PENNSYLVANIA AMERICAN WATER

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VIA eFiling

November 2, 2026

Matthew L. Homsher, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Petition of Pennsylvania-American Water Company for Extension of Time to Implement Certain Information Technology Changes Related to its Arrearage Management Plan

Docket Nos. R-2025-3057983 and R-2025-3058051

Dear Secretary Homsher:

Enclosed for filing is the Reply of Pennsylvania-American Water Company to the Answers of the Office of Consumer Advocate and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania filed on October 13, 2026, in the above-referenced proceeding.

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

Should you have any questions concerning this filing, please contact me.

Sincerely,



Teresa K. Harrold

Enclosures

cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY OF PENNSYLVANIA-AMERICAN WATER COMPANY TO THE ANSWERS OF THE OFFICE OF CONSUMER ADVOCATE AND THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA FILED ON OCTOBER 13, 2026

Pursuant to Section 5.63 of the Commission's regulations, 52 Pa. Code § 5.63, Pennsylvania-American Water Company ("PAWC" or the "Company"), by its undersigned counsel, respectfully submits this Reply to New Matter to respond to new issues raised in the Answers of the Office of Consumer Advocate ("OCA") and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed on October 13, 2026, in the above-referenced proceeding.

I. INTRODUCTION

The Company's Petition presents a narrow question: whether the Commission should permit PAWC until June 30, 2027, to implement three information-technology ("IT") dependent modifications to its Arrearage Management Program ("AMP"). The Final Order expressly anticipated that the 90-day implementation period for AMP-related changes might prove infeasible and authorized PAWC to request an extension if that occurred. PAWC determined that the three changes cannot be implemented responsibly in the legacy environment immediately before the Company's migration to SAP S/4HANA, and it filed the Petition contemplated by the Final Order. The remaining AMP-related change, specifically the increase in the monthly forgiveness credit

from $25 to $40, was already adopted in advance of November 11, 2026, consistent with the Final Order.[1]

Neither Answer establishes a basis to deny PAWC's requested extension. CAUSE-PA does not oppose an extension through June 30, 2027. OCA opposes neither the Commission's authority to grant an extension nor the premise that substantial system work is required; instead, it argues that PAWC should have disclosed the IT implementation issue earlier and asks the Commission to attach additional remedial conditions. The procedural record refutes the first contention. PAWC raised the feasibility of the 90-day deadline in Exception No. 8, OCA and CAUSE-PA responded to that issue in their Reply Exceptions, and the Commission expressly acknowledged that PAWC would need to make IT changes. Final Order at 347-53.

The additional conditions requested by OCA and CAUSE-PA also should be rejected. A blanket collection or termination hold would extend well beyond the limited implementation issue before the Commission. Requiring interim retroactive credits would compel PAWC to create a temporary manual process to perform the calculations and account-level work that the permanent system solution is intended to administer accurately and consistently. Quarterly docket reports are likewise unnecessary where PAWC has committed to file the implementation report required by the Final Order and to complete the remaining three changes by a date certain. The Commission should therefore grant the Petition without modification.

II. RELEVANT PROCEDURAL HISTORY

On May 15, 2026, Administrative Law Judges Emily I. DeVoe and Jeffrey A. Watson issued their Recommended Decision ("R.D."). Among other changes, the ALJs recommended that

[1] PAWC's system currently can provide $40 AMP credits for timely payments. Credits for untimely payments will not be possible until PAWC completes the SAP S/4HANA upgrade.

PAWC modify its AMP to: (1) allow a participant to earn a monthly arrearage-forgiveness credit for each complete payment, regardless of timeliness; (2) apply retroactive credits after a participant pays the in-program balance in full; (3) increase the monthly forgiveness credit from $25 to $40 for a timely payment or a cured missed or late payment; and (4) provide complete arrearage forgiveness over 24 months. The ALJs recommended that these changes be implemented within 90 days of the effective date of rates, or by November 11, 2026. R.D. at 439-42.

Prior to the R.D., the evidentiary record did not include a proposal for PAWC to complete every IT-dependent AMP modification within 90 days. CAUSE-PA witness Harry S. Geller proposed that existing Bill Discount Program ("BDP") participants with qualifying arrears who were not already enrolled in AMP be enrolled in AMP within 90 days of the effective date of rates. CAUSE-PA St. 1-SR at 17-18; see also PAWC Main Brief at 66. That enrollment proposal was distinct from the broader deadline the R.D. applied to the substantive AMP modifications, including changes to forgiveness calculations and retroactive-credit functionality.

Once the R.D. imposed a broader 90-day implementation requirement, PAWC raised the IT feasibility concern at its first available procedural opportunity. In Exception No. 8, PAWC explained that a 90-day implementation period was infeasible due to IT-system constraints affecting the structure of the AMP. PAWC further explained that significant IT changes would be necessary, particularly to modify the forgiveness-credit calculation and provide retroactive credits, and noted that the prior AMP settlement had afforded twelve months to establish the existing program. PAWC Exceptions at 30-31.

OCA and CAUSE-PA responded directly. OCA stated that it did not oppose a reasonable extension, although it considered a twelve-month period too long. CAUSE-PA likewise addressed PAWC's timing objection and acknowledged that implementation of a pro rata 1/24 forgiveness

methodology could require significant IT changes. Final Order at 348-50. OCA's assertion that the need for IT work was unknown to the parties until the Petition was filed is therefore inconsistent with the record, which is summarized in the Final Order.

The Commission denied Exception No. 8 but expressly preserved PAWC's ability to seek additional time. It stated: "While we understand that PAWC will need to make IT changes to implement these modifications, we are not inclined to change the 90-day time frame the ALJs recommended at this time." The Commission then directed that, "[i]f PAWC finds that it is not feasible to make these changes within the 90-day period, it may request an extension of time from the Commission at that time." Final Order at 353.

PAWC filed its Petition on September 30, 2026, after confirming through internal review that three AMP changes could not be completed responsibly by November 11, 2026 because the required development and testing overlap with the Company's enterprise-wide SAP S/4HANA upgrade. The Petition seeks an extension only for: (1) awarding a forgiveness credit for each complete payment regardless of timeliness; (2) applying retroactive credits after the in-program balance is paid in full; and (3) providing complete forgiveness over 24 months. Petition ¶¶ 4-8. PAWC is proceeding with the other changes on the original schedule and intends to file the associated report with the Commission's Bureau of Consumer Services ("BCS") on or before November 11, 2026. Petition ¶ 10.

III. ARGUMENT

A. PAWC Timely Raised the Implementation Issue and Followed the Procedure Established by the Final Order.

OCA's characterization of the SAP S/4HANA upgrade and related implementation constraints as "previously unknown" overlooks the distinction between the specific enterprise

upgrade and the underlying implementation problem. In Exception No. 8, PAWC disclosed the material fact relevant to the Commission's deadline: the ordered AMP modifications required significant IT changes that could not feasibly be completed within 90 days. OCA and CAUSE-PA responded to that disclosure, and the Final Order expressly recognized it. The fact that the Petition later supplied the operational context for the requested extension does not convert a disclosed feasibility concern into a new or belated issue.

The timing of the Petition also followed the Commission's instruction. The Final Order did not require PAWC to request an extension immediately upon entry of the Order. It authorized PAWC to do so "[i]f PAWC finds that implementation within 90 days is infeasible." Final Order at 353. PAWC then undertook the internal assessment necessary to identify which changes could be completed by November 11, 2026 and which required additional time. The resulting Petition is limited to three specified items and seeks substantially less than the twelve-month period PAWC had identified in Exceptions as potentially necessary.

PAWC is therefore not attempting to evade the Final Order. It is using the precise procedural mechanism the Commission created, while continuing to implement the portions of the Order that can be completed on the original schedule. That measured approach supports, rather than undermines, the reasonableness of the requested extension.

B. The Requested Extension Is Limited and Supported by the Identified System Constraints.

The three deferred changes require more than revisions to policies or customer communications. They affect the rules by which forgiveness is earned, the circumstances under which prior credits must be restored, and the calculation needed to achieve complete forgiveness

over 24 months. The Petition explains that those functions require system design, coding, interfaces, controls, testing, and deployment. Petition ¶ 6. Attempting to build and validate that functionality in the legacy environment immediately before the SAP S/4HANA migration would require duplicative development and testing, would result in higher programming costs, and would increase the risk of calculation errors, data-conversion issues, customer confusion, and disruption to customer-assistance program administration. Petition ¶¶ 6-7.

The June 30, 2027 deadline is tied to completion of the enterprise upgrade and the work necessary to incorporate, test, and deploy the ordered functionality in the upgraded environment. It is an outside deadline, not permission to suspend implementation activity until that date. PAWC will continue the development work and will implement any remaining modification earlier if a reliable means becomes available without creating undue operational burden or an unacceptable risk of account-level errors.

The scope of the request further demonstrates its reasonableness. PAWC is not seeking to postpone the $40 monthly forgiveness credit or the BDP and screening changes that can be completed without the affected functionality. Nor is it seeking the full twelve-month period discussed in Exceptions. It requests only the additional time needed for the three interdependent AMP changes that require the permanent IT solution.

C. A Blanket Collection or Termination Hold Is Not Warranted.

OCA asks the Commission to place a collection hold on "any affected accounts," and CAUSE-PA requests an immediate suspension of service terminations for any "potentially affected" accounts. OCA Answer at 4-5; CAUSE-PA Answer at 4. Neither request identifies an

administrable standard for determining which accounts are affected, nor does either establish that every potentially affected customer would avoid collection activity under the modified AMP.

The requested relief is also disproportionate to the Petition. The Petition concerns the timing of three discrete AMP modifications. It does not seek authority to alter PAWC's existing collection obligations or the rules governing service termination. Converting a limited extension of time to make changes to the AMP into a broad moratorium on all collection activity would affect account administration beyond the implementation issue before the Commission and would encompass customers whose collection status is unrelated to the deferred functionality.

Moreover, imposing a collection hold on AMP customers would diminish the incentive to make full and timely payments. The AMP is designed to pair affordable monthly payments with arrearage forgiveness, thereby providing customers with an incentive to continue making their required payments while reducing accumulated arrearages over time. A blanket collection hold would weaken that incentive during the extension period. Without the incentive to remain current on their payment obligations, unpaid balances may continue to accumulate and eventually reach a level that customers perceive as unmanageable. Such a result would not advance the underlying objective of AMP or otherwise address the discrete IT implementation issues presented by PAWC's Petition.

OCA and CAUSE-PA also fail to account for the meaningful relief PAWC has already implemented by increasing the monthly AMP forgiveness credit from $25 to $40 for timely payments. That change represents a 60% increase in the monthly forgiveness credit available under the existing AMP structure. Thus, during the requested extension period, customers who make timely payments will not simply continue receiving the same benefit that existed before the Final Order; they will receive materially greater monthly arrearage forgiveness. This interim benefit is

significant when evaluating whether the sweeping additional protections requested by OCA and CAUSE-PA are necessary while PAWC completes the remaining IT-dependent modifications. The breadth of OCA's and CAUSE-PA's requested relief is particularly unwarranted given the limited scope of PAWC's extension request. PAWC is not seeking to postpone implementation of AMP wholesale. To the contrary, PAWC has implemented the increased $40 credit for timely payments and seeks additional time only for the discrete modifications that depend upon functionality not presently available. The Commission need not impose a blanket collection moratorium to address a temporary implementation issue affecting only those discrete aspects of the program.

The Commission should therefore decline to impose an across-the-board hold. If an individual customer presents circumstances warranting protection under applicable law, Commission regulations, or an existing program, those protections remain available. The possibility of account-specific relief does not justify a blanket suspension as a condition of the extension expressly contemplated by the Final Order.

D. The Proposed Interim Retroactive-Credit Requirements Would Create a Temporary Manual Process and Conflicting Methodologies.

OCA and CAUSE-PA both request retroactive relief, but their proposals are not the same. OCA illustrates its proposal using a $40 monthly credit multiplied by the percentage of payments made. OCA Answer at 4. CAUSE-PA proposes forgiveness equal to 1/24 of the applicable arrearage for each full payment made, regardless of timeliness, between November 11, 2026 and final implementation. CAUSE-PA Answer at 4. The difference underscores that the requested conditions are not a simple ministerial adjustment. Indeed, the fact that OCA and CAUSE-PA propose different interim methodologies reinforces PAWC's concern: there is no single ministerial

credit that PAWC can simply apply pending implementation of the functionality ordered by the Commission.

PAWC's existing systems do not contain an established automated process to administer either proposed interim methodology during the extension period. Implementing such relief before the permanent functionality is available would require personnel to identify potentially affected accounts, reconstruct payment histories, determine which payments qualify, calculate individual credits, validate the results, and apply the credits to customer accounts. That temporary process would address the same account-level calculations the permanent solution is intended to automate.

Importantly, the requested extension does not mean that customers will permanently lose the additional forgiveness associated with the 1/24 methodology during the extension period. Once the necessary IT-system changes are implemented, PAWC expects to be able to reconcile customers' AMP accounts by providing additional forgiveness for any difference between the $40 monthly credits received during the extension period and the amount calculated under the 1/24 methodology. The practical effect of the extension therefore concerns the timing and administration of that additional forgiveness, rather than whether eligible customers ultimately receive it.

PAWC's concern relates solely to creation of a temporary manual process to perform account-specific calculations and apply additional credits before the necessary automated functionality is available. Such an interim process would require PAWC personnel to identify affected accounts, reconstruct payment histories, determine which payments qualify, calculate the appropriate credit, validate the calculation, and manually apply the resulting adjustment. Those are substantially the same account-level functions that the permanent system solution is intended to automate. Requiring a manual workaround would undermine the purpose of the extension.

It would divert personnel from implementation of the permanent solution, introduce an additional opportunity for inconsistent treatment or calculation error, and create a short-lived process that would need to be retired when the SAP S/4HANA functionality becomes available. The Commission should not condition a reasonable implementation extension on duplicative interim work that carries the operational risks the Petition seeks to avoid.

E. Additional Quarterly Docket Reports Are Unnecessary.

CAUSE-PA requests quarterly implementation reports at the rate-case dockets. CAUSE-PA Answer at 4. The Final Order already requires an associated implementation report to BCS, and PAWC has committed to file that report by November 11, 2026 for the items completed on the original schedule. Petition ¶ 10. The Petition also identifies the three remaining items and proposes a date certain for their completion. In these circumstances, an additional quarterly docket-reporting requirement would add process without materially assisting implementation. PAWC has no objection to a completion filing when the three deferred changes are implemented, but recurring quarterly reports are not necessary to resolve the Petition.

IV. CONCLUSION

The procedural history demonstrates that PAWC disclosed the IT-dependent nature of the ordered AMP changes in Exception No. 8, OCA and CAUSE-PA responded to that timing issue in Reply Exceptions, and the Commission expressly authorized PAWC to request an extension if the 90-day deadline proved infeasible. PAWC has now done exactly that. Its request is limited to three identified changes, substantially shorter than the implementation period previously discussed, and coordinated with the permanent system environment in which the changes must operate.

For these reasons, PAWC respectfully requests that the Commission grant the Petition and extend the implementation deadline for the three identified AMP modifications through June 30, 2027, without imposing the additional collection, termination, retroactive-credit, manual-processing, or quarterly-reporting conditions proposed by OCA and CAUSE-PA.

Respectfully submitted,



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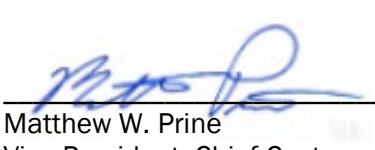
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

VERIFICATION

I, Matthew W. Prine, hereby state that the facts set forth in Pennsylvania-American Water Company's Reply to the Answers of the Office of Consumer Advocate and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania filed on October 13, 2026, are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: November 2, 2026



Matthew W. Prine
Vice President, Chief Customer Officer
American Water

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pennsylvania-American Water Company for Extension of Time to Implement Certain Information Technology Changes Related to its Arrearage Management Plan	**:** **:** **:** **:**	**Docket Nos. R-2025-3057983 and R-2025-3058051**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of Pennsylvania-American Water Company's **Reply to the Answers of the Office of Consumer Advocate and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania filed on October 13, 2026** upon the persons and in the manner indicated below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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