

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held July 16, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair, Statement, Dissenting
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Pennsylvania Public Utility Commission	R-2025-3057983
Office of Consumer Advocate	C-2025-3058806
Office of Small Business Advocate	C-2025-3058770
Rik Bhattacharyya	C-2025-3058701
Curran Mitchell	C-2025-3058705
Michael Leone	C-2025-3058733
Zachary Bugay	C-2025-3058769
Mary Naydan	C-2025-3058792
Brian Dugas	C-2025-3058818
David R. Hurlbrink	C-2025-3058843
Patricia A. Finley	C-2025-3058864
Connie Horhut	C-2025-3058873
William Balint	C-2025-3058984
Jay S. Croft	C-2025-3059030
Brooke Birckbichler	C-2025-3059057
Marc Wills and Angelia Koser	C-2025-3059143
Neil Allen Brown	C-2025-3059169
David and Lynn Griffith	C-2025-3059164
Jeffrey Reichart	C-2025-3059136
Keith Sauer	C-2025-3059144
CAUSE-PA	C-2025-3059141
Karen W. Harris	C-2025-3059042
Deanna Pilkerton	C-2025-3059154
Angela McCloy	C-2025-3059209
Paul Heiken	C-2025-3059211

John Arty	C-2025-3059254
Kevin Clinebell	C-2025-3059159
James C. Davies	C-2025-3059113
Christopher Cappuccitti	C-2025-3059093
Carolann Hunt	C-2025-3059080
David Dubos	C-2025-3059090
Ralf Neckien	C-2025-3059089
Amy Stalneckner	C-2025-3059188
Paul Walaski	C-2025-3059341
Mary Tanealian	C-2025-3059342
Scott Retalla	C-2025-3059302
Kathleen Schwartz	C-2025-3059350
Amanda Johnsen	C-2025-3059381
Larry and Irene Mistik	C-2025-3059421
Tacy M. Rutherford	C-2025-3059426
Felipe Ortiz	C-2025-3059452
Grace Nucciarone	C-2025-3059484
Violet B. Kern	C-2025-3059446
Jayne Fitzpatrick	C-2025-3059490
Mark Schlosser	C-2025-3059494
Thomas Ziman	C-2025-3059499
Wayne W. Hedrick	C-2025-3059501
Amity Township Board of Supervisors	C-2025-3059538
John Erbiecella	C-2025-3059507
John Messina	C-2025-3059527
Robert and Patricia Boni	C-2026-3059592
James B. Dworchak	C-2026-3059603
John P. Dolekary	C-2026-3059574
Dazhe Wang	C-2026-3059556
Shawn Cieniewicz	C-2026-3059631
Adam Thomas	C-2026-3059694
Michelle Kazar	C-2026-3059697
Naomi Conte	C-2026-3059647
Dana Ullmann	C-2026-3059695
Carla Seidel	C-2026-3059689
Michael Vallonio	C-2026-3059710
Alicia W. Shussett	C-2026-3059712
Heather Zeh	C-2026-3059716
Shaun Keperling	C-2026-3059707
Steve Comuso	C-2026-3059709
Jedidiah Chappell	C-2026-3059766
Diane Martellacci	C-2026-3060020
Jennifer Breton	C-2026-3059732

Scott Bogust	C-2026-3059735
Kathy Lavanga	C-2026-3059739
Sherri and Scott High	C-2026-3059742
Rebecca Carsto	C-2026-3059746
Anna Smallwood	C-2026-3059741
Theodore Gardella	C-2026-3059731
Sergio Castaneda	C-2026-3059734
Stephanie Mosteller	C-2026-3059737
Paedrick Holohan	C-2026-3059743
Ahn Weisner	C-2026-3059755
Lauren Hoover	C-2026-3059758
Jeffrey Bezler	C-2026-3059762
Patricia Istenes	C-2026-3059761
Patricia May Phillips	C-2026-3059779
Joshua and Bryn Hoyt	C-2026-3059778
Richard Matijasich	C-2026-3059812
Kendra Robinson	C-2026-3059801
David Barnett	C-2026-3059818
Christopher Nicholson	C-2026-3059819
Robert Peiffer	C-2026-3059824
William Dobron	C-2026-3059821
Exeter Township School District	C-2026-3059827
Kathleen Townsend	C-2026-3059845
Donald and Roberta Baker	C-2026-3060105
Paul Brown	C-2026-3060187
Edward C. Padgelek	C-2026-3060463
Frank Shaffer	C-2026-3060734
James Docherty	C-2026-3060880
Judy Wojanis	C-2026-3060881
Ramkrishna Sen	C-2026-3061359

v.

Pennsylvania-American Water Company

Pennsylvania Public Utility Commission	R-2025-3058051
Office of Consumer Advocate	C-2025-3058810
Office of Small Business Advocate	C-2025-3058771
Curran Mitchell	C-2025-3058707
Elaine L. Bowman	C-2025-3058815
Joel Jackson	C-2025-3059064

Patricia A. Finley	C-2025-3058826
David R. Hurlbrink	C-2025-3058845
Jay S. Croft	C-2025-3059031
Brooke Birckbichler	C-2025-3059053
Marc Wills and Angelia Koser	C-2025-3059147
Neil Allen Brown	C-2025-3059170
David and Lynn Griffith	C-2025-3059165
Jeffrey Reichart	C-2025-3059137
Keith Sauer	C-2025-3059146
CAUSE-PA	C-2025-3059142
Karen W. Harris	C-2025-3059148
Deanna Pilkerton	C-2025-3059172
Angela McCloy	C-2025-3059213
Paul Heiken	C-2025-3059212
John Arty	C-2025-3059250
Christopher Cappuccitti	C-2025-3059094
Carolann Hunt	C-2025-3059087
Ralf Neckien	C-2025-3059117
Linda Allison	C-2025-3059122
Amy Stalneckner	C-2025-3059189
Theresa McGee	C-2025-3059334
Mary Tanealian	C-2025-3059295
Kathleen Schwartz	C-2025-3059353
Amanda Johnsen	C-2025-3059377
Tacy Rutherford	C-2025-3059427
Larry and Irene Mistick	C-2025-3059447
James Lyle	C-2025-3059442
Wayne W. Hedrick	C-2025-3059502
Mark Schlosser	C-2025-3059492
John Erbicella	C-2025-3059508
John Messina	C-2025-3059528
Robert and Patricia Boni	C-2026-3059593
Stephen M. Citrullo	C-2026-3059602
Karen Bates	C-2026-3059699
Adam Thomas	C-2026-3059693
Joey and Lisa Inmon	C-2026-3059682
Naomi Conte	C-2026-3059650
Dana Ullmann	C-2026-3059692
Carla Seidel	C-2026-3059703
Shaun Keperling	C-2026-3059708
Colleen Vallonio	C-2026-3059711
Alicia W. Shussett	C-2026-3059714
Heather Zeh	C-2026-3059715

Laurel Miller	C-2026-3059733
Scott Bogust	C-2026-3059738
Stephanie Lamison	C-2026-3059745
Anna Smallwood	C-2026-3059744
Paedrick Holohan	C-2026-3059751
Anh Weisner	C-2026-3059757
Lauren Hoover	C-2026-3059759
Patricia Istenes	C-2026-3059756
Sherrie Greene	C-2026-3059764
Exeter Township Board of Supervisors	C-2026-3059765
Douglas Berguson	C-2026-3059767
Jeffrey Bezeler	C-2026-3059763
Amber Dinnella	C-2026-3059768
John Phio	C-2026-3059773
Richard Matijasich	C-2026-3059811
Kendra Robinson	C-2026-3059815
Sujata Shakya	C-2026-3059817
Christopher Nicholson	C-2026-3059822
Patricia May Phillips	C-2026-3059797
Denise E. Prowse	C-2026-3059816
Kathleen Townsend	C-2026-3059844
Diane Martellacci	C-2026-3060028
Floyd Gault Jr	C-2026-3060025
Jedidiah Chappell	C-2026-3060017
Paul Brown	C-2026-3060188
Frank Shaffer	C-2026-3060717

v.

Pennsylvania-American Water Company
Wastewater Division

ERRATA NOTICE

This is to advise all parties of record that the Opinion and Order entered on July 27, 2026, in the above-captioned proceeding, contains errors on pages 219 and 220.

On page 219 of the Opinion and Order, the second to last sentence currently reads, as follows (footnote omitted):

As these tables indicate, we shall set an authorized overall rate of return for PAWC of: (1) 7.29% on a total Company basis; (2) 7.37% for the Company's water operations; and (3) 7.03% for the Company's wastewater operations.

This sentence on page 219 should instead read, as follows (footnote omitted here but included in the attached revised page 219):

As these tables indicate, we shall set an authorized overall rate of return for PAWC of: (1) 7.30% on a total Company basis; (2) 7.37% for the Company's water operations; and (3) 7.03% for the Company's wastewater operations.

On page 220 of the Opinion and Order, Table 40 currently reads, as follows (footnote omitted):

Table 40: PAWC Capital Structure – Authorized Overall Rate of Return on a Total Company Basis

Type of Capital	Ratio	Cost Rate	Weighted Cost
Long-Term Debt	45.97%	4.63%	2.13%
Preferred Stock	0.01%	9.71%	0.00%
Common Equity	54.02%	9.55%	5.16%
Total	100.00%		7.29%

Table 40 on page 220 should instead read, as follows (footnote omitted here but included in the attached revised page 220):

**Table 40: PAWC Capital Structure – Authorized Overall
Rate of Return on a Total Company Basis**

Type of Capital	Ratio	Cost Rate	Weighted Cost
Long-Term Debt	45.76%	4.63%	2.12%
Preferred Stock	0.01%	9.71%	0.00%
Common Equity	54.23%	9.55%	5.18%
Total	100.00%		7.30%

The Opinion and Order on the PA PUC website will be corrected as indicated above. Please accept our apologies for any inconvenience this may have caused you.

Thank you.

Exceptions and Replies to Exceptions on the overall rate of return are based on their respective Exceptions and Replies to Exceptions regarding the ALJs' recommended proxy group, capital structure, and the cost of common equity, *supra*.

4. Disposition

For the reasons discussed above, we have adopted the ALJs' recommendations as to the appropriate proxy group, capital structure, cost of debt, and cost of preferred stock for PAWC. However, we have modified the ALJs' recommendation by awarding the Company an upward adjustment of 10 basis points (*i.e.*, 0.10%) to its ROE for management effectiveness, in recognition of PAWC's support for troubled water systems. Additionally, based upon our findings regarding: (1) the Company's minimal regulatory lag and its associated reduced business risk, given its frequent filing of base rate cases; and (2) affordability issues faced by PAWC's customers, we have further modified the ALJs' recommendation as to the appropriate cost of common equity for PAWC, by applying a reduction of 25 basis points, or 0.25%, thereto, resulting in a final ROE of 9.55%. This will, in turn, modify the ALJs' recommended overall rate of return. Tables 40 through 42 summarize our final determinations regarding PAWC's capital structure, cost of debt, and cost of common equity, as well as the resulting weighted costs, for each of its operations. As these tables indicate, we shall set an authorized overall rate of return for PAWC of: (1) 7.30% on a total Company basis;⁹⁰ (2) 7.37% for the Company's water operations; and (3) 7.03% for the Company's wastewater operations. We shall apply these rates of return, as set forth in Table I(A), to each of the sets of rate tables that are attached to the Commission Tables Calculating Allowed Revenue Increase at the end of this Opinion and Order.

⁹⁰ As previously noted, the ALJs did not make a recommended overall rate of return for PAWC on a total Company basis.

Table 40: PAWC Capital Structure – Authorized Overall Rate of Return on a Total Company Basis⁹¹

Type of Capital	Ratio	Cost Rate	Weighted Cost
Long-Term Debt	45.76%	4.63%	2.12%
Preferred Stock	0.01%	9.71%	0.00%
Common Equity	54.23%	9.55%	5.18%
Total	100.00%		7.30%

Table 41: PAWC Capital Structure – Authorized Overall Rate of Return for the Company’s Water Operations

Type of Capital	Ratio	Cost Rate	Weighted Cost
Long-Term Debt	44.99%	4.71%	2.12%
Preferred Stock	0.01%	9.71%	0.00%
Common Equity	55.00%	9.55%	5.25%
Total	100.00%		7.37%

Table 42: PAWC Capital Structure – Authorized Overall Rate of Return for the Company’s Wastewater Operations

Type of Capital	Ratio	Cost Rate	Weighted Cost
Long-Term Debt	41.59%	4.71%	1.96%
WW-Specific Long-Term Debt	6.88%	2.20%	0.15%
Preferred Stock	0.01%	9.71%	0.00%
Common Equity	51.52%	9.55%	4.92%
Total	100.00%		7.03%

⁹¹ As previously noted, the Company claimed an overall capital structure of 55.33% common equity, 0.01% preferred stock, and 44.66% long-term debt. Based upon our modification of the Company’s proposed capital structure for its water operations, as discussed in Section X.B, *supra*, this results in a modification of the Company’s overall capital structure on a total Company basis, as shown in this table.