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June 2, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pa. Public Utility Commission
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Enclosed for electronic filing please find Victory Brewing Company's Reply to Exceptions with regard to the above-referenced matter.

Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Lauren M. Burge".

Lauren M. Burge

Enclosure

cc: Hon. Jeffrey A. Watson w/enc.
Hon. Emily I. DeVoe w/enc.
ra-OSA@pa.gov
Cert. of Service w/enc

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the enclosed **Reply to Exceptions** upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

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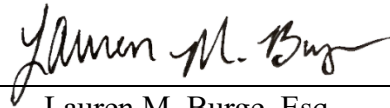
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Dated: June 2, 2026



Lauren M. Burge, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**VICTORY BREWING COMPANY’S
REPLY TO EXCEPTIONS**

I. INTRODUCTION

Pursuant to 52 Pa. Code § 5.535 and the Secretarial Letter dated May 15, 2026, Victory Brewing Company (“Victory Brewing” or “VBC”) submits the following Replies to Exceptions.

On May 15, 2026, the Administrative Law Judges (“ALJs”) issued a Recommended Decision (“RD”) primarily recommending that Pennsylvania-American Water Company’s (“PAWC”) proposed rate increase be denied. The RD also provided an alternative recommendation that would permit an increase of approximately \$51.5 million in annual water revenue and approximately \$31.2 million in annual wastewater revenue. Victory Brewing agrees with the Exception filed by Cleveland-Cliffs Steel (“Cleveland-Cliffs”), explaining that if the Commission adopts the alternative recommendation in the RD, the Commission should reject the Office of Consumer Advocate’s (“OCA”) Class Cost of Service Study (“CCOSS”) which would result in an unreasonably large rate increase for industrial customers.

II. REPLIES TO EXCEPTIONS

- A. Reply to Cleveland-Cliffs’ Exception – Victory Brewing Agrees that the RD Erred in Adopting the OCA’s CCOSS in its Alternative Recommendation.

The ALJs' alternative recommendation in the RD would adopt the OCA's CCOSS for water operations.¹ Cleveland-Cliffs excepted to this recommendation, stating that the OCA's CCOSS "represents a significant departure from the Commission's longstanding approach to cost allocation, without adequate support in the record or consideration of the resulting rate impacts"²

Victory Brewing agrees with Cleveland-Cliffs' Exception. As discussed in its Main Brief ("MB"), Victory Brewing supports the testimony presented by Cleveland-Cliffs witness Baudino which explained that OCA witness Mierzwa's CCOSS is flawed and should be rejected.³ If OCA's CCOSS is adopted, this would result in a significantly higher increase for industrial customers as compared to PAWC's proposal, as it pushes costs away from residential and commercial customers and onto industrial customers.⁴ As Cleveland-Cliffs explains in its exceptions, we do not yet know what the customer bill impacts will be if OCA's CCOSS is adopted.⁵ However, under the original rate increase request, OCA's proposal would result in an increase of 24.1% for industrial customers, as opposed to the 11.9% increase proposed by PAWC.⁶ Cleveland-Cliffs approximated that if this is proportionately scaled back to the RD's overall increase, "industrial customers would still face an increase of roughly 9.2%, or about 1.7 times the system-average increase"⁷ OCA's method departs from prior cost allocation methods accepted by the Commission in previous rate cases and also results in an extreme and unreasonable shifting of a significant proportion of the rate increase onto industrial customers like Victory Brewing. The

¹ See RD at 298.

² Cleveland-Cliffs Exceptions at 1–2.

³ Cleveland-Cliffs St. No. R-1 at 2–5.

⁴ OCA St. No. 3 at 30–31; Victory Brewing St. No. 1-R at 3–4; Victory Brewing MB at 9.

⁵ Cleveland-Cliffs Exceptions at 3.

⁶ OCA St. No. 3 at 30–31, Tables 4 and 5; Victory Brewing St. No. 1-R at 3–4; Victory Brewing MB at 9–10; Cleveland-Cliffs Exceptions at 3.

⁷ Cleveland Cliffs Exceptions at 3–4.

Commission should instead adopt PAWC's water CCROSS, which is consistent with the methods that the Commission has approved in prior rate cases and which avoids extreme rate impacts on a single rate class.⁸

More generally, Victory Brewing urges the Commission to consider the broader context and the impact of the proposed rate increase on affordability for customers like Victory Brewing when examining the cost allocation and any overall increase in this proceeding.⁹ Victory Brewing's operations have been impacted and modified substantially to adjust to higher water and wastewater costs over the last 5 years in response to successive rate increases.¹⁰ Both the frequency and magnitude of PAWC's recent rate increases have created ongoing challenges for Victory Brewing's operational costs.¹¹ The Commission should consider this context and the impact of the proposed rate increase on affordability for customers like Victory Brewing when determining cost allocation and any overall increase in this proceeding.

⁸ Victory Brewing MB at 10.

⁹ Victory Brewing MB at 5–6.

¹⁰ Victory Brewing St. No. 1-R at 3, 6; Victory Brewing MB at 5–6.

¹¹ Victory Brewing St. No. 1-R at 3–4; Victory Brewing MB at 5–6.

III. CONCLUSION

Therefore, for the reasons discussed above, Victory Brewing respectfully requests that the Commission adopt the primary recommendation in the RD and deny the rate increase. If the Commission adopts the RD's alternative recommendation, it should reject OCA's CCOSS.

Respectfully submitted,



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Dated: June 2, 2026

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