and reasonable rests on the public utility.⁴⁴⁰
5. “[T]he term “just and reasonable” was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital.”⁴⁴¹
6. Section 102 of the Public Utility Code defines “rates” broadly to include “[e]very individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility ...made, demanded, or received for any services... whether received directly or indirectly.” The term also explicitly includes “any rules, regulations, practices, classifications or contracts affecting any such compensation, charge, fare, toll, or rental.”⁴⁴²

⁴³⁷ Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.

⁴³⁸ *Id.* citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981))

⁴³⁹ Popowsky v. PUC, 542 Pa. 99, 107-108 (1995); Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).

⁴⁴⁰ 66 Pa. C.S. § 315.

⁴⁴¹ Popowsky v. PUC, 542 Pa. 99, 107-108 (1995).

⁴⁴² 66 Pa. C.S. § 102 (emphasis added); see also McCloskey v. Pa. PUC, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102).

7. Section 1301 of the Public Utility Code mandates that “every rate made, demanded, or received by any public utility ... shall be just and reasonable, and in conformity with regulations or orders of the commission.”⁴⁴³
8. When considering whether rates are just, reasonable, and in the public interest, it is imperative that the Commission also consider all of the rules, regulations, programs, policies, procedures, and practices affecting such rates.⁴⁴⁴
9. Section 1330 of the Public Utility Code allows the Commission – in its discretion – to approve alternative rate mechanisms if they are found to be just, reasonable, and in the public interest.⁴⁴⁵
10. The Commission’s policy statement implementing section 1330 of the Public Utility Code sets forth fourteen enumerated factors to evaluate whether an alternative ratemaking mechanism is just and reasonable, including the effect on low income customers and customer assistance programs, the impact on energy efficiency programming, alignment with cost causation principals, and the prevention of improper cost shifting.⁴⁴⁶ In addition, the Commission’s policy statement is explicit that it may also consider other relevant factors not otherwise enumerated.⁴⁴⁷
11. The Commission policy related to alternative ratemaking mechanisms indicates that “an alternative rate design methodology should reflect the sound application of cost of service principles, establish a rate structure that is just and reasonable, and consider customer impacts.”⁴⁴⁸
12. Section 1311(c) of the Public Utility Code provides that – as a general rule – the cost of furnishing different types of utility services by the same provider must be segregated for the purpose of establishing rates.⁴⁴⁹ Act 11 added a narrow exception to this general rule for combined water and wastewater utilities – allowing that “[t]he Commission, when setting base rates, after notice and an opportunity to be heard, may allocate a portion of the wastewater revenue

⁴⁴³ 66 Pa. C.S. § 1301(a).

⁴⁴⁴ 66 Pa. C.S. §§ 102, 1301(a).

⁴⁴⁵ 66 Pa. C.S. § 1330.

⁴⁴⁶ 52 Pa. Code § 69.3302(a).

⁴⁴⁷ 52 Pa. Code § 69.3302(a).

⁴⁴⁸ 52 Pa. Code §§ 69.3301-.3302.

⁴⁴⁹ 66 Pa. C.S. § 1311(c).

requirement to the combined water and wastewater customer base *if in the public interest.*”⁴⁵⁰

13. Unlike PAWC’s nascent universal service programs, EDC and NGDC universal service and conservation programs are subject to quinquennial due process review, annual reporting, comprehensive third party evaluation, and ongoing Commission oversight in compliance with a host of statutory, regulatory, and policy provisions to ensure programs are appropriately funded, cost-effective, and available to those in need of assistance.⁴⁵¹
14. Comprehensive conservation and usage reduction programming is a critical component of a cost-effective universal service program portfolio.⁴⁵²
15. Section 1303 of the Public Utility Code requires that a public utility with more than one rate for service must compute bills under the rate most advantageous to the customer. This necessarily includes rates available to low income customers through PAWC’s universal service programs.⁴⁵³
16. Section 56.97 of the Commission’s regulations require utilities to provide and fully explain information about its universal service programs – including the customer assistance program – and to refer the customer or applicant to the program to determine eligible and apply for enrollment.⁴⁵⁴
17. Section 1304 prohibits a public utility from making or granting “any unreasonable preference or advantage to any person, corporation or municipal corporation” or to “establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service.”

⁴⁵⁰ 66 Pa. C.S. § 1311(c).

⁴⁵¹ 66 Pa. C.S. §§ 2202; 2803(6), (7), (8); 2804(9); 52 Pa. Code § 58.1 *et seq.*; 52 Pa. Code § 54.71 *et seq.*; 52 Pa. Code § 62.1 *et seq.*; 52 Pa. Code § 69.265.

⁴⁵² 52 Pa. Code § 58.1 (“A reduction in energy usage creates an opportunity for cost savings, which can lessen the incidence and risk of customer payment delinquencies and the attendant public utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.”); 52 Pa. Code § 69.265(3)(iii) (“A utility should include the following control features to limit program costs: ...*High usage treatment.* Utilities should target for special treatment those participants who historically use high amounts of energy.”)

⁴⁵³ 66 Pa. C.S. § 1303.

⁴⁵⁴ 52 Pa. Code § 56.97.

18. PAWC has failed to meet its burden of proof to demonstrate that its rates are just, reasonable, and in the public interest. To the contrary, PAWC proposed rates, rate design, programs, and policies that are patently inequitable and will impose unreasonable terms and conditions of service for PAWC's residential customers and falling hardest on low income households.

Appendix C: Proposed Ordering Paragraphs

1. PAWC's proposal to increase rates for water and wastewater service is denied.
2. PAWC's proposal to increase its water and wastewater customer charge is denied.
3. PAWC's proposed deduct adjustment is denied.
4. PAWC's proposed CAP Rider is denied.
5. PAWC's proposed Rental Assistance Pilot Program is denied.
6. PAWC shall make the following immediate improvements to address existing rate unaffordability and ensure that low income residential consumers can reasonably and equitably connect to and maintain water and wastewater services to their homes:
 - a. Implement CAUSE-PA's recommended adjustments to the BDP structure and discount levels.
 - b. Set target enrollment benchmarks for the BDP, so that enrollment targets are set at 20% per year of PAWC's estimated low income customer counts until the Company reaches at least 75% enrollment of this estimated group.
 - c. Establish quantitative goals related to affirmative customer outreach for the purpose of enrolling low income customers in the BDP, as outlined.
 - d. Require that all new BDP participants who have arrears are automatically enrolled in the AMP without an additional application and without additional steps.
 - e. Require that all current BDP participants that have qualifying arrears and are not enrolled in the AMP should be enrolled within 90 days of the effective date of rates established in this proceeding.
 - f. Eliminate the AMP's \$5 Co-pay requirement.
 - g. Eliminate the AMP's timely payment requirement to receive arrearage forgiveness credits.
 - h. Eliminate the \$150 arrearage threshold requirement to enroll in the AMP.
 - i. Require that PAWC transition its AMP to a percentage forgiveness structure so that for each full payment made, 1/24th of the enrollees balance is forgiven. If this is not technically feasible at this time, PAWC should revise it's dollar forgiveness amount to \$45 for each full payment.
 - j. Increase of the maximum Hardship Fund grant to \$750 for water and \$750 for wastewater.

- k. Develop a comprehensive written Universal Service Plan, including a detailed consumer education and outreach plan (CEOP), for submission to the Commission concurrent with the Company's next rate case filing.
- l. Screen all new and moving customers for income level and eligibility for assistance at the time their service is established.
- m. Develop call scripting and checklists for Customer Service Representatives (CSRs) to assist in screening customers for eligibility in its low income assistance programs.
- n. Revise PAWC policies, procedures, and training materials to reflect that customers who provide information related to payment troubles, inability to pay, or low income status should be assisted to apply for PAWC's Help to Others (H2O) program *before* they are provided with the option to enroll in payment arrangements.
- o. Develop and implement a comprehensive conservation and line repair/replacement program available to all customers at or below 250% of the Federal Poverty Level (FPL), no later than 6 months after the final order in this proceeding.