



April 15, 2026

**Via Email Only**

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

**Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water  
Company  
Docket No. R-2025-3057983 (Water)  
Docket No. R-2025-3058051 (Wastewater)**

Dear Secretary Homsher:

Please find the attached copy of the **Reply 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 **Reply 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.

**VIA EMAIL ONLY**

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April 15, 2026

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

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## **I. INTRODUCTION**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, submits this Reply Brief in response to the Main Brief of Pennsylvania American Water Company (PAWC or the Company). This Reply Brief is submitted in support of the positions and recommendations advanced by CAUSE-PA's expert witness, Harry S. Geller, Esq., and should be read in conjunction with CAUSE-PA's Main Brief.

PAWC's Main Brief advances arguments that obscure a central and persistent deficiency in the Company's case: PAWC has failed to demonstrate that its existing or proposed rates, rate design, and low-income assistance programs are sufficient to ensure universal access to essential water and wastewater service. Rather than remedying these deficiencies, PAWC's proposed rate increase would exacerbate unaffordability for residential customers—particularly low and moderate income households—while leaving critical shortcomings in its universal service offerings unaddressed.

PAWC's Main Brief does not meaningfully engage with the evidentiary record demonstrating acute unaffordability at existing rates, nor does it rebut the data-driven analysis presented by CAUSE-PA and the Office of Consumer Advocate (OCA) regarding the need for structural reforms to PAWC's low-income programs. Rather, PAWC's case rests on two principal assertions that are not supported by the record. First, PAWC contends that its capital investment program—regardless of its size or prudence—entitles the

Company to a \$160 million<sup>1</sup> rate increase without meaningful consideration of affordability impacts. Second, PAWC asserts that its existing low-income programs are functioning adequately and do not require the targeted reforms recommended by CAUSE-PA. Neither contention withstands scrutiny. As demonstrated in CAUSE-PA's Main Brief and supported by Mr. Geller's testimony and the testimony sponsored by the Office of Consumer Advocate (OCA), PAWC has not met its burden under Section 315 of the Public Utility Code to establish that its proposed rates are just and reasonable.

The Commission is required to balance the interests of investors and consumers. That balance is not achieved when PAWC, which already has the highest rates for water and wastewater utility in the Commonwealth, seeks yet another significant rate increase that would further place life-essential services beyond the reach of economically vulnerable customers. For these reasons, CAUSE-PA urges Deputy Chief Administrative Law Judge Jeff Watson (DC ALJ Watson), Administrative Law Judge Emily DeVoe (ALJ DeVoe) and the Commission to reject PAWC's proposed rate increase in its entirety, adopt the Office of Consumer Advocate's recommended revenue requirement and rate of return, and direct PAWC to implement meaningful improvements to its low-income programs at existing rates to ensure reasonable affordability and access.

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<sup>1</sup> PAWC's initial filing indicated a requested revenue increase of approximately \$169 million. On March 13, 2026, PAWC submitted supplemental direct testimony from Linda Schlessman who recommended a \$35,620,052 reduction in rate base resulting in PAWC's updated requested revenue increase of \$159,597,595. PAWC St. 8 Supp. at 4; PAWC Ex. 3-A Revised at 2.

Finally, this Reply Brief is not intended to address every issue or recommendation raised by CAUSE-PA or other parties in their Main Briefs. The absence of a response to a specific argument should not be construed as agreement. Where issues have been fully addressed in CAUSE-PA's Main Brief based on the evidentiary record, CAUSE-PA relies on and incorporates those arguments by reference and limits its reply herein to matters necessary to respond to PAWC's Main Brief.

## **II. SUMMARY OF ARGUMENT**

The evidentiary record demonstrates that PAWC's existing water and wastewater rates are already categorically unaffordable for a substantial portion of its low-income customers – with the lowest income households facing bills that far exceed 20% of their household income.<sup>2</sup>

PAWC's Main Brief does not meaningfully rebut that record, nor does it address the structural deficiencies in its low-income programs that drive pronounced disparities in debt and termination rates for economically vulnerable customers across its service territory.<sup>3</sup> Rather than grapple with the real-world affordability impacts of its rates, PAWC reframes the case around investment levels and program intent, neither of which satisfies the Company's burden under the Public Utility Code. Rates must be just and reasonable in their totality, and rates that price economically vulnerable households out of life-essential service fail to meet that standard.

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<sup>2</sup> CAUSE-PA MB at 47. 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), has a combined water and wastewater burden of nearly 24%.

<sup>3</sup> *Id.* at 47-48.

PAWC’s Main Brief does not refute core findings established on the record in this proceeding, and CAUSE-PA stands firmly behind the positions advanced in its Main Brief – which are rooted in the data and evidence presented in the record:

- PAWC's capital investment program does not justify unaffordable rates. The prudence of planned capital investment does not automatically translate to just and reasonable rates. Section 1301 requires rates to be just and reasonable in their totality<sup>4</sup> – and rates that price tens of thousands of families out of essential service fail that standard regardless of the efficiency of the utility's underlying investment.
- PAWC's affordability analyses are fundamentally flawed. PAWC's reliance on Median Household Income (MHI) as its primary affordability benchmark,<sup>5</sup> and its assumption of full BDP enrollment,<sup>6</sup> systematically obscures the extreme unaffordability experienced by the lowest-income customers – especially those with larger families and aging homes with leaky infrastructure.<sup>7</sup>
- PAWC's \$53 million Act 11 shift from wastewater to water customers is excessive and inequitable. PAWC argues the shift has a “modest” impact on water customers, alleviates a greater increase for wastewater, and will help consolidate its wastewater rate zones.<sup>8</sup> In reality, PAWC merely seeks to mask the true impact of its costly acquisitions – saddling its water-only customers with additional costs for wastewater they do not use. This is a cross-subsidy that imposes costs on water customers based not on cost causation but on accounting convenience.<sup>9</sup>
- Increased fixed charges and the deduct adjustment compound inequity. PAWC's proposals to raise fixed customer charges and implement a wastewater deduct adjustment systematically shift revenue burden from higher-income households with discretionary outdoor water usage onto lower-income households with little ability to conserve or absorb higher fixed costs.<sup>10</sup>
- The CAP Rider is premature and should be denied. PAWC's programs lack the foundational elements and cost control measures to justify guaranteed cost recovery through a nonbypassable rider. Enrollment volatility caused by one-time

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<sup>4</sup> 66 Pa. C.S. § 1301 (a).

<sup>5</sup> PAWC MB at 93 (public).

<sup>6</sup> *Id.* at 95.

<sup>7</sup> CAUSE-PA MB at 57.

<sup>8</sup> PAWC MB at 76-77 (public).

<sup>9</sup> CAUSE-PA MB at 21-24, 32.

<sup>10</sup> *Id.* at 24-32.

changes to PAWC's income verification policy does not constitute the kind of external unpredictability that warrants a rider.<sup>11</sup>

- PAWC's low-income programs need structural reform. The record is unambiguous: 128,000 estimated low-income customers are not enrolled in the BDP;<sup>12</sup> 93% of BDP enrollees carry arrears, yet the AMP reaches fewer than 20% of BDP participants;<sup>13</sup> and the Hardship Fund's \$500 cap is inadequate relative to average debt at termination of \$1,552.24.<sup>14</sup> The Company's contention that these programs are working well has no support in the data.
- PAWC's outreach, screening, and enrollment procedures are insufficient, and its claims to the contrary should be ignored.<sup>15</sup> In addition to the low enrollment rates highlighted above, there is clear evidence that PAWC is not properly referring eligible households to enroll in its programs. Indeed, PAWC issued over 68,000 payment arrangements to confirmed low-income households after implementing its AMP – including nearly 20,000 to active BDP participants who were categorically eligible for the AMP.<sup>16</sup>

Despite acknowledging the financial stress of its customers, PAWC has persistently rejected every recommended enhancement to its low income programming. The Company goes so far as to claim that its BDP enrollment levels are out of its control and that its existing procedures are sufficient.<sup>17</sup> The record reflects otherwise. The recommendations advanced by CAUSE-PA are grounded in actual customer data, observed program performance, Commission policy, and decades of experience with universal service program design.

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<sup>11</sup> *Id.* at 32-39; PAWC MB at 88-89 (public).

<sup>12</sup> CAUSE-PA St. 1 at 41, T. 15; PAWC MB at 104 (public); noting that 24,839 customers are enrolled in the BDP as of March 1, 2026.

<sup>13</sup> CAUSE-PA MB at 63.

<sup>14</sup> *Id.* at 45, 66, 90.

<sup>15</sup> PAWC MB at 103-107 (public).

<sup>16</sup> CAUSE-PA MB at 64, 73-80.

<sup>17</sup> PAWC MB at 7 (public).

While it is true that PAWC was the first investor-owned water and wastewater utility to offer a low income bill discount,<sup>18</sup> its offerings are mired in the distant past and have not evolved to meet the acute affordability challenges of today. PAWC provides the least comprehensive universal service and conservation programming among its peer utilities, despite having the highest water and wastewater rates in the Commonwealth.<sup>19</sup> The Company's refusal to reform its programs, while seeking a significant rate increase and guaranteed cost recovery through a CAP Rider, is inconsistent with the public interest.

As set forth below and in CAUSE-PA's Main Brief, PAWC has failed to meet its burden of showing that its revenue and rate design proposals are just, reasonable, or consistent with the Public Utility Code. The Commission should deny PAWC's rate increase, approve OCA's proposed revenue decrease, and direct the Company to implement structural reforms necessary to ensure that low income households can reasonably afford to maintain essential water and wastewater service to their homes.

### **III. OVERALL POSITION ON RATE INCREASE**

PAWC's primary argument in its Main Brief is that it will invest more than \$1 billion in infrastructure through the end of the fully projected future test year, and that no party has challenged the prudence of these investments.<sup>20</sup> CAUSE-PA does not dispute that PAWC plans to make substantial capital investments. CAUSE-PA disputes the premise that a utility's planned capital investment – alone – provides sufficient basis to impose a rate

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<sup>18</sup> *Id.* at 92.

<sup>19</sup> CAUSE-PA MB at 101.

<sup>20</sup> PAWC MB at 4 (public).

increase that is categorically unaffordable for a quarter of PAWC’s residential customers. Section 1301(a) of the Public Utility Code mandates that every rate shall be just and reasonable.<sup>21</sup> In making this determination, the Commission must balance interests of both investors and consumers.<sup>22</sup> A rate is not just and reasonable if it is not reasonably affordable to those who depend on the service – regardless of a utility’s plans for investment.

PAWC characterizes the cost of its rate increase as approximately \$3.18 per day for an average residential customer.<sup>23</sup> This framing is misleading in two respects. First, it focuses on average usage and ignores the disproportionate burden on low income households, particularly those who may use more water than average residential customers due to larger household sizes or aging infrastructure. It also understates the cumulative impact of PAWC’s recent rate increases. Since 2020, PAWC’s average water rates have increased by \$300 million, raising average water bills by 65% and average wastewater bills by increased 81%.<sup>24</sup> Consumers do not experience a \$3.18 per day increase in isolation – they experience a \$3.18 per day increase on top of years of high inflation of basic goods, including for basic water and wastewater service.<sup>25</sup>

PAWC’s inapt reliance on averages and flawed affordability assumptions carries through to its purported “Enterprise-Level” affordability analysis, which relies principally on median household income (MHI) – as well as its conclusion that its proposed rates are

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<sup>21</sup> 66 Pa. C.S. § 1301(a).

<sup>22</sup> Popowsky v. Pa. PUC, 665 A.2d 808, 811 (Pa. 1995).

<sup>23</sup> PAWC MB at 9 (public).

<sup>24</sup> CAUSE-PA MB at 55.

<sup>25</sup> *Id.* at 9.

affordable based on full Bill Discount Program (BDP) enrollment.<sup>26</sup> MHI is an inaccurate proxy for the experience of households in the lower half of the income distribution. And PAWC's baseless assumption of full Bill Discount Program enrollment is not credible.<sup>27</sup> Just 16% of estimated low income customers are enrolled in the program, and PAWC has rejected every recommendation advanced by CAUSE-PA to measurably improve its universal service programs.<sup>28</sup>

Ultimately, 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.<sup>29</sup> To the contrary, the record suggests that PAWC's rates are too high and should be decreased, consistent with the extensive record evidence presented by the parties in this proceeding. On this point, we note that in its Surrebuttal Testimony, OCA revised its position from recommending a \$17 million decrease in revenue, as stated in its direct testimony, to support an annual decrease of \$12,303,325.<sup>30</sup> CAUSE-PA supports OCA's revenue position, and recommends that the Commission authorize a revenue decrease of no less than \$12,303,325, or \$171,900,920 lower than PAWC's requested revenue requirement increase of \$159,597,595.<sup>31</sup>

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<sup>26</sup> PAWC MB at 93 (public).

<sup>27</sup> CAUSE-PA MB at 56-57.

<sup>28</sup> *Id.* at 17; PAWC MB at 104 (public); noting that 24,839 customers are enrolled in the BDP as of March 1, 2026.

<sup>29</sup> CAUSE-PA MB at 11.

<sup>30</sup> OCA MB at 9; OCA St. 1-SR at 2:4-11.

<sup>31</sup> OCA MB at 4.

#### **IV. RATE BASE**

CAUSE-PA does not have any reply to the rate base issues raised by the Company or the other parties and continues to support the positions advanced by the OCA.

#### **V. REVENUES**

While OCA did not include a section in their Main Brief on Revenues, they addressed appropriate revenue holistically throughout their brief – culminating in a recommendation that PAWC’s revenue should be decreased.<sup>32</sup> CAUSE-PA strongly supports the ultimate revenue position advanced by the OCA that PAWC’s approved revenue should be decreased. Specifically, as discussed below, we agree with OCA that the requested return on equity (ROE) is excessive and should be disallowed by the Commission. As stated in OCA’s Main Brief:

Due to the frequency and magnitude of PAWC’s rate increase requests, PAWC’s customers are struggling with increasingly unaffordable water and wastewater bills. The Commission should consider PAWC’s customers’ ability to afford the rate increase authorized in this proceeding when authorizing PAWC’s revenue requirement increase or decrease which has a profound effect on PAWC’s customer base, especially its low- and moderate-income customers when evaluating whether PAWC’s rates are just and reasonable.<sup>33</sup>

As further noted by OCA, “in considering issues such as the return on equity, rate design, or other similar issues, the Commission should not make a decision based on PAWC’s assertion that total bills being charged to customers might be high because they

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<sup>32</sup> *Id.* at 8-11.

<sup>33</sup> *Id.* at 7-8.

exceed the Company's unsupported and undefined assertion of what is 'necessary and reasonable to meet basic household needs for drinking, cooking, sanitation, general health service.'"<sup>34</sup> Rates for water and wastewater services must be affordable for all households regardless of their circumstances.

Consistent with the record evidence in this proceeding, and the well-supported arguments advanced by the OCA, CAUSE-PA urges the Commission to disallow PAWC's requested ROE and reject its rate proposals – instead adopting the revenue decrease proposed by OCA.

## **VI. EXPENSES**

CAUSE-PA does not have any reply to the rate base issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

## **VII. TAXES**

CAUSE-PA does not have any reply to the tax issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

## **VIII. DEPRECIATION**

CAUSE-PA does not have any reply to the depreciation issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

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<sup>34</sup> *Id.* at 95.

## IX. RATE OF RETURN

The record strongly supports the positions advanced by the OCA regarding PAWC's excessive rate of return and return on equity. CAUSE-PA specifically supports an overall weighted Rate of Return of 6.96% for water operations and 6.59% for wastewater operations,<sup>35</sup> as well as OCA's proposal for an 8.7% ROE – a generous profit margin in light of the current economic climate and the extreme financial burden carried by low income customers.<sup>36</sup> While PAWC argues it is entitled to a higher profit based on its “superior management performance”, the voluminous complaints and public input testimony tell a very different story. The fact is, PAWC's universal service programs are performing poorly, and its low income residential customers are carrying disproportionately high debt and facing disproportionately high involuntary termination rates.

As the OCA rightly identifies, PAWC's inflated ROE request is the primary driver of its proposed rate increase – not its planned infrastructure investment.<sup>37</sup> Now is simply not the time for PAWC to be rewarded with higher profits as tens of thousands of its customers struggle to keep running water in their homes.

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<sup>35</sup> *Id.* at 51.

<sup>36</sup> *Id.* at 51.

<sup>37</sup> *Id.* at 51.

## **X. RATE STRUCTURE**

### **A. Cost of Service Studies**

CAUSE-PA does not have any reply to the cost of service study issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

### **B. Revenue Allocation and Act 11 Shift**

CAUSE-PA explained in its Main Brief that there are equity issues inherent to PAWC's Act 11 proposals, which shift 76% of wastewater revenue onto its water customers (most of whom are not also PAWC wastewater customers) and urged the Commission to view PAWC's Act 11 proposal in the context of the overall equity considerations in this proceeding.<sup>38</sup>

PAWC also frames its Act 11 proposal as a matter of equity, arguing a "modest" \$5 increase in water bills is worth the tradeoff to reduce the increase for wastewater customers - and that its proposal would help move its wastewater rate zones toward a consolidated rate, which it asserts "promotes affordability."<sup>39</sup> Based on these assertions, PAWC claims its Act 11 proposal meets the public interest standard.

OCA advanced a far more measured proposal, carefully considering the relative impacts on each rate district and more closely weighing and responding to the inherent equity concerns in PAWC's proposal to shift significant wastewater revenues onto water customers that do not receive wastewater services from PAWC.<sup>40</sup> OCA also argued that

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<sup>38</sup> CAUSE-PA MB at 22-24.

<sup>39</sup> PAWC MB at 77 (public).

<sup>40</sup> OCA MB at 76-78.

any approved Act 11 shift should be proportionately reduced if PAWC's excessive revenue increase is denied in whole or in part.<sup>41</sup>

CAUSE-PA strongly supports OCA's well-reasoned and measured proposal, as it more appropriately balances the equity issues inherent in Act 11 and, thus, meets the public interest standard inherent in section 1311(c) of the Public Utility Code.<sup>42</sup>

### **C. Tariff Structure**

#### **1. Customer Charges**

In its Main Brief, CAUSE-PA opposed PAWC's proposed increases in both the water and wastewater customers charges, as the record demonstrates that any increase in fixed charges, not tied to usage, undermines a household's ability to reduce their bills by reducing their usage. As Mr. Geller explained in testimony, increasing the fixed charge will erode achievable bill savings through conservation measures such as shorter showers, low flow appliances, and limited outdoor watering.<sup>43</sup>

PAWC argued that Mr. Geller's recommendation should be rejected because PAWC's proposed customer charges align rates with cost causation recovering the fixed costs required to provide service regardless of the volume of water a customer uses.<sup>44</sup>

PAWC misses the point. Many customers cannot afford PAWC's bills and are already taking extraordinary steps to reduce their bills through conservation at current

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<sup>41</sup> *Id.* at 77.

<sup>42</sup> 66 Pa. C.S. § 1311(c).

<sup>43</sup> CAUSE-PA MB at 25.

<sup>44</sup> PAWC MB at 79 (public).

rates.<sup>45</sup> For these customers, setting a higher percentage of the bill that is fixed, that they cannot afford to pay, is unreasonable. The simple reality as evidenced in this proceeding is that the more a fixed customer charge is increased, the less control any customer has over their ability to reduce their bill through reduced usage.<sup>46</sup> Nothing in PAWC's case dispels this point.

CAUSE-PA maintains that the Commission should reject PAWC's proposal to increase its water and wastewater fixed charges, as it will deprive households of the 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 does not have any reply to the water rate design issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

## 3. Wastewater Rate Design

CAUSE-PA does not have any reply to the wastewater design issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

## 4. Wastewater Deduct Adjustment

CAUSE-PA fully briefed its major concerns and the evidence regarding PAWC's deduct meter proposal and maintains its position that PAWC's wastewater deduct adjustment improperly shifts wastewater revenue burden from households that reside in

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<sup>45</sup> CAUSE-PA MB at 26 (citing OCA St. 5, Exhibit BA-2).

<sup>46</sup> *Id.* (citing CAUSE-PA St. 1-SR at 9:4-7).

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.<sup>47</sup>

PAWC did nothing to assuage these concerns. While acknowledging the concerns of Mr. Geller and Mr. Colton that the proposed deduct adjustment will negatively impact low-income customers while benefitting higher income customers, the Company simply states that its deduct adjustment proposal is *intended to* benefit all customers by appropriately aligning the amount customers are billed with the actual costs they cause the Company to incur for wastewater service.<sup>48</sup> They have not demonstrated that this is the case. There is no reliable basis to presume that higher usage in the summer months is entirely due to outdoor water use as opposed to other causal factors in the record such as taking more showers in summer than winter, vacation home or seasonal use of a residence, children returning home from college for summer vacation or any other increased use.<sup>49</sup> Moreover, even assuming increased outdoor usage, PAWC has no response to the evidence introduced by I&E witness Cline who raised concerns about combined storm and sewer flows which would mean that outdoor water use would still get treated in the sanitary sewer system, thus negating one of the basis for PAWC's deduct adjustment.<sup>50</sup>

As outlined more fully in CAUSE-PA's Main Brief, PAWC has failed to demonstrate that its proposed deduct adjustment is reasonable or in the public interest. Instead, the

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<sup>47</sup> *Id.* at 27.

<sup>48</sup> PAWC MB at 83 (public).

<sup>49</sup> CAUSE-PA MB at 30.

<sup>50</sup> *Id.* at 30 (citing I&E St. 4 at 9-10).

weight of evidence on the record in this proceeding clearly demonstrates fundamental inequities of this proposal and the faulty assumptions built into its design, as explained in detail in our Main Brief,<sup>51</sup> as such, the Commission should reject this proposal as unjust, unreasonable, and contrary to the public interest.

#### 5. Demand Based Contract Rates

CAUSE-PA does not have any reply to demand based contract rates issues raised by the Company or other parties.

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

CAUSE-PA strongly supports the alternatives advanced by the OCA in its Main Brief, including its proposed scale back of rates.<sup>52</sup>

### **XI. ALTERNATIVE RATEMAKING REQUESTS**

#### **A. CAP Rider**

##### 1. PAWC's CAP Rider should be rejected.

PAWC bears the burden of demonstrating that its proposed CAP Rider is necessary, reasonable, and consistent with the public interest. That burden is heightened where, as here, the Company seeks guaranteed, nonbypassable recovery outside of base rates for costs associated with universal service programs. A proposed, the rider would seek to isolate the costs associated with one set of expenses as unique without a full accounting for

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<sup>51</sup> *Id.* at 30-31.

<sup>52</sup> OCA MB at 88-89.

the total cost of service.<sup>53</sup> As noted by OCA, “without taking into consideration all other rate impacts of the changing level of BDP/AFP costs, it is not possible to determine the extent to which, if at all, PAWC’s *total* cost of service had increased... .”<sup>54</sup> Such a result is inconsistent with the Commission’s policy statement regarding CAP cost recovery policy and long-standing ratemaking principles in the Commonwealth.<sup>55</sup>

As more fully articulated in CAUSE-PA’s Main Brief, PAWC’s customer assistance program portfolio remains under-developed, under-enrolled, and structurally fragmented. While PAWC characterizes its Bill Discount Program (BDP) and Arrearage Management Program (AMP) as “fully implemented”, the record demonstrates that these programs lack the foundational elements of an accessible, appropriately resourced, and cost-effective universal service program that the Commission has historically required before granting utilities guaranteed cost recovery through an alternative ratemaking mechanism.<sup>56</sup> At best, it is premature for PAWC – with one of the least developed programs portfolios among jurisdictional water and wastewater utilities– to have a CAP rider.

As of March 2026, just 16% of PAWC’s estimated low income customers were enrolled in the BDP.<sup>57</sup> Despite its recent implementation of an arrearage management program (AMP), just 20% of BDP participants were enrolled in the AMP – while

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<sup>53</sup> OCA MB at 89; CAUSE-PA MB at 38-39.

<sup>54</sup> OCA MB at 89.

<sup>55</sup> 52 Pa. Code § 69.266.

<sup>56</sup> CAUSE-PA MB at 33; PAWC MB at 91 (public).

<sup>57</sup> CAUSE-PA St. 1 at 41, T. 15; PAWC MB at 104 (public).

approximately 93% of BDP participants carried qualifying arrears.<sup>58</sup> In fact, PAWC issued over 68,000 payment arrangements to *confirmed* low income households since November 2024, after the implementation of its AMP.<sup>59</sup> Nearly 20,000 of those payment arrangements were issued to low income customers actively participating in PAWC’s BDP and, thus, categorically eligible for PAWC’s AMP.<sup>60</sup> These outcomes are incompatible with PAWC’s assertion that its programs are mature, accessible, and functioning effectively.

PAWC argues in its Main Brief that CAUSE-PA opposes PAWC’s CAP Rider because PAWC opposed CAUSE-PA’s proposal for a comprehensive service line and leak repair program.<sup>61</sup> This is a myopic mischaracterization of CAUSE-PA’s position. PAWC seeks the benefits of guaranteed cost recovery without having accepted the obligations that justify such treatment. Unlike gas and electric utilities with Commission-approved CAP Riders, PAWC has no comprehensive universal service plan, has never conducted a third-party evaluation of its programs, does not produce standardized annual reporting on program performance or cost-effectiveness, and – yes – has also refused to implement targeted conservation and leak repair initiatives that could materially reduce both water usage and long-term assistance costs through its BDP and AMP.<sup>62</sup> The absence of these foundational elements weighs decisively against approval of a CAP Rider in this proceeding.

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<sup>58</sup> CAUSE-PA MB at 75.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* at 75.

<sup>61</sup> PAWC MB at 91 (public).

<sup>62</sup> CAUSE-PA MB at 36-37.

PAWC’s primary justification for a CAP Rider is alleged enrollment variability in the BDP, which it claims will prevent accurate forecasting of program costs in base rates.<sup>63</sup> PAWC asserts that “volatility” in CAP enrollment and associated costs is largely out of its control, and will persist over time.<sup>64</sup> But the record clearly demonstrates that recent enrollment variability was the direct result of PAWC’s procedural change to the enrollment process – specifically, its implementation of document-based income verification requirements.<sup>65</sup> Enrollment has since rebounded, and PAWC does not plan to make further changes to its income verification procedures.<sup>66</sup> The record also reflects that PAWC has significant of control over and responsibility for BDP enrollment, outreach and program design and that it has failed to act to remedy the deficiencies while seeking to ensure itself guaranteed revenue through the CAP Rider.<sup>67</sup> Given the rapid cadence of PAWC’s rate cases, PAWC has more than sufficient opportunity to update its costs and expenses to fund these programs to account for any ongoing variations in enrollment.<sup>68</sup>

PAWC further alleges that, absent a CAP Rider, increased BDP enrollment could produce a revenue shortfall on the order of \$10 million over a two-year period.<sup>69</sup> This figure was first mentioned in Dr. Chard’s Rejoinder and the Company’s Main Brief cites only to this reference.<sup>70</sup> This assertion is unsupported by the record. PAWC has not accounted

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<sup>63</sup> PAWC MB at 88 (public).

<sup>64</sup> *Id.* at 88-89.

<sup>65</sup> *Id.* at 104.

<sup>66</sup> CAUSE-PA MB at 35.

<sup>67</sup> *Id.* 36-38.

<sup>68</sup> CAUSE-PA MB at 34.

<sup>69</sup> PAWC MB at 89 (public).

<sup>70</sup> *Id.*

for offsetting impacts, including reductions in uncollectible expenses, fewer collections actions, decreased termination activity, and improved payment coverage and frequency rates as enrollment increases.<sup>71</sup> Without analyzing the total revenue and expense effects associated with higher enrollment, PAWC cannot demonstrate that a separate recovery mechanism is warranted.

PAWC also attempts to invert the proper regulatory analysis by suggesting that the Commission must approve a CAP Rider in order to require improved screening, outreach, or enrollment practices. The question before the Commission is not whether improved programs entail costs, but whether PAWC's existing programs are sufficiently comprehensive, accountable, and effective to justify guaranteed recovery through a nonbypassable mechanism. The record establishes that they are not.

To be clear, the burden to justify its alternative ratemaking request lies with the Company and it has not met that burden.<sup>72</sup> While PAWC frames its request under the Commission's alternative ratemaking policy, it ignores the more directly applicable Customer Assistance Program policy governing recovery of CAP costs.<sup>73</sup> Taking both policies together, the weight of the evidence demonstrates that approval of a CAP Rider would represent a drastic and unwarranted departure for water and wastewater assistance

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<sup>71</sup> CAUSE-PA MB 38-39.

<sup>72</sup> 66 Pa. C.S. § 1330(b).

<sup>73</sup> 52 Pa. Code § 69.266; 52 Pa. Code § 69.3302(7), (12); CAUSE-PA MB at 35; Pa. PUC v. Columbia Gas of Pa., Inc., Opinion and Order at 68-69, Docket Nos. R-2025-3053499 et al. (order entered Feb. 19, 2026); The Commission states in its Order, "As a preliminary matter, we note that the 2019 Statement of Policy did not establish a binding norm. Accordingly, the Commission was not required to address the factors individually in the Disposition of the December 2025 Order." (internal cites omitted).

programs. Although the Commission has discretion to approve alternative ratemaking mechanisms, that discretion should not be exercised here, as PAWC has failed to appropriately account for both costs and offsetting savings and has not demonstrated necessity or consumer protection.

In sum, approval of a CAP Rider would prematurely lock ratepayers into guaranteed recovery for programs that remain under-enrolled, insufficiently evaluated, and demonstrably ineffective at producing affordable bills for low income households. The Commission has consistently emphasized that alternative ratemaking mechanisms are discretionary and must be supported by a robust record demonstrating both necessity and consumer protection. That record does not exist here. Accordingly, the Commission should deny PAWC's proposed CAP Rider and instead require the Company to implement the structural, accessibility, and accountability reforms documented throughout this proceeding before seeking extraordinary ratemaking treatment.

## 2. Recovery of low income program costs.

PAWC states in its Main Brief that it is not proposing any change in its allocation of CAP costs and will continue to recover those costs solely from residential customers,<sup>74</sup> but it does not attempt to justify this inequitable position, nor does it address the substantive arguments raised by CAUSE-PA regarding cross-class recovery.

As CAUSE-PA explained in testimony and its Main Brief, it is unreasonable for residential customers, many of whom are themselves struggling to afford service – to solely

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<sup>74</sup> PAWC MB at 87 (public).

bear the burden of these costs. The cause and driver of these programs is poverty and related structural factors, not residential rate class membership.<sup>75</sup> Universal service programs exist to address public-purpose concerns that extend beyond any single customer class.

The General Assembly has long recognized this principle in the context of both gas and electric service, treating universal service programs as public purpose costs because they enable economically vulnerable households to maintain access to essential utility service.<sup>76</sup> Those same principles apply with equal force to water and wastewater service, which are just as critical to basic health and habitability as gas and electricity. Consistent with this understanding, the Commission stated 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.”<sup>77</sup> The Commission has further directed utilities and stakeholders to address CAP cost recovery in utility-specific rate proceedings, making it clear that it “will no longer routinely exempt non-residential classes from universal service obligations.”<sup>78</sup>

Against this backdrop, PAWC’s decision to continue allocating CAP costs exclusively to residential customers lacks any evidentiary or policy foundation. Even if the Commission were to consider a CAP Rider, which CAUSE-PA strongly opposes, PAWC’s

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<sup>75</sup> CAUSE-PA MB at 40.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.* at 41.

<sup>78</sup> *Id.*; see also 52 Pa. Code § 69.266(b).

proposed allocation alone would warrant rejection. There is no basis in the record to treat customer assistance as a cost borne only by residential ratepayers, while the broader community benefits from continuity of essential water and wastewater service.

Accordingly, PAWC should be directed to allocate the costs of its existing customer assistance programs, and any additional programs approved by the Commission, across all customer classes consistent with Commission policy recognizing universal service costs as public-purpose obligations.

## **XII. LOW INCOME CUSTOMER ASSISTANCE**

### **A. Summary**

PAWC open its brief Summary of its Low Income Customer Assistance Section claiming that, “An important way that PAWC maintains affordability is by continuously seeking to improve the Company’s business processes and make investments that improve operational efficiencies.”<sup>79</sup> They further explain that the Company “uses targeted and proactive investments to work smarter and more efficiently as well as to leverage the power of the broader organization to purchase equipment and supplies at advantageous terms.”<sup>80</sup>

It is unclear what relevance these claims have to the ability of PAWC’s low income customers to afford essential water and wastewater services, and the adequacy of PAWC’s programs at ensuring *all* households in its service territory can maintain service to their homes. PAWC already has the highest rates in the state and is seeking to raise rates again – while an increasing number of economically vulnerable households across its service

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<sup>79</sup> PAWC MB at 92 (public).

<sup>80</sup> *Id.*

territory are making impossible trade-offs between food, medicine, heat, and running water. At the same time, PAWC has flatly refused to adopt meaningful reforms to help its customers maintain service at an affordable rate. Clearly, its attempt at improving its “business processes” and “leverage the power of the broader organization” is not working to delivery universally accessible service to households across its sprawling geographic footprint.

As discussed, critical reforms to PAWC’s universal service and conservation program portfolio are necessary to ensure safe service is accessible to all households within its service territory. Absent such reforms, PAWC’s disparate low income debt levels and involuntary termination rates will continue to grow – causing a cascade of consequences that reverberate across communities in all corners of the Commonwealth.

## **B. Affordability of Water and Wastewater**

As detailed in CAUSE-PA’s Main Brief, PAWC’s so-called Affordability Analyses fail to meaningfully account for the acute unaffordability experienced by its low income customers. In its Main Brief, PAWC rejects Mr. Geller’s criticism of PAWC’s Affordability Analyses.<sup>81</sup> The critiques directed towards CAUSE-PA witness Geller, include asserting that his bill burden analysis should be disregarded because it does not indicate how many customers fall into the income and usage combinations presented,<sup>82</sup> and

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<sup>81</sup> *Id.* at 94-95.

<sup>82</sup> *Id.* at 95.

claiming instead that PAWC’s own analyses provide a more comprehensive framework for evaluating “real-world affordability” and the mitigating effects of its assistance programs.<sup>83</sup>

These assertions lack credibility, and PAWC’s claim that Mr. Geller’s analysis lacks context is patently false.<sup>84</sup> PAWC’s own exhibits—DFA-1 and DFA-2—identify customers across the very income levels, household sizes, and usage ranges reflected in Mr. Geller’s testimony, and CAUSE-PA Exhibit 1 calculates the bill burdens for each of those combinations – with “real-world” usage varying from 1,000 gallons to 8,000 gallons/month, and household sizes ranging from a single person to a 4-person household.<sup>85</sup> Far from lacking context, Mr. Geller’s analyses directly reflect PAWC’s own customer data and demonstrate that households with *typical* water and wastewater usage bear excessive water and wastewater burdens, far exceeding accepted affordability thresholds.<sup>86</sup>

While PAWC’s affordability exhibits contain extensive detail, the issue is not the volume of information presented but the relevance of the assumptions underlying the analysis. PAWC’s affordability conclusions rest on assumptions that systematically understate unaffordability and obscure the lived experience of its lowest-income customers.<sup>87</sup>

First, PAWC’s analysis assumed full participation in the BDP “to show maximum *potential* effectiveness of the program if eligible customers were to all enroll.”<sup>88</sup> On that

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<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> PAWC St. 9, Exhibits DFA-1, DFA-2.

<sup>86</sup> CAUSE-PA MB at 49, 58-59.

<sup>87</sup> *Id.* at 52-57.

<sup>88</sup> PAWC MB at 95 (public).

basis, PAWC claims that its proposed rate design affords virtually every residential customer access to “Basic Water Service” at an affordable level.<sup>89</sup> This assumption has no basis in reality. PAWC’s current enrollment levels are extremely low, it has explicitly disclaimed any responsibility for improving its enrollment numbers,<sup>90</sup> and it has rejected every recommendations advanced in this proceeding to increase participation.<sup>91</sup>

Second, PAWC relies heavily on median household income (MHI) to conclude that its proposed rates are affordable because the bill-to-income ratio at the median falls below two percent. This approach is immaterial to assessing affordability for low-income customers. By definition, half of all households have income at or below the median, and PAWC’s confirmed low-income families earn far less than MHI.<sup>92</sup> Reliance on MHI masks extreme unaffordability among the lowest-income households and provides little insight into whether real customers can realistically afford service.<sup>93</sup>

By focusing on the midpoint of income distributions and average residential usage, PAWC’s analyses fail to address the actual bills faced by actual customers. As demonstrated in CAUSE-PA’s Main Brief, affordability does not begin to emerge until household income exceeds approximately \$50,000—and even then, only at the lowest usage levels.<sup>94</sup> For the

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<sup>89</sup> *Id.* at 93.

<sup>90</sup> *Id.* at 7.

<sup>91</sup> *Id.* at 102, 106-107.

<sup>92</sup> CAUSE-PA MB at 54.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 53.

lowest-income households, PAWC's rates are acutely unaffordable at any reasonable level of water use.<sup>95</sup>

The record establishes that a significant number of PAWC's customers already categorically unaffordable rates, even without any additional rate increase.<sup>96</sup> Specifically:

- PAWC's confirmed low income households have an average annual income of \$11,387.<sup>97</sup>
- A family of two at 50% FPL (\$10,820 annual income, just under the average income for PAWC's confirmed low income customers) using 3,000 gallons/month would have a combined water/wastewater burden of nearly 20%.<sup>98</sup>
- A family of four at 50% FPL (\$16,520 annual income, just over the average income for PAWC's confirmed low income customers) using 6,000 gallons/per month would have a combined water/wastewater burden of nearly 24%.<sup>99</sup>
- Just 36% of PAWC's confirmed low income customers and 16% of its estimated low income customers are enrolled in its BDP.<sup>100</sup>

These are significant burdens, effecting "real-world" customers. In stark contrast to PAWC's unrealistic "full participation" modeling, the vast majority of low income

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<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 8-9.

<sup>97</sup> *Id.* at 49.

<sup>98</sup> CAUSE-PA Exhibit 1-a.

<sup>99</sup> CAUSE-PA Exhibit 1-a.

<sup>100</sup> PAWC MB at 67 (public); CAUSE-PA St. 1 at 45, T. 15.

customers are not enrolled in the BDP and will shoulder the full, unmitigated financial burden of the rate increase – compounding already high energy burdens.<sup>101</sup>

In sum, substantial numbers of PAWC’s residential customers already face categorically unaffordable water and wastewater rates. It is inappropriate and contrary to the public interest for the Commission to accept this level of unaffordability. The weight of the evidence in this proceeding demonstrates that PAWC’s has failed to meet its burden of showing that its existing and proposed rates are just, reasonable, and in the public interest. It is imperative that the Commission reject PAWC’s requested rate increase and require PAWC to implement the programmatic, policy, and procedural reforms necessary to ensure that low income households can afford to connect to and maintain essential services in their homes.

### **C. Bill Discount Program (BDP) Design**

As detailed in CAUSE-PA’s Main Brief, PAWC’s Bill Discount Program (BDP) does not produce consistent levels of affordability for program participants – particularly for those customers with the lowest incomes and the highest usage levels.<sup>102</sup> 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), has a combined water and wastewater burden of nearly 24%.<sup>103</sup> If PAWC’s rate increase proposal is approved, this same household will face a combined water and wastewater burden of almost 27%.<sup>104</sup>

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<sup>101</sup> CAUSE-PA MB at 17.

<sup>102</sup> *Id.* at 58.

<sup>103</sup> CAUSE-PA St. 1 at 23: 18-20; CAUSE-PA MB at 47.

<sup>104</sup> CAUSE-PA St. 1 at 23: 18-20; MB at 47.

Although participation in the BDP reduces these burdens, BDP rates at these usage levels are only marginally affordable at existing rates. If PAWC's rate increase is approved, it will push BDP rates above the widely accepted 4% affordability threshold.<sup>105</sup>

CAUSE-PA's BDP recommendation contained two parts. First, CAUSE-PA recommended that PAWC begin to lay the groundwork to transition its BDP from a tiered discount to a Percentage of Income Payment (PIP) structure because it is the most direct and effective method of ensuring equitable and targeted levels of assistance.<sup>106</sup> Notwithstanding this recommendation, and in recognition of PAWC's asserted system constraints, CAUSE-PA recommended that PAWC adjust its discount levels to better achieve consistent levels of affordability for low income households with varying income and usage levels.<sup>107</sup> PAWC's Main Brief focuses almost exclusively on opposing an eventual PIP transition, while largely ignoring the substance of the interim discount-level recommendations advanced in this case.

PAWC contends that implementing a PIP would be unreasonable due to potential IT system costs and asserts that its existing tiered BDP structure already provides income-sensitive discounts.<sup>108</sup> It argues that it is not reasonable to require PAWC to incur the costs associated with upgrading its IT system to overhaul its BDP, claiming that its current BDP structure already offers four tiers of discounts tailored to customers based on their income

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<sup>105</sup> CAUSE-PA Exhibit 1.

<sup>106</sup> CAUSE-PA MB at 63.

<sup>107</sup> *Id.*

<sup>108</sup> PAWC MB at 97 (public).

levels.<sup>109</sup> This argument misrepresents Mr. Geller’s recommendation, which was expressly tied to other potential IT upgrades. As Mr. Geller explained in his testimony, “*Should PAWC undergo any systems upgrades, it should be required to ensure the upgrades will support implementation of a PIP structure in the future.*”<sup>110</sup> Contrary to PAWC’s assertion, Mr. Geller’s recommendation was intended to leverage other systems upgrades, ensuring the capability was factored into decisions about IT upgrades in the future.

In response to Mr. Geller’s more immediate recommendation to adjust the current BDP discount levels,<sup>111</sup> PAWC argues that the adjustments are inconsistent with rate design principles and would produce inequitable outcomes.<sup>112</sup>

PAWC’s objections to enhanced BDP discounts rests primarily on the speculative concern that some wastewater customers with bills comprised largely of fixed charges (i.e., those with no usage at all) could receive full bill offsets.<sup>113</sup> PAWC offers no evidence regarding how many BDP participants, if any, fall into this no usage category - nor does it quantify the cost impact of this hypothetical scenario. What the record does show is that many low income households are categorically unable to afford service at current rates, even with discounts, and that failure to address this reality results in higher arrearages, increased collection activity, and involuntary terminations. If anything, CAUSE-PA contends that it would be inherently reasonable for these hypothetical customers, with no

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<sup>109</sup> *Id.* at 98.

<sup>110</sup> CAUSE-PA MB at 71.

<sup>111</sup> *Id.* at 63.

<sup>112</sup> PAWC MB at 98 (public).

<sup>113</sup> PAWC MB at 99 (public).

actual water usage and limited income, to not be charged a fee for service they are not using.

PAWC further argues that these customers would not contribute anything towards the fixed costs necessary to maintain system availability for all customers that other BDP participants would continue to pay and characterizes this outcome as unreasonable.<sup>114</sup> In so arguing, PAWC conflates the goal of rate design with the purpose of a bill discount program. Rates are designed to recover a revenue requirement; a BDP exists to ensure that income-eligible customers can reasonably afford to maintain service to their home. By fully discounting fixed charges for BDP participants, as Mr. Geller recommended, the Company would provide households with more affordable bills and a genuine ability to manage costs through reduced usage – producing measurable benefits, including improved payment consistency, lower arrears, reduced collection costs, and fewer service terminations.<sup>115</sup>

Of note, the Commission recently issued a final order in Pittsburgh Water’s rate proceeding approving adjustments to Pittsburgh Water’s Bill Discount Program.<sup>116</sup> Those changes included implementation of a zero-dollar fixed customer charge, as well as enhancements to the volumetric discount structure to provide more targeted levels of assistance.<sup>117</sup>

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<sup>114</sup> *Id.* at 98-99.

<sup>115</sup> CAUSE-PA MB at 61.

<sup>116</sup> Pa. PUC v. Pittsburgh Water and Sewer Authority, Opinion and Order, Docket Nos. R-2025-3055010, *et al.*, at 79 (order issued Feb. 19, 2026).

<sup>117</sup> *Id.*

Finally, PAWC's assertion that enhanced discounts would be inequitable turns reality on its head. It is inequitable that nearly a third of PAWC's customers, according to its own analysis, likely struggle to afford water and wastewater service.<sup>118</sup> Adjusting PAWC's BDP to provide more targeted levels of assistance – including a full discount on the fixed charge portion of the bill – provides low income customers more control over managing their monthly bills by managing their usage, and the improved volumetric discounts would provide these households with more affordable rates for the water they are actually using. CAUSE-PA therefore continues to strongly support implementation of the improved BDP discount levels recommended by Mr. Geller.

#### **D. Arrearage Management Program (AMP)**

Arrearage Management Programs (AMPs) are intended to provide an alternative path to collections for households that cannot afford to pay. When effectively designed, AMPs can significantly reduce arrearage levels and termination rates – while also improving payment coverage and frequency rates.<sup>119</sup> As detailed in CAUSE-PA's Main Brief, there are significant accessibility and structural issues with PAWC's AMP that prevent it from functioning as an effective AMP.<sup>120</sup> Although CAUSE-PA and OCA recommended targeted reforms to address these deficiencies, PAWC rejected those recommendations and asserted that its AMP is well-structured, accessible, and reasonable as implemented.<sup>121</sup>

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<sup>118</sup> PAWC MB at 93 (public).

<sup>119</sup> CAUSE-PA MB at 63.

<sup>120</sup> *Id.* at 63, 67.

<sup>121</sup> PAWC MB at 93 (public).

It is unclear what information in the record the Company believes supports their position. The record evidence shows that nearly 93% of BDP enrollees are carrying a balance, but less than 20% are also enrolled in AMP – a program that would suspend collection activities and allow the household to earn monthly forgiveness on their debt over time by paying their discounted BDP bill.<sup>122</sup> These figures alone undermine PAWC’s claim that the AMP is functioning as an effective alternative to collections. CAUSE-PA therefore stands by its recommendations that PAWC automatically enroll all BDP participants with qualifying arrears into the AMP within 90 days of the effective date of rates – without requiring further affirmative action by the already-verified customer.<sup>123</sup>

In addition to improving access to enrollment in the AMP, CAUSE-PA and the OCA both recommended eliminating AMP’s timeliness requirement, under which payments must be made by a rigid due date to qualify for forgiveness.<sup>124</sup> The Company claims that eliminating or weakening the timeliness requirement would undermine incentives for timely payment.<sup>125</sup> That argument is contradicted by the record. The evidence shows that many AMP participants make payments but receive little or no forgiveness due to the strict timeliness rule, resulting in continued arrearage growth despite payment activity.<sup>126</sup> A structure under which customers are paying but not receiving forgiveness does not incentivize payment or promote service stability; it defeats the program’s purpose. The

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<sup>122</sup> CAUSE-PA MB at 66.

<sup>123</sup> *Id.*

<sup>124</sup> *Id.* at 73; OCA MB at 110.

<sup>125</sup> PAWC MB at 100 (public).

<sup>126</sup> CAUSE-PA MB at 71-72.

record contains no credible evidence that the timeliness requirement improves payment behavior. To the contrary, it clearly demonstrates that the requirement impairs the AMP's effectiveness as an alternative path to collections.

PAWC also responds to CAUSE-PA and OCA's recommendation to either increase the monthly forgiveness credit or transition to a fixed-period forgiveness structure, arguing that the current credit amount was approved as part of a settlement to which CAUSE-PA and OCA were parties.<sup>127</sup> That reliance is improper and irrelevant. While CAUSE-PA acknowledges that it was a party to the settlement implementing the AMP, the terms of the settlement expressly preserved the right of all parties to pursue further changes to the program – without prejudice – in subsequent litigation.<sup>128</sup> In making this argument, PAWC attempts to prejudice CAUSE-PA and OCA, in direct contravention of the settlement terms. As to the substance of this recommendation, the facts are undeniable: 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.<sup>129</sup> CAUSE-PA submits that this is not a reasonable time frame.<sup>130</sup>

PAWC further states that the \$5 co-payment requirement reflects existing Company IT system constraints that require the AMP to be structured as a payment arrangement, and

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<sup>127</sup> PAWC MB at 101 (public).

<sup>128</sup> Petition of Pennsylvania-American Water Company for Approval of an Arrearage Management Plan, Order, Docket No. P-2021-3028195, at ¶ 54, (order issued Dec. 7, 2023) (“This Settlement proposed by the Joint Petitioners to settle the instant case is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation...”).

<sup>129</sup> CAUSE-PA MB at 70.

<sup>130</sup> *Id.*

that this term was also agreed upon through the AMP settlement.<sup>131</sup> As noted in our Main Brief, as a flat fee, this charge is regressive, meaning that it harms the lowest income households most severely.<sup>132</sup> It is being charged to 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 water and wastewater service.<sup>133</sup> By adding an additional \$5 copay, PAWC is raising the burden of those households it knows are already struggling to keep up.<sup>134</sup>

As noted in CAUSE-PA's Main Brief, 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 arrearage co-pay amounts.<sup>135</sup> 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."<sup>136</sup> While this policy statement applies specifically to CAPs provided by electric and gas utilities, the justification for these guidelines apply to water and wastewater service as well.

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<sup>131</sup> PAWC MB at 102 (public).

<sup>132</sup> CAUSE-PA MB at 68.

<sup>133</sup> *Id.* at 68-69.

<sup>134</sup> *Id.* at 69.

<sup>135</sup> *Id.* at 68.

<sup>136</sup> 2019 Amendments to CAP Policy Statement, Final Policy Statement and Order, Docket No. M-2019-3012599, at 31 (order entered Nov. 5, 2019).

In sum, PAWC's claims that its AMP is reasonably accessible and is functioning as intended are belied by the record evidence in this proceeding. As such, the Commission should, consistent with the recommendations put forth in CAUSE-PA's Main Brief, direct PAWC to make these needed enhancements to both the structure and accessibility of its AMP.<sup>137</sup>

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

PAWC's low income assistance programs are disturbingly undersubscribed. Even with the Company's updated BDP enrollment numbers, the BDP is only reaching 38% of its confirmed low income customers and 16% of its estimated low income customers.<sup>138</sup> Given these low enrollment numbers, it is particularly concerning that the Company has disclaimed any responsibility for improving its outreach and enrollment procedures.<sup>139</sup>

While claiming that PAWC agrees that low-income customers should be enrolled in PAWC's H2O Programs as early as possible,<sup>140</sup> it has rejected CAUSE-PA's recommendations that would assist it in doing so.<sup>141</sup>

CAUSE-PA noted in testimony and in its Main Brief that the screening mechanisms recommended by Mr. Geller were recently approved in the Commission's Final Order in

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<sup>137</sup> CAUSE-PA MB at 67-70.

<sup>138</sup> *Id.* at 74; PAWC MB at 104 (public).

<sup>139</sup> PAWC MB at 7 (public).

<sup>140</sup> CAUSE-PA MB at 105.

<sup>141</sup> *Id.* at 105-106.

Columbia Gas's most recent rate case.<sup>142</sup> In its Main Brief, PAWC argues that Columbia Gas has full and timely recovery of the costs associated with these new income-screening procedures through its Rider USP while PAWC currently does not, therefore it is inappropriate that PAWC be required to adopt these procedures.<sup>143</sup>

As addressed above, with regard to PAWC's proposed CAP Rider, the shortcomings of PAWC's current universal service program portfolio do not merit imposition of a nonbypassable CAP rider – even if PAWC were required to implement routine screening. Indeed, this is a basic customer service standard that all utilities should adhere to in order to appropriately manage collections and improve access to service.

Without reiterating our extensive arguments therein, we stand by the recommendations in our Main Brief.<sup>144</sup> Nevertheless, it bears highlighting that the basis of CAUSE-PA's recommendation to implement routine universal service program screening goes far beyond the recent Columbia decision, and rests firmly on requirements embedded in statute.

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.<sup>145</sup> 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

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<sup>142</sup> *Id.* at 77.

<sup>143</sup> PAWC MB at 106-107 (public).

<sup>144</sup> CAUSE-PA MB at 73-81.

<sup>145</sup> *Id.* at 74; 66 Pa. Code § 1303.

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.<sup>146</sup>

Our recommendations are not merely sound public policy, nor drawn from a recent rate case, they are rooted in statutory and regulatory mandates – which PAWC ignores.<sup>147</sup> 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, 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.<sup>148</sup>

For these reasons and the reasons set forth in our Main Brief, we stand by our recommended improvements to PAWC's screening related to its universal service programs, as detailed more fully in CAUSE-PA's Main Brief.<sup>149</sup>

#### **F. Water Conservation and Line Repair and Replacement Assistance**

As thoroughly explained in CAUSE-PA's Main Brief, PAWC's current conservation programming is insufficient to address the need for comprehensive low income

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<sup>146</sup> *Id.* at 74; 52 Pa. Code § 56.97(3).

<sup>147</sup> *Id.* at 74.

<sup>148</sup> *Id.* at 74-75.

<sup>149</sup> *Id.* at 73-81.

conservation and leak and line repair assistance in its service territory.<sup>150</sup> PAWC currently offers minimal conservation assistance consisting solely of a self-installed kit that BDP participants can receive upon request – with no verification or tracking to determine the effectiveness of the measures and no determination of whether the measures are duplicative of other efficiency programs.<sup>151</sup>

Despite the evidence put forward throughout this proceeding, PAWC does not address the need for this program in its Main Brief. Nor does the Company address the potential benefits to its own low income program costs. After noting that it would have to hire additional staff and manage costs,<sup>152</sup> PAWC states in its Main Brief, that “to the extent the PUC believes this type of program should be extended to water and wastewater customers, the PUC should provide a legal basis and cost recovery framework similar to its LIURP regulations.”<sup>153</sup>

Contrary to PAWC’s assertion, this type of program has, in fact, been extended to water and wastewater customers, just not PAWC’s water and wastewater customers.<sup>154</sup> In addition, the water and wastewater companies that do maintain comprehensive conservation programming do not recover these costs through nonbypassable riders. Whether done voluntarily or through settlement, these programs are needed for PAWC’s

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<sup>150</sup> *Id.* at 81.

<sup>151</sup> *Id.* at 81, 85.

<sup>152</sup> PAWC MB at 108 (public).

<sup>153</sup> *Id.*

<sup>154</sup> CAUSE-PA MB at 88.

low income customers and benefit the company itself by helping it manage its program costs.<sup>155</sup>

As explained in CAUSE-PA's Main Brief, PAWC's low income customers have significantly higher usage than its residential customers, generally.<sup>156</sup> 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 – compared to the mean usage level for residential customers generally of 3,281 gallons during this same period.<sup>157</sup>

In addition, as noted by Mr. Geller, 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.<sup>158</sup> 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.<sup>159</sup>

The need for this program is clearly evidenced through the record in this case, and comparable programs have been approved by the Commission due to their benefits to participants and other ratepayers – helping reduce the cost of providing bill assistance and

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<sup>155</sup> *Id.* at 87

<sup>156</sup> *Id.* at 82-83.

<sup>157</sup> CAUSE-PA MB 82-83.

<sup>158</sup> *Id.* at 83.

<sup>159</sup> *Id.*

arrears management benefits.<sup>160</sup> Without further reiterating the extensive arguments from its Main Brief, CAUSE-PA stands by its recommendation that PAWC be required to implement 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.<sup>161</sup>

### **G. Hardship Fund**

As detailed in CAUSE-PA's Main Brief, 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.<sup>162</sup> In addition to our recommendations regarding appropriate and timely referrals to universal service programs,<sup>163</sup> which certainly apply here, CAUSE-PA also recommended that PAWC increase its maximum Hardship Fund grant to \$750 for water and \$750 for wastewater to attempt to better address the high levels of arrears carried by PAWC's low income customers.<sup>164</sup> As noted in our Main Brief, 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.<sup>165</sup> This extremely

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<sup>160</sup> *Id.* at 87.

<sup>161</sup> *Id.* at 84.

<sup>162</sup> *Id.* at 89.

<sup>163</sup> *Id.* at 73-81.

<sup>164</sup> *Id.* at 90-91.

<sup>165</sup> *Id.*

high arrearage level may be an outlier, however in October 2025, that amount was \$762.96, still well above the \$500 grant threshold.<sup>166</sup>

PAWC maintains that, despite this clear evidence of need, its hardship fund grant amounts are sufficient, citing to its \$403 average grant amount per service in 2023-2024.<sup>167</sup> PAWC also raises funding concerns noting that as of March 19, 2026, the Hardship Fund balance was approximately \$750,000 – or about \$500,000 less than the December 2025 Hardship Fund balance.<sup>168</sup>

It is unclear how PAWC concludes that its current hardship fund maximum grant amount is sufficient based on its average grant amount in 2023-2024. It is also unclear, based on the record, how PAWC determines the amount that each customer will be granted, or whether the grant amounts distributed were sufficient to avoid termination of service. Without additional information, PAWC's conclusion is unfounded. Given the intervening rate increase and *current* arrearage levels, CAUSE-PA maintains that the existing hardship grant maximum is insufficient.

Further, CAUSE-PA recognizes that funding will fluctuate through the course of a program year, as explained by PAWC,<sup>169</sup> and agrees with PAWC that increasing its 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.<sup>170</sup> Ensuring

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<sup>166</sup> *Id.*

<sup>167</sup> PAWC MB at 109-110 (public).

<sup>168</sup> *Id.* at 110.

<sup>169</sup> *Id.* at 110 (Public).

<sup>170</sup> CAUSE-PA MB at 91.

appropriate funding levels for its low income programming is one of the many obligations a public utility must meet, especially if that utility is seeking to guarantee recovery of its own costs.<sup>171</sup>

CAUSE-PA maintains that PAWC be required to ensure its hardship fund grant amounts account for the actual billing 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.<sup>172</sup> As such, PAWC should be required to increase its maximum grant to \$750 for water and wastewater, respectively.

#### **H. Renter Assistance Program (RAPP)**

As explained in CAUSE-PA's Main Brief, PAWC has proposed 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.<sup>173</sup> In response to this proposal, and as explained by Mr. Geller, CAUSE-PA noted the program would use residential ratepayer funds to directly benefit non-residential ratepayers.<sup>174</sup> While CAUSE-PA is supportive of the Company's attempt at developing innovative ways to address unaffordability, this is an inappropriate use of rate payer funds at this time.<sup>175</sup>

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<sup>171</sup> *Id.* at 92.

<sup>172</sup> *Id.* at 91-92.

<sup>173</sup> *Id.* at 93.

<sup>174</sup> *Id.* at 95.

<sup>175</sup> *Id.*

PAWC contends that its RAPP is not designed to benefit multi-family building owners and will provide payments directly to the low-income participants.<sup>176</sup> To be clear, Mr. Geller did not contend that the program was *designed* to benefit multi-family building owners, he explained, and CAUSE-PA maintains, that the RAPP will, *in fact*, benefit both non-ratepayers (tenants) and non-residential ratepayers (multi-family building owners).<sup>177</sup> Further, 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.<sup>178</sup>

Further, beyond basic assertions regarding renter populations and disparate geographic locations, 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.<sup>179</sup> As more fully explained in CAUSE-PA's Main Brief, 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.<sup>180</sup>

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<sup>176</sup> PAWC MB at 111 (public).

<sup>177</sup> CAUSE-PA MB at 95.

<sup>178</sup> *Id.*

<sup>179</sup> *Id.* at 96.

<sup>180</sup> *Id.*; 66 Pa. C.S. § 1304.

For these reasons, and as more fully outlined in our Main Brief, PAWC’s proposed Renter Assistance Pilot Program (RAPP) is an imprudent and potentially discriminatory use of ratepayers funds and should be rejected.<sup>181</sup>

### **I. Comprehensive Written Universal Service Plan**

As noted in CAUSE-PA’s Main Brief, 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.<sup>182</sup> This leaves a substantial gap for Commission staff, 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, polices, and procedures for the Company’s low income assistance programs.<sup>183</sup>

PAWC argues in its Main Brief that the Commission rejected similar proposals from CAUSE-PA and the OCA in the Company’s prior base rate case and argues that a USP is not necessary as details regarding the Company’s low-income programs are available in its tariff, on its website, and in various outreach materials.<sup>184</sup> They conclude that “because no legal authority for a water or wastewater USP exists, the Company will continue to provide detailed information related to its low-income programs as part of base rate proceedings.”<sup>185</sup>

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<sup>181</sup> CAUSE-PA MB at 94.

<sup>182</sup> *Id.* at 98.

<sup>183</sup> *Id.*

<sup>184</sup> PAWC MB at 112 (public).

<sup>185</sup> *Id.* (Public).

PAWC is making CAUSE-PA's point, details regarding its low income programming are scattered throughout its tariff, website, and various outreach materials. 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.<sup>186</sup> In addition, the continued undersubscription of PAWC's low income assistance programs, as evidenced clearly throughout this proceeding, evidences a 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.<sup>187</sup> Further, PAWC's "plan" to continue to provide information related to its low income programming does not address the concerns raised by CAUSE-PA. Consumers are not going to be reviewing reams of discovery responses in order to figure out whether they should be eligible for a program. While PAWC's website provides basic information, it does not provide the information in the detail necessary for robust evaluation.

CAUSE-PA maintains that requiring the development of a comprehensive universal service plan, including a Customer Outreach and Education Plan, is appropriate through this proceeding. The Company claims that it is looking for innovative ways to address utility affordability, yet resists developing a unified plan that outlines the parameters of each program to promote transparency, expand access, and improve oversight of its

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<sup>186</sup> CAUSE-PA MB at 98-99.

<sup>187</sup> *Id.* at 99.

programs, and rejects all of Mr. Geller's recommendations to improve the access and effectiveness of its low income programming.<sup>188</sup>

The Company's repeated assertions that it is not required to take certain measures because they are not specifically required by statute ring hollow when it is proposing programs and fees that are also not required by statute and refusing to reckon with the demonstrated struggle and need among its low income customers. 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 arguments put forth by PAWC merely serve to underscore the vital need for the Commission to require that PAWC develop and submit a comprehensive universal service plan, including a CEOP, concurrent with its next rate case, for Commission review and approval.<sup>189</sup>

### **XIII. SERVICE QUALITY AND CUSTOMER SERVICE ISSUES**

CAUSE-PA does not have any reply to the service quality and customer service issues raised by the Company or other parties and continues to support the positions advanced by the OCA.

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<sup>188</sup> *Id.* at 100.

<sup>189</sup> *Id.* at 101.

#### **XIV. CONCLUSION**

For the reason set forth above, as well as its Main Brief and the testimony of its expert witness, CAUSE-PA urges DCALJ Watson, ALJ Devoe and the Pennsylvania Public Utility Commission to deny PAWC's proposed revenue increase, to approve OCA's proposed revenue decrease, to deny PAWC's inequitable rate design proposals, and to take immediate steps to remediate substantial levels of existing unaffordability within PAWC's universal service programs. In the event the Commission allows any rate increase, CAUSE-PA urges the ALJs and the Commission to take necessary steps detailed herein to ensure that low income consumers are protected from the increased unaffordability that results from imposition of any rate increase.

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