

COMMONWEALTH OF PENNSYLVANIA



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June 2, 2026

**Via Electronic Filing**

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 Nos. R-2025-3057983 (W)  
R-2025-3058051 (WW)

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Exceptions to the Recommended Decision dated May 15, 2026, in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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Administrative Law Judge Emily I. DeVoe (Via Email Only: edevoe@pa.gov)  
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Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
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 v. : Docket Nos. R-2025-3057983 (W)  
 : R-2025-3058051 (WW)  
 Pennsylvania-American Water Company :  
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I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 2nd day of June 2026.

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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REPLY EXCEPTIONS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	REPLY EXCEPTIONS .....	1
A.	Reply to PAWC Exception No. 1: The ALJs’ determination that PAWC failed to meet its burden of proof for its general rate increase request is supported by substantial evidence and an appropriate exercise of discretion. R.D. at 1, 425-27, 498; PAWC Exc. at 3-7; OCA M.B. at 9-11, 94-101; OCA R.B. at 4-5, 57-59.....	1
B.	Reply to PAWC Exception No. 2: The R.D. properly determined that PAWC failed to meet its burden of proof for a 10.95% return on equity (ROE) is supported. RD at 223-283; PAWC Exc. at 7-21; OCA M.B. at 51-65; OCA R.B. at 27-42. ....	3
1.	PAWC did not meet its burden for a higher ROE. ....	4
2.	Awarding PAWC a higher ROE due to current economic conditions is contrary to affordability concerns. ....	4
3.	A proxy group consisting of water utilities is reasonable. ....	7
C.	Reply to PAWC Exception No. 3: The ALJs’ determination that PAWC failed to meet its burden of proof to qualify for Farmington and Manwalamink revenue requirement acquisition adjustments under Section 1327 is supported by substantial evidence. R.D. at 81-87; PAWC Exc. at 21-24; OCA M.B. at 12-16; OCA R.B. at 7-11. ....	8
D.	Reply to PAWC Exception No. 4: The R.D.’s determination that PAWC failed to demonstrate that earnings-based performance compensation metrics provide sufficient direct ratepayer benefits to warrant full recovery from customers is supported by substantial evidence, consistent with Commission precedent, and constitutes an appropriate exercise of discretion. R.D. at 143-149; PAWC Exc. at 24-27; OCA M.B. at 17-20; OCA R.B. at 13-16.....	10
E.	Reply to PAWC Exception No. 6: The R.D. properly directed PAWC to continue preparing separate COSSs for Section 1329 acquisitions. R.D. at 302-07; PAWC Exc. at 27-28; OCA M.B. at 72-73; OCA R.B. at 46-47. ....	12
F.	Reply to PAWC Exception No. 7: The ALJs’ recommendation that the record does not support PAWC’s request for a Customer Assistance Program (CAP) Rider because it is not supported by record evidence is correct and should be affirmed. R.D. at 407-417; PAWC Exc. at 28-29; OCA M.B. at 89-91; OCA R.B. at 55-56. ....	13
G.	Reply to PAWC Exception No. 8: The ALJs’ recommended modifications to PAWC’s arrearage management program (AMP) should be affirmed. R.D. at 434-442; PAWC Exc. at 30-31; OCA M.B. at 107-111; OCA R.B. at 61-63.....	14
H.	Reply to PAWC Exception No. 9: The R.D.’s determination to adopt screening, outreach and enrollment procedures that will increase enrollment into PAWC’s customer assistance programs (CAP) should be adopted. R.D. at 443-453; PAWC Exc. at 32-33; OCA M.B. at 103-107; OCA R.B. at 63-65. ....	16
I.	Reply to PAWC Exception No. 10: The R.D.’s determination to reject PAWC’s proposed renters assistance pilot program should be adopted. R.D. at 462-467;	

	PAWC Exc. at 33-34; OCA M.B. at 111-112; OCA R.B. at 65-66. ....	18
J.	Reply to PAWC Exception No. 11: The R.D.’s determination that additional auditing of call center customer service performance is correct and should be affirmed. R.D. at 470-478; PAWC Exc. at 11; OCA M.B. at 115-119; OCA R.B. at 67-69. ....	19
K.	Reply to PAWC Exception No. 12: A root cause analysis is reasonable for PAWC. R.D. at 470-478; PAWC Exc. at 11; OCA M.B. at 115-119; OCA R.B. at 67-69.	21
L.	Reply to PAWC Exception No. 13: The R.D. correctly determined the Company’s deduct adjustment proposal is unsupported. R.D. at 382-97; PAWC Exc. at 37-38; OCA M.B. at 86-88; OCA R.B. at 42-46. ....	22
M.	Reply to Cleveland Cliffs Exception No. 1: The OCA’s COSS brings PAWC’s rates in-line with cost causation, in part by using updated and accurate demand factors. R.D. at 284-298; Cleveland Cliffs Exc. at 1-5; OCA M.B. at 65-71; OCA R.B. at 46-47. ....	23
III.	CONCLUSION.....	25

## TABLE OF AUTHORITIES

	<b>Page(s)</b>
<b>Cases</b>	
<i>Bluefield Water Works and Improvement Co. v. Public Serv. Comm’n of W.Va.</i> , 262 U.S. 679 (1923).....	2, 3
<i>Burleson v. Pa. PUC</i> , 461 A.2d 1234 (Pa. 1983).....	1
<i>Federal Power Comm’n v. Hope Natural Gas Co.</i> , 320 U.S. 591 (1944).....	2, 3
<i>Lansberry v. Pa. PUC</i> , 578 A.2d 600 (Pa. Cmwlt. 1990).....	1
<i>Pa. PUC v. Pennsylvania Gas &amp; Water Co.</i> , 74 PUR4th 238 (Pa. PUC 1986).....	21
<i>Pa. PUC v. Philadelphia Gas Works</i> , 2000 Pa. PUC LEXIS 876 (Order Nov. 22, 2000).....	21
<i>Permian Basin Area Rate Cases</i> , 390 U.S. 747 (1968).....	2, 3
<b>Administrative Decisions</b>	
<i>In the matter of Investigation into the Control of Uncollectible Accounts</i> , Docket No. I-900002 (Oct. 11, 1990).....	19
<i>Pa. PUC v. Aqua Pa. Wastewater, Inc.</i> , 2022 Pa. PUC LEXIS 161 .....	9
<i>Pa. PUC v. Columbia Gas Co.</i> , Docket No. R-2025-3053499, Order (Dec. 9, 2025) .....	7, 14
<i>Pa. PUC v. Pa.-American Water Co.</i> , 2003 Pa. PUC LEXIS 498 .....	9
<i>Pa. PUC v. Pa.-American Water Co.</i> , Docket Nos. R-2023-3043189 et al., Order (July 22, 2024) .....	7, 12, 13, 24
<i>Pa. PUC v. Roaring Creek Water Co.</i> , 73 Pa. PUC 373 (1990).....	3

**Statutes**

66 Pa. C.S. § 315(a) .....23  
66 Pa. C.S. § 315(e) ..... 1  
66 Pa. C.S. § 1301.....3, 13, 17  
66 Pa. C.S. § 1303.....17  
66 Pa. C.S. § 1304.....18  
66 Pa. C.S. § 1327.....8, 9  
66 Pa. C.S. § 1327(a) .....8  
66 Pa. C.S. § 1327(a)(3).....8, 9  
66 Pa. C.S. § 1327(a)(6).....8, 9  
66 Pa. C.S. § 1329.....12  
66 Pa. C.S. § 1330.....13, 14  
66 Pa. C.S. § 1501.....3

**Commission Regulations**

52 Pa. Code § 56.97(3) .....17  
52 Pa. Code § 69.711(a).....5

## I. INTRODUCTION

On May 15, 2026, Administrative Law Judges Emily I. DeVoe and Jeffrey A. Watson (ALJs) issued their Recommended Decision (R.D.). The Office of Consumer Advocate (OCA), the Commissions' Bureau of Investigation and Enforcement (I&E), the Office of Small Business Advocate, (OSBA), and Pennsylvania-American Water Company (PAWC or Company) filed Exceptions on May 26, 2026. The OCA files these Reply Exceptions, requesting that the Commission deny the Exceptions of PAWC and the Cleveland Cliffs for the reasons set forth below.

## II. REPLY EXCEPTIONS

- A. Reply to PAWC Exception No. 1: The ALJs' determination that PAWC failed to meet its burden of proof for its general rate increase request is supported by substantial evidence and an appropriate exercise of discretion. R.D. at 1, 425-27, 498; PAWC Exc. at 3-7; OCA M.B. at 9-11, 94-101; OCA R.B. at 4-5, 57-59.**

PAWC argues that the R.D. improperly denies PAWC's requested general rate increase despite PAWC's claimed infrastructure investment needs and because its overall returns will be too low.<sup>1</sup> PAWC further argues that its proposed rates are reasonable and that its affordability analyses demonstrate that customers can absorb the requested increases.<sup>2</sup>

PAWC's Exception should be denied because the R.D.'s rejection of a rate increase is supported by substantial evidence. Under Section 315(e) of the Public Utility Code, PAWC bears and failed to satisfy the burden of proving that its proposed rates are just and reasonable.<sup>3</sup>

The OCA and R.D. did not challenge PAWC's claimed \$1.2 billion infrastructure

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<sup>1</sup> PAWC Exc. at 3-4.

<sup>2</sup> *Id.* at 5-7.

<sup>3</sup> 66 Pa. C.S. § 315(e); *Burleson v. Pa. PUC*, 461 A.2d 1234, 1236 (Pa. 1983); *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990).

investment.<sup>4</sup> Rather, the record demonstrated that PAWC’s excessive requested revenue increase was primarily driven by unreasonable proposals relating to return on equity (ROE), depreciation methodology, and ratemaking mechanisms designed to transfer additional risk to ratepayers.<sup>5</sup> Moreover, the OCA’s record evidence supports an overall decrease of \$12.3 million.<sup>6</sup>

The R.D. appropriately balanced investor and consumer interests consistent with *Bluefield, Hope, and Permian Basin*.<sup>7</sup> As the ALJs recognized, PAWC sought to increase its ROE from 9.45% to 10.95%, representing approximately \$113.95 million of its \$168.7 million requested increase.<sup>8</sup> The ALJs properly concluded that PAWC’s requested ROE increase in shareholder returns must be properly balanced against the *significant* affordability concerns facing customers.<sup>9</sup>

The ALJs expressly considered substantial evidence regarding the essential nature of water service and the severe affordability challenges experienced by PAWC’s customers.<sup>10</sup> As the R.D. notes, 75 individuals and 15 public officials testified at public input hearings regarding the unaffordability of PAWC’s service.<sup>11</sup> Customers testified that they were taking extreme conservation measures to reduce their water and wastewater bills.<sup>12</sup>

The R.D. appropriately determined that “[c]onsumers should not be forced to choose between paying their water bill and the amount of times they shower or flush the toilet.”<sup>13</sup> The R.D. also properly relied on Mr. Colton’s testimony that “if a sizable portion of customers cannot

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<sup>4</sup> OCA M.B. at 9.

<sup>5</sup> *Id.* at 10-11; OCA R.B. at 4-5.

<sup>6</sup> OCA M.B. at 9, App. A; OCA R.B. at 3-4.

<sup>7</sup> R.D. at 489; see *Bluefield Water Works and Improvement Co. v. Public Serv. Comm’n of W.Va.*, 262 U.S. 679, 692-93 (1923); *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Permian Basin Area Rate Cases*, 390 U.S. 747, 794-95 (1968).

<sup>8</sup> R.D. at 489.

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

<sup>10</sup> *Id.* at 425-427.

<sup>11</sup> *Id.* at 426.

<sup>12</sup> *Id.* at 427.

<sup>13</sup> *Id.*

afford to pay the rates charged by PAWC, the Commission can hardly be said to have approved just and reasonable rates.”<sup>14</sup>

PAWC’s reliance on its own affordability metrics and water usage methodology does not undermine the R.D..<sup>15</sup> OCA witness Colton demonstrated that PAWC’s affordability analysis was fundamentally flawed because it relied upon arbitrary assumptions regarding household consumption and improperly utilized median household income metrics that masked the severe unaffordability experienced by low- to moderate-income customers.<sup>16</sup> The ALJs expressly agreed with the OCA as record evidence showed that PAWC’s assumed consumption of 40 gallons per household member per day was too low and that PAWC’s proposed rates were unaffordable.<sup>17</sup>

The R.D. reasonably concluded that PAWC’s proposed rates were “unsustainable, unfair and not in the public interest,” while simultaneously recognizing that customers “must pay enough, but no more than is necessary,” to ensure safe and reliable service and permit PAWC the opportunity to earn a fair return.<sup>18</sup> For these reasons, PAWC Exception No. 1 should be denied.

**B. Reply to PAWC Exception No. 2: The R.D. properly determined that PAWC failed to meet its burden of proof for a 10.95% return on equity (ROE) is supported. RD at 223-283; PAWC Exc. at 7-21; OCA M.B. at 51-65; OCA R.B. at 27-42.**

PAWC claims that the R.D. erred in recommending a 9.7% ROE.<sup>19</sup> While PAWC’s ROE should be 8.7%, as recommended by the OCA, the R.D.’s determination that PAWC failed to meet its burden that a 10.95% ROE is reasonable.<sup>20</sup>

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<sup>14</sup> *Id.* (quoting OCA St. 4 at 35).

<sup>15</sup> PAWC exc. at 5-6.

<sup>16</sup> OCA M.B. at 94-101; OCA R.B. at 57-59.

<sup>17</sup> R.D. at 426.

<sup>18</sup> R.D. at 489; *see* 66 Pa. C.S. §§ 1301, 1501; *Bluefield*, 262 U.S. at 692-93; *Hope*, 320 U.S. at 603; *Permian Basin*, 390 U.S. at 794-95; *Pa. PUC v. Roaring Creek Water Co.*, 73 Pa. PUC 373, 400 (1990).

<sup>19</sup> PAWC Exc. at 7.

<sup>20</sup> R.D. at 269.

**1. PAWC did not meet its burden for a higher ROE.**

PAWC argues that the R.D. did not recognize PAWC's "superior management performance" when awarding a 9.7% ROE.<sup>21</sup> However, the R.D. properly determined that "[b]ased on the record evidence presented and the arguments advanced by the Parties, we agree with I&E and OCA that PAWC failed to meet its burden of proof in establishing that an adder for superior management performance or that adopting a rate of return on equity at the upper end of PAWC witness Bulkley's recommended range is reasonable or appropriate and accordingly PAWC's claim should be denied."<sup>22</sup> The OCA wholeheartedly agrees.

**2. Awarding PAWC a higher ROE due to current economic conditions is contrary to affordability concerns.**

PAWC argues it deserves a higher ROE due to "recent current events impacting economic conditions."<sup>23</sup> PAWC further argues that "[a] higher ROE award is reasonable for policy reasons as well."<sup>24</sup> PAWC argues that it deserves a higher ROE because of its acquisition of troubled systems and PENNVEST funding.<sup>25</sup>

Charging its ratepayers additional millions of dollars for additional shareholder profit to support an even higher ROE for PAWC is not reasonable public policy.<sup>26</sup> Similarly, acquiring low-cost debt financing through PENNVEST is not a reason to award a higher ROE. As PAWC's request for a higher ROE requires additional millions of dollars in increased revenue requirement, it would negate savings obtained through low-cost PENNVEST debt financing.<sup>27</sup>

Additionally, PAWC argues that it did not advocate for a specific management performance

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<sup>21</sup> PAWC Exc. at 7.

<sup>22</sup> R.D. at 283.

<sup>23</sup> PAWC Exc. at 14, 18.

<sup>24</sup> *Id.*

<sup>25</sup> PAWC Exc. at 18.

<sup>26</sup> OCA M.B. at 51.

<sup>27</sup> PAWC Exc. at 18, OCA M.B. at 51.

adjustment to the ROE, but instead argues that a higher range for ROE is appropriate because PAWC acquired troubled systems.<sup>28</sup> PAWC's lack of quantification for a management performance adder, however, should not weigh in PAWC's favor. Indeed, there was no reasonable argument as to why subjectively choosing the higher end of PAWC witness Bulkley's ROE range, without any mathematical support, was appropriate.<sup>29</sup>

PAWC also cites 52 Pa. Code Section 69.711(a) as support for a higher ROE.<sup>30</sup> However, subsection (a) of the Commissions regulations does not in and of itself authorize a higher ROE.<sup>31</sup> Instead, it details the requirements a utility must demonstrate when acquiring systems to achieve a higher ROE, which PAWC has not satisfied.<sup>32</sup>

PAWC failed to meet its burden under subsection (a) because it failed to express how any of the acquisitions met the requirements outlined in subsection (a).<sup>33</sup> Under the Commissions regulations, merely acquiring systems is not enough to necessitate an enhancement to PAWC's ROE.<sup>34</sup> The R.D. properly cited that under the constitutional standards the Commission is under no obligation to increase PAWC's ROE.<sup>35</sup> PAWC failed to meet its burden to justify an unquantified upward adjustment to their ROE and failed to show that a 150 basis point increase from the Commissions previously authorized ROE of 9.45% from only two years ago results in just and reasonable rates.<sup>36</sup>

PAWC's operations regarding troubled systems also does not warrant an even higher ROE.

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<sup>28</sup> PAWC Exc. at 18

<sup>29</sup> OCA M.B. at 51-65.

<sup>30</sup> PAWC Exc. at 18.

<sup>31</sup> 52 Pa. Code § 69.711(a).

<sup>32</sup> 52 Pa. Code § 69.711(a).

<sup>33</sup> 52 Pa. Code § 69.711(a).

<sup>34</sup> OCA R.B. at 39-40.

<sup>35</sup> R.D. at 280.

<sup>36</sup> OCA R.B. at 35.

The R.D. did not err when it found that PAWC is not entitled to a higher ROE due to acquiring troubled systems because it was fully reimbursed for Indian Springs.<sup>37</sup> Additionally, PAWC should not receive additional millions of ratepayer-funded dollars for an even higher ROE, as Rock Springs unaccounted for water remains excessive at between 25% and 45%.<sup>38</sup>

Substantial record evidence also demonstrated that PAWC is not entitled to a higher ROE and that “policy reasons” favor a lower ROE.<sup>39</sup> Under cross examination, PAWC witness Bulkley testified that increased inflationary concerns negatively impact PAWC ratepayers.<sup>40</sup> Additionally, interest rates have been reduced by nearly 100 basis points since PAWC’s last base rate, which should have a decreasing effect in relation to PAWC’s ROE.<sup>41</sup>

Under cross examination, PAWC witness Bulkley also testified that increases in fuel prices due to inflation and the conflict in Iran and that PAWC ratepayers need to pay more for fuel like gasoline, diesel, and heating oils.<sup>42</sup> The R.D. properly determined that PAWC’s proposed rate increase would result in unjust and unreasonable rates.<sup>43</sup>

The R.D. also highlights a troubling theme from the numerous formal complainants and individuals who testified at public input hearings where PAWC customers resort to extreme measures.<sup>44</sup> The R.D. stated: “Consumers should not be forced to choose between paying their water bill and the amount of times they shower or flush the toilet.”<sup>45</sup> As a matter of public policy, an even higher ROE for PAWC harms its customers through increased rates at a time when

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<sup>37</sup> R.D. at 282-283.

<sup>38</sup> OCA R.B. at 40.

<sup>39</sup> OCA M.B. at 51-53, 61-65.

<sup>40</sup> OCA M.B. at 60.

<sup>41</sup> OCA R.B. at 35.

<sup>42</sup> *Id.*

<sup>43</sup> R.D. at 427.

<sup>44</sup> R.D. at 427.

<sup>45</sup> *Id.*

affordability is a crucial concern for PAWC customers, as acknowledged in the R.D.<sup>46</sup> PAWC's Exception No. 2 to the R.D.<sup>47</sup> should be denied.

**3. A proxy group consisting of water utilities is reasonable.**

PAWC argues that the R.D. erred by relying on a proxy group made up of exclusively water utilities.<sup>48</sup> However, the R.D. properly relies on the substantial record evidence presented by the OCA, I&E, as well as recent Commission decisions.<sup>49</sup> The OCA also established through substantial evidence that including natural gas utilities in PAWC's proxy group was unreasonable due to less comparability to PAWC than water utilities.<sup>50</sup>

The R.D. cites multiple recent Commission Decisions in support of its determination.<sup>51</sup> First, the R.D. cites Columbia's recent base rate case,<sup>52</sup> where the Commission determined:

Furthermore, we concur with I&E and the ALJs that it is appropriate to apply a proxy group comprised exclusively of natural gas utilities in setting the rate of return for Columbia. In our view, non-gas distribution utilities and non-utility companies with unrelated or entirely dissimilar business segments are simply not comparable to gas distribution utilities in terms of business risk and financial risk profiles.<sup>53</sup>

The R.D. also cites PAWC's previous rate case<sup>54</sup> where the Commission determined:

On review, we find that I&E's proxy group, comprised solely of water utilities, is the proxy group proffered in this proceeding that most closely resembles PAWC. Therefore, we shall deny PAWC's Exceptions on this issue, consistent with the following discussion.<sup>55</sup>

The proxy group recommended by OCA is reasonable because it most closely resembles

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<sup>46</sup> R.D. at 426.

<sup>47</sup> PAWC Exc. at 7-21.

<sup>48</sup> PAWC Exc. at 8.

<sup>49</sup> R.D. at 239.

<sup>50</sup> OCA M.B. at 52.

<sup>51</sup> R.D. at 239-240.

<sup>52</sup> *Pa. PUC v. Columbia Gas Co.*, Docket No. R-2025-3053499, Order (Dec. 9, 2025).

<sup>53</sup> *Pa. PUC v. Columbia Gas Co.*, Docket No. R-2025-3053499, Order at 204-205 (Dec. 9, 2025).

<sup>54</sup> *Pa. PUC v. Pa.-American Water Co.*, Docket Nos. R-2023-3043189 et al., Order (July 22, 2024).

<sup>55</sup> *Pa. PUC v. Pa.-American Water Co.*, Docket Nos. R-2023-3043189 et al., Order at 28 (July 22, 2024).

PAWC by containing solely water utilities. PAWC's Exception No. 2 should be denied.

**C. Reply to PAWC Exception No. 3: The ALJs' determination that PAWC failed to meet its burden of proof to qualify for Farmington and Manwalamink revenue requirement acquisition adjustments under Section 1327 is supported by substantial evidence. R.D. at 81-87; PAWC Exc. at 21-24; OCA M.B. at 12-16; OCA R.B. at 7-11.**

PAWC argues that the R.D. erred in denying inclusion of positive acquisition adjustments associated with the Farmington and Manwalamink acquisitions because, according to PAWC, it satisfied Sections 1327(a)(3) and 1327(a)(6) of the Public Utility Code.<sup>56</sup>

However, PAWC's Exception improperly attempts to substitute generalized policy arguments and isolated regulatory violations for the substantial evidentiary showing required under Section 1327. In fact, Section 1327 permits recovery of a positive acquisition adjustment only where the acquiring utility affirmatively demonstrates satisfaction of each statutory criterion, including that the acquired systems were not furnishing adequate, efficient, safe, and reasonable service at the time of acquisition and that the purchase price was reasonable.<sup>57</sup>

With respect to Section 1327's Criterion No. 3, PAWC relies heavily on Safe Drinking Water Act monitoring and reporting violations.<sup>58</sup> However, isolated compliance deficiencies does not establish that a system *as a whole* was providing inadequate or unsafe service.<sup>59</sup> OCA witness Morgan testified that the Manwalamink violations were largely monitoring and reporting issues, improved over time, and were not tied to customer harm or service degradation.<sup>60</sup> Likewise, Farmington's violations involved sampling deficiencies that were readily correctable and did not demonstrate system-wide service failures.<sup>61</sup>

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<sup>56</sup> PAWC Exc. at 21-24; 66 Pa. C.S. § 1327.

<sup>57</sup> OCA M.B. at 12-16; OCA R.B. at 7-11; 66 Pa. C.S. § 1327(a).

<sup>58</sup> PAWC Exc. at 22-23.

<sup>59</sup> R.D. at 86-87; OCA R.B. at 7-10.

<sup>60</sup> OCA St. 1SR at 15, 17-19.

<sup>61</sup> OCA M.B. at 15-16.

Commission precedent confirms that regulatory violations alone are insufficient absent substantial evidence demonstrating actual inadequate service.<sup>62</sup> PAWC failed to present evidence of widespread customer complaints, unsafe operating conditions, or actual inability to provide adequate service sufficient to satisfy Section 1327(a)(3).

Similarly, PAWC failed to establish that the Manwalamink purchase price was reasonable under Section 1327(a)(6). PAWC paid approximately a 111% premium over book value while simultaneously claiming the systems suffered from serious operational deficiencies.<sup>63</sup> Yet, PAWC failed to demonstrate corresponding benefits justifying that premium. The R.D. appropriately relied on evidence showing that PAWC's own projections reflected post-acquisition revenue deficiencies and that the purchase price was derived from a pre-existing agreement negotiated by another prospective purchaser.<sup>64</sup>

While PAWC argues that the acquisitions may provide public benefits, that is not the governing standard under Section 1327. The standard is whether PAWC affirmatively demonstrated satisfaction of the statutory criteria necessary to recover acquisition premiums from ratepayers.<sup>65</sup> As the R.D. correctly determined, PAWC failed to meet that burden. Accordingly, PAWC's Exception No. 3 should be denied.

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<sup>62</sup> See *Pa. PUC v. Pa.-American Water Co.*, 2003 Pa. PUC LEXIS 498 at \*40-42; *Pa. PUC v. Aqua Pa. Wastewater, Inc.*, 2022 Pa. PUC LEXIS 161 at \*25-29.

<sup>63</sup> OCA St. 1SR at 14-15; OCA R.B. at 10-11.

<sup>64</sup> R.D. at 84-85.

<sup>65</sup> See 66 Pa.C.S. § 1327.

**D. Reply to PAWC Exception No. 4: The R.D.’s determination that PAWC failed to demonstrate that earnings-based performance compensation metrics provide sufficient direct ratepayer benefits to warrant full recovery from customers is supported by substantial evidence, consistent with Commission precedent, and constitutes an appropriate exercise of discretion. R.D. at 143-149; PAWC Exc. at 24-27; OCA M.B. at 17-20; OCA R.B. at 13-16.**

PAWC argues that the R.D. improperly reduced the Company’s claimed performance compensation expense by disallowing portions of incentive compensation tied to financial metrics, despite PAWC’s evidence that its compensation programs are market-based and previously approved by the Commission.<sup>66</sup>

The R.D. properly concluded that PAWC failed to meet its burden of proving that the portions of the Annual Performance Plan (APP) and Long-Term Performance Plan (LTPP) tied to earnings-related financial metrics should be recovered from ratepayers.<sup>67</sup> As the R.D. explained, while incentive compensation may be recoverable, PAWC “did not demonstrate by credible record evidence how these financial metrics are reasonable or that they benefit ratepayers.”<sup>68</sup>

The OCA did not challenge PAWC’s overall compensation levels or the existence of incentive compensation generally.<sup>69</sup> Rather, the OCA narrowly targeted only the portions of performance compensation tied to achievement of earnings goals because those metrics disproportionately benefit shareholders through increased earnings, share value, and dividends, while customers receive no corresponding rate reduction or rebate.<sup>70</sup>

The R.D. properly relied upon Commission precedent holding that incentive compensation is recoverable only where it is “focused on improving operational effectiveness” and tied to

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<sup>66</sup> PAWC Exc. at 24-27.

<sup>67</sup> R.D. at 143-149.

<sup>68</sup> *Id.* at 143.

<sup>69</sup> OCA M.B. at 19-20; OCA R.B. at 14-15.

<sup>70</sup> OCA St. 1 at 20-21; OCA St. 1SR at 7-10; OCA R.B. at 15.

“performance duties and metrics directly related to the provision of service.”<sup>71</sup> The R.D. correctly concluded that “while the inclusion of financial metrics does not automatically preclude recovery, such recovery is appropriate only where the incentive plan establishes that eligibility ‘is based on performance duties and metrics directly related to the provision of service.’”<sup>72</sup> PAWC’s reliance on generalized assertions that financial performance benefits customers does not satisfy its burden. As the R.D. correctly determined, PAWC relied primarily on “generalized claims of customer benefits,” while failing to adequately address the substantial shareholder benefits produced by earnings-based incentives.<sup>73</sup> The OCA demonstrated that shareholders are the primary beneficiaries as increased earnings directly increase shareholder value and dividend potential.<sup>74</sup>

PAWC’s reliance on prior Commission approvals is misplaced. Prior approval does not relieve PAWC of its burden in this case to demonstrate that the challenged compensation expenses remain just, reasonable, and properly recoverable from ratepayers in all PAWC rate cases going forward.<sup>75</sup> Moreover, more recent Commission authority supports heightened scrutiny of incentive compensation tied primarily to shareholder earnings objectives.<sup>76</sup>

Finally, PAWC’s argument that the R.D. ignored the testimony of PAWC witness Mustich does not establish reversible error.<sup>77</sup> The issue was not whether PAWC’s overall compensation program was competitive in the marketplace, but whether ratepayers should bear the costs of incentive compensation tied to shareholder-oriented earnings metrics.<sup>78</sup> The R.D. properly

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<sup>71</sup> R.D. at 146.

<sup>72</sup> *Id.* at 148

<sup>73</sup> *Id.* at 147.

<sup>74</sup> OCA St. 1SR at 9-10; OCA R.B. at 15.

<sup>75</sup> OCA R.B. at 13-16.

<sup>76</sup> OCA M.B. at 17; OCA R.B. at 13 *citing Pa. PUC v. Columbia Gas of PA, Inc.*, Docket No. R-2025-3053499, Order at 204-05 (Oct. 3, 2025).

<sup>77</sup> PAWC Exc. at 24.

<sup>78</sup> *Id.*

concluded that PAWC failed to establish that ratepayers should exclusively fund those portions of the APP and LTPP. Accordingly, PAWC's Exception No. 4 should be denied.

**E. Reply to PAWC Exception No. 6: The R.D. properly directed PAWC to continue preparing separate COSSs for Section 1329 acquisitions. R.D. at 302-07; PAWC Exc. at 27-28; OCA M.B. at 72-73; OCA R.B. at 46-47.**

PAWC argued against transparent cost visibility by stating that the ALJs erred in its R.D. directing PAWC to prepare separate COSSs for Section 1329 acquisitions.<sup>79</sup> The OCA recommended that PAWC continue to prepare separate class cost of service studies (COSS) following the Commission's Order in PAWC's previous rate case due to three primary reasons stated by the Commission: 1) the amount of revenue requirement at issue; 2) the principle that rates should be reasonably cost-based; and 3) the allowance of greater transparency to determine whether an Act 11 reallocation is in the public interest.<sup>80</sup>

The R.D. determined: "We agree with OCA's recommendation that the Commission should direct PAWC to continue to prepare separate COSSs for Section 1329 acquisitions pursuant to *PAWC 2024*."<sup>81</sup>

PAWC had 684 days since the entering of the Commission Order regarding PAWC's previous base rate case until Exceptions in this proceeding were due to address the Commission's three reasons for directing separate COSSs.<sup>82</sup> At every opportunity from its initial filing, through several rounds of testimony, and briefing, PAWC did not address the Commission's three concerns.

Instead, PAWC argued that it should not have to prepare separate COSSs, and instead, the Commission should move toward single tariff pricing.<sup>83</sup> However, the Commission did not

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<sup>79</sup> PAWC Exc. at 27-28

<sup>80</sup> *Pa. PUC v. PAWC*, R-2023-3043189, Order at 217-218 (July 22, 2024).

<sup>81</sup> R.D. at 307.

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

<sup>83</sup> PAWC Exc. at 27-28.

mention single tariff pricing in its recent 2024 order because that issue is not relevant to preparing separate COSSs for system acquisitions.<sup>84</sup> PAWC does not provide any support as to why it cannot move toward single tariff pricing and prepare separate COSSs. Conversely, knowing the cost of service for each acquired system allows the Commission to bring them closer to single tariff pricing in a way that is just and reasonable.<sup>85</sup> The R.D. correctly carries forward the intent of the Commission from the previous case and there is a lack of substantial evidence supporting a change here. As such, PAWC's Reply Exception No. 6 should be denied.

**F. Reply to PAWC Exception No. 7: The ALJs' recommendation that the record does not support PAWC's request for a Customer Assistance Program (CAP) Rider because it is not supported by record evidence is correct and should be affirmed. R.D. at 407-417; PAWC Exc. at 28-29; OCA M.B. at 89-91; OCA R.B. at 55-56.**

PAWC argues that the R.D. erred by rejecting the Company's proposed Customer Assistance Program (CAP) rider.<sup>86</sup> PAWC argues that its proposed CAP rider is consistent with Section 1330 of the Public Utility Code and that the record demonstrates significant and ongoing volatility in the Company's CAP costs.<sup>87</sup>

The R.D. correctly determined that the record does not support finding that the proposed CAP rider is necessary, reasonable and consistent with the public interest, in part, because the rider would "isolate the costs associated with one set of expenses as unique without a full accounting for the total cost of service."<sup>88</sup> The R.D. further stated:

Such a result is inconsistent with the Commission's policy regarding CAP cost recovery and long-standing ratemaking principles in the Commonwealth. Additionally, there may be decreases in expenses such as cash working capital that may be realized through the CAP program and there may be a double recovery of costs without an

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<sup>84</sup> *Pa. PUC v. PAWC*, R-2023-3043189, Order at 217-218 (July 11, 2024).

<sup>85</sup> 66 Pa. C.S. § 1301.

<sup>86</sup> PAWC Exc. at 28-29.

<sup>87</sup> PAWC Exc. at 28.

<sup>88</sup> R.D. at 416.

appropriate offset.<sup>89</sup>

PAWC's CAP costs should be recovered through base rates, not a new rider. Doing so would be consistent with the Commission's recent determination in *Columbia Gas 2025*.<sup>90</sup>

Furthermore, PAWC's argument that there is a statutory basis for the CAP rider in Section 1330 of the Public Utility Code was also correctly rejected by the ALJs.<sup>91</sup> The R.D. correctly noted that the language of Section 1330 is permissive and not mandatory and that "this is a situation where such an alternative ratemaking mechanism is not appropriate." In fact, the R.D. does not find that PAWC should not recover *any* of these costs; just that the recovery of these costs should be done through the traditional rate base/rate of return ratemaking process and not a new rider.<sup>92</sup>

Finally, the Commission should reject PAWC's veiled threat that if its proposed CAP rider is not approved in this case that "a revenue shortfall of [\$10 million] would be unsustainable without recovery through the CAP Rider or an increase in base rates."<sup>93</sup> PAWC is entitled to seek an increase in base rates and frequently does.

The ALJs correctly determined that PAWC has failed to satisfy its burden. As such, PAWC Exception No. 7 should be denied.

**G. Reply to PAWC Exception No. 8: The ALJs' recommended modifications to PAWC's arrearage management program (AMP) should be affirmed. R.D. at 434-442; PAWC Exc. at 30-31; OCA M.B. at 107-111; OCA R.B. at 61-63.**

PAWC argued that the ALJs erred in recommending several changes to PAWC's AMP, including 1) allowing customers to earn a monthly arrearage forgiveness credit for each complete payment made, regardless of timeliness; 2) providing retroactive credits once a household pays its

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<sup>89</sup> R.D. at 416.

<sup>90</sup> *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, Order (Dec. 9, 2025).

<sup>91</sup> R.D. at 417 *citing* 66 Pa. C.S. § 1330.

<sup>92</sup> R.D. at 417; *see also*, OCA M.B. at 89.

<sup>93</sup> PAWC Exc. at 28.

in-program balance in full, and; 3) expanding the current \$25 monthly credit for a timely payment.<sup>94</sup> PAWC argued that the AMP must be evaluated in the context of PAWC's low-income programs and that the 90-day implementation timeframe in the R.D. is unworkable.<sup>95</sup>

The R.D. correctly determined that “while the AMP is a relatively new program, it is clear to us that it is not working and, despite the agreements made in the AMP Settlement, it requires modification.”<sup>96</sup> The R.D. adopts reasonable modifications to the AMP proposed by OCA witness Colton, none of which PAWC agrees with, because “PAWC’s low-income customers need these programs to work effectively *now*.”<sup>97</sup>

OCA witness Colton examined the overall affordability of PAWC’s bills for current service and the importance of considering the affordability of PAWCs bills.<sup>98</sup> Mr. Colton concluded, among other things, that PAWC has an affordability problem with both its low- and moderate-income customers.<sup>99</sup> PAWC’s argument that its AMP must be evaluated in the context of PAWC’s larger complement of low-income programs, in fact, warrants adopting the ALJ’s recommendation.

Likewise, PAWC’s argument that there will be an even greater need for the CAP Rider or an increase in base rates if the Commission approves the ALJs’ recommended modifications to the AMP should also be rejected for the same reasons why the OCA noted above in reply to PAWC Exception No. 7.<sup>100</sup> Each rate case is adjudicated on its own record and PAWC is allowed to argue that it should recover for any revenue shortfall based on the merits of each individual rate case. At that time, PAWC’s arguments regarding potential under-recovery, or volatility, can be examined

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<sup>94</sup> PAWC Exc. at 30.

<sup>95</sup> PAWC Exc. at 30-31.

<sup>96</sup> R.D. at 440.

<sup>97</sup> R.D. at 441 (emphasis in original).

<sup>98</sup> OCA M.B. at 91 *citing* OCA St. 4.

<sup>99</sup> OCA M.B. at 97-99 *citing* OCA St. 4 at 18-29.

<sup>100</sup> PAWC Exc. at 31.

within the context of the Company's overall revenues and expenses.

Finally, PAWC argued that it needs additional time beyond 90 days recommended by the ALJs to implement any overhaul to the AMP framework.<sup>101</sup> The OCA does not oppose a reasonable extension of time for PAWC to implement the improvements recommended by the ALJs in the R.D. However, the 12-month timeframe requested by PAWC is too long for these critical improvements to AMP to be implemented. The ALJs' recommendations regarding improving PAWC's AMP should be adopted.

**H. Reply to PAWC Exception No. 9: The R.D.'s determination to adopt screening, outreach and enrollment procedures that will increase enrollment into PAWC's customer assistance programs (CAP) should be adopted. R.D. at 443-453; PAWC Exc. at 32-33; OCA M.B. at 103-107; OCA R.B. at 63-65.**

PAWC argues that the R.D. erred in recommending several screening, outreach and enrollment recommendations made by OCA and CAUSE-PA that would increase enrollment in PAWC's CAP.<sup>102</sup> Such improvements include 1) enrolling in the AMP all bill discount program (BDP) participants that have qualifying arrears within 90 days of the effect date of rates; 2) automatically enrolling in the AMP new BDP participants who have arrears without an additional application and without additional steps; 3) screening customers for eligibility at the time of move in, periodically thereafter and during non-emergency calls; and 4) adopting a procedure developed with PAWC's low-income advisory group to develop outreach and education.<sup>103</sup> PAWC opposes all improvements.

The R.D. noted that PAWC issued over 68,000 payment arrangements to *confirmed* low-income households since November 2024, after AMP was implemented, with nearly 20,000 of

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<sup>101</sup> PAWC Exc. at 31.

<sup>102</sup> PAWC Exc. at 32-33.

<sup>103</sup> PAWC Exc. at 32.

those payment arrangements issued to low-income customers participating in PAWC's BDP and therefore categorically eligible for PAWC's AMP.<sup>104</sup> The R.D. referenced Sections 1301 and 1303 of the Public Utility Code in support of their recommendation, as well as Section 56.97(3) of the Commission's regulations.<sup>105</sup> The R.D. added that "it is imperative to assess the extent to which PAWC has both: (1) identified its low-income population; and (2) enrolled its low-income customers into BDP/AMP where possible and appropriate."<sup>106</sup> The OCA wholeheartedly concurs.

PAWC's arguments in its Exceptions to the contrary should be denied. First, PAWC's continued argument that "new measures that may increase CAP enrollment put PAWC at risk of a significant under collection of CAP costs" again fails to consider the savings that will likely result by increased enrollment. As stated elsewhere in these Reply Exceptions, it is quite possible that any increase in costs due to increased participation will be offset, in whole or in part, by decreases in expenses such as working capital associated with carrying arrears, by decreases in expenses associated with decreased credit and collection expense, by decreased expenses associated with bad debt, or by the increased revenues associated with decreased disconnections or more frequent reconnections.<sup>107</sup> Such a determination can be made in PAWC's next base rate case, but such supposition at this juncture should not be the reason why reasonable improvements should not be made to PAWC's CAP programs now.

Furthermore, PAWC's continued refrain that such improvements are not necessary "in light of current practices" ignores the substantial record evidence that demonstrates that PAWC's "current practices" are *not*, in fact, sufficient as PAWC's bills are still unaffordable to many low-

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<sup>104</sup> R.D. at 451 (emphasis in original).

<sup>105</sup> See, 66 Pa. C.S. §§ 1301, 1303 and 52 Pa. Code § 56.97(3).

<sup>106</sup> R.D. at 452.

<sup>107</sup> OCA M.B. at 89-90 *citing* OCA St. 4 at 94-95.

income and moderate-income customers.<sup>108</sup> These specific improvements recommended by the ALJs that were proposed by Mr. Colton will help ensure that those PAWC customers who are otherwise eligible for CAP will be enrolled in CAP.<sup>109</sup> Such improvements are needed “in light of current practices,” which, as the record in this case demonstrates, are insufficient. PAWC’s Exception No. 9 should be denied.

**I. Reply to PAWC Exception No. 10: The R.D.’s determination to reject PAWC’s proposed renters assistance pilot program should be adopted. R.D. at 462-467; PAWC Exc. at 33-34; OCA M.B. at 111-112; OCA R.B. at 65-66.**

PAWC argues that the R.D. erred in recommending the renters assistance pilot program (RAPP) be denied over “concerns [that] reflect either a misunderstanding of RAPP operation or an overstatement of the implications of a time and budget-limited pilot.”<sup>110</sup> PAWC then argued that RAPP would provide payments directly to low-income participants, not multi-family housing owners, and that PAWC was willing to work with its advisory committee to further develop the program, noting too that the pilot has a limited budget and limited locations.<sup>111</sup>

The R.D. correctly held that approval of RAPP may constitute a discriminatory rate in violation of Section 1304 of the Public Utility Code and requires PAWC to use ratepayer money to provide assistance to non-ratepayers, which the ALJs called “a substantial change in regulatory policy, a change for which we cannot recommend approval on public policy grounds.”<sup>112</sup>

PAWC’s argument that the ALJs’ concerns “reflect a misunderstanding of RAPP operation or an overstatement of the implications of a time and budget-limited pilot” is a reflection of PAWC’s failure to satisfy its burden of proof that this program should be adopted. In contrast, the

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<sup>108</sup> See OCA St. 4.

<sup>109</sup> OCA M.B. at 103-107.

<sup>110</sup> PAWC Exc. at 34.

<sup>111</sup> PAWC Exc. at 34.

<sup>112</sup> R.D. at 466.

OCA has presented substantial evidence why RAPP should be rejected.<sup>113</sup> Any “misunderstanding” or “overstatement” is only due to PAWC’s failure to provide substantial record evidence to support its position on this issue. Therefore, the ALJs were correct to deny PAWC’s proposal. This is especially true here, where PAWCs proposal represents a substantial change in regulatory policy and contrary to the Commission’s prior positions on the issue.<sup>114</sup>

**J. Reply to PAWC Exception No. 11: The R.D.’s determination that additional auditing of call center customer service performance is correct and should be affirmed. R.D. at 470-478; PAWC Exc. at 11; OCA M.B. at 115-119; OCA R.B. at 67-69.**

PAWC argues that the R.D. erred in its recommendation that its call centers customer service performance should be improved, that additional auditing of its call centers and third-party call handling performance is warranted, and that imposition of an annual audit requirement is unnecessary.<sup>115</sup> PAWC argues that OCA witness Alexander relies on and misapplies two call handling metrics.<sup>116</sup> PAWC further contends that additional managerial oversight is not necessary as its Customer Service Organization (CSO) and third-party call handling agencies are monitored on a daily basis.<sup>117</sup>

The record evidence supports requiring PAWC to conduct an annual audit of its call center and third-party call handling of customer service. The R.D. reasonably stated: “If customers are required to pay more and more for service, it is reasonable to expect PAWC to furnish quality customer service.”<sup>118</sup>

PAWC argues that OCA witness Alexander mischaracterizes call center data because she

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<sup>113</sup> OCA M.B. at 111-112 *citing* OCA St. 4 at 82-85.

<sup>114</sup> OCA M.B. at 112 *citing* OCA St. 4 at 82, *In the matter of Investigation into the Control of Uncollectible Accounts*, Docket No. I-900002 (Oct. 11, 1990).

<sup>115</sup> PAWC Exc. at 34-35.

<sup>116</sup> *Id.* at 35.

<sup>117</sup> *Id.* at 35-36.

<sup>118</sup> R.D. at 477.

analyzed data from two collections agencies which handle a small portion of calls.<sup>119</sup> However, in rebuttal testimony, PAWC witness Mr. Prine did not rebut the evidence provided by Ms. Alexander but instead pivoted to arguing that wait times and call abandonment are not drivers of customer service, rather it is first contact resolution of issues.<sup>120</sup> Now, in Exceptions, PAWC has returned to the argument that its overall performance meets or exceeds 80% of calls answered in 60 seconds or less.<sup>121</sup>

In addition, while OCA witness Alexander may have highlighted the 20-minute wait of one PAWC customer, that customer is not alone in their experience. The R.D. states: “Notably, multiple customers testified regarding call center issues at the public input hearing.”<sup>122</sup> The number of consumer complaints in these proceedings is significant and while the 731 formal and informal complaints, and 10 public input hearings may not all be regarding call center performance, the amount of frustration felt by PAWC customers is clear in the record.<sup>123</sup>

PAWC further argues that additional oversight is not warranted because it already monitors its call centers every day.<sup>124</sup> PAWC’s call center performance falls well below standards, with less than 50% of calls answered within 60 seconds on average and experienced an approximately 20% abandonment rate.<sup>125</sup> While PAWC’s CSO may be monitoring its performance levels daily, it is clear that PAWC’s current monitoring is insufficient and the ALJ’s recommendation of an annual audit is a much-needed improvement in customer service.<sup>126</sup>

Finally, PAWC argues that the R.D.’s concerns regarding compliance with Pennsylvania

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<sup>119</sup> PAWC Exc. at 35.

<sup>120</sup> OCA St. 5SR at 7, PAWC St. 15-R at 10.

<sup>121</sup> PAWC Exc. at 35.

<sup>122</sup> R.D. at 447; Tr. at 1418-19; OCA St. 5 App. at 13.

<sup>123</sup> OCA M.B. At 119, OCA St. 5 at 5, OCA R.B. at 72.

<sup>124</sup> PAWC Exc. at 35-36.

<sup>125</sup> See OCA M.B. at 117, OCA St. 5 at 8-10, OCA St. 5 at 11.

<sup>126</sup> R.D. at 477-478.

regulations are unfounded.<sup>127</sup> As Ms. Alexander testified: “While those [Pennsylvania specific] regulations are described in detail in PAWC’s voluminous training materials, the existence of the training materials does not determine whether the training materials are understood or complied with.”<sup>128</sup> PAWC’s Exception No. 11 should be denied.

**K. Reply to PAWC Exception No. 12: A root cause analysis is reasonable for PAWC. R.D. at 470-478; PAWC Exc. at 11; OCA M.B. at 115-119; OCA R.B. at 67-69.**

PAWC argues that the Commission should not require the Company to undertake a comprehensive root cause analysis of customer complaints.<sup>129</sup> The R.D. acknowledged PAWC’s internal root cause analysis and determined that “PAWC should be directed to perform a broader, more comprehensive analysis, by an independent third-party, identifying trends and systematic corrections undertaken, if any.”<sup>130</sup> The Commission can order improvements to service as a condition of any rate increase.<sup>131</sup>

PAWC’s argument that there is no need for a root cause analysis is contrary to evidence. OCA witness Alexander testified that “Mr. Prine misstates or misunderstands my recommendation. His response to this recommendation conflates the call center performance issue, the audit recommendation for compliance at all call centers, and the root cause analysis of customer complaints.”<sup>132</sup> PAWC continues to conflate the two issues in its Exceptions.<sup>133</sup> PAWC focuses on customer satisfaction surveys to determine quality scores which do not get to the root of customer

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<sup>127</sup> PAWC Exc. at 36.

<sup>128</sup> OCA St. 5SR at 11.

<sup>129</sup> PAWC Exc. at 36.

<sup>130</sup> R.D. at 478 (internal citations omitted).

<sup>131</sup> *Pa. PUC v. Pennsylvania Gas & Water Co.*, 74 PUR4th 238, 244-45 (Pa. PUC 1986); *Pa. PUC v. Philadelphia Gas Works*, 2000 Pa. PUC LEXIS 876, \*41-44 (Order Nov. 22, 2000).

<sup>132</sup> OCA St. 5SR at 12.

<sup>133</sup> PAWC Exc. at 36-37.

disputes: formal and informal complaints.<sup>134</sup> While PAWC argues that a root cause analysis is not needed as it already conducts this analysis for every customer complaint received, the OCA noted, “in response to discovery, Mr. Prine stated that “[t]he Company **does not conduct root cause analyses** by utility or state footprint.”<sup>135</sup> A root cause analysis, as recommended by the ALJs, is designed to prevent a significant amount of formal and informal complaints in the future.

Finally, PAWC argues that the R.D. ignores its outreach to customers.<sup>136</sup> However, the OCA addressed this outreach in its Reply Brief as follows:

PAWC’s reliance on Mr. Runzer’s rebuttal testimony is inappropriate. Mr. Runzer’s testimony only addressed approximately 5% of the 731 formal and informal complaints, and public input hearing sessions. The OCA understands that Mr. Runzer cannot address every complaint in rebuttal, however, to present 22 pages of testimony with no mention of continued follow up or means of correcting clear issues only serves to enhance Ms. Alexander’s recommendations.<sup>137</sup>

As such, PAWC’s Exception No. 12 should be denied.

**L. Reply to PAWC Exception No. 13: The R.D. correctly determined the Company’s deduct adjustment proposal is unsupported. R.D. at 382-97; PAWC Exc. at 37-38; OCA M.B. at 86-88; OCA R.B. at 42-46.**

PAWC argued that it met its burden of proof to warrant implementation of its proposed deduct adjustment.<sup>138</sup> However, the R.D. cited the evidence provided by OCA, CAUSE-PA, and I&E that demonstrated that the Company’s deduct adjustment proposal is not supported: “We find that the Company failed to meet its burden of proof in establishing that its deduct adjustment proposal is fair, just and reasonable, and accordingly, we recommend that PAWC’s proposed deduct adjustment be rejected.”<sup>139</sup> PAWC declined to address the reasoning cited by the ALJs and

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<sup>134</sup> OCA St. 5SR at 12.

<sup>135</sup> OCA R.B. at 72.

<sup>136</sup> PAWC Exc. at 37.

<sup>137</sup> OCA R.B. at 71.

<sup>138</sup> PAWC Exc. 13 at 37-38.

<sup>139</sup> R.D. at 397.

re-asserted its position that Company projections show that it will perform as described.<sup>140</sup> OCA witness Mierzwa examined recent usage rates and found the usage difference between winter months and summer months to be di minimis.<sup>141</sup> OCA witness Colton testified that the highest usage was not necessarily in the non-winter months and the lowest usage was not necessarily in the winter months.<sup>142</sup> PAWC’s Exception No. 13 should be denied.

**M. Reply to Cleveland Cliffs Exception No. 1: The OCA’s COSS brings PAWC’s rates in-line with cost causation, in part by using updated and accurate demand factors. R.D. at 284-298; Cleveland Cliffs Exc. at 1-5; OCA M.B. at 65-71; OCA R.B. at 46-47.**

Cleveland Cliffs failed to bring forth the correct standard of proof in its Exception to demonstrate the ALJs erred by adopting the OCA’s COSS.<sup>143</sup> Cleveland Cliffs stated: “Historically, the Commission has accepted PAWC’s use of maximum day and maximum hour demand factors in allocating costs among customer classes.”<sup>144</sup> The burden of proof is not: the Commission has accepted one thing historically, it should accept that one thing in perpetuity. Instead, the correct standard is: “the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.”<sup>145</sup>

The R.D. correctly rejected PAWCs COSS because it failed to meet its burden demonstrating that its COSS is just and reasonable.<sup>146</sup> PAWC’s COSS utilized outdated extra capacity demand factors.<sup>147</sup> The Commission signaled that PAWC’s extra capacity demand factors were outdated in its previous rate case.<sup>148</sup> The Commission’s Order was issued nearly two years

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<sup>140</sup> PAWC St. 10 at 55-56.

<sup>141</sup> OCA R.B. at 52-54.

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

<sup>143</sup> Cleveland-Cliffs Exc. at 2.

<sup>144</sup> *Id.*

<sup>145</sup> 66 Pa. C.S. § 315(a).

<sup>146</sup> R.D. at 298.

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

<sup>148</sup> From the recent 2024 Order: “[S]ince PAWC does not have recent actual maximum peak hour demand

ago, meaning the extra capacity demand factors are now more firmly outdated.<sup>149</sup> The R.D. determined:

For all of the reasons set forth above and as presented by OCA witness Mierzwa, we agree with OCA's recommendation to utilize system-wide extra day and extra hour demand factors of 1.2 and 1.5, respectively. PAWC has failed to meet its burden of proof that its water COSS is just and reasonable and will be rejected in this proceeding based upon the record evidence presented.<sup>150</sup>

Cleveland Cliffs' argument is ultimately rooted in its displeasure with the outcome of the OCA's COSS, not with the accuracy, methodology, or reasoning.<sup>151</sup> In fact, Cleveland Cliffs does not offer any counterargument to OCA witness Mierzwa's COSS, which accurately reflects cost causation.<sup>152</sup> The OCA's incorporation of accurate extra capacity demand factors in its COSS, ensures allocated costs align with customer class categories.<sup>153</sup> OCA witness Mierzwa developed his accurate extra capacity demand factors using an industry recognized standard, which no party disputed.<sup>154</sup> Furthermore, no party disputed the accuracy of Mr. Mierzwa's COSS. The ALJs correctly determined that PAWC did not meet its burden of proof to support adoption of its COSS. As such, Cleveland Cliffs' Exception No. 1 should be denied.

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data for its water system, we agree with the ALJs' recommendation that PAWC should be required to update this analysis prior to its next base rate proceeding and include the results of that analysis in the COSS filed in the next base rate proceeding." *Pa. PUC v. PAWC*, R-2023-3043189, Order at 209 (July 22, 2024).

<sup>149</sup> *Id.*

<sup>150</sup> R.D. at 298.

<sup>151</sup> *See* Cleveland-Cliffs Exc. 1-5.

<sup>152</sup> *Id.*

<sup>153</sup> *See* OCA M.B. at 65-71.

<sup>154</sup> *Id.*

### III. CONCLUSION

Based on the foregoing and for the reasons articulated in the OCA's Main and Reply Briefs, as well as the OCA's Exceptions, the OCA respectfully requests that the Commission deny the Exceptions of PAWC and grant the OCA's Exceptions in this matter.

Respectfully submitted,

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Dated: June 2, 2026