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September 14, 2026

VIA eFiling

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 and R-2025-3058051

Secretary Homsher:

Please find the attached **Petition of Elizabeth Township for Rescission or Amendment of the Commission's Order, Temporary Rate Freeze, and Nunc Pro Tunc Relief** filed in the above-referenced proceeding.

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

Sincerely,



Matthew B. Simon

Enclosures
c: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PETITION OF ELIZABETH TOWNSHIP FOR RESCISSION OR AMENDMENT OF THE
COMMISSION’S ORDER, TEMPORARY RATE FREEZE, AND NUNC PRO TUNC
RELIEF**

Elizabeth Township (“Elizabeth Township” or “Township”), by and through its undersigned counsel, respectfully petitions the Pennsylvania Public Utility Commission (“Commission”) for (1) immediate rescission or amendment of the Commission’s July 27, 2026 Decision and Order (“Order”); (2) a temporary stay of the rate increases challenged herein; and (3) *nunc pro tunc* relief, to the extent necessary, to permit the Commission to consider this Petition on the merits.

I. INTRODUCTION

1. This Petition presents an extraordinary circumstance: a municipality whose wastewater rates were increased by as much as 68 percent in a proceeding it learned of only after its opportunity to be heard had passed.

2. Elizabeth Township is a customer of Pennsylvania-American Water Company (“PAWC”). Through the system PAWC acquired from the Elizabeth Borough Municipal Authority (“EBMA”), PAWC provides wastewater service to approximately 1,200 customers within the Township’s boundaries.

3. PAWC initiated these proceedings on November 14, 2025, seeking in part a 30% increase in the EBMA wastewater rates. Evidentiary hearings were held in March 2026, a Recommended Decision issued May 15, 2026, and the Commission voted on PAWC’s proposal on July 16, 2026.

4. Yet throughout that entire proceeding, the Township was never told that its wastewater rates were at issue. PAWC failed to provide the Township the customer notice required by 52 Pa. Code § 53.45. Worse, when the Township communicated directly with PAWC about the EBMA rates, PAWC affirmatively led the Township to believe that PAWC was not seeking any rate change.

5. PAWC first informed the Township that it was seeking an increase in the Township's wastewater rates on July 15, 2026—eight months after these proceedings began, two months after the Recommended Decision issued, and one day before the Commission's vote.

6. Even that belated notice was materially inaccurate and incomplete. It understated the increase applicable to the Township, did not disclose that the proceedings had been pending since November 2025, and did not disclose that the Recommended Decision had already proposed a wastewater-rate increase substantially exceeding the increase PAWC had requested for the EBMA zone. By the time the Township received any notice, the evidentiary record had closed and the Commission was poised to vote.

7. In the Township's absence, the Commission approved rates for the Township that increased its Service Charge by approximately 40% and its Usage Charge by approximately 68%, notwithstanding the fact that PAWC had sought only a 30% increase.

8. PAWC only informed the Township of these rate increases on August 14, 2026, and conceded in subsequent communications that it failed to provide the Township proper notice.

9. Because it received no notice, the Township was unable to evaluate or present substantial issues, including: (a) the magnitude of and justification for the increase applicable to the EBMA system; (b) the legal character of the Service Charge established under the preexisting municipal arrangement between the Township and EBMA; (c) whether PAWC or the Commission possessed authority to modify that charge through this rate proceeding; and (d) the disparate treatment of customers and municipalities within the acquired EBMA system.

10. After diligently working to understand these proceedings and attempting, without success, to rectify with PAWC the notice failure that deprived it of an opportunity to participate, the Township now asks the Commission to restore the process the Public Utility Code and the Commission's own regulations require: an opportunity for the Township to be heard before the rates applicable to it are determined.

11. Pursuant to 66 Pa.C.S. § 703(g) and 52 Pa. Code § 5.572(d), the Commission may rescind or amend its orders at any time. The Township respectfully requests that the Commission exercise that authority here.

II. RELEVANT FACTUAL HISTORY

12. After more than a year of efforts, in late 2025, PAWC acquired the EBMA wastewater system.

13. Through that system, PAWC provides wastewater service to approximately 1,200 customers within the Township's boundaries.

14. On September 2, 2025, Elizabeth Township Commissioner Kyle Walk contacted PAWC representative Jackie McGrady by email regarding potential rate increases so that the Township could prepare its municipal budget.

15. Ms. McGrady, on behalf of PAWC, responded that "we have not asked the [Commission] for a rate adjustment for 2026. If we do file a rate case in the future for 2026, I will let you know the same day we file.... I always notice major accounts by email as soon as we file so you can prepare ahead." *See* Ex. 1.

16. On October 29, 2025, Commissioner Walk followed up regarding potential rate changes to EBMA because PAWC was in the process of acquiring the EBMA wastewater system.

17. On November 2, 2025, Ms. McGrady responded, "I will keep you updated on ... the accounts included in the EBMA closing scheduled for December.... If we do file a rate case in the future for 2026, I will let you know the same day we file it." *See* Ex. 2.

18. Those communications created a reasonable expectation that the Township would be informed when PAWC filed for rates affecting the EBMA system.

19. On November 14, 2025, PAWC submitted the Base Rate Filing, seeking a \$168.7 million increase in water and wastewater rates.

20. The same day, Ms. McGrady communicated by email with Commissioner Walk.

21. The information provided to Commissioner Walk specifically represented that no rate adjustment had been proposed for the bulk wastewater rates applicable to the Township's wastewater operations.

22. The email stated: "To help you determine how this rate request would impact your bill, here are the proposed rates: **NO RATE ADJUSTMENT HAS BEEN PROPOSED FOR THE BULK WASTEWATER RATES.**" (emphasis original). The email did not reference any other rates. *See* Ex. 3.

23. The same day, Commissioner Walk sought clarity on whether this email was applicable to EBMA. He wrote: "Thank you for keeping [the Township] informed. This is good news for [the Township's] bulk customers. Please give us a heads up if you find anything regarding an increase for [the Township's] EBMA's customers." *See* Ex. 4.

24. On November 17, 2025, Ms. McGrady replied, "I will have more information about the customers with EBMA after the closing in December. I'll send the information over once I receive it." *Id.*

25. At the time of this email, PAWC had already sought a 30% wastewater rate increase in both the Service Charge and Usage Charge for EBMA's customers. Yet Ms. McGrady failed to disclose this information.

26. On December 16, 2025, PAWC closed on its acquisition of EBMA. *See* Notice of Closing A-2025-3052983, Dec. 16, 2025.

27. As part of that acquisition, “to avoid rate shock,” PAWC agreed that it would “not propose to increase rates for the EBMA zone more than 30% of EBMA’s rates in effect at Closing in PAWC’s first base rate case in which the System is included.” Settlement Agreement A-2025-3052983, June 27, 2025.

28. PAWC also agreed not to propose an increase of more than 60% of the rates in effect at closing in PAWC’s second base rate case. *Id.*; *see also* Statement of Commissioner Zerfuss A-2025-3052983, Oct. 9, 2025 (“[T]he parties to the Settlement have taken steps to minimize the impact of a rate increase on the acquired customers ... [by providing] for a rate gradualism plan.”).

29. Elizabeth Township commissioners met with Ms. McGrady on at least two separate occasions following the EBMA closing, in or about March and May 2026. Ms. McGrady again did not disclose to the Township that a proposed increase affecting EBMA rates was pending.

30. During this period, PAWC was aware not only that it had sought an increase in the Township’s wastewater rates, but that the Recommended Decision proposed a substantially larger increase in the Township’s wastewater rates. R.D. at 322 (recommending a 46% increase).

31. On July 15, 2026, PAWC finally sent the Township correspondence concerning a proposed EBMA rate increase. *See* Ex. 5.

32. That correspondence represented the current Usage Charge as \$0.80 and the proposed Usage Charge as \$1.3412. The correspondence indicated that PAWC had not sought an increase in the \$35 Service Charge. *Id.*

33. Those representations did not accurately identify the rates PAWC itself had requested in the rate proceeding. The Township subsequently learned that PAWC had actually requested an increase in the Service Charge from \$35 to \$45.50, a 30% increase.

34. Thus, even when the Township was finally informed on July 15 that an EBMA rate proceeding existed, it still was not provided accurate information concerning PAWC’s actual requests.

35. Worse, the correspondence did not disclose that the rate proceeding had been active since November, that PAWC's rate filing was fully briefed before the Commission, or that the ALJs recommended to the Commission that the EBMA rate should be increased substantially beyond 30%.

36. The Commission voted on PAWC's proposal on July 16, 2026, the day after PAWC's correspondence, and it entered the Order on July 27, 2026.

37. The Order ultimately resulted in the Township's Usage Charge and Service Charge increasing by 68% and 40%, respectively, far exceeding even the increases PAWC had requested and departing dramatically from the "rate gradualism plan" agreed to as part of the EBMA settlement. *See, e.g.,* Statement of Commissioner Zerfuss A-2025-3052983, Oct. 9, 2025.

38. Following the July 15 correspondence, the Township immediately attempted to meet with senior executives for PAWC, which was ultimately scheduled for August 14, 2026.

39. In that meeting, PAWC for the first time communicated the actual requested and final rates to the Township, acknowledging that the proposed rates provided in the July 15 communication were "incorrect." *See* Ex. 6.

40. PAWC also subsequently acknowledged that the Township did not receive notice that should have been provided concerning the EBMA rate matter.

41. In a September 2, 2026 email, PAWC stated that, "[a]fter [it] acquired [the EBMA] wastewater system in December 2025, we should have communicated the proposed rate increase to the Township for former EBMA customers." *See* Ex. 7.

III. ARGUMENT

A. The Commission Should Rescind or Amend the Order

42. Pursuant to Section 5.572 of the Commission's regulations, "petitions for rescission or amendment may be filed at any time." 52 Pa. Code § 5.572(d); *see also* 66 Pa.C.S. § 703(g) (permitting the Commission to rescind or amend an order "at any time").

43. The Township was deprived of notice of the proposed EBMA rate increases during the period in which it could have meaningfully investigated, challenged, and participated in the proceeding concerning those rates.

44. The Township was not only deprived of notice; PAWC affirmatively led the Township to believe that PAWC was not seeking an increase in EBMA's rates.

45. The failure of PAWC to provide notice is a violation of the Commission's notice procedures. Specifically, Section 53.45 of the Commission's regulations require that "a utility shall provide customer notice" "to customers to be acquired from another entity as a result of a transfer application ... if new rates resulting from the utility's rate increase request are to apply to transferred customers." 52 Pa. Code § 53.45(d). No such notice was provided.

46. PAWC's failure also deprived the Township of Due Process under the United States Constitution. *See McCloskey v. Pa. PUC*, 195 A.3d 1055, 1069 (Pa. Commw. Ct. 2018) (vacating the Commission's order for failure to provide "individualized notice" in violation of Commission regulations and Due Process Clause); *see also id.* at 1068 ("Because an increase in rates involves a substantial property right, ratepayers are entitled to notice of a Commission's administrative proceeding in which a decision is made to increase rates in a subsequent rate base proceeding.").

47. Notice in a rate proceeding is not a procedural technicality.

48. Notice provides an affected party with the opportunity to investigate a proposed rate, retain counsel and experts, review supporting evidence, conduct discovery where available, present testimony and legal argument, challenge jurisdiction, and otherwise protect its interests before a final determination is made.

49. Had Elizabeth Township received timely notice, it could have raised substantial questions concerning the proposed EBMA rates while the record remained open.

50. PAWC's acts and omissions deprived the Township of a meaningful opportunity to be heard before rates directly affecting the Township and its approximately 1,200 sewer customers became effective.

51. PAWC, not the Township, should bear the burden of its own admitted failure.

52. The Township seeks an amendment of the July 27 Order denying PAWC's request for any rate increase affecting the Township.

53. In the alternative, the Township seeks rescission of the Order and the Secretarial Letter dated August 14, 2026, insofar as they establish rates for EBMA.

54. Following rescission, the Township requests that the Commission reopen the record for the limited purpose of receiving evidence concerning (i) whether the notice required by 52 Pa. Code § 53.45 was given to the Township; (ii) the rate impact of the Order upon customers within the EBMA zone; (iii) the magnitude of and justification for the increase applicable to the EBMA zone; (iv) the application of the Commission's gradualism principle to that increase; (v) the Commission's jurisdiction to adjust the Service Charge; and (vi) the allocation of rates within the EBMA zone. *See McCloskey*, 195 A.3d at 1069 (vacating Commission's order for notice failure and directing the Commission to receive additional evidence).

B. The Commission Should Stay Collection of the Challenged Increase Pending Resolution of This Petition or, Alternatively, Should Direct That It Be Collected Subject to Refund

55. Pursuant to 52 Pa. Code § 5.572(c), which provides for petitions for supersedeas following a final decision, the Township requests that the Commission temporarily stay or suspend collection of the challenged increases applicable to Elizabeth Township and restore the rates previously in effect or, in the alternative, direct that the incremental amounts resulting from the challenged increases be segregated and expressly collected subject to refund pending resolution of this Petition.

56. In evaluating a request for supersedeas, the Commission applies the criteria adopted in *Pennsylvania Public Utility Commission v. Process Gas Consumers Group*, 502 Pa. 545 (1983):

whether the petitioner has made a substantial showing of likelihood of success on the merits; whether the petitioner will suffer irreparable injury absent relief; whether relief will substantially harm other interested parties; and whether relief will adversely affect the public interest.

i. The Township Is Likely to Prevail on the Merits

57. The Township possesses statutory and constitutional rights to notice and a meaningful opportunity to be heard in a proceeding directly determining the wastewater charges imposed upon it.

58. PAWC has acknowledged that notice was not provided.

59. At minimum, these circumstances warrant restoration of the Township's opportunity to present its objections before it is required to bear permanently the consequences of the challenged rates. *See McCloskey*, 195 A.3d at 1069.

ii. The Township Will Suffer Irreparable Injury Absent Relief

60. The injury to the Township is irreparable not simply because of the magnitude of the harm to the Township's residents, but because there is limited relief available for recovering amounts collected under an effective tariff.

61. The Commission has limited statutory authority to issue refunds. *See* 66 Pa.C.S. § 703(g) (allowing refunds only, as applicable, after a finding that the rate was unjust or unreasonable). Every dollar collected from the Township under the challenged rates during the pendency of this Petition is therefore potentially permanently lost to the Township absent a stay or an order directing that those amounts be collected subject to refund.

iii. Interim Relief Will Not Substantially Harm Other Interested Parties

62. The relief requested is limited to the rates applicable to the Township. Aside from those rates, the Township does not seek to disturb the total revenue requirement approved in the July 27, 2026 Order or the rates applicable to any other customer class or rate zone through its stay request.

63. Other than PAWC, no other party to this proceeding has an interest adverse to the requested relief, and any deferral of the rate increase is temporary and subject to full recovery should the Commission deny this Petition.

64. The alternative relief requested—collection subject to refund—imposes no present revenue consequence on PAWC.

iv. Interim Relief Will Not Adversely Affect the Public Interest

65. The Township does not request that the Commission permanently deny PAWC any revenue to which it is ultimately determined to be lawfully entitled. The Township requests preservation of the *status quo* while the Commission determines whether the challenged rates were established through a process affording affected parties the notice and opportunity to be heard that law requires.

66. Protecting the integrity of the Commission’s own notice requirements serves the public interest.

C. *Nunc Pro Tunc* Relief Is Warranted

67. The relief the Township principally seeks—rescission and amendment—is subject to no time limitation. 52 Pa. Code § 5.572(d). *Nunc pro tunc* relief is necessary only as to the Township’s request for supersedeas, which falls within the fifteen-day deadline prescribed by 52 Pa. Code § 5.572(c).¹

68. Measured from the date of first actual notice, and accounting for the Township’s diligence described below, the Township submits that this Petition should be deemed timely filed.

69. The Township’s failure to file for a timely stay was caused entirely by circumstances outside its control. PAWC did not provide the Township the customer notice required by 52 Pa. Code

¹ To the extent the Commission deems any other portion of this Petition subject to that deadline, the Township requests that it be accepted *nunc pro tunc*.

§ 53.45. Instead, PAWC's actions lulled the Township into a false sense of security that no rate increase was sought.

70. By the time the Township learned of the rate increase affecting its residents, on August 14, 2026, more than 15 days had passed from the Commission's July 27 Order. That is, the Township had no opportunity to file a timely petition for supersedeas.

71. Since then, the Township has diligently worked to understand the nature of these proceedings, which spanned nine months and generated tens of thousands of pages of technical filings; engaged in numerous discussions with PAWC concerning the proceedings; assessed the Order's impact on its residents and the Township's budget; considered its available options; allocated scarce resources to retain counsel; and brought counsel up to speed on these proceedings.

72. Equity and fundamental fairness therefore weigh strongly against enforcing procedural deadlines against the Township where the notice failure itself prevented the Township from meeting those deadlines.

73. Accordingly, the Township respectfully requests that the Commission accept this Petition in its entirety, consider it on the merits, and decline to permit PAWC to benefit from its failure to provide the notice required by law.

IV. REQUEST FOR EXPEDITED HEARING

74. Because the challenged rates are presently in effect and are affecting the Township and its approximately 1,200 sewer customers during each billing cycle, the Township requests that the Commission act on the Township's request on an expedited basis

75. The Township is prepared to present documentary evidence and testimony establishing the communications described above, the absence of the notice required by 52 Pa. Code § 53.45, and the impact of the challenged rates upon the Township and its customers.

76. The Township requests the earliest hearing available under the Commission's procedures and is prepared to proceed on any schedule the Commission directs.

WHEREFORE, the Township respectfully requests that the Commission:

- A. Accept this Petition *nunc pro tunc*;
- B. Temporarily stay the collection of the challenged EBMA rate increases applicable to the Township or, alternatively, pending disposition of this Petition, direct PAWC to collect subject to refund the challenged rate increases;
- C. Amend the Commission's July 27, 2026 Order to deny PAWC's request for any increase in the rates applicable to Elizabeth Township or, alternatively, rescind the July 27, 2026 Order and the Secretarial Letter dated August 14, 2026, insofar as they establish rates for the EBMA zone;
- D. Upon rescission, reopen the record for the limited purpose of receiving evidence concerning (i) whether the notice required by 52 Pa. Code § 53.45 was given to Petitioner; (ii) the rate impact of the Order upon customers within the EBMA zone; (iii) the magnitude of and justification for the increase applicable to the EBMA zone; (iv) the application of the Commission's gradualism principle to that increase; (v) the Commission's jurisdiction to adjust the Service Charge; and (vi) the allocation of rates within the EBMA zone;
- E. Afford Elizabeth Township a meaningful opportunity to present its objections to the rates applicable to it, including the opportunity to present documentary evidence and testimony;
- F. Grant such additional relief as the Commission determines to be just, equitable, and necessary to restore Elizabeth Township to substantially the position it would have occupied had timely and legally sufficient notice been provided.

Dated: September 14, 2026

Respectfully submitted,

/s/ Matthew B. Simon

Matthew B. Simon (PA ID 331106)

simon@marcus-shapira.com

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Counsel for Petitioner Elizabeth Township

/s/ Matthew D. Racunas

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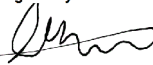
Facsimile: 412-301-2401

Counsel for Petitioner Elizabeth Township

VERIFICATION

I, Adam Musisko, am authorized to make this Verification on behalf of Elizabeth Township. I verify that the factual statements contained in the foregoing Petition are true and correct to the best of my knowledge, information, and belief. I understand that statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

September 14, 2026

Signed by:

A8846DCF855C494...

Adam Musisko
Elizabeth Township, Commissioner

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have this date served true and correct copies of the **PETITION OF ELIZABETH TOWNSHIP FOR RESCISSION OR AMENDMENT OF THE COMMISSION’S ORDER, TEMPORARY RATE FREEZE, AND NUNC PRO TUNC RELIEF** on the following individuals in the manner specified, in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL

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Dated: September 14, 2026

Respectfully submitted,

/s/ Matthew B. Simon

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Counsel for Petitioner Elizabeth Township

EXHIBIT 1

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Tuesday, September 2, 2025 2:05 PM
To: Kyle Walk
Cc: Tammy Firda; Jaime Montgomery
Subject: RE: 2026 PAWC Fees

Hi Kyle,

As of right now we have not asked the Public Utility Commission (PUC) for a rate adjustment for 2026. If we do file a rate case in the future for 2026, I will let you know the same day we file it. From the day we file, it usually takes the PUC 6-9 months to review our request and determine a rate adjustment. For example, if we would file for a rate adjustment later this year, new rates would not go in effect until quarter 3 or quarter 4 of 2026. I always notify major accounts by email as soon as we file so you can prepare ahead.

Thank you,

Jackie McGrady

Regional Manager, Major Accounts

412-485-9918 | jackie.mcgrady@amwater.com



AMERICAN WATER

WE KEEP LIFE FLOWING®

From: Kyle Walk <kwalk@elizabethwppa.com>
Sent: Tuesday, September 2, 2025 11:18 AM
To: Jackie McGrady <Jackie.McGrady@amwater.com>
Cc: Tammy Firda <tfirda@elizabethwppa.com>; Jaime Montgomery <jmontgomery@elizabethwppa.com>
Subject: 2026 PAWC Fees

Good morning,

It's budget time. Will PAWC institute a rate increase for 2026?

Thanks,
Kyle Walk

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the sender. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of American Water Works Company Inc. or its affiliates. The recipient should check this email and any attachments for the presence of viruses. American Water accepts no

EXHIBIT 2

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Monday, November 3, 2025 4:57 PM
To: Kyle Walk
Cc: Tammy Firda; Jaime Montgomery; Jessica Gronlund
Subject: RE: 2026 PAWC Fees

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Hi Kyle,

I will keep you updated on Elizabeth Township's current bulk accounts and also the accounts included in the EBMA closing scheduled for December. As of today, there is no rate adjustment request pending with the PUC. If we do file a rate case in the future for 2026, I will let you know the same day we file it.

Thank you,

Jackie McGrady

Regional Manager, Major Accounts

412-485-9918 | jackie.mcgrady@amwater.com



AMERICAN WATER

WE KEEP LIFE FLOWING®

From: Kyle Walk <kwalk@elizabethtwppa.com>
Sent: Wednesday, October 29, 2025 2:24 PM
To: Jackie McGrady <Jackie.McGrady@amwater.com>
Cc: Tammy Firda <tfirda@elizabethtwppa.com>; Jaime Montgomery <jmontgomery@elizabethtwppa.com>; Jessica Gronlund <jgronlund@elizabethtwppa.com>
Subject: Re: 2026 PAWC Fees

Hello Jackie,

It's 2026 budget preparation time. As stated in your September email, there is currently not a plan for a rate increase in 2026.

PAWC will complete the purchase of Elizabeth Boro Municipal Authority on Dec. 16, 2025. Please research any potential for a 2026 rate increase for ET's 1,180+ customers currently treated at EBMA.

Thanks in advance for your help,
Kyle Walk

EXHIBIT 3

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Friday, November 14, 2025 4:28 PM
To: Kyle Walk; Jaime Montgomery; Tammy Firda
Subject: Information on Pennsylvania American Water Rate Adjustment Request

Follow Up Flag: Follow up
Flag Status: Completed

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello,

Earlier today, Pennsylvania American Water filed a rate adjustment request with the PA Public Utility Commission (PUC) that reflects \$1.2 billion in investments we will be making through mid-2027 to modernize and strengthen our water and wastewater systems in communities across Pennsylvania. Any new rates established by the PUC would not go into effect until August 2026.

This request reinforces our company's commitment to investing in our water and wastewater systems to replace aging infrastructure, provide reliable service, enhance water quality, comply with environmental regulations, increase fire protection for customers and address emerging contaminants such as PFAS. There is tremendous need for significant and costly improvements to the Commonwealth's water and wastewater infrastructure, and Pennsylvania American Water is playing a key role by making necessary investments and replacing century-old pipes, pumps, and treatment facilities.

To help you determine how this rate request would impact your bill, here are the proposed rates:

NO RATE ADJUSTMENT HAS BEEN PROPOSED FOR THE BULK WASTEWATER RATES

Usage Charge is Per 100 Gallons

BULK WASTEWATER CUSTOMER	Current Rate	Proposed Rate	Notes
Usage Charge Per 100 Gallons	\$1.6680	No Change	Per 1,000 gallons = \$16.68
Flat Rate Account Per Month	\$86.00	No Change	18,000 gallons per quarter or 6,000 per month
Flat Rate Account Per Quarter	\$258.00	No Change	18,000 gallons per quarter or 6,000 per month

The Commission will spend the next nine months reviewing our request and could order a rate adjustment even though American Water did not propose one. The Commission determines the final rates. Again, any new rates set at the conclusion of this proceeding will not be effective until August 2026.

The attached customer notice provides more details and you can [click here](#) for more information on why and how we're investing in communities across Pennsylvania. If you have any questions, please contact me.

Sincerely,

Jackie McGrady

EXHIBIT 4

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Monday, November 17, 2025 9:55 AM
To: Kyle Walk
Cc: Jaime Montgomery; Tammy Firda
Subject: RE: Information on Pennsylvania American Water Rate Adjustment Request

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

No problem, Kyle. I will have more information about the customers with EBMA after the closing in mid-December. I'll send the information over once I receive it.

Jackie McGrady

Regional Manager, Major Accounts

412-485-9918 | jackie.mcgrady@amwater.com



AMERICAN WATER

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From: Kyle Walk <kwalk@elizabethtwppa.com>
Sent: Friday, November 14, 2025 7:30 PM
To: Jackie McGrady <Jackie.McGrady@amwater.com>
Cc: Jaime Montgomery <jmontgomery@elizabethtwppa.com>; Tammy Firda <tfirda@elizabethtwppa.com>
Subject: Re: Information on Pennsylvania American Water Rate Adjustment Request

Hello Jackie,

Thank you for keeping ET informed. This is good news for ET's bulk customers . Please give us a heads up if you find anything regarding an increase for ET's EBMA's customers.

Thanks again,
Kyle Walk

On Nov 14, 2025, at 4:29 PM, Jackie McGrady <Jackie.McGrady@amwater.com> wrote:

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello,

EXHIBIT 5

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Wednesday, July 15, 2026 11:33 AM
To: Jaime Montgomery; Tammy Firda; Kyle Walk; Mike Hansen
Subject: Elizabeth Borough: Information on Pennsylvania American Wastewater Rate Adjustment Request

Follow Up Flag: Follow up
Flag Status: Completed

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good morning,

Please see below for the proposed rates for the Elizabeth Borough bulk wastewater rate adjustment request with the PA Public Utility Commission (PUC). Any new rates established by the PUC would not go into effect until August 2026.

Usage Charge is Per 100 Gallons

ELIZABETH BOROUGH BULK WASTEWATER CUSTOMER	Current Rate	Proposed Rate
Service Charge Per Customer (EDU)	\$35.00	\$35.00
Usage Charge Per 100 Gallons	\$0.8000	\$1.3412

The Commission is reviewing our request and could grant all, some, more, or none of our request. Again, any new rates set at the conclusion of this proceeding will not be effective until August 2026.

Please let me know if you have any questions.

Sincerely,

Jackie McGrady

Senior Manager, Major Accounts

412-485-9918 | jackie.mcgrady@amwater.com



AMERICAN WATER

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EXHIBIT 6

Tammy Firda

From: Jackie McGrady <Jackie.McGrady@amwater.com>
Sent: Friday, August 14, 2026 10:36 AM
To: Adam Musisko; Kyle Walk; Tammy Firda; Mike Hansen; Jaime Montgomery
Subject: Follow-Up on Bulk Wastewater Rate Adjustment

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello,

I wanted to make you aware of an upcoming adjustment to the bulk water rates charged to your municipality as a result of the Pennsylvania Public Utility Commission's final order in the company's most recent rate case.

While Pennsylvania American Water's original filing did not request changes specific to bulk customer systems, the PUC is responsible for determining final rates and customer impacts. The adjustment affecting bulk customers is the result of the Commission's final order.

The approved rates were effective on 8/13/2026.

To help you determine how this rate order will impact your bill, here are the new rates:

ELIZABETH BOROUGH BULK WASTEWATER CUSTOMER	Previous Rate	Proposed Rate	Final Rate	Proposed Increase	Final Increase
Service Charge Per Customer (EDU)	\$35.00	\$45.50	\$49.00	30%	40%
Usage Charge Per 100 Gallons	\$0.80	\$1.04	\$1.34	30%	68%

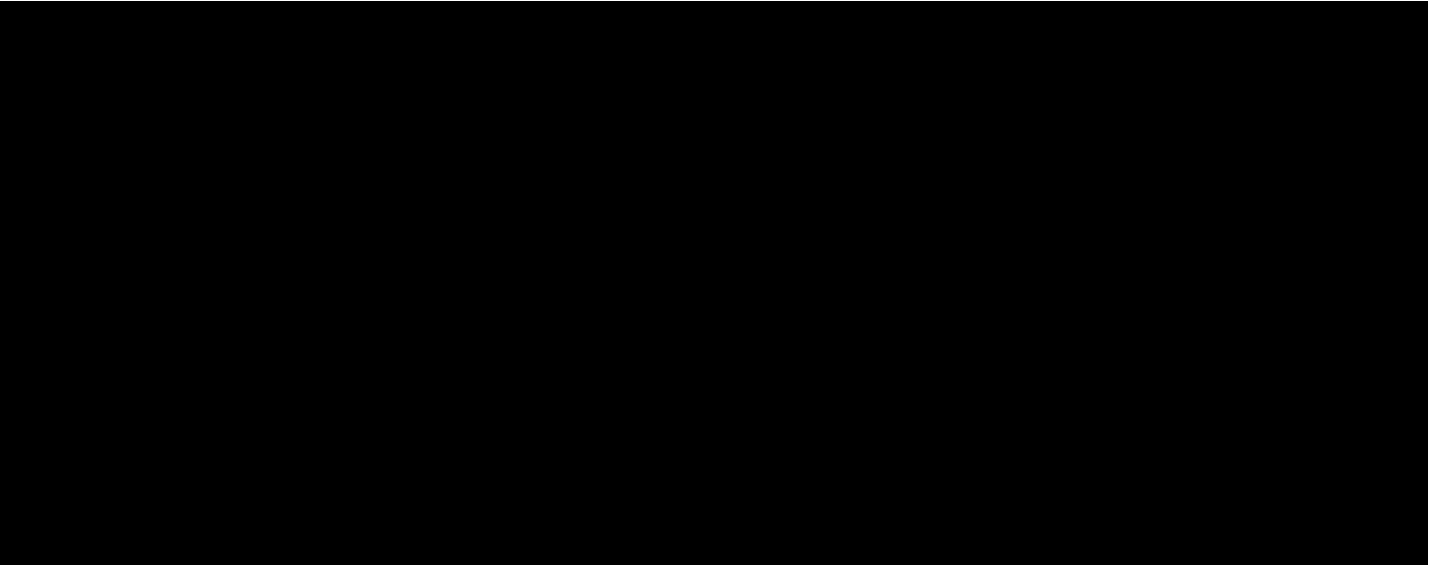
**Please note that on 7/15/2026 Jackie McGrady, account manager for Elizabeth Township, communicated incorrect proposed rates to Elizabeth Township for the Elizabeth Borough wastewater account. Jackie sent a proposed rate of \$35.00 for the service charge and \$1.3412 for the usage charge.

MCKEESPORT BULK WASTEWATER CUSTOMER	Previous Rate	Proposed Rate	Final Rate	Proposed Increase	Final Increase
Usage Charge Per 100 Gallons	\$1.668	\$1.668	\$1.749	0%	5%
Flat Rate Account Per Month	\$86.00	\$86.00	\$86.00	0%	0%
Flat Rate Account Per Quarter	\$258.00	\$258.00	\$258.00	0%	0%

We understand municipalities may need time to review the impact, consider any required local action and communicate with residents. Our Rates and Regulatory team is scheduled to meet with you on 8/14/2026 at 1:00 p.m. to review the PUC's decision, explain the factors that contributed to the approved rates and answer any questions about the rate-setting process. We will also schedule an in-person meeting to review further at your request. Please let me know if you would like to schedule an in-person follow up discussion.

Sincerely,

EXHIBIT 7



From: Don Wieczenski <Don.Wieczenski@amwater.com>

Sent: Wednesday, September 2, 2026 3:14 PM

To: Adam Musisko <amusisko@elizabethtwppa.com>; Josh Walls <jwalls@elizabethtwppa.com>; Kyle Walk <kwalk@elizabethtwppa.com>

Cc: Jackie McGrady <Jackie.McGrady@amwater.com>; Tammy Firda <tfirda@elizabethtwppa.com>; Christina E Chard <Christina.Chard@amwater.com>; Dominic DeGrazia <Dominic.DeGrazia@amwater.com>; Brent Robinson <Brent.Robinson@amwater.com>; Michael Salvo <Michael.Salvo@amwater.com>

Subject: RE: Elizabeth Township Concerns

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Mr. Musisko and Members of the Elizabeth Township Board of Commissioners:

Thank you for your August 26, 2026, email. We carefully reviewed the concerns you raised about the recent wastewater rate changes and the communication surrounding them. We understand the Township's concerns and recognize the challenges unexpected cost increases can create for budgeting and planning.

The information below addresses the specific questions raised in your email and provides additional context regarding the Pennsylvania Public Utility Commission's (PUC) rate-setting process.

Communication With the Township

First, we apologize for the level of communication with the Township about our request to the PUC to change our rates. We understand the Township's frustration regarding the information it received during the rate case process.

Timely, accurate communication is important, particularly when local governments make budget and operational decisions that affect their residents. After reviewing our

communications with the Township, we identified areas for improvement.

While our level of communication did not affect the rates ultimately approved by the PUC, it contributed to confusion regarding the proposed and final rates applicable to the Township. We have taken steps to strengthen our communication processes going forward.

November 2025 Communication

In November 2025, Jackie McGrady, Senior Manager of Major Accounts, notified the Township that Pennsylvania American Water filed a rate adjustment request with the PUC, as required by law and regulation. The notice indicated that no rate change had been proposed for bulk wastewater customers. As you correctly noted in your email, that statement applied only to bulk wastewater customers in the McKeesport system.

After Pennsylvania American Water acquired the Elizabeth Borough Municipal Authority (EBMA) wastewater system in December 2025, we should have communicated the proposed rate increase to the Township for former EBMA customers. We have since strengthened our customer communication procedures for acquisitions completed while a rate case is pending.

July 2026 Communication

In July 2026, Ms. McGrady learned that the November 2025 filing included proposed rates for former EBMA customers that had not previously been shared with the Township. She therefore contacted the Township by email on July 15, 2026.

Unfortunately, that email included proposed residential wastewater rates rather than the proposed non-residential bulk wastewater rates applicable to Elizabeth Township. The residential rates referred to a \$35 monthly service charge and a usage charge of \$1.3412 per 100 gallons. The proposed non-residential rates were a \$45.50 monthly service charge and a usage charge of \$1.04 per 100 gallons.

At that time, neither Ms. McGrady nor Pennsylvania American Water knew the final rates that would be approved through the rate case process. They only knew the rates the company proposed in its filing.

When Final Rates Were Determined

On July 27, 2026, the PUC issued its order on Pennsylvania American Water's rate request. The order established the framework for customer rates, but the final customer charges were not yet known. Additional calculations and regulatory filings were still required before rates became effective.

Between July 27 and July 31, Pennsylvania American Water reviewed the order and calculated rates for each customer class and rate zone. The company then filed its compliance tariff with the PUC on July 31. Those rates remained subject to PUC review and approval of the compliance tariff.

The PUC approved the compliance tariff on August 13, 2026. Only then were the final rates known and confirmed. Ms. McGrady notified the Township of the approved rates applicable to them on August 14.

For wastewater flows from Elizabeth Township to the former EBMA system, the PUC ultimately approved a monthly service charge of \$49 per equivalent dwelling unit (EDU) and a usage charge of \$1.34 per 100 gallons. The similarity between that usage charge and the company's previously proposed residential rate of \$1.3412 per 100 gallons is coincidental.

How the PUC Sets Rates

We understand why the Township has questions regarding the difference between the rates Pennsylvania American Water proposed and the rates ultimately approved by the PUC. The rate-setting process can be complex, and the final outcome is not always the same as the company's proposal.

In a rate case, Pennsylvania American Water requests an overall annual revenue increase and proposes how those costs should be allocated among customer classes and service areas. Those recommendations are based on cost-of-service studies. The PUC independently reviews the company's proposals and determines the final rates.

Former EBMA Customers

Because Pennsylvania American Water recently acquired the EBMA wastewater system, it conducted a separate cost-of-service analysis for that system. That study examined operating costs, infrastructure needs, and other expenses associated with serving those customers. The goal was to determine the rates necessary to support the system over time.

In evaluating rates, the PUC considers whether those rates appropriately reflect the cost of providing service and whether costs are being shifted to other customers. As part of that review, the PUC may determine that a customer group should bear a greater or lesser share of costs than the utility originally proposed. That is what occurred here.

Although the PUC approved a smaller overall revenue increase than Pennsylvania American Water requested, it set higher rates for former EBMA customers than the company proposed. The PUC sought to phase in rate changes while limiting the transfer of costs to other customers—an approach commonly used when integrating newly acquired systems into larger utility operations.

Resolution No. 02-2021

You also referenced Resolution No. 02-2021 in your correspondence. That resolution established wastewater rates under EBMA ownership. It was not a contract between EBMA and Elizabeth Township.

When Pennsylvania American Water acquired the system, state law required the company to continue the rates then in effect. However, those rates do not restrict what Pennsylvania American Water may propose in future rate proceedings. They also do not limit the rates the PUC may approve under its statutory authority.

Monthly Service Charges

You also asked whether other bulk wastewater customers pay a monthly service charge based on equivalent dwelling units (EDUs). Yes, they do.

Next Steps

Pennsylvania American Water has addressed the communication errors identified above and implemented process improvements to help prevent similar issues in the future.

The rates approved by the Pennsylvania Public Utility Commission are now in effect, and Pennsylvania American Water is obligated to implement, bill, and collect those rates. We remain available to meet with Township officials to discuss the PUC's decision, answer any remaining questions, and review the information contained in this response.

We also welcome the opportunity to meet in executive session to discuss the Township's concerns and the implementation and impacts of the approved rates. As part of a future rate proceeding, Pennsylvania American Water can evaluate whether an alternative rate structure for Elizabeth Township should be considered.

We remain committed to maintaining open communication and a constructive working relationship with the Township.

Sincerely,

Don Wieczenski
Senior Director - Business Development
Pennsylvania American Water
300 Galley Rd
McMurray, PA 15317
C: 412-518-1441 | Don.Wieczenski@amwater.com



From: Adam Musisko <amusisko@elizabethwppa.com>

Sent: Tuesday, September 1, 2026 9:26 PM

To: Don Wieczenski <Don.Wieczenski@amwater.com>; Josh Walls <jwalls@elizabethwppa.com>; Kyle Walk <kwalk@elizabethwppa.com>

Cc: Jackie McGrady <Jackie.McGrady@amwater.com>; Tammy Firda <tfirda@elizabethwppa.com>; Christina E Chard <Christina.Chard@amwater.com>; Dominic DeGrazia <Dominic.DeGrazia@amwater.com>; Brent Robinson <Brent.Robinson@amwater.com>; Michael Salvo <Michael.Salvo@amwater.com>

Subject: Re: Elizabeth Township Concerns

Hello all,

I just want to touch base regarding the timeline. We requested a response by September

1 so that we can process your response but didn't receive today.

Not only is the meter running while we subsidize but our 30 day window to appeal is shrinking by the day.

We have learned more information since our last email that allows us to target our appeals more specifically. We are preparing those now as they are multi-faceted.

We aren't in a position to wait till September 10 to file so please let us know what the timing of your intentions are.

Thanks again.

Adam Musisko
Elizabeth Twp. Commissioner
Ward 1
412-414-2287

From: Don Wieczenski <Don.Wieczenski@amwater.com>

Sent: Wednesday, 26 August 2026 17:11:12

To: Adam Musisko <amusisko@elizabethtwppa.com>; Josh Walls <jwalls@elizabethtwppa.com>;
Kyle Walk <kwalk@elizabethtwppa.com>

Cc: Jackie McGrady <Jackie.McGrady@amwater.com>; Tammy Firda <tfirda@elizabethtwppa.com>;
Christina E Chard <Christina.Chard@amwater.com>; Dominic DeGrazia
<Dominic.DeGrazia@amwater.com>; Brent Robinson <Brent.Robinson@amwater.com>; Michael
Salvo <Michael.Salvo@amwater.com>

Subject: RE: Elizabeth Township Concerns

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Mr. Musisko and fellow Elizabeth Township Commissioners,

Pennsylvania-American Water acknowledges receipt of your email and appreciates the opportunity to address the concerns and questions you have raised. We are committed to providing a thorough, accurate, and transparent response that fully addresses each matter identified in your correspondence.

Our team is actively reviewing the issues outlined in your email, coordinating with the appropriate subject matter experts, and gathering the necessary information to ensure

our response is complete and meaningful. We recognize the importance of these matters to the Township and its residents and are committed to maintaining an open and constructive dialogue throughout this process.

We expect to provide a detailed response to each of your questions and concerns by next week.

Best Regards,

Don Wieczenski
Senior Director - Business Development
Pennsylvania American Water
300 Galley Rd
McMurray, PA 15317
C: 412-518-1441 | Don.Wieczenski@amwater.com



From: Adam Musisko <amusisko@elizabethtwppa.com>

Sent: Tuesday, August 25, 2026 4:50 PM

To: Adam Musisko <amusisko@elizabethtwppa.com>; Josh Walls <jwalls@elizabethtwppa.com>; Tammy Firda <tfirda@elizabethtwppa.com>; Jackie McGrady <Jackie.McGrady@amwater.com>; Christina E Chard <Christina.Chard@amwater.com>; Dominic DeGrazia <Dominic.DeGrazia@amwater.com>; Don Wieczenski <Don.Wieczenski@amwater.com>; Michael Salvo <Michael.Salvo@amwater.com>; Brent Robinson <Brent.Robinson@amwater.com>; Justin L Ladner <Justin.L.Ladner@amwater.com>; Justin L Ladner <Justin.L.Ladner@amwater.com>; Kyle Walk <kwalk@elizabethtwppa.com>

Subject: Elizabeth Township Concerns

 [121.pdf](#)

To whom it may concern,

Please forgive grammatical errors and a little bit of clumsiness throughout, as I'm trying to provide this info quickly. I want to present the facts as we have them and show that we aren't looking to conceal anything so please forgive the length as well.

Please print pages 1-9 to reference as you read through so you don't have to switch back and forth or use a multi screen setup. Please make sure you can view the 9 scans as they

were a large file. They are labeled 1 2 1.pdf and either at the top or bottom of this email.

In this email, I will detail the numerous concerns that Elizabeth Twp. has with the sequence of events with PAWC and the PUC from September 2, 2025, to August 20, 2026.

I have attached the corresponding evidence to our claims and will be referencing them from 1-9, with 1 being from September 2025 and 9 being last.

9/2/25

Reference Page 1

This is an email from Commissioner Kyle Walk to Jackie McGrady asking about potential increases so we can prepare our budget.

She responds, confirming, "I always notify all accounts by email as soon as we file so you can prepare ahead."

10/29-11/3/25

Reference Page 2

Commissioner Walk asks again about the rates and specifies EBMA since PAWC was acquiring in December.

Ms. McGrady again states, "If we do file a rate case in the future for 2026, I will let you know the same day we file it."

11/14/25

Reference Page 3

As promised, Ms. McGrady sends an email about PAWC's intent to request a 1.2B rate adjustment that specifically says:

"To help determine how this rate request would impact your bill...

NO RATE ADJUSTMENT HAS BEEN PROPOSED FOR THE BULK WASTEWATER RATES."

There is a chart that clearly shows the \$16.68 current rate and proposed rate, saying "no change" next to it.

It doesn't say this, but this was for our McKeesport customers only. Keep in mind that EBMA is considered "bulk wastewater" as well, and ET should now be just 1 customer of PAWC.

Please note that this correspondence doesn't show any proposed rate change or even any general information on the EBMA customers that PAWC would be acquiring after the

12/16/25 closing. EBMA is not mentioned at all.

11/14/25 — same day

Reference Page 4

Commissioner Walk appreciates the good news for ET customers not getting an increase and inquires again about EBMA and any potential increases.

Ms. McGrady indicates she will have more info after closing and will send it when she receives it.

To our surprise, we found out on 8/14 that PAWC requesting \$0 isn't such good news after all. The PUC decided on their own to increase from \$1.668 to \$1.749 (5%). This costs ET roughly \$13,000 per month unexpectedly.

We really need to find out how the PUC knows the financial needs of PAWC more than the company themselves. Is it common or allowed to request \$0 and unilaterally get 5% from the PUC?

12/16/25

EBMA was acquired by PAWC. ET never heard a word about their rates in spite of Commissioner Walk's multiple requests to Ms. McGrady. This is extremely odd because it is our understanding that the request for an increase for EBMA was submitted at the same time in November. Please show us the PUC docket where this was requested because we still don't know when this was requested.

If indeed it was requested at the same time, was Ms. McGrady aware of the request for an increase for EBMA just as she was for McKeesport that she shared? She previously stated multiple times that she lets her customers know the same day a request is made.

Why wasn't that mentioned at the same time? Why was Commissioner Walk ignored over the winter before and after the acquisition?

● Without notification from either PAWC or the PUC, ET had no recourse to dispute or publicize the unscrupulousness of such an increase on a system that was just purchased for \$28M. We also had no time to increase our rates if indeed we had to.

Do municipalities have to, by law, be notified by PAWC or PUC, or is it allowable to spring it on us mid-year that we owe \$600,000 more than our balanced budget?

It appears that there is a regulation 52 Pa. Code

§ 53.45 that says;

"A public utility shall notify its customers by a written or printed notice."

Elizabeth Township, Elizabeth Boro nor any EBMA customers have any record of that correspondence.

March 2026

There was no correspondence regarding rates from 11/14/25 until a March 2026 meeting where Commissioner Walk and Twp. Manager Tammy Firda were present with Ms. McGrady. Ms. McGrady confirmed this at our 8/14 meeting.

The exact same information was given, and no information was given about EBMA. Mrs. Firda took notes on the meeting, and she has them. Ms. McGrady did not dispute this at the 8/14 meeting.

May 2026

A very similar meeting happened with Mrs. Firda and Ms. McGrady. Mrs. Firda has notes that corroborate the identical info from September until May. EBMA was not mentioned again. Ms. McGrady did not dispute this at the 8/14 meeting.

7/15/26

Reference Page 5

Ms. McGrady sends an email showing a proposed rate increase for Elizabeth Boro. This is the first time we are being told that there was a request for an EBMA increase. We believe that request had to be submitted in November with the McKeesport request and cannot understand why we are just finding out on July 15.

There are a few very relevant things to note on this page:

EBMA is being referenced as a “bulk wastewater customer.”

It shows a “service charge.”

The charge shows \$35 as the current rate and shows \$35 as the proposed rate.

It shows a usage charge of \$.80 and a proposed rate of \$1.3412 (68%).

It says, “the commission is reviewing our request...”

Why these things are relevant:

- Bulk and service — still page 5

In our meeting on 8/14 with PAWC reps, it was asked if PAWC had any other bulk customers that had a “service charge.” The answer was “no” or “we aren’t sure.” We weren’t provided any examples.

We are unable to find any other bulk customers that fit that inherited model like EBMA.

We've actually requested repeatedly to be treated as 1 bulk customer with universal rates and get rid of the service charge. This is relevant at the end where we will discuss the actual service charge problems later.

- The \$35 — page 5

The service charge referenced on this page shows the current rate of \$35 and the proposed rate of \$35. This is when we found out we weren't becoming a universal bulk customer. We were not happy with the 68% increase in usage, and this is where we started to investigate how this could be, considering the history you are reading. This portion costs ET about \$19,000 monthly.

- What was requested? Page 5

"The commission is reviewing 'our request.'"

It is proven later on page 6 that neither of these numbers was being reviewed because they weren't what you requested. "Our request" were very inaccurate numbers.

The "current rates" on this page are correct at \$.80 and \$35.00, but both "proposed rates" were incorrect and both pose substantial problems for different reasons. We will get back to that. But for now, know that neither proposed rate was even close to correct.

8/14/26

Ms. McGrady contacts Commissioner Musisko via phone the morning of the meeting, referencing this email she's about to send before our meeting with them that same day. She is aware of ET's dissatisfaction with what we thought was a 68% request for increase.

She shares additional bad news that she made a mistake back in the July 15 email and our "service charge" was actually going up from \$35-\$49, even though page 5 from July 15 shows \$35-\$35. Note that she did not mention the usage rates that were incorrect as well.

She did not do this on her own. I pointed out the problem earlier in the week, and she then confessed in an email and in our meeting.

Obviously, a 40% increase out of nowhere on a "service charge" was another blindside to ET after having multiple documents showing no increase was requested.

These issues appear to violate the notification requirements regarding rate increases.

Please note that later in the 1 p.m. meeting, rates specialist Ms. Chard stated, when

asked, that she just found out that day (8/14) what our rates were going to be from the PUC. This is after I asked why we weren't told until today.

She declared, "they just found out." I claimed I heard through the grapevine on Monday, Aug. 10, and she said, "well, that's about when I found out as well."

8/14/25

Reference Page 6

At 10:36 a.m., Ms. McGrady sends us the PUC's final order in the rate case.

This page shows what was actually requested and what was approved. This is our first time seeing that EBMA requested \$45.50 and they were really getting \$49 on the service charge. It is also our first time seeing that PAWC requested \$1.04 and not the \$1.3412 that was on Ms. McGrady's July 15 email.

- EBMA Requests from PAWC — page 6

Usage in EBMA was requested \$.80-\$1.04 (30%)

and

"Service charge" \$35.00-\$45.50 (30%)

- Actual increase -

Usage \$.80-\$1.34 (68%)

"Service charge" \$35-\$49 (40%)

**Let's go back to page 5, where both proposed rates were incorrect. It's very obvious that we were misled on the "service charge" request since \$35 was current and \$45.50 was actually requested, yet the page shows \$35 as the request.

This page says there was no requested increase, but there ended up being a \$14 one approved on the service charge. We will address the actual problem with the service charge later. But for now, know that we got a 40% increase that translates to \$16,800 monthly again out of nowhere.

It is very clear that from November to July 14, we were led to believe that there was no increase requested for EBMA or even a filing.

But page 5 is a serious concern for these reasons:

Rates specialist Ms. Chard said she didn't know the PUC rate increase until 8/14 or 8/10

at best at our meeting. She said the words, “we just found out as well.” And she is a senior rates analyst.

Other rates specialist, Dominic DeGrazia, stated on our call that the request to \$1.04 wasn’t actually enough of an increase, and they really needed more to be made whole on that system, but they didn’t want to raise it too high out of the gate.

I facetiously asked if we should actually be grateful that they only requested the 30% after he confessed it really wasn’t enough, but there are multiple problems with his statements.

Here is the 1st problem regarding page 5 after hearing from the 2 rate specialists:

How did Ms. McGrady’s email on July 15 that had the wrong proposed rate of \$1.3412 happen to end up being the exact rate that the PUC approved?

According to Ms. Chard, she just found out on 8/10, a month later. According to Mr. DeGrazia, they actually needed a lot more than \$1.04 requested but were taking it easy on us.

But somehow Ms. McGrady knew on July 15 the exact number that ended up getting approved that was 120% of PAWC’s ask...more in line with what Mr. DeGrazia was saying they truly needed on this underfunded system.

(Requested 1.04 and PUC approved 1.3412)

The July 15 letter (page 5) was supposed to say:

Service charge \$35.00 proposed \$45.50

Usage charge \$.80 proposed \$1.04

Just like page 6 shows

But Ms. McGrady put \$35-\$35, misleading us again, and somehow put the \$1.3412 as PAWC’s “proposed rate” instead of the \$1.04 they officially proposed.

Ms. McGrady put in the PUC-approved amount that wasn’t released until a month later for some reason.

The point is, Ms. McGrady definitively knew what the increase was going to be on July 15, even though the paperwork says “the commission is reviewing our request,” yet Ms. Chard said she didn’t know until Aug. 10?

We aren’t sure how early Ms. McGrady was allowed to know, but she either definitely knew on July 15 or she made a really lucky guess at \$1.3412 that ended up being the

exact correct increase awarded from the PUC.

Regardless, this was another missed opportunity to mention that EBMA had an increase request at all, let alone that she knew the exact rate of what it was going to be on August 13, including the \$49 service charge.

We were kept in the dark in November, December, March, May, and July, with absolutely no mention of an EBMA increase request, and in July we get totally incorrect and deceiving information even though she already knew the real increases on July 15.

Why withhold that from us for 8 months, 5+ documented times?

The purchase of EBMA:

12/16/25

The second problem with Mr. DeGrazia's statements is PAWC requested an increase in rates (while concealing it from ET for some reason) a month before they closed on the EBMA system.

They paid \$28M, which Ms. Chard kept saying they paid "fair market value" for EBMA in our meeting.

● But Mr. DeGrazia was telling us they didn't charge enough and the \$.80-\$1.04 wasn't enough to cover the cost of that system. He claims they knew in November that it wasn't funded enough and a raise was imminent.

Commissioner Walk was heavily involved in the 2025 budget process on EBMA's board. They had a balanced budget approved by LSSE with PENNVEST and BNY Mellon approval. The workers are the same, the treatment volumes are the same, and there have been no major expenditures.

The question is, how can the PUC approve a fair market value purchase of a \$28M system in November (a month before acquisition) and instantly accept an application for an increase of 30% before even operating it?

Reference Page 7

In fact, the 10/9/2025 statement of commissioner Kathryn Zerfuss indicates that she would support the acquisition with a "rate gradualism plan" not to exceed 30% of the existing rates. She essentially advises to ask for 30% and then adds another 38% 8 months later.

How can the PUC claim \$28M was fair but immediately grant a 68% increase on usage

and a 40% increase on a phantom service charge when everything is operating the same as it was in November?

This instant, huge increase in 8 months would indicate that this system was overpaid for and now they are being allowed to distribute their immediate losses to the rate payers.

● The strangest part about that is that the 3 municipalities that drop into EBMA are being charged all different rates.

In November of 2025, ET, Forward Twp., and Elizabeth Boro all had a \$35 service charge.

We haven't seen it officially, but we were told PAWC requested an increase from \$35-\$45.50.

Please reference Page 8.

This is taken from PAWC's website dated 7/31/26. The service charge rates are as follows:

Forward Twp. \$45.50 (PAWC's request)

Elizabeth Twp. \$49.00 (40% increase, 1200 customers)

Elizabeth Boro \$20.00 (just sold to the rate maker for \$28M and gets their service charge cut from \$35-\$20)

Is it allowable to ask for an increase to \$45.50 in the 2B zone and then put 3 different numbers on those customers? The majority of this increase is on Elizabeth Township, as we have the most customers by a lot, and we were increased the most. How is this number not the same across the whole zone?

The PUC approved a \$28M sale with a gradual rate increase not to exceed 30% then they actually decided to give them 120% more than they requested on usage and 10% more on this odd service charge between municipalities that they inherited in the sale.

With these approved big raises, it seems strange that PAWC was either allowed to overpay for the system and is now getting it back through the rate payers, or it was fair market value and they are gouging the rate payers now. Both possibilities are fundamentally wrong.

I can't think of any other explanations to spend 28M on a system, have it get approved for

sale by the PUC as fair market value, the buyer request a big increase immediately, and then the governing body double that request for some reason, all in the first 8 months of a theoretical fair market value sale that doesn't seem too "fair" to ET.

There is an odd relationship between PAWC and the PUC in this case. The rate payers are getting larger, unilateral increases from the PUC than they are from the utility company themselves.

In this case, PAWC requested \$.24.

And then the PUC came to Mr. DeFazio's rescue and added another \$.30 on top of the \$.24, as if PAWC didn't really know their own financials.

How in the world can the PUC decide that the company didn't ask for enough and then more than double it on their own? Especially on a \$28M sale that that same governing body just approved?

And to add salt in that wound, they let them charge all 3 customers different rates, with Elizabeth Township holding the largest bag.

Is it common for the PUC to recommend an increase threshold a month before the filing of a new tariff increase that guides the utility company? In this case Commissioner Zarfuss essentially tells the company that 30% is the number and PAWC then complied with a 30% request. Is it common for the PUC to then add 38% on top of that after referencing this gradual increase plan?

Elizabeth Township is asking for all other examples of The PUC granting a larger increase than PAWC requested.

This sale and the fallout of the EBMA sale have many questions that need to be answered by both PAWC and the PUC.

- EBMA service charge -
Reference Page 9

This is the resolution between EBMA and ET regarding the \$35 service charge. I asked at the meeting on Aug. 14 if anyone on the call had seen this, and the answer was "no."

I asked Mr. DeGrazia if he requested the rate increase for EBMA, and he said yes. I asked if he had any other bulk customers that also had a service charge tied to them. The answer was "no" or "I'm not sure."

I tried to ask if, since he had no experience with this setup, he was certain that PAWC and the PUC have the authority to increase a resolution between 2 municipalities. He dodged the question but didn't say yes.

I've investigated much deeper and found the following:

The \$35 service charge was a contractual municipal service charge between municipalities that is not automatically subject to PAWC general tariff increases.

PA American cannot unilaterally change the \$35 just because they acquired EBMA.

- The language of this resolution is clear that EBMA does not establish the rates by themselves. They say that they "wish to increase."

- It doesn't mention that they can change rates in the future.

- It doesn't mention a "tariff" or anything about PUC governance.

And in PAWC's own filings, they said the following:

"Assumption of the agreements by PAWC is necessary for PAWC to abide by the existing contractual arrangements of EBMA."

PA American isn't describing these as new rates it gets to establish whenever it wants.

It's describing them as existing contractual arrangements that it is taking over.

*The point of this resolution and service charge situation is that we can't find any evidence (including a PUC discussion) that says this service charge is anything other than a gentleman's agreement between municipalities made by resolution.

The language of this resolution and PAWC's own statements strengthen the position that this service charge that was inherited is not a tariff and/or enforceable by the PUC.*

It doesn't make any logical sense that PAWC requested this increase on a service charge when they don't have any other customers that fit this billing model.

80% of our customers are bulk with no service charge that go to McKeesport. But rather than simply make the remaining 20% (EBMA) the same setup as the rest of our system, PAWC and PUC elected to raise the "service charge" 40%.

And it makes even less sense that the PUC approved this 40% increase on a resolution agreement between municipalities that they have no jurisdiction over. We need a specific explanation of how this was applied for and approved.

I asked everyone on the call on 8/14 if they were certain that this increase was valid, and no one could say for sure. They haven't even seen our agreement between ET and EBMA to know how it was set up.

ET contests the validity of this service charge increase and would really like to know how the PUC approved an increase and put another 10% on top of an inherited neighbor

contract?

If PAWC never saw the agreement with the municipalities, it is quite possible the PUC didn't either. And how can they approve an increase on a charge that they don't even know how the original agreement was structured?

If what ET is saying is true and this is not a valid PUC tariff, then the PUC did not do their diligence in this case, and it is negatively affecting the public. This is counterproductive to why the PUC exists, as they are supposed to protect the public rather than assist the utility companies.

Summary of issues:

There were false expectations set from PAWC from Sept. 2025 till now. There were omissions and blatant disregard for providing accurate information. ET was clearly misled and kept in the dark and given no reaction time to dispute or adjust rates if the charges were legitimate. This is well documented. It's a very bad job communicating and telling the truth from PAWC. There were countless times we could have been informed.

When the numbers provided were finally divulged, they were beyond misleading. What numbers were used had their own problems that were mentioned above. We were either given no information or wrong information for all 8 months of the process.

PAWC and PUC jointly increased a service charge that ET disputes is valid. We believe there is no jurisdiction over that non-tariff and the resolution between municipalities is unilaterally being enforced. How was this decision made, and can the PUC provide how they have authority over it?

PAWC and PUC jointly increased EBMA rates 68% and 40% directly on the heels of a \$28M sale that was advertised as a fair market purchase. ET is questioning how a fair market sale gets increases of this magnitude approved when the PUC just said \$28M was reasonable and the request was a month before they even bought it. ET is questioning the legality of overpaying for a system and then being able to immediately charge the new customers whatever they want to pay themselves back.

*This section includes all of the concerns above with Commissioner Zerfuss's letter and the "rate gradualism plan".

ET is questioning the rate differences in Zone 2B (EBMA) when all 3 communities were given 3 different rates. Conveniently, the sellers of the system price went down while ET's went the highest with the most customers. Please provide if this is standard and/or legal.

The increases requested are exceeded by double in some cases by the PUC. You asked

for \$2.40, and the PUC decided \$5.50 was better. You asked for 0%, and the PUC decided 5% was better. We need to see how that is happening and why the PUC is granting such high numbers over the requests.

ET is left holding a \$600,000 bag annually in the middle of a balanced budget with absolutely no warnings or chances to dispute or defend themselves. The communication emails speak for themselves as far as PAWC not managing expectations, but this investigation has exposed much larger problems that require answers.

We are submitting the entire case for your review so that you may provide those answers. We would like a response no later than September 1, 2026.

Time is not on our side. Bills are accumulating at a rate of \$50,000 per month that ET will have to subsidize because we haven't increased our residents...and you know why. As far as we know, your meter is still running with these increases.

Thank you all for taking the time to get up to speed, and feel free to call me with questions. I'm sure this isn't super simple to follow, and I understand it's a lot. But some of these red flags are going to need to have genius-level answers to satisfy ET, and I just can't imagine what they are going to be. Hopefully, I'm just being short-sighted.

We look forward to hearing back from you.

Sincerely,

Adam Musisko - Vice President
Elizabeth Township Board of Commissioners
Ward 1
[412-414-2287](tel:412-414-2287)

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