



June 2, 2026

Via E-File

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Second Street, Second Floor
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)

Secretary Homsher:

Please find the attached **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above-referenced 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 Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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

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

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**Additional legal authority is analyzed and cited in CAUSE-PA’s Main and Reply Briefs.*

I. INTRODUCTION

By Secretarial Letter dated May 15, 2024, the Office of Administrative Law Judge (OALJ) issued a Recommended Decision (RD) of the Honorable Deputy Chief Administrative Law Judge (DCALJ) Watson, the Honorable Administrative Law Judge (ALJ) DeVoe in the consolidated Pennsylvania American Water Company (PAWC) Water and Wastewater base rate proceeding. On May 26, 2026, PAWC filed Exceptions to the RD, through which PAWC claims in relevant part that the RD erred in rejecting PAWC's proposed rate increase; recommending a 9.70% Return on Equity; rejecting PAWC's proposed CAP Rider; recommending changes to its Arrearage Management Program (AMP); recommending enhancements to PAWC's screening, outreach, and enrollment procedures for its low income programming; rejecting PAWC's proposed Renter Assistance Program Pilot (RAPP); requiring additional auditing of PAWC's call center due to its customer service performance; requiring a root cause analysis of customer complaints; and rejecting PAWC's deduct adjustment proposal.

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, hereby files these Reply Exceptions in opposition to the Exceptions of PAWC, and in support of the Exceptions of the Office of Consumer Advocate and the RD of DCALJ Watson and ALJ Devoe. As discussed in detail below, the conclusions and recommendations in the RD – as modified by the Exceptions of the OCA – are just, reasonable, in the public interest, and supported by substantial record evidence. We thus urge the Commission to reject PAWC's Exceptions, approve OCA's Exceptions, and otherwise uphold the RD's findings related to these important issues.

II. REPLY EXCEPTIONS

1. Reply to PAWC Exception 1: The Commission should uphold the RD's appropriate and well-supported conclusion that the Company's proposed rate increase be denied as unjust, unreasonable, and therefore unlawful.

Based on the overwhelming record evidence in this case, and extensive analysis of the impact of the proposed rate increase on PAWC's customer base, DCALJ Watson and ALJ DeVoe properly rejected PAWC's request for rate relief.¹ PAWC failed to carry its burden of proving that its rate proposal would result in rates that are just, reasonable, and in furtherance of the public interest, therefore, its requested rate relief was properly denied.

In its first Exception, PAWC takes aim at the RD's conclusion that PAWC's rates are already unaffordable and claims that the RD's recommendation to deny PAWC rate relief is unsupported by record evidence.² In so arguing, PAWC ignores the substantial evidentiary record developed in this proceeding, and attempts to shift the burden of proving the justness and reasonableness of its rate proposal to other parties. PAWC lists a number of its past and ongoing infrastructure projects and asserts that the parties agree that its plan to invest over \$1 billion in its water and wastewater infrastructure is prudent and reasonable.³ PAWC complains that the RD did not provide enough deference to the 16 witnesses that PAWC hired for the case.⁴ While recognizing "that affordability is an important issue," PAWC argues that it nevertheless requires higher profit margins to attract capital investment into the system.⁵ PAWC then turns to its own flawed affordability analyses to support its requested increase, claiming that concerns identified in

¹ RD at 1.

² PAWC Exceptions at 3.

³ Id.

⁴ Id. at 3-4.

⁵ Id. at 4.

the RD regarding its affordability analysis have been fully addressed by record evidence in this case.⁶

A. The RD is firmly grounded in record evidence demonstrating that PAWC's existing rates are categorically unaffordable and should not be increased.

There is ample evidence on the record in this case to support the ALJs' conclusion that PAWC's *current* rates are unaffordable, even without the additional requested increase, and that a further increase in rates at this time would not produce rates which are just and reasonable. As detailed more extensively in CAUSE-PA's Main Brief, thousands of low income households in PAWC's service territory are already facing monthly bills that far exceed 20% of their household income.⁷ As a result, these households carry a disproportionately high level of arrears and face correspondingly higher rates of involuntary termination.⁸

- Since 2020, PAWC's average water bills have increased by 65% and its average wastewater bills have increased by 81%.⁹
- In 2025, the residential termination rate was 2.57%, compared to 15.06% for confirmed low income customers. In other words, in 2025, the involuntary termination rate amongst confirmed low income customers was more than *six times higher* than the termination rate for residential customers as a whole¹⁰
- 132,000 estimated low-income customers are not enrolled in the BDP.¹¹
- Confirmed low-income customers make up only 9.9% of PAWC's residential customer base, but account for more than 40% of total residential arrears.¹²
- In November 2025, confirmed low income customers carried an average arrearage level of \$341.19. By comparison, residential customers as a whole (inclusive of low income customers) carried an average arrearage level of \$224.90, excluding low income customers brings that arrearage level down further to \$171.83.¹³

⁶ Id. at 5.

⁷ 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%.

⁸ Id. at 15.

⁹ Id. at 55.

¹⁰ Id. at 48.

¹¹ Id. at Appendix A-5.

¹² Id. at 15.

¹³ Id.

The above includes highlights from the record, though it is not a full recitation of the extensive record evidence showing that PAWC’s existing rates are unaffordable and should not be increased.

B. PAWC’s self-serving Enterprise and Community-Level affordability analyses are fundamentally flawed and were appropriately afforded little weight by DCALJ Watson and ALJ DeVoe.

PAWC attempts to minimize the cost and impact of its rate increase, pointing to its own “Enterprise-Level” and “Community-Level” affordability analyses as proof that its rates are affordable.¹⁴ But as DCALJ Watson and ALJ DeVoe rightly acknowledged, PAWC’s analysis is overly reliant on average usage and ignores the disproportionate burden on lower income households, those with larger families, and those who reside in homes with aging infrastructure.¹⁵ It also understates the cumulative impact of PAWC’s recent spikes in rates.¹⁶

The Company claims the Commission found its analyses persuasive in its prior rate case and should do so again in this case.¹⁷ However, PAWC fails to acknowledge that its prior affordability analyses was sponsored by a different witness, and was found to be credible by the ALJs based on the record in that case.¹⁸ Further, in accepting PAWC’s prior affordability analysis, the Commission’s analysis was based on the “vital” role of universal service programs to address rising unaffordability.¹⁹ The Commission explicitly encouraged PAWC to “consider the feasibility of implementing other measures which would promote affordability of water service.”²⁰ Three years later, the record in this case shows that PAWC’s programs are not reasonably accessible nor properly designed and implemented to provide adequate rate relief – and their existence can no

¹⁴ PAWC MB at 9 (public).

¹⁵ RD at 421-22, 424.

¹⁶ CAUSE-PA RB at 7.

¹⁷ PAWC Exceptions at 6.

¹⁸ Pa. PUC v. PAWC, Docket Nos. R-2023-3043189 & R-2023-3043190, at 236-238 (opinion and order entered July 22, 2024) (PAWC 2024 Rate Case).

¹⁹ PAWC Exceptions at 6, FN 22.

²⁰ PAWC 2024 Rate Case, Opinion and Order at 238.

longer credibly serve as an excuse for not addressing broader affordability concerns.²¹ Based on the evidence in this case, DCALJ Watson and ALJ DeVoe appropriately dismissed PAWC's flawed affordability analyses, and instead assigned greater weight to mounting real-world evidence that PAWC's services are unaffordable for a substantial segment of PAWC's customer base.

PAWC's assertion that it "fully addressed" concerns with its affordability analyses is demonstrably false. Without reiterating our extensive review of the deficiencies present in PAWC's affordability analyses, which we incorporate by reference herein, we note PAWC's affordability analyses suffer from multiple, unrebutted defects. Two such defects rise to the top.

First, PAWC's "Enterprise-Level" affordability analysis relies on averages and flawed affordability assumptions, principally by relying on median household income (MHI). MHI does not accurately represent PAWC's residential customer base. As explained by OCA witness Colton, "[W]ithin the PAWC service territory, in other words, use of the Median Household Income is inappropriate as being representative of the total population given the level of income is driven by a concentration of wealth in upper incomes. Even though the "median" is the "middle," the middle is artificially high given the inequality in the distribution of income.²² For example, for 2025, the Company's Enterprise-Analysis cites a wastewater customer median income of \$82,540 and a water customer median income of \$99,001.²³ By comparison, the average annual income of H2O participants is just \$21,351, and the average annual income of confirmed low-income customers is only \$11,387.²⁴ In contrast, CAUSE-PA's analysis utilized PAWC's own customer data,

²¹ CAUSE-PA MB at 73-80; CAUSE RB at 32-38.

²² CAUSE-PA MB at 55.

²³ See PAWC St. 9; Exhibit DFA-1, DFA-2.

²⁴ CAUSE-PA MB at 15.

demonstrating affordability outcomes across income levels, household size, and usage rate – capturing the real-world experience of customers in PAWC’s service territory.²⁵

Second, PAWC’s “Community-Level” affordability analysis assumes full enrollment in its Bill Discount Program (BDP).²⁶ This assumption is baseless.²⁷ Just 16% of PAWC’s estimated eligible customers are enrolled in the program, and PAWC has outright rejected, and continues to except to, every recommendation advanced by CAUSE-PA to measurably improve enrollment.²⁸

*Notably, even under PAWC’s own flawed analysis, roughly one-third of its residential customers will receive rates that exceed widely accepted water and wastewater affordability standards.*²⁹ For rates to be within the accepted range of affordability (2% for water, 2% for wastewater), household income must exceed \$50,000 and usage must be lower than 2,400 gallons per month.³⁰ For the lowest income households, PAWC’s proposed rates are acutely unaffordable at any usage level.³¹

As plainly stated in the RD, “consumers should not be forced to choose between paying their water bill and the amount of times they shower or flush the toilet.”³² As the record clearly shows, far too many of PAWC’s customers are already making impossible choices to maintain basic water services in light of the rapid increase in rates.³³ It is fundamentally unjust and unreasonable for a utility’s rates to be set at a level that is unaffordable and inaccessible for those who reside within a utility’s service territory. Indeed, universal access to essential service is an

²⁵ CAUSE-PA RB at 25.

²⁶ PAWC MB at 93 (public).

²⁷ CAUSE-PA MB at 56-57.

²⁸ CAUSE-PA RB at 8.

²⁹ CAUSE-PA MB at 53.

³⁰ *Id.*

³¹ *Id.*

³² RD at 427.

³³ *Id.* at 426.

inherent component of the regulatory compact.³⁴ CAUSE-PA submits that it is just, reasonable, and in the public interest for the Commission to uphold the RD's finding that PAWC has failed to meet its burden of proving its proposed rates are just, reasonable, and in the public interest.

C. PAWC's reliance on planned capital investment is legally insufficient to support its rate request.

PAWC's Exception 1 improperly reframes the case around the prudence and scale of its planned infrastructure investments and claims that all parties "agree that the Company's plan to invest over \$1 billion in its water and wastewater is prudent and reasonable."³⁵ This is a mischaracterization of CAUSE-PA's position in the case.

While CAUSE-PA did not specifically challenge PAWC's planned infrastructure investments, this should not be read as an endorsement of those plans as reasonable or prudent. PAWC squarely carries the burden of proof in this case with regard to all elements of its rate requests and proposals.³⁶ Section 1301 requires that rates be just and reasonable in their totality³⁷ – not merely that underlying expenditures are reasonable.³⁸ The Commission must balance investor and consumer interests,³⁹ and rates that price customers out of the market for access for life essential service fail that standard regardless of well-laid plans for investment.

Thus, even accepting PAWC's planned \$1 billion in infrastructure investment as prudent, that fact does not relieve the Company of its burden to demonstrate that customers can reasonably

³⁴ CAUSE-PA MB at 11.

³⁵ PAWC Exceptions at 3.

³⁶ 66 Pa. C.S. § 315.

³⁷ See 66 Pa. C.S. § 1301(a).

³⁸ In determining just and reasonable rates, the Commission must "consider...the efficiency, effectiveness and adequacy of service of each utility." 66 Pa. C.S. § 523. The Commonwealth Court has recognized that the Commission "is not duty-bound to follow mathematical formulas" in determining just and reasonable rates, and that the Commission has "the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consistent with constitutional protections applicable to both." *U.S. Steel Corp. v. Pa. PUC*, 456 A.2d 686, 691-692 (Pa. Commw. Ct. 1983).

³⁹ *Popowsky v. PUC*, 665 A.2d 808, 811 (1995); 66 Pa. C.S. § 1301.

afford the resulting rates. PAWC has not met that burden – nor is it able to do so based on the record before the Commission in this case.

2. Reply to PAWC Exception 2 and OCA Exception 2: PAWC’s approved ROE should be limited to 8.7%, consistent with OCA’s recommendation.

DCALJ Watson and ALJ DeVoe find in the RD that PAWC has failed to meet their burden of proof to justify a 10.95% ROE and instead recommend that I&E’s ROE of 9.7% be adopted.⁴⁰ PAWC’s Exception 2 seeks to overturn the RD’s adoption of a 9.70% ROE and instead justify an even higher return⁴¹ Neither position is supported by the record. The Commission should instead adopt OCA Exception 2, which argues for adoption of the 8.7% ROE recommended by OCA witness Garrett. OCA’s recommended ROE is firmly grounded in the evidentiary record and consistent with the statutory requirement that rates be just, reasonable, and in the public interest.

CAUSE-PA supports OCA’s Exception 2, and urges the Commission to adopt OCA witness Garrett’s recommendation for a 8.7% ROE, which is supported by ample record evidence in this proceeding.⁴² While the RD appropriately rejected PAWC’s request for a higher ROE, including any upward adjustment for alleged “superior management performance”,⁴³ it failed to articulate any evidentiary basis for selecting a 9.70% ROE. That omission is particularly problematic given that just two years ago the Commission authorized a 9.45% ROE for PAWC, and the RD identifies no material change in conditions that would justify an increase.⁴⁴ As stated by OCA, “The Recommended Decision failed to cite to any evidence that circumstances have significantly

⁴⁰ RD at 269.

⁴¹ PAWC Exceptions at 13.

⁴² OCA Exceptions at 12-13.

⁴³ RD at 283.

⁴⁴ OCA Exceptions at 13.

changed for PAWC that would merit the granting of a 25 basis point addition to their authorized ROE in comparison to PAWC’s previous BRC, which was filed less than two years ago.”⁴⁵

To the contrary, the OCA submitted substantial record evidence that PAWC should be awarded a lower ROE than was authorized in their last base rate case in 2023,⁴⁶ including, *inter alia*, aspects of the Company’s performance compensation policy primarily aimed at enhancing shareholder value and conferring benefits to shareholders.⁴⁷ Specifically, OCA argued that performance pay related to achievement of earnings goals should not be recoverable from ratepayers.⁴⁸ OCA argued, and CAUSE-PA agrees, that such incentives should be self-funding, meaning that improvements in efficiency and operational savings create the additional profit to reward the improved performance.⁴⁹ This is precisely how utility rates are designed to reward operational efficiencies. In addition, OCA argued that these incentives lack a sufficient nexus to ratepayer benefits and instead primarily benefit shareholders.⁵⁰

We further note that PAWC’s reliance on prior Commission approval is misplaced, as the continued use of these compensation structures has not produced sustained, tangible benefits for customers, as evidenced by the need for another rate increase shortly after the last case.⁵¹ CAUSE-PA agrees with the OCA that renewed scrutiny is warranted, instead of a continuation of past practice that unfairly disadvantages ratepayers.⁵²

The primary driver of PAWC’s rate increase is this proposed return on equity, the excessive 10.95%.⁵³ The revenue requirement impact of the OCA’s change in PAWC’s ROE accounts for

⁴⁵ Id. at 12.

⁴⁶ OCA MB at 31-51; OCA RB at 23-27

⁴⁷ OCA MB at 17.

⁴⁸ Id. at 18.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ Id. at 20.

⁵² Id.

⁵³ Id. at 4.

\$113.9 million, which is significant compared to PAWC's \$159.59 million rate increase request.⁵⁴ Due to the compounding affordability issues posed by PAWC's frequent base rate cases to its ratepayers, and PAWC's failure to meet its burden of proof, the Commission should adopt the OCA's recommended 8.7% return on equity instead of I&E's 9.7% recommended return on equity as a 9.7% return on equity for PAWC is unreasonable and excessive.⁵⁵

3. Reply to PAWC Exception 7: The RD correctly rejected PAWC's proposed CAP Rider.

The RD properly rejected PAWC's proposed CAP Rider on the basis that the Company has not met its burden to support a finding that the proposed CAP Rider is necessary, reasonable, and consistent with the public interest. As correctly explained in the RD, Section 1330 regarding alternative rate making, is permissive, not mandatory.⁵⁶ The Commission is not obligated to approve an alternative ratemaking scheme simply because a company requests one. PAWC bears the burden of demonstrating that its proposed CAP Rider is necessary, reasonable, and consistent with the public interest.⁵⁷ PAWC has failed to do so, and as a result, the RD correctly found that the record does not support adoption of the proposed CAP Rider.⁵⁸

PAWC currently collects the costs of its Bill Discount Program (BDP), its Arrearage Management Program (AMP), and the attendant administrative costs (referred to here as CAP costs) through rates, and directly assigns those costs to all residential ratepayers.⁵⁹ PAWC proposes to continue to recover some of those costs through rates, but collect or refund the difference between PAWC's CAP costs included in base rates and PAWC's actual CAP costs through a new,

⁵⁴ OCA Exceptions at 13.

⁵⁵ *Id.*

⁵⁶ RD at 417; citing 66 Pa. C.S. § 1330 ("the commission *may* approve an application by a utility in a base rate proceeding to establish alternative rates and rate mechanisms") (emphasis added).

⁵⁷ CAUSE-PA MB at 34-36; RB at 16-21.

⁵⁸ RD at 416.

⁵⁹ CAUSE-PA MB at 33.

reconcilable CAP rider.⁶⁰ The Company proposes to include in its CAP rider the costs related to its BDP discounts and AMP credits, as well as its proposed Renter Assistance Pilot Program (RAPP) stipends, and RAPP administrative costs.⁶¹

In its seventh Exception, PAWC claims that the RD erred in rejecting its proposed CAP Rider “despite a statutory basis for the rider under Section 1330 of the Public Utility Code.”⁶² The Company further claims that the record evidence in this case shows significant and ongoing volatility in the Company’s CAP enrollment levels and costs.⁶³

PAWC’s claim that its proposed CAP Rider is necessary due to alleged enrollment variability in the BDP does not hold water. 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.⁶⁴ Enrollment has since rebounded, and PAWC does not plan to make further changes to its income verification procedures.⁶⁵ PAWC’s additional claim that increased BDP enrollment could produce a revenue shortfall of \$10 million over a two-year period⁶⁶ amounts to speculation, and is unsupported by the record in this case.⁶⁷ As the RD appropriately acknowledges, this figure - first mentioned in PAWC’s Rejoinder testimony - does not account for offsetting impacts, including reductions in uncollectible expenses, fewer collections actions, decreased termination activity, and improved payment coverage and frequency rates as enrollment increases.⁶⁸ “Without analyzing the

⁶⁰ Id.

⁶¹ CAUSE-PA MB at 33-34, citing CAUSE-PA St. 1 at 19: 4-7.

⁶² PAWC Exceptions at 28.

⁶³ Id.

⁶⁴ CAUSE-PA RB at 19; RD at 416.

⁶⁵ CAUSE-PA RB at 19.

⁶⁶ Id.

⁶⁷ RD at 417.

⁶⁸ Id.; CAUSE-PA MB at 19-20, citing PAWC MB at 89 (public); CAUSE-PA MB 38-39.

total revenue and expense effects associated with higher enrollment, PAWC cannot demonstrate that a separate recovery mechanism is warranted.”⁶⁹

As discussed more fully below in response to PAWC Exception 9, PAWC attempts to invert the proper regulatory analysis by suggesting that the Commission must approve a nonbypassable CAP Rider *before* requiring PAWC to improve its screening, outreach, or enrollment practices.⁷⁰ At issue here 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.⁷¹ The record establishes that they are not.⁷² To the contrary, as the RD appropriately concludes that PAWC’s 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. At best, it is premature for PAWC to have a CAP rider.”⁷³

The RD notes, and PAWC does not address, that the proposed rider would seek to isolate the costs associated with one set of expenses as unique without a full accounting for the total cost of service.⁷⁴ As explained by OCA in its Main Brief, “without taking into consideration all other rate impacts of the changing level of BDP/AMP costs, it is not possible to determine the extent to which, if at all, PAWC’s *total* cost of service had increased... .”⁷⁵ The RD correctly recognizes that

⁶⁹ RD at 417.

⁷⁰ CAUSE-PA RB at 20.

⁷¹ *Id.*

⁷² See CAUSE-PA MB at 43-44; CAUSE-PA presented extensive evidence, thoroughly summarized in its Main and Reply Briefs, demonstrating that PAWC’s customer assistance program portfolio is under-developed, under-enrolled, and structurally fragmented. CAUSE-PA MB at 43-44; CAUSE-PA RB at 16-23.

⁷³ RD at 416, CAUSE-PA RB at 17.

⁷⁴ RD at 416.

⁷⁵ OCA MB at 89.

such a result would be inconsistent with the Commission’s policy statement regarding CAP cost recovery policy and long-standing ratemaking principles in the Commonwealth.⁷⁶

While the Company claims that it will be driven to file an additional rate case without the CAP Rider,⁷⁷ CAUSE-PA notes the Company is already filing rate cases at a rapid cadence that creates more than sufficient opportunities to update its costs and expenses to fund its low income programs.⁷⁸ There is no indication that PAWC would delay another rate filing if its CAP Rider were approved.

CAUSE-PA urges the Commission to uphold the RD’s rejection of PAWC’s proposed CAP Rider. The Company is not entitled to this Rider simply because it requested it and has not met its burden to show that this alternative ratemaking scheme is necessary, reasonable, or consistent with the public interest.

4. Reply to PAWC Exception 8: The Commission should uphold the RD’s recommended programmatic changes to PAWC’s Arrearage Management Program (AMP).

In their RD, DCALJ Watson and ALJ DeVoe conclude that PAWC’s AMP “is not working well” and recommends that PAWC adopt several programmatic changes to its AMP to improve the effectiveness and operation of the program, including: (1) allow customers to earn a monthly arrearage forgiveness credit for each complete payment the customer makes, regardless of timeliness, (2) provide retroactive credits once a household pays its in-program balance in full, and (3) expand the monthly credit provided for a timely payment or for a cured missed or late payment to give complete forgiveness in a pro rata fashion over a 24-month period.⁷⁹ The RD also

⁷⁶ RD at 416.

⁷⁷ PAWC Exceptions at 29.

⁷⁸ CAUSE-PA MB at 34.

⁷⁹ RD at 440-442.

raises concerns about comparatively low enrollment levels in the AMP, despite the Company's claim that its Bill Discount Program and its AMP are functioning as intended as one program.⁸⁰ CAUSE-PA further recommended elimination of PAWC's regressive \$5 co-pay requirement, consistent with the Commission's Final CAP Policy Statement.⁸¹ 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.⁸²

In its eighth Exception, the Company objects to all of the RD's recommendations despite ample record evidence that programmatic improvements are necessary for the Company to have an appropriately functioning AMP.⁸³ PAWC argues that its low enrollment levels are due to the newness of the program,⁸⁴ although, at this point, it was launched over 18 months ago. The RD acknowledges this timeframe but nevertheless concludes that PAWC's low-income customers need these programs to work effectively *now*.⁸⁵

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.⁸⁶ As of November 2025, just 3,739 of BDP participants were enrolled in the AMP component of its BDP – despite the fact that 18,539 BDP participants were in active arrears, 11,000 of which had balances older than 61 days.⁸⁷ As similarly noted by Mr. Colton, “the total number

⁸⁰ *Id.* at 441.

⁸¹ 2019 Amendments to CAP Policy Statement, Final Policy Statement and Order, Docket No. M-2019-3012599, at 31 (order entered Nov. 5, 2019) (“[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.”).

⁸² CAUSE-PA MB at 68.

⁸³ PAWC Exceptions 30-31.

⁸⁴ *Id.* at 30.

⁸⁵ RD at 441.

⁸⁶ CAUSE-PA RB at 33.

⁸⁷ CAUSE-PA MB at 64.

of newly-enrolled BDP participants with a pre-existing arrears exceeds the number of AFP participants by a substantial extent. If the \$0 - \$100 enrollees are excluded, the number of newly-enrolled BDP participants with pre-existing arrears exceeds the number of AFP participants by 50% (6,304 vs. 3,970).⁸⁸

Rather than proactively enrolling eligible low income customers into PAWC's AMP, it appears the Company is continuing to prioritize payment arrangements that their low income customers are not reasonably able to maintain, leaving them at greater risk of termination despite an existing program designed to assist them.⁸⁹ As of March 2026, just 16% of PAWC's estimated low income customers were enrolled in the BDP and just 20% of BDP participants were enrolled in the AMP.⁹⁰ PAWC has issued over 68,000 payment arrangements to *confirmed* low income households since November 2024, after implementation of its AMP.⁹¹ 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.⁹²

PAWC also argues that its program must be evaluated in the context of its larger complement of low-income programs.⁹³ The record does not indicate which of its other programs, the BDP or its hardship fund grant, justify the low enrollment and poor functioning of its AMP.

Regarding the timely payment requirement, the Company has maintained throughout this proceeding that the AMP has been intentionally designed to encourage timely payments, which the Company believes is essential to promoting long-term payment discipline and reducing future

⁸⁸ CAUSE-PA MB at 64.

⁸⁹ *Id.* at 66.

⁹⁰ CAUSE-PA RB at 17.

⁹¹ *Id.* at 18.

⁹² RD at 440.

⁹³ PAWC Exceptions at 30.

arrearages.⁹⁴ However, PAWC’s intentions and beliefs are not supported by the record. As OCA witness Colton explained:

“the Company’s restrictive policies on when, or whether, to grant [AMP] credits has resulted in the program being largely ineffective in delivering arrearage relief to low income customers...**Anywhere from 20% to more than 30% of the total payments made by AMP customers were made after the due date but before the next billing date.** Under the Company’s existing arrearage forgiveness policy, those AMP customers would not qualify to receive an [AMP] credit.”⁹⁵

Indeed, there is no evidence that its *intent* to “encourage timely payments” is actually resulting in more timely payments. To the contrary, PAWC’s restrictive AMP policies are difficult for many low income households to realistically meet and are yielding inequitable results.”⁹⁶

Regarding the RD’s recommendation that PAWC adjust its forgiveness structure from a flat rate \$25 per month to a 1/24th pro rata forgiveness, PAWC claims that its costs will increase to such an extent that it will necessitate approval of the CAP Rider.⁹⁷ As addressed above and throughout this proceeding, the CAP Rider is inappropriate at this time for myriad reasons, one of which is that the Company has not addressed any costs *savings* that may accrue due to *appropriately enrolled and well-functioning* assistance programs.

In addition, despite the Company’s claim that its current forgiveness structure provides arrearage forgiveness within a reasonable timeframe,⁹⁸ the record shows that a \$25 monthly arrearage amount is insufficient to ensure timely retirement of arrears. 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.⁹⁹ Many BDP applicants will have arrearage

⁹⁴ *Id.* at 31.

⁹⁵ CAUSE-PA MB at 72 (emphasis added). Over a 14-month period, the total number of payments received was nearly two times higher than the number of timely payments provided (189%). *Id.*

⁹⁶ OCA MB at 109.

⁹⁷ PAWC Exceptions at 31.

⁹⁸ *Id.*

⁹⁹ CAUSE-PA MB at 70.

amounts exceeding these averages and thus face even longer periods before they can earn full forgiveness.¹⁰⁰ Adopting a 1/24th pro rata forgiveness structure, along with the other recommended changes, would ensure that all customers are given a meaningful opportunity to eliminate their arrears within a reasonable time frame.

PAWC also raised an exception to the 90-day timeframe ordered to adopt these changes.¹⁰¹ CAUSE-PA witness Geller recommended the 90-day timeframe for adopting the above recommended measures.¹⁰² PAWC has not, until this point, raised the issue of timing required to implement these changes and there is no basis on the record for a year long delay. The Company states that they were provide with 12 months to institute its AMP and they would need a similar timeframe to adopt the recommended changes.¹⁰³ As stated in the RD, PAWC's low income customers are struggling to maintain service *now* and they need these programs to work effectively *now*.¹⁰⁴ The Company rejected these recommendations on policy and principal, it is now impermissibly claiming facts not in evidence to delay implementation of these needed changes. CAUSE-PA recognizes that some of these changes, for example, shifting from a flat rate forgiveness to a pro rata 1/24th forgiveness timeframe, may require some significant IT changes. However, one year is an unreasonable delay. An interim adjustment, from a flat forgiveness rate of \$25 per BDP payment to \$45 per BDP payment, as alternatively recommended by CAUSE-PA witness Geller,¹⁰⁵ should not require such extensive changes and should be implemented within the prescribed timeframe while the more significant changes are in progress.

¹⁰⁰ Id.

¹⁰¹ PAWC Exceptions at 31.

¹⁰² CAUSE-PA MB at 66.

¹⁰³ PAWC Exceptions at 31.

¹⁰⁴ RD at 441.

¹⁰⁵ CAUSE-PA MB at 70.

In sum, the RD's recommended programmatic changes to PAWC's AMP, as well as elimination of the \$5 co-pay, are firmly supported by evidence in the record as just, reasonable, and in furtherance of the public interest. As such, CAUSE-PA recommends that the Commission reject PAWC's Exception 8 and adopt the RD's recommendations.

5. Reply to PAWC Exception 9: The Commission should require that PAWC adopt the screening, outreach, and enrollment procedures for the H2O Program Proposed by the OCA and CAUSE-PA.

In the RD, DCALJ Watson and ALJ DeVoe recommend that PAWC screen customers for eligibility at the time of enrollment, and on a periodic basis thereafter during non-emergency calls.¹⁰⁶ Further, they recommended that PAWC should adopt a procedure, developed in collaboration with its low-income advisory group to develop outreach and education efforts to improve low-income program participation,¹⁰⁷ and state 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 the BDP/AMP where possible and appropriate."¹⁰⁸ The RD correctly identified that the excessive number of payment arrangements issued to confirmed low income households is clear evidence that PAWC lacks appropriate customer service policies and practices to ensure compliance with Section 1301, which requires that low-income households are provided with the most advantageous rate available.¹⁰⁹

As it currently stands, PAWC's low income assistance programs are woefully undersubscribed.¹¹⁰ The BDP is only reaching 38% of its confirmed low income customers and 16% of its estimated low income customers,¹¹¹ leaving more than 132,000 households estimated

¹⁰⁶ RD at 452-453.

¹⁰⁷ Id.

¹⁰⁸ Id. at 452.

¹⁰⁹ Id. at 451.

¹¹⁰ CAUSE-PA MB at Appendix A-5.

¹¹¹ CAUSE-PA RB at 36.

to be eligible for assistance programs not enrolled.¹¹² As previously discussed, PAWC’s AMP faces even greater challenges, which the RD concludes provides “clear evidence that PAWC lacks appropriate customer service policies and practices to ensure compliance with Section 1301 to provide low-income households with the most advantageous rate available.”¹¹³

PAWC claims in its ninth Exception that the RD did not address any record evidence demonstrating that the outreach, screening and enrollment recommendations are either unnecessary or unreasonable.¹¹⁴ CAUSE-PA disagrees. The RD appropriately relies on voluminous record evidence demonstrating that PAWC’s programs are dramatically under-subscribed, leading to disproportionately high arrearage levels and termination rates among its low income customers.¹¹⁵ Indeed, the vast majority of PAWC’s low income customers are not receiving the most advantageous rate in contravention of Section 1303 of the Public Utility Code, as well as section 56.97(3) of the Commission’s regulations.¹¹⁶

These legal standards are not discretionary based on the preferences and priorities of the Company. In addition, as PAWC has done throughout this proceeding, it returns to its argument that satisfying these requirements may put it at risk of under collection of its CAP costs.¹¹⁷ The Company also notes that while the screening recommendations were approved in *Columbia Gas*,¹¹⁸

¹¹² CAUSE-PA MB at Appendix A-5.

¹¹³ RD at 451.

¹¹⁴ PAWC Exceptions at 32.

¹¹⁵ CAUSE-PA MB at 15. Although confirmed low-income customers make up only 9.9% of PAWC’s residential customer base, they account for more than 40% of total residential arrears and carry significantly higher average arrearage balances.¹¹⁵ In November 2025 (the last reported month), confirmed low income customers carried an average arrearage level of \$341.19. By comparison, residential customers as a whole (inclusive of low income customers) carried an average arrearage level of \$224.90, excluding low income customers brings that arrearage level down further to \$171.83. From January-November, 2025, 15% (9,922) of PAWC’s confirmed low income customers experienced an involuntary terminated, a 5% increase over 2024. Low income terminations accounted for over half of the 17,177 residential terminations conducted in that timeframe. CAUSE-PA MB at 74-75

¹¹⁶ RD at 451; 66 Pa. C.S. § 1303; 52 Pa. Code § 56.97(3).

¹¹⁷ PAWC Exceptions at 32.

¹¹⁸ Pa. PUC v. Columbia Gas of Pa., Inc., Opinion and Order, Docket Nos. R-2025-3053499 et al., at 350-51 (order entered Feb. 19, 2026); “As of December 2024, only 20,988 Columbia customers were enrolled in CAP, accounting

Columbia has a Universal Service Rider whereas PAWC’s proposal for a CAP Rider was rejected.¹¹⁹ As stated in CAUSE-PA’s Reply Brief, 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*. This is a basic customer service standard that all utilities should adhere to appropriately manage collections and improve access to service.¹²⁰

CAUSE-PA recommends that the Commission reject PAWC’s Exception 9 and require that PAWC adopt the RD’s screening, outreach, and enrollment procedures to ensure that all qualifying low income customers are enrolled in the benefits they are intended to receive and are being charged the rate most advantageous to them as required by the Public Utility Code.

6. Reply to PAWC Exception 10: The Commission should affirm the RD’s recommendation rejecting PAWC’s proposed RAPP.

The RD correctly rejects the Company’s proposed Renter Assistance Program Pilot (RAPP), finding that the proposal requires the Company to use ratepayer dollars to provide a direct subsidy to non-ratepayers, which represents a substantial change in regulatory policy.¹²¹ The RD also raises concerns that the RAPP’s limited geographic reach may violate Section 1304.¹²²

As proposed, the RAPP would provide quarterly stipends – in the form of a check – 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.¹²³ PAWC is proposing a \$1 million annual cap on RAPP stipends to be recovered through its proposed

for only 23% of the Company’s estimated low income customers and 30% of its CLI customers. Such statistics highlight that additional CAP screening is appropriate.” (internal citations omitted).

¹¹⁹ PAWC Exceptions at 32.

¹²⁰ CAUSE-PA RB at 37.

¹²¹ RD at 466.

¹²² *Id.*; Section 1304 prohibits a public utility to “make or grant any unreasonable preference or advantage to any person, corporation or municipal corporation” or to “establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service. 66 Pa. C.S. § 1304.

¹²³ CAUSE-PA MB at 93.

CAP Rider.¹²⁴ PAWC proposes to limit RAPP eligibility to Scranton and Butler, a decision they loosely claim is based on high renter populations and geographic diversity.¹²⁵

PAWC argues in Exception 10 that such concerns reflect either a misunderstanding of RAPP operation or an overstatement of the implications of a time and budget-limited pilot.¹²⁶

To be clear, there is no misunderstanding as to RAPP's operation, and concerns regarding the pilot's geographic limitations are not overstated. Though it is not so clear whether PAWC understands the shortcomings of its own program proposal, as evidenced by PAWC's inability to answer basic questions about the program during the evidentiary hearing in this case.¹²⁷ While PAWC contends that its RAPP is not *designed* to benefit multi-family building owners, and will provide payments directly to the low-income tenants, the RAPP will, *in fact*, benefit both non-ratepayers (tenants) and, indirectly, non-residential ratepayers (multi-family building owners).¹²⁸

Regarding a potential violation of Section 1304, as more fully explained in CAUSE-PA's Reply Brief, 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.¹²⁹ Beyond basic assertions regarding renter populations and disparate geographic locations, which were unsubstantiated in the record, 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.¹³⁰

This proposal is especially ill-advised when, as demonstrated throughout this proceeding, *existing* low income programming is woefully undersubscribed and not effectively mitigating

¹²⁴ Id. at 94.

¹²⁵ Id.

¹²⁶ PAWC Exceptions at 34.

¹²⁷ CAUSE-PA RB at 44.

¹²⁸ Id.

¹²⁹ Id.

¹³⁰ Id.

existing high rates for water and wastewater service.¹³¹ Improvements to programs serving actual PAWC customers, which PAWC has excepted to in their entirety, should take priority over expanding assistance to non-ratepayers, particularly in light of PAWC's stated concerns about the costs of appropriately administering those programs. Therefore, CAUSE-PA recommends that the Commission affirm the RD's rejection of PAWC's proposed RAPP.

7. Reply to PAWC Exceptions 11 and 12: The Commission should affirm the RD's recommendation for additional auditing of call handling and requiring a root cause analysis of customer disputes and inform and formal complaints.

PAWC claims in its eleventh and twelfth Exceptions that OCA mischaracterized its customer service performance, asserting that the RD rests largely on OCA witness Alexander's opinion that customers calling PAWC are waiting too long to speak to an agent.¹³² Far from opinion alone, PAWC's call center issues are documented by extensive data and statistics reflecting unacceptable performance levels, and PAWC's stated intentions to improve outcomes are insufficient to ensure PAWC will make needed improvements.¹³³ In their RD, DCALJ Watson and ALJ DeVoe conclude that PAWC's customer service performance must be viewed in the context of the magnitude and frequency of PAWC's rate cases,¹³⁴ explaining that if customers are required to pay more and more for service, it is reasonable to expect PAWC to furnish quality customer service.¹³⁵ Consistent with the record in this case, it is appropriate that PAWC be required to take steps to improve these metrics, including undertaking an annual audit and investigation of

¹³¹ CAUSE-MB at 95.

¹³² PAWC Exceptions at 35.

¹³³ OCA MB at 117-118.

¹³⁴ RD at 477.

¹³⁵ Id.

customer call center compliance and conducting a root cause analysis of customer disputes complaints to identify trends, underlying causes, and reforms.¹³⁶

8. Reply to PAWC Exception 13: The Commission should affirm the RD’s recommendation rejecting PAWC’s inequitable deduct adjustment methodology.

The RD appropriately recommends that the Commission reject the proposed deduct adjustment mechanism based on concerns that PAWC’s proposal is inequitable and contrary to the public interest.¹³⁷ As the RD explains, wastewater service is typically not metered.¹³⁸ This means that to bill for the volume of wastewater used by a customer, wastewater providers rely on meter reading from water usage as a proxy for measuring and billing wastewater service.¹³⁹ The Company is proposing to change the way that it measures wastewater usage for residential customers to account for discretionary, outdoor water usage to fill pools, water lawns, and wash cars.¹⁴⁰ PAWC’s wastewater deduct proposal – a slightly modified reprise of its previously denied “winter averaging” proposal – is based on the assumption that this type of discretionary usage does not flow through the wastewater system.¹⁴¹

In its thirteenth Exception, PAWC argues that the RD fails to address record evidence that PAWC’s proposal is statistically supported and distinguishable from the Company’s proposal in the prior case.¹⁴² The Company also maintains that its proposal is intended to benefit all consumers,¹⁴³ although it does not explain how.

¹³⁶ Id. at 477-478.

¹³⁷ Id. at 397.

¹³⁸ Id. at 390.

¹³⁹ CAUSE-PA MB at 27.

¹⁴⁰ Id.

¹⁴¹ Id.

¹⁴² PAWC Exceptions at 38.

¹⁴³ Id.

We maintain our position that PAWC's proposed deduct adjustment would inequitably shift costs from higher income customers with greater discretionary usage onto lower income customers that are already struggling to afford basic services to their home.¹⁴⁴ PAWC's wastewater deduct adjustment improperly shifts revenue burden from households that reside in larger properties, with greater levels of discretionary water usage in the non-winter months, to customers that reside in smaller homes and apartments without the same discretionary water use.¹⁴⁵ We also urge rejection of the deduct adjustment proposal because PAWC's methodology and assumptions for this proposal are fundamentally flawed.¹⁴⁶ First, PAWC's methodology assumes outdoor water usage does not impact wastewater system costs, without consideration of whether a given system is combined stormwater and wastewater.¹⁴⁷ As noted by I&E expert witness Ethan Cline, "treatment plants in the CSS Wastewater Operations treat flows that originate from both sanitary sewer systems as well as storm sewer systems. Therefore, the outdoor activity flows likely still get treated at the wastewater treatment plant despite not entering through the sanitary sewer system. Therefore, deducting these volumes from a customer's bill does not follow cost causation principles."¹⁴⁸

Second, PAWC's methodology assumes that increased summer water usage is all attributable to outdoor water usage, without any individualized determination of whether a customer's average winter usage is reflective of their average summer usage.¹⁴⁹ Thus, if PAWC's inequitable deduct adjustment proposal is approved, customers with a vacation home used primarily in the summer months, families with children returning from college for summer

¹⁴⁴ CAUSE-PA MB at 27-29.

¹⁴⁵ Id. at 27.

¹⁴⁶ Id. at 26.

¹⁴⁷ Id. at 30.

¹⁴⁸ Id.

¹⁴⁹ Id.

vacation, and other households with higher summer usage would be charged the lower winter rates throughout the year.¹⁵⁰

In sum, PAWC's proposed deduct adjustment methodology is unreasonable, inequitable, and contrary to the public interest.¹⁵¹ For these reasons, and as explained more thoroughly in CAUSE-PA's Main and Reply Brief, we recommend the Commission reject PAWC Exception 13 and uphold the RD's recommendation denying PAWC's proposed deduct adjustment mechanism.

III. CONCLUSION

Stable access to affordable water and wastewater service is not a luxury – it is a basic human need. To be just and reasonable, rates and the attendant programs and policies must be set to ensure that all Pennsylvanians – regardless of economic status – can access and maintain safe and affordable water and wastewater services in their homes. For the reasons stated above, CAUSE-PA respectfully asserts that the Commission should reject PAWC's Exceptions, grant OCA's Exceptions, and uphold the well-reasoned and strongly supported RD.

Respectfully submitted,
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¹⁵⁰ *Id.* at 30-31.

¹⁵¹ *Id.* at 25-26.