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October 11, 2022

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

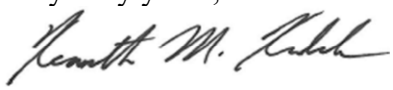
Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company
Docket Nos. R-2022-3031672 and R-2022-3031673

Dear Secretary Chiavetta:

Enclosed for filing is the **Joint Petition for Settlement of Rate Investigation** ("Joint Petition"), in the above-captioned proceedings. As evidenced by the Certificate of Service, copies of the Joint Petition are being served upon Deputy Chief Administrative Law Judge Joel H. Cheskis and all parties of record.

If you have any questions, please do not hesitate to contact me at 215.963.5384.

Very truly yours,



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Enclosures

c: Per Certificate of Service (w/encls.)

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	**DOCKET NOS. R-2022-3031672**
	:	**R-2022-3031673**
v.	:	
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Joint Petition for Settlement of Rate Investigation** on the persons below in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

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Counsel for
Pennsylvania-American Water Company

Dated: October 11, 2022

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	**DOCKET NOS. R-2022-3031672**
v.	:	**R-2022-3031673**
	:	
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

JOINT PETITION
FOR SETTLEMENT OF RATE INVESTIGATION

October 11, 2022

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Statement G.....CEO Statement in Support
Statement H..... Exeter Township Statement in Support
Statement I ..... Borough of St. Lawrence Statement in Support
Statement J ..... Cleveland Cliffs Statement in Support
Statement K.....Victory Brewing Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:		
	:	**DOCKET NOS.**	**R-2022-3031672**
v.	:		**R-2022-3031673**
	:		
PENNSYLVANIA-AMERICAN WATER COMPANY	:		

JOINT PETITION
FOR SETTLEMENT OF RATE INVESTIGATION

TO THE HONORABLE JOEL H. CHESKIS, DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE:

Pennsylvania-American Water Company ("PAWC" or the "Company"), the Pennsylvania Public Utility Commission ("Commission" or "PUC") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Borough of St. Lawrence, Cleveland-Cliffs Steel, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), Exeter Township, the Pennsylvania-American Large Users Group ("PAWLUG"), and Victory Brewing Company ("Victory") (collectively, the "Joint Petitioners") respectfully submit this Joint Petition for Settlement of Rate Investigation (the "Joint Petition") and request that the Administrative Law Judge recommend approval of, and the Commission approve, the settlement set forth in the Joint Petition ("Settlement") without modification.

In support of their request, the Joint Petitioners state as follows:

I. BACKGROUND

1. On April 29, 2022, the Company initiated this rate case by filing Supplement No. 35 to Tariff Water – Pa. P.U.C. No. 5 and Supplement No. 34 to Tariff Wastewater – Pa. P.U.C.

No. 16 requesting Commission approval of an increase in its total annual operating revenues to become effective June 28, 2022. The requested increase equaled $173.2 million or approximately 20.8% above the level of pro forma revenues for the fully projected future test year ("FPFTY") ending December 31, 2023. The Company's supporting information included the prepared direct testimony of 14 initial witnesses and the various exhibits sponsored by those witnesses. Considerable additional information was provided in response to approximately 665 interrogatories and data requests with multiple subparts.

2. On June 16, 2022, the PUC instituted an investigation of PAWC's existing and proposed rates and the Company's proposed tariffs were suspended by operation of law until January 28, 2023. This matter was subsequently assigned to Deputy Chief Administrative Law Judge Joel H. Cheskis (the "ALJ") for purposes of conducting hearings and issuing a recommended decision.

3. Several parties participated actively in this proceeding: I&E, the OCA, the OSBA, the Borough of St. Lawrence, CAUSE-PA, CEO, Cleveland-Cliffs Steel, Exeter Township, PAWLUG, and Victory. Formal Complaints were also filed by numerous individual customers.

4. On June 27, 2022, PAWC notified the ALJ and the parties that it would rely upon 52 Pa. Code § 5.61(d), which provides that answers to Complaints docketed in Commission instituted investigations of rates are not required except as directed by the Commission or presiding officer. Neither the Commission, nor the ALJ, directed the Company to submit answers to any complaints.

5. On June 24, 2022, the Company filed a motion for leave to submit supplemental direct testimony to update its claim for pension and other post-employment benefit ("OPEB")

expense. The motion was initially opposed by I&E but resolved by stipulation. The Company's initial supplemental testimony also included a request for accounting deferral with respect to the pension and OPEB expense. As part of a stipulation filed June 30, 2022, the Company withdrew that request.

6. A telephonic Prehearing Conference was held on June 27, 2022, and six telephonic public input hearings were held on July 19-22, 2022.

7. In accordance with the Scheduling Order issued on June 30, 2022, I&E, the OCA, the OSBA, the Borough of St. Lawrence, CAUSE-PA, CEO, Cleveland-Cliffs Steel, Exeter Township, PAWLUG and Victory submitted a total of 18 written statements of direct testimony and accompanying exhibits on August 4, 2022. On August 19, 2022, PAWC, I&E, the OCA, the OSBA and PAWLUG submitted a total of 23 written statements of rebuttal testimony and accompanying exhibits. On September 1, 2022, I&E, the OCA, the OSBA, CAUSE-PA, Cleveland-Cliffs Steel, PAWLUG and Victory submitted a total of 15 written statements of surrebuttal testimony and accompanying exhibits. On September 6, 2022, PAWC submitted an Oral Rejoinder Outline for ten witnesses and served the written rejoinder testimony of Bernard J. Grundusky, Jr.

8. A telephonic evidentiary hearing was held on September 12, 2022. At the hearing, PAWC witnesses Ashley E. Everette, James Runzer, Bruce W. Aiton, Thomas Markward, Charles B. Rea, Constance E. Heppenstall, Ann E. Bulkley, Tawana Dean, John R. Popiolek and Marcus Kohl presented oral rejoinder testimony and were cross-examined by counsel for other parties. In addition, the written testimony and exhibits of all parties were admitted into evidence.

9. The parties engaged in discussions to negotiate a settlement of some or all the issues in this case. As a result of those negotiations, the Joint Petitioners were able to agree on the Settlement set forth herein, which resolves all issues in this proceeding.

10. The Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments that support their respective conclusions. Nonetheless, they agree that this Settlement is in the public interest as it resolves the contested issues and ensures positive benefits for customers and the Company.

II. TERMS AND CONDITIONS

11. The Settlement consists of the following terms and conditions:

A. Revenue Requirement

12. PAWC will be permitted to charge, effective for service rendered on and after January 28, 2023, the rates for water service set forth in the proposed Water Tariff provided in Appendix A to this Settlement and the rates for wastewater service set forth in the proposed Wastewater Tariff provided in Appendix B (hereafter, the "Settlement Rates"). The Settlement Rates are designed to produce additional annual water and wastewater operating revenue of $138 million, as shown on the proof of revenues set forth in Appendix C to the Joint Petition.

13. The Joint Petitioners agree that the Company's proposed pro forma present rate revenue level of $831,593,862 has been used to establish the Settlement Rates.

14. In future rate filings, PAWC will submit one or more separate stormwater and wastewater cost-of-service studies ("COSSs") for each of its combined sewer systems ("CSSs"). The Company is not required to provide a separate study for each combined stormwater system. However, the Joint Petitioners agree that this provision does not preclude any party from

recommending that PAWC be required to provide a separate cost-of-service study for CSSs in any proceeding in the future.

15. The Joint Petitioners acknowledge and agree that the depreciation rates set forth in PAWC Exhibit Nos. 11-C, 11-F, 11-I, 11-K, 11-M, and 11-P are appropriate for ratemaking purposes in this case and that the Company will use such depreciation rates to calculate the depreciation expense it records on its regulated books of account.

16. The Joint Petitioners agree that deferral of carrying costs to the Company's COVID-19 regulatory asset will cease on December 31, 2022. Deferral of incremental savings and costs, other than uncollectible expense, related to COVID-19 ceased on February 1, 2022. Deferral of incremental uncollectible expense will be limited to costs incurred by PAWC through December 31, 2022 and the Company agrees to withdraw its proposed uncollectible expense tracker. The Company will continue to offset any savings realized during the pandemic against its recorded COVID-19 deferral balance.

17. The Joint Petitioners agree that the Settlement Rates reflect the amortizations set forth in Appendix D to the Joint Petition.

B. Alternative Ratemaking Mechanisms

18. PAWC agrees to withdraw its proposed Revenue Stabilization Mechanism. This withdrawal is made without prejudice to propose this alternative ratemaking mechanism in future proceedings.

C. Distribution System Improvement Charge ("DSIC")

19. The Company will not implement a DSIC surcharge during 2023 following the effective date of new base rates, and the first DSIC surcharge in 2024 will be filed with an effective date no earlier than April 1, 2024 based on DSIC eligible expenditures during January

and February 2024. The baseline of gross plant balances that must be achieved to restart charges under the Company's DSIC rider are reflected in Appendix E.

20. The Joint Petitioners agree and hereby stipulate that the Company shall use the rate of return on equity ("ROE") as calculated for water utilities and published in the "Bureau of Technical Utilities Services Report on the Quarterly Earnings of Jurisdictional Utilities" for the most recent quarter for purposes of calculating the ROE component of the Company's DSIC.

21. Within 90 days after entry of a final order in this proceeding, PAWC will file an amendment to its wastewater Long Term Infrastructure Improvement Plan ("LTIIP") to include systems acquired under Section 1329 of the Public Utility Code,[1] which does not re-prioritize other existing commitments in other service areas. The Company agrees to reevaluate the timeline for future water and wastewater LTIIP revisions as part of future base rate filings based on the number of water and/or wastewater customers acquired since the prior base rate case and the period since the Company's last LTIIP amendment. No later than the next quarterly DSIC filing following the Commission's approval of the amended LTIIP, as may be modified within the discretion of the Commission, PAWC will file a compliance tariff supplement that incorporates the acquired systems into PAWC's DSIC tariff, including all customer safeguards applicable thereto.

22. For systems not acquired under Section 1329, PAWC will apply the DSIC to those customers no later than in the first base rate case in which the system is included.

23. As shown in Appendices A and B, water customers acquired from the Creekside Homeowners Association and SLIBCO and wastewater customers acquired from Foster Township ("Foster") and Turbotville Borough are not exempt from the Company's DSIC.

[1] 66 Pa.C.S. § 1329. Hereafter all references to a "Section" are to the Pennsylvania Public Utility Code ("Code"), 66 Pa.C.S. §§ 101 *et seq*., unless indicated otherwise

24. The Joint Petitioners acknowledge that the Commission has a generic docket at M-2012-2293611 addressing implementation of the Pennsylvania Supreme Court's decision regarding 66 Pa. C.S. § 1301.1 in *McCloskey v. Pennsylvania Public Utility Commission*, 697 C.D. 2018 and remand of the underlying Commission proceedings at P-2015-2508942, et al. and R-2017-2624240. If required by the Commission in the generic proceeding, the Company will update its DSIC calculation and tariffs consistent with the final non-appealable Order in the generic proceeding. PAWC will not contest the parties' rights to raise any related issues with regard to its DSIC calculation and tariffs in a future proceeding.

D. FPFTY Reporting Requirements

25. PAWC will file updates to PAWC Exhibit 3-A, pp. 26, 90, 136, 177, 207, and 243 at the above-captioned dockets no later than April 1, 2023. PAWC's updates will include actual plant additions and retirements for the twelve months ending December 31, 2022. In addition, PAWC will also provide the actual plant additions and retirements, by account, for the twelve months ending December 31, 2023, no later than April 1, 2024.

E. Cost Allocation and Rate Design

(1) Combined Water and Wastewater Revenue Requirement

26. Pursuant to Section 1311(c) of the Public Utility Code and the Commission's Implementation Order in Docket No. R-2013-2355276, under the Settlement Rates a portion of the wastewater revenue requirement totaling $26,961,881 is being allocated to water customers, as shown in Appendix C (Water Operations). The Settlement Rates reflect the allocation of the annual revenue increase among PAWC's water and wastewater operations, as set forth in Table 1 below. The revenue allocation proposed in this Settlement is "black box" and does not reflect the position of any party or establish precedent for future proceedings.

Table 1

	Section 1311(c) Wastewater Allocation	**Revenue Increase**	**Percent Increase**
Total Company	$0	$138,000,002	16.6%
Water Operations	$26,961,881	$83,370,539	11.6%
Sanitary Sewer System General Operations	$(3,598,461)	$17,750,272	39.9%
Royersford WW Operations	$(1,328,921)	$617,700	75.2%
Upper Pottsgrove WW Operations	$(496,449)	$851,028	63.1%
York WW Operations	$(12,512,409)	$6,993,404	37.3%
CSS Operations	$(9,025,641)	$28,417,059	56.3%
Total WW Operations	$(26,961,881)	$54,629,463	47.0%

(2) Delayed Effective Dates for Rate Increases to Customers in the Royersford Borough, Valley Township, Foster Township and York Systems ("Rate Freeze Systems")

27. Consistent with the Company's initial filing, PAWC will calculate the proof of revenue at the full cost of service, as if all customers in the Rate Freeze Systems were paying new rates without any delay to the effective date. The Joint Petitioners agree that all rights are reserved with respect to the issue of delayed effective dates of rates in subsequent proceedings. This term should not be construed to limit parties' ability to make recommendations in any future PAWC base rate case to bring customers in the Rate Freeze Systems to an appropriate cost of service as though they have paid the tariffed rates without any delay.

(3) Water Rate Design

28. The Settlement Rates set forth in Appendix A reflect the Joint Petitioners' agreement regarding water rate structure, rate design and the distribution of the increase in revenues to each rate class in this case.[2]

29. Under the Settlement Rates, the Rate Zone 1 service charge for residential, customers with 5/8-inch, 3/4-inch, 1-inch and 1½-inch meters will remain $17.50 per month in lieu of the $20.00 monthly service charges for those meter sizes proposed by the Company. The Rate Zone 1 service charges for commercial and municipal customers with 5/8-inch meters will be $18.50 per month, and the same percentage increase will be applied for all other meter sizes. The 5/8-inch service charge for the Industrial class in Rate Zone 1 under the Settlement Rates will be $28.00. All other meter sizes will be increased by approximately the same percentage.

30. The metered rates for all classes of customers in Rate Zone 2 (Winola) and Rate Zone 3 (McEwensville) have been consolidated with Rate Zone 1 under the Settlement Rates.

31. The Company currently has a separate Rate Zone 4 for its Turbotville operations, a separate Rate Zone 5 for its Steelton operations, a separate Rate Zone 6 for its Valley operations, and a separate Rate Zone 7 for its SLIBCO operations. Under the Settlement, the service charges for the residential, commercial and municipal customer classes in Rate Zones 4, 5 and 6 are equalized with Rate Zone 1. Usage allowances for customers in Rate Zones 5 and 6 are eliminated. Rates for customers in Rate Zone 7 are unchanged.

32. Appendix F contains billing comparisons showing the impact on the bill of an average customer in each major general service rate class if the Settlement Rates are approved.

[2] While every effort has been made to ensure that rate design descriptions are accurate, if any inconsistency exists between such descriptions and the rates set forth in Appendix A, the latter shall take precedence.

33. With respect to any system for which the Settlement rate design provides for continuation of minimum usage allowances, PAWC will propose to eliminate the allowance in its next base rate case or, where warranted for gradualism, PAWC will propose to eliminate the allowance over its next two base rate cases.

(4) Wastewater Rate Design

34. The Settlement Rates set forth in Appendix B reflect the Joint Petitioners' agreement regarding wastewater rate structure, rate design and the distribution of the increase in revenues to each rate class in this case.[3]

35. Under the Settlement Rates, Rate Zone 1 service charge for residential customers will be $14.30 per month. The Rate Zone 1 service charge for non-residential customers will be $35.00 per month.

36. The Sanitary Sewer System ("SSS") rates for the following rate zones have been consolidated with Rate Zone 1: Rate Zone 5 (Franklin), Rate Zone 7 (Sadsbury), Rate Zone 8 (Turbotville), Rate Zone 9 (Exeter), and Rate Zone 13 (Upper Pottsgrove).

37. The Company currently has additional separate SSS rate zones as follows: Rate Zone 2 (New Cumberland), Rate Zone 10 (Royersford), Rate Zone 11 (Valley), Rate Zone 12 (York), and a separate Rate Zone for its Foster acquisition. Under the Settlement, the service charges for all classes in Rate Zone 2 are equalized with Rate Zone 1. Rate Zone 11 (Valley) and the Foster acquisition rates have been equalized with Rate Zone 1. Volumetric rates for Rate Zone 12 (York) will be increased. In Rate Zone 10 (Royersford), the usage allowance is decreased. Rate increases in the Valley, Royersford, York and Foster service areas will be effective on the dates specified in Appendix B (Wastewater Tariff).

[3] While every effort has been made to ensure that rate design descriptions are accurate, if any inconsistency exists between such descriptions and the rates set forth in Appendix B, the latter shall take precedence.

38. The Company currently has three Combined Sewer System ("CSS") rate zones: Rate Zone 3 (Scranton), Rate Zone 4 (Kane), and Rate Zone 6 (McKeesport). Under the Settlement, the usage allowance for all customer classes is eliminated for Rate Zone 4 (Kane). In Rate Zone 6 (McKeesport), residential rates for Port Vue customers will be equalized with the rest of the zone.

39. Appendix G contains billing comparisons showing the impact on the bill of an average customer in each major rate class if the Settlement Rates are approved. "Average monthly bill" is based PAWC's calculation of its system-wide average monthly usage.

40. In its next base rate filing, PAWC agrees to create a separate tariff group for current and future CSS customers. PAWC will propose consolidation of the rates of current and future CSS customers over time, separately from the consolidation of current and future SSS customers.

41. In its next base rate filing, the Company will submit a wastewater cost-of-service study that includes a separate customer class for bulk customers in the York system whose rates are set by contract. This customer class may include other wastewater customers whose rates are set by contract.

F. PAWC's Customer Assistance Programs

(1) Bill Discount Program ("BDP")

42. PAWC agrees to implement the BDP discount structure set forth in Table 2 below on the effective date of the Settlement Rates:

Table 2

Income Group	**Water Service Charge Discount**	**Water Volumetric Charge Discount**	**Wastewater Total Bill Discount**
0-50% Federal Poverty Level ("FPL)	80%	80%	80%
51-100% FPL	65%	50%	55%
101-150% FPL	40%	25%	30%

43. Within one year of the final order in this proceeding, PAWC agrees to develop a process for tracking and reporting on the following data:

i. Average monthly bill amounts of H2O bill discount program participants at various usage levels (1,000; 2,000; 3;000; 4,000; and 5,000) and FPL tiers (0-50%; 51-100%; 101-150%; and 151-200% FPL);

ii. The mean and median usage levels of H2O bill discount program participants, broken down by income tier;

iii. The mean and median usage levels of non-H2O low income customers;

iv. The number and percent of H2O bill discount program that have been terminated and/or removed from the H2O bill discount program, broken down by income tier;

v. The total number of BDP participants with pre-program arrears and the amount of those arrears, as compared to the number of BDP participants who are participating in the AMP and the amount of those arrears, broken down by income tier;

vi. The H2O bill discount program application acceptance rate.

vii. Identification of potential barriers to enrollment.

Information technology and other procedural changes are required to implement this tracking and reporting. The Company will provide updates at its quarterly Customer Assistance Advisory Group ("CAAG") meetings regarding its progress adopting these changes. Once these changes are adopted, PAWC agrees to report on the data outlined in subparagraphs i.-vii. above to the CAAG on, at minimum, a biannual basis.

44. Within one year of the final order in this proceeding, PAWC agrees to make BDP participation portable within its service territory, such that a BDP participant who changes residences will not be removed from BDP solely because of having changed their service address, so long as the customer maintains continuous customer status. Information technology and other procedural changes are required to implement this change. The Company will provide updates at its quarterly CAAG meetings regarding implementation progress.

45. PAWC agrees to monitor and review appropriate billing data for purposes of determining, in its next base rate proceeding whether any offset to its low-income program cost recovery is necessary to avoid any double recovery the Company may receive through actual collections after the implementation of its Arrearage Management Plan ("AMP"). The Company will consult with the OCA and I&E to determine the necessary data needed to accomplish this directive.

46. PAWC will place a dunning lock on the accounts of any applicant for PAWC's BDP and AMP, at the time their application is submitted, until a determination is made about the applicant's eligibility and enrollment. If enrolled in AMP, PAWC agrees that the account would be considered "current" so long as the household continues to make "full payments" as defined by the AMP Settlement at Docket No. P-2021-3028195.

(2) Hardship Fund

47. PAWC agrees to work with the Joint Petitioners and stakeholders through its CAAG to review the procedures for referring customers to Hardship Fund, including customers who are facing termination of service.

48. At the first CAAG meeting after the final order in this proceeding, PAWC agrees to provide a written description of its Hardship Fund application process, including its eligibility rules, grant calculation steps, and the grant issuance process.

49. PAWC agrees to increase its annual contribution to the Hardship Fund in the amount of $150,000. PAWC will continue its practice of adding any unspent dollars included in the Hardship Fund in a program year to hardship funding for the subsequent program year. Any carry-over will be in addition to the total budget for the subsequent program year.

50. PAWC agrees to reduce its good faith payment requirement for its Hardship Fund to, at most, $50.

51. PAWC agrees that eligible customers will receive a Hardship Fund grant that equals their total account balance at the time of grant issuance not to exceed $500.

52. PAWC agrees to work with its CAAG members to develop a solution to allow an eligible customer to receive multiple Hardship Fund grant awards each year, up to the maximum grant amount of $500 for water and $500 for wastewater.

53. The Company will continue to use Dollar Energy Fund to administer the hardship fund and Dollar Energy Fund will continue to employ local community-based organizations as "local screening agents" for intake assistance and eligibility determination. Additionally, the Company will continue to use Dollar Energy Fund and local community-based organizations for marketing and outreach for that fund and the H2O bill discount program.

(3) Outreach

54. PAWC will develop and undertake targeted community outreach efforts in geographic areas within its service territory where there are higher percentages of customers with income at or below 50% FPL.

55. PAWC will provide a summary of recent consumer outreach and education efforts during each CAAG meeting.

56. PAWC agrees to support a petition from CAUSE-PA, OCA, and/or CEO requesting the initiation of a generic proceeding to explore cross-program enrollment opportunities among utilities in the Commonwealth.

G. Service Quality and Customer Service Commitments

(1) Main Extensions

57. The Company agrees to construct water main extensions to meet the need in the project areas identified below under and pursuant to Rule 27.1(F) of its water tariff, which authorizes main extensions to be installed without customer contributions subject to Commission approval in order to address health and safety concerns. PAWC will construct the extensions to provide the capability to address water quality and quantity issues of other potential customers within the project's scope.

- Project Area 1 – Campbell Road and Old Steubenville Pike, Robinson Township, Washington County (OCA St. 7, pp. 15-17; OCA St. 7SR, pp. 11-15; Tr. at 145-46 (B. Moore), 155-60 (Comport), 242-243 (Mizenko), 269-73 (Casciato), 435-437, 439 (S. Moore); Moore Exh. 1; Brown Exh. 1; Duran Exh. 1; Duran Exh. 2).

- Project Area 2 – Donaldson Road, Robinson Township, Washington County (OCA St. 7, pp. 17-18; Tr. at 368-71 (Simpson); Brown Exh. 1). The project will address the service issue identified in the OCA's testimony (OCA Statement No. 7, pp. 17-18) and also provide the capability to address water quality and quantity issues of the other potential customers in the project's scope.

- Project Area 3 – Avella Road (Route 50), Cross Creek Township, Washington County (OCA St. 7, p. 18; Tr. 213-14 (McConn)).

58. With respect to the foregoing commitments, the following terms and conditions also apply:

a. The Company agrees to have signed contracts in place and start construction of the main extensions no later than the date it files its next base rate case, so long as where applicable the Commission has issued a certificate of public convenience to extend the Company's existing service territory and all necessary permits have been issued. The Company and the OCA will work together to establish a reasonable timeframe for the completion of the projects.

b. The Company will take all reasonable actions to file and obtain Commission approval for any necessary extension of its existing certificated service territory to include the areas to be served in Robinson Township.

c. The Company shall apply least-cost principles in designing and constructing the main extensions.

d. The Commission's approval of this Joint Petition will constitute the approval required under Tariff Rule 27.1(F) to construct the projects.

e. PAWC agrees to use its best efforts to apply for grants from applicable local municipalities and to receive contributions from other sources, such as from Marcellus Shale drilling companies, in order to mitigate the cost for the main extension projects.

f. The Joint Petitioners agree that the provisions set forth in these paragraphs are not precedential as to conditions that might validate the application of Tariff Rule 27.1(F) in the future and shall not be cited as such in any subsequent proceeding.

(2) Storage Tanks

59. The Company will have all storage tanks over 15-years old inspected by an experienced tank inspection contractor. The contractor will prepare a report of recommendations and PAWC will maintain the tanks in accordance with those recommendations where reasonable.

(3) Isolation Valves

60. The Company will continue to exercise all of its isolation valves on a 5-year cycle and inspect critical valves annually. In future rate cases, the Company will provide a searchable electronic log identifying each of its isolation valves, the date last exercised, date last repaired, date last replaced, and any pertinent notes.

(4) Fire Hydrants

61. The Company will mark any fire hydrants that cannot provide the minimum fire flow with the National Fire Protection Association approved color indicating flow level.

(5) Listing of Customer Complaints and Disputes

62. In future rate case filings, the Company will provide a listing of customer complaints and disputes in live Excel format ("Complaint Log:). The Complaint Log should:

a. include complaints or records of customer disputes received by PAWC, in addition to informal and formal complaints submitted to the Commission;

b. include service addresses and be treated as Confidential to protect that customer information;

c. categorize the disputes and complaints and, specifically, include pressure (high, low or none) as a category; and

d. include the final disposition of each informal complaint submitted to the Commission. With respect to disputes, the Company will determine whether it is reasonably able to add data tracking capabilities to its systems to track the final disposition of disputes. If

the Company can track the final disposition of disputes, it will also include that information in its Complaint Log. If not, PAWC will report that determination and provide a supporting analysis to the Joint Petitioners no later than 30 days prior to filing its next base rate case.

(6) Customer Service

63. PAWC agrees that call center representatives handling Pennsylvania customer calls are only representatives who have completed training and demonstrated proficiency on Pennsylvania-specific statutes and regulations, except for emergency calls received outside of normal business hours.

64. PAWC will amend Rule 7.2 in its Water Tariff and Section G.2 in its Wastewater Tariff to clarify that PAWC will inform the applicant or customer of any information relied upon by PAWC to determine the customer's responsibility for prior unpaid debt. PAWC will also inform the applicant or customer of their right to dispute that information, as well as the applicant or customer's right to obtain service while a dispute is pending. PAWC will not deny service to a customer or applicant who has a protection from abuse, or other similar order evidencing domestic violence, on the basis that a prior debt was incurred in the name of someone other than the customer or applicant.

65. Each quarter following the final order in this proceeding until a final order is issued in a subsequent base rate case, PAWC will provide the CAAG with a quarterly report, copied to the parties, addressing its progress in reaching each of the Company performance objectives set forth in Table 3 below:

Table 3

Service Quality and Customer Service Objective	Performance Objective
Call Center Annual % calls answered in 60 seconds	80%
Call Center Annual Abandonment Rate	8%
Frequency of Main Breaks	0.19 main breaks per mile
Kept Field Appointments	98%
Justified Commission Bureau of Consumer Services ("BCS") Consumer Complaint Rate (per each 1,000 residential customers)	10% reduction in Consumer Complaints to BCS from 2021
Justified BCS Payment Arrangement Request Rate (per each 1000 residential customers)	10% reduction in Payment Arrangement Request to BCS from 2021
BCS Infraction Rate	10% reduction from 2021
Average Response Time to BCS Consumer Complaints and Payment Arrangement Requests	<15 days
Customer Overall Satisfaction with Service Appointment	80% satisfaction
Customer Overall Satisfaction with Customer Care Agent	80% satisfaction

66. Within 90 days after a final order in this proceeding, PAWC will update its termination notices to inform customers of the right to make a verbal declaration of a medical emergency and provide a copy of its updated notices to the parties.

67. PAWC will revise its bills by adding periodic bill messages or inserts to make clear that no convenience fee is charged for payments made by phone. The Company will also add an Interactive Voice Response message explaining that no convenience fees are charged for payments by phone.

(7) Security Deposits

68. PAWC will amend Water Tariff Rule 7.3(c) and Wastewater Tariff Section G.3 to add the following language: "PAWC will not charge a security deposit to a customer or applicant if the customer or applicant is confirmed to be income eligible for PAWC's bill discount program."

69. Prior to assessing a security deposit for any residential applicant or customer, PAWC will (1) advise households that no deposit will be assessed if they are income eligible for PAWC's BDP and (2) advise customers about how to verify eligibility for the security deposit exemption and apply for the BDP.

H. Tariff Changes

70. PAWC agrees to withdraw its proposed tariff changes that would (1) modify the Company's current limitation of liability provisions (Water Tariff Rule 15.1 and Wastewater Tariff Section Q) and (2) permit the Company to charge flat rates to wastewater customers that are metered by non-Company water providers.

71. The Joint Petitioners agree to the other originally proposed tariff changes described in the direct and rebuttal testimony of Company witness Stacey D. Gress as shown in Appendices A and B to this Joint Petition.

I. Industrial Pre-Treatment Charges

72. The Wastewater Tariff provided as Appendix B reduces the industrial loading fee for BOD5 for the Coatesville district from $0.35 to $0.20 per pound above domestic.

73. In its next rate case, the Company will propose an industrial loading fee for BOD5 for the Coatesville district of $0.35 per pound above domestic, as recommended by the Company's current cost of treatment study. However, if a new cost of treatment study is completed prior to the next rate case, the Company will propose an updated industrial loading fee

for BOD5 for the Coatesville district based on the results of its updated cost of treatment study. The Company commits to filing its most recent cost of treatment study at the time of its next rate case filing.

74. The Company's Wastewater Tariff provided in Appendix B exempts excess loading fees for IPP permit holders during the period of any compliance schedule established by their permit (Victory's permit establishes a compliance schedule). This exemption from excess loading fees applies to excess loading fees for all pollutants, unless otherwise provided by the permit (for Victory, the exemption shall apply to excess loading fees for all pollutants, during the term of its compliance schedule).

75. PAWC will amend Victory's IPP permit to extend the deadline within the permit's compliance schedule for pretreatment installation until January 1, 2024.

J. Classification of Dempsey Uniform and Linen Supply ("Dempsey") Customer Account

76. On or before the effective date of the Settlement Rates, PAWC will reclassify Dempsey Uniform Linen and Supply as an industrial customer instead of a commercial water customer, as requested in the customer letter dated July 29, 2022 appended in redacted form to PAWLUG Statement No. 1 as Exhibit__(BSL-4).

K. Effective Date

77. The Joint Petitioners agree to the implementation of the Settlement Rates on January 28, 2023, when the suspension period will expire.

III. PUBLIC INTEREST CONSIDERATIONS

78. PAWC, I&E, the OCA, the OSBA, Borough of St. Lawrence, CAUSE-PA, CEO, Cleveland-Cliffs Steel, Exeter Township, PAWLUG, and Victory have each prepared Statements in Support identified as Statements A through K, respectively, setting forth the bases upon which

they believe that the Settlement, including the Settlement Rates, is fair, just, reasonable, non-discriminatory, lawful and in the public interest.

79. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

i. The Settlement provides for an increase in annual operating revenues of $138 million, in lieu of the $173.2 million increase originally requested.

ii. The Settlement includes enhancements to PAWC's customer assistance programs.

iii. The Settlement includes commitments from PAWC regarding quality of service and customer service, including several performance objectives.

iv. The Settlement Rates will allocate the agreed upon combined water and wastewater revenue requirement to each rate zone and customer class in a manner that is reasonable in light of the rate structure/cost of service positions of the Joint Petitioners and implement Section 1311(c) of the Public Utility Code in a manner that is agreeable to the Joint Petitioners.

v. The Joint Petitioners arrived at the Settlement terms after conducting extensive discovery, submitting testimony and engaging in in-depth discussions. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391 and 69.401), and is supported by a substantial record.

IV. ADDITIONAL TERMS AND CONDITIONS

80. This Settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within three business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including but not limited to presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions. The Joint Petition does not establish precedent and neither the Joint Petition nor Commission approval of the Joint Petition shall be cited in other proceedings, except to enforce the Joint Petition. The Joint Petitioners agree that, while the Settlement, upon Commission approval without modification, will be enforceable according to its terms, the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding and agree not to contend otherwise in any other proceeding.

81. All Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Settlement by the ALJ and the Commission without modification. If the ALJ, in the Recommended Decision, recommends that the Commission adopt the Settlement as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the

terms and conditions of this Settlement, or any additional matters proposed by the ALJ in the Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

V. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That the Honorable Deputy Chief Administrative Law Judge Joel H. Cheskis recommend approval of, and the Commission approve, the Settlement embodied in this Joint Petition, including all terms and conditions thereof, without modification;

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Company permission to file the Tariffs attached hereto as Appendix A and B to become effective for service rendered on and after January 28, 2023, which Tariffs, among other things, are designed to produce an annual increase in total operating revenues of $138 million; and

3. That the Commission deem the complaints filed by parties that are Joint Petitioners to be satisfied by the approval of the Settlement and dismiss with prejudice all outstanding complaints filed by parties that are not Joint Petitioners.

Respectfully submitted,

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Dated: October 11, 2022

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Appendix A

Water Tariff

Supplement No. XX to
Tariff Water-PA P.U.C. No. 5

PENNSYLVANIA-AMERICAN WATER COMPANY
(hereinafter referred to as the "Company")
D/B/A
Pennsylvania American Water

RATES, RULES AND REGULATIONS

GOVERNING THE DISTRIBUTION AND SALE OF

WATER SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED ADJACENT THERETO IN:

ADAMS, ALLEGHENY, ARMSTRONG, BEAVER, BERKS, BUCKS,

BUTLER, CENTRE, CHESTER, CLARION, CLEARFIELD, CLINTON, COLUMBIA,

CUMBERLAND, DAUPHIN, FAYETTE, INDIANA, JEFFERSON, LACKAWANNA,

LANCASTER, LAWRENCE, LEBANON, LUZERNE, MCKEAN, MONROE, MONTGOMERY,

NORTHAMPTON, NORTHUMBERLAND, PIKE, SCHUYLKILL, SUSQUEHANNA,

UNION, WARREN, WASHINGTON, WAYNE, WYOMING, AND YORK COUNTIES.

Issued: **Effective:**

Issued by:
F. Michael Doran, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

https://www.amwater.com/paaw/

NOTICE

This tariff proposes increases in rates and changes in rules and regulations of service. (Refer to pages 2, 3, 4, 5, 6, 7, 9, 10, 11, 16, 16.1, 16.2, 16.3, 16.4, 16.5, 16.6, 16.7, 16.8, 16.9, 17, 20, 21, 23, 24, 29, 30, 31, 32, 35, 40, 40.1, 43, 46, 47, 47.1, 47.2, 49, 51, 53, 54, 56, 58, 61, 64.1, 69, 73, and 84.)

LIST OF CHANGES

Increases/Decreases

This tariff provides for uniform rates by customer class for Rate Zone 1, Rate Zone 2 (Valley), Rate Zone 3 (SLIBCO), Rate Zone 4 (Turbotville) and Rate Zone 5 (Steelton) water sales customers, private fire service and excluding public fire service.

This tariff provides for increases and decreases to base rates for low-income customers.

Resale, Electric Generation and Industrial Standby rates have been changed.

Public Fire – The rate for public fire hydrants have been changed such that the rate will remain at 25% the cost of service. Brownsville, California, Reading, and Valley public fire hydrant rates have been consolidated into the statewide rate.

Private Fire – The rates for metered and unmetered private fire service have been increased. The Valley unmetered private fire service and Qualified Private Fire Hydrant rates have been consolidated to the statewide rates.

The Distribution System Improvement Charge will be reduced to zero.

The Company is eliminating the Negative Surcharge for Deferred Tax Credit.

The Company is eliminating the Recoupment Surcharge.

LIST OF CHANGES (cont'd)

Changes

Pages 9 through 11 – Territories served is updated for the planned acquisition of the Creekside Homeowner's Association water system and for changes in Rate Zones.

Page 16.4 – Rate Zone 2 (Winola) has been rolled into Rate Zone 1 and repurposed as Rate Zone 2 (Valley).

Page 16.5 – Rate Zone 3 (McEwensville) has been rolled into Rate Zone 1 and repurposed as Rate Zone 3 (SLIBCO).

Page 16.8 – Rate Zone 6 (Valley) has been changed to Rate Zone 2 (Valley). Page 16.8 is being held for future use.

Page 16.9 – Rate Zone 7 (SLIBCO) has been changed to Rate Zone 3 (SLIBCO). Page 16.9 is being held for future use.

Page 17 – Low income discounts have been modified to a tiered discount structure.

Page 30 – Terms and Conditions for Private Fire Service – Unmetered are modified.

Pages 40 and 40.1 – The Company is eliminating the Negative Surcharge for Deferred Tax Credit and the Recoupment Surcharge. Pages 40 and 40.1 are being held for future use.

Page 43 – A definition for Lead Service Pipe is added.

Page 46 – The Company is adding Rule 3.6, Owner or Landlord Responsibility for Service and Rule 3.7, Acquired Customers.

Pages 47.1 and 47.2 – The Company is modifying Rule 4.9.1, Replacement of Lead Service Pipes.

Page 49 – The Company is modifying Rule 5.4, Outside Meter Installations (Meter Box/Vaults).

Page 51 – The Company is modifying Rule 7.2(b), Prior Company Debts and Rule 7.3(c), Customer's Deposit.

Page 53 – The Company is modifying Rule 7.9, Denial of Service.

Pages 54 and 56 – The Company is modifying the language to Rule 8.5 Application for Public Fire Hydrant Service.

Page 58 - The Company is modifying the language to Rule 10.6, Payment Arrangement.

Page 61 – The Company is modifying the language to Rule 12.5, Termination of Service for Nonpayment of Bills and Rule 12.7, Protection from Abuse Order.

Page 64.1 – Page Held for Future Use

Pages 69 and 73 – The Company is modifying the language to Rule 21.2, Application for Qualified Private Fire Hydrant.

Page 84 – The Company is modifying Rule 26.4, Municipal Classification of Revenue (Classes of Service).

PENNSYLVANIA-AMERICAN WATER COMPANY

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(I) means Increase, (D) means Decrease and (C) means Change

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(C) means Change

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(C) means Change

TERRITORIES SERVED

(By State Region and Company Water District)
(All territories are subject to Rate Zone 1 unless otherwise noted)

Central Pennsylvania

Berwick District
Columbia County
The Boroughs of Berwick and Briar Creek and the Township of Briar Creek
Luzerne County
The Borough of Nescopeck and the Township of Salem

Frackville District
Schuylkill County
The Borough of Frackville and adjacent territory in West Mahanoy, Butler, New Castle Townships and portions of Mahanoy and Walker Townships.

Hershey/Palmyra District
Dauphin County
Portions of the Townships of Conewago, Derry (which includes the area commonly referred to as "Hershey"), Londonderry, and West Hanover; adjacent territory in South Hanover,
Lebanon County
The Borough of Palmyra and the Townships of Annville, North Annville, North Londonderry, South Annville and South Londonderry

Lake Heritage District
Adams County
The Townships of Mount Joy, Mount Pleasant and Straban

Mechanicsburg District
Cumberland County
The Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown, West Fairview and Wormleysburg and the Townships of East Pennsboro, Hampden, Lower Allen, Silver Spring and portions of Middlesex Township and Upper Allen Township
York County
Portions of Townships of Fairview and Newberry

Milton/White Deer District
Northumberland County [language deleted] **(C)**
The Boroughs of McEwensville, Milton, Northumberland and Watsontown and portions of the Townships of Delaware, East Chillesquaque, Point, Turbot, Upper Augusta and West Chillesquaque
Union County
The Borough of Lewisburg and portions of the Townships of Buffalo, East Buffalo, Gregg, Kelly and White Deer

Steelton District
Dauphin County – Rate Zone 5
The Borough of Steelton and a portion of Swatara Township.

Turbotville District
Northumberland County – Rate Zone 4
The Borough of Turbotville and portions of the Lewis Township.

(C) means Change

TERRITORIES SERVED

(By State Region and Company Water District)
(All territories are subject to Rate Zone 1 unless otherwise noted)

Northeastern Pennsylvania

Abington District [language deleted] **(C)**
Lackawanna County
The Boroughs of Clarks Green, Clarks Summit and Dalton and the Townships of Waverly and Glenburn and adjacent territory in South Abington and Abington Townships
Wyoming County
A portion of the Township of Overfield

Bangor Water District
Northampton County
The Boroughs of Bangor and Roseto and the Townships of Plainfield, Upper Mt. Bethel and Washington and portions of the Township of Lower Mt. Bethel.

Blue Mountain Lake District
Monroe County
The Townships of Smithfield and Stroud

Lehman Pike District
Pike County
Portions of the Townships of Delaware, Lehman and West Fall

Mid-Monroe District
Monroe County
Township of Middle Smithfield

Nazareth District
Monroe County
The Townships of Hamilton and Ross
Northampton County
The Boroughs of Nazareth, Pen Argyl, Stockertown, Tatamy and Wind Gap and the Townships of Bushkill, Forks, Lower Nazareth, Palmer, Plainfield and Upper Nazareth

Poconos District
Lackawanna County
Portions of the Township of Jefferson
Monroe County
The Borough of Mount Pocono, the Township of Coolbaugh and the Village of Tobyhanna
Wayne County
Portions of the Township of Salem

TERRITORIES SERVED

(By State Region and Company Water District)
(All territories are subject to Rate Zone 1 unless otherwise noted)

Northeastern Pennsylvania (cont'd)

Scranton District
Lackawanna County *– Rate Zone 1 and Rate Zone* ***3*** *(former SLIBCO customers in Moosic)* **(C)**
The Cities of Carbondale and Scranton, the Boroughs of Archbald, Blakely, Dickson City, Dunmore, Jermyn, Jessup, Mayfield, Moosic, Old Forge, Olyphant, Taylor, Throop and Vandling and the Townships of Carbondale, North Abington, Scott, South Abington and a portion of the Township of Roaring Brook and Fell
Susquehanna County
The Borough of Forest City
Wayne County
The Village of Browndale (Clinton Township)

Susquehanna District
Susquehanna County
The Boroughs of Great Bend, Hallstead, Lanesboro, Montrose, Susquehanna and Thompson and the Townships of Bridgewater, Great Bend, Harmony and Oakland

Wilkes-Barre District
Luzerne County
The Cities of Nanticoke, Pittston and Wilkes-Barre, the Boroughs of Ashley, Avoca, Courtdale, Dallas, Dupont, Duryea, Edwardsville, Exeter, Forty Fort, Hughestown, Kingston, Laflin, Larksville, Laurel Run, Luzerne, Plymouth, Pringle, Shickshinny, Sugar Notch, Swoyersville, Warrior Run, West Pittston, West Wyoming, Wyoming and Yatesville and the Townships of Fairview, Hanover, Hunlock, Jenkins, Kingston, Newport, Pittston, Plains, Plymouth, Rice, Wilkes-Barre, Wright, and portions of the Townships of Conyngham, Jackson and Union.

Southeastern Pennsylvania

Coatesville District
Chester County
The City of Coatesville, Parkesburg and South Coatesville and portions of the Townships of Atglen, Caln, East Fallowfield, Highland, Sadsbury, Valley (portions – Rate Zone **2**), West Caln and West Sadsbury **(C)**
Lancaster County
The Borough of Quarryville and the Townships of Bart, Colerain, Eden and Sadsbury**, and portions of Providence Township** **(C)**

Glen Alsace District
Berks County
The Borough of St. Lawrence and the Townships of Amity and Exeter and portions of Earl and Ruscombmanor

Norristown District
Montgomery County
The Boroughs of Bridgeport and Norristown and portions of the Townships of East Norriton, East Pikeland, Lower Providence, Perkiomen, Plymouth, Upper Merion, West Norriton, Whitemarsh, Whitpain and Worcester and portions of Skippack

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 - GENERAL METERED SERVICE FOR RESIDENTIAL RATE CLASS

APPLICABILITY

The rates under this schedule apply throughout the territories, unless otherwise noted on the territories served page, served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential Class.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For Residential Rate Class

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Service Charge per Month	
5/8 inch	$17.50	
3/4 inch	$17.50	
1 inch	$17.50	
1-1/2 inch	$17.50	
2 inch	$121.80	**(I)**
3 inch	$227.20	**(I)**
4 inch	$285.10	**(I)**
6 inch	$426.80	**(I)**
8 inch	$826.30	**(I)**

Consumption Charges For Residential Class:

The following rates shall apply per 100 gallons:

All Usage:	$1.6108	**(I)**

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 - GENERAL METERED SERVICE FOR COMMERCIAL, MUNICIPAL AND OTHER WATER UTILITY RATE CLASSES

APPLICABILITY

The rates under this schedule apply throughout the territories, unless otherwise noted on the territories served page, served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the **Commercial, Municipal and Other Water Utility Classes**.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For Commercial, Municipal and Other Water Utility Rate Classes

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Service Charge Per Month Except Other Water Utilities		Service Charge Per Month Other Water Utilities Group A & B	
5/8 inch	$18.50	(I)	$29.10	(I)
3/4 inch	$28.00	(I)	$44.00	(I)
1 inch	$46.60	(I)	$73.00	(I)
1-1/2 inch	$76.10	(I)	$145.00	(I)
2 inch	$121.80	(I)	$232.00	(I)
3 inch	$227.20	(I)	$436.00	(I)
4 inch	$285.10	(I)	$726.00	(I)
6 inch	$426.80	(I)	$1,452.00	(I)
8 inch	$826.30	(I)	$2,325.00	(I)
10 inch	$1,196.60	(I)	$3,340.00	(I)
12 inch	$1,713.70	(I)	$4,793.00	(I)

Consumption Charges For Commercial, Municipal and Other Water Utilities Rate Classes:

The following rates shall apply per 100 gallons:

Commercial

First 16,000 gallons	$1.5613	(I)
All in excess of 16,000 gallons	$1.1493	(I)

Municipal

First 16,000 gallons	$1.6700	(I)
All in excess of 16,000 gallons	$0.9140	(I)

Other Water Utilities

Group A All at	$0.7950	(I)
Group B All at	$1.1300	

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1- GENERAL METERED SERVICE FOR INDUSTRIAL RATE CLASS

APPLICABILITY

The rates under this schedule apply throughout the territories, unless otherwise noted on the territories served page, served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Industrial Class.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For Industrial Rate Class

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Service Charge per Month	
5/8 inch	$28.00	(I)
3/4 inch	$42.00	(I)
1 inch	$70.00	(I)
1-1/2 inch	$140.00	(I)
2 inch	$224.00	(I)
3 inch	$420.00	(I)
4 inch	$701.00	(I)
6 inch	$1,401.00	(I)
8 inch	$2,243.00	(I)
10 inch	$3,223.00	(I)
12 inch	$4,625.00	(I)

Consumption Charges For Industrial Rate Class

The following rates shall apply per 100 gallons per month:

Industrial		
First 16,000	$1.4200	(I)
Next 584,000	$1.0804	(I)
All In Excess of 600,000	$0.8499	(I)
Industrial Curtailment*		
First 16,000	$1.4200	(I)
Next 584,000	$1.0804	(I)
Next 14,400,000	$0.8499	(I)
All In Excess of 15,000,000	$0.5110	(I)

* Subject to the availability criteria and terms and conditions of the Industrial Curtailment Rate of this tariff, the foregoing rates shall apply per 100 gallons per month for service provided under the Industrial Curtailment Rate.

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 – GENERAL UNMETERED SERVICE FOR THE RESIDENTIAL CLASS

APPLICABILITY

The rate under this schedule applies throughout the territories, unless otherwise noted on the territories served page, served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rate is available to a customer in the Residential Class that is added to the Company's service territory through an acquisition and does not have a meter at the customer's service address on the date of closing of such acquisition.

UNMETERED SERVICE

All water supplied by the Company under this rate schedule will be unmetered. However, the Company may install a meter of appropriate size at the customer's premise based on the Company's meter installation schedule as determined by the Company. Upon installation of a meter at the customer's service address by the Company, a customer will no longer be eligible for this rate schedule and will be charged a service charge based on the size of meter required to render adequate service along with a charge for consumption usage based upon the applicable Rate Zone's metered rates in effect for the residential class.

RATE

The following monthly rate for service shall apply: **$70.00** per month. **(I)**

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 2 - GENERAL METERED SERVICE FOR ALL RATE CLASSES

APPLICABILITY

The rates as set forth below apply in the Valley service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to all customers in all rate classes.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes, except Qualified Private Fire Hydrants and Public Fire Hydrants, shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For All Rate Classes

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company: **(C)**

Size of Meter	All Customer Classes Effective 11/19/2021	Residential Effective 11/19/2023	Non-Residential Effective 11/19/2023	(C)
5/8 inch	$28.12	$17.50 **(D)**	$18.50 **(D)**	
3/4 inch	$28.12	$17.50 **(D)**	$28.00 **(D)**	
1 inch	$28.12	$17.50 **(D)**	$46.60 **(I)**	
1-1/2 inch	$28.12	$17.50 **(D)**	$76.10 **(I)**	
2 inch	$28.12	$121.80 **(I)**	$121.80 **(I)**	
3 inch	$28.12	$227.20 **(I)**	$227.20 **(I)**	
4 inch	$28.12	$285.10 **(I)**	$285.10 **(I)**	
6 inch	$28.12	$426.80 **(I)**	$426.80 **(I)**	
8 inch	$28.12	$826.30 **(I)**	$826.30 **(I)**	

Consumption Charges For All Rate Classes:

The following rates shall apply per 100 gallons:

All Customers	Effective 11/19/2021	Effective 11/19/2023		(C)
First 3,400 gallons	Service Charge	$1.1000	**(I)**	
All over 3,400 gallons	$0.8400	$1.1000	**(I)**	

(I) means Increase, **(C)** means Change and **(D)** means Decrease

SCHEDULE OF RATES

RATE ZONE 3 - GENERAL METERED SERVICE FOR ALL RATE CLASSES

APPLICABILITY

The rates as set forth below apply to former SLIBCO customers served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to all customers in all rate classes.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes except, Qualified Private Fire Hydrants and Public Fire Hydrants, shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For All Rate Classes

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Service Charge Per Month	
5/8 inch	$63.55	
3/4 inch	$63.55	(C)
1 inch	$63.55	(C)
1 1/2 inch	$63.55	(C)
2 inch	$63.55	
3 inch	$63.55	(C)
4 inch	$136.30	
6 inch	$136.30	
8 inch	$309.30	
10 inch	$309.30	(C)

Consumption Charges For All Rate Classes

The following rates shall apply per 100 gallons per month:

First 20,000 gallons per month	$1.8940
Next 80,000 gallons per month	$1.6780
All Over 100,000 gallons per month	$1.3810

(C) means Change

SCHEDULE OF RATES

RATE ZONE 4 – GENERAL METERED SERVICE

APPLICABILITY

The rates as set forth below apply in the Turbotville service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in all Customer Classes.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes, shall be metered. All meters shall be read monthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For All Rate Classes

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Residential		Commercial and Municipal	
5/8 inch	$17.50		$18.50	(I)
3/4 inch	$17.50		$28.00	(I)
1 inch	$17.50		$46.60	(I)
1-1/2 inch	$17.50		$76.10	(I)
2 inch	$121.80	(I)	$121.80	(I)
3 inch	$227.20	(I)	$227.20	(I)
4 inch	$285.10	(I)	$285.10	(I)
6 inch	$426.80	(I)	$426.80	(I)
8 inch	$826.30	(I)	$826.30	(I)
10 inch			$1,196.60	(I)
12 inch			$1,713.70	(I)

Consumption Charges For Residential, Commercial and Municipal Rate Classes:

The following rates shall apply per 100 gallons:

Residential		
All Usage	$1.6108	(I)
Commercial		
First 16,000 gallons	$1.0706	(I)
All in excess of 16,000 gallons	$1.0706	(I)
Municipal		
First 16,000 gallons	$1.6700	(I)
All in excess of 16,000 gallons	$0.9861	(I)

(I) means Increase

SCHEDULE OF RATES

RATE ZONE 5 - GENERAL METERED SERVICE FOR ALL RATE CLASSES

APPLICABILITY

The rates as set forth below apply in the Steelton service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to all customers in all rate classes.

METERED SERVICE

All water supplied by the Company under this rate schedule for any and all purposes except, Qualified Private Fire Hydrants and Public Fire Hydrants, shall be metered. All meters shall be read monthly or bimonthly and the water used shall be paid for in accordance with the following schedule of rates.

RATE

Service Charge For All Rate Classes

The following monthly service charge shall apply based on the size of meter required to render adequate service, as determined by the Company:

Size of Meter	Residential		Commercial & Municipal		**Industrial**	**(C)**
5/8 inch	$17.50	(D)	$18.50	(D)	$24.83	(I)
3/4 inch	$17.50	(D)	$28.00	(I)	$24.83	(I)
1 inch	$17.50	(D)	$46.60	(I)	$54.38	(I)
1-1/2 inch	$17.50	(D)	$76.10	(D)	$97.93	(I)
2 inch	$121.80	(I)	$121.80	(I)	$141.46	(I)
3 inch	$227.20	(D)	$227.20	(D)	$320.98	(I)
4 inch	$285.10	(D)	$285.10	(D)	$419.20	(I)
6 inch	$426.80	(D)	$426.80	(D)	$670.70	(I)
8 inch	$826.30	(I)	$826.30	(I)	$974.35	(I)
16 inch	$1,623.92		$1,623.92		$1,623.92	
18 inch	$1,826.90		$1,826.90		$1,826.90	
20 inch	$2,029.89		$2,029.89		$2,029.89	

Consumption Charges For All Rate Classes:

The following rates shall apply per 100 gallons:

All Customers

First 1,700 gallons	$1.6108	(I)
Next 18,300 gallons	$1.6108	(I)
Next 30,000 gallons	$1.2500	(D)
All over 50,000 gallons per month	$1.2500	(I)

(C) means Change, (I) means Increase and (D) means Decrease

SCHEDULE OF RATES

[Intentionally blank] **(C)**

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

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PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

LOW-INCOME RIDER – ALL RATE ZONES FOR QUALIFYING RESIDENTIAL CUSTOMERS

APPLICABILITY

This rider applies throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rider is available for a customer in the Residential Class that meets the low-income criteria of 150% based on the Federal Poverty Level ("FPL"). **(C)**

RATE

The rates for the service charge or minimum bill under this tariff will be **as follows**: **(C)**

Tier 1 (0%-50% of FPL): **20%** of the prevailing service charge or minimum bill in the rate zone where service is rendered. **(C)(I)**

Tier 2 (51%-100% of FPL): **35%** of the prevailing service charge or minimum bill in the rate zone where service is rendered. **(C)(I)**

Tier 3 (101%-150% of FPL): **60%** of the prevailing service charge or minimum bill in the rate zone where service is rendered. **(C)(I)**

The rate for water usage shall be billed as follows: **(C)**

Tier 1 (0%-50% of FPL): **20%** of the existing rates applicable to the rate zone where service is rendered. **(C)(D)**

Tier 2 (51%-100% of FPL): **50%** of the existing rates applicable to the rate zone where service is rendered. **(C)(D)**

Tier 3 (101%-150% of FPL): **75%** of the existing rates applicable to the rate zone where service is rendered. **(C)(D)**

SCHEDULE OF RATES

INDUSTRIAL STANDBY RATE

APPLICABILITY

This rate applies throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rate is available to a new industrial customer that has an alternative supply source or an existing industrial customer that purchases water from the Company and develops or obtains a new source of supply. In order to obtain service under this rate, the customer must execute a Service Agreement with the Company for a period of not less than two years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of supplement 49 to Tariff Water Pa. P.U.C. No. 4 (August 28, 1998).

NOMINATION OF STANDBY SERVICE

The Service Agreement with the Company will identify the nature and amount of the customer's requirements for Standby Service. Standby Service will be available on a firm basis, an interruptible basis or combinations thereof. Customers electing to receive Standby Service on an interruptible basis will be subject to the same Terms and Conditions of curtailment as set forth in the Industrial Curtailment Rate.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The sum of the customer's nominated firm and interruptible Maximum Day Demands shall be equal to the maximum day capacity of the new customer's alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

RATE

Service Charge

The monthly Service Charges under this rate schedule will be the same as those set forth on the Schedule of Rates Applicable to Rate Zone 1 for the industrial rate classification.

Demand Charges

The monthly Demand Charges under this rate schedule will be applied to the customer's nominated firm and interruptible standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

	Firm Standby Service		Interruptible Standby Service	
Average Day Demand	$26.0607	(I)	$7.1849	(I)
Maximum Day Demand	$3.3550	(I)	$1.0693	(I)
Maximum Hour Demand	$39.5673	(I)	$8.2755	(I)

(I) means Increase

SCHEDULE OF RATES

INDUSTRIAL STANDBY RATE (CONT'D)

RATE (cont'd)

Consumption Charges
In addition to the Service Charges and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event	Zone 1 Industrial Rates	
Next gallons - Firm Average Day Demand Nomination multiplied by the days during the standby event	$0.0836 per hundred gallons	(I)
Next gallons - Interruptible Average Day Demand Nomination multiplied by the days during the standby event	$1.0854 per hundred gallons	(I)
All amounts above sum of previously described amounts	$1.8068 per hundred gallons	(I)

TERMS AND CONDITIONS

Initial Notification of Company. Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within ten (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nominations of firm and interruptible standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service.

Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

Notification of Standby Event. When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

(I) means Increase

SCHEDULE OF RATES

RESALE AND ELECTRIC GENERATION STANDBY RATE

APPLICABILITY

This rate applies throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rate is available to a new customer that has an alternative supply or an existing customer that develops or obtains a new source of supply. To obtain service under this rate, the customer must purchase water from the Company for resale or electric generation purposes and execute a Service Agreement with the Company for a period of not less than ten years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of supplement 49 to Tariff Water Pa. P.U.C. No. 4 (August 28, 1998).

NOMINATION OF STANDBY SERVICE

The Service Agreement with the Company will identify the nature and amount of the customer's requirements for Standby Service. Standby Service will be available on a firm basis.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The customer's nominated firm Maximum Day Demand shall be equal to the maximum day capacity of the new customer's alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

RATE

Service Charge

The monthly Service Charges under this rate schedule will be the same as those set forth on the Schedule of Rates Applicable to Rate Zone 1 for the customer's rate classification.

Demand Charges

The monthly Demand Charges under this rate schedule will be applied to the customer's nominated firm standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

	Firm Standby Service	
Average Day Demand	$26.0607	**(I)**
Maximum Day Demand	$3.3550	**(I)**
Maximum Hour Demand	$39.5673	**(I)**

(I) means Increase

SCHEDULE OF RATES

RESALE AND ELECTRIC GENERATION STANDBY RATE (CONT'D)

RATE (cont'd)

Consumption Charges

In addition to the Service Charge and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event	Applicable Zone 1 Industrial Rates	
Next gallons - Firm Average Day Demand Nomination multiplied by the days during the standby event	$0.0836 per hundred gallons	(I)
All amounts above sum of previously described amounts	$1.8068 per hundred gallons	(I)

TERMS AND CONDITIONS

Initial Notification of Company. Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within ten (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nomination of firm standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service. Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

Notification of Standby Event. When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

Use in Excess of Contractual Demands. If and when the actual amounts of Standby Service Demands exceed the nominated amounts set forth in the Service Agreement, the actual demands shall become the nominated demands for the remainder of the term of the Service Agreement. Further, the customer will be billed an additional charge equal to the difference between the actual demand and previously nominated demand multiplied by the applicable demand charge and the number of months since the beginning of the term of the Service Agreement.

Metering Equipment. The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement Standby Service and to monitor the customer's compliance with its terms and conditions.

(I) means Increase

SCHEDULE OF RATES

PRIVATE FIRE SERVICE –UNMETERED

APPLICABILITY

The rates under this schedule apply throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page

AVAILABILITY

The rates under this schedule are available to any existing unmetered private fire service customer who continues to utilize the service connection solely for fire prevention purposes in connection with the customer's fire sprinkler system, standpipe connection, or any other emergency or fire protection facilities.

RATE

Service Charge

The following shall apply based on the size of service line connection required to render adequate service, as determined by the Company:

Size of Connection with Main	Service Charge per Month	
1 inch	$5.34	**(I)**
1-1/4 inch	$5.34	**(I)**
1-1/2 inch	$7.69	**(I)**
2 inch	$13.68	**(I)**
3 inch	$31.11	**(I)**
4 inch	$54.78	**(I)**
6 inch	$124.47	**(I)**
8 inch	$221.56	**(I)**
10 inch	$346.02	**(I)**
12 inch	$497.88	**(I)**

[Separate rate deleted] **(C)**

Qualified Private Fire Hydrants

Service under this classification is subject to regulations set forth in Section 2.11 "Qualified Private Fire Hydrants".

Qualified Private Fire Hydrants $26.87 per month

[Separate rate deleted] **(C)**

(I) means Increase and **(C)** means Change

SCHEDULE OF RATES

PRIVATE FIRE SERVICE –UNMETERED (CONT'D)

TERMS AND CONDITIONS

Billing. Bills for unmetered private fire service and Qualified Private Fire Hydrants will be rendered monthly in arrears.

Inspection. The customer shall permit Company personnel and the Company's authorized agents, representatives, consultants and experts access to the customer's facilities during regular business hours and upon not less than 24 hours' notice and shall permit inspection thereof to determine, to the Company's satisfaction, whether the customer is in compliance with the availability criteria and terms and conditions hereof. The Company shall have the right to install a consumption detection device on the service line or use other investigative measures to determine whether the service line is being utilized for purposes other than fire protection.

Maintenance. Qualified Private Fire Hydrants shall be owned, maintained, and repaired by the customer, at customer's expense, unless otherwise agreed to by the Company. At the Company's discretion, the Company also has the right to maintain and repair Qualified Private Fire Hydrants. **(C)**

Metering Equipment. Whenever, inspection of consumption detection devices on the service line or other investigative measures, indicate the service connection is being utilized for purposes other than fire protection, the Company will require the installation of a meter of appropriate size, and shall charge for service at the rates set forth under the Company's metered private fire service.

Valley District - Metering Equipment. Whenever inspection of consumption detection devices on the service line or other investigative measures indicate the service connection is being utilized for purposes other than fire protection, the Company will require the installation of a meter of appropriate size, and shall charge for service at the rates set forth under the Company's Rate Zone 6 – General Metered Service

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

PRIVATE FIRE SERVICE – METERED

APPLICABILITY

The rates under this schedule apply throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to a customer that has existing private fire services that were previously unmetered and subsequently became metered in accordance with the terms and conditions of the rate schedule "Private Fire Service – Unmetered".

RATE

Size of Connection with Main	Minimum per Month	
1 inch	$43.75	(I)
1-1/4 inch	$43.75	(I)
1-1/2 inch	$62.48	(I)
2 inch	$100.00	(I)
3 inch	$187.49	(I)
4 inch	$234.36	(I)
6 inch	$351.54	(I)
8 inch	$539.03	(I)
10 inch	$757.77	(I)
12 inch	$1,137.06	(I)

SPRINKLERED RISK – Minimum charge Including 200 Heads	$65.22	(I)
SPRINKLERED RISK – Over 200 Heads Per Head	$0.17	(I)
STANDPIPE SERVICE	$50.71	(I)

TERMS AND CONDITIONS

Amount of Use. If the service is utilized as a general water service line as indicated by a continuing use of water in excess of 10,000 gallons per month for a period of three or more consecutive months, the customer shall be transferred to the Company's general service rate schedule and the minimum rate by size of meter will apply to this service in addition to the consumption charge.

(I) means Increase

SCHEDULE OF RATES

PUBLIC FIRE SERVICE

APPLICABILITY

The rates under this schedule apply throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers with applications accepted by the Company under Section 8.5 of this tariff. Service under this classification is subject to regulations set forth in Section No. 8 "Public Fire Hydrants".

RATE

Replacement of existing public fire hydrants with Company owned public fire hydrants will in all circumstances be charged at a rate of **$243.60** per annum or **$20.30** per month unless stated otherwise below. **(I)**

The annual charge for each public fire hydrant is **$243.60** per annum or **$20.30** per month except as noted below: **(I)**

All hydrants added after January 1, 2000, will be billed at 25% of the cost of service **or $20.30 per month.** **(I)(C)**

Municipalities	Monthly Charge for Each Public Fire Hydrant	
Moshannon Valley Area		
Bradford Township for hydrants contracted prior to February 18, 1988	$6.25	
[Separate rate deleted]		**(C)**
[Separate rate deleted]		**(C)**
[Separate rate deleted]		**(C)**
[Separate rate deleted]		**(C)**

(I) means Increase and **(C)** means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

EXCEPT PUBLIC FIRE PROTECTION

In addition to the net charges provided for in this Tariff, a charge of **0.00%** will apply to all bills rendered with an ending read date on and after the Effective Date shown on the bottom of this page. This charge applies to all Rate Zones. **(D)** **(C)**

The above charge will be recomputed quarterly using the elements prescribed by the Commission as shown on pages 36, 37 and 38 of this tariff.

[Negative Surcharge for Deferred Tax Credit eliminated] **(C)**

THIS PAGE HELD FOR FUTURE USE

(C)

PENNSYLVANIA-AMERICAN WATER COMPANY

[Recoupment Surcharge eliminated] **(C)**

THIS PAGE HELD FOR FUTURE USE

(C)

RULES AND REGULATIONS

2. Definitions (cont'd)

2.12 Remote Meter Reading Device: A device which by electrical impulse or otherwise transmits readings from a meter, usually located within a residence, to a more accessible location outside of a residence.

2.13 Residential Applicant: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company's service territory.

2.14 Residential Customer: A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory.

2.15 Service Line: The Company-owned piping and appurtenances which run between and are connected to the Company's main and its street service connection.

2.16 Service Pipe: That portion of a water line not owned by the Company which transmits water from the Company-owned water main to the Customer's premise. The water service pipe begins at the Company-owned street service connection and continues into the structure on the premise to be supplied.

2.16a Lead Service Pipe: Any Service Pipe constructed with lead or galvanized pipe located downstream from a Service Pipe constructed with lead. **(C)**

2.17 Single Premise: A single premise is herein construed to cover a structure used by one family or occupant or where used by more than one family or occupant not adaptable to subdivision.

2.18 Street Service Connection: A street service connection is hereby understood to include a connection to the main pipe to and including the control valve and control valve box, used to carry water from the main to the curb line. The control valve and box terminates the Company's responsibility for expense of the street service connection.

2.19 Temporary Service: A water service connection which, at the time of application, is anticipated to be in service for less than a 12-month period.

2.20 Unauthorized Use of Service: Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, or the otherwise taking or receiving of water service without the knowledge or approval of the Company.

(C) means Change

RULES AND REGULATIONS

4. Service Pipes

3.6 Owner or Landlord Responsibility for Service (C)

If a building is master metered, the Company may, at its discretion, require the building owner or landlord to establish a single account for the building at the master meter in the name of the building owner or landlord even where there are existing meters for individual tenants behind the master meter.

3.7 Acquired Customers (C)

Upon acquisition of a water system where the Company is already the wastewater service provider, the Customer of record for water service shall be the same as the Customer of record for wastewater service.

4.1 Right to Reject

The Company may refuse to connect with any piping system or furnish water through one already connected if such system is not properly installed and maintained. The Company may also refuse to connect, etc., if lead base materials as defined in the Safe Drinking Water Act have been used after June 19, 1988, in any plumbing beyond the Company's curb stop. It shall be the Customer's responsibility to provide the Company with such certification.

4.2 Stop and Waste Valve

The Customer shall install a stop and waste valve on the service pipe immediately inside of the foundation wall of the building supplied and also on the outlet side of the meter. A double check valve shall also be installed on the outlet side of the meter. Such valves should be so located as to be easily accessible to the occupants and to provide proper drainage for the pipes in the building.

4.3 Service Pipe Limitation

No fixture shall be attached to or any branch made in the service pipe between the meter and the street main. No extension of service shall be made by the Customer to provide water service to another premise.

4.4 Trench Restriction

No service pipe shall be laid in the same trench with gas pipe, sewer pipe, electric cable, telephone cable or any other facility of a public service company, nor within three (3) feet of any open excavation or vault.

4.5 Service Pipe Specifications

The Company may specify the size, kind, quality and depth of the materials which shall be laid between the curb valve and the structure on the premise to be supplied. The Company may also disapprove any plumbing materials used within the premise to be supplied.

[Rules 4.6 and 4.7 moved to following page] (C)

RULES AND REGULATIONS

4. Service Pipes (cont'd)

[Rules 4.6 and 4.7 moved from preceding page] **(C)**

4.6 Check Valve, Backflow Prevention Device and Service Pipe Strainers

A minimum of an approved American Society of Sanitary Engineering 1024 (ASSE 1024) dual check valve shall be installed on all service pipes for residential service. Residential accounts having a lawn irrigation system or fire sprinkler system will be required to install a reduced pressure zone backflow prevention device on the line which services this part of the customer's system. Reduced pressure zone devices are to be tested and/or repaired annually. On service pipes for commercial or industrial service, a backflow prevention device of a type approved by the Company shall be installed. The location of the double check valve or backflow prevention device shall be approved by the Company. Service pipes used for fire protection must in addition have an approved fire service pipe strainer. The double check valve and backflow prevention device shall be owned and maintained by the Customer. Non-residential Customers shall certify annually, in writing to the Company, that these devices have been maintained and are in working order. This is to include a test and /or repairs performed by an inspector who is a certified backflow prevention device tester. They are also subject to Company inspection at reasonable times. A backflow prevention device tester must be certified by an entity that performs training to test and repair Check valves and backflow prevention devices which meet or exceed American Society of Sanitary Engineering (ASSE), American Backflow Prevention Association (ABPA) or equivalent standards and provides certification that such training has been completed in accordance with these requirements.

4.7 Pressure Regulators

When the static pressure is 100 lbs. or more at the Customer's premise, the Customer shall be responsible for the installation and maintenance of a pressure regulator or valve, which shall be installed on the inlet side of the meter.

4.8 Water use Standards for Plumbing Fixtures

The Company may refuse to connect with any piping system or furnish water through one already connected in any new construction or renovation which does not comply with the Company's water use standards for plumbing fixtures.

4.9 Customer Responsibility for Service Pipe

The Customer shall have full responsibility for the installation, repair, replacement, and maintenance of all Service Pipes, including full responsibility for metered water usage attributable to a leak in the Service Pipe; The failure of a Customer to properly install and maintain a Service Pipe, including replacement, shall constitute grounds for the Company to initiate action to terminate service to the Customer and seek recovery for any damage to the Company's facilities caused by an improperly functioning Service Pipe.

Where an undetected, non-surfacing, underground leak is found in a Customer's Service Pipe, the Company shall credit the Customer with a one-time bill adjustment equal to forty percent (40%) of that portion of one month's consumption that exceeds the average monthly usage, based on the prior twelve month period, upon proper verification that the leak has been repaired. The Company shall require documentation to establish, to the Company's satisfaction, the existence of such repaired leak at the Customer's premises. Such bill adjustment will be provided only to the extent the Customer has not received a bill adjustment for an undetected, non-surfacing, underground leak at the same premises in the past five (5) years.

RULES AND REGULATIONS

4. Service Pipes (cont'd)

4.9.1 Replacement of Lead Service Pipes

4.9.1.1 **(C)**

Notwithstanding Rules 2.11, 2.12, 2.14 and 4.9, the Company shall, provided that the customer consents, replace Lead Service Pipes pursuant to Parts 1 and 2 of its Lead Service Pipe replacement plan (Replacement Plan), subject to **a** budgeted allotment of $**15**.0 million per year for all lead Service Line replacements under its Replacement Plan. [**language deleted**] The Company will replace Lead Service Pipes it encounters when replacing its mains and/or Service Lines up to **5,400** Lead Service Pipe replacements per year within a maximum amount of approximately $**15**.0 million per year. [**language deleted**]The Company will replace a Lead Service Pipe at a Customer's request subject to the following conditions: (1) verification that the Customer has a Lead Service Pipe; (2) the time when the replacement occurs will be determined by the Company based on factors determined by the Company including, without limitation, the number of customer requests for **Lead** Service Pipe replacements in Company-designated geographic areas; (3) the annual cap of **5,400** Lead Service Pipe **replacements**; and (4) availability of funds not used for Part 1 replacements under the Company's budgeted allotment of $**15**.0 million per year. Lead Service Pipe replacements performed pursuant to Replacement Plan – Part 1 will have priority on the use of funds under the annual budget allotment and, therefore, in any year, funds will be used for Lead Service Pipe replacements under Replacement Plan – Part 2 only to the extent that funds are available within the budget allotment and are not allocated to Part 1 replacements planned for that year. Portions of the annual budget allotment of $**15**.0 million that are not expended on Lead Service Pipe replacements under Part 1 or Part 2 of the Replacement Plan in a year will roll-over to the next subsequent year, but use of the roll-over funds will still be subject to the requirement that priority be given to Part 1 replacements. If the Company does not use the excess budgetary allotment in the subsequent year, the excess budgetary allotment will not carry forward into the following year, i.e. excess budgetary allotments will not carryforward on a cumulative basis, subject to the cap on the number of Lead Service Pipe replacements per year. The Company may, but shall not be required, to petition the Commission for approval to modify its annual budget allotment of $**15**.0 million if the Company, in its sole discretion, determines that its annual budget allotment no longer meets the future needs of administering both Parts of the Replacement Plan. However, no change may be made without prior Commission approval. Costs the Company incurs to replace Lead Service Pipes under the Company's Replacement Plan shall be subject to the accounting and rate treatment approved by the Order of the Pennsylvania Public Utility Commission (Commission) entered October 3, 2019 and Settlement at Docket No. P-2017-2606100 (Approval Order). After a Lead Service Pipe is replaced by the Company, the Customer shall own the Service Pipe and shall have full responsibility for the repair, replacement and maintenance of the new Service Pipe, which, upon installation, shall thereafter be subject to the terms of Rules 2.12, 2.14 and 4.9.

4.9.1.2

The Customer shall enter into an Agreement for Replacement of Lead Service Pipe, in a form provided by the Company, prior to the initiation of any work by the Company to replace a Customer's Service Pipe. The Company will provide a two-year warranty on workmanship and materials for any Customer **Lead** Service Pipes it replaces. **(C)**

RULES AND REGULATIONS

4. Service Pipes (cont'd)

4.9.1.3

The Company will verify whether the property for which a Replacement Plan - Part 2 replacement was requested has a **Lead** Service Pipe, and if so, will test water from the tap of the dwelling within four **(C)** weeks after receiving such a request from a Customer or property owner, as applicable. The Company will notify the Customer occupying such property within three days of obtaining the test results.

4.9.1.4

The Company will provide a 10-cup filtered water container to low-income residential Customers who request (or if the Customer occupies a rental property, the property-owner has made, or has authorized the Customer to make, such request) that the Company replace their LSPs under Part 2 of the Company's Replacement Plan, provided that:

1. The Customer's household income is at or below 150% of the Federal Poverty Income Guidelines as determined by the Dollar Energy Fund, which the Company will engage to make this determination based on information available to, or obtained by, Dollar Energy Fund in the same manner Dollar Energy Fund determines a residential Customer's low-income status for other low-income programs of the Company;
2. The Company has verified that the Customer has a **Lead** Service Pipe; and **(C)**
3. The Company's testing of water from the Customer's tap shows that the water has a lead level above the action level established by the Pennsylvania Department of Environmental Protection under the Environmental Protection Agency's Lead and Copper Rule.

4.9.1.5

If the Company, at the request of a Customer or property-owner (as applicable), visits a Customer's site and determines that the Service Pipe has been replaced at or within one-year of the date the Company commenced a project to replace **Lead** Service Pipes and the Customer or property-owner (as applicable) **(C)** provides the Company with a paid invoice, a certification from a certified plumber, and other documentation determined by the Company to be appropriate to verify the replacement, the Company will reimburse the Customer's or property-owner's (as applicable) reasonable costs up to an amount not to exceed 125% of the costs the Company would have incurred to perform the replacement of a similarly-sized Service Pipe in the project area. A **Lead** Service Pipe project will commence on the date the Company begins physical main **(C)** replacement work in the project area that includes the Customer's site or when the Company deploys a contractor crew to the geographic area of a Replacement Plan – Part 2 project to perform grouped work activity, whichever is sooner.

RULES AND REGULATIONS

5. Meters and Meter Installations (cont'd)

5.4 Outside Meter Installations (Meter Box/Vaults)

Meter boxes/vaults shall be owned, furnished, installed and maintained by the Customer which meets the Company's specifications, at Customer's expense, unless otherwise agreed to by the Company. At the Company's discretion, the Company has the right to install **or relocate** a meter box/vault for a Customer's **(C)** property. The meter box or vault shall be placed immediately inside the Customer's property line or at such other location as may be ordered by the Company. The size and dimensions of the meter box or vault shall be as approved by the Company, give adequate access to the meter, and permit its installation or removal. When a concrete vault is used, a 10 foot wide (minimum) paved surface from the road to the vault, including curb depression, must be provided and maintained for vehicle access.

The Company has the authority to require a Customer or property owner, at their expense, to install a meter box/vault prior to restoration of service where there has been a termination of service by Company due to Unauthorized Use of Service.

5.5 Meter Service

All service provided by the Company except public fire and qualified private hydrant protection shall be metered.

5.6 Meter Installations for Flat-Rate Accounts and Unmetered Private Fire Services

Within 45 calendar days of notification by the Company, a flat-rate or unmetered private fire service Customer will provide a suitable meter setting at his own expense. The Company will provide the Customer with standard specifications for the meter setting. Any Customer who does not provide a suitable meter setting within the 45-day period will be subject to termination of service; or, at the option of the Company in the case of an unmetered fire service Customer, the installation will be made by the Company and a surcharge applied to the Customer's bill. The surcharge will be an annual fee equal to 17% of the total actual cost of installation.

5.7 Tampering with Meters or other Utility Equipment

When a meter or other utility equipment on a Customer's premises has been tampered with and the customer enjoys the use of or receives benefit from the water service intended to be metered, it may be reasonably inferred that the Customer tampered with the meter or other utility equipment. The penalties for tampering include but, are not limited to, termination of service, recovery by the Company of all costs related to the tampering, including payment for such water service as the Company may estimate from available information has been used but not registered by the Company's meter, and criminal sanctions pursuant to the laws of the Commonwealth. In addition, the Company has the authority to require a Customer or property owner, at their expense, to install a meter box/vault prior to restoration of service where there has been a termination of service by Company due to tampering with a meter or other utility equipment.

RULES AND REGULATIONS

7. Credit

7.1 Customer's Liability for Charges

The Customer who has made application for water service to any premise shall be held liable for all water service furnished to such premise until such time as the Customer properly notifies the Company to discontinue the service for this account.

7.2 Prior Company Debts

(a) Service will not be furnished to former Customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; and (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed. **The Company will inform the Applicant or Customer of any information (C) relied upon by the Company to determine their responsibility for prior unpaid debt. The Company will also inform the Applicant or Customer of their right to dispute that information, as well as the Applicant or Customer's right to obtain service while a dispute is pending. The Company will not deny service to a Customer or Applicant who has a protection from abuse, or other similar order evidencing domestic violence, on the basis that a prior debt was incurred in the name of someone other than the Customer or Applicant.**

(b) The Company may utilize means in accordance with applicable law of determining an Applicant's or **(C)** Customer's liability for any indebtedness to the Company for previous service, including, but not limited to, the following: (1) use of Company records that containing confidential information previously provided to the Company for service; (2) **a copy of** a valid mortgage, lease or deed, **which the Applicant or Customer is obligated to provide upon Company request**; (3) other information contained in the Company's records that indicate that the Applicant **or Customer** was an adult occupant during the time the prior debt accrued; (4) use of commercially available skip tracing software that contains records of names and addresses; (5) use of information contained in credit reporting data utilized by the Company; **or (6) a web based tool such as "LexisNexis" to research the Applicant's or Customer's information**.

7.3 Customer's Deposit

(a) Non-Residential: The Company may charge deposits to Non-Residential Applicants and Non-Residential Customers if they have bad credit, lack Creditworthiness, or for other reasonable grounds determined by the Company, and as permitted by Federal Bankruptcy Law.

(c) Residential: The Company may charge deposits to Residential Applicants and Residential Customers as permitted by Commission statutes, rules regulations, and as permitted by Federal Bankruptcy Law. **The Company will not charge a security deposit to a Customer or Applicant for service if the Customer or Applicant for service is confirmed to be income eligible for the Company's bill discount (C) program.**

(1) Deposits may be required from a Residential Applicant who is unable to establish Creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assess the risk of public utility bill payment.

(2) Deposits may be required from a Residential Customer who fails to comply with the material terms or conditions of a settlement or payment arrangement or is delinquent in the payment of two consecutive bills, or three or more bills within the preceding twelve months.

(C) means Change

RULES AND REGULATIONS

7. Credit (cont'd)

7.9 Denial of Service to Residential Customers (C)

(a) If the Company denies service **to a residential customer**, the Company will inform the Applicant in (C) writing of the reasons for the denial within 3 business days of the denial. With the Applicant's consent, the Company may provide to the Applicant the information electronically. The written denial statement will include the reason for the denial and information on the Applicant's ability to challenge the denial. If the Company is requiring payment of an unpaid balance, the Company will specify in writing the amount of the unpaid balance, the dates during which the balance accrued and the location and customer name at which the balance accrued. The statement will inform the Applicant of the right to furnish a third-party guarantor in accordance with Commission regulations and the Applicant's right to contact the Commission.

(b) The written denial statement will inform the Applicant that if he or she is, based upon household income, confirmed to be eligible for a customer assistance program a deposit is not required. The Company will inform the Applicant of the procedures and documentation necessary to qualify for an exemption from a security deposit requirement.

(c) The written denial statement will include information informing victims of domestic violence with a protection from abuse order, or a court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence, that there are special protections available. The Company will not shut off your water service during the winter without PUC permission. Depending on your income, a special payment arrangement may be available. Your service may not be terminated on a Friday. You may not be held responsible for a bill in someone else's name. You may not be required to pay a security deposit. If you are required to pay a security deposit, you may be able to pay it over three payments. You will receive additional 48-hour notice prior to termination.

8. Public Fire Hydrants

8.1 Ownership and Maintenance

All public fire hydrants furnished, installed, and paid for by the Company shall be inspected and maintained by the Company.

8.2 Use Restricted

The use of fire hydrants, whether owned by the Company or by the Customer, will be restricted to the taking of water for the extinguishing of above-ground fires. Water shall not be taken from any fire hydrant for construction purposes, extinguishing underground fires, sprinkling streets, flushing sewers or gutters or for any other use unless specifically permitted by the Company for the particular time and occasion. If the Company grants permission to use fire hydrants for purposes other than the extinguishment of fires, such use will be applied only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the Customer.

8.3 Change in Location

Whenever a change in location of a fire hydrant is ordered by a municipality, such change will be made at the expense of the municipality.

8.4 Public Hydrants Installed on Main Lines Installed After December 31, 1988

Whenever a hydrant is ordered subsequent to the completed installation of a new main installed after December 31, 1988, a NON REFUNDABLE charge of $1000 per hydrant along with any applicable state and federal tax liabilities, plus any local permit/occupancy fees will be required with the application. The fee for any hydrant installed on mains installed prior to January 1, 1989 or installed during construction of new mains installed after December 31, 1988 will be limited to only the pertinent local permit or occupancy costs imposed by the ordering party.

RULES AND REGULATIONS

8. Public Fire Hydrants (cont'd)

8.5 Application for Public Fire Hydrant Service

WBS Element No. _____ **(C)**

Project Description_____ **(C)**

This Application made in triplicate this _____ day of _____, 20____, by _____ (Applicant) (a Municipal corporation of the Commonwealth of Pennsylvania), hereinafter called the "Applicant", to the **Pennsylvania-American Water Company** (a corporation of the Commonwealth of Pennsylvania), doing business in the of _____, hereinafter called the "Water Company."

The Applicant, upon the terms and conditions hereinafter set forth, hereby applies to the Water Company for the installation of (a) public fire hydrant(s) to be located at:

_____

_____

_____

In consideration for which the Applicant agrees to be bound by all the terms and conditions of this application, and the Water Company's tariff as amended from time to time, and to pay the Water Company for service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this application may be accepted by the Water Company are as follows:

First: The public fire hydrant shall be furnished, installed, inspected, and maintained by the Water Company.

Second: The use of the public fire hydrant will be restricted to the taking of water for the extinguishing of above-ground fires. Water shall not be taken from any fire hydrant for construction purposes, extinguishing underground fires, sprinkling streets, flushing sewers or gutters, or for any other use unless specifically permitted by the Water Company for the particular time and occasion. If the Water Company grants permission to use the fire hydrant for purposes other than the extinguishment of fires, such use will be applied only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the Applicant.

8. Public Fire Hydrants (cont'd)

8.5 Application for Public Fire Hydrant Service (cont'd)

Eighth: The Applicant agrees to provide any permits required by the Applicant relative to this application for public fire hydrant(s) contracted for or its future replacement.

IN WITNESS WHEREOF the Applicant through a duly authorized official has hereunto signed this Application the day and year first above written.

WITNESS APPLICANT

_____ By_____

_____ **(C)**
Print Name

_____ **(C)**
Title

IN WITNESS WHEREOF the Water Company hereby accepts the foregoing Application this day of

_____, 20__.

WITNESS PENNSYLVANIA-AMERICAN WATER COMPANY

_____ By_____
Authorized Representative

[End of Application]

RULES AND REGULATIONS

10. Payment Terms

10.1 Billing Period

The Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules. The due date for payment of a bill for service to Residential and Non-Residential Customers shall be no less than twenty (20) days from the date of transmittal. Payment received by the Company more than five (5) days after the due date will be charged a penalty of 1.50%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

10.2 Service Termination

If a bill is not paid on or before its due date, service will be terminated. If a bill for service to a Qualified Private Fire Hydrant is not paid on or before its due date, service will be terminated upon written notice given fifteen (15) days in advance by the Company to the Customer.

10.3 Consumption not Combined

The use of water by the same Customer in different premises or localities will not be combined, and each installation shall stand by itself.

10.4 Disputed Bills

In the event of a dispute between the Customer and the Company respecting any bill, the Company will forthwith make such investigation as may be required by the particular case and report the result thereof to the Customer. When the Company has made such a report to the Customer sustaining the bill as rendered, the Customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, it will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount disclosed to be due by the Company's investigation of the dispute shall be returned to the Customer if the error arose from any cause other than the incorrect estimating of a Customer's consumption for the period in dispute.

10.5 Return Check Fee

The Customer will pay a fee as shown on the Miscellaneous Fees rate schedule, per incident where a check or automatic transfer of funds, which has been presented to the Company or its agent for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, postdated, stale date, no account, drawn against uncollected funds, and unauthorized signature. This fee is in addition to any and all charges assessed by the bank.

10.6 Residential Customer Payment Arrangement **(C)**

A **residential** Customer must first contact the Company to request a payment arrangement. The **(C)** Company will take into consideration the size of the unpaid balance, the ability of the Customer to pay, the payment history of the Customer and the length of time over which the bill accumulated. A Customer has the right to decline the Company's payment arrangement. If a Customer breaks a Company payment arrangement, the Commission may establish a payment arrangement.

(C) means Change

RULES AND REGULATIONS

12. Termination and Discontinuance of Water Service (cont'd)

12.3 Service Restoration Following Termination of Service

When water service to any premise has been terminated by Company for any reason, it will be restored only after the conditions, circumstances, or practices which caused the water service to be terminated are corrected and all applicable prior debts, deposits and fees paid.

12.4 Discontinuance of Service by Customer

A Customer who wishes to have service discontinued shall give at least three (3) days' notice to the Company, specifying the date on which service is to be discontinued. In the absence of proper notice, the Customer shall be responsible for all service rendered until the time that the Company shall have actual or constructive notice of the Customer's intent to discontinue service. The Customer shall not begin to use nor cease to use water service without the prior consent of the Company.

12.5 Termination of Residential Service for Nonpayment of Bills **(C)**

Before termination of **residential** service, the Company will take the following steps: **(C)**

(A) Provide a written notice of termination to the Customer at least 10 days prior to the scheduled shut off and the notice shall be in the form required by the Commission;

(B) Attempt to make personal contact with the Customer at least three days prior to the shut off date;

(C) During winter months (December 1 through March 31), if the Company cannot reach the Customer at the time of termination, the Company will leave a 48-hour notice at the residence;

(D) After complying with paragraphs (B) and (C), the Company will attempt to make personal contact with the Customer or responsible adult at the time service is terminated. Termination of service will not be delayed for failure to make personal contact;

(E) Upon termination, the Company will make a good faith attempt to provide a post termination notice.

12.6 Landlord Ratepayer Termination of Service for Nonpayment of Bills

Before termination of service to a Landlord Ratepayer that has tenants, the Company will take the following steps:

(A) Provide a written notice of termination to the Landlord Ratepayer at least 37 days prior to the scheduled shut off;

(B) Provide written notice of termination to each dwelling unit reasonably likely to be occupied by affected tenant at least 30 days prior to the scheduled shut off;

(C) Upon termination, the Company will post the termination notice at the dwelling, including common areas when possible.

12.7 Protection from Abuse Order

If you are a **residential Customer who is a** victim of domestic violence and have a Protection from Abuse Order or other court order that shows clear evidence of domestic violence, there are special protections available. The Company will not shut off your water service during the winter months (December 1 through March 31), without PUC permission. Depending on your income, a special payment arrangement may be available. Your service may not be terminated on a Friday. You may not be held responsible for a bill in someone else's name. You may not be required to pay a security deposit. If you are required to pay a security deposit, you may be able to pay it over three payments. You will receive additional 48-hour notice prior to termination. **(C)**

THIS PAGE HELD FOR FUTURE USE (C)

RULES AND REGULATIONS

21. Qualified Private Fire Hydrant

21.1 Terms and Conditions

Qualified Private Fire Hydrants will be installed under the terms and conditions of the Application for Qualified Private Fire Hydrant.

21.2 Application for Qualified Private Fire Hydrant

WBS Element: _____ **(C)**
Project Description: _____ **(C)**
Premise Number: _____ **(C)**
Premise Description: _____ **(C)**
Business Partner Number: _____ **(C)**

This Application made in triplicate this __ day of ____, 20__, by _____ (a corporation of (Applicant) the State of _____), hereinafter called the "Applicant," to the Pennsylvania-American Water Company (a corporation of the Commonwealth of Pennsylvania), doing business in the _____ of _____, hereinafter called the "Water Company."

The Applicant, upon the terms and conditions hereinafter set forth, hereby applies to the Water Company for a __ inch service line connected to the street main of the Water Company on Street between _____ Street and _____Street in the _____ of _____, for the purpose of attaching to said service line the following Qualified Private Fire Hydrant:

_____

_____

such hydrant to be located within or upon the premise of the Applicant abutting the street on which the said main of the Water Company is located.

In consideration for which, the Applicant agrees to be bound by all the terms and conditions of this application, and the Water Company's tariff as amended from time to time, and to pay the Water Company for service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this application may be accepted by the Water Company are as follows:

(C) means Change

RULES AND REGULATIONS

21. Qualified Private Fire Hydrant (cont'd)

21.2 Application for Qualified Private Fire Hydrant (cont'd)

IN WITNESS WHEREOF the Applicant _____ has _____ hereunto signed name _____ the day and year first above written.

WITNESS:

_____ _____

_____ _____

_____ _____

(Applicant)

_____ **(C)**
Print Name

_____ **(C)**
Title

APPROVED

WITNESS:

_____ _____
(Chief of Fire Department)
_____ of _____

IN WITNESS WHEREOF the Water Company hereby accepts the foregoing application this day of _____, 20__.

WITNESS: PENNSYLVANIA-AMERICAN WATER COMPANY

_____ _____ **Authorized Representative (C)**

[End of Application]

(C) means Change

RULES AND REGULATIONS

26.Classification of Revenue (Classes of Service)

26.1 Residential

Sales to single premises residences or to multiple premises residences, including apartment houses, apartment buildings, detached houses, rowhouses, townhouses, condominiums and mobile homes, where each unit or premises is served through a separate meter.

26.2 Commercial

A. Sales to multiple premises residence served through a single meter or battery of meters.

B. Sales to all private institutions and organizations.

C. Sales to manufacturing or processing establishments where the water is not used principally in the manufacturing or processing functions.

D. Include sales to residences such as apartment and boarding houses, hotels, offices, office buildings, retail and wholesale commercial establishments, laundries, churches, private schools and colleges, private hospitals, private cemeteries, etc., where water is not used primarily for industrial purposes.

26.3 Industrial

A. Sales to manufacturing or processing establishments where the water is used principally in the manufacturing or processing functions.

B. Sales of water to manufacturing and industrial consumers such as steel works, automobile manufacturers, breweries, public utilities (other than sales to Other Water Utilities), stock yards, packing houses, grain elevators, bottling works.

26.4 Municipal

A. Sales to governmental agencies (other than sales of water for resale).

B. Sales of water for municipal and other public purposes, other than public fire protection. Include sales for sewer and street flushing, also for street and sidewalk construction when done by the municipality. Also include sales such as the filling of public swimming pools, drinking and display fountains, parks, **public** schools **and colleges**, hospitals, cemeteries, buildings. Sales of water for City, County, State and Federal uses are to be included in this classification. **(C)**

Appendix B

Wastewater Tariff

Supplement No. XX to
Tariff Wastewater PA P.U.C. No. 16

PENNSYLVANIA-AMERICAN WATER COMPANYS
Wastewater Division
(hereinafter referred to as the "Company")
D/B/A
Pennsylvania American Water

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,

CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY, LACKAWANNA

COUNTY, **LUZERNE COUNTY**, MCKEAN COUNTY, MONROE COUNTY, **(C)**

MONTGOMERY COUNTY, NORTHUMBERLAND COUNTY, PIKE COUNTY, WASHINGTON

COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued: **Effective:**

Issued by:
F. Michael Doran, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

https://www.amwater.com/paaw/

NOTICE

This tariff proposes increases in rates and changes in rules and regulations of service. (Refer to pages 2, 4, 5, 6, 7, 8, 9, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10, 11.11, 11.12, 11.13, 12, 13, 16, 18.1, 19, 19.1, 20, 21, 21.1, 22, 22.1, 22.2, 22.3, 22.4, 22.5, 22.6, 22.7, 22.8, 25, 26, 30, 30.1, 31, 31.1, 32, 33.1, 35, and 53-93.)

LIST OF CHANGES

Increases/Decreases

This tariff provides for uniform rates by customer class for Rate Zone 1, Rate Zone 2 (New Cumberland), Rate Zone 3 (Scranton), Rate Zone 4 (Kane), Rate Zone 5 (Valley), Rate Zone 6 (McKeesport), Rate Zone 7 (York), Rate Zone 8 (Foster) and Rate Zone 9 (Royersford) wastewater sales customers.
This tariff provides for an increase in the low-income customer discount.
The Distribution System Improvement Charge will be reduced to zero.
The Company is eliminating the Recoupment Surcharge.

Changes

Pages 8 and 9 – Territories served are updated for the Foster, Upper Pottsgrove and York future acquisitions, to correct the service territory in the Kane District, and for changes in Rate Zones.
Page 11.6 – Rate Zone 11 (Valley) has been changed to Rate Zone 5 (Valley). The previous Rate Zone 5 (Franklin) is rolled into Zone 1. Page 11.13 is being held for future use.
Page 11.9 – Rate Zone 7 (Sadsbury) has been rolled into Rate Zone 1 and repurposed as Rate Zone 7 (York).
Page 11.10 – Rate Zone 8 (Turbotville) has been rolled into Rate Zone 1 and repurposed as Rate Zone 8 (Foster).
Page 11.11 – Rate Zone 9 (Exeter) has been rolled into Rate Zone 1. Rate Zone 10 (Royersford) has been changed to Rate Zone 9 (Royersford). Page 11.12 is being held for future use.
Page 12 – Modification to application of capacity reservation fees
Page 13 – Modification to exceptions to capacity reservation fees
Page 16 – Low income discounts have been modified to a tiered discount structure.
Page 18.1 – Applicability of the DSIC is modified.
Page 19 and 19.1 – Recoupment Surcharge is eliminated. Pages 19 and 19.1 are being held for future use.
Page 20 through 22.8 – Definitions have been changed.
Page 25 and 26 – Modify rules and regulations regarding applications for service.
Page 30 and 30.1 – Modify rules and regulations regarding Discontinuance, Termination and Restoration of Service.
Page 31 and 31.1 – Modify rules and regulations regarding Billing and Collection.
Page 32 and 33.1 – Modify rules and regulations for Credits/Deposits.
Page 35 – Modify rules and regulations for Service Continuity.
Page 53 – Modify Section S – Stormwater Connections to Sanitary or Combined Sewer System and rename it as Section R – Stormwater Connections to Sanitary or Combined Sewer System.
Page 54 – Modify Section X – Taxes on Deposits to be Section S – Taxes on Deposits.
Pages 55 through 87 – Modify Section R- Wastewater Control Regulations and rename it as Section T- Wastewater Control and Industrial Pretreatment Regulations.
Pages 88 through 90 – Modify Section T - Industrial Pretreatment Program and rename it as Section U - Industrial Pretreatment Program - Pollutant Removal Costs.
Page 91 - Modify Section U - Industrial Pretreatment Program and rename it as Section V - Wastewater Control and Protection of Collection Systems.
Pages 92-93 – Modify Section V - Industrial Pretreatment Program and rename it as Section W - Regulation of Waste Received from Other Jurisdictions.

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(I) means Increase, (D) means Decrease and (C) means Change

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Tariff Wastewater PA P.U.C. No. 16
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Canceling XX Revised Page 8

PENNSYLVANIA-AMERICAN WATER COMPANY

TERRITORIES SERVED

(By State Region and Company Wastewater System District)
(All territories are subject to Rate Zone 1 unless otherwise noted)

Central Pennsylvania

Fairview District
York County. Portions of Fairview and Newberry Townships.

Foster District – Rate Zone 8 **(C)**
Luzerne County. Portions of Foster Township (and related points of bulk service interconnection).

Franklin District [language deleted] **(C)**
Adams County. Portions of the Townships of Franklin, Hamiltonban and Highland.

McEwensville District
Northumberland County. McEwensville Borough.

New Cumberland District – Rate Zone 2
Cumberland County. The Borough of New Cumberland.

Turbotville District [language deleted] **(C)**
Northumberland County. Portions of The Borough of Turbotville.

York District – Rate Zone 7 **(C)**
York County. The City of York and portions of West Manchester Township; and related points of bulk service interconnection. Portions of Manchester Township, West Manchester Township, and Spring Garden Township, limited to the administration of the Industrial Pretreatment Program.

Northeastern Pennsylvania

Northeast District – Lehman Pike, Blue Mountain Lakes, Clean Treatment, and Delaware
Monroe County. Portions of the Townships of Middle Smithfield, Smithfield and Stroud.
Pike County. Portions of Delaware and Lehman Townships.

Pocono District
Monroe County. A portion of Coolbaugh Township.

Scranton Sewer District – Rate Zone 3
Lackawanna County. The City of Scranton and the Borough of Dunmore.

[Southeastern Pennsylvania Region moved to following page] **(C)**

TERRITORIES SERVED (CONT'D)
(By State Region and Company Wastewater System District)
(All territories are subject to Rate Zone 1 unless otherwise noted)

Southeastern Pennsylvania

Coatesville District - *Rate Zone 1* [language deleted] **(C)**
Chester County. The City of Coatesville, the Borough of Parkesburg and portions of the Borough of South Coatesville and portions of the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley **(portions – Rate Zone 5)**, West Caln and West Sadsbury.

Exeter Sewer District [language deleted] **(C)**
Berks County. Portions of the Townships of Exeter, Alsace and Lower Alsace (and related points of bulk service interconnection).

Royersford District – Rate Zone 9 **(C)**
Montgomery County. Royersford Borough and portions of Upper Providence Township.

Upper Pottsgrove District **(C)**
Montgomery County. Portions of Upper Pottsgrove Township.
Berks County. A portion of Douglass Township.

Western Pennsylvania

Clarion District
Clarion County. Clarion Borough and portions of the Townships of Clarion and Monroe.

Claysville District
Washington County. Claysville Borough and portions of the Townships of Donegal.

Kane District – Rate Zone 4
McKean County. Kane Borough **and portions of Wetmore Township**. **(C)**

Koppel District
Beaver County. Koppel Borough.

McKeesport District – Rate Zone 6
Allegheny County. The City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough (and related points of bulk service interconnection).

Paint-Elk District
Clarion County. Shippenville Borough and portions of the Townships of Elk and Paint.

SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED

APPLICABILITY

The rates under this schedule apply throughout the territories served under this tariff, unless otherwise noted on the territories served page, for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Municipal and Industrial classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

A. Residential

Service Charge per month:	$14.30	(I)
Usage Charge per 100 gallons:	$2.8750	(I)

B. Commercial

Service Charge per month:	$35.00	(I)
Usage Charge per 100 gallons:	$2.1030	(I)

C. Industrial

Service Charge per month:	$35.00	(I)
Usage Charge per 100 gallons:	$2.1030	(I)

D. Municipal

Service Charge per month:	$35.00	(I)
Usage Charge per 100 gallons:	$2.1030	(I)

E. Special Rate Charges

Bulk Metered Usage – Caln Twp.,
V.A. Hospital and West
Brandywine Twp.

Service Charge per month:	$415.00	(I)
Usage Charge per 100 gallons:	$1.4500	(I)

Cleveland-Cliffs Plate and Victory Brewing Company (C)

Service Charge per month:	$415.00	(I)
Usage Charge per 100 gallons:	$1.4000	(I)

Borough of Saint Lawrence (C)

Usage Charge per 100 gallons:	$0.4000	(I)

Township of Alsace – The bulk metered charge will be based on PUC approved rates for the direct customers of the Exeter sewer district shown above. (C)

(I) means Increase and (C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED

UNMETERED CHARGES -This charge is a flat rate fee for customers not metered for water consumption.

A. Residential		
Flat rate per month, per EDU:	$106.00	**(I)**
B. Commercial		
Flat rate per month, per EDU:	$106.00	**(I)**
C. Special Rate Charges		
Knouse Foods, flat rate per month:	$8,340.00	**(I)**
Strattanville Borough, flat rate per month:	$6,200.00	**(I)**
Penn State Special Metals, flat rate per month:	$2,870.00	**(I)**
PSC Metals, flat rate per month:	$1,110.00	**(I)**
Ipsco Koppel Tubilers, flat rate per month:	$17,240.00	**(I)(C)**

(I) means Increase and **(C)** means Change

SCHEDULE OF RATES

RATE ZONE 2 – METERED

APPLICABILITY

The rates as set forth below apply in the Borough of New Cumberland service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to all customers located in the Borough of New Cumberland.

METERED CHARGES: (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

A. Residential

Service Charge per month:	$14.30	**(I)**
Usage Charge per 100 gallons:	$2.4500	**(I)**

B. Commercial

Service Charge per month:	$35.00	**(I)**
Usage Charge per 100 gallons:	$1.9000	**(I)**

C. Municipal

Service Charge per month:	$35.00	**(I)**
Usage Charge per 100 gallons:	$1.9000	**(I)**

(I) means Increase

SCHEDULE OF RATES

RATE ZONE 3 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Scranton Sewer service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Industrial and Municipal classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service charge per equivalent dwelling unit (EDU).

A. Residential

Service Charge per month:	$19.50	
Usage Charge per 100 gallons:	$2.3510	(I)
Flat Rate	$95.00	(I)

B. Commercial – Apartments and Non-Residential Customers billed under the residential rate by Scranton Sewer Authority

Service Charge per month:	$35.00	
Usage Charge per 100 gallons:	$1.7270	(I)

C. Commercial (Other than Customers in subsection (B) above), Industrial and Municipal

Service Charge per month:	$35.00	
Usage Charge per 100 gallons:		
First 5,000 gallons per month	$1.7270	(I)
All Over 5,000 gallons per month	$1.7270	(I)

(I) means Increase

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Kane service territory (former territory served by the Borough of Kane Authority) served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to all customers.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service charge.

A. 5/8" Meter Size

Service Charge per month:	$40.00	(D)
Usage Charge per 100 gallons:		
First 2,000 gallons per month	$2.1000	(I)
Next 8,000 gallons per month	$2.1000	(I)
Next 20,000 gallons per month	$1.8000	(I)
All over 30,000 gallons per month	$1.8000	(I)

B. Other Meter Sizes

Service Charge per month:	$100.00	(D)
Usage Charge per 100 gallons:		
First 2,000 gallons per month	$2.1000	(I)
Next 8,000 gallons per month	$2.1000	(I)
Next 20,000 gallons per month	$1.8000	(I)
All over 30,000 gallons per month	$1.8000	(I)

UNMETERED CHARGES

This charge is a flat fee of $110.00 **per month** for **all** customers not metered for water consumption. All flat rates will be billed monthly. **(I)(C)**

SCHEDULE OF RATES

RATE ZONE 5 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Valley service territory (territory formerly served by Valley Township) served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to customers in all classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a service charge.

	Effective 11/19/2021	Effective 11/19/2023	(C)
Residential			
Service Charge per month:	$59.67	$14.30	(D)
Usage Charge 0-3400 gallons:	$0.0000	$2.8750	(I)
Usage Charge all over 3400 gallons per month:	$1.1200	$2.8750	(I)

	Effective 11/19/2021	Effective 11/19/2023	(C)
Non-Residential			
Service Charge per month:	$59.67	$35.00	(D)
Usage Charge 0-3400 gallons:	$0.0000	$2.1030	(I)
Usage Charge all over 3400 gallons per month:	$1.1200	$2.1030	(I)

	Effective 11/19/2021	Effective 11/19/2023	(C)
Special Rate for Westwood Fire Company			
Service Charge per month:	$0.00	$0.00	
Usage Charge 0-3400 gallons:	$0.0000	$2.1030	(I)
Usage Charge all over 3400 gallons per month:	$1.4000	$2.1030	(I)

	Effective 11/19/2021	Effective 11/19/2023	(C)
Special Rate for Rainbow Washhouse, Inc.			
Service charge per month	$73.33	$75.00	(I)(C)
First 2,000 gallons per month	Service Charge	Service Charge	(C)
All over 2,000 gallons per month	$0.207 per hundred	$0.2100 per hundred	(C)

UNMETERED CHARGES

This charge is a flat rate fee for customers not metered for water consumption.

	Effective 11/19/2021	Effective 11/19/2023	(C)
All Customer Classes			
Flat Rate per Month, per EDU:	$73.33	$106.00	(I)

(I) means Increase, (D) means Decrease and (C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 6 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will be in effect for all former customers of the Municipal Authority of the City of McKeesport.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Industrial, Municipal and Bulk classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly or quarterly service charge.

Rates Applicable to Customers in McKeesport, Duquesne, Dravosburg and West Mifflin:

A. Residential

Service Charge per month:	$14.30	**(I)**
Usage Charge per 100 gallons:	$2.8750	**(I)**

B. Commercial

Service Charge per month:	$35.00	**(I)**
Usage Charge per 100 gallons:	$2.1416	**(I)**

C. Industrial

Service Charge per month:	$35.00	**(I)**
Usage Charge per 100 gallons:	$2.1416	**(I)**

D. Municipal

Service Charge per month:	$35.00	**(I)**
Usage Charge per 100 gallons:	$2.1416	**(I)**

E. Special Rate Charges

Bulk Customers – Versailles, Elizabeth, Liberty, Glassport, Lincoln, North Versailles, White Oak and East McKeesport

Usage Charge per 100 gallons:	$1.6680	**(I)**
Flat Rate Account		
Per month, based on 6,000 gallons per month:	$86.00	**(I)**
Per quarter, based on 18,000 gallons per quarter:	$258.00	**(I)**

Provided sewage flow meters are installed, on or after January 1, 2018, during any billing period in which the gross volume of sewage from the municipality exceeds 350% of the aggregate quantity of water used by the municipality's water users, the municipality shall pay PAWC's prevailing rates for handling the excess, in addition to the sewage charges set forth above.

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 6 – METERED AND UNMETERED (Cont'd)

Rates Applicable to all customers in Port Vue:

Service Charge per month:	$14.30	**(I)**
Usage Charge per 100 gallons:	$2.8750	**(I)**

(I) means Increase

SCHEDULE OF RATES

RATE ZONE 7 – METERED

APPLICABILITY

The rates as set forth below will apply in the York service territory (former territory served by the York City Sewer Authority) served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to customers in all classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion, except as described below for industrial wastes.)

		Effective 5/27/2022	Effective 5/27/2025	(C)
A. Residential				
Minimum Charge per month	0-2,000 gallons per month	$18.00	$18.00	
Usage Charge per 100 gallons	All over 2,000 gallons/month	$0.9370	$2.7375	(I)
B. Commercial/Municipal				
Minimum Charge per month	0-2,000 gallons per month	$18.00	$30.00	
Usage Charge per 100 gallons	All over 2,000 gallons per month	$0.9370	$1.6380	(I)
C. Industrial				
Usage Charge per 100 gallons:		$0.9370	$1.6380	(I)

Whenever a customer with metered water usage who discharges industrial waste to the sewer system also discharges uncontaminated water to either a separate storm sewer or other outlet, an allowance for the amount of water so discharged shall be made in computing the sewer charges; provided that the customer so discharging uncontaminated water shall at their own expense install a meter or meters, as required, to indicate accurately to the satisfaction of the Company the amount of water claimed as a credit.

[Special Rate Charges deleted] **(C)**

(I) means Increase and (C) means Change

SCHEDULE OF RATES

RATE ZONE 8 – UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Foster Township Sewer service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to customers in all rate classes.

UNMETERED CHARGES

This charge is a flat fee for customers not metered for water consumption.

A Flat Rate per month shall be billed to each unmetered customer as follows:

Effective Through 12/31/2024	Effective 1/01/2025	(C)
$85.00 per EDU	$106.00 per EDU	(I)

Special conveyance-only rate for Butler Township: $15 per EDU per month

SCHEDULE OF RATES

RATE ZONE 9 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Royersford service territory (former territory served by the Borough of Royersford) served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page. **(C)**

AVAILABILITY

The rates under this schedule are available to customers in all classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a minimum charge per meter.

	Effective 5/25/2021	Effective 5/25/2023	(C)
All Customer Classes			
Service Charge per month:	$30.00	$48.00	**(I)**
Usage Charge per 100 gallons:			
First 3,000 gallons per month:	$0.0000	$0.0000	**(C)**
Next 2,400 gallons per month:	$0.0000	$0.9400	**(I)(C)**
All over 5,400 gallons per month:	$0.5615	$0.9400	**(I)(C)**

Special Provision for Public Laundromats: metered flow shall be calculated on the basis of 75% of the volume of water usage.

UNMETERED CHARGES

This charge is a flat rate fee for customers not metered for water consumption.

	Effective 5/25/2021	Effective 5/25/2023	(C)
Residential			**(C)**
Flat Rate per Month, per EDU:	$43.50	$50.00	**(I)**
Non-Residential			**(C)**
Flat Rate per Month, per EDU:	$43.50	$67.00	**(I)**

Special Provision for Aqua Pennsylvania Wastewater customers in Limerick Township: the metered and unmetered rates above apply for "each user" in Limerick Township.

(C) means Change and **(I)** means Increase

SCHEDULE OF RATES

[intentionally blank] **(C)**

SCHEDULE OF RATES

[intentionally blank] **(C)**

SCHEDULE OF RATES

Miscellaneous Fees and Charges

The following defines the application of the capacity reservation fee within the Company's service territory:

A. Capacity Reservation Fee: A fee per EDU charged by the Company for the allocation of treatment, pumping, and transmission, trunk and interceptor main capacity.

1. Shared Service Lines: Each residential unit will be treated separately for purposes of determining an applicable capacity reservation fee -- whether such residential unit is served by a single service line or shares a common service line with one or more other residential units.

2. Within the Company's service territory, no capacity reservation fee will be charged for any applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 if "wastewater" were substituted for "water".

3. Within the Company's service territory or for any future development, a capacity fee of $4,000 per EDU will be charged, and payable at the time the Planning Module is fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection.

4. For commercial and industrial customers, the EDUs per customer will be those set forth in the Planning Module that includes such customer, as approved by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection. If, after a commercial or industrial customer's EDUs are established, in the manner previously described, and the associated capacity reservation fees are paid, changes in the customer's facilities or mode of operation result in an increase in the number of EDUs or an increase in the customer's estimated wastewater flow above the levels set forth in the Planning Module previously used to determine the customer's EDUs, the customer must update the applicable Planning Module and submit it for approval by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection, and the customer will be required to pay any additional capacity reservation fees that are due based upon the calculation of capacity reservation fees using the EDUs reflected in the revised, approved Planning Module. The Company may at its discretion re-calculate the number of EDUs utilized by analyzing the actual wastewater flow over a period of one year. If the EDUs are greater than previously reserved and paid for by the Capacity Reservation Fee, the customer will be required to pay any additional capacity reservation fees.

5. **Notwithstanding the foregoing, where is it prudent, reasonable and in the public interest, the Company may, at its option, enter into a negotiated Service Agreement that limits the application of the capacity reservation fee for flow stabilization reasons or to attract and retain bulk customers which have a viable competitive alternative to service by the Company. These Service Agreements with qualifying bulk customers shall become effective thirty (30) days after the Company has filed a copy thereof with the Pennsylvania Public Utility Commission, or if the Commission institutes an investigation, at such time as the Commission grants its approval thereof. For purposes of this provision only, "bulk customer" shall mean a municipal entity under agreement with the Company to provide wastewater flows from their owned collection system into the Company's system for treatment and disposal**. **(C)**

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

Miscellaneous Fees and Charges (cont'd)

The following defines the application of the capacity reservation fee for the Company's bulk customers who are members of the Municipal Sewer Group (MSG) in the Company's Coatesville wastewater service territory:

1. Within the service area of an MSG member, no capacity reservation fee will be charged for an applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 if "wastewater" were substituted for "water" and "bulk customer's service area" were substituted for "the utility's certificated service territory" in the definition of a Bona Fide Applicant.

2. A capacity reservation fee of $525 per EDU will be used for determining the payments for capacity available prior to the expansion of the Company's wastewater treatment plant under existing agreements between the Company and its bulk customers.

3. A capacity reservation fee of $4,000 per EDU will be used for determining payments for capacity available after the expansion of the Company's wastewater treatment plant under existing agreements except as follows:

[paragraph deleted] **(C)**

[paragraph deleted] **(C)**

a. West Brandywine Township will be charged $525 per EDU for 188,100 gallons per day of capacity under the Second Addendum dated December 11, 2008, to its sewage treatment agreement with the Company. **(C)**

4. A capacity reservation fee of $4,000 per EDU will be used for all new agreements (including amendments to existing agreements) with bulk customers. The capacity reservation fees will be paid at the time Planning Modules are fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection, although a bulk customer will have the option to pay earlier, if it so chooses.

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

LOW-INCOME RIDER – ALL RATE ZONES FOR QUALIFYING RESIDENTIAL CUSTOMERS

APPLICABILITY

This rider applies throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rider is available for a customer in the Residential Class that meets the low-income criteria of 150% based on the Federal Poverty Level.

RATE

Customers under this rate schedule will receive a discount off their total wastewater bill **as follows**: **(C)**

Tier 1 (0%-50% of FPL):	**80%**	**(C)(D)**
Tier 2 (51%-100% of FPL):	**55%**	**(C)(D)**
Tier 3 (101%-150% of FPL):	**30%**	**(C)**

(C) means Change and **(D)** means Decrease

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of **0.00%** will apply to bills rendered on or after the Effective Date shown on the bottom of this page. **(D)**

This Charge will be applicable to:

All Rate Zones except Rate Zone 1 customers **in the Sadsbury, Exeter and Upper Pottsgrove service areas; Rate Zone 4 – Kane; Rate; Zone 5 – Valley; Rate Zone 7 – York; Rate Zone 9 – Royersford.** **(C)**

The above charge will be recomputed quarterly using the elements prescribed by the Commission as shown on pages 18.2,18.3 and 18.4 of this tariff.

[Recoupment Surcharge eliminated] **(C)**

THIS PAGE HELD FOR FUTURE USE **(C)**

THIS PAGE HELD FOR FUTURE USE

RULES AND REGULATIONS

Section A – DEFINITIONS

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Act. The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. section 1251 et seq. **(C)**

2. Allowable Headworks Loading or AHL. The estimated maximum loading of a pollutant that can be received at the headworks of a treatment plant and not cause the treatment plant to violate a particular treatment plant or environmental criterion. AHLs are developed to prevent pass through and interference. **(C)**

3. **Applicant:** A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company in accordance with Section C, of this tariff.

4. **Authorized Representative of the User.** **(C)**

(1) If the user is a corporation:

(a) The president, secretary, treasurer, or a vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation; or

(b)The manager of one or more manufacturing, production, or operating facilities, provided the manager is authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and can initiate and direct other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for wastewater discharge permit requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the user is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the user is a federal, state, or local government facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of a government facility, or their designee.

(4) A duly authorized representative designated by one of the individuals described in paragraphs 1 through 3, above, provided that the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or the individual or position with overall responsibility for environmental matters, and the written authorization is submitted to the Company.

5. **Biochemical Oxygen Demand or BOD5**: The quantity of oxygen [language deleted] **(C)**
utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at twenty (20) degrees Centigrade**, usually expressed as a concentration (e.g., mg/l) and determined in accordance with EPA test methods referenced in 40 CFR 136**. [language deleted]

(C) means Change

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

6. Best Management Practices or BMPs. Schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in subsection 2.1 of Section T of this tariff. BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage. **(C)**

7. Bypass. The intentional diversion of wastewater from any portion of an industrial user's pretreatment facility through which the wastewater normally passes. **(C)**

8. **Capacity Reservation Fee:** A fee charged by the Company for the allocation of capacity on a per EDU basis. **(C)**

9. Categorical Industrial User or CIU. An industrial user who, if it were discharging to a POTW, would be subject to a categorical pretreatment standard or categorical standard. **(C)**

10. Categorical Pretreatment Standard or Categorical Standard. Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 U.S.C. § 1317) that apply to a specific category of users and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471. **(C)**

11. Chemical Oxygen Demand or COD. A measure of the oxygen required to oxidize all compounds, both organic and inorganic, in water, expressed as a concentration (mg/l) and determined in accordance with EPA test methods referenced in 40 CFR Part 136. **(C)**

12. **Combined Sewer:** A sewage collection system which conveys both sanitary sewage and storm water flow.

13. **Commission**: The Pennsylvania Public Utility Commission.

14. **Company**: Pennsylvania-American Water Company and its duly authorized officers, agents and employees, acting within the scope of **their** authority and employment. **(C)**

15. **Company Service Line**: Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.

16. Composite Sample. A sample that is collected over time, formed either by continuous sampling or by mixing discrete samples. A sample may be composited either as a time composite sample, composed of discrete sample aliquots collected in one container at constant time intervals providing representative samples irrespective of flow, or as a flow proportional composite sample collected either as a constant sample volume at time intervals proportional to flow or by increasing the volume of each aliquot as flow increases while maintaining a constant time interval between the aliquots. As provided in these rules, grab samples for certain parameters may be composited prior to analysis. **(C)**

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

17. Cooling Water. Noncontact cooling water or contact cooling water, as follows: (C)
(a) "Noncontact Cooling Water" means water used for cooling purposes only, which has no direct contact with any raw material, intermediate, or final product and which does not contain a level of contaminants detectably higher than that of the source of the water.
(b) "Contact Cooling Water" means water used for cooling purposes only, which may become contaminated either through the use of water treatment chemicals used for corrosion inhibitors or biocides, or by direct contact with process materials and/or wastewater.

18. **Customer**: A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.

19. **Customer Service Line**: Customer owned wastewater service line extending from the end of the Company Service Line or connection to and within the customer's premise.

20. Daily Maximum. The arithmetic average of all effluent samples for a pollutant collected during a calendar day or other 24-hour period as allowed by the Company. (C)

21. Daily Maximum Limit. The maximum allowable discharge limit of a pollutant during a calendar day. Where daily maximum limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where daily maximum limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day. (C)

22. DEP. The Pennsylvania Department of Environmental Protection or any successor agency. (C)

23. **Domestic Sewage**: Liquid or **water-carried** waste **that is generated from sanitary conveniences and from household activities such as bathing, washing, cooking, dishwashing and laundry, but that does not contain industrial waste**. [language deleted] **(C)**

24. **Dwelling Unit:** A structure or dwelling intended to be occupied as a whole by one family.

25. Environmental Protection Agency or EPA. The U.S. Environmental Protection Agency or any successor agency. (C)

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

26. **Equivalent Dwelling Units or EDU**: **Except for existing customers acquired by the Company through a purchase or acquisition,** the EDU is a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP Regulation at 25 Pa Code: 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit. **(C)**

For **existing** customers **acquired by the Company through a purchase or acquisition**, the number of equivalent dwelling units is **available at the following link: www.amwater.com/paaw**

Any new customers, or existing customers who modify their properties in a manner that impacts the EDU calculation, in areas previously acquired by the Company, will be subject to the EDU definition described above as calculated by the PaDEP Regulation at 25 Pa Code § 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit.

27. **Excess Loading Fee.** The fee applicable to discharges with loadings that exceed a local limit or IWDP **limit, as defined in subsection 7.2(b) of Section T and Section U of this tariff.** **(C)**

[chart removed] **(C)**

28. Existing Source. Any source of discharge that is not a "New Source." **(C)**

Section A – DEFINITIONS (cont'd)

29. **Garbage:** Solid waste from domestic **and commercial preparation**, cooking and dispensing of food, and from handling, storage, and sale of produce. **(C)**

30. **Garbage Properly Shredded:** [language removed] **(C)**
Wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.

31. Grab Sample. A sample that is taken from a wastestream without regard to the flow in the wastestream and over a period of time not to exceed fifteen (15) minutes. **(C)**

32. **Grinder Pump:** Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.

[paragraph removed] **(C)**

33. Holding Tank Waste. Any sewage from holding tanks. **(C)**

34. Indirect Discharge. The discharge or the introduction of pollutants from any non-domestic source into the treatment works. **(C)**

35. Individual Wastewater Discharge Permit or IWDP. A permit as set forth in subsections 4 and 5 of Section T of this tariff, issued by the Company to a user. **(C)**

36. Industrial Loading Fee. The fee applicable to discharges with loadings above typical domestic sewage loadings up to but not exceeding any applicable local limit or IWDP limit, as defined in subsection 7.2(a) of Section T and Section U of this tariff. **(C)**

37. Industrial Pretreatment Program or IPP. The program established by the Company that includes these rules and applicable local limits for individual service areas. **(C)**

38. Industrial Pretreatment Program (IPP) Coordinator. The person designated by the Company to supervise the implementation of these rules and the operation of its Industrial Pretreatment Program. **(C)**

39. Industrial User. See definition of user, below. **(C)**

40. Industrial Waste. Solid, liquid or gaseous waste discharged by a user, including commercial wastewater, but not domestic sewage. **(C)**

[language deleted] **(C)**
[language deleted] **(C)**

Section A – DEFINITIONS (cont'd)

41. Inhibition. The impact of a pollutant or discharge that inhibits or disrupts the treatment plant or its performance, its treatment processes or operations, or its sludge processes, use or disposal. Sometimes considered a category of interference, inhibition may also be specifically defined as any pollutant which might impair, effectively reduce, or terminate the biological process and/or biological operation of the treatment (wastewater treatment or sludge stabilization), on either a chronic or acute basis. (C)

42. Instantaneous Limit. The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event. (C)

43. Interference. A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the treatment works, its treatment processes or operations, or its sludge processes, use or disposal; and therefore, is a cause of a violation of the Company's NPDES permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: section 405 of the Act; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act or RCRA; any State regulations contained in any State sludge management plan prepared pursuant to subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act. Also refer to Inhibition and Toxicity definitions, which may be causes of interference. (C)

44. **Line extension (for line extension purposes**): An addition to the Company's main line which is necessary to serve the premises of a Customer. Refer to Section H **of this tariff**. **(C)**

45. Local Limit. Specific pollutant discharge limits developed and enforced by the Company upon users to implement the general and specific discharge prohibitions identified herein. Applicable Local Limits are specified in an IPP submitted to DEP and published on the Company's website. (C)

46. **Main:** The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.

47. Maximum Allowable Headworks Loading or MAHL. The estimated maximum loading of a pollutant that can be received at the headworks of a treatment plant without causing pass through or interference. The most protective (lowest) of the AHLs estimated for a pollutant. (C)

48. Maximum Allowable Industrial Loading or MAIL. The estimated maximum loading of a pollutant that can be received at the headworks of a treatment plant from all permitted industrial users and other controlled sources without causing pass through or interference. The MAIL is usually calculated by applying a safety factor to the MAHL and discounting for uncontrolled sources, hauled waste and growth allowance. (C)

49. Medical Waste. Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes. (C)

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

50. **Meter:** Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.

51. Monthly Average. The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month. (C)

52. Monthly Average Limit. The highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month. (C)

53. National Pollutant Discharge Elimination System or NPDES. A system of discharge permits issued pursuant to Section 402 of the Act (33 USC § 1342). (C)

54. New Source. (C)

(1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed pretreatment standards under section 307(c) of the Act that will be applicable to such source if such standards are thereafter promulgated in accordance with that section and if such source were to discharge to a POTW, provided that:

a. The building, structure, facility, or installation is constructed at a site at which no other source is located: or

b. The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or

c. The production or wastewater-generating processes of the building, structure, facility, or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source, should be considered.

(2) Construction on a site at which an existing source is located results in a modification rather than a new source if the construction does not create a new building, structure, facility, or installation meeting the criteria of new source section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a new source as defined under this paragraph has commenced if the owner or operator has:

a. Begun, or caused to begin, as part of a continuous onsite construction program

(i) any placement, assembly, or installation of facilities or equipment; or

(ii) significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or

b. Entered into a binding contractual obligation for the purchase of facilities or equipment which is intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

Section A – DEFINITIONS (cont'd)

55. **Nonresidential Service:** Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.

56. Non-Significant Categorical Industrial User or NSCIU. A categorical industrial user that meets the following conditions as determined by the Company: 1) never discharges more than 100 gpd of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blowdown wastewater, unless specifically included in the pretreatment standard), 2) has consistently complied with all applicable pretreatment standards and requirements, 3) never discharges any untreated concentrated wastewater, and 4) annually submits the certification statement in subsection 6.13 of Section T of this tariff stating that the facility met the definition of an NSCIU together with any additional information necessary to support the certification statement. **(C)**

57. Operator. Any person having charge, care, management or control of a tank truck(s) or treatment system(s) used in the removal, transportation, disposal, or treatment of sewage or industrial wastes. **(C)**

58. Owner. Any person vested with ownership, legal or equitable, sole or partial, of an improved property. **(C)**

59. Pass Through. A discharge which exits the treatment works into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the Company's NPDES permit, including an increase in the magnitude or duration of a violation. **(C)**

60. Person. Any individual, partnership, co-partnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity, or their legal representatives, agents or assigns. This definition includes all federal, state, and local governmental entities. **(C)**

61. pH. A measure of the acidity or alkalinity of a solution, expressed in standard units and determined in accordance with the EPA test methods referenced in 40 CFR Part 136. **(C)**

62. Pollutant. Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, medical wastes, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD5, COD, toxicity , or odor). **(C)**

63. Pretreatment: The **reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the treatment works. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means except by diluting the concentration of the pollutants unless allowed by an applicable pretreatment standard**.[language deleted]. **(C)**

64. Pretreatment Requirements. Any substantive or procedural requirement related to pretreatment imposed on a user, other than a pretreatment standard. **(C)**

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

65. Pretreatment Standards or Standards. Pretreatment standards shall mean prohibited discharge standards, categorical pretreatment standards, and local limits. (C)

66. Process Wastewater: Any water which, during manufacturing or processing, comes into direct contact with or results from the production or use of any raw material, intermediate product, finished product, byproduct, or waste product. (C)

67. Prohibited Discharge Standards or Prohibited Discharges. Absolute prohibitions against the discharge of certain substances; these prohibitions appear in subsection 2.1 of the Section T of this tariff. (C)

68. Publicly Owned Treatment Works or POTW. A treatment works as defined by EPA in 40 CFR §403.3(q). (C)

69. **Public Utility:** Persons or corporations owning or operating equipment or facilities in this Commonwealth for water, electric or wastewater collection, treatment, or disposal for the public for compensation.

70. **Residential Applicant**: A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company's service territory.

71. **Residential Customer**: A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory.

72. **Residential Service:** Wastewater service supplied to an individual single-family residential dwelling unit. [paragraph removed] **(C)**

73. **Sanitary Sewer:** A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.

74. Septic Tank Waste. Partially-treated liquid and solid material pumped from a septic tank, cesspool, or similar domestic sewage treatment system that maintains a downstream effluent disposal method (e.g., a leach field). Septic tank waste is also known as septage and is to be distinguished from holding tank waste, dilute or otherwise. (C)

Section A – DEFINITIONS (cont'd)

75. Sewage. See definition of Domestic Sewage above. (C)

76. Significant Industrial User or SIU. (C)

Except as provided in paragraphs (3) and (4) of this definition, a significant industrial user is:

(1) An industrial user that would be subject to categorical pretreatment standards if it were discharging to a POTW; or

(2) An industrial user that:

a. Discharges an average of twenty-five thousand (25,000) gpd or more of process wastewater to the treatment works (excluding sanitary, noncontact cooling water and boiler blowdown wastewater).

b. Contributes a process wastestream which makes up five (5) percent or more of the average dry weather hydraulic or organic capacity of the treatment plant; or

c. Is designated as such by the Company on the basis that it has a reasonable potential for adversely affecting the treatment work's operation or for violating any pretreatment standard or requirement.

(3) The Company may determine that an industrial user that would be subject to categorical pretreatment standards if it were discharging to a POTW is a NSCIU rather than an SIU as provided in paragraph (1) of this definition, provided that the Company finds that the industrial user never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, noncontact cooling and boiler blowdown wastewater, unless specifically included in the pretreatment standard) and the following conditions are met:

a. The industrial user, prior to the Company's finding, has consistently complied with all applicable pretreatment standards and requirements;

b. The industrial user annually submits the certification statement required in subsection 6.13 of Section T of this tariff, together with any additional information necessary to support the certification statement; and

c. The industrial user never discharges any untreated concentrated wastewater.

(4) The Company, on its own initiative or in response to a request from the industrial user, may determine that an industrial user meeting the criteria of paragraph (2) of this definition should not be considered an SIU, provided that the Company finds that the industrial user has no reasonable potential to adversely affect the operation of the treatment works or to violate any pretreatment standard or requirement.

77. Significant Wastewater Modification. Any change to a user's operations or system, or to the quantity or quality of a user's wastewater discharge, that involves any of the following: (C)

a. the introduction of new pollutants that were not previously disclosed to and approved by the Company;

b. any increase in the maximum loading (measured in pounds per day) of any previously disclosed Pollutant which would exceed the loading limitations established under subsection 2.5 of Section T of this tariff or set forth in the applicable IWDP;

c. any cumulative increase in the maximum loading (measured in pounds per day) of any previously disclosed pollutant;

d. any change in the loadings of any pollutant or in the physical or chemical characteristics of the wastewater that could cause pass through or interference; or

e. any cumulative and sustained increase in volume of flow in excess of the maximum anticipated flow previously disclosed to and approved by the Company.

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

78. Slug Load or Slug Discharge. Any discharge at a flow rate or concentration, which could cause a violation of the prohibited discharge standards in subsection 2.1 of Section T of this tariff. A slug discharge is any discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through or in any other way violate these rules, local limits or permit conditions. (C)

79. Special Discharge Fee. The fee applicable to discharges with loadings or concentrations that exceed a local limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damages to the facility, or require extraordinary measures, as defined in subsection 7.2(c) of Section T of this tariff. (C)

80. Specific Pollutant Discharge Limitation. See definition of Local Limit, above. (C)

81. Standard Industrial Classification or SIC. A classification pursuant to the Standard Industrial Classification Manual issued by the Executive Office of the President, Office of Management and Budget, 1972. (C)

82. **Storm Sewer:** A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.

83. **Storm Water or Storm Water Flow:** Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt. **(C)**

[paragraph removed] **(C)**

84. **Tariff:** All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

[paragraph removed] **(C)**

85. Total Suspended Solids or Suspended Solids. The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering, expressed in terms of concentration (mg/L). (C)

86. Toxicity. The effect of wastewater containing toxic pollutants or pollutants that result in the presence of toxic gases, vapors, or fumes, in sufficient quantity, either singly or by interaction with other pollutants, to injure or interfere with any wastewater treatment process, cause injury or worker health and safety problems, constitute a hazard to humans or animals, create a toxic effect in the receiving waters of the treatment plant, or exceed the limitation set forth in a categorical pretreatment standard. Toxic pollutants include any pollutant or combination of pollutants listed as toxic in regulations promulgated by the EPA or DEP under the provisions of the Clean Water Act 307(a) or other Acts. The Company may impose biomonitoring or other toxicity testing to assess an industrial user discharge. (C)

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

87. Treatment Plant. That portion of the treatment works which is designed to provide treatment of domestic sewage and industrial waste. **(C)**

88. Treatment Works. All of the facilities and works owned by the Company and used in the collection, storage, treatment, recycling or reclamation of domestic or industrial wastewater and any conveyances which convey wastewater to a treatment plant. **(C)**

89. **Unauthorized Use of Service**: Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, unauthorized stormwater/groundwater connection to Sanitary or Combined Sewer, or the otherwise taking or receiving of wastewater service without the knowledge or approval of the Company.

90. User. Any person that introduces or has the potential to introduce an indirect discharge to the treatment works. **(C)**

91. **Wastes:** Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater **and domestic sewage** but excluding stormwater. **(C)**

92. **Wastewater:** Liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system. **(C)**

93. Wastewater Treatment Plant. See definition of Treatment Plant, above. **(C)**

RULES AND REGULATIONS

Section C - Applications for Service

1. **Service Application Required:** Any Applicant who wishes to receive wastewater service from the Company under this Tariff must contact the Company and complete an application for service. Applications for service may be made by completing a written application, by telephoning the Company, or through application via the Company's website on the Internet. All applications for service must signed by the owner or owners of the property to which wastewater collection service will be provided; except that where a lessee of property occupies or uses the property under a lease having a fixed term of more than six (6) months, the lessee may request service as an applicant. **If Company is not the provider of water (C) service to the property to which wastewater collection service will be provided, the Company may require the Applicant to be the same person or entity who is the account holder for water service**. The Company may, at its sole discretion, require that a separate contract for service be signed by the Applicant.

   Prior to providing utility service, the Company may require the Applicant to provide: (1) information that positively identifies him/her self; (2) the name of any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested; (3) the names of each adult occupant residing at the location, and proof of their identity; or (4) a cash deposit, as may be required in accordance with Section G of this Tariff.

   In the case of Residential Applicants, the Company may ask for the combined gross income of all adult occupants at the time the application for service is made; however, the Residential Applicant is not required to provide the information as a condition of receiving wastewater service, unless such applicant is seeking to enroll in the Company's *Help to Others Program.*

   Nonresidential service customers which desire to discharge Industrial[deleted] Waste into the **(C)**
   Sanitary Sewer or existing industrial[deleted] users which desire to commence operations of a new **(C)**
   facility or a new or different process that will affect the characteristics of the wastewater discharging into the Sanitary Sewer, shall notify the Company prior to the commencement of the new or different operations at the facility and provide such other information regarding the proposed discharge as the Company may request, including an application for an **Individual Wastewater** Discharge Permit **(C)**
   when deemed necessary.

2. **Change in Ownership or Tenancy:** A new application must be made to the Company upon any change in ownership where the owner of the property is the Customer, or upon any change in the identity of a lessee where the lessee of the property is the Customer. The Company shall have the right to discontinue or otherwise interrupt wastewater collection service upon three (3) days notice if a new application has not been made and approved for the new customer.

(C) means Change

RULES AND REGULATIONS

Section C - Applications for Service (cont'd)

3. **Acceptance of Application and Right to Reject:** An application for service shall be considered accepted by the Company only upon written approval by the Company. All regulatory requirements shall be met before Company can provide approval. The Company may limit the amount or character of service it will supply, or may reject applications for service for the following reasons: requested service is not available under a standard rate; requested service may affect service to other customers; for a non-Residential Applicant's or non-Residential Customer's failure to establish Creditworthiness; for failure to address prior Company debts; for the Applicant's failure to provide identifying documentation of the Applicant and each adult occupant residing at the location; when identifying documentation cannot be verified; for the reasons set forth in Section D, paragraph 5, or for other good and sufficient reasons.

4. **Temporary Service:** In the case of temporary service for less than a 12-month period, the Company may require the Customer to pay all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. If the actual costs differ from the estimate, the Applicant will pay to the Company any excess amount due or the Company will refund to the Applicant any excess amount paid.

5. **Owner or Landlord Responsibility for Service: If a building is master metered, the Company may, at its discretion, require the building owner or landlord to establish a single account for the building at the master meter in the name of the building owner or landlord even where there are existing meters for individual tenants behind the master meter.** **(C)**

6. **Acquired Customers: Upon acquisition of a wastewater system where the Company is already the water service provider, the Customer of record for wastewater service shall be the same as the Customer of record for water service.** **(C)**

RULES AND REGULATIONS

Section E - Discontinuance, Termination and Restoration of Service (cont'd)

2. **Termination by Company (cont'd)**

(a) any unauthorized, un-inspected, or improper connection, as herein defined, found to exist will be required to be disconnected within ten (10) days. The Company may require a plumber's sworn statement or certificate as evidence that the connection has been discontinued;

(b) Not abiding by the provisions of the Company's **IPP** [language deleted]; **(C)**

(c) Failure to remove direct connections to the Customer Service Line that allow surface, subsurface, storm water, or roof run off water into the Sanitary Sewer;

(d) Not complying with any part of this tariff;

(e) Supplying sewer service to other units, buildings or premises when Capacity Reservation Fees have not been paid for in accordance with tariff;

(f) For termination of water service by Company in accordance with the Company's water tariff on file with the Commission;

(g) For Customer's tendering payment for reconnection of service that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice; or

(h) After receiving a written termination notice from the Company, for Customer's tendering payment which is subsequently dishonored under 13 Pa. C.S. § 3502, or, in the case of an electronic payment, that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice.

In order to terminate wastewater service, the Company can at its discretion install a shut off valve on the Company's Service Line to terminate service. The cost for the installation of the shut off valve and all the other charges accruing under this tariff shall be paid to the Company before service is restored.

3. **Turn-on Charge:** Whenever service is discontinued or terminated pursuant to Rule 1 or Rule 2 of this Section, service shall be permitted by the Company only upon the payment by the Customer of a turn-on fee and the curing of the problem that gave rise to the terminations if under Rule 2. Refer to Schedule of Miscellaneous Fees and Charges; section C for Service Reconnection and Discontinuance Fee.

4. **Service Restoration Following Termination of Service**: When wastewater service to any premise has been terminated by Company for any reason, it will be restored only after the conditions, circumstances, or practices which caused the wastewater service to be terminated are corrected and all applicable arrearages, deposits and fees paid.

RULES AND REGULATIONS

Section E - Discontinuance, Termination and Restoration of Service (cont'd)

5. Termination of Residential Service for Nonpayment of Bills **(C)**

Before termination of **residential** service, the Company will take the following steps: **(C)**

(a) Provide a written notice of termination to the Customer at least 10 days prior to the scheduled shut off and the notice shall be in the form required by the Commission;

(b) Attempt to make personal contact with the Customer at least three days prior to the shut off date;

(c) During winter months (December 1 through March 31), if the Company cannot reach the Customer at the time of termination, the Company will leave a 48-hour notice at the residence;

(d) After complying with paragraphs (B) and (C), the Company will attempt to make personal contact with the Customer or responsible adult at the time service is terminated. Termination of service will not be delayed for failure to make personal contact;

(e) Upon termination, the Company will make a good faith attempt to provide a post termination notice.

6. Landlord Ratepayer Termination of Service for Nonpayment of Bills

Before termination of service to a Landlord Ratepayer that has tenants, the Company will take the following steps:

(a) Provide a written notice of termination to the Landlord Ratepayer at least 37 days prior to the scheduled shut off;

(b) Provide written notice of termination to each dwelling unit reasonably likely to be occupied by affected tenant at least 30 days prior to the scheduled shut off;

(c) Upon termination, the Company will post the termination notice at the dwelling, including common areas when possible.

7. Protection from Abuse Order

If you are a **residential Customer who is a** victim of domestic violence and have a Protection from Abuse Order or other court order that shows clear evidence of domestic violence, there are special protections available. The Company will not shut off your wastewater service during the winter months (December 1 through March 31), without PUC permission. Depending on your income, a special payment arrangement may be available. Your service may not be terminated on a Friday. You may not be held responsible for a bill in someone else's name. You may not be required to pay a security deposit. If you are required to pay a security deposit, you may be able to pay it over three payments. You will receive additional 48-hour notice prior to termination. **(C)**

RULES AND REGULATIONS

Section F - Billing and Collection

1. **Billing Period:** The Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules. The due date for payment of a bill for Residential and Non-Residential service shall be no less than twenty (20) days from the date of transmittal. If the last day for payment falls on a Saturday, Sunday or bank holiday, or on any day when the offices of the Company are not open to the general public, the due date shall be extended to the next business day. The Company may not impose a late-payment charge unless payment is received more than five (5) days after the stated due date.

2. **Late-Payment Charge:** All amounts not paid when due shall accrue a late-payment charge at the rate not to exceed one and fifty one-hundredths percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year when not paid as prescribed in Rule 1 of this Section.

3. **Change in Billing Address:** Where a customer fails to notify the Company of a change in billing address, the Customer shall remain responsible to remit payment by the billing due date.

4. **Application of Payment:** Utility bills rendered by the Company shall include only the amount due for utility service. Where a customer remittance to the Company includes payment for any non-utility services, proceeds will be applied first to pay all outstanding regulated utility charges.

5. **Return Check Fee:** The customer will be responsible for return check fee as provided in the Schedule of Miscellaneous Fees and Charges section of the tariff, per incident where a check or automatic transfer of funds, which has been presented to the Company or its agent for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, postdated, stale date, no account, drawn against uncollected funds, and unauthorized signature. This fee is in addition to any and all charges assessed by the bank.

6. **Disputed Bills:** In the event of a dispute between the Customer and the Company with respect to any bill, the Company will promptly make such investigation as may be required by the particular case and report the result to the Customer. The Customer is not obligated to pay the disputed amount during the pendency of the Company's investigation. When the Company has made a report to the Customer sustaining the bill as rendered, the Customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, the Company will issue a corrected bill with a new due date for payment. Any amount received by the Company in excess of the amount determined to be due by the Company's investigation of the dispute shall be refunded to the Customer.

7. **Residential Customer Payment Arrangement:** **(C)**
A **residential** Customer must first contact the Company to request a payment arrangement. The Company will take into consideration the size of the unpaid balance, the ability of the Customer to pay, the payment history of the Customer and the length of time over which the bill accumulated. A Customer has the right to decline the Company's payment arrangement. If a Customer breaks a Company payment arrangement, the Commission may establish a payment arrangement. **(C)**

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section F - Billing and Collection

8. **Termination of Free Service Under Certain Contracts and Other Instruments:** Notwithstanding any contrary provision contained in any deed, grant, contract, franchise, permit, consent or other instrument (other than an instrument expressly set forth in and constituting a part of this tariff) made, executed or delivered between the Company or any predecessor in interest and a Customer of the Company or any predecessor in interest: **(C)**

(A) Every person who takes wastewater service shall pay for all wastewater service taken as provided in the applicable schedule of rates set forth herein and subject to the Rules and Regulations of the Company.

(B) No credit, off-set or other allowance shall be allowed by the Company against any wastewater bill on account of the making, execution, or delivery of, or pursuant to any provisions of, any such instrument.

RULES AND REGULATIONS

Section G – Credit/Deposits

1. **Customer's Liability for Charges:**
The Customer who has made application for wastewater service to any premise shall be held liable for all wastewater service furnished to such premise until such time as the Customer properly notifies the Company to discontinue the service for this account.

2. **Prior Company Debts:**
(a) Service will not be furnished to former Customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; and (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed. **The Company will inform the Applicant or (C)**
Customer of any information relied upon by the Company to determine their responsibility for prior unpaid debt. The Company will also inform the Applicant or Customer of their right to dispute that information, as well as the Applicant or Customer's right to obtain service while a dispute is pending. The Company will not deny service to a Customer or Applicant who has a protection from abuse, or other similar order evidencing domestic violence, on the basis that a prior debt was incurred in the name of someone other than the Customer or Applicant.

(b) The Company may utilize means in accordance with applicable law of determining an Applicant's or Customer's liability for any indebtedness to the Company for previous service, including, but not limited to, the following: (1) use of Company records that containing confidential information previously provided to the Company for service; (2) [deleted] **a copy of** a valid mortgage, lease or deed **(C)**
, which the Applicant or Customer is obligated to provide upon Company request; (3) other **(C)**
information contained in the Company's records that indicate that the Applicant **or Customer** was **(C)**
an adult occupant during the time the prior debt accrued; (4) use of commercially available skip tracing software that contains records of names and addresses; (5) use of information contained in credit reporting data utilized by the Company**; or (6) a web-based tool such as "LexisNexis" to research the (C)**
Applicant's or Customer's information.

3. **Residential Customers' Deposits:** The Company may charge deposits to Residential Applicants and Residential Customers as permitted by Commission statutes, rules regulations, and as permitted by Federal Bankruptcy Law. **The Company will not charge a security deposit to a Customer or (C)**
Applicant for service if the Customer or Applicant for service is confirmed to be income eligible for the Company's bill discount program.

(a) . Deposits may be required from a Residential Applicant who is unable to establish Creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assess the risk of public utility bill payment.

(b) Deposits may be required from a Residential Customer who fails to comply with the material terms or conditions of a settlement or payment arrangement or is delinquent in the payment of two consecutive bills, or three or more bills within the preceding twelve months.

Section G – Credit/Deposits (cont'd)

6. Denial of Residential Service **(C)**

(a) If the Company denies service **to a residential customer**, the Company will inform the Applicant in writing of the reasons for the denial within 3 business days of the denial. With the Applicant's consent, the Company may provide to the Applicant the information electronically. The written denial statement will include the reason for the denial and information on the Applicant's ability to challenge the denial. If the Company is requiring payment of an unpaid balance, the Company will specify in writing the amount of the unpaid balance, the dates during which the balance accrued and the location and customer name at which the balance accrued. The statement will inform the Applicant of the right to furnish a third-party guarantor in accordance with Commission regulations and the Applicant's right to contact the Commission. **(C)**

(b) The written denial statement will inform the Applicant that if he or she is, based upon household income, confirmed to be eligible for a customer assistance program a deposit is not required. The Company will inform the Applicant of the procedures and documentation necessary to qualify for an exemption from a security deposit requirement.

(c) The written denial statement will include information informing victims of domestic violence with a protection from abuse order, or a court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence, that there are special protections available. The Company will not shut off your wastewater service during the winter without PUC permission. Depending on your income, a special payment arrangement may be available. Your service may not be terminated on a Friday. You may not be held responsible for a bill in someone else's name. You may not be required to pay a security deposit. If you are required to pay a security deposit, you may be able to pay it over three payments. You will receive additional 48-hour notice prior to termination.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section I- Service Continuity

1. **Regularity of Service:** The Company may, at any time, shut off service in case of accident or for the purpose of making connections, alterations, repairs or changes, or for other reasons. The Company will, pursuant to Commission regulations at 52 Pa. Code '67.1 and as circumstances permit, notify customers to be affected by service interruptions.

[paragraph deleted] **(C)**

RULES AND REGULATIONS

[paragraphs deleted]

(C)Section R – Stormwater Connections to Sanitary or Combined Sewer System: **(C)**

(a) No person shall install any new connection to discharge stormwater or groundwater drainage to a Sanitary or Combined Sewer, or undertake any modification that increases the flow of stormwater or groundwater being discharged via an existing connection to the Sanitary or Combined Sewer, without applying for and obtaining a Connection Permit from the Company. Consideration and issuance of any Connection Permit is subject to the following:

(1) No new or increased discharge of stormwater or groundwater to the Sanitary or Combined Sewer will be permitted if separate stormwater system facilities or receiving streams exist in reasonable proximity to the proposed connection to the Sanitary or Combined Sewer. The person seeking a Connection Permit must demonstrate to the satisfaction of the Company that the discharge stormwater or groundwater flows to anywhere but to the Sanitary or Combined Sewer is not (i) technically or economically feasible, or (ii) permissible under applicable environmental regulations.

(2) No new or increased discharge of stormwater or groundwater will be allowed unless there is adequate capacity in the Sanitary or Combined Sewer system, and such flows can be managed in compliance with all laws and requirements applicable to the Sanitary or Combined Sewer system. When known or potential hydraulic capacity overloads may exist or may be created as the result of the proposed new or modified connection to the Sanitary or Combined Sewer, the Company reserves the right to require a detailed hydraulic study of the affected portion of the Sanitary or Combined Sewer system. The work and costs associated with such study shall be paid for by the party seeking the Connection Permit.

(3) Any new or modified connection involving the discharge of stormwater or groundwater to the Sanitary or Combined Sewer shall comply with all applicable state regulations and municipal ordinances.

(4) In the case of new or modified connections from a property that is presently contributing stormwater or groundwater drainage to a Sanitary or Combined Sewer, the peak rate of discharge must be controlled. The peak rate of discharge to the Sanitary or Combined Sewer after development or improvement shall be no greater than 75% of the peak rate of discharge to the Sanitary or Combined Sewer prior to development or improvement under storm conditions up to a 100-year rainfall event. Stormwater peak discharge and runoff shall be determined through the use of: (A) the USDA NRCS Soil Cover Complex Method as set forth in Urban Hydrology for Small Watersheds, Technical Release No. 55 (USDA, 1986), with specific attention given to antecedent moisture conditions, flood routing, time of concentration, and peak discharge specifications included therein and in Hydrology National Handbook, Section 4 (USDA, 1985); (B) the USDA NRCS Technical Release No. 20; or (C) other procedures as approved by the Company. Refer to Pennsylvania Stormwater Best Management Practices Manual (363-0300-002) dated December 30, 2006.

(5) Except where specifically approved by the Company, all new sanitary sewer laterals and mains shall be separate from stormwater laterals and mains.

(b) If a connection to the Sanitary or Combined Sewer is permitted as provided in 5(a), (1) any facilities using the connection to the Sanitary or Combined Sewer shall utilize inlet structures equipped with devices to prevent solids and floatable debris from entering the Sanitary or Combined Sewer of a design approved by the Company; and (2) the connection shall be made to an existing or new manhole or other Company approved structure that complies with design standards prescribed by the Company.

(c) No downspout gutter shall be connected to the Sanitary or Combined Sewer.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section S – TAXES ON DEPOSITS FOR CONSTRUCTION, CUSTOMER ADVANCES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

The Company will pay income taxes on any deposit, advance, contribution or other like amounts received from an applicant which shall constitute taxable income to the Company as defined by the Internal Revenue Service. Such income taxes shall be segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income tax associated with a deposit, advance or contribution will not be charged to the specific depositor / contributor of the capital.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

1. GENERAL PROVISIONS (C)

1.1 Purpose and Policy

(a) These rules set forth uniform requirements applicable to users of the wastewater collection, treatment, and disposal services provided by the Company and the nature of wastes acceptable for discharge into the Company's treatment works, either directly or indirectly. In developing these rules, the Company was guided by the "EPA Model Pretreatment Ordinance" (January 2007) published by the U.S. Environmental Protection Agency ("EPA") for use by municipalities operating Publicly Owned Treatment Works ("POTWs") as well as EPA regulations designed to control pollutants discharged to POTWs at 40 CFR Part 403 (General Pretreatment Regulations for Existing and New Sources of Pollution). These rules shall apply throughout the Company's service territory.

(b) The objectives of these rules are:

(i) To prohibit the introduction of pollutants into the Company's treatment works that will interfere with its operation or impact the quality or classification of the resulting sludge;

(ii) To prohibit the introduction of pollutants into the Company's treatment works that will pass through the treatment works, inadequately treated, into receiving waters, or otherwise be incompatible with the treatment works;

(iii) To protect both the Company's personnel who may be affected by wastewater and sludge in the course of their employment and the general public;

(iv) To promote reuse and recycling of industrial wastewater and sludge from the Company's treatment works;

(v) To provide for fees for the equitable distribution of the cost of operation, maintenance, and improvement of the Company's treatment works;

(vi) To enable the Company to comply with its National Pollutant Discharge Elimination System permit conditions, sludge use and disposal requirements, and any other federal or state laws to which the Company's treatment works is subject;

(vii) To require the pretreatment of wastewater discharged into the Company's treatment works as appropriate and consistent with standards for pretreatment of wastewater that have been promulgated by the EPA or otherwise imposed by the DEP; and

(viii) To otherwise provide the conditions of wastewater collection, treatment, and disposal service by the Company.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

(c) These rules shall apply to all users of the Company's treatment works. These rules authorize the issuance of wastewater discharge permits; provide for monitoring, compliance, and enforcement activities; establish administrative review procedures; require user reporting; and provide for the setting of fees for the equitable distribution of costs resulting from the program established herein.

1.2 Administration

Except as otherwise provided herein, the Company shall administer, implement, and enforce these rules. Any powers granted to or duties imposed upon the Company may be delegated by the Company to the Company's IPP Coordinator or other duly authorized Company employee.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

1.3 Abbreviations (C)

The following abbreviations, when used in these rules, or in the implementation of these rules, shall have the designated meanings:

BOD5 – Biochemical Oxygen Demand (5-day)
BMP – Best Management Practice
C - Celsius
CERCLA - Comprehensive Environmental Response, Compensation and Liability Act
CFR - Code of Federal Regulations
CIU – Categorical Industrial User
COD – Chemical Oxygen Demand
DEP – Pennsylvania Department of Environmental Protection
EPA – U.S. Environmental Protection Agency
F - Fahrenheit
FOG - Fats, Oils and Grease
gpd – gallons per day
IU – Industrial User
IPP – Industrial Pretreatment Program
IWDP – Individual Wastewater Discharge Permit
mg/l – milligrams per liter
MGD - Million Gallons per Day
NH3-N - Ammonia Nitrogen
NPDES – National Pollutant Discharge Elimination System
NSCIU – Non-Significant Categorical Industrial User
POTW - Publicly Owned Treatment Works
RCRA – Resource Conservation and Recovery Act
SIU – Significant Industrial User
TDS - Total Dissolved Solids
TKN - Total Kjeldahl Nitrogen
TN - Total Nitrogen
TP - Total Phosphorus
TSS – Total Suspended Solids
U.S.C. – United States Code

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

2. GENERAL SEWER USE REQUIREMENTS

2.1 Prohibited Discharge Standards

(a) General Prohibitions. No user shall introduce or cause to be introduced into the treatment works any pollutant or wastewater which causes pass through or interference or damages the treatment works. These general prohibitions apply to all users of the treatment works whether or not they are subject to categorical pretreatment standards or any other national, state, or local pretreatment standard or requirement.

(b) Specific Prohibitions. No user shall introduce or cause to be introduced into the treatment works the following pollutants, substances, or wastewater:

(i) Liquids, solids or gases that by reason of their nature or amount are, or may be, sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any way to persons, the treatment works or the operation of the treatment works, including, but not limited to, any discharge with a closed-cup flashpoint of less than 140° F (60°C) using the test methods specified in 40 CFR §261.21. At no time shall any wastewater cause two successive readings on an explosion hazard meter, at the point of discharge into the system (or at any point in the system), to be more than five percent (5%) nor any single reading to be over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.

(ii) Wastewater having a pH less than 6.0 or higher than 9.0 as measured by a grab sample, unless otherwise specified by the Company in an IWDP, or wastewater having other corrosive properties capable of causing damage or hazard to structures, equipment, or personnel of the treatment works.

(iii) Solid or viscous substances which may cause obstruction to the flow in the sewer system or other interference with the operation of the treatment works such as, but not limited to, grease, garbage (not properly shredded), animal guts or tissues, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent limestone or marble dust, bentonite, lye, building materials, rubber, leather, porcelain, china, metal glass, straw, shavings, grass clippings, rages, spent grains, spent hops, waste paper, wood, plastics, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil, mud, or glass grinding or polishing wastes or any material which can be disposed of as trash.

(iv) Pollutants, including oxygen-demanding pollutants (BOD5, etc.), released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause interference with the treatment works.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

(v) Wastewater with a temperature at the introduction into the treatment works which exceeds 120 degrees F (49 degrees C), or less than 32°F, or which will inhibit biological activity in the treatment plant resulting in interference, but in no case wastewater which causes the temperature at the introduction into the treatment plant to exceed 104 degrees F (40 degrees C).

(vi) Petroleum oil, motor oils or lubricants removed from vehicles or machinery, non- biodegradable cutting oil, or products of mineral oil origin, in amounts that will cause interference or pass through.

(vii) Pollutants in sufficient quantity which, either alone or by interaction with other pollutants, would result in the presence of toxic gases, vapors or fumes, cause worker injury or disruption of any wastewater treatment process, including the disposal of sludge, or be in non-compliance with any categorical or pretreatment standards established in accord with 40 CFR §403.6.

(viii) Trucked or hauled pollutants, except at discharge points designated by the Company in accordance with subsection 2.10 of Section T of this tariff.

(ix) Noxious or malodorous liquids, gases, solids, or other wastewater which, either singly or by interaction with other wastes, are sufficient to create a public nuisance or a hazard to life, or to prevent entry into the sewer system for maintenance or repair.

(x) Wastewater which imparts color which cannot be removed by the treatment process, and which consequently imparts color to the treatment plant's effluent.

(xi) Wastewater containing any radioactive wastes or isotopes with half-lives or concentrations that exceed (A) measured background or naturally-occurring levels or (B) limits established by the Company.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

(xii) Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, deionized water, noncontact cooling water, and unpolluted wastewater, unless specifically authorized by the Company.

(xiii) Sludges, screenings, or other residues from the pretreatment of industrial wastes

(xiv) Medical wastes, except as specifically authorized by the Company in an IWDP.

(xv) Wastewater causing, alone or in conjunction with other sources, the treatment plant's effluent to fail toxicity test or otherwise create a toxic effect in receiving waters.

(xvi) Detergents, surface-active agents, or other substances that might cause excessive foaming in the treatment works.

(xvii) Discharge which is or contains hazardous waste or, if otherwise disposed of, would be considered hazardous waste.

(xviii) Any substance which may cause the treatment plant's effluent or any other product of the treatment plant, such as residues, sludge or scum, to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case shall a substance discharged to the treatment works cause the Company to be in non-compliance with sludge use or disposal criteria, guidelines or regulations developed under Section 405 of the Act, nor any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management methods being used by the Company.

(xix) Any pollutant, including oxygen demanding pollutants and suspended solids, released at a flow rate and/or pollutant concentration which a user knows or has reason to know will cause interference or pass through to the treatment works. In no case shall a slug load have a flow rate or contain a concentration or quantity of a pollutant that exceeds for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour permitted concentration, quantity, or flow during normal operation.

(xx) Any wastewater which because of its chemical nature or composition causes the sewer atmosphere to contain airborne chemical concentrations in excess of concentrations established by the U.S. Department of Labor, Occupational Safety and Health Administration (OSHA) under 29 CFR Part 1910, regardless of duration of exposure experienced by any individual, unless written authorization is granted by the Company.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

(xxi) Substances which will cause pass through or interference or otherwise cause the Company to violate its NPDES permit or air quality or receiving water quality standards, or that are prohibited by any permit issued by the Company, the Commonwealth of Pennsylvania or EPA.

(xxii) Wastes which are not amenable to biological treatment or reduction in existing treatment facilities, including but not limited to nonbiodegradable complex carbon compounds.

(xxiii) Wastewater containing any organic compounds of endrin, lindane, methoxychlor, toxaphene, dichlorophenoxyacetic acid, trichlorophenoxypropionic acid or other herbicides, pesticides or rodenticides.

(xxiv) Wastewater containing any of the pollutants listed on EPA's "Priority Pollutant List" (40 CFR Part 423, Appendix A), without authorization from the Company in an IWDP.

(c) Pollutants, substances, or wastewater prohibited by this section shall not be processed or stored in such a manner that they could be discharged to the treatment works.

2.2 National Categorical Pretreatment Standards

(a) The National Categorical Standards found at 40 CFR Chapter I, Subchapter N, Parts 405-471 are hereby incorporated by reference. Any industrial user that would be a categorical industrial user under the provisions of one or more categorical standards if it were discharging to a POTW is a significant industrial user under these rules and is required to obtain an individual wastewater discharge permit as described in subsection 4 of this Section T, unless otherwise determined by the Company pursuant to these rules. The IWDP will reflect the effluent limitations and standards of the pertinent categorical standard(s). Although the Company is not subject to EPA's pretreatment regulations, the Company will use pertinent standards and requirements contained in 40 CFR, Chapter I, Subchapter N, Part 403 as guidance in administering and applying the categorical standards. Any categorical standard or local limit, if more stringent than the limitations imposed under an IWDP, shall immediately supersede the limitations imposed under the IWDP.

(b) Where a categorical standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, the Company may impose equivalent concentration or mass limits in the manner described in 40 CFR §403.6(c).

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

[paragraphs deleted] **(C)**

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

(c) When the limits in a categorical standard are expressed only in terms of mass of pollutant per unit of production, the Company may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentrations for purposes of calculating effluent limitations applicable to individual industrial users.

(d) When wastewater subject to a categorical standard is mixed with wastewater not regulated by the same standard, the Company shall impose an alternate limit using the combined waste stream formula in 40 CFR §403.6(e).

(e) Once included in its IWDP, an industrial user must comply with the equivalent limitations developed in this subsection 2.2 of this Section T in lieu of the categorical standard from which the equivalent limitations were derived.

(f) Where a categorical standard specifies one limit for calculating maximum daily discharge limitations and a second limit for calculating maximum monthly average (or 4-day average) limitations, the same production flow figure shall be used in calculating both the average and the maximum equivalent limitation.

(g) Any industrial user operating under an IWDP incorporating equivalent mass or concentration limits calculated from a production-based standard, as provided in paragraph (c) of this subsection 2.2, shall notify the Company within two (2) business days after the user has a reasonable basis to know that the production level will significantly change within the next calendar month. Any user not notifying the Company of such anticipated change will be required to meet the mass or concentration limits in its IWDP that was based on the original estimate of the long term average production rate.

2.3 Modification of National Categorical Pretreatment Standards

The Company may modify specific limits in a categorical pretreatment standard where appropriate for purposes of these rules or an IWDP. Although not subject to EPA's pretreatment regulations, the Company will utilize the standards and requirements contained in 40 CFR, Chapter I, subchapter N, Part 403 generally, and particularly sections 403.7 (removal credits), 403.13 (fundamentally different factors), and 403.15 (net limits), as guidance in considering any such modifications.

2.4 State and Federal Requirements

Applicable state or federal requirements and limitations on discharges shall apply in any case where they are more stringent than those in these rules.

RULES AND REGULATIONS

[paragraphs deleted] **(C)Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd)**
(C)

2.5 Specific Pollutant Discharge Limitations – Local Limits

(a) All industrial users shall be subject to the local limits applicable to their service area as specified in the Company's IPP.

(b) Local limits are the highest allowable concentrations in a discharge, unless otherwise specified in an IWDP.

(c) Local limits apply at the point where wastewater is discharged to the treatment works or at the point designated by the Company.

(d) The Company reserves the right to allocate among users the total loading applicable to a particular pollutant by establishing maximum daily industrial concentrations specific to each user, provided that the total maximum allowable daily industrial load for the treatment plant is not exceeded.

(e) In addition to industrial users, the Company reserves the right to apply local limits to any user's wastewater discharge which is not composed strictly of domestic sewage.

(f) The Company reserves the right to establish alternate limits in IWDPs in order to protect against pass through or interference or to assure that the Company complies with its National Pollutant Discharge Elimination System permit and federal and state law. The alternate limits, if more stringent than the categorical standards, shall immediately supersede the categorical standards.

(g) The Company may develop BMPs in IWDPs to implement local limits and the requirements of subsection 2.1 of this Section T.

2.6 Reservation of Right to Impose More Stringent Requirements

The Company reserves the right to establish, in IWDPs, more stringent limits or requirements on discharges to the treatment works, if deemed necessary, consistent with the purpose of these rules.

2.7 Dilution

No user shall ever increase the use of process water, or in any way attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable pretreatment standard or requirement. The Company may impose mass limitations on users who are using dilution to meet applicable pretreatment standards or requirements, or in other cases when the imposition of mass limitations is appropriate.

2.8 Compliance with Other Applicable Standards and Requirements

Compliance with these rules and permits or compliance or cessation directives issued hereunder does not relieve the industrial user from its obligations to comply with any and all applicable local, state, and federal standards and requirements including any such applicable standard or requirement that may become effective during the term of a permit or directive or these rules.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd)

2.9 Environmental Emergency Response Plans **(C)**

Industrial users shall prepare and maintain all environmental emergency response plans required by EPA, DEP or any other federal or state authority, including but not limited to: spill prevention control and countermeasure plans; preparedness, prevention and contingency plans; spill prevention response plans; and facility response plans. Such plans may be prepared in accordance with DEP's Guidelines for the Development and Implementation of Environmental Emergency Response Plans (the "DEP PPC Guidelines"). A copy of any such plan prepared and maintained by an industrial user shall be submitted to the Company.

2.10 Hauled Wastewater

(a) Septic tank waste and holding tank waste may be introduced into the treatment works only at locations designated by the Company, and at such times as are established by the Company. Such waste shall not violate subsection 2 of this Section T or any other requirements established by the Company. The Company may require septic and holding tank waste haulers to enter septic disposal agreements with the Company.

(b) The Company may require haulers of industrial waste or generators of hauled industrial waste to obtain individual wastewater discharge permits. The Company also may prohibit or refuse the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of these rules.

(c) Industrial waste haulers may discharge loads only at locations designated by the Company. No load may be discharged without prior consent of the Company. The Company may collect samples of each hauled load to ensure compliance with applicable standards. The Company may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.

(d) Industrial waste haulers must provide a waste-tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, permit number, truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry and all known or suspected waste constituents and confirm that no wastes are RCRA hazardous wastes.

2.11 Accidental Discharge/Slug Discharge Control Plans

(a) All significant industrial users, and any other industrial user identified by the Company, shall prepare an accidental discharge/slug discharge control plan. Such plan shall be submitted to the Company for review and approval as part of any application for issuance or renewal/reissuance of an IWDP or otherwise when requested by the Company. The Company may request modification of an accidental discharge/slug discharge control plan at any time circumstances warrant.

RULES AND REGULATIONS

[paragraphs deleted]

(C)Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

(b) An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

(i) Description of discharge practices, including non-routine batch discharges;

(ii) Description of stored chemicals;

(iii) Procedures for immediately notifying the Company of any accidental or slug discharge, as required by subsection 6.6 of this Section T; and

(iv) Procedures to prevent adverse impact from any accidental or slug discharge. Such procedures shall include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

(c) The Company may include conditions relating to implementation of an accidental discharge/slug discharge control plan when issuing an IWDP or by letter approving a plan submitted independently of an IWDP application.

(d) An approved environmental emergency response plan prepared in accordance with the DEP PPC Guidelines may substitute for all or a portion of the contents of an accidental discharge/slug discharge control plan to the extent that it satisfies the requirements described herein.

2.12 Drainage of Water Filtration Systems

Filter back-wash may be discharged to the treatment works only as follows:

(a) Sand filter back-wash may be discharged to the treatment works. An IWDP may be required to permit such discharge if the discharge is non-domestic in nature.

(b) Diatomaceous earth filter back-wash, if discharged to the treatment works, shall be connected to the treatment works through settling tanks with no less than three (3) months storage capacity of spent diatomaceous earth, which tanks shall be readily accessible for removing solid waste for disposal. An IWDP may be required to permit such discharge if the discharge is non-domestic in nature.

2.13 Grease Traps

Users shall install, operate and maintain interceptor/collector devices (e.g., traps) to capture and remove fats, oils and grease prior to discharge to the treatment works whenever the Company determines that such devices are necessary for the proper handling of wastewater. All such devices shall be designed and installed so as to accommodate the maximum flow rate expected to occur and to be readily and easily accessible for cleaning and inspection. The user shall be responsible to operated and maintained the devices, including regular cleaning, to ensure that they consistently remove FOG prior to discharge to the treatment works. Alternatively, or in addition, the Company may require users to implement BMPs in order to eliminate FOG at the point of use and thereby reduce the generation of FOG in wastewater.

2.14 Removal, Transportation, and Disposal of Sewage and Industrial Wastes

(a) Any waste to be discharged from tank trucks or rail car shall be disposed at the location designated by the Company at the treatment plant at the time or times, and at a rate or rates of discharge, fixed by the Company.

(b) The wastes discharged by the tank trucks or rail car at the treatment plant shall not contain industrial waste, chemicals, or other matter, with or without pretreatment, that does not conform to the requirements of these rules. Conformity with these rules is to be determined by the Company.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

3. PRETREATMENT OF WASTEWATER

3.1 Pretreatment Facilities – General

Users shall provide wastewater treatment as necessary to comply with these rules and shall achieve compliance with all categorical pretreatment standards, local limits, and the prohibitions set out in subsection 2.1 of this Section T within the time limitations specified by EPA, the state, or the Company, whichever is more stringent. Any facilities necessary for compliance, including the design, construction, operation, and maintenance of these facilities, shall be at the user's expense. Detailed plans describing such facilities and operating procedures shall be submitted to the Company for review, and shall be acceptable to the Company before such facilities are constructed or procedures are implemented. The review of such plans and operating procedures shall in no way relieve the user from the responsibility of modifying such facilities or procedures as necessary to produce a discharge acceptable to the Company under the provisions of these rules.

3.2 Proper Operation and Maintenance

The user shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the user to achieve compliance with these rules. Proper operation and maintenance includes but is not limited to: effective performance, adequate funding, adequate operator staffing and training, proper disposal of residuals, and adequate laboratory and process control, including appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary procedures only when necessary to achieve compliance with these rules.

The user shall maintain records demonstrating proper operation and maintenance of pretreatment facilities, retain such records for a period of at least five (5) years, and make such records available to the Company upon request.

3.3 Duty to Halt or Reduce Activity

Upon reduction of efficiency of operation of treatment facilities, or loss or failure of all or part of the treatment system, the user shall, to the extent necessary to maintain compliance with these rules, control its production or discharges (or both) until operation of the treatment system is restored or an alternative method of treatment is provided. It shall not be a defense for the user that it would have been necessary to halt or reduce an activity in order to maintain compliance with these rules.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

3.4 Bypass of Treatment Facilities

(a) Bypass of treatment systems is prohibited unless it is unavoidable to prevent loss of life, personal injury, or severe property damage and no feasible alternative exists.

(b) The user may allow bypass to occur which does not cause the effluent limitations to be exceeded, but only if it is necessary for essential maintenance to assure *efficient* operation.

(c) Notification of Bypass:

(i) Anticipated Bypass. If the user knows in advance of the need for bypass, it shall submit prior written notice, at least ten (10) days before the date of the bypass, to the Company.

(ii) Unanticipated Bypass. The user shall immediately notify the Company and submit a written report to the Company within five (5) days. This report shall specify:

1) A description of the bypass, its cause, and its duration;

2) Whether the bypass has been corrected; and

3) The steps being taken or to be taken to reduce, eliminate, and prevent a reoccurrence of the bypass.

3.5 Damage Liability

The person producing or introducing waste to the treatment works shall be liable for all damages, increased costs of treatment or maintenance, or other costs incurred by the Company directly attributable to such waste, including the costs of repairs, testing, consulting and all other costs associated with the damage. Any user violating any of the provisions of these rules shall be liable to the Company for all expenses, losses, or damages occasioned by the Company by reason of such violation, whether incidental or consequential.

3.6 Disposal Sludges

Sludges, floats, oils, etc., generated by industrial users must be contained and transported in a safe manner as prescribed by the rules of regulatory agencies, including but not limited to the U.S. Department of Transportation, and handled by reputable persons who shall dispose of all such wastes in accordance with all federal, state, and local regulations. The owner of such sludges, floats, oils, etc., shall keep records and receipts needed to demonstrate proper disposal for review by the Company upon request.

3.7 Additional Pretreatment Measures

(d) Grease, oil and sand interceptors or traps shall be provided when, in the opinion of the Company, they are necessary for the proper handling of wastewater containing excessive amounts of grease and oil, or sand, or to avoid interference. All interceptors or traps shall be of the type and capacity acceptable to the Company, and shall be located as to be readily and easily accessible for cleaning and inspection. Such interceptors shall be inspected, cleaned and repaired by the user at the user's expense.

(e) The use of mechanical garbage grinders producing a finely divided mass, properly flushed with an ample amount of water, shall be permitted upon the condition that no mechanical garbage grinder to serve premises used for commercial purposes shall be installed until permission for such installation shall have been obtained from the Company.

(f) Users with the potential to discharge combustible or flammable substances may be required to install and maintain an approved combustible gas detection meter.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

4 INDIVIDUAL WASTEWATER DISCHARGE PERMITS

4.1 Wastewater Analysis

When requested by the Company, a user must submit information on the nature and characteristics of its wastewater. Upon receipt of a questionnaire or permit application from the Company, a user shall have forty-five (45) days (unless extended by the Company for good reason) to return the completed questionnaire or application, signed by an authorized representative of the user. The Company may periodically require users to update this information.

4.2 Permit Requirements

(a) No significant industrial user shall discharge wastewater into the treatment works without first obtaining an individual wastewater discharge permit from the Company.

(b) No person discharging industrial waste to the treatment works shall undertake any significant wastewater modification without first notifying the Company and obtaining a new or amended IWDP from the Company, except as authorized by the Company in accordance with the provisions of these rules.

(c) The Company may require that other users obtain IWDPs as necessary to carry out the purposes of these rules.

(d) Any violation of the terms and conditions of an IWDP shall be deemed a violation of these rules and subjects the wastewater discharge permittee to the sanctions set out in subsection 8 through subsection 10 of this Section T. Obtaining an IWDP does not relieve a permittee of its obligation to comply with all federal and state standards or requirements or with any other requirement of federal, state, and local law.

(e) At the discretion of DEP, a significant industrial user may be required to obtain an individual NPDES permit from DEP to authorize its discharge to the treatment works.

4.3 Permitting: Existing Connections

All existing industrial users presently permitted on the date these rules become effective to such user will receive written notice from the Company that the terms and conditions of the permit presently in place will remain in force until the termination date of the permit, subject to any renewal of or change in the permit in accordance with these rules. Such notice also shall specify that continued discharge to the treatment works for thirty (30) days after receipt of such notice shall constitute acceptance of the continuation of such permit under the administration and enforcement of the Company pursuant to these rules and acknowledgement that renewal of such permit shall be in accordance with these rules.

4.4 Permitting: New Connections

Any user required to obtain an Individual Wastewater Discharge Permit who proposes to begin or recommence discharging into the treatment works must obtain such permit prior to the beginning or recommencing of such discharge. An application for this IWDP, in accordance with subsection 4.5 of this Section T, must be filed at least 180 days prior to the date upon which any discharge will begin or recommence.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) (C)

4.5 Permit Application Contents

(a) All users required to obtain an individual wastewater discharge permit must submit a permit application. The Company may require users to submit all or some of the following information as part of a permit application:

(i) Identifying Information

1) The name and address of the facility, including the name of the operator and owner, and location (if different from the mailing address); and
2) Contact information, description of activities, facilities, and plant production processes on the premises.

(ii) Environmental Permits. A list of any environmental control permits held by or for the facility.

(iii) Description of Operations

1) A brief description of the nature, rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such user, including a schematic process diagram, which indicates points of discharge to the treatment works from the regulated processes;
2) Types of wastes generated, and a list of all raw materials and chemicals used or stored at the facility which are, or could accidentally or intentionally be, discharged to the treatment works, as well as material safety data sheets for all materials and chemicals identified;
3) Number and type of employees, hours of operation, and proposed or actual hours of operation;
4) Type and amount of raw materials processed (average and maximum per day);
5) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge. It is recommended that these plans be signed and sealed by a Professional Engineer licensed in the Commonwealth of Pennsylvania, to ensure compliance with sound engineering principles and all applicable federal, state, and local codes and statutes.

(iv) Time and duration of discharges.

(v) The location for monitoring all wastes covered by the permit.

(vi) Flow Measurement. Information showing the measured average daily, maximum daily, and 30 minute flow rates, in gallons per day, including daily, monthly, and seasonal variations if any, to the treatment works from regulated process streams and other streams, as necessary, to allow use of the combined wastestream formula set out in subsection 2.2 (40 CFR §403.6(e)).

(vii) Measurement of Pollutants

1) The categorical pretreatment standards applicable to each regulated process and any new categorically regulated processes for existing sources.
2) For all industrial users subject to categorical standards, any other information required in a baseline monitoring report as stated in 40 CFR §403.12(b).
3) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the standard or by the Company, of regulated pollutants in the discharge from each regulated process.
4) Instantaneous, daily maximum, and long-term average concentrations, or mass, where required, shall be reported.
5) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in subsection 6.9 of this Section T. Where the standard requires compliance with a BMP or pollution prevention alternative, the user shall submit documentation as required by the Company or the applicable standards to determine compliance with the standard.
6) Sampling must be performed in accordance with procedures set out in subsection 6.10 of this Section T.
7) In instances where an industrial user has not yet begun operation (and therefore, wastewater constituents and characteristics are unknown), submission of comparable data from similar industries will be accepted for permit application purposes.

(viii) Where known, the nature and concentration of any pollutants in the discharge which are limited by these rules, categorical pretreatment standards, or local limits and a statement certified by a qualified professional regarding whether or not applicable standards are being met on a consistent basis and, if not, whether additional operation and maintenance or additional pretreatment is required to meet the standards.

(ix) If additional pretreatment or operation and maintenance will be required to meet applicable standards, a schedule by which the industrial user will provide such additional pretreatment or operation and maintenance. The completion date in this schedule shall not be later than the compliance date established for the applicable categorical pretreatment standard or, in the case of local limits, such a date as determined by the Company. The following conditions shall apply to this schedule:

1) The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the Industrial user to meet the applicable pretreatment standards (e.g. hiring an engineer, completing preliminary plans, completing final plans, executing contract for major components, commencing construction, completing construction, etc.).

2) Not later than fourteen (14) days following each date in the schedule and the final date for compliance, the industrial user shall submit a progress report to the Company including, as a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps being taken by the industrial user to return the construction to the schedule established. In no event shall more than nine (9) months elapse between such progress reports to the Company.

(x) Any other information as may be deemed necessary by the Company to evaluate the permit application.

(b) Incomplete or inaccurate applications will not be processed and will be returned to the user for revision.

(c) Applicants wishing to claim confidentiality of information required in the application shall indicate on the application which information is of a confidential nature. Wastewater constituents and characteristics shall not be considered as confidential information.

4.6 <u>Permitting: General Permits</u>

(a) At the discretion of the Company, the Company may use general permits to control discharges to the treatment works, if the following conditions are met. All facilities to be covered by a general permit must:

(viii) Involve the same or substantially similar types of operations;

(ix) Discharge the same type of wastes;

(x) Require the same effluent limitations;

(xi) Require the same or similar monitoring; and

(xii) In the opinion of the Company, be more appropriately controlled under a general permit than under individual wastewater discharge permits.

(b) Users that are eligible may request coverage by a general permit under this section in lieu of an IWDP.

(c) To be covered by the general permit, the user must file a written request for coverage that identifies its contact information, production processes, the types of wastes generated, the location for monitoring all wastes covered by the general permit, any requests for a monitoring waiver for a pollutant neither present nor expected to be present in the discharge, verification that it will meet the requirements of the general permit, and any other information the Company deems appropriate. A monitoring waiver for a pollutant neither present nor expected to be present in the discharge is not effective in the general permit until after the Company has provided written notice to the user that such a waiver request has been granted.

[paragraphs deleted] **(C)**

(d) The Company will retain a copy of the general permit, documentation to support the Company's determination that a specific user meets the criteria in subsection 4.6(a) and applicable state regulations, and a copy of the user's written request for coverage for three (3) years after the expiration of the general permit.

(e) The Company may not control a user through a general permit where the facility is subject to production-based categorical pretreatment standards or categorical pretreatment standards expressed as mass of pollutant discharged per day or industrial users whose limits are based on the combined wastestream formula (subsection 2.2(b)) or net/gross calculations (subsection 2.3).

4.7 Application Signatories and Certifications

(a) All wastewater discharge permit applications, user reports and certification statements must be signed by an authorized representative of the user and contain the certification statement in subsection 6.13 of this Section T.

(b) If the designation of an authorized representative of the user is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the company, a new written authorization satisfying the requirements of this Section must be submitted to the Company prior to or together with any reports to be signed by the authorized representative of the user.

(c) A facility determined to be a non-significant categorical industrial user by the Company must annually submit the signed certification statement in subsection 6.13 of this Section T.

4.8 Permit Decisions

The Company will evaluate the data furnished by the user and may require additional information. The Company will determine whether to issue and individual wastewater discharge permit or a general permit and may deny any application for an IWDP or general permit.

4.9 Permit Renewal

(a) A user with an expiring IWDP or general permit shall apply for permit reissuance by submitting a permit application, in accordance with subsection 4.5 of this Section T, a minimum of one hundred twenty (120) days prior to the expiration of the user's existing permit, unless the deadline is extended in writing by the Company.

(b) In the event that a timely and complete application to renew an IWDP has been submitted and the IWDP cannot be reissued before the expiration date, through no fault of the user, the terms and conditions of the existing IWDP will be automatically continued and will remain fully effective and enforceable pending the granting or denial of the application for IWDP renewal.

[paragraphs deleted] **(C)**

RULES AND REGULATIONS

[paragraphs deleted] **Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd)** **(C)**

5 INDIVIDUAL WASTEWATER DISCHARGE PERMIT ISSUANCE **(C)**

5.1 Permit Duration

Individual wastewater discharge permits shall be issued for a specified time period, not to exceed five (5) years. A permit may be issued for a period less than five (5) years at the discretion of the Company. Each IWDP will indicate a specific date upon which it will expire.

5.2 Permit Contents

(a) Individual wastewater discharge permits shall be expressly subject to all provisions of these rules, the Company's IPP, and such other conditions as are deemed reasonably necessary by the Company to prevent pass through or interference, protect the quality of the water body receiving the treatment plant's effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the treatment works.

(b) Individual wastewater discharge permits will contain the following:

- (i) A statement that indicates the IWDP issuance date, expiration date and effective date.
- (ii) A statement that the IWDP is nontransferable without prior notification to the Company in accordance with subsection 5.5 of this Section T, and provisions for furnishing the new owner or operator with a copy of the existing IWDP.
- (iii) Effluent limits, including BMPs, based on applicable pretreatment standards.
- (iv) Self-monitoring, sampling, reporting, notification, and record-keeping requirements. These requirements shall include an identification of pollutants (or BMPs) to be monitored, sampling location, sampling frequency, and sample type based on federal, state, and local law.
- (v) A statement of fees for violation of pretreatment standards and requirements, and any applicable compliance schedule. Such schedule may not extend the time for compliance beyond that required by applicable federal state, or local law.
- (vi) Requirements to control slug discharge, if determined by the Company to be necessary.

(c) Individual wastewater discharge permits may contain, but need not be limited to, the following conditions:

- (i) Limits on the average and/or maximum rate of discharge, time of discharge, and/or requirements for flow regulation and equalization.
- (ii) Requirements for the installation of pretreatment technology, pollution control, or construction of appropriate containment devices, designed to reduce, eliminate, or prevent the introduction of pollutants into the treatment works.
- (iii) Requirements for the development and implementation of spill control plans or other special conditions including management practices necessary to adequately prevent accidental, unanticipated, or non-routine discharges.
- (iv) Development and implementation of waste minimization plans to reduce the amount of pollutants discharged to the treatment works.
- (v) The unit charge or schedule of user charges and fees for the management of the wastewater discharged to the treatment works.
- (vi) Requirements for installation and maintenance of inspection and sampling facilities and equipment, including flow measurement devices.
- (vii) A statement that compliance with the IWDP does not relieve the permittee of responsibility for compliance with all applicable federal pretreatment standards, as incorporated by subsection 2.2 of this Section T, including those which become effective during the term of the IWDP.
- (viii) Requirements for notification to the Company for any significant wastewater modification.
- (ix) Requirements for notification to the Company of any accidental discharge or other potential problem.
- (x) Requirements for submission of reports. Periodic compliance reports will be required a minimum of twice a year, indicating the nature and concentration of pollutants in the discharge as well as a record of flows.
- (xi) Other conditions as deemed appropriate by the Company to ensure compliance with these rules, the Company's IPP, and state and federal laws and regulations.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

5.3 Appeals

(a) The permittee may appeal to the Company to reconsider the terms of an individual wastewater discharge permit within thirty (30) days of receipt of the permit. This appeal must be in writing and must indicate the permit provisions objected to, the reasons for the objection, and the alternative condition, if any, sought to be placed in the permit.

(b) The effectiveness of the permit shall not be stayed pending reconsideration by the Company.

(c) The Company, with the direct involvement of a Vice President, will review the appeal and other pertinent information and determine if any amendment to the permit is warranted.

(d) If the Company determines that an amendment is warranted, it will issue an amended IWDP; if the Company determines that no amendment is warranted, it will so notify the permittee.

(e) The Company will act in a timely manner on any appeal.

5.4 Permit Modification

(a) The Company may modify an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

(i) To incorporate any new or revised federal, state, or local pretreatment standard or requirement;

(ii) To address significant alterations or additions to the user's operation, processes, or wastewater volume or character since the time of the IWDP issuance;

(iii) A change in the treatment works that requires either a temporary or permanent reduction or elimination of the authorized discharge;

(iv) Information indicating that the permitted discharge poses a threat to the treatment works, Company personnel or the receiving stream;

(v) Violation of any terms or conditions of the IWDP;

(vi) Misrepresentations or failure to fully disclose all relevant facts in the wastewater discharge permit application or in any required reporting;

(vii) Revision of or a grant of variance from categorical pretreatment standards as provided in 40 CFR §403.13;

(viii) To correct typographical or other errors in the IWDP;

(ix) To reflect a transfer of the facility ownership or operation to a new owner or operator where requested in accordance with subsection 5.5 of this Section T; or

(x) Upon request of the permittee, provided such a request does not create a violation of any applicable requirements, standards, laws, or rules and regulations.

(b) When an additional or new categorical pretreatment standard is promulgated, any user subject to such additional or new standard shall apply to modify its IWDP within 180 days of the promulgation of such standard.

(c) The filing of a request by the permittee for a permit modification does not stay or suspend any permit condition.

(d) The Company will act in a timely manner on any request for permit modification.

(e) The user shall be informed of any proposed changes in its permit at least thirty (30) days prior to the effective date of change. Any changes or new conditions in the permit may include a reasonable time schedule for compliance in the event that compliance cannot reasonably be achieved in 30 days.

(C) means Change

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

5.5 Permit Transfer

(a) Individual wastewater discharge permits may be transferred to a new owner or operator only if the permittee gives at least forty (40) days advance notice to the Company and the Company approves the IWDP transfer. The notice to the Company must include a written certification by the new owner or operator which:

(i) States that the new owner or operator has no immediate intent to change the facility's operations and processes;
(ii) Identifies the specific date on which the transfer is to occur; and
(iii) Acknowledges full responsibility for complying with the existing IWDP.

(b) Within ten (10) days of receiving an IWDP transfer notice, the Company will determine if the notice is administratively complete and issue to the permittee either an acknowledgement of completeness or a letter specifying any deficiencies. If a permit transfer notice is deficient, the permittee shall cure the deficiencies and resubmit the notice, which the Company then, within ten (10) days, will review again for completeness and issue to the permittee either an acknowledgement of completeness or a letter specifying any deficiencies.

(c) The Company will approve or disapprove a permit transfer within thirty (30) days of issuing an acknowledgement of completeness of the notice, and approval of such transfer shall not be unreasonably withheld by the Company.

(d) Failure to provide advance notice of a transfer renders the IWDP void as of the date of facility transfer.

5.6 Permit Revocation

(a) The Company may revoke an individual wastewater discharge permit for good cause, including, but not limited to, the following reasons:

(i) Failure to provide prior notification to the Company of a significant wastewater modification pursuant to subsection 6.5 of this Section T;
(ii) Failure to factually report the wastewater constituents and characteristics of a discharge or misrepresentation of relevant facts in an application for an IDWP;
(iii) Falsifying self-monitoring reports and certification statements;
(iv) Tampering with monitoring equipment;
(v) Refusing to allow the Company reasonable and timely access to the facility premises for purposes of compliance inspection, records review, sampling or monitoring;
(vi) Failure to meet effluent limitations;
(vii) Failure to pay fees or sewer charges;
(viii) Failure to meet compliance schedules;
(ix) Failure to complete a wastewater survey or the wastewater discharge permit application;
(x) Failure to provide advance notice of the transfer of business ownership of a permitted facility; or
(xi) Violation of any pretreatment standard or requirement or any term or condition of an IWDP or these rules.

(b) If an IDWP is revoked, the Company may take steps it deems advisable, including severance of the sewer connection to terminate service, in order to promote compliance with these rules. The Company reserves the right to terminate wastewater service for violation of any provision of these rules, subject to the Commission's rules and regulations.

(c) Prior to revocation of an IWDP or termination of service, the Company will provide notice to the user of the proposed revocation or termination and reasonable opportunity for the user to show cause why the proposed action should not be taken. The Company, with the direct involvement of a Vice President, will review the information presented by the user and other pertinent information and determine if revocation of the permit or termination of service is warranted.

6 REPORTING REQUIREMENTS

6.1 Baseline Monitoring Reports

(a) Within either one hundred eighty (180) days after the effective date of a categorical pretreatment standard, or the final administrative decision on a category determination under 40 CFR §403.6(a)(4), whichever is later, existing categorical industrial users currently discharging to or scheduled to discharge to the treatment works shall submit to the Company a report which contains the information listed in paragraph (b), below. At least ninety (90) days prior to commencement of their discharge, new sources, and sources that become categorical industrial users subsequent to the promulgation of an applicable categorical standard, shall submit to the Company a report which contains the information listed in paragraph (b), below. A new source shall report the method of pretreatment it intends to use to meet applicable categorical standards. A new source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged using forms approved by the Company.

(b) Users described above shall submit the information set forth below.

(i) All information required in subsections 4.5(a)(i)(1), 4.5(a)(ii), 4.5(a)(iii)(1), and 4.5(a)(vi).

(ii) Measurement of pollutants.

1) The user shall provide the information required in subsection 4.5(a)(vii)(1) through 4.5(a)(vii)(4)

2) The user shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.

3) Samples should be taken immediately downstream from pretreatment facilities if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment, the user should measure the flows and concentrations necessary to allow use of the combined wastestream formula in 40 CFR §403.6(e) to evaluate compliance with the pretreatment standards. Where an alternate concentration or mass limit has been calculated in accordance with subsection 2.2 and 40 CFR §403.6(e) this adjusted limit along with supporting data shall be submitted to the Company;

4) Sampling and analysis shall be performed in accordance with subsections 6.9 and 6.10;

5) The Company may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures;

6) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant discharges to the treatment works.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

(iii) Compliance Certification. A statement, reviewed by the authorized representative of the user and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and, if not, whether additional operation and maintenance and/or additional pretreatment is required to meet the pretreatment standards and requirements.

(iv) Compliance Schedule. If additional pretreatment and/or operation and maintenance will be required to meet the pretreatment standards, the shortest schedule by which the user will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard. A compliance schedule pursuant to this section must meet the requirements set out in subsection 6.2 of this Section T.

(v) Signature and Report Certification. All baseline monitoring reports must be certified in accordance with subsection 6.13 of this Section T and signed by an authorized representative of the user.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

6.2 Compliance Schedule Progress Reports

The following conditions shall apply to the compliance schedule required by subsection 6.1(b)(iv) of this Section T.

(a) The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the user to meet the applicable pretreatment standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation);

(b) No increment referred to above shall exceed nine (9) months;

(c) The user shall submit a progress report to the Company no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether or not it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the user to return to the established schedule; and

(d) In no event shall more than nine (9) months elapse between such progress reports to the Company.

6.3 Reports on Compliance with Categorical Pretreatment Standard Deadline

Within ninety (90) days following the date for final compliance with applicable categorical pretreatment standards, or in the case of a new source following commencement of the introduction of wastewater into the treatment works, any user subject to such pretreatment standards and requirements shall submit to the Company a report containing the information described in subsections 4.5(a)(vi), 4.5(a)(vii) and 6.1(b)(ii) of this Section T. For users subject to equivalent mass or concentration limits established in accordance with the procedures in 40 CFR §403.6(c), this report shall contain a reasonable measure of the user's long-term production rate. For all other users subject to categorical pretreatment standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the user's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with subsection 6.13 of this Section T. All sampling will be done in conformance with subsection 6.10.

6.4 Periodic Compliance Reports

(a) All significant industrial users must submit reports to the Company on a quarterly basis, within thirty (30) days following the end of each calendar quarter, unless otherwise specified in the user's individual wastewater discharge permit, indicating the nature, concentration of pollutants in the discharge which are limited by pretreatment standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the pretreatment standard requires compliance with BMPs or pollution prevention alternatives, the user must submit documentation required by the Company or the pretreatment standard necessary to determine the compliance status of the user.

(b) All periodic compliance reports must be signed and certified in accordance with subsection 6.13 of this Section T.

(c) All wastewater samples must be representative of the user's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and maintained in good working order at all times. The failure of a user to keep its monitoring facility in good working order shall not be grounds for the user to claim that sample results are unrepresentative of its discharge.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

(d) If a user subject to the reporting requirement in this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the Company, using the procedures prescribed in subsection 6.10 of this Section T, the results of this monitoring shall be included in the report.

(e) Significant industrial users not subject to categorical pretreatment standards under these rules shall submit periodic compliance reports as specified by the user's IWDP.

6.5 Reports of Changed Conditions

(a) Each user must notify the Company of any significant wastewater modification at least ninety (90) days before the change.

(b) The Company may require the user to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of an IWDP application.

(c) The Company may issue a new IWDP or modify an existing IWDP in response to changed conditions or anticipated changed conditions.

6.6 Reports of Potential Problems

(a) In the case of any discharge, including, but not limited to, an accidental discharge, a discharge of a non-routine, episodic nature, a non-customary batch discharge, or a slug discharge or slug load, that might cause potential problems for the treatment works, the user, upon discovery, and after assessing the situation and taking initial corrective action, shall immediately telephone and notify the Company of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and initial corrective actions taken by the user.

(b) Within five (5) days following such discharge, the user shall, unless waived by the Company, submit a detailed written report including the date, time and duration of the discharge and describing the cause(s) of the discharge, all corrective actions implemented or attempted, and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liability which might be incurred as a result of damage to the treatment works, natural resources, or any other damage to person or property; nor shall such notification relieve the user of any fees or other liability which may be imposed pursuant to these rules.

(c) A notice shall be permanently posted on the user's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph (a), above. Employers shall ensure that all employees are advised of the emergency notification procedure.

(d) Significant industrial users are required to notify the Company immediately of any changes at its facility affecting the potential for a slug discharge.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

6.7 Reports from Unpermitted Users

All users not required to obtain an individual wastewater discharge permit shall provide appropriate reports to the Company as the Company may require.

6.8 Notice of Violation/Repeat Sampling and Reporting

If sampling performed by a user indicates a violation, the user must notify the Company within twenty-four (24) hours of becoming aware of the violation and submit to the Company within five (5) business days, unless otherwise specified, a detailed written report describing the discharge and the measures taken to prevent similar future occurrences. The user shall also repeat the sampling and analysis and submit the results of the repeat analysis to the Company within the current quarterly reporting cycle, however no later than thirty (30) days after becoming aware of the violation. Resampling by the user is not required if the Company performs sampling at the user's facility at least once a month, or if the Company performs sampling at the user between the time when the initial sampling was conducted and the time when the user or receives the results of this sampling, or if the company has performed the sampling and analysis in lieu of the user.

6.9 Analytical Requirements

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical pretreatment standard, and shall use appropriate reporting limits at or below any applicable local limit or IWDP limit. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the Company determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the Company. The Company may specify appropriate alternative procedures in a user's IWDP.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

6.10 Sample Collection

(a) Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that are representative of conditions occurring during the reporting period.

(b) Except as indicated in subsections (c) and (d) below, the user must collect wastewater samples using 24-hour flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Company. Where time-proportional composite sampling or grab sampling is authorized by the Company, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides, the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the Company, as appropriate. In addition, grab samples may be required to show compliance with instantaneous limits.

(c) Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.

(d) For sampling required in support of baseline monitoring and 90-day compliance reports required in subsections 6.1 and 6.3, a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the Company may authorize a lower minimum. For the reports required by subsection 6.4, the industrial user is required to collect the number of grab samples necessary to assess and assure compliance with applicable pretreatment standards and requirements.

(e) The user bears the obligation to complete all sampling required by these rules. Upon request by a user, the Company may agree to conduct sampling on behalf of a user.

6.11 Date of Receipt of Reports

Written reports will be deemed to have been submitted on the date postmarked. For reports which are not mailed, postage prepaid, into a mail facility serviced by the United States Postal Service, including reports submitted by electronic mail, the date of receipt of the report shall govern.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

6.12 Recordkeeping

Users subject to the reporting requirements of these rules shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by these rules, any additional records of information obtained pursuant to monitoring activities undertaken by the user independent of such requirements, and documentation associated with BMPs established under subsection 2.5(g). Records shall include the date, exact place, method, and time of sampling, and the name of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least five (5) years. This period shall be automatically extended for the duration of any litigation concerning the user or the Company, or where the user has been specifically notified of a longer retention period by the Company.

6.13 Certification Statements

(a) Certification of Permit Applications, User Reports and Initial Monitoring Waiver – The following certification statement is required to be signed and submitted by users submitting permit applications in accordance with subsection 4.7; users submitting baseline monitoring reports under subsection 6.1(b)(v); users submitting reports on compliance with the categorical pretreatment standard deadlines under subsection 6.3; and users submitting periodic compliance reports required by subsection 6.4. The following certification statement must be signed by an authorized representative of the user:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

(b) A facility determined by the Company to be a NSCIU must annually submit the following certification statement signed an authorized representative of the user. This certification must accompany an alternative report required by the Company:

Based on my inquiry of the person or persons directly responsible for managing compliance with the Categorical Pretreatment Standards under 40 CFR_____, I certify that, to the best of my knowledge and belief that during the period from_____,_____to_____,_____[months, days, year]:

(a) The facility described as_____[facility name] met the definition of a Non-Significant Categorical Industrial User as described in Section A of the rules and regulations specified in Pennsylvania-American Water Company's Wastewater Tariff; and

(b) The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and

(c) The facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.

This compliance certification is based on the following information:

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

7 FEES AND CHARGES

7.1 General Fees.

(a) IWDP Application Fee: $1,000.00.

(b) IWDP Transfer/Modification/Renewal Fee: $250.00.

(c) Facility Inspection Fee: $250.00 per inspection.

(d) Monitoring Report Review Fee: $250.00 per monitoring report.

(e) Sampling and Analysis Fee:

(i) For use of outside services, actual cost of sampling and laboratory analysis plus 25% to cover administrative costs.

(ii) For use of in-house services:

Analytical Procedure/Service	Cost
Sample processing	$12.00
Sampling, composite	$40.00
Sampling, grab	$25.00
Ammonia as N	$20.00
BOD5	$20.00
Metals digestion	$16.00
Metals analysis	$17.00
pH	$6.00
Phosphorus as P	$9.00
Total Suspended Solids	$5.00

(f) Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitor and respond to such discharges, correct any resulting contamination or other impacts to the treatment works.

(g) Compliance and Enforcement Fee: Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a user's non-compliance with the terms of these rules or any IWDP.

(h) Damage Repair: Actual cost for cleaning, repair, replacement or correction of any damage to the treatment works caused or contributed to by a user's discharge.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

7.2 Specific Fees.

(a) An Industrial Loading Fee shall apply on a quarterly basis to discharges with concentrations above typical domestic sewage concentrations up to but not exceeding any applicable local limit or IWDP limit, based on sampling and analysis required to be reported by the user under an IWDP and any composite sampling and analysis conducted by the Company, as follows:

Industrial Loading Fee = *[Pollutant Removal Cost ($/lb.) x Total Quarterly Flow (MG) x 8.34 x Measured Pollutant Concentration (mg/L)]* ***minus*** *[Pollutant Removal Cost ($/lb.) x Total Quarterly Flow (MG) x 8.34 x Typical Domestic Pollutant Concentration (mg/L)]*

Typical Domestic Pollutant Concentrations are as follows:

BOD5 = 300 mg/L

NH3-N = 30 mg/L

TSS = 300 mg/L

TN = 40 mg/L

TP = 10 mg/L

Pollutant removal costs are specified in Section U of this tariff for each wastewater system. An Industrial Loading Fee will be calculated, based on the formula above, for each pollutant for which a removal cost is specified in Section U for the applicable system. Totally Quarterly Flow shall be as measured by the user or the Company.

An Industrial Loading Fee also may apply when total quarterly flow, as measured by the user or by the Company, exceeds total permitted quarterly flow, even if pollutant concentrations do not exceed the pollutant concentrations expected in typical domestic sewage. In such circumstances, the Industrial Loading Fee shall be calculated as follows for each pollutant for which a removal cost is specified in Section U for the applicable system:

Industrial Loading Fee = *[Pollutant Removal Cost ($/lb.) x Total Quarterly Flow (MG) x 8.34 x Measured Pollutant Concentration (mg/L)]* ***minus*** *[Pollutant Removal Cost ($/lb.) x Total Permitted Quarterly Flow (MG) x 8.34 x Typical Domestic Pollutant Concentration (mg/L)]*

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

(b) Excess Loading Fee: If, in any quarter, the loading of a pollutant for which a removal cost is specified in Section U of this tariff exceeds a local limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under subsection 7.2(a) of this Section T, the pollutant removal cost applicable to the total loading of that parameter will be 125% of the value set forth in Section U to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings. **Users are exempt from Excess Loading Fees during the period of any compliance** **(C)** **schedule established in the user's Individual Wastewater Discharge Permit. This exemption from Excess Loading Fees applies to Excess Loading Fees for all pollutants, unless otherwise provided by the IWDP.**

(c) A Special Discharge Fee shall apply to discharges with loadings or concentrations that exceed a local limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damage to the facility, cause a violation of the facility's NPDES Permit, or require extraordinary measures. The Special Discharge Fee shall be equal to the actual cost incurred by the Company, including but not limited to: (1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.), (2) costs of acquiring nutrient credits to meet NPDES Permit cap limits; (3) costs of repairs to and restoration of the treatment works, (4) costs associated with enforcement by DEP or EPA, including civil penalties or other liabilities; and (5) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.

7.3 <u>Administration</u>.

(a) If a user wishes to dispute the calculation of any fees assessed by the Company, it shall appeal to the Company, in writing, identifying the fees subject to dispute and the reason(s) they are disputed. The Company, acting in a timely manner with the direct involvement of a Vice President, will review the appeal and other pertinent information and determine if any adjustment to the fee is warranted and so advise the user. In the event that a user is not satisfied with the Company's determination on its appeal, the user may seek appropriate relief from the Commission.

(b) All fees shall be payable by the industrial user within forty-five (45) days of notification, or the industrial user will be subject to such enforcement action deemed appropriate by the Company, including, but not limited to, termination of service and a revocation of the IWDP.

(c) Fees may be modified or amended as the Company deems necessary, subject to review and approval by the Commission.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

8 COMPLIANCE

8.1 Right of Entry: Inspection and Sampling

(a) In addition to the rights afforded by Section L of this tariff, and without limiting such rights in any way, the Company shall have the right to enter the premises of any user at all reasonable times to inspect the facility, perform sampling, review and copy of records, and take other actions necessary to determine whether the user is complying with all requirements of these rules and any individual wastewater discharge permit or compliance directive issued hereunder.

(b) The Company will sample and analyze the discharge of each significant industrial user holding an IWDP at least once per year, the costs of which shall be borne by the user.

(c) Where a user has security measures in force which require proper identification and clearance before entry into its premises, the user shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, the Company shall be permitted to enter without delay for the purposes of performing specific responsibilities. The user shall inform the Company of any applicable safety procedures that the Company must follow in any area, or with respect to any process, that is the subject of inspection, evaluation or other action by the Company.

(d) The Company shall have the right to set up on the user's property, or require installation of, such devices as are necessary to conduct sampling or metering of the user's operations. Sampling shall be conducted pursuant to approved EPA methods or guidance, where applicable.

(e) The Company may require the user to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the user at its own expense. All devices used to measure wastewater flow and quality shall be calibrated at least one per year, and more frequently if necessary, to ensure their accuracy.

(f) Any temporary or permanent obstruction to safe and easy access to the facility to be inspected or sampled shall be promptly removed by the user at the written or verbal request of the Company and shall not be replaced. The costs of clearing such access shall be borne by the user.

(g) Unreasonable delays in allowing the Company access to the user's premises shall be a violation of these rules.

8.2 Confidential Information

Information and data on a user obtained from reports, surveys, wastewater discharge permit applications, individual wastewater discharge permits, and monitoring programs, and from the Company's inspection and sampling activities, shall be available to the public without restriction, unless the user specifically requests, and is able to demonstrate to the satisfaction of the Company that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable state or federal law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the user furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public, but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR §2.302, shall not be recognized as confidential information and shall be available to the public without restriction.

RULES AND REGULATIONS

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

9 ADMINISTRATIVE ENFORCEMENT REMEDIES

9.1 General

Users of the Company's treatment works are obligated to comply with applicable provisions of these rules, pretreatment standards, and the terms and conditions of permits issued by the Company. Failure to comply with these requirements may lead to suspension or termination of service, permit revocation, assessment of costs, and/or legal action. In determining what enforcement remedies are appropriate, the Company, in its discretion, may consider the nature and extent of the violation, the harm or threat of harm presented by the discharge, the compliance history of the user, and whether the user is in "significant noncompliance" as defined by 40 CFR §403.8(f)(2)(viii)(A)-(H), among other factors.

9.2 Emergency Response

(a) The Company may immediately suspend a user's discharge or the individual wastewater discharge permit of any user, upon notice to the user, whenever such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or reasonably appears to present an imminent or substantial endangerment to the health or welfare of persons or the environment, causes or contributes to interference or pass through, causes or contributes to a violation of any condition of the Company's NPDES permit, or threatens to interfere with the operation of the treatment works.

(b) Any user notified of a suspension of its discharge shall immediately stop or eliminate its discharge to the treatment works. In the event of a user's failure to immediately comply voluntarily with the suspension notice, the Company may take such steps as deemed necessary, including immediate severance of the sewer connection, to prevent or minimize damage to the treatment works, its receiving stream, or endangerment to any individuals or the environment.

(c) A user that is responsible, in whole or in part, for any discharge presenting imminent endangerment shall submit a detailed written statement to the Company describing the causes of the harmful discharge and the measures taken to prevent any future occurrence. The detailed written statement shall be submitted to the Company within five (5) days of the first date of the occurrence.

(d) The Company may reinstate the IWDP or the wastewater treatment service, and allow the user to recommence its discharge, upon demonstration by the user to the satisfaction of the Company that the non-complying discharge has been eliminated and that the period of endangerment has passed.

9.3 Notice of Violation

When the Company finds that a user has violated, or continues to violate, any provision of these rules, the terms and conditions of an individual wastewater discharge permit, a compliance or cessation directive issued hereunder, or any pretreatment standard or requirement, the Company may deliver to that user a written notice of violation stating the nature of the violation(s). Within the timeframe set forth in such notice, the user shall submit to the Company an explanation of the violation and a plan for the satisfactory correction and prevention thereof, to include specific remedial actions. Submission of such a plan in no way relieves the user of liability for any violations occurring before or after receipt the notice. Nothing in this section shall limit the authority of the Company to take any action, including emergency actions or any other enforcement action, without first issuing a notice of violation.

Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd) **(C)**

9.4 Compliance Directives

When the Company finds that a user has violated, or continues to violate, any provision of these rules, an individual wastewater discharge permit, a compliance or cessation directive issued hereunder, or any pretreatment standard or requirement, the Company may issue a compliance directive to the user responsible for the discharge directing that the user come into compliance within a specified time. If the user does not come into compliance within the time provided, sewer service may be discontinued unless adequate treatment facilities, devices, or other related appurtenances are installed and properly operated. Compliance directives also may contain other requirements to address the noncompliance, including additional self-monitoring and management practices designed to minimize the amount of pollutants discharged to the sewer. A compliance directive may not extend the deadline for compliance established for a pretreatment standard or requirement, nor does a compliance directive relieve the user of liability for any violation, including any continuing violation. Issuance of a compliance directive shall not be a bar against, or a prerequisite for, taking any other action against the user.

9.5 Cessation Directives

(a) When the Company finds that a user has violated, or continues to violate, any provision of these rules, an individual wastewater discharge permit, a compliance or cessation directive issued hereunder, or any pretreatment standard or requirement, or that the user's past violations are likely to recur, the Company may issue a directive to the user directing it to cease and desist all such violations and directing the user to:

(i) Immediately comply with all requirements; and

(ii) Take such appropriate remedial or preventive action as may be needed to properly address a continuing or threatened violation, including halting operations and/or terminating the discharge.

(b) Issuance of a cessation directive shall not be a bar against, or a prerequisite for, taking any other action against the user.

9.6 Referral to the DEP

When the Company finds that the Industrial user has failed or is failing to meet categorical pretreatment standards applicable under these rules or an individual wastewater discharge permit, the Company may report the user to the DEP and recommend that the DEP require that the user obtain an individual NPDES permit to authorize its discharge.

10 JUDICIAL ENFORCEMENT REMEDIES

10.1 Injunctive Relief and Civil Actions

When the Company finds that a user has violated, or continues to violate, any provision of these rules, an individual wastewater discharge permit, a compliance or cessation directive issued hereunder, or any pretreatment standard or requirement, the Company may petition the Court of Common Pleas in the county in which the user is located for the issuance of a temporary or permanent injunction, as appropriate, which restrains or compels the specific performance of the IWDP, directive, or other requirement imposed by these rules. The Company also may seek such other action as is appropriate for legal or equitable relief, including a requirement for the user to conduct environmental remediation. A petition for injunctive or other judicial relief shall not be a bar against, or a prerequisite for, taking any other action against a user.

10.2 Remedies Nonexclusive

The remedies provided for in these rules are not exclusive and the Company may take any, all, or any combination of actions against a noncompliant user. As a general policy, however, the Company will seek to resolve compliance matters informally with a user before pursuing formal enforcement proceedings.

RULES AND REGULATIONS

Section U- Industrial Pretreatment Program - Pollutant Removal Costs **(C)**

This Section U applies to industrial and commercial customers served under the rate zones identified below within the Company's service territory. All such customers shall comply with the Industrial Pretreatment Program ("IPP") made available on the Company's website, and as may be amended by the Company or the Pennsylvania Department of Environmental Protection from time to time. Such customers shall be responsible for the charges and fees set forth in subsection 7 of Section T of the rules and regulations of this tariff related to the implementation, administration, and enforcement of the IPP, including fees and charges for the additional costs for treatment of wastewaters with excess loadings and characteristics. These fees are separate from and in addition to all other rates chargeable by the Company under this tariff.

The "Pollutant Removal Costs" identified in subsection 7.2(a) of Section T of the rules and regulations of this tariff applicable to each rate zone shall be as specified below. These "Pollutant Removal Costs" shall be utilized in the calculation of Industrial Loading Fees and Excess Loading Fees in accordance with subsection 7.2(a) and (b) of Section T.

1 Coatesville District

This Section applies to industrial and commercial customers served under Rate Zone 1 of this tariff and by the Coatesville treatment plant.

Pollutant Removal Costs:

BOD5 Removal Cost = $0.20/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = $1.08/lb.
TP Removal Cost = $2.32/lb.
TSS Removal Cost = $0.19/lb.

2 Exeter Area

This Section applies to industrial and commercial customers served under Rate Zone 9 of this tariff and by the Exeter treatment plant.

Pollutant Removal Costs:

BOD5 Removal Cost = $0.24/lb.
NH3-N Removal Cost = $0.97/lb.
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.31/lb.

(C) means Change

RULES AND REGULATIONS

Section U- Industrial Pretreatment Program - Pollutant Removal Costs (cont'd) **(C)**

3 Franklin Township Area

This Section applies to industrial and commercial customers served under Rate Zone 5 of this tariff and by the Franklin treatment plant.

Pollutant Removal Costs:
BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = $1.25/lb.
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.30/lb.

4 McKeesport Area

This Section applies to industrial and commercial customers served under Rate Zone 6 of this tariff and by the McKeesport treatment plant.

Pollutant Removal Costs:
BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.30/lb.

5 Royersford Area

This Section applies to industrial and commercial customers served under Rate Zone 10 of this tariff and by the Royersford treatment plant.

Pollutant Removal Costs:
BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.30/lb.

6 Scranton Area

This Section applies to industrial and commercial customers served under Rate Zone 1 of this tariff and by the Scranton treatment plant.

Pollutant Removal Costs:
BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = $1.25/lb.
TP Removal Cost = $3.25/lb.
TSS Removal Cost = $0.30/lb.

(C) means Change

RULES AND REGULATIONS

Section U- Industrial Pretreatment Program - Pollutant Removal Costs (cont'd) **(C)**

7 York Area

This Section applies to industrial and commercial customers served under Rate Zone 7 of this tariff and by the York treatment plant.

Pollutant Removal Costs:

BOD5 Removal Cost = $0.26/lb.
NH3-N Removal Cost = $0.78/lb.
TN Removal Cost = N/A
TP Removal Cost = $2.61/lb.
TSS Removal Cost = $0.43/lb.

8 All Other Areas

This Section applies to industrial and commercial customers in areas not addressed by subsections 1 - 7 of this Section U, above. In any such area, the pollutant removal costs below shall apply, based on the type of treatment provided, pending completion of a cost evaluation specific to the treatment plant serving the subject area and amendment of this Section U to establish system-specific pollutant removal costs for such area.

Pollutant removal costs for treatment plants with advanced nutrient removal:

BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = $1.25/lb.
TP Removal Cost = $3.25/lb.
TSS Removal Cost = $0.30/lb.

Pollutant removal costs for treatment plants with nitrification:

BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = $1.25/lb.
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.30/lb.

Pollutant removal costs for treatment plants with secondary treatment:

BOD5 Removal Cost = $0.30/lb.
NH3-N Removal Cost = N/A
TN Removal Cost = N/A
TP Removal Cost = N/A
TSS Removal Cost = $0.30/lb.

RULES AND REGULATIONS

Section V - Wastewater Control and Protection of Collection Systems **(C)**

1. APPLICABILITY

This Section V establishes uniform requirements applicable to users of wastewater collection and conveyance services provided by the Company and the nature of wastes acceptable for discharge into the Company's wastewater collection and conveyance facilities, either directly or indirectly, where the Company provides collection and conveyance services only and the wastewater is treated at a wastewater treatment plant owned or operated by a municipality, municipal authority, other public utility or other party.

2. REQUIREMENTS

2.1. Compliance and Cooperation with Treatment Plant Operator and Host Municipality

In circumstances where the Company provides wastewater collection and conveyance services but not wastewater treatment services within a service territory:

(a) All users shall comply with all rules, regulations and requirements established by the treatment plant operator and/or the host municipality, including but not limited to requirements specifying prohibited discharges, assuring compliance with applicable pretreatment standards and discharge limitations, providing for user permitting, and assessing administrative and pollutant loading fees with respect to wastewaters that are not composed entirely of sanitary sewage.

(b) The Company will cooperate with the treatment plant operator and the host municipality with respect to the implementation of the rules, regulations and requirements adopted by either or both of them by providing reasonable access to the Company's collection and conveyance facilities within the service territory for purposes of inspection and sampling.

2.2. Compliance with Section T of this Tariff

Users of wastewater collection and conveyance services provided by the Company in service territories where the Company does not provide wastewater treatment services shall be subject to and comply with all portions of Section T of this tariff relevant to the protection of the Company's collection and conveyance facilities, the Company's personnel, and the general public, including but not limited to requirements set forth in subsections 2 (General Sewer Use Requirements), 3 (Pretreatment of Wastewater), 8 (Compliance), 9 (Administrative Enforcement Remedies), and 10 (Judicial Enforcement Remedies). (The term "treatment works," as defined in Section A and used throughout Section T of this tariff, includes the Company's wastewater collection and conveyance facilities.)

2.3. Prohibited Discharges

No user shall introduce or cause to be introduced into the Company's collection and conveyance facilities any substance, pollutant or wastewater which may cause an obstruction to the flow in the sewer system, corrosion or other damage to the treatment works, interference or pass-through, or a hazard to the Company's personnel or the general public.

RULES AND REGULATIONS

Section W - Regulation of Waste Received from Other Jurisdictions **(C)**

1. APPLICABILITY

This Section W sets forth uniform requirements applicable to the receipt of wastewater from a municipality or other entity on a bulk service basis.

2. REQUIREMENTS

2.1. Bulk Service Agreement

(a) If the Company receives or intends to receive wastewater from a municipality or other entity on a bulk service basis, the Company shall enter into a bulk service agreement with the contributing municipality or entity, subject to the approval of the Commission.

(b) Prior to entering into a bulk service agreement, as provided in paragraph (a), the Company shall request the following information from the contributing municipality or entity:

(i) A description of the quality and volume of wastewater discharged or to be discharged to the treatment works by the contributing municipality or entity, as well as the number of customers served;

(ii) An inventory of all industrial users located within the contributing area that are or will be discharging, directly or indirectly, to the treatment works, including the volume and nature of such discharges and existing permits and pretreatment control requirements; and

(iii) Such other information as the Company may deem necessary.

(c) A bulk service agreement, as provided in paragraph (a), shall contain the following conditions:

(i) A requirement for the contributing municipality or entity to adopt a sewer use ordinance or rules which are at least as stringent as the requirements of Section T of this tariff and local limits at least as stringent as specified in the Company's IPP. The requirement shall specify that such ordinance or rules shall be revised as necessary to reflect changes made to Section T or local limits.

(ii) A requirement for the contributing municipality or entity to submit a revised user inventory on at least an annual basis.

(iii) A provision specifying which pretreatment implementation activities, including permit issuance, inspection and sampling, and enforcement, will be conducted by the contributing municipality or entity; which of these activities will be conducted by the Company; and which of these activities will be conducted jointly by the contributing municipality or entity and the Company.

Section W - Regulation of Waste Received from Other Jurisdictions **(C)**

(iv) A requirement for the contributing municipality or entity to provide the Company with access to all information that the contributing municipality or entity obtains as part of its pretreatment activities.

(v) Limits on the nature, quality, and volume of the contributing municipality's or entity's wastewater at the point where it discharges to the treatment works.

(vi) Requirements for monitoring the discharge by the contributing municipality or entity.

(vii) A provision ensuring the Company access to the facilities of users located within the jurisdictional boundaries of the contributing municipality or entity for the purpose of inspection, sampling, and any other duties deemed necessary by the Company.

A provision specifying remedies available for breach of the terms of the bulk service agreement.

2.2. Expansion of Service Territory

In circumstances where a bulk service agreement provides that the Company will implement its pretreatment program with respect to an industrial user contributing to the bulk service flow, the Company shall seek approval of the Commission to expand its service territory to include the industrial user facility. In such circumstances, the industrial user shall be subject to the requirements of this tariff and the Company's IPP to the same extent as an industrial user discharging directly to the Company's treatment works.

Appendix C (Public Version)

Proof of Revenues

PENNSYLVANIA-AMERICAN WATER COMPANY
SUMMARY OF PROOF OF REVENUES
R-2022-3031672

	Water Operations	Wastewater SSS General Operations	Royersford Wastewater Operations	Upper Pottsgrove Wastewater Operations	York Wastewater Operations	CSS Wastewater Operations	Total Company
Pro Forma Revenues Under Present Rates	$715,663,572	$44,509,559	$820,868	$1,349,191	$18,755,982	$50,494,690	$831,593,862
Additional Annual Operating Revenue (Settlement Increase)	83,370,539	17,750,272	617,700	851,028	6,993,404	28,417,059	138,000,002
Pro Forma Revenues Under Settlement Rates	$799,034,111	$62,259,830	$1,438,568	$2,200,219	$25,749,386	$78,911,749	$969,593,864
Overall % Increase	11.6%	39.9%	75.2%	63.1%	37.3%	56.3%	16.6%
Rev. Req. Allocation to Water Operations*	($26,961,881)	($3,598,461)	($1,328,921)	($496,449)	($12,512,409)	($9,025,641)	$0

* Pro Forma Revenues Under Settlement Rates reflect the revenues after the allocation to Water Operations.

PENNSYLVANIA-AMERICAN WATER COMPANY -WATER OPERATIONS
SUMMARY OF APPLICATION OF PRESENT RATES AND SETTLEMENT RATES
12 MONTHS ENDING DECEMBER 31, 2023

				Industrial		Other Water Utilities			
Rate Zone	Residential	Commercial	Municipal	Industrial	Demand-Base (DIS)	Group A	Group B	Demand Base (DRS)	Total
Present Rate Application									
Zone 1 - Most Areas	$455,791,778	$174,627,244	$21,155,791	$29,176,556	$3,891,115	$244,982	$54,566	$2,745,641	$687,687,672
Zone 2 - Winola	6,876	0	0						6,876
Zone 3 - McEwensville	69,768	10,312	230						80,310
Zone 4 - Turbotville	184,342	65,335	261						249,937
Zone 5 - Steelton	1,202,014	362,653	9,383	1,372,393					2,946,444
Zone 6 - Valley	673,300	15,584	15,185	1,117					705,185
Zone 7 - SLIBCO		61,146							61,146
	$457,928,078	$175,142,274	$21,180,850	$30,550,065	$3,891,115	$244,982	$54,566	$2,745,641	$691,737,570
Private Fire Services									$4,925,568
Public Fire Services									8,842,466
Other Operating Revenues									10,157,967
Total @ Present Rate	**$457,928,078**	**$175,142,274**	**$21,180,850**	**$30,550,065**	**$3,891,115**	**$244,982**	**$54,566**	**$2,745,641**	**$715,663,572**
Settlement Rate Application									
Zone 1 - Most Areas	$509,758,978	$197,220,525	$21,815,493	$32,524,229	$3,891,115	$264,415	$59,600	$2,745,641	$768,279,995
Zone 2 - Winola	4,552	0	0						4,552
Zone 3 - McEwensville	100,121	15,883	247						116,251
Zone 4 - Turbotville	206,669	72,913	271						279,853
Zone 5 - Steelton	1,892,485	424,238	10,975	1,514,884					3,842,582
Zone 6 - Valley	980,037	22,154	52,960	1,648					1,056,798
Zone 7 - SLIBCO		61,146							61,146
	$512,942,842	$197,816,860	$21,879,946	$34,040,760	$3,891,115	$264,415	$59,600	$2,745,641	$773,641,178
Private Fire Services									$5,268,841
Public Fire Services									9,448,871
Other Operating Revenues									10,675,220
Total @ Settlement Rate	**$512,942,842**	**$197,816,860**	**$21,879,946**	**$34,040,760**	**$3,891,115**	**$264,415**	**$59,600**	**$2,745,641**	**$799,034,111**
Change in Revenues	$55,014,765	$22,674,585	$699,096	$3,490,695	$0	$19,433	$5,034	$0	$83,370,539
% Change in Revenues	12.01%	12.95%	3.30%	11.43%	0.00%	7.93%	9.23%	0.00%	11.65%

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Residential Class	2021 Usage (in 100 Gallons)	2021 Number of Bills	2021 Annualized Revenues	2022 Usage (in 100 Gallons)	2022 Number of Bills	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Usage (in 100 Gallons)	2023 Number of Bills	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most Areas	248,781,773	7,145,428	$444,814,890	243,919,454	7,165,490	$13,709,410	$458,838,278	241,038,089	7,205,913	$455,791,778	$509,758,978	11.84%
Zone 2 - Winola		201	6,671		201	205	6,876	645	201	6,876	4,552	-33.80%
Zone 3 - McEwensville	45,607	1,527	57,879	45,607	1,527	2,085	69,768	45,607	1,527	69,768	100,121	43.51%
Zone 4 - Turbotville	94,985	3,131	163,073	94,985	3,131	5,508	184,342	94,985	3,131	184,342	206,669	12.11%
Zone 5 - Steelton	903,173	25,677	1,099,512	903,173	25,677	35,916	1,202,014	903,173	25,677	1,202,014	1,892,485	57.44%
Zone 6 - Valley	578,043	45,402	653,182	578,043	597,711	20,118	673,300	578,043	597,711	673,300	980,037	45.56%
Zone 7 - SLIBCO												0.00%
Total Residential	250,403,581	7,221,367	$446,795,208	245,541,262	7,793,737	$13,773,242	$460,974,577	242,660,542	7,834,160	$457,928,078	$512,942,842	12.01%

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 1	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	6,960,041	$17.00	$118,320,693	6,971,934	$17.50	$3,757,872	$125,766,713	6,992,296	$17.50	$126,123,048	$17.50	$122,365,176	-2.98%
3/4 - Meter	10,769	17.00	183,069	10,769	17.50	5,804	194,258	10,769	17.50	194,258	17.50	188,454	-2.99%
1 - Meter	156,869	17.00	2,666,773	156,869	17.50	84,552	2,829,760	156,869	17.50	2,829,760	17.50	2,745,208	-2.99%
1 1/2 - Meter	2,536	17.00	43,117	2,536	17.50	1,367	45,753	2,536	17.50	45,753	17.50	44,385	-2.99%
2 - Meter	1,351	111.90	151,148	1,351	115.20	4,793	160,398	1,351	115.20	160,398	121.80	164,520	2.57%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	170	262.00	44,650	170	269.70	1,416	47,378	170	269.70	47,378	285.10	48,587	2.55%
6 - Meter	95	392.10	37,128	95	403.70	1,177	39,404	95	403.70	39,404	426.80	40,414	2.56%
8 - Meter	4	759.20	3,037	4	781.60	96	3,223	4	781.60	3,223	826.30	3,305	2.56%
Subtotal	7,131,835		$121,449,616	7,143,728		$3,857,078	$129,086,886	7,164,090		$129,443,221		$125,600,049	-2.97%
Unmetered Customers	1,700	$61.93	105,303	1,700	$62.78	$3,288	$110,036	1,700	$62.78	$110,036	$70.00	$119,025	8.17%
Usage (in 100 Gallons)													
All Usage	253,107,911	$1.2991	$328,812,487	242,134,468	$1.3100	$9,769,642	$326,965,795	237,439,378	$1.3100	$320,815,226	$1.6108	$382,467,495	19.22%
Low Income:													
5/8, Low Income	285,859	$17.00	$4,859,606	285,859	$17.50	$154,078	$5,156,614	285,859	17.50	$5,156,614	$17.50	$5,002,536	-2.99%
All Usage - Low Income	6,999,562	1.2991	9,093,131	6,647,305	1.3100	268,205	8,976,174	6,480,077	1.3100	8,757,106	1.6108	10,438,112	19.20%
Low Income Discount			(5,039,979)			(157,787)	(5,280,739)			(5,258,833)			
Low Income Discount Tier 1												($6,793,885)	
Low Income Discount Tier 2												(2,634,389)	
Low Income Discount Tier 3												(640,865)	
Adjustment (1):													
5/8 - Meter	11,893	$17.00	$202,181	20,062	$17.50	$10,813	$361,898	40,123	$17.50	$712,966	$17.50	$702,153	-1.52%
All Usage	416,220	1.2991	540,711	702,101	1.3100	28,328	948,081	1,404,202	1.3100	1,867,833	1.6108	2,261,890	21.10%
Adjustment (2):													
All Usage	(11,389,663)	$1.2991	($14,796,311)	(5,407,032)	$1.3100	($218,163)	($7,301,374)	(4,172,983)	$1.3100	($5,684,770)	$1.6108	($6,721,843)	18.24%
All Usage - Low Income	(352,258)	1.1692	(411,856)	(167,228)	1.1790	(6,073)	(203,234)	(129,061)	1.1790	(158,236)			
All Usage Low Income Tier 1												($22,868)	
All Usage Low Income Tier 2												(32,327)	
All Usage Low Income Tier 3												(21,673)	
Adjustment (3):													
5/8 - Meter	0	$17.00	$0	300	$17.50	$0	$5,250	516	$17.50	$9,030	$17.50	$9,030	0.00%
All Usage	0	1.2991	0	9,840	1.3100	0	12,890	16,476	1.3100	21,584	1.6108	26,540	22.96%
RZ 1 Residential Usage	248,781,773			243,919,454				241,038,089					
RZ 1 Residential Revenues			**$444,814,890**			**$13,709,410**	**$458,838,278**			**$455,791,778**		**$509,758,978**	**11.84%**

Note (1) Adjustment to account for the growth (loss) in customers.
Note (2) Adjustment to account for normalization in usage trend including the impact of declining usage.
Note (3) Adjustment to add revenues from Creekside Homeowner's Association

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 2 - Winola	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Unmetered Service (*) (5/8 - Meters)	201	33.23	$6,671	201	33.23	$205	$6,876	201	33.23	$6,876	17.50	$3,513	-48.91%
All Usage					0.00			645.00	0.00	$0	$1.6108	1,039	0.00%
RZ 2 Residential Revenues			**$6,671**			**$205**	**$6,876**			**$6,876**		**$4,552**	**-33.80%**

Note (*) All residential have 5/8" meter.

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 3 McEwensville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	1,527	$17.00	$25,966	1,527	$17.50	$823	$27,553	1,527	$17.50	$27,553	$17.50	$26,730	-2.99%
3/4 - Meter	0	17.00	0	0	17.50	0	0	0	17.50	0	17.50	0	0.00%
1 - Meter	0	17.00	0	0	17.50	0	0	0	17.50	0	17.50	0	0.00%
1 1/2 - Meter	0	17.00	0	0	17.50	0	0	0	17.50	0	17.50	0	0.00%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
Subtotal	1,527		$25,966	1,527		$823	$27,553	1,527		$27,553		$26,730	-2.99%
Usage (in 100 Gallons)													
All Usage	45,401	$0.7000	$31,780	45,401	$0.8983	$1,256	$42,039	45,401	$0.8983	$42,039	$1.6108	$73,131	73.96%
Low Income:													
5/8 - Meter	1	$17.00	17	1	$17.50	$1	$18	1	17.50	$18	$17.50	18	-2.99%
All Usage	206	0.7000	145	206	0.8983	6	191	206	0.8983	191	1.6108	333	73.96%
Low Income Discount			(29)			(1)	(34)			(34)			
Low Income Discount Tier 1													
Low Income Discount Tier 2													
Low Income Discount Tier 3												($90)	
RZ 3 Residential Usage	45,607			45,607				45,607					
RZ 3 Residential Revenues			**$57,879**			**$2,085**	**$69,768**			**$69,768**		**$100,121**	**43.51%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 4 Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	3,120	$17.00	$53,038	3,120	$17.50	$1,682	$56,279	3,120	$17.50	$56,279	$17.50	$54,598	-2.99%
3/4 - Meter	0	17.00	0	0	17.50	0	0	0	17.50	0	17.50	0	0.00%
1 - Meter	12	17.00	196	12	17.50	6	208	12	17.50	208	17.50	202	-2.99%
1 1/2 - Meter	0	17.00	0	0	17.50	0	0	0	17.50	0	17.50	0	0.00%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
Subtotal	3,131		$53,234	3,131		$1,688	$56,487	3,131		$56,487		$54,800	-2.99%
Usage (in 100 Gallons)													
All Usage	91,248	$1.1600	$105,848	91,248	$1.3100	$3,682	$123,216	91,248	$1.3100	$123,216	$1.6108	$146,982	19.29%
Low Income:													
5/8 - Meter	36	$17.00	604	36	$17.50	$19	$640	36	$17.50	$640	$17.50	621	-2.99%
All Usage - Low Income	3,737	1.1600	4,335	3,737	1.3100	151	5,046	3,737	1.3100	5,046	1.6108	6,020	19.29%
Low Income Discount			(946)			(31)	(1,049)			(1,049)			
Low Income Discount Tier 1													
Low Income Discount Tier 2													
Low Income Discount Tier 3												($1,753)	
RZ 4 Residential Usage	94,985			94,985				94,985					
RZ 4 Residential Revenues			**$163,073**			**$5,508**	**$184,342**			**$184,342**		**$206,669**	**12.11%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 5 Steelton	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	25,605	$19.51	$499,549	25,605	$20.69	$16,317	$546,079	25,605	$20.69	$546,079	$17.50	$448,083	-17.95%
3/4 - Meter	3	19.51	61	3	20.69	2	67	3	20.69	67	17.50	55	-17.94%
1 - Meter	60	19.51	1,166	60	20.69	38	1,275	60	20.69	1,275	17.50	1,046	-17.94%
1 1/2 - Meter	0	19.51	0	0	20.69	0	0	0	20.69	0	17.50	0	0.00%
2 - Meter	9	111.14	1,000	9	117.88	33	1,094	9	117.88	1,094	121.80	1,096	0.24%
3 - Meter	0	252.20	0	0	267.48	0	0	0	267.48	0	227.20	0	0.00%
4 - Meter	0	329.37	0	0	349.33	0	0	0	349.33	0	285.10	0	0.00%
Subtotal	25,677		$501,776	25,677		$16,389	$548,514	25,677		$548,514		$450,280	-17.91%
Usage (in 100 Gallons)													
First 1,700 Gal	358,417	$0.0000	$0	358,417	$0.0000	$0	$0	358,417	$0.0000	$0	$1.6108	$577,338	0.00%
Next 18,300 Gal	500,042	1.0903	545,196	500,042	1.1564	17,810	596,059	500,042	1.1564	596,059	1.6108	805,469	35.13%
Next 30,000 Gal	30,877	1.2038	37,170	30,877	1.2768	1,214	40,638	30,877	1.2768	40,638	1.2500	38,596	-5.02%
All Over 50,000 Gal	13,837	1.0402	14,393	13,837	1.1032	470	15,735	13,837	1.1032	15,735	1.2500	17,296	9.92%
Subtotal	903,173		$596,759	903,173		$19,494	$652,432	903,173		$652,432		$1,438,700	120.51%
Low Income:													
5/8 - Meter	334	$19.51	6,513	334	$20.69	$213	$7,120	334	20.69	$7,120	$17.50	5,842	-17.95%
Low Income Discount			(5,536)			(181)	(6,052)			(6,052)			
Low Income Discount Tier 1													
Low Income Discount Tier 2													
Low Income Discount Tier 3												(2,337)	
RZ 5 Residential Usage	903,173			903,173				903,173					
RZ 5 Residential Revenues			**$1,099,512**			**$35,916**	**$1,202,014**			**$1,202,014**		**$1,892,485**	**57.44%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 6 Valley	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Service Charge	1,384	$28.12	$38,925	19,668	$28.12	$17,034	$570,099	19,668	$28.12	$570,099			
Usage (in 100 Gallons)													
First 3,400 Gal	34,779	$0.0000	$0	458,854	$0.0000	$0	$0	458,854	$0.0000	$0	$1.1000	$504,740	0.00%
All Over 3,400 Gal	9,239	0.8400	7,761	119,188	0.8400	3,084	103,202	119,188	0.8400	103,202	1.1000	131,107	27.04%
Subtotal	44,018		$7,761	578,043		$3,084	$103,202	578,043		$103,202		$635,847	
Adjustment (1):													
Service Charge	18,284	$28.12	$514,139										
First 1,700 Gal	424,075	$0.0000	$0										
All Over 50,000 Gal	109,949	0.8400	92,357										
	534,025		$606,497										
Adjustment (2):													
Service Charge								(19,668)					
5/8 - Meter								19,488			$17.50	341,040	0.00%
3/4 - Meter								0			$17.50	0	0.00%
1 - Meter								180			$17.50	3,150	0.00%
												344,190	
RZ 6 Residential Usage	578,043			578,043				578,043					
RZ 6 Residential Revenues			**$653,182**			**$20,118**	**$673,300**			**$673,300**		**$980,037**	**45.56%**

Note (1) Adjustment to annualize Valley Township Water acquired in November 2021.
Note (2) The Company is proposing to convert Service Charge to Meter size charges.

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Commercial Class	2021 Usage (in 100 Gallons)	2021 Number of Bills	2021 Annualized Revenues	2022 Usage (in 100 Gallons)	2022 Number of Bills	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Usage (in 100 Gallons)	2023 Number of Bills	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most Areas	130,013,775	552,358	$169,772,298	127,955,428	553,254	$5,237,007	$175,269,691	127,275,680	555,047	$174,627,244	$197,220,525	12.94%
Zone 2 - Winola		0	0		0	0	0	0	0	0	0	0.00%
Zone 3 - McEwensville	8,677	108	8,221	8,677	108	308	10,312	8,677	108	10,312	15,883	54.02%
Zone 4 - Turbotville	48,851	582	57,538	48,851	582	1,952	65,335	48,851	582	65,335	72,913	11.60%
Zone 5 - Steelton	235,572	1,872	331,718	235,572	1,872	10,836	362,653	235,572	1,872	362,653	424,238	16.98%
Zone 6 - Valley	14,523	7	15,118	14,523	156	466	15,584	14,523	156	15,584	22,154	42.16%
Zone 7 - SLIBCO	22,651	8	61,146	22,651	96	0	61,146	22,651	96	61,146	61,146	0.00%
Total Commercial	130,344,049	554,935	$170,246,039	128,285,702	556,068	$5,250,569	$175,784,721	127,605,954	557,861	$175,142,274	$197,816,860	12.95%

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Rate Zone 1 Most Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	345,035	$17.00	$5,865,599	344,305	$17.50	$185,581	$6,210,922	345,201	$17.50	$6,226,602	$18.50	$6,386,223	2.56%
3/4 - Meter	21,190	25.80	546,707	21,190	26.50	17,295	578,836	21,190	26.50	578,836	28.00	593,326	2.50%
1 - Meter	81,890	42.90	3,513,093	81,890	44.10	111,230	3,722,591	81,890	44.10	3,722,591	46.60	3,816,087	2.51%
1 1/2 - Meter	15,695	70.00	1,098,679	15,695	72.00	34,806	1,164,876	15,695	72.00	1,164,876	76.10	1,194,421	2.54%
2 - Meter	44,716	111.90	5,003,766	44,716	115.20	158,661	5,309,991	44,716	115.20	5,309,991	121.80	5,446,459	2.57%
3 - Meter	1,361	208.70	283,974	1,361	214.90	9,006	301,416	1,361	214.90	301,416	227.20	309,147	2.56%
4 - Meter	18,894	262.00	4,950,220	18,894	269.70	156,948	5,252,651	18,894	269.70	5,252,651	285.10	5,386,671	2.55%
6 - Meter	17,349	392.10	6,802,712	17,349	403.70	215,722	7,219,687	17,349	403.70	7,219,687	426.80	7,404,737	2.56%
8 - Meter	6,194	759.20	4,702,568	6,194	781.60	149,113	4,990,429	6,194	781.60	4,990,429	826.30	5,118,193	2.56%
10 - Meter	763	1,099.50	838,567	763	1,131.90	26,589	889,866	763	1,131.90	889,866	1,196.60	912,623	2.56%
Subtotal	553,088		$33,605,885	552,358		$1,064,951	$35,641,267	553,254		$35,656,947		$36,567,886	2.55%
Usage (in 100 Gallons)													
First 16,000 Gal	33,168,089	$1.2991	$43,088,664	35,112,173	$1.3100	$1,416,706	$47,413,653	34,866,267	$1.3100	$47,091,360	$1.5613	$54,436,703	15.60%
All Over 16,000	89,461,068	0.9543	85,372,697	94,901,602	0.9643	2,818,619	94,332,234	93,089,161	0.9643	92,557,237	1.1493	106,985,851	15.59%
Subtotal	122,629,156		$128,461,361	130,013,775		$4,235,325	$141,745,887	127,955,428		$139,648,596		$161,422,554	15.59%
Adjustment (1):													
5/8 - Meter	(730)	$17.00	($12,410)	896	$17.50	$483	$16,163	1,793	$17.50	$31,860	$18.50	$33,171	4.11%
Usage (in 100 Gallons)													
First 16,000 Gal	(97,354)	$1.2991	($126,472)	119,520	$1.3100	$4,822	$161,394	239,040	$1.3100	$317,965	$1.5613	$373,213	17.38%
All Over 16,000	(65,639)	0.9543	(62,639)	80,584	0.9643	2,393	80,101	161,169	0.9643	157,808	1.1493	185,229	17.38%
Subtotal	(162,993)		($189,112)	200,104		$7,216	$241,494	400,209		$475,773		$558,442	17.38%
Adjustment (2):													
First 16,000 Gal	2,041,438	$1.2991	$2,652,033	(361,555)	$1.3100	($14,588)	($488,225)	(292,101)	$1.3100	($397,240)	$1.5613	($456,057)	14.81%
All Over 16,000	5,506,174	0.9543	5,254,541	(975,187)	0.9643	(28,963)	(969,336)	(787,856)	0.9643	(788,693)	1.1493	(905,470)	14.81%
Subtotal	7,547,612		$7,906,574	(1,336,742)		($43,552)	($1,457,561)	(1,079,956)		($1,185,933)		($1,361,527)	14.81%
Adjustment (3):													
First 16,000 Gal				(3,871)	$1.3100	($156)	($5,227)						
All Over 16,000				(917,838)	0.9643	(27,260)	(912,332)						
Subtotal				(921,710)		($27,416)	($917,559)						
RZ 1 Commercial Usage	130,013,775			127,955,428				127,275,680					
RZ 1 Commercial Revenues			**$169,772,298**			**$5,237,007**	**$175,269,691**			**$174,627,244**		**$197,220,525**	**12.94%**

Note (1) Adjustment to account for the growth (loss) in customers.
Note (2) Adjustment to account for normalization in usage trend including the impact of declining usage.
Note (3) Adjustment to account for the change in usage of shale gas commercial customers

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Rate Zone 2 - Winola	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Unmetered Service (5/8 - Meters) *		33.23	$0		33.23	$0	$0		33.23	$0	$18.50	$0	0.00%
All Usage								0	0.00		$1.5613	0	0.00%
RZ 2 Commercial Revenues			**$0**				**$0**			**$0**		**$0**	**0.00%**

* Unmetered Service conversion to Metered charges.

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Rate Zone 3 McEwensville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	96	$17.00	$1,632	96	$17.50	$52	$1,732	96	$17.50	$1,732	$18.50	$1,776	2.56%
3/4 - Meter	0	25.80	0	0	26.50	0	0	0	26.50	0	28.00	0	0.00%
1 - Meter	12	42.90	515	12	44.10	16	546	12	44.10	546	46.60	559	2.51%
1 1/2 - Meter	0	70.00	0	0	72.00	0	0	0	72.00	0	76.10	0	0.00%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
Subtotal	108		$2,147	108		$68	$2,277	108		$2,277		$2,335	2.55%
Usage (in 100 Gallons)*													
First 16,000 Gal	8,677	$0.7000	$6,074	8,677	$0.8983	$240	$8,035	8,677	$0.8983	$8,035	$1.5613	$13,547	68.61%
All Over 16,000 Gal	0	$0.7000	$0	0	$0.8983		$0	0	$0.8983	$0	$1.1493	$0	0.00%
Subtotal	8,677		$6,074	8,677		$240	$8,035	8,677		$8,035		$13,547	68.61%
RZ 3 Commercial Usage	8,677			8,677				8,677					
RZ 3 Commercial Revenues			**$8,221**			**$308**	**$10,312**			**$10,312**		**$15,883**	**54.02%**

* All usage rate conversion to two blocks.

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Rate Zone 4 Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	486	$17.00	$8,269	486	$17.50	$262	$8,775	486	$17.50	$8,775	$18.50	$8,999	2.56%
3/4 - Meter	0	25.80	0	0	26.50	0	0	0	26.50	0	28.00	0	0.00%
1 - Meter	48	42.90	2,064	48	44.10	65	2,187	48	44.10	2,187	46.60	2,242	2.51%
1 1/2 - Meter	24	70.00	1,684	24	72.00	53	1,786	24	72.00	1,786	76.10	1,831	2.54%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	12	208.70	2,406	12	214.90	76	2,554	12	214.90	2,554	227.20	2,620	2.56%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
6 - Meter	12	392.10	4,521	12	403.70	143	4,798	12	403.70	4,798	426.80	4,921	2.56%
Subtotal	582		$18,945	582		$601	$20,100	582		$20,100		$20,613	2.55%
Usage (in 100 Gallons)													
All Usage	48,851	$0.7900	$38,593	48,851	$0.8983	$1,352	$45,235	48,851	$0.8983	$45,235	$1.0706	$52,300	15.62%
Subtotal	48,851		$38,593	48,851		$1,352	$45,235	48,851		$45,235		$52,300	15.62%
RZ 4 Commercial Usage	48,851			48,851				48,851					
RZ 4 Commercial Revenues			**$57,538**			**$1,952**	**$65,335**			**$65,335**		**$72,913**	**11.60%**

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Rate Zone 5 Steelton	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	1,197	$19.51	$23,348	1,197	$20.69	$763	$25,523	1,197	$20.69	$25,523	$18.50	$22,139	-13.26%
3/4 - Meter	0	20.69	0	0	20.69	0	0	0	20.69	0	28.00	0	0.00%
1 - Meter	408	42.73	17,432	408	45.32	569	19,058	408	45.32	19,058	46.60	19,010	-0.25%
1 1/2 - Meter	109	76.94	8,351	109	81.61	273	9,131	109	81.61	9,131	76.10	8,260	-9.54%
2 - Meter	37	111.14	4,081	37	117.88	133	4,462	37	117.88	4,462	121.80	4,473	0.24%
3 - Meter	59	252.20	14,880	59	267.48	486	16,267	59	267.48	16,267	227.20	13,405	-17.60%
4 - Meter	39	329.37	12,845	39	349.33	420	14,043	39	349.33	14,043	285.10	11,119	-20.83%
6 - Meter	0	526.98	0	0	558.92	0	0	0	558.92	0	426.80	0	0.00%
8 - Meter	24	765.56	18,373	24	811.96	600	20,087	24	811.96	20,087	826.30	19,831	-1.27%
Subtotal	1,872		$99,311	1,872		$3,244	$108,571	1,872		$108,571		$98,237	-9.52%
Usage (in 100 Gallons)													
First 1,700 Gal	19,750	$0.0000	$0	19,750	$0.0000	$0	$0	19,750	$0.0000	$0	$1.6108	$31,813	0.00%
Next 18,300 Gal	67,656	1.0903	73,765	67,656	1.1564	2,410	80,647	67,656	1.1564	80,647	1.6108	108,981	35.13%
Next 30,000 Gal	27,627	1.2038	33,257	27,627	1.2768	1,086	36,361	27,627	1.2768	36,361	1.2500	34,534	-5.02%
All Over 50,000 Gal	120,539	1.0402	125,385	120,539	1.1032	4,096	137,074	120,539	1.1032	137,074	1.2500	150,674	9.92%
Subtotal	235,572		$232,408	235,572		$7,592	$254,082	235,572		$254,082		$326,001	28.31%
RZ 5 Commercial Usage	235,572			235,572				235,572					
RZ 5 Commercial Revenues			**$331,718**			**$10,836**	**$362,653**			**$362,653**		**$424,238**	**16.98%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
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Rate Zone 6 Valley	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Service Charge	7	$28.12	$209	156	$28.12	$135	$4,522	156	$28.12	$4,522			
Usage (in 100 Gallons)													
First 3,400 Gal	106	$0.0000	$0	1,747	$0.0000	$0	$0	1,747	$0.0000	$0	$1.1000	$1,922	0.00%
All Over 3,400 Gal	124	0.8400	104	12,776	0.8400	331	11,062	12,776	0.8400	11,062	1.1000	14,053	27.04%
Subtotal	230		$104	14,523		$331	$11,062	14,523		$11,062		$15,975	
Adjustment (1):													
Service Charge	149	$28.12	$4,178										
First 1,700 Gal	1,641	$0.0000	$0										
All Over 50,000 Gal	12,652	0.8400	10,627										
	14,293		$10,627										
Adjustment (2):													
Service Charge								(156)					
5/8 - Meter								144			$18.50	2,664	0.00%
3/4 - Meter											28.00	0	0.00%
1 - Meter											46.60	0	0.00%
1 1/2 - Meter								12			76.10	913	0.00%
2 - Meter								12			121.80	1,462	0.00%
3 - Meter											227.20	0	0.00%
4 - Meter								4			285.10	1,140	0.00%
												6,179	
RZ 6 Commercial Usage	14,523			14,523				14,523					
RZ 6 Commercial Revenues			**$15,118**			**$466**	**$15,584**			**$15,584**		**$22,154**	**42.16%**

Note (1) Adjustment to annualize Valley Township Water acquired in November 2021.
Note (2) The Company is proposing to convert Service Charge to Meter size charges.

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Rate Zone 7 SLIBCO	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	1	$63.55	$64	12	$63.55		$763	12	$63.55	$763	$63.55	$763	0.00%
2 - Meter	0	63.55	$0	0	63.55		$0	0	63.55	0	63.55	$0	0.00%
4 - Meter	1	136.30	136	12	136.30		1,636	12	136.30	1,636	136.30	1,636	0.00%
6 - Meter	2	136.30	273	24	136.30		3,271	24	136.30	3,271	136.30	3,271	0.00%
8 - Meter	4	309.30	1,237	48	309.30		14,846	48	309.30	14,846	309.30	14,846	0.00%
	8		$1,710	96			$20,516	96		$20,516		$20,516	0.00%
Usage (in 100 Gallons)													
First 20,000 Gal	1,050	$1.8940	$1,989	12,306	$1.8940		$23,308	12,306	$1.8940	$23,308	$1.8940	$23,308	0.00%
Next 80,000 Gal	657	1.6780	1,102	10,224	1.6780		17,157	10,224	1.6780	17,157	1.6780	17,157	
All Over 100,000 Gal	0	1.3810	0	120	1.3810		166	120	1.3810	166	1.3810	166	0.00%
Subtotal	1,707		$3,091	22,651			$40,630	22,651		$40,630		$40,630	0.00%
Adjustment (1):													
Customer Charge													
5/8 - Meter	11	$63.55	$699										
2 - Meter	0	63.55	$0										
4 - Meter	11	136.30	1,499										
6 - Meter	22	136.30	2,999										
8 - Meter	44	309.30	13,609										
	88		$18,806										
Usage (in 100 Gallons)													
First 20,000 Gal	11,256	$1.8940	$21,319										
Next 80,000 Gal	9,567	1.6780	16,054										
All Over 100,000 Gal	120	1.3810	166										
	20,944		$37,539										
RZ 7 Commercial Usage	22,651			22,651				22,651					
RZ 7 Commercial Revenues			**$61,146**			**$0**	**$61,146**			**$61,146**		**$61,146**	**0.00%**

Note (1) Adjustment to annualize SLIBCO acquired in November 2021.

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Industrial Class	2021 Usage (in 100 Gallons)	2021 Number of Bills	2021 Annualized Revenues	2022 Usage (in 100 Gallons)	2022 Number of Bills	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Usage (in 100 Gallons)	2023 Number of Bills	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most Areas	31,926,130	6,553	$28,005,692	31,926,130	6,553	$871,787	$29,176,556	31,926,130	6,553	$29,176,556	$32,524,229	11.47%
Demand Based (DIS)	7,832,501		3,653,642	7,832,501		0	3,791,657	7,832,501		3,891,115	3,891,115	0.00%
												0.00%
Zone 5 - Steelton	1,160,653	135	1,255,350	1,160,653	135	41,007	1,372,393	1,160,653	135	1,372,393	1,514,884	10.38%
Zone 6 - Valley	1,296	1	1,083	1,296	12	33	1,117	1,296	12	1,117	1,648	47.54%
												0.00%
Total Industrial	40,920,580	6,689	$32,915,768	40,920,580	6,700	$912,827	$34,341,723	40,920,580	6,700	$34,441,180	$37,931,875	10.14%

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Rate Zone 1 Most Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	599	$25.40	$15,210	599	$25.40	$468	$15,678	599	$25.40	$15,678	$28.00	$16,767	6.94%
3/4 - Meter	88	38.10	3,336	88	38.10	103	3,439	88	38.10	3,439	42.00	3,678	6.94%
1 - Meter	1,056	63.60	67,192	1,056	63.60	2,070	69,262	1,056	63.60	69,262	70.00	73,954	6.77%
1 1/2 - Meter	501	127.10	63,676	501	127.10	1,961	65,637	501	127.10	65,637	140.00	70,139	6.86%
2 - Meter	1,942	203.40	395,102	1,942	203.40	12,169	407,272	1,942	203.40	407,272	224.00	435,118	6.84%
3 - Meter	143	381.40	54,548	143	381.40	1,680	56,228	143	381.40	56,228	420.00	60,068	6.83%
4 - Meter	756	635.60	480,399	756	635.60	14,796	495,195	756	635.60	495,195	701.00	529,830	6.99%
6 - Meter	844	1,271.20	1,072,397	844	1,271.20	33,030	1,105,427	844	1,271.20	1,105,427	1,401.00	1,181,898	6.92%
8 - Meter	480	2,034.30	977,379	480	2,034.30	30,103	1,007,483	480	2,034.30	1,007,483	2,243.00	1,077,649	6.96%
10 - Meter	132	2,923.40	386,415	132	2,923.40	11,902	398,317	132	2,923.40	398,317	3,223.00	426,016	6.95%
Subtotal	6,541		$3,515,655	6,541		$108,282	$3,623,937	6,541		$3,623,937		$3,875,115	6.93%
Usage (in 100 Gallons)													
First 16,000 Gal	729,278	$1.2129	$884,542	729,278	$1.2277	$27,576	$922,911	729,278	$1.2277	$922,911	$1.4200	$1,035,575	12.21%
Next 584,000 Gal	8,897,476	0.9229	8,211,481	8,897,476	0.9341	255,983	8,567,115	8,897,476	0.9341	8,567,115	1.0804	9,612,833	12.21%
All over 600,000	17,640,766	0.7259	12,805,432	17,640,766	0.7348	399,243	13,361,678	17,640,766	0.7348	13,361,678	0.8499	14,992,887	12.21%
Subtotal	27,267,520		$21,901,454	27,267,520		$682,802	$22,851,704	27,267,520		$22,851,704		$25,641,295	12.21%
Usage Curtailment (in 100 Gallons)													
First 16,000 Gal	1,920	$1.2129	$2,329	1,920	$1.2277	$73	$2,430	1,920	$1.2277	$2,430	$1.4200	$2,726	12.21%
Next 584,000 Gal	70,080	0.9229	64,677	70,080	0.9341	2,016	67,478	70,080	0.9341	67,478	1.0804	75,714	12.21%
Next 14,400,000 Gal	1,728,000	0.7259	1,254,355	1,728,000	0.7348	39,108	1,308,842	1,728,000	0.7348	1,308,842	0.8499	1,468,627	12.21%
All Over 15,000,000	2,858,610	0.4433	1,267,222	2,858,610	0.4487	39,506	1,322,164	2,858,610	0.4487	1,322,164	0.5110	1,460,750	10.48%
Subtotal	4,658,610		$2,588,583	4,658,610		$80,703	$2,700,914	4,658,610		$2,700,914		$3,007,818	11.36%
Demand Based Industrial Service (DIS)													
DIS-1 Demand													
DIS-1 Commodity													
DIS -2 Commodity													
DIS -3 Commodity													
RZ 1 Industrial Usage	31,926,130			31,926,130				31,926,130					
RZ 1 Industrial Revenues			**$31,659,334**			**$871,787**	**$32,968,213**			**$33,067,671**		**$36,415,344**	**10.12%**

Redacted - Refer to Confidential

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
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Rate Zone 5 Steelton	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	12	$19.51	$234	12	$20.69	$8	$256	12	$20.69	$256	$ 24.83	$298	16.41%
3/4 - Meter	0	20.69	0	0	20.69	0	0	0	20.69	0	24.83	0	0.00%
1 - Meter	0	42.73	0	0	45.32	0	0	0	45.32	0	54.38	0	0.00%
1 1/2 - Meter	0	76.94	0	0	81.61	0	0	0	81.61	0	97.93	0	0.00%
2 - Meter	36	111.14	4,001	36	117.88	131	4,374	36	117.88	4,374	141.46	5,092	16.41%
3 - Meter	0	252.20	0	0	267.48	0	0	0	267.48	0	320.98	0	0.00%
4 - Meter	39	329.37	12,845	39	349.33	420	14,043	39	349.33	14,043	419.20	16,349	16.41%
6 - Meter	36	526.98	18,971	36	558.92	620	20,741	36	558.92	20,741	670.70	24,145	16.41%
8 - Meter	12	765.56	9,187	12	811.96	300	10,044	12	811.96	10,044	974.35	11,692	16.41%
Subtotal	135		$45,239	135		$1,478	$49,458	135		$49,458		$57,577	16.41%
Usage (in 100 Gallons)													
First 1,700 Gal	2,003	$0.0000	$0	2,003	$0.0000	$0	$0	2,003	$0.0000	$0	$1.6108	$3,226	0.00%
Next 18,300 Gal	15,988	1.0903	17,432	15,988	1.1564	569	19,058	15,988	1.1564	19,058	1.6108	25,753	35.13%
Next 30,000 Gal	24,957	1.2038	30,043	24,957	1.2768	981	32,847	24,957	1.2768	32,847	1.2500	31,196	-5.02%
All Over 50,000 Gal	1,117,705	1.0402	1,162,637	1,117,705	1.1032	37,978	1,271,030	1,117,705	1.1032	1,271,030	1.2500	1,397,131	9.92%
Subtotal	1,160,653		$1,210,112	1,160,653		$39,529	$1,322,935	1,160,653		$1,322,935		$1,457,307	10.16%
RZ 5 Industrial Usage	1,160,653			1,160,653				1,160,653					
RZ 5 Industrial Revenues			**$1,255,350**			**$41,007**	**$1,372,393**			**$1,372,393**		**$1,514,884**	**10.38%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
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Rate Zone 6 Valley	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Service Charge	1	$28.12	$23	12	$28.12	$10	$348	12	$28.12	$348			
Usage (in 100 Gallons)													
First 3,400 Gal	28	$0.0000	$0	408	$0.0000	$0	$0	408	$0.0000	$0	$1.1000	$449	0.00%
All Over 3,400 Gal	72	0.8400	60	888	0.8400	23	769	888	0.8400	769	1.1000	977	27.04%
Subtotal	100		$60	1,296		$23	$769	1,296		$769		$1,426	
Adjustment (1):													
Service Charge	11	$28.12	$314										
Usage (in 100 Gallons)													
First 1,700 Gal	380	$0.0000	$0										
All Over 50,000 Gal	816	0.8400	685										
	1,196		$685										
Adjustment (2):													
Service Charge								(12)					
5/8 - Meter								12			$ 18.50	$222	0.00%
RZ 6 Industrial Usage	1,296			1,296				1,296					
RZ 6 Industrial Revenues			**$1,083**			**$33**	**$1,117**			**$1,117**		**$1,648**	**47.54%**

Note (1) Adjustment to annualize Valley Township Water acquired in November 2021.
Note (2) The Company is proposing to convert Service Charge to Meter size charges.

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Municipal Class	2021 Usage (in 100 Gallons)	2021 Number of Bills	2021 Annualized Revenues	2022 Usage (in 100 Gallons)	2022 Number of Bills	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Usage (in 100 Gallons)	2023 Number of Bills	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most Areas	18,578,161	299,434	$20,693,861	18,428,284	12,759	$636,020	$21,286,028	18,289,271	13,953	$21,155,791	$21,815,493	3.12%
Zone 2 - Winola		0	0		0	0	0		0	0	0	0.00%
Zone 3 - McEwensville	15	12	215	15	12	7	230	15	12	230	247	7.25%
Zone 4 - Turbotville	30	12	226	30	12	8	261	30	12	261	271	3.84%
Zone 5 - Steelton	2,445	132	8,594	2,445	132	280	9,383	2,445	132	9,383	10,975	16.97%
Zone 6 - Valley	17,016	1	13,401	17,016	48	454	15,185	17,016	48	15,185	52,960	248.77%
Zone 7 - SLIBCO	0	0	0	0	0	0	0	0	0	0	0	0.00%
Total Municipal	18,597,667	299,590	$20,716,296	18,447,790	12,963	$636,769	$21,311,087	18,308,777	14,157	$21,180,850	$21,879,946	3.30%

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
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Rate Zone 1	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	9,769	$17.00	$166,080	9,769	$17.50	$5,266	$176,231	9,769	$17.50	$176,231	$18.50	$180,734	2.56%
3/4 - Meter	738	25.80	19,031	738	26.50	602	20,150	738	26.50	20,150	28.00	20,654	2.50%
1 - Meter	5,551	42.90	238,122	5,551	44.10	7,539	252,323	5,551	44.10	252,323	46.60	258,660	2.51%
1 1/2 - Meter	986	70.00	68,995	986	72.00	2,186	73,152	986	72.00	73,152	76.10	75,007	2.54%
2 - Meter	7,051	111.90	789,002	7,051	115.20	25,018	837,289	7,051	115.20	837,289	121.80	858,807	2.57%
3 - Meter	340	208.70	71,004	340	214.90	2,252	75,365	340	214.90	75,365	227.20	77,298	2.56%
4 - Meter	1,701	262.00	445,612	1,701	269.70	14,128	472,837	1,701	269.70	472,837	285.10	484,901	2.55%
6 - Meter	2,432	392.10	953,634	2,432	403.70	30,241	1,012,088	2,432	403.70	1,012,088	426.80	1,038,029	2.56%
8 - Meter	581	759.20	441,422	581	781.60	13,997	468,443	581	781.60	468,443	826.30	480,436	2.56%
10 - Meter	87	1,099.50	95,657	87	1,131.90	3,033	101,508	87	1,131.90	101,508	1,196.60	104,104	2.56%
Subtotal	29,236		$3,288,560	29,236		$104,262	$3,489,384	29,236		$3,489,384		$3,578,630	2.56%
Usage (in 100 Gallons)													
First 16,000 Gal	1,772,227	$1.4742	$2,612,617	2,042,425	$1.4742	$92,737	$3,103,680	2,025,948	$1.4742	$3,079,389	$1.6700	$3,383,333	9.87%
All Over 16,000	14,348,180	0.8705	12,490,091	16,535,736	0.8705	443,346	14,837,705	16,402,336	0.8705	14,721,580	0.9140	14,992,145	1.84%
Subtotal	16,120,407		$15,102,708	18,578,161		$536,083	$17,941,385	18,428,284		$17,800,969		$18,375,478	3.23%
Adjustment (1):													
First 16,000 Gal	270,198	$1.4742	$398,326	(16,477)	$1.4742	($748)	($25,039)	(15,283)	$1.4742	($23,278)	$1.6700	($25,522)	9.64%
All Over 16,000	2,187,556	0.8705	1,904,268	(133,400)	0.8705	(3,577)	(119,702)	(123,731)	0.8705	(111,284)	0.9140	(113,093)	1.63%
Subtotal	2,457,754		$2,302,593	(149,877)		($4,325)	($144,740)	(139,013)		($134,562)		($138,615)	3.01%
RZ 1 Municipal Usage	18,578,161			18,428,284				18,289,271					
RZ 1 Municipal Revenues			**$20,693,861**			**$636,020**	**$21,286,028**			**$21,155,791**		**$21,815,493**	**3.12%**

Note (1) Adjustment to account for normalization in usage trend including the impact of declining usage.

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Rate Zone 2 - Winola	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Unmetered Service (5/8 - Meters) *		33.23	$0		33.23	$0	$0		33.23	$0	$18.50	$0	0.00%
RZ 2 Municipal Revenues			**$0**				**$0**			**$0**		**$0**	**0.00%**

* Unmetered Service conversion to Metered charges.

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
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Rate Zone 3 McEwensville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	12	$17.00	$204	12	$17.50	$6	$216	12	$17.50	$216	$18.50	$222	2.55%
3/4 - Meter	0	25.80	0	0	26.50	0	0	0	26.50	0	28.00	0	0.00%
1 - Meter	0	42.90	0	0	44.10	0	0	0	44.10	0	46.60	0	0.00%
1 1/2 - Meter	0	70.00	0	0	72.00	0	0	0	72.00	0	76.10	0	0.00%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
Subtotal	12		$204	12		$6	$216	12		$216		$222	2.55%
Usage (in 100 Gallons) *													
First 16,000 Gal	15	$0.7000	$11	15	$0.8983	$0	$14	15	$0.8983	$14	$1.6700	$25	80.35%
All Over 16,000 Gal	0	$0.7000	$0	0	$0.8983		$0	0	$0.8983	$0	$1.1493	$0	0.00%
RZ 3 Municipal Usage	15			15				15					
RZ 3 Municipal Revenues			**$215**			**$7**	**$230**			**$230**		**$247**	**7.25%**

* All usage rate conversion to two blocks.

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Rate Zone 4 Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	12	$17.00	$203	12	$17.50	$6	$215	12	$17.50	$215	$18.50	$221	2.56%
3/4 - Meter	0	25.80	0	0	26.50	0	0	0	26.50	0	28.00	0	0.00%
1 - Meter	0	42.90	0	0	44.10	0	0	0	44.10	0	46.60	0	0.00%
1 1/2 - Meter	0	70.00	0	0	72.00	0	0	0	72.00	0	76.10	0	0.00%
2 - Meter	0	111.90	0	0	115.20	0	0	0	115.20	0	121.80	0	0.00%
3 - Meter	0	208.70	0	0	214.90	0	0	0	214.90	0	227.20	0	0.00%
4 - Meter	0	262.00	0	0	269.70	0	0	0	269.70	0	285.10	0	0.00%
Subtotal	12		$203	12		$6	$215	12		$215		$221	2.56%
Usage (in 100 Gallons)													
First 16,000 Gal	30	$0.7900	$24	30	$1.4742	$1	$46	30	$1.4742	$46	$1.6700	$50	9.89%
All Over 16,000 Gal		$0.7900	$0	0	$0.8705	0	0	0	$0.8705	0	$0.9861	$0	0.00%
Subtotal	30		$24	30		$1	$46	30		$46		$50	9.89%
RZ 4 Municipal Usage	30			30				30					
RZ 4 Municipal Revenues			**$226**			**$8**	**$261**			**$261**		**$271**	**3.84%**

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Rate Zone 5 Steelton	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
5/8 - Meter	75	$19.51	$1,456	75	$20.69	$48	$1,591	75	$20.69	$1,591	$18.50	$1,380	-13.26%
3/4 - Meter	9	20.69	194	9	20.69	6	200	9	20.69	200	28.00	263	31.29%
1 - Meter	12	42.73	513	12	45.32	17	561	12	45.32	561	46.60	559	-0.25%
1 1/2 - Meter	12	76.94	923	12	81.61	30	1,009	12	81.61	1,009	76.10	913	-9.54%
2 - Meter	15	111.14	1,612	15	117.88	53	1,762	15	117.88	1,762	121.80	1,766	0.24%
3 - Meter	10	252.20	2,396	10	267.48	78	2,619	10	267.48	2,619	227.20	2,158	-17.60%
4 - Meter	0	329.37	0	0	349.33	0	0	0	349.33	0	285.10	0	0.00%
Subtotal	132		$7,093	132		$231	$7,743	132		$7,743		$7,040	-9.08%
Usage (in 100 Gallons)													
First 1,700 Gal	1,070	$0.0000	$0	1,070	$0.0000	$0	$0	1,070	$0.0000	$0	$1.6108	$1,724	0.00%
Next 18,300 Gal	1,365	1.0903	1,488	1,365	1.1564	49	1,627	1,365	1.1564	1,627	1.6108	2,199	35.13%
Next 30,000 Gal	10	1.2038	12	10	1.2768	0	13	10	1.2768	13	1.2500	13	-5.02%
All Over 50,000 Gal	0	1.0402	0	0	1.1032	0	0	0	1.1032	0	1.2500	0	0.00%
Subtotal	2,445		$1,500	2,445		$49	$1,640	2,445		$1,640		$3,935	139.88%
RZ 5 Municipal Usage	2,445			2,445				2,445					
RZ 5 Municipal Revenues			**$8,594**			**$280**	**$9,383**			**$9,383**		**$10,975**	**16.97%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
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Rate Zone 6 Valley	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
Service Charge	1	$28.12	$19	48	$28.12	$42	$1,391	48	$28.12	$1,391			
Usage (in 100 Gallons)													
First 3,400 Gal	23	$0.0000	$0	1,086	$0.0000	$0	$0	1,086	$0.0000	$0	$1.1000	$1,195	0.00%
All Over 3,400 Gal	107	0.8400	90	15,930	0.8400	412	13,793	15,930	0.8400	13,793	1.1000	17,523	27.04%
Subtotal	130		$90	17,016		$412	$13,793	17,016		$13,793		$18,718	
Adjustment (1):													
Service Charge	47	$28.12	$1,330										
Usage (in 100 Gallons)													
First 1,700 Gal	1,063	$0.0000	$0										
All Over 50,000 Gal	15,823	0.8400	13,291										
	16,886		$13,291				$0						
Adjustment (2):													
Service Charge								(48)					
5/8 - Meter											$18.50	$0	0.00%
3/4 - Meter											28.00	0	0.00%
1 - Meter											46.60	0	0.00%
1 1/2 - Meter								12			76.10	913	0.00%
2 - Meter								24			121.80	2,923	0.00%
3 - Meter								24			227.20	5,453	0.00%
4 - Meter											285.10	0	0.00%
6 - Meter								12			426.80	5,122	0.00%
8 - Meter								24			826.30	19,831	0.00%
			$0									34,242	
RZ 6 Municipal Usage	17,016			17,016				17,016					
RZ 6 Municipal Revenues			**$13,401**			**$454**	**$15,185**			**$15,185**		**$52,960**	**248.77%**

Note (1) Adjustment to annualize Valley Township Water acquired in November 2021.
Note (2) The Company is proposing to convert Service Charge to Meter size charges.

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 7 SLIBCO	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge													
2 - Meter		$63.55	$0		$63.55		$0		$63.55	$0	$63.55	$0	0.00%
4 - Meter		136.30	0		136.30		0		136.30	0	136.30	0	0.00%
6 - Meter		136.30	0		136.30		0		136.30	0	136.30	0	0.00%
8 - Meter		309.30	0		309.30		0		309.30	0	309.30	0	0.00%
	0		$0	0			$0	0		$0		$0	0.00%
Usage (in 100 Gallons)													
First 20,000 Gal		$1.8940	$0		$1.8940		$0		$1.8940	$0	$1.8940	$0	0.00%
Next 80,000 Gal		1.6780	0		1.6780		0		1.6780	0	1.6780	0	
All Over 100,000 Gal		1.3810	0		1.3810		0		1.3810	0	1.3810	0	0.00%
Subtotal	0		$0	0			$0	0		$0		$0	0.00%
RZ 7 Municipal Usage	0			0				0					
RZ 7 Municipal Revenues			**$0**			**$0**	**$0**			**$0**		**$0**	**0.00%**

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Other Water Utilities Class	2021 Usage (in 100 Gallons)	2021 Number of Bills	2021 Annualized Revenues	2022 Usage (in 100 Gallons)	2022 Number of Bills	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Usage (in 100 Gallons)	2023 Number of Bills	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Group A	235,035	113	$235,722	235,035	69	$7,320	$244,982	235,035	69	$244,982	$264,415	7.93%
Group B	140,140	102	219,273	4,870	102	1,630	54,566	4,870	90	54,566	59,600	9.23%
Demand-Based (DRS)	6,599,260	60	1,966,599	8,491,760	60	0	2,688,780	8,491,760	60	2,745,641	2,745,641	0.00%
Total Other Water Utilities	6,974,435	275	$2,421,594	8,731,665	231	$8,950	$2,988,328	8,731,665	219	$3,045,188	$3,069,655	0.80%

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 1	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge - Group A													
5/8 - Meter	0	$24.70	$0	0	$25.50	$0	$0	0	$25.50	$0	$29.10	$0	0.00%
3/4 - Meter	0	37.10	0	0	38.20	0	0	0	38.20	0	44.00	0	0.00%
1 - Meter	0	61.90	0	0	63.70	0	0	0	63.70	0	73.00	0	0.00%
1 1/2 - Meter	0	123.60	0	0	127.30	0	0	0	127.30	0	145.00	0	0.00%
2 - Meter	12	197.90	2,375	12	203.70	75	2,520	12	203.70	2,520	232.00	2,784	10.49%
3 - Meter	0	370.90	0	0	381.80	0	0	0	381.80	0	436.00	0	0.00%
4 - Meter	11	618.30	6,801	11	636.50	216	7,217	11	636.50	7,217	726.00	7,986	10.65%
6 - Meter	46	1,236.40	56,874	46	1,272.70	1,803	60,347	46	1,272.70	60,347	1,452.00	66,792	10.68%
8 - Meter	33	1,979.20	65,314	0	2,037.40	0	0	0	2,037.40	0	2,325.00	0	0.00%
10 - Meter	11	2,843.60	31,280	0	2,927.00	0	0	0	2,927.00	0	3,340.00	0	0.00%
Subtotal	113		$162,644	69		$2,094	$70,084	69		$70,084		$77,562	10.67%
Usage (in 100 Gallons)													
All Usage (Group A)	577,035	$0.7219	$416,562	235,035	$0.7219	$5,226	$174,898	235,035	$0.7219	$174,898	$0.7950	$186,853	6.84%
Adjustment (1):													
8 - Meter	(33)	1,979.20	($65,314)										
10 - Meter	(11)	2,843.60	(31,280)										
Usage (in 100 Gallons)	(342,000)	$0.7219	($246,890)										
Total OWU - Group A	**235,035**		**$235,722**	**235,035**		**$7,320**	**$244,982**	**235,035**		**$244,982**		**$264,415**	**7.93%**

Note (1) Adjustment for Valley Township change from bulk water customer to direct services to customers

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

Rate Zone 1	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Customer Charge - Group B													
5/8 - Meter	0	$24.70	$0	0	$25.50	$0	$0	0	$25.50	$0	$29.10	$0	0.00%
3/4 - Meter	0	37.10	0	0	38.20	0	0	0	38.20	0	44.00	0	0.00%
1 - Meter	0	61.90	0	0	63.70	0	0	0	63.70	0	73.00	0	0.00%
1 1/2 - Meter	0	123.60	0	0	127.30	0	0	0	127.30	0	145.00	0	0.00%
2 - Meter	36	197.90	7,124	36	203.70	226	7,559	36	203.70	7,559	232.00	8,352	10.49%
3 - Meter	6	370.90	2,303	6	381.80	73	2,444	6	381.80	2,444	436.00	2,708	10.78%
4 - Meter	36	618.30	22,036	36	636.50	699	23,384	36	636.50	23,384	726.00	25,875	10.65%
6 - Meter	24	1,236.40	29,451	24	1,272.70	934	31,249	12	1,272.70	10,799	1,452.00	17,163	58.93%
8 - Meter	0	1,979.20	0	0	2,037.40	0	0	0	2,037.40	0	2,325.00	0	0.00%
10 - Meter	0	2,843.60	0	0	2,927.00	0	0	0	2,927.00	0	3,340.00	0	0.00%
Subtotal	102		$60,915	102		$1,931	$64,636	90		$44,185		$54,097	22.43%
Usage (in 100 Gallons)													
All Usage (Group B)	140,140	$1.1300	$158,358	140,140	$1.1300	4,877	$163,236	4,870	$1.1300	$10,381	$1.1300	$5,503	-46.99%
Adjustment (1):													
6 - Meter				(12)	1,272.70	($470)	($15,743)						
All Usage (Group B)				(135,270)	$1.1300	(4,708)	(157,563)						
Total OWU - Group B	**140,140**		**$219,273**	**4,870**		**$1,630**	**$54,566**	**4,870**		**$54,566**		**$59,600**	**9.23%**

Note (1) Adjustment to remove customer who moved to Demand-Based Resale Service

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BILL ANALYSIS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenues @ Present Rate	Settlement Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Demand-Based Resale Service (DRS)													
DRS-1 Demand Charge	Redacted - Refer to Confidential												
DRS-1 Commodity													
DRS -2 Commodity													
DRS -3 Commodity													
DRS -4 Commodity													
DRS-5 Demand Charge													
DRS-5 Commodity													
DRS -6 Commodity (1)													
DRS -7 Commodity (2)													
RZ 1 Other Water Utilities Usage	0			0				0					
Total Demand-Based Service			**$1,966,599**			**$0**	**$2,688,780**			**$2,745,641**		**$2,745,641**	**0.00%**

Note (1) Adjustment to account for customer who moved from Group B to Demand-Based Resale Service
Note (2) Adjustment to account for new Demand-Based Resale customer

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER
APPLICATION OF PRESENT AND SETTLEMENT RATES
PUBLIC FIRE HYDRANTS

Service Area	2021 Number of Hydrants	Monthly Rate	2021 Revenues	2022 Number of Hydrants	Monthly Present Rate	2022 Revenues	2023 Number of Hydrants	Monthly Present Rate	2023 Revenues	Monthly Settlement Rate	Pro Forma Settlement Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Hydrants prior to 1/1/2000	25,785	$20.00	$6,188,400	25,785	$20.00	$6,188,400	25,785	$20.00	$6,188,400	$20.30	$6,281,226
Hydrants at 1/4 Cost of Service	9,735	16.87	1,970,753	9,893	16.87	2,002,739	10,051	16.87	2,034,724	20.30	2,448,424
Bradford Township	47	6.25	3,525	47	6.25	3,525	47	6.25	3,525	6.25	3,525
Brownsville Area	233	17.55	49,070	233	17.55	49,070	233	17.55	49,070	20.30	56,759
California Area	75	18.05	16,245	75	18.05	16,245	75	18.05	16,245	20.30	18,270
Reading Area	2,522	18.19	550,502	2,522	18.19	550,502	2,522	18.19	550,502	20.30	614,359
Valley District	108	0.00	0	108	0.00	0	108	0.00	0	20.30	26,309
Total Public Fire Revenue	38,505		$8,778,495	38,663		$8,810,481	38,821		$8,842,466		$9,448,871

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
APPLICATION OF PRESENT AND SETTLEMENT RATES
PRIVATE FIRE SERVICE

Service		2021 Present Rates			2022 Present Rates			2023 Present Rates		2023 Settlement Rates	
Connection Size	Number	Rate	Revenue	Number	Rate	Revenue	Number	Rate	Revenue	Rate	Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1" or 1 1/4"	2	$4.71	$113	2	$4.79	$115	2	$4.79	$115	$5.34	$128
1 1/2"	0	6.78	0	0	6.90	0	0	6.90	0	7.69	0
2"	47	12.05	6,796	47	12.27	6,920	47	12.27	6,920	13.68	7,716
3"	15	27.40	4,932	15	27.90	5,022	15	27.90	5,022	31.11	5,600
4"	319	48.23	184,624	319	49.12	188,031	319	49.12	188,031	54.78	209,698
6"	1,161	109.59	1,526,808	1,161	111.61	1,554,951	1,161	111.61	1,554,951	124.47	1,734,116
8"	590	195.07	1,381,096	590	198.67	1,406,584	590	198.67	1,406,584	221.56	1,568,645
10"	52	304.66	190,108	52	310.28	193,615	52	310.28	193,615	346.02	215,916
12"	19	438.36	99,946	19	446.45	101,791	19	446.45	101,791	497.88	113,517
1" Metered	15	38.52	6,934	15	39.23	7,061	15	39.23	7,061	43.75	7,875
1-1/2" Metered	3	55.02	1,981	3	56.03	2,017	3	56.03	2,017	62.48	2,249
2" Metered	40	88.04	42,259	40	89.67	43,042	40	89.67	43,042	100.00	48,000
3" Metered	11	165.07	21,789	11	168.12	22,192	11	168.12	22,192	187.49	24,749
4" Metered	69	206.34	170,850	69	210.15	174,004	69	210.15	174,004	234.36	194,050
6" Metered	81	309.52	300,853	81	315.23	306,404	81	315.23	306,404	351.54	341,697
8" Metered	26	474.59	148,072	26	483.35	150,805	26	483.35	150,805	539.03	168,177
10" Metered	10	667.18	80,062	10	679.49	81,539	10	679.49	81,539	757.77	90,932
Hydrants(*)	1,612	26.87	519,773	1,619	26.87	522,030	1,619	26.87	522,030	26.87	522,030
Sprinkler first 200	5	57.42	3,445	5	58.48	3,509	5	58.48	3,509	65.22	3,913
Sprinkler over 200	1,837	0.15	3,307	1,837	0.15	3,307	1,837	0.15	3,307	0.17	3,747
Standpipes	10	44.65	5,358	10	45.47	5,456	10	45.47	5,456	50.71	6,085
DSIC @ 3.08%						$147,175			$147,175		
Total Private Fire	5,924		$4,699,106	5,931		$4,925,568	5,931		$4,925,568		$5,268,841

(*) 2022 Hydrants includes additional hydrants from Creekeside Development. (FRII.02W)

PENNSYLVANIA-AMERICAN WATER COMPANY - WATER OPERATIONS
Miscellaneous & Other Operating Revenues
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

		Per Books 2021	Adjustments	Adjusted 2021	Adjustments	2022	Adjustments	2023	Settlement Revenues 2023
469	Guaranteed Revenues	$0		$0		$0		$0	$0
470	Late Payment Fees	(3,903,067)	8,189,348	4,286,280	140,859	4,427,139	(22,668)	4,404,471	4,921,725
471	Miscellaneous Services	4,159,492	(3,354)	4,156,138	27,668	4,183,806	12,360	4,196,166	4,196,166
472	Rents From Property	1,539,509		1,539,509	(319,460)	1,220,048	(212,507)	1,007,542	1,007,542
473	Intercompany Rent	523,644		523,644	11,043	534,687	15,101	549,788	549,788
	Total Other Revenues	$2,319,578	$8,185,994	$10,505,571	($139,891)	$10,365,681	($207,714)	$10,157,967	$10,675,220

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023

Rate Zone	Residential	Commercial	Industrial	Municipal	Bulk	Total Revenues
Present Rate Application						
Zone 1 - Most WW Areas	$18,352,279	$4,370,997	$921,691	$671,591	$1,696,375	$26,012,933
Zone 2 - New Cumberland	1,677,145	317,367		14,602		2,009,115
Zone 5 - Franklin	270,442	44,344		22,043		336,829
Zone 7 - Sadsbury	926,359	110,697		1,779		1,038,834
Zone 8 - Turbotville	194,605	70,741		384		265,730
Zone 9 -Exeter	6,963,787	2,202,877	244,341	39,297	145,259	9,595,560
Zone 11 - Valley Township	2,448,912	268,722		29,663		2,747,297
Foster Township Acquisition	517,140	29,580	295,800	0		842,520
	$31,350,669	$7,415,325	$1,461,832	$779,359	$1,841,634	$42,848,818
IPP Surcharge		$280,483	$332,365	$7,735	$13,340	$633,924
Other Revenues						$1,026,817
Total WW SSS	$31,350,669	$7,695,809	$1,794,197	$787,094	$1,854,974	$44,509,559
Settlement Rate Application						
Zone 1 - Most Areas	$24,722,887	$6,034,679	$1,331,337	$941,477	$2,449,688	$35,480,069
Zone 2 - New Cumberland	2,933,912	506,645		23,787		3,464,344
Zone 5 - Franklin	351,135	57,575		28,620		437,330
Zone 7 - Sadsbury	1,334,108	156,251		2,430		1,492,788
Zone 8 - Turbotville	300,053	98,662		499		399,214
Zone 9 -Exeter	10,208,129	3,208,089	357,176	57,187	174,380	14,004,962
Zone 11 - Valley Township	3,727,717	392,538		55,431		4,175,686
Foster Township Acquisition	644,904	36,888	368,880	0		1,050,672
Total WW SSS	$44,222,847	$10,491,326	$2,057,393	$1,109,430	$2,624,068	$60,505,065
IPP Surcharge		$ 287,583.91	$ 277,202.75	$ 31,117.63	$ 21,917.03	$617,821
Other Revenues						$1,136,944
Total WW SSS	$44,222,847	$10,778,910	$2,334,596	$1,140,548	$2,645,985	$62,259,830
Change in Revenues	$12,872,178	$3,083,101	$540,399	$353,454	$791,011	$17,750,272
% Change in Revenues	41.06%	41.58%	36.97%	45.35%	42.95%	41.43%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Residential Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most WW Areas	7,740,897	$15,799,526	7,569,049	$736,162	$18,604,161	7,436,591	$18,352,279	$24,722,887	35.00%
Zone 2 - New Cumberland	1,053,447	1,660,603	1,030,061	67,237	1,699,212	1,012,035	1,677,145	2,933,912	75.00%
Zone 5 - Franklin		248,776		10,701	270,442		270,442	351,135	30.00%
Zone 7 - Sadsbury	417,151	926,115	407,890	0	940,218	400,752	926,359	1,334,108	44.00%
Zone 8 - Turbotville	91,576	175,489	89,543	0	197,425	87,976	194,605	300,053	54.00%
Zone 9 -Exeter	3,082,225	5,948,209	3,013,800	0	7,064,305	2,961,058	6,963,787	10,208,129	47.00%
Zone 11 - Valley Township	627,299	2,448,912	627,299	0	2,448,912	627,299	2,448,912	3,727,717	52.00%
Foster Township Acquisition		0		0	517,140		517,140	644,904	25.00%
Total Residential	13,012,596	$27,207,631	12,737,642	$814,100	$31,741,815	12,525,711	$31,350,669	$44,222,847	41.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Zone 1 - Most WW Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	230,963	$11.00	$2,540,594	230,963	$11.00	$104,672	$2,645,267	230,963	$11.00	$2,645,267	$14.30	$3,302,772	24.86%
Consumption Charges													
Usage (100 Gallons)	7,108,135	$1.6467	$11,704,966	7,108,135	$1.9494	$570,892	$14,427,490	6,950,334	$1.9494	$14,119,874	$2.8750	$19,982,212	41.52%
Flat (Unmetered)	10,262	$67.94	$697,168	10,431	$78.41	$33,697	$851,586	10,431	$78.41	$851,586	$106.00	$1,105,679	29.84%
Low Income:													
Service Charge	14,768	$11.00	$162,446	14,768	$11.00	$6,693	$169,139	14,768	$11.00	$169,139	$14.30	$211,180	24.86%
Consumption Charges													
Usage (100 Gallons)	632,762	$1.6467	$1,041,970	632,762	$1.9494	$50,820	$1,284,327	618,715	$1.9494	$1,256,943	$2.8750	$1,778,805	41.52%
Flat (Unmetered)	46	$67.94	$3,139	46	$78.41	$149	$3,772	46	$78.41	$3,772	$106.00	$4,898	29.84%
Low Income Discount (30%)			($362,266)			($17,299)	($437,171)			($428,956)			
Low Income Discount Tier 1												($877,749)	
Low Income Discount Tier 2												(341,225)	
Low Income Discount Tier 3												(83,187)	
Adjustment (1):													
Flat (Unmetered)	169	$67.94	$11,509										
Adjustment (2):													
Usage (100 Gallons)				(157,801)	$1.9494	($12,674)	($320,290)	(121,631)	$1.9494	($249,781)	$2.8750	($349,689)	40.00%
Usage (100 Gallons) Low Income				(14,047)	1.3646	($790)	($19,959)	(10,828)	1.3646	(15,565)			
Usage Low Income Tier 1												($3,424)	
Usage Low Income Tier 2												(4,357)	
Usage Low Income Tier 3												(3,029)	
Total Zone 1 Residential			**$15,799,526**			**$736,162**	**$18,604,161**			**$18,352,279**		**$24,722,887**	34.71%

Note (1) Adjustment to annualize Delaware Sewer Co acquired in May 2021.
Note (2) Adjustment to account for the decline in usage of metered customers.

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Zone 2 - New Cumberland	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	33,417	$11.00	$367,584	33,417	$11.00	$15,144	$382,729	33,417	$11.00	$382,729	$14.30	$477,859	24.86%
Consumption Charges													
Usage (100 Gallons)	1,036,752	$1.2300	$1,275,205	1,036,752	$1.2300	$52,538	$1,327,743	1,013,736	$1.2300	$1,299,434	$2.4500	$2,483,653	91.13%
Low Income:													
Service Charge	447	$11.00	$4,914	447	$11.00	$202	$5,116	447	$11.00	$5,116	$14.30	$6,388	24.86%
Consumption Charges													
Usage (100 Gallons)	16,695	$1.2300	$20,535	16,695	$1.2300	$846	$21,381	16,325	$1.2300	$20,926	$2.4500	$39,996	91.13%
Low Income Discount (30%)			($7,635)			($315)	($7,949)			($7,813)			
Low Income Discount Tier 1												($20,409)	
Low Income Discount Tier 2												(7,934)	
Low Income Discount Tier 3												(1,934)	
Adjustment (1):													
Usage (100 Gallons)				(23,016)	$1.2300	($1,166)	($29,476)	(17,740)	$1.2300	($22,987)	$2.4500	($43,464)	89.08%
Usage (100 Gallons) Low Income				(371)	0.8610	($13)	($332)	(286)	0.8610	(259)			
Usage Low Income Tier 1												($77)	
Usage Low Income Tier 2												(98)	
Usage Low Income Tier 3												(68)	
Total Zone 2 Residential			**$1,660,603**			**$67,237**	**$1,699,212**			**$1,677,145**		**$2,933,912**	74.93%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 5 - Franklin	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)	3,279	$75.10	$246,253	3,279	$78.41	$10,593	$267,699	3,279	$78.41	$267,699	$106.00	$347,574	29.84%
Low Income:													
Service Charge	48	$75.10	$3,605	48	$78.41	$155	$3,919	48	$78.41	$3,919	$106.00	$5,088	29.84%
Low Income Discount (30%)			($1,081)			($47)	($1,176)			($1,176)			
Low Income Discount Tier 1													
Low Income Discount Tier 2													
Low Income Discount Tier 3												(1,526)	
Total Zone 5 Residential			**$248,776**			**$10,701**	**$270,442**			**$270,442**		**$351,135**	29.84%

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Zone 7 - Sadsbury	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	13,375	$25.00	$334,377	13,375	$11.00		$147,126	13,375	$11.00	$147,126	$14.30	$191,264	30.00%
Consumption Charges													
Usage (100 Gallons)	411,575	$1.4180	$583,613	411,575	$1.9494		$802,324	402,438	$1.9494	$784,512	$2.8750	$1,157,009	47.48%
Low Income:													
Service Charge	148	$25.00	$3,700	148	$11.00		$1,628	148	$11.00	$1,628	$14.30	$2,116	30.00%
Consumption Charges													
Usage (100 Gallons)	5,576	$1.4180	$7,907	5,576	$1.9494		$10,870	5,452	$1.9494	$10,629	$2.8750	$15,676	47.48%
Low Income Discount (30%)			($3,482)				($3,749)			($3,677)			
Low Income Discount Tier 1												($7,828)	
Low Income Discount Tier 2												(3,043)	
Low Income Discount Tier 3												(742)	
Adjustment (1):													
Usage (100 Gallons)				(9,137)	$1.9494		($17,812)	(7,043)	$1.9494	($13,729)	$2.8750	($20,248)	47.48%
Usage (100 Gallons) Low Income				(124)	1.3646		($169)	(95)	1.3646	($130)			
Usage Low Income Tier 1												($30)	
Usage Low Income Tier 2												(38)	
Usage Low Income Tier 3												(27)	
Total Zone 7 Residential			**$926,115**			**$0**	**$940,218**			**$926,359**		**$1,334,108**	44.02%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 8 - Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	3,270	$11.00	$35,971	3,270	$11.00		$35,971	3,270	$11.00	$35,971	$14.30	$46,762	30.00%
Consumption Charges													
Usage (100 Gallons)	91,576	$1.5205	$139,241	91,576	$1.8000		$164,837	89,543	$1.8000	$161,177	$2.8750	$257,436	59.72%
Low Income:													
Service Charge	36	$11.00	$396	36	$11.00		$396	36	$11.00	$396	$14.30	$515	30.00%
Consumption Charges													
Usage (100 Gallons)	0	$1.5205	$0	0	$1.8000		$0	0	$1.8000	$0	$2.8750	$0	0.00%
Low Income Discount (30%)			($119)				($119)			($119)			
Low Income Discount Tier 1													
Low Income Discount Tier 2													
Low Income Discount Tier 3												($154)	
Adjustment (1):													
Usage (100 Gallons)				(2,033)	$1.8000		($3,659)	(1,567)	$1.8000	($2,821)	$2.8750	($4,505)	59.72%
Total Zone 8 Residential			**$175,489**			**$0**	**$197,425**			**$194,605**		**$300,053**	54.19%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 9 - Exeter	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	85,718	$11.00	$942,894	85,718	$11.00		$942,894	85,718	$11.00	$942,894	$14.30	$1,225,762	30.00%
Consumption Charges													
Usage (100 Gallons)	3,056,208	$1.5262	$4,664,385	3,056,208	$1.9107		$5,839,497	2,988,360	$1.9107	$5,709,860	$2.8750	$8,591,536	50.47%
Flat (Unmetered)	4,845	$63.78	$309,017	4,845	$77.07		$373,407	4,845	$77.07	$373,407	$106.00	$513,575	37.54%
Low Income:													
Service Charge	535	$11.00	$5,883	535	$11.00		$5,883	535	$11.00	$5,883	$14.30	$7,648	30.00%
Consumption Charges													
Usage (100 Gallons)	26,017	$1.5262	$39,707	26,017	$1.9107		$49,711	25,439	$1.9107	$48,607	$2.8750	$73,138	50.47%
Low Income Discount (30%)			($13,677)				($16,678)			($16,347)			
Low Income Discount Tier 1												($35,546)	
Low Income Discount Tier 2												(13,819)	
Low Income Discount Tier 3												(3,369)	
Adjustment (1):													
Usage (100 Gallons)				(67,848)	$1.9107		($129,637)	(52,296)	$1.9107	($99,923)	$2.8750	($150,352)	50.47%
Usage (100 Gallons) Low Income				(578)	1.3375		(773)	(445)	1.3375	($595)			
Usage Low Income Tier 1												($141)	
Usage Low Income Tier 2												(179)	
Usage Low Income Tier 3												(125)	
Total Zone 9 Residential			**$5,948,209**			**$0**	**$7,064,305**			**$6,963,787**		**$10,208,129**	46.59%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 11 - Valley Township	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	1,381	$59.67	$82,411	19,548	$59.67		$1,166,429	19,548	$59.67	$1,166,429	$14.30	$279,536	-76.03%
Consumption Charges													
Usage (100 Gallons):													
First 3,400 Gallons	34,711	$0.0000	$0	498,108	$0.0000		$0	498,108	$0.0000	$0	$2.8750	$1,432,059	
All Over 3,400 Gallons	9,207	1.1200	10,312	129,191	1.1200		144,694	129,191	1.1200	144,694	$2.8750	371,425	
Flat (Unmetered)	506	$73.33	$37,135	15,516	$73.33		$1,137,788	15,516	$73.33	$1,137,788	$106.00	$1,644,696	44.55%
Adjustment (1):													
Service Charge	18,167	$59.67	$1,084,018										
Consumption Charges													
Usage (100 Gallons):													
First 3,400 Gallons	463,397	$0.0000	$0										
All Over 3,400 Gallons	119,984	1.1200	134,383										
Flat (Unmetered)	15,010	$73.33	$1,100,653										
Total Zone 11 Residential			**$2,448,912**			**$0**	**$2,448,912**			**$2,448,912**		**$3,727,717**	52.22%

Note (1) Adjustment to annualize Valley Township WW acquired in November 2021.

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Foster Township Acquisition	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)			$0	6,084	$85.00		$517,140	6,084	$85.00	$517,140	$106.00	$644,904	24.71%
Total Foster Twp Acquisition Residential			**$0**			**$0**	**$517,140**			**$517,140**		**$644,904**	24.71%

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Commercial Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most WW Areas	2,570,961	$3,687,873	2,543,709	$174,203	$4,402,441	2,521,833	$4,370,997	$6,034,679	38.00%
Zone 2 - New Cumberland	210,132	308,912	207,905	12,632	319,227	206,117	317,367	506,645	60.00%
Zone 5 - Franklin		40,791		1,755	44,344		44,344	57,575	30.00%
Zone 7 - Sadsbury	57,250	108,434	56,643	0	111,397	56,156	110,697	156,251	41.00%
Zone 8 - Turbotville	32,150	57,518	31,810	0	71,134	31,536	70,741	98,662	39.00%
Zone 9 -Exeter	1,494,013	1,810,294	1,478,177	0	2,221,133	1,465,464	2,202,877	3,208,089	46.00%
Zone 11 - Valley Township	42,316	268,722	42,316	0	268,722	42,316	268,722	392,538	46.00%
Foster Township Acquisition		0		0	29,580		29,580	36,888	25.00%
IPP Surcharge		$280,483			$280,483		$280,483	$280,483	0.00%
Total Commercial	4,406,823	$6,563,028	4,360,559	$188,590	$7,748,462	4,323,422	$7,695,809	$10,771,810	40.00%

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Zone 1 - Most WW Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	19,245	$27.50	$529,230	19,245	$27.50	$21,804	$551,034	19,245	$27.50	$551,034	$35.00	$673,566	22.24%
Consumption Charges													
Usage per 100 Gallons:	2,570,961	$1.2142	$3,121,661	2,570,961	$1.4374	$152,255	$3,847,754	2,543,709	$1.4374	$3,808,582	$2.1030	$5,349,419	40.46%
Flat Rate (Unmetered)	544	$67.94	$36,982	544	$78.41	$1,758	$44,439	544	$78.41	$44,439	$106.00	$57,699	
Adjustment (1):													
Usage (100 Gallons)				(27,252)	$1.4374	($1,614)	($40,786)	(21,876)	$1.4374	($33,058)	$2.1030	($46,005)	39.16%
Total Zone 1 Commercial			**$3,687,873**			**$174,203**	**$4,402,441**			**$4,370,997**		**$6,034,679**	38.06%

Note (1) Adjustment to account for the decline in usage of metered customers.

Zone 2 - New Cumberland	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	3,286	$27.50	$90,374	3,286	$27.50	$3,723	$94,098	3,286	$27.50	$94,097	$35.00	$115,022	22.24%
Consumption Charges													
Usage per 100 Gallons:	210,132	$1.0400	$218,538	210,132	$1.0400	$9,004	$227,542	207,905	$1.0400	$225,225	$1.9000	$395,020	75.39%
Adjustment (1):													
Usage (100 Gallons)				(2,227)	$1.0400	($95)	($2,412)	(1,788)	$1.0400	($1,955)	$1.9000	($3,397)	73.77%
Total Zone 2 Commercial			**$308,912**			**$12,632**	**$319,227**			**$317,367**		**$506,645**	59.64%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 5 - Franklin	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)	543	$75.10	$40,791	543	$78.41	$1,755	$44,344	543	$78.41	$44,344	$106.00	$57,575	29.84%
Total Zone 5 Commercial			**$40,791**			**$1,755**	**$44,344**			**$44,344**		**$57,575**	29.84%

Zone 7 - Sadsbury	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	1,090	$25.00	$27,253	1,090	$27.50		$29,978	1,090	$27.50	$29,978	$35.00	$38,154	27.27%
Consumption Charges													
Usage per 100 Gallons:	57,250	$1.4180	$81,181	57,250	$1.4374		$82,291	56,643	$1.4374	$81,419	$2.1030	$119,121	46.31%
Adjustment (1):													
Usage (100 Gallons)				(607)	$1.4374		($872)	(487)	$1.4374	($700)	$2.1030	($1,024)	46.31%
Total Zone 7 Commercial			**$108,434**			**$0**	**$111,397**			**$110,697**		**$156,251**	41.15%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 8 - Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	924	$20.00	$18,481	924	$27.50		$25,411	924	$27.50	$25,411	$35.00	$32,341	27.27%
Consumption Charges													
Usage per 100 Gallons:	32,150	$1.2142	$39,037	32,150	$1.4374		$46,213	31,810	$1.4374	$45,723	$2.1030	$66,896	46.31%
Adjustment (1):													
Usage (100 Gallons)				(341)	$1.4374		($490)	(274)	$1.4374	($393)	$2.1030	($575)	46.39%
Total Zone 8 Commercial			**$57,518**			**$0**	**$71,134**			**$70,741**		**$98,662**	39.47%

Note (1) Adjustment to account for the decline in usage of metered customers.

Zone 9 - Exeter	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	3,193	$27.50	$87,818	3,193	$27.50		$87,818	3,193	$27.50	$87,818	$35.00	$111,769	27.27%
Consumption Charges													
Usage per 100 Gallons:	1,494,013	$1.1471	$1,713,782	1,494,013	$1.4361		$2,145,552	1,478,177	$1.4361	$2,122,809	$2.1030	$3,108,605	46.44%
Flat Rate (Unmetered)	136	$63.78	$8,694	136	$77.07		$10,506	136	$77.07	$10,506	$106.00	$14,449	37.53%
Adjustment (1):													
Usage (100 Gallons)				(15,837)	$1.4361		($22,743)	(12,712)	$1.4361	($18,256)	$2.1030	($26,734)	46.44%
Total Zone 9 Commercial			**$1,810,294**			**$0**	**$2,221,133**			**$2,202,877**		**$3,208,089**	45.63%

Note (1) Adjustment to account for the decline in usage of metered customers.

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Zone 11 - Valley Township	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	6	$59.67	$354	132	$59.67		$7,876	132	$59.67	$7,876	$35.00	$4,620	-41.34%
Consumption Charges													
First 3,400 Gallons	96	$0.0000	$0	1,911	$0.0000		$0	1,911	$0.0000	$0	$2.1030	$4,019	0.00%
All Over 3,400 Gallons	124	1.1200	139	14,685	1.1200		16,447	14,685	1.1200	16,447	2.1030	30,882	87.77%
Westwood Fire Company													
Consumption Charges													
First 3,400 Gallons	80	$0.0000	$0	408	$0.0000		$0	408	$0.0000	$0	$2.1030	$858	0.00%
All Over 3,400 Gallons				677	0.0000		0	677	0.0000	0	2.1030	1,424	0.00%
Flat Rate (Unmetered)	140	$73.33	$10,236	3,252	$73.33		$238,469	3,252	$73.33	$238,469	$106.00	$344,712	44.55%
Rainbow Washhouse													
Service Charge	0	$73.33	$0	12	$73.33		$880	12	$73.33	$880	$75.00	$900	2.27%
Consumption Charges													
First 2,000 Gallons	0	$0.0000	$0	240	$0.0000		$0	240	$0.0000	$0	$0.0000	$0	0.00%
All Over 2,000 Gallons	0	0.2070	0	24,396	0.2070		$5,050	24,396	0.2070	5,050	0.2100	5,123	1.45%
Adjustment (1):													
Service Charge	126	$59.67	$7,523										
Consumption Charges													
Usage (100 Gallons):													
First 3,400 Gallons	1,815	$0.0000	$0										
All Over 3,400 Gallons	14,561	1.1200	16,308										
Adjustment (2):													
Consumption Charges													
Usage (100 Gallons):													
First 3,400 Gallons	328	$0.0000	$0										
All Over 3,400 Gallons	677	0.0000	0										
Flat (Unmetered)	3,112	$73.33	$228,233										
Adjustment (3):													
Service Charge	12	$73.33	$880										
Consumption Charges													
Usage (100 Gallons):													
First 2,000 Gallons	240	$0.0000	$0										
All Over 2,000 Gallons	24,396	0.2070	5,050										
Total Zone 11 Commercial			**$268,722**			**$0**	**$268,722**			**$268,722**		**$392,538**	46.08%

Note (1) Adjustment to annualize Valley Township WW acquired in November 2021.
Note (2) Adjustment to annualize Westwood Fire Company usage.
Note (3) Adjustment to annualize Rainbow Washhouse.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Foster Township Acquisition	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)			$0	348	$85.00		$29,580	348	$85.00	$29,580	$106.00	$36,888	24.71%
Total Foster Twp Acquisition Commercial			**$0**			**$0**	**$29,580**			**$29,580**		**$36,888**	24.71%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Industrial Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most WW Areas	690,263	$863,314	690,263	$36,471	$921,691	690,263	$921,691	$1,331,337	44.00%
Zone 2 - New Cumberland									
Zone 5 - Franklin									
Zone 7 - Sadsbury									
Zone 8 - Turbotville									
Zone 9 -Exeter	167,844	195,834	167,844	0	244,341	167,844	244,341	357,176	46.00%
Zone 11 - Valley Township									
Foster Township Acquisition		0		0	295,800		295,800	368,880	25.00%
IPP Surcharge		$332,365			$332,365		$332,365	$332,365	0.00%
Total Industrial	858,107	$1,391,513	858,107	$36,471	$1,794,197	858,107	$1,794,197	$2,389,758	33.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Zone 1 - Most WW Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	8	$27.50	$220	8	$27.50	$9	$229	8	$27.50	$229	$35.00	$280	22.24%
Consumption Charges													
Usage per 100 Gallons:	13	$1.2142	$16	13	$1.4374	$1	$19	13	$1.4374	$19	$2.1030	$27	40.49%
Special Rate:													
Cleveland-Cliffs Plate & Victory Bewing													
Service Charge	24	$275.00	$6,600	24	$275.00	$272	$6,872	24	$275.00	$6,872	$415.00	$9,960	
Usage (100 Gallons)	690,250	0.9300	641,933	690,250	0.9300	26,448	668,380	690,250	0.9300	668,380	1.4000	966,350	
Special Rate (Flat):													
Knouse Foods	12	$5,030.03	$60,360	12	$5,558.41	$2,748	$69,449	12	$5,558.41	$69,449	$8,340.00	$100,080	
Penn State Special Metals	11	1,737.57	19,113	12	1,912.95	946	23,901	12	1,912.95	23,901	2,870.00	34,440	
PSC Metals	11	672.71	7,400	12	740.61	366	9,253	12	740.61	9,253	1,110.00	13,320	
Ipsco Koppel Tubilers	12	10,438.49	125,262	12	11,492.09	5,682	143,587	12	11,492.09	143,587	17,240.00	206,880	
Adjustments (1):													
Penn State Special Metals	1	$1,737.57	$1,738										
PSC Metals	1	672.71	673										
Total Zone 1 Industrial			**$863,314**			**$36,471**	**$921,691**			**$921,691**		**$1,331,337**	44.45%

Note (1): Adjustments to annualize Penn State Special Metals and PSC Metals 11 months bills in 2021.

Zone 9 - Exeter WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	120	$27.50	$3,300	120	$27.50		$3,300	120	$27.50	$3,300	$35.00	$4,200	27.27%
Consumption Charges													
Usage per 100 Gallons:	167,844	$1.1471	$192,534	167,844	$1.4361		$241,041	167,844	$1.4361	$241,041	$2.1030	$352,976	46.44%
Total Zone 9 Industrial			**$195,834**			**$0**	**$244,341**			**$244,341**		**$357,176**	46.18%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Foster Township Acquisition	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)			$0	3,480	$85.00	$0	$295,800	3,480	$85.00	$295,800	$106.00	$368,880	24.71%
Total Foster Twp Acquisition Industrial			**$0**			**$0**	**$295,800**			**$295,800**		**$368,880**	24.71%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Municipal Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most WW Areas	406,987	$558,659	403,609	$26,754	$676,116	400,461	$671,591	$941,477	40.00%
Zone 2 - New Cumberland	10,477	14,196	10,390	581	14,687	10,309	14,602	23,787	63.00%
Zone 5 - Franklin		20,277		872	22,043		22,043	28,620	30.00%
Zone 7 - Sadsbury	616	1,698	611	0	1,786	606	1,779	2,430	37.00%
Zone 8 - Turbotville	38	286	38	0	384	37	384	499	30.00%
Zone 9 -Exeter	26,485	32,253	26,266	0	39,591	26,061	39,297	57,187	46.00%
Zone 11 - Valley Township	25,559	29,663	25,559	0	29,663	25,559	29,663	55,431	87.00%
Foster Township Acquisition									0.00%
IPP Surcharge		$7,735			$7,735		$7,735	$7,735	0.00%
Total Municipal	470,162	$664,768	466,472	$28,207	$792,005	463,033	$787,094	$1,117,166	42.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 1 - Most WW Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	712	$27.50	$19,571	712	$27.50	$806	$20,377	712	$27.50	$20,377	$35.00	$24,908	22.24%
Consumption Charges													
Usage per 100 Gallons:	406,987	$1.2142	$494,164	406,987	$1.4374	$24,102	$609,105	403,609	$1.4374	$604,250	$2.1030	$848,790	40.47%
Special Rate:													
Strattanville Borough	12	$3,743.74	$44,925	12	$4,137.00	$2,045	$51,689	12	$4,137.00	$51,689	$6,200.00	$74,400	43.94%
Adjustment (1):													
Usage (100 Gallons)				(3,378)	$1.4374	($200)	($5,056)	(3,148)	$1.4374	($4,725)	$2.1030	($6,621)	40.11%
Total Zone 1 Municipal			**$558,659**			**$26,754**	**$676,116**			**$671,591**		**$941,477**	40.19%

Note (1) Adjustment to account for the decline in usage of metered customers.

Zone 2 - New Cumberland	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	120	$27.50	$3,300	120	$27.50	$136	$3,436	120	$27.50	$3,436	$35.00	$4,200	22.24%
Consumption Charges													
Usage per 100 Gallons:	10,477	$1.0400	$10,896	10,477	$1.0400	$449	$11,345	10,390	$1.0400	$11,255	$1.9000	$19,741	75.41%
Adjustment (1):													
Usage (100 Gallons)				(87)	$1.0400	($4)	($94)	(81)	$1.0400	($88)	$1.9000	($154)	74.96%
Total Zone 2 Municipal			**$14,196**			**$581**	**$14,687**			**$14,602**		**$23,787**	62.90%

Note (1) Adjustment to account for the decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 5 - Franklin	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat (Unmetered)	270	$75.10	$20,277	270	$78.41	$872	$22,043	270	$78.41	$22,043	$106.00	$28,620	29.84%
Total Zone 5 Municipal			**$20,277**			**$872**	**$22,043**			**$22,043**		**$28,620**	29.84%

Zone 7 - Sadsbury	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	33	$25.00	$825	33	$27.50		$908	33	$27.50	$908	$35.00	$1,155	27.27%
Consumption Charges													
Usage per 100 Gallons:	616	$1.4180	$873	616	$1.4374		$885	611	$1.4374	$878	$2.1030	$1,285	46.31%
Adjustment (1):													
Usage (100 Gallons)				(5)	$1.4374		($7)	(5)	$1.4374	($7)	$2.1030	($10)	46.35%
Total Zone 7 Municipal			**$1,698**			**$0**	**$1,786**			**$1,779**		**$2,430**	36.60%

Note (1) Adjustment to account for the decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 8 - Turbotville	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	12	$20.00	$240	12	$27.50		$330	12	$27.50	$330	$35.00	$420	27.27%
Consumption Charges													
Usage per 100 Gallons:	38	$1.2142	$46	38	$1.4374		$55	38	$1.4374	$54	$2.1030	$79	46.31%
Adjustment (1):													
Usage (100 Gallons)				(0)	$1.4374		($0)	(0)	$1.4374	($0)	$2.1030	($1)	45.24%
Total Zone 8 Municipal			**$286**			**$0**	**$384**			**$384**		**$499**	29.94%

Note (1) Adjustment to account for the decline in usage of metered customers.

Zone 9 - Exeter	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	68	$27.50	$1,871	68	$27.50		$1,871	68	$27.50	$1,871	$35.00	$2,381	27.27%
Consumption Charges													
Usage per 100 Gallons:	26,485	$1.1471	$30,381	26,485	$1.4361		$38,036	26,266	$1.4361	$37,720	$2.1030	$55,237	46.44%
Adjustment (1):													
Usage (100 Gallons)				(220)	$1.4361		($316)	(205)	$1.4361	($294)	$2.1030	($431)	46.44%
Total Zone 9 Municipal			**$32,253**			**$0**	**$39,591**			**$39,297**		**$57,187**	45.53%

Note (1) Adjustment to account for the decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 11 - Valley WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	1	$59.67	$41	48	$59.67		$2,864	48	$59.67	$2,864	$35.00	$1,680	-41.34%
Consumption Charges													
First 3,400 Gallons	23	$0.0000	$0	1,631	$0.0000		$0	1,631	$0.0000	$0	$2.1030	$3,430	0.00%
All Over 3,400 Gallons	107	1.1200	120	23,928	1.1200		26,799	23,928	1.1200	26,799	$2.1030	50,320	87.77%
Adjustment (1):													
Service Charge	47	$59.67	$2,823										
Consumption Charges													
Usage (100 Gallons):													
First 3,400 Gallons	1,608	$0.0000	$0										
All Over 3,400 Gallons	23,821	1.1200	26,679										
Total Zone 11 Municipal			**$29,663**			**$0**	**$29,663**			**$29,663**		**$55,431**	86.87%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Bulk WW Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	2023 Revenues Proforma @ Present Rate	2023 Revenues Proforma @ Settlement Rate	% Percent Change
Zone 1 - Most WW Areas	1,667,636	$1,626,756	1,667,636	$67,125	$1,696,375	1,667,636	$1,696,375	$2,449,688	44.00%
Zone 2 - New Cumberland									
Zone 5 - Franklin									
Zone 7 - Sadsbury									
Zone 8 - Turbotville									
Zone 9 -Exeter	435,951	124,508	435,951	0	145,259	435,951	145,259	174,380	20.00%
Zone 11 - Valley Township									
Foster Township Acquisition									0.00%
IPP Surcharge		$13,340			$13,340		$13,340	$13,340	0.00%
Total Bulk WW	2,103,587	$1,764,603	2,103,587	$67,125	$1,854,974	2,103,587	$1,854,974	$2,637,408	42.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Zone 1 - Most WW Areas	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	48	$275.00	$13,079	36	$275.00	$408	$10,308	36	$275.00	$10,308	$415.00	$14,940	44.94%
Consumption Charges													
Usage per 100 Gallons:	4,937,437	$0.9639	$4,759,196	1,659,396	$0.9639	$65,899	$1,665,391	1,659,396	$0.9639	$1,665,391	$1.4500	$2,406,124	44.48%
Service Charge	345	$11.00	$3,795	345	$11.00	$156	$3,951	345	$11.00	$3,951	$14.30	$4,934	24.86%
Consumption Charges	8,240	1.6467	13,569	8,240	1.9494	662	16,725	8,240	1.9494	16,725	2.8750	23,690	41.65%
Usage per 100 Gallons:													
Adjustment (1):													
Service Charge	(12)	$275.00	($3,179)										
Consumption Charges													
Usage per 100 Gallons:	(3,278,041)	$0.9639	($3,159,704)										
Total Zone 1 Bulk WW			**1,626,756**			**67,125**	**1,696,375**			**1,696,375**		**2,449,688**	44.41%

Note (1) Adjustment for Valley Township change from bulk wastewater to direct services to customers

Zone 9 - Exeter WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Consumption Charges													
Usage per 100 Gallons:	327,986	$0.2856	$93,673	435,951	$0.3332		$145,259	435,951	$0.3332	$145,259	$0.4000	$174,380	20.05%
Adjustment (1):													
Consumption Charges	107,965	0.2856	30,835										
Usage per 100 Gallons:													
Total Zone 9 Bulk WW			**$124,508**			**$0**	**$145,259**			**$145,259**		**$174,380**	20.05%

Note (1) Adjustment to account for the 4th quarter bill for an account which posted January 2022.

PENNSYLVANIA-AMERICAN WATER COMPANY
MISCELLANEOUS AND OTHER OPERATING REVENUES
WASTEWATER SSS OPERATIONS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

		Per Books 2021	Adjustments	Adjusted 2021	Adjustments	2022	Adjustments	2023	Settlement Revenues 2023
536	Guaranteed Revenues	$0		$0		$0		$0	$0
532	Late Payment Fees	142,977	91,707	234,684	39,580	274,264	(2,801)	271,463	381,590
536	Miscellaneous Services	755,354		755,354		755,354		755,354	755,354
472	Rents From Property	0		0		0		0	0
473	Intercompany Rent	0		0		0		0	0
	Total Other Revenues	$898,331	$91,707	$990,038	$39,580	$1,029,618	($2,801)	$1,026,817	$1,136,944

PENNSYLVANIA-AMERICAN WATER COMPANY
ROYERSFORD WASTEWATER OPERATIONS
SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023

Rate Zone 10: Royersford	Residential	Commercial	Industrial	Municipal	Bulk WW	Total Sales	Other Revenues	**Total Revenues**
Present Rate Application	$483,973	$271,626	$8,868	$360	$50,949	$815,775	$5,093	$820,868
Settlement Rate Application	$854,330	$476,037	$15,069	$576	$83,631	$1,429,643	$8,925	$1,438,568
Change in Revenues	$370,358	$204,410	$6,201	$216	$32,682	$613,867	$3,832	$617,700
% Change in Revenues	77.00%	75.00%	70.00%	60.00%	64.00%	75.00%	75.00%	75.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
ZONE 10 - ROYERSFORD WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Residential Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Minimum Charge	8,350	$30.00	$250,506	14,880	$30.00	$446,400	14,880	$30.00	$446,400	$48.00	$714,240	60.00%
Consumption Charges:												
First 5400 Gallons	239,240	$0.0000	$0	427,213	$0.0000	$0	427,213	$0.0000	$0			
All Over 5400 Gallons	27,944	0.5615	15,690	49,308	0.5615	27,687	49,308	0.5615	27,687			
First 3000 Gallons							338,103			0.0000	$0	
All Over 3000 Gallons							138,419			0.9400	130,114	
Flat Rate (Unmetered)	60	$43.50	$2,619	108	$43.50	$4,698	108	$43.50	$4,698	$50.00	$5,400	14.94%
Low Income:												
Minimum Charge	113	$30.00	$3,383	228	$30.00	$6,840	228	$30.00	$6,840	$48.00	$10,944	60.00%
Consumption Charges:												
First 5400 Gallons	3,599	$0.0000	$0	7,165	$0.0000	$0	7,165	$0.0000	$0			
All Over 5400 Gallons	488	0.5615	274	1,017	0.5615	571	1,017	0.5615	571			
First 3000 Gallons							5,806			0.0000	$0	
All Over 3000 Gallons							2,377			0.9400	2,234	
Low Income Discount (30%)			($1,097.23)			($2,223.39)			($2,223.39)			
Low Income Discount Tier 1											($5,798)	
Low Income Discount Tier 2											(2,254)	
Low Income Discount Tier 3											(550)	
Adjustments (1):												
Annualize 2021 Billing												
Minimum Charge	6,530	$30.00	$195,894									
Consumption Charges:												
First 5400 Gallons	187,973	$0.0000	$0									
All Over 5400 Gallons	21,365	0.5615	11,996									
Flat Rate (Unmetered)	48	$43.50	$2,079									
Low Income:												
Minimum Charge	115	$30.00	$3,457									
Consumption Charges:												
First 5400 Gallons	3,566	$0.0000	$0									
All Over 5400 Gallons	529	0.5615	297									
Low Income Discount (30%)			($1,126.16)									
Total Zone 10 Residential			**$483,973**			**$483,973**			**$483,973**		**$854,330**	76.52%

Note (1) PAWC acquired Borough of Royersford in May 2021. The adjustment is to annualize 2021 to a full 12 months billing.
Note (2) Usage allowance is changed from 5400 Gallons to 3000 Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY
ZONE 10 - ROYERSFORD WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Commercial Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Minimum Charge	1,382	$30.00	$41,453	2,436	$30.00	$73,080	2,436	$30.00	$73,080	$48.00	$116,928	60.00%
Consumption Charges:												
First 5400 Gallons	52,750	$0.0000	$0	92,365	$0.0000	$0	92,365	$0.0000	$0			
All Over 5400 Gallons	155,408	0.5615	87,262	269,001	0.5615	151,044	269,001	0.5615	151,044			
First 3000 Gallons							57,170			$0.0000	$0	
All Over 3000 Gallons							304,196			0.9400	285,945	
Flat Rate (Unmetered)	613	$43.50	$26,646	1,092	$43.50	$47,502	1,092	$43.50	$47,502	$ 67.00	$73,164	54.02%
Adjustments (1):												
Annualize 2021 Billing												
Minimum Charge	1,054	$30.00	$31,627									
Consumption Charges:												
First 5400 Gallons	39,615	$0.0000	$0									
All Over 5400 Gallons	113,593	0.5615	63,782									
Flat Rate (Unmetered)	479	$43.50	$20,856									
Total Zone 10 Commercial			**$271,626**			**$271,626**			**$271,626**		**$476,037**	75.25%

Note (1) PAWC acquired Borough of Royersford in May 2021. The adjustment is to annualize 2021 to a full 12 months billing.
Note (2) Usage allowance is changed from 5400 Gallons to 3000 Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY
ZONE 10 - ROYERSFORD WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Industrial Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Minimum Charge	42	$30.00	$1,260	72	$30.00	$2,160	72	$30.00	$2,160	$48.00	$3,456	60.00%
Consumption Charges:												
First 5400 Gallons	1,462	$0.0000	$0	2,579	$0.0000	$0	2,579	$0.0000	$0			
All Over 5400 Gallons	3,730	0.5615	2,094	6,368	0.5615	3,576	6,368	0.5615	3,576			
First 3000 Gallons							1,724			$0.0000	$0	
All Over 3000 Gallons							7,222			0.9400	6,789	
Flat Rate (Unmetered)	42	$43.50	$1,827	72	$43.50	$3,132	72	$43.50	$3,132	$ 67.00	$4,824	54.02%
Adjustments (1):												
Annualize 2021 Billing												
Minimum Charge	30	$30.00	$900									
Consumption Charges:												
First 5400 Gallons	1,116	$0.0000	$0									
All Over 5400 Gallons	2,638	0.5615	1,481									
Flat Rate (Unmetered)	30	$43.50	$1,305									
Total Zone 10 Industrial			**$8,868**			**$8,868**			**$8,868**		**$15,069**	69.93%

Note (1) PAWC acquired Borough of Royersford in May 2021. The adjustment is to annualize 2021 to a full 12 months billing.
Note (2) Usage allowance is changed from 5400 Gallons to 3000 Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY
ZONE 10 - ROYERSFORD WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Municipal Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Minimum Charge	7	$30.00	$210	12	$30.00	$360	12	$30.00	$360	$48.00	$576	60.00%
Consumption Charges:												
First 5400 Gallons	57	$0.0000	$0	100	$0.0000	$0	100	$0.0000	$0			
All Over 5400 Gallons	0	0.5615	0	0	0.5615	0	0	0.5615	0			
First 3000 Gallons							100			$0.0000	$0	
All Over 3000 Gallons							-			0.9400	0	
Flat Rate (Unmetered)	0	$43.50	$0	0	$43.50	$0	0	$43.50	$0	$ 67.00	$0	0.00%
Adjustments (1):												
Annualize 2021 Billing												
Minimum Charge	5	$30.00	$150									
Consumption Charges:												
First 5400 Gallons	43	$0.0000	$0									
All Over 5400 Gallons	0	0.5615	0									
Flat Rate (Unmetered)		$0.00	$0									
Total Zone 10 Municipal			**$360**			**$360**			**$360**		**$576**	60.00%

Note (1) PAWC acquired Borough of Royersford in May 2021. The adjustment is to annualize 2021 to a full 12 months billing.
Note (2) Usage allowance is changed from 5400 Gallons to 3000 Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY
ZONE 10 - ROYERSFORD WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Bulk Wastewater Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Minimum Charge	538	$30.00	$16,151	1,080	$30.00	$32,400	1,080	$30.00	$32,400	$48.00	$51,840	60.00%
Consumption Charges:												
First 5400 Gallons	12,468	$0.0000	$0	24,935	$0.0000	$0	24,935	$0.0000	$0			
All Over 5400 Gallons	1,643	0.5615	923	3,286	0.5615	1,845	3,286	0.5615	1,845			
First 3000 Gallons							21,771			$0.0000	$0	
All Over 3000 Gallons							6,450			0.9400	6,063	
Flat Rate (Unmetered)	192	$43.50	$8,352	384	$43.50	$16,704	384	$43.50	$16,704	$ 67.00	$25,728	54.02%
Adjustments (1):												
Annualize 2021 Billing												
Minimum Charge	542	$30.00	$16,249									
Consumption Charges:												
First 5400 Gallons	12,468	$0.0000	$0									
All Over 5400 Gallons	1,643	0.5615	923									
Flat Rate (Unmetered)	192	$43.50	$8,352									
Total Zone 10 Bulk WW			**$50,949**			**$50,949**			**$50,949**		**$83,631**	64.15%

Note (1) PAWC acquired Borough of Royersford in May 2021. The adjustment is to annualize 2021 to a full 12 months billing.
Note (2) Usage allowance is changed from 5400 Gallons to 3000 Gallons

PENNSYLVANIA-AMERICAN WATER COMPANY
MISCELLANEOUS AND OTHER OPERATING REVENUES
ROYERSFORD WASTEWATER OPERATIONS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

		Per Books 2021	Adjustments	Adjusted 2021	Adjustments	2022	Adjustments	2023	Settlement Revenues 2023
536	Guaranteed Revenues	$0		$0		$0		$0	$0
532	Late Payment Fees	2,793	2,299	5,093	0	5,093	0	5,093	$8,925
536	Miscellaneous Services	0		0		0		0	$0
472	Rents From Property	0		0		0		0	$0
473	Intercompany Rent	0		0		0		0	$0
	Total Other Revenues	$2,793	$2,299	$5,093	$0	$5,093	$0	$5,093	$8,925

PENNSYLVANIA-AMERICAN WATER COMPANY
UPPER POTTSGROVE WASTEWATER OPERATIONS
SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023

Rate Zone 13: **Upper Pottsgrove**	Residential	Commercial	Industrial	Municipal	Bulk WW	Total Sales	Late Payments (*)	**Total Revenues**
Present Rate Application	$1,228,500	$51,480	$35,880	$24,960		$1,340,820	$8,371	$1,349,191
Settlement Rate Application	$2,003,400	$83,952	$58,512	$40,704		$2,186,568	$13,651	$2,200,219
Change in Revenues	$774,900	$32,472	$22,632	$15,744		$845,748	$5,280	$851,028
% Change in Revenues	63.00%	63.00%	63.00%	63.00%		63.00%	63.00%	63.00%

(*) Utilized the same 0.6243% late payment rate as calculated for PA American Water Company.

PENNSYLVANIA-AMERICAN WATER COMPANY
UPPER POTTSGROVE WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

All Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat Rate (Unmetered)												
Residential				18,660	$65.00	$1,212,900	18,660	$65.00	$1,212,900	$106.00	$1,977,960	63.08%
Commercial				792	65.00	51,480	792	65.00	51,480	106.00	83,952	63.08%
Industrial				552	65.00	35,880	552	65.00	35,880	106.00	58,512	63.08%
Municipal				384	65.00	24,960	384	65.00	24,960	106.00	40,704	63.08%
Adjustment (1)												
Residential							240	$65.00	$15,600	$106.00	25,440	63.08%
Rate Zone 13												
Upper Pottsgrove WW			**$0**			**$1,325,220**			**$1,340,820**		**$2,186,568**	63.08%

Note (1) Adjustment to account for customer growth.
Reference: FRII.02s

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023

Rate Zone 12: YORK	Residential	Commercial	Industrial	Municipal	Bulk WW	Total Sales
Present Rate Application						
York WW	$4,288,976	$3,488,143	$1,567,537	$0	$8,694,694	$18,039,350
IPP Surcharge	$0	$152,271	$68,437	$0	$379,557	$600,265
Other Revenues						$116,367
Total York WW	$4,288,976	$3,640,414	$1,635,974	$0	$9,074,251	$18,755,982
Settlement Rate Application						
York WW	$7,480,499	$6,073,909	$2,740,263	$0	$8,694,694	$24,989,365
IPP Surcharge	$0	$152,271	$68,437	$0	$379,557	$600,265
Other Revenues						$159,756
Total York WW	$7,480,499	$6,226,180	$2,808,699	$0	$9,074,251	$25,749,386
Change in Revenues	$3,191,523	$2,585,767	$1,172,725	$0	$0	$6,993,404
% Change in Revenues	74.00%	71.00%	72.00%	0.00%	0.00%	37.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Residential Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge				146,004	$18.00	$2,628,072	146,004	$18.00	$2,628,072	$18.00	$2,628,072	0.00%
Consumption Charges:												
Usage (in 100 Gallons)												
First 2,000 Gallons				2,746,656	$0.0000	$0	2,746,656	$0.0000	$0	$0.0000	$0	0.00%
All Over 2,000 Gallons				1,772,576	0.9370	1,660,904	1,772,576	0.9370	1,660,904	2.7375	4,852,427	192.16%
IPP Surcharge						$0			$0		$0	
Total Zone 12 Residential			**$0**			**$4,288,976**			**$4,288,976**		**$7,480,499**	74.41%

Note (1) PAWC closed on the York wastewater acquisition on May 27, 2022; this adjustment is to annualize the 2022 revenues.
Reference: FR11.02v

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Commercial Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge				16,248	$18.00	$292,464	16,248	$18.00	$292,464	$30.00	$487,440	66.67%
Consumption Charges:												
Usage (in 100 Gallons)												
First 2,000 Gallons				311,962	$0.0000	$0	311,962	$0.0000	$0	$0.0000	$0	0.00%
All Over 2,000 Gallons				3,410,543	0.9370	3,195,679	3,410,543	0.9370	3,195,679	1.6380	5,586,469	74.81%
IPP Surcharge						$152,271			$152,271		$152,271	
Total Zone 12 Commercial			**$0**			**$3,640,414**			**$3,640,414**		**$6,226,180**	71.03%

Note (1) PAWC closed on the York wastewater acquisition on May 27, 2022; this adjustment is to annualize the 2022 revenues.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Industrial Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	Annualized 2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Consumption Charges:												
Usage (in 100 Gallons)												
All Usage				1,672,932	$0.9370	$1,567,537	1,672,932	$0.9370	$1,567,537	$1.6380	$2,740,263	74.81%
IPP Surcharge						$68,437			$68,437		$68,437	
Total Zone 12 Industrial			**$0**			**$1,635,974**			**$1,635,974**		**$2,808,699**	71.68%

Note (1) PAWC closed on the York wastewater acquisition on May 27, 2022; this adjustment is to annualize the 2022 revenues.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Municipal Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge				0	$18.00	$0	0	$18.00	$0	$30.00	$0	0.00%
Consumption Charges:												
Usage (in 100 Gallons)												
First 2,000 Gallons				0	$0.0000	$0	0	$0.0000	$0	$0.0000	$0	0.00%
All Over 2,000 Gallons				0	0.9370	0	0	0.9370	0	1.6380	0	0.00%
IPP Surcharge						$0			$0		$0	
Total Zone 12 Municipal			**$0**			**$0**			**$0**		**$0**	0.00%

Note (1) PAWC closed on the York wastewater acquisition on May 27, 2022; this adjustment is to annualize the 2022 revenues.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Bulk Wastewater Class	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Consumption Charges A:												
Usage (in 100 Gallons)				23,079,651	$0.3750	$8,654,869	23,079,651	$0.3750	$8,654,869	$0.3750	$8,654,869	0.00%
Consumption Charges B:												
Usage (in 100 Gallons)				159,939	0.2490	39,825	159,939	0.2490	39,825	0.2490	39,825	0.00%
IPP Surcharge						$379,557			$379,557		$379,557	
Total Zone 12 Bulk WW			**$0**			**$9,074,251**			**$9,074,251**		**$9,074,251**	0.00%

Note (1) PAWC closed on the York wastewater acquisition on May 27, 2022; this adjustment is to annualize the 2022 revenues.

PENNSYLVANIA-AMERICAN WATER COMPANY
MISCELLANEOUS AND OTHER OPERATING REVENUES
YORK WASTEWATER OPERATIONS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

		Per Books 2021	Adjustments	Adjusted 2021	Adjustments	2022	Adjustments	2023	Settlement Revenues 2023
536	Guaranteed Revenues	$0		$0		$0		$0	$0
532	Late Payment Fees *	0		0	116,367	116,367	0	116,367	159,756
536	Miscellaneous Services	0		0		0		0	0
472	Rents From Property	0		0		0		0	0
473	Intercompany Rent	0		0		0		0	0
	Total Other Revenues	$0	$0	$0	$116,367	$116,367	$0	$116,367	$159,756

(*) Utilized the same 0.6243% late payment rate as calculated for PA American Water Company.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2023

Rate Zone	Residential	Commercial	Industrial	Municipal	Bulk	Total Revenues
Present Rate Application						
Zone 3 - Scranton WW	$19,878,580	$10,287,816	$1,398,460	$377,279	$619,065	$32,561,200
Zone 4 - Kane WW	1,785,787	402,066	14,370	71,798	0	2,274,022
Zone 6 - McKeesport WW	7,869,156	2,594,073	18,621	282,321	4,490,737	15,254,908
	$29,533,523	$13,283,955	$1,431,452	$731,397	$5,109,802	$50,090,130
IPP Surcharge		$29,488	$44,219		$250	$73,957
Other Revenues						$330,603
Total WW CSS	$29,533,523	$13,313,443	$1,475,672	$731,397	$5,110,052	$50,494,690
Settlement Rate Application						
Zone 3 - Scranton WW	$33,532,338	$16,032,257	$2,132,296	$578,407	$979,051	$53,254,348
Zone 4 - Kane WW	2,178,072	530,657	20,321	99,506	0	2,828,556
Zone 6 - McKeesport WW	11,043,622	3,629,327	26,223	396,634	7,051,743	22,147,549
Total WW CSS	$46,754,032	$20,192,240	$2,178,840	$1,074,547	$8,030,794	$78,230,453
IPP Surcharge		$146,150.34	$28,081.74		$154.20	$174,386.28
Other Revenues						$506,910
Total WW CSS	$46,754,032	$20,338,391	$2,206,922	$1,074,547	$8,030,948	$78,911,749
Change in Revenues	$17,220,509	$7,024,948	$731,250	$343,150	$2,920,896	$28,417,059
% Change in Revenues	58.31%	52.88%	51.08%	46.92%	57.16%	56.73%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Residential Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	Proforma 2023 Revenues @ Present Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Zone 3 - Scranton WW	12,291,756	$16,896,822	12,018,879	$795,284	$20,098,282	11,808,549	$19,878,580	$33,532,338	69.00%
Zone 4 - Kane WW	654,930	1,450,136	640,391	0	1,791,093	629,184	1,785,787	2,178,072	22.00%
Zone 6 - McKeesport WW	3,520,511	7,062,604	3,442,355	315,855	7,982,245	3,382,114	7,869,156	11,043,622	40.00%
Total Residential	16,467,197	$25,409,561	16,101,625	$1,111,139	$29,871,620	15,819,846	$29,533,523	$46,754,032	58.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Zone 3 - Scranton WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	335,180	$19.50	$6,536,014	335,180	$19.50	$269,284	$6,805,297	335,180	$19.50	$6,805,297	$19.50	$6,536,014	-3.96%
Consumption Charges:													
Usage (in 100 Gallons)	11,694,889	$0.8379	$9,799,148	11,694,889	$1.0600	$510,739	$12,907,322	11,435,263	$1.0600	$12,632,118	$2.3510	$26,884,303	112.82%
Flat Rate (Unmetered)	132	$47.64	$6,288	132	$55.09	$300	$7,571	132	$55.09	$7,571	$95.00	$12,540	65.62%
Low Income:													
Service Charge	15,040	$19.50	$293,274	15,040	$19.50	$12,083	$305,356	15,040	$19.50	$305,356	$19.50	$293,274	-3.96%
Consumption Charges:													
Usage (in 100 Gallons)	596,867	$0.8379	$500,115	596,867	$1.0600	$26,066	$658,745	583,616	$1.0600	$644,700	$2.3510	$1,372,082	112.82%
Low Income Discount (30%)			($238,016)			($11,445)	($289,230)			($285,017)			
Low Income Discount Tier 1												($732,756)	
Low Income Discount Tier 2												(284,859)	
Low Income Discount Tier 3												(69,445)	
Usage Adjustment (1):													
Usage (in 100 Gallons)				(259,627)	$1.0600	($11,338)	($286,543)	(200,117)	$1.0600	($223,463)	$2.3510	($470,475)	110.54%
Usage (in 100 Gallons) Low Income				(13,250)	$0.7420	(405)	(10,237)	(10,213)	$0.7420	($7,983)			
Usage Low Income Tier 1												($2,641)	
Usage Low Income Tier 2												(3,361)	
Usage Low Income Tier 3												(2,336)	
Total Zone 3 Residential			**$16,896,822**			**$795,284**	**$20,098,282**			**$19,878,580**		**$33,532,338**	68.69%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Zone 4 - Kane WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge (5/8")	21,179	$53.91	$1,141,787	21,179	$66.84		$1,415,638	21,179	$66.84	$1,415,638	$40.00	$847,180	-40.16%
Service Charge (Other than 5/8")	12	107.82	1,314	12	133.69		1,629	12	133.69	1,629	100.00	1,218	-25.20%
Usage (in 100 Gallons)													
First 2,000 Gallons	346,929	$0.0000	$0	346,929	$0.0000		$0	339,227	$0.0000	$0	$2.1000	$712,377	
Next 8,000 Gallons	265,371	0.8655	229,679	265,371	1.0732		284,797	259,480	1.0732	278,474	2.1000	544,908	
Next 20,000 Gallons	10,771	0.9613	10,354	10,771	1.1919		12,837	10,531	1.1919	12,552	1.8000	18,957	
All Over 30,000 Gallons	1,341	1.0491	1,407	1,341	1.3008		1,744	1,311	1.3008	1,706	1.8000	2,360	
Flat Rate (Unmetered)	364	$66.53	$24,217	364	$82.49		$30,026	364	$82.49	$30,026	$110.00	$40,040	33.35%
Low Income:													
Service Charge (5/8")	868	$53.91	$46,795	868	$66.84		$58,019	868	$66.84	$58,019	$40.00	$34,721	-40.16%
Usage (in 100 Gallons)													
First 2,000 Gallons	16,318	$0.0000	$0	16,318	$0.0000		$0	15,956	$0.0000	$0	$2.1000	$33,507	
Next 8,000 Gallons	13,905	0.8655	12,034	13,905	1.0732		14,922	13,596	1.0732	14,591	2.1000	28,551	
Next 20,000 Gallons	295	0.9613	284	295	1.1919		352	289	1.1919	344	1.8000	520	
All Over 30,000 Gallons	0	1.0491	0	0	1.3008		0	0	1.3008	0	1.8000	0	
Low Income Discount (30%)			($17,734)				($21,988)			($21,886)			
Low Income Discount Tier 1												($42,812)	
Low Income Discount Tier 2												(16,643)	
Low Income Discount Tier 3												(4,057)	
Usage Adjustment (1):													
Usage (in 100 Gallons)													
First 2,000 Gallons				(7,702)	$0.0000		$0	(5,936)	$0.0000	$0	$2.1000	($12,467)	
Next 8,000 Gallons				(5,891)	1.0732		(6,322)	(4,541)	1.0732	(4,873)	2.1000	(9,536)	
Next 20,000 Gallons				(239)	1.1919		(285)	(184)	1.1919	(220)	1.8000	(332)	
All Over 30,000 Gallons				(30)	1.3008		(39)	(23)	1.3008	(30)	1.8000	(41)	
Usage Adjustment Low Income (1):													
Usage (in 100 Gallons)													
First 2,000 Gallons				(362)	$0.0000		$0	(279)	$0.0000	$0			
Next 8,000 Gallons				(309)	0.7512		(232)	(238)	0.7512	(179)			
Next 20,000 Gallons				(7)	0.8343		(5)	(5)	0.8343	(4)			
All Over 30,000 Gallons				0	0.9106		0	0	0.9106	0			
Usage Adjustment Low Income (1):													
Usage (in 100 Gallons) Tier 1													
First 2,000 Gallons Tier 1												($65)	
Next 8,000 Gallons Tier 1												(55)	
Next 20,000 Gallons Tier 1												(1)	
All Over 30,000 Gallons Tier 1												0	
Usage Adjustment Low Income (1):													
Usage (in 100 Gallons) Tier 2													
First 2,000 Gallons Tier 2												($82)	
Next 8,000 Gallons Tier 2												(70)	
Next 20,000 Gallons Tier 2												(1)	
All Over 30,000 Gallons Tier 2												0	
Usage Adjustment Low Income (1):													
Usage (in 100 Gallons) Tier 3													
First 2,000 Gallons Tier 3												($57)	
Next 8,000 Gallons Tier 3												(49)	
Next 20,000 Gallons Tier 3												(1)	
All Over 30,000 Gallons Tier 3												0	
Total Zone 4 Residential			**$1,450,136**			**$0**	**$1,791,093**			**$1,785,787**		**$2,178,072**	21.97%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO RESIDENTIAL CLASS BILL ANALYSIS

Zone 6 - McKeesport WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	91,086	$11.00	$1,001,951	91,086	$11.00	$41,280	$1,043,232	91,086	$11.00	$1,043,232	$14.30	$1,302,537	24.86%
Consumption Charges:													
Usage (in 100 Gallons)	2,821,008	$1.7516	$4,941,278	2,821,008	$1.9760	$229,662	$5,803,973	2,758,382	$1.9760	$5,680,224	$2.8750	$7,930,347	39.61%
Port Vue:													
Service Charge	15,661	$11.00	$172,269	15,661	$11.00	$7,097	$179,366	15,661	$11.00	$179,366	$14.30	$223,949	24.86%
Consumption Charges:													
Usage (in 100 Gallons)	574,284	$1.3297	$763,625	574,284	$1.5000	$35,491	$896,917	561,535	$1.5000	$877,793	$2.8750	$1,614,413	83.92%
Low Income:													
Service Charge	3,889	$11.00	$42,782	3,889	$11.00	$1,763	$44,545	3,889	$11.00	$44,545	$14.30	$55,617	24.86%
Consumption Charges:													
Usage (in 100 Gallons)	125,219	$1.7516	$219,333	125,219	$1.9760	$10,194	$257,626	122,439	$1.9760	$252,133	$2.8750	$352,012	39.61%
Low Income Discount (30%)			($78,635)			($3,587)	($90,651)			($89,003)			
Low Income Discount Tier 1												($179,356)	
Low Income Discount Tier 2												(69,725)	
Low Income Discount Tier 3												(16,998)	
Usage Adjustment (1):													
Usage (in 100 Gallons)				(62,626)	$1.9760	($5,098)	($128,848)	(48,272)	$1.9760	($100,483)	$2.8750	($138,781)	38.11%
Usage (in 100 Gallons) Port Vue				(12,749)	1.5000	(788)	(19,912)	(9,827)	1.5000	(15,528)	2.8750	(28,252)	81.94%
Usage (in 100 Gallons) Low Income				(2,780)	1.3832	(158)	(4,004)	(2,143)	1.3832	(3,122)			
Usage Low Income Tier 1												($678)	
Usage Low Income Tier 2												(862)	
Usage Low Income Tier 3												(599)	
Total Zone 6 Residential			**$7,062,604**			**$315,855**	**$7,982,245**			**$7,869,156**		**$11,043,622**	40.34%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Commercial Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	Proforma 2023 Revenues @ Present Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Zone 3 - Scranton WW	8,135,512	$8,836,043	8,049,276	$410,046	$10,362,624	7,980,052	$10,287,816	$16,032,257	56.00%
Zone 4 - Kane WW	235,413	328,248	232,918	0	404,261	230,914	402,066	530,657	32.00%
Zone 6 - McKeesport WW	1,552,602	2,276,957	1,536,144	103,409	2,613,334	1,522,933	2,594,073	3,629,327	40.00%
IPP Surcharge		$29,488			$29,488		$29,488	$29,488	0.00%
Total Commercial	9,923,527	$11,470,735	9,818,337	$513,455	$13,409,706	9,733,900	$13,313,443	$20,221,728	52.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Zone 3 - Scranton WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
B. Service Charge	28,290	$19.50	$551,660	28,290	$19.50	$22,728	$574,388	28,290	$19.50	$574,388	$35.00	$990,158	72.38%
B. Consumption Charges													
Usage (in 100 Gallons)	1,773,283	$0.8379	$1,485,834	1,773,283	$1.0600	$77,443	$1,957,123	1,754,486	$1.0600	$1,937,198	$1.7270	$3,029,997	56.41%
C. Service Charge	36,016	$19.50	$702,306	36,016	$19.50	$28,935	$731,241	36,016	$19.50	$731,241	$35.00	$1,260,549	72.38%
C. Consumption Charges													
First 5,000 Gallons	812,326	$0.8379	$680,648	812,326	$1.0600	$35,476	$896,541	803,715	$1.0600	$887,414	$1.7270	$1,388,016	56.41%
All Over 5,000 Gallons	5,549,904	0.9758	5,415,596	5,549,904	1.0903	249,304	6,300,364	5,491,075	1.0903	6,236,223	1.7270	9,483,086	52.00%
Usage Adjustment (1):													
B. Usage (in 100 Gallons)				(18,797)	$1.0600	($821)	($20,746)	(15,089)	$1.0600	($16,815)	$1.7270	($26,058)	54.97%
C. First 5,000 Gallons				(8,611)	$1.0600	($376)	($9,503)	(6,912)	$1.0600	($7,703)	$1.7270	($11,937)	54.97%
C. All Over 5,000 Gallons				(58,829)	1.0903	(2,643)	(66,784)	(47,223)	1.0903	(54,130)	1.7270	(81,555)	51.00%
Total Zone 3 Commercial			**$8,836,043**			**$410,046**	**$10,362,624**			**$10,287,816**		**$16,032,257**	55.84%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Zone 4 - Kane WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge (5/8")	1,705	$53.91	$91,890	1,705	$66.84		$113,929	1,705	$66.84	$113,929	$40.00	$68,180	-40.16%
Service Charge (Other than 5/8")	263	107.82	28,342	263	133.69		35,142	263	133.69	35,142	$100.00	26,286	-25.20%
Usage (in 100 Gallons)													
First 2,000 Gallons	25,949	$0.0000	$0	25,949	$0.0000		$0	25,674	$0.0000	$0	$2.1000	$53,915	0.00%
Next 8,000 Gallons	43,866	0.8655	37,966	43,866	1.0732		47,077	43,401	1.0732	46,578	$2.1000	91,142	95.68%
Next 20,000 Gallons	41,900	0.9613	40,278	41,900	1.1919		49,941	41,456	1.1919	49,411	$1.8000	74,621	51.02%
All Over 30,000 Gallons	123,698	1.0491	129,772	123,698	1.3008		160,906	122,387	1.3008	159,201	$1.8000	220,296	38.38%
Usage Adjustment (1):													
Usage (in 100 Gallons)													
First 2,000 Gallons				(275)	$0.0000		$0	(221)	$0.0000	$0	$2.1000	($464)	0.00%
Next 8,000 Gallons				(465)	1.0732		(499)	(373)	1.0732	(401)	2.1000	(784)	95.68%
Next 20,000 Gallons				(444)	1.1919		(529)	(357)	1.1919	(425)	1.8000	(642)	51.02%
All Over 30,000 Gallons				(1,311)	1.3008		(1,706)	(1,053)	1.3008	(1,369)	1.8000	(1,895)	38.38%
Total Zone 4 Commercial			**$328,248**			**$0**	**$404,261**			**$402,066**		**$530,657**	31.98%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO COMMERCIAL CLASS BILL ANALYSIS

Zone 6 - McKeesport WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	9,773	$27.50	$268,754	9,773	$27.50	$11,073	$279,827	9,773	$27.50	$279,827	$35.00	$342,050	22.24%
Consumption Charges:													
Usage (in 100 Gallons)	1,519,698	$1.2916	$1,962,841	1,519,698	$1.4570	$91,225	$2,305,424	1,503,589	$1.4570	$2,281,954	$2.1416	$3,220,086	41.11%
Port Vue:													
Service Charge	146	$11.00	$1,609	146	$11.00	$66	$1,675	146	$11.00	$1,675	$14.30	$2,092	24.86%
Consumption Charges:													
Usage (in 100 Gallons)	32,904	$1.3297	$43,752	32,904	$1.5000	$2,033	$51,389	32,555	$1.5000	$50,866	$2.8750	$93,596	84.00%
Usage Adjustment (1):													
Usage (in 100 Gallons)				(16,109)	$1.4570	($967)	($24,437)	(12,931)	$1.4570	($19,807)	$2.1416	($27,693)	39.81%
Usage (in 100 Gallons) Port Vue				(349)	1.5000	(22)	(545)	(280)	1.5000	($442)	2.8750	(805)	82.31%
Total Zone 6 Commercial			**$2,276,957**			**$103,409**	**$2,613,334**			**$2,594,073**		**$3,629,327**	39.91%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Industrial Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	Proforma 2023 Revenues @ Present Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Zone 3 - Scranton WW	1,223,486	$1,197,297	1,223,486	$55,337	$1,398,460	1,223,486	$1,398,460	$2,132,296	52.00%
Zone 4 - Kane WW	10,423	11,590	10,423	0	14,370	10,423	14,370	20,321	41.00%
Zone 6 - McKeesport WW	12,048	15,892	12,048	737	18,621	12,048	18,621	26,223	41.00%
IPP Surcharge		$44,219			$44,219		$44,219	$44,219	0.00%
Total Industrial	1,245,958	$1,268,998	1,245,958	$56,074	$1,475,672	1,245,958	$1,475,672	$2,223,059	51.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Zone 3 - Scranton WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
C. Service Charge	552	$19.50	$10,772	552	$19.50	$444	$11,216	552	$19.50	$11,216	$35.00	$19,335	72.38%
C. Consumption Charges													
First 5,000 Gallons	53,321	$0.8379	$44,678	53,321	$1.0600	$2,329	$58,849	53,321	$1.0600	$58,849	$1.7270	$92,085	56.48%
All Over 5,000 Gallons	1,170,165	0.9758	1,141,847	1,170,165	1.0903	52,564	1,328,395	1,170,165	1.0903	1,328,395	1.7270	2,020,875	52.00%
Total Zone 3 Industrial			**$1,197,297**			**$55,337**	**$1,398,460**			**$1,398,460**		**$2,132,296**	52.47%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Zone 4 - Kane WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge (5/8")	0	$53.91	$0	0	$66.84		$0	0	$66.84	$0	$40.00	$0	0.00%
Service Charge (Other than 5/8")	12	107.82	1,294	12	133.69		1,604	12	133.69	1,604	$100.00	1,200	-25.20%
Usage per 100 Gallons:													
First 2,000 Gallons	240	$0.0000	$0	240	$0.0000		$0	240	$0.0000	$0	$2.1000	$504	
Next 8,000 Gallons	960	0.8655	831	960	1.0732		1,030	960	1.0732	1,030	$2.1000	2,016	
Next 20,000 Gallons	2,400	0.9613	2,307	2,400	1.1919		2,861	2,400	1.1919	2,861	$1.8000	4,320	
All Over 30,000 Gallons	6,823	1.0491	7,158	6,823	1.3008		8,875	6,823	1.3008	8,875	$1.8000	12,281	
Total Zone 4 Industrial			**$11,590**			**$0**	**$14,370**			**$14,370**		**$20,321**	41.41%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO INDUSTRIAL CLASS BILL ANALYSIS

Zone 6 - McKeesport WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	12	$27.50	$330	12	$27.50	$14	$344	12	$27.50	$344	$35.00	$420	22.24%
Consumption Charges:													
Usage per 100 Gallons:	12,048	$1.2916	$15,562	12,048	$1.4570	$723	$18,278	12,048	$1.4570	$18,278	$2.1416	$25,803	41.17%
Port Vue:													
Service Charge	0	$11.00	$0	0	$11.00	$0	$0	0	$11.00	$0	$14.30	$0	0.00%
Consumption Charges:													
Usage per 100 Gallons:	0	$1.3297	$0	0	$1.5000	$0	$0	0	$1.5000	$0	$2.8750	$0	0.00%
Total Zone 6 Industrial			**$15,892**			**$737**	**$18,621**			**$18,621**		**$26,223**	40.82%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Municipal Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	Proforma DSIC Revenues	2022 Proforma Revenues	2023 Water Usage (in 100 Gallons)	Proforma 2023 Revenues @ Present Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Zone 3 - Scranton WW	326,015	$327,670	322,910	$15,053	$380,421	320,017	$377,279	$578,407	53.00%
Zone 4 - Kane WW	50,242	58,691	49,825	0	72,268	49,436	71,798	99,506	39.00%
Zone 6 - McKeesport WW	177,304	245,877	175,833	11,250	284,320	174,461	282,321	396,634	40.00%
Total Municipal	553,561	$632,238	548,568	$26,304	$737,009	543,915	$731,397	$1,074,547	47.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 3 - Scranton WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
C. Service Charge	735	$19.50	$14,340	735	$19.50	$591	$14,930	735	$19.50	$14,930	$35.00	$25,738	72.38%
C. Consumption Charges													
Usage (in 100 Gallons)													
First 5,000 Gallons	34,772	$0.8379	$29,135	34,772	$1.0600	$1,519	$38,377	34,345	$1.0600	$37,925	$1.7270	$59,314	56.40%
All Over 5,000 Gallons	291,243	0.9758	284,195	291,243	1.0903	13,083	330,625	288,565	1.0903	327,705	1.7270	498,352	52.00%
Usage Adjustment (1):													
First 5,000 Gallons				(427)	$1.0600	($19)	($471)	(398)	$1.0600	($440)	$1.7270	($687)	56.03%
All Over 5,000 Gallons				(2,678)	1.0903	(120)	(3,040)	(2,496)	1.0903	(2,841)	1.7270	(4,310)	52.00%
Total Zone 3 Municipal			**$327,670**			**$15,053**	**$380,421**			**$377,279**		**$578,407**	53.31%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 4 - Kane WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge (5/8")	55	$53.91	$2,971	55	$66.84		$3,683	55	$66.84	$3,683	$40.00	$2,204	-40.16%
Service Charge (Other than 5/8")	62	107.82	6,713	62	133.69		8,324	62	133.69	8,324	100.00	6,226	-25.20%
Usage (in 100 Gallons)													0.00%
First 2,000 Gallons	1,882	$0.0000	$0	1,882	$0.0000		$0	1,866	$0.0000	$0	$2.1000	$3,919	0.00%
Next 8,000 Gallons	5,198	0.8655	4,499	5,198	1.0732		5,578	5,155	1.0732	5,532	2.1000	10,825	95.68%
Next 20,000 Gallons	8,802	0.9613	8,461	8,802	1.1919		10,491	8,729	1.1919	10,404	1.8000	15,712	51.02%
All Over 30,000 Gallons	34,360	1.0491	36,047	34,360	1.3008		44,695	34,075	1.3008	44,325	1.8000	61,335	38.38%
Usage Adjustment (1):													
Usage (in 100 Gallons)													
First 2,000 Gallons				(16)	$0.0000		$0	(15)	$0.0000	$0	$2.1000	($31)	0.00%
Next 8,000 Gallons				(43)	1.0732		(46)	(40)	1.0732	(43)	2.1000	(84)	95.69%
Next 20,000 Gallons				(73)	1.1919		(87)	(68)	1.1919	(81)	1.8000	(123)	51.01%
All Over 30,000 Gallons				(285)	1.3008		(371)	(266)	1.3008	(346)	1.8000	(478)	38.37%
Total Zone 4 Municipal			**$58,691**			**$0**	**$72,268**			**$71,798**		**$99,506**	38.59%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO MUNICIPAL CLASS BILL ANALYSIS

Zone 6 - McKeesport WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge	591	$27.50	$16,251	591	$27.50	$670	$16,921	591	$27.50	$16,921	$35.00	$20,684	22.24%
Consumption Charges:													
Usage (in 100 Gallons)	175,044	$1.2916	$226,087	175,044	$1.4570	$10,508	$265,547	173,592	$1.4570	$263,431	$2.1416	$371,764	41.12%
Port Vue:													
Service Charge	48	$11.00	$533	48	$11.00	$22	$555	48	$11.00	$555	$14.30	$693	24.85%
Consumption Charges:													
Usage (in 100 Gallons)	2,260	$1.3297	$3,005	2,260	$1.5000	$140	$3,530	2,241	$1.5000	$3,502	$2.8750	$6,444	84.02%
Usage Adjustment (1):													
Usage (in 100 Gallons)				(1,453)	$1.4570	($87)	($2,204)	(1,354)	$1.4570	($2,060)	2.1416	($2,900)	40.76%
Usage (in 100 Gallons) Port Vue				(19)	1.5000	(1)	(29)	(17)	1.5000	(27)	2.8750	(50)	83.56%
Total Zone 6 Municipal			**$245,877**			**$11,250**	**$284,320**			**$282,321**		**$396,634**	40.49%

Note (1) Adjusment to account for decline in usage of metered customers.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Bulk WW Class	2021 Water Usage (in 100 Gallons)	2021 Annualized Revenues	2022 Water Usage (in 100 Gallons)	2022 Proforma Revenues	Proforma DSIC Revenues	2023 Water Usage (in 100 Gallons)	Proforma 2023 Revenues @ Present Rate	Proforma 2023 Revenues @ Settlement Rate	% Percent Change
Zone 3 - Scranton WW	442,007	$517,217	442,007	$24,496	$619,065	442,007	$619,065	$979,051	58.00%
Zone 4 - Kane WW	0	0	0	0	0	0	0	0	0.00%
Zone 6 - McKeesport WW	4,197,347	3,860,145	4,197,347	177,697	4,490,737	4,197,347	4,490,737	7,051,743	57.00%
IPP Surcharge		$250			$250		$250	$250	0.00%
Total Bulk WW	4,639,354	$4,377,612.00	4,639,354	$202,193	$5,110,052	4,639,354	$5,110,052	$8,031,044	57.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Zone 3 - Scranton WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
C. Service Charge	6,163	$19.50	$120,179	6,163	$19.50	$4,951	$125,130	6,163	$19.50	$125,130	$35.00	$215,705	72.38%
C. Consumption Charges													
First 5,000 Gallons	248,533	$0.8379	$208,246	248,533	$1.0600	$10,854	$274,299	248,533	$1.0600	$274,299	$1.7270	$429,216	56.48%
All Over 5,000 Gallons	193,474	0.9758	188,792	193,474	1.0903	8,691	219,636	193,474	1.0903	219,636	1.7270	334,130	52.00%
Total Zone 3 Bulk WW			**$517,217**			**$24,496**	**$619,065**			**$619,065**		**$979,051**	58.15%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Zone 4 - Kane WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Service Charge (5/8")	0	$53.91	$0	0	$66.84		$0	0	$66.84	$0	$40.00	$0	0.00%
Service Charge (Other than 5/8")	0	107.82	0	0	133.69		0	0	133.69	0	$100.00	0	0.00%
Usage per 100 Gallons:													
First 2,000 Gallons	0	$0.0000	$0	0	$0.0000		$0	0	$0.0000	$0	$2.1000	$0	
Next 8,000 Gallons	0	0.8655	0	0	1.0732		0	0	1.0732	0	$2.1000	0	
Next 20,000 Gallons	0	0.9613	0	0	1.1919		0	0	1.1919	0	$1.8000	0	
All Over 30,000 Gallons	0	1.0491	0	0	1.3008		0	0	1.3008	0	$1.8000	0	
Total Zone 4 Bulk WW			**$0**			**$0**	**$0**			**$0**		**$0**	0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS
APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO BULK WASTEWATER CLASS BILL ANALYSIS

Zone 6 - McKeesport WW	2021 Billing Determinants	2021 Rate	Annualized 2021 Revenue	2022 Billing Determinants	2022 Rate	Proforma DSIC Revenues	Proforma 2022 Revenue	2023 Billing Determinants	Present Rate	Proforma 2023 Revenue	Settlement Rate	Proforma 2023 Revenue @ Settlement Rate	% Percent Change
Flat Rate Monthly	84	$54.70	$4,595	84	$61.10	$211	$5,343	84	$61.10	$5,343	$86.00	$7,224	35.19%
Flat Rate Quarterly	168	164.10	$27,569	168	183.40	1,269	32,080	168	183.40	32,080	258.00	$43,344	35.11%
Consumption Charges:													
Usage per 100 Gallons:	4,197,347	$0.9120	$3,827,981	4,197,347	$1.0190	$176,216	$4,453,313	4,197,347	$1.0190	$4,453,313	$1.6680	$7,001,175	57.21%
Total Zone 6 Bulk WW			**$3,860,145**			**$177,697**	**$4,490,737**			**$4,490,737**		**$7,051,743**	57.03%

PENNSYLVANIA-AMERICAN WATER COMPANY
MISCELLANEOUS AND OTHER OPERATING REVENUES
WASTEWATER CSS OPERATIONS
YEAR ENDING DECEMBER 31, 2021, 2022, AND 2023

		Per Books 2021	Adjustments	Adjusted 2021	Adjustments	2022	Adjustments	2023	Settlement Revenues 2023
536	Guaranteed Revenues	$0		$0		$0		$0	$0
532	Late Payment Fees	184,519	84,923	269,443	46,479	315,921	(2,747)	313,174	489,481
536	Miscellaneous Services	17,429		17,429		17,429		17,429	17,429
472	Rents From Property	0		0		0		0	0
473	Intercompany Rent	0		0		0		0	0
	Total Other Revenues	$201,948	$84,923	$286,871	$46,479	$333,350	($2,747)	$330,603	$506,910

Appendix D

Amortizations

Pennsylvania American Water Company
Water Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
PG&W	Docket No. R-973944	40	$6,725,358	9/30/2037	$455,956	Exhibit 3-A, p. 36
Lake Spangenberg Water Co.	Docket No. R-2013-2355276	10	13,707	12/31/2025	4,569	Exhibit 3-A, p. 36
Fernwood Community Water System	Docket No. R-2013-2355276	10	5,631	12/31/2025	1,877	Exhibit 3-A, p. 36
Olwen Heights Water Service Co.	Docket No. R-2013-2355276	10	5,393	12/31/2025	1,798	Exhibit 3-A, p. 36
Steelton Transaction Costs	Docket No. R-2020-3019369	10	128,505	1/28/2031	15,898	Exhibit 3-A, p. 36
Turbotville Water Transaction costs	Docket No. R-2020-3019369	10	8,742	1/28/2031	1,082	Exhibit 3-A, p. 36
Creekside Homeowner's Association transaction costs	Docket No. R-2022-3031672	10	25,807	1/28/2033	2,581	Exhibit 3-A Revised, p. 36R
Valley Township Water Transaction costs	Docket No. R-2022-3031672	10	212,581	1/28/2033	21,258	Exhibit 3-A, p. 36
Slibco Utilities Transactions Costs	Docket No. R-2022-3031672	10	47,539	1/28/2033	4,754	Exhibit 3-A, p. 36
Negative Utility Plant Acquisition Adjustments						
Indian Rocks Prop. Owners Assoc.	Docket No. R-2013-2355276	10	(1,234)	12/31/2025	(411)	Exhibit 3-A, p. 65
North Fayette County Mun. Auth	Docket No. R-2013-2355276	10	(62,967)	12/31/2025	(20,989)	Exhibit 3-A, p. 65
Wildcat Park Corporation	Docket No. R-2013-2355276	10	(8,272)	12/31/2025	(2,757)	Exhibit 3-A, p. 65
Turbotville Water	Docket No. R-2020-3019369	10	(659,608)	1/28/2031	(81,601)	Exhibit 3-A, p. 65
Creekside Homeowner's Association Negative UPAA	Docket No. R-2022-3031672	10	(751,037)	1/28/2033	(75,104)	Exhibit 3-A, p. 65
Other Amortizations						
Demand Study	Docket No. R-2017-2595853	10	$133,545	12/31/2027	$26,709	Exhibit 3-B, p. 247
Lead Service Line Costs	Docket No. R-2020-3019369	10	203,895	1/28/2031	25,224	Exhibit 3-B, p. 247
DEP Safe Drinking Water Fees	Docket No. R-2020-3019369	3	605,222	12/31/2025	201,741	Exhibit 3-A, p. 65
Equipment Discount	Docket No. R-2020-3019369	20	(500,733)	1/28/2041	(27,690)	Exhibit 3-A, p. 38
Receivership - Winola Water	Docket No. R-2020-3019369	10	473,502	1/28/2031	58,578	Exhibit 3-A, p. 37
Steelton DEP Safe Drinking Water Fees	Docket No. R-2020-3019369	3	3,611	1/28/2024	3,333	Exhibit 3-A, p. 65
Steelton Post-in-service AFUDC	Docket No. R-2020-3019369	3	9,875	1/28/2026	3,292	Exhibit 3-A, p. 65
Steelton Deferred Depreciation	Docket No. R-2020-3019369	3	36,542	1/28/2026	12,181	Exhibit 3-A, p. 65
COVID-19 Emergency Response	Docket No. R-2022-3031672	3	3,926,344	1/28/2026	1,308,781	PAWC Exhibit No. SDG-2R
Total Water Operations			**$10,581,948**		**$1,941,060**	

Pennsylvania American Water Company
Wastewater SSS General Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
Clean Treatment Sewage Company	Docket No. R-2013-2355276	10	$58,782	12/31/2025	$19,594	Exhibit 3-A, p. 99
Delaware Sewer Acquisition Positive UPAA	Docket No. R-2020-3019369	10	49,874	1/28/2031	6,170	Exhibit 3-A, p. 99
New Cumberland Borough WW Acq. Costs	Docket No. R-2016-2544151	10	75,015	12/31/2027	15,003	Exhibit 3-A, p. 99
Sadsbury Acquisition Costs	Docket No. R-2020-3019369	10	211,057	1/28/2031	26,110	Exhibit 3-A, p. 99
Exeter Acquisition Costs	Docket No. R-2020-3019369	40	1,002,421	1/28/2061	26,322	Exhibit 3-A, p. 99
Delaware Sewer Acquisition Transaction Costs	Docket No. R-2020-3019369	10	216,386	1/28/2031	26,769	Exhibit 3-A, p. 99
Turbotville WW Transaction costs	Docket No. R-2020-3019369	10	5,332	1/28/2031	660	Exhibit 3-A, p. 99
Valley Township Wastewater Transaction Costs	Docket No. R-2022-3031672	10	202,200	1/28/2033	20,220	Exhibit 3-A, p. 99
Foster Township Transactions Costs	Docket No. R-2022-3031672	10	72,150	1/28/2033	7,215	Exhibit 3-A Revised, p. 99R
Negative Utility Plant Acquisition Adjustments						
Turbotville WW Negative UPAA	Docket No. R-2020-3019369	10	(164,952)	1/28/2031	(20,406)	Exhibit 3-A, p. 119
Foster Township Negative UPAA	Docket No. R-2022-3031672	10	(2,056,652)	1/28/2033	(205,665)	Exhibit 3-A, p. 119
Other Amortizations						
Sadsbury Post-in-service AFUDC	Docket No. R-2020-3019369	3	514	12/31/2025	171	Exhibit 3-A, p. 119
Sadsbury Deferred Depreciation	Docket No. R-2020-3019369	3	168	12/31/2025	56	Exhibit 3-A, p. 119
Exeter Post-in-service AFUDC	Docket No. R-2020-3019369	3	10,798	12/31/2025	3,599	Exhibit 3-A, p. 119
Exeter Deferred Depreciation	Docket No. R-2020-3019369	3	32,572	12/31/2025	10,857	Exhibit 3-A, p. 119
Valley Township Wastewater Post-in-service AFUDC	Docket No. R-2022-3031672	10	934	1/28/2033	93	Exhibit 3-A, p. 119
Valley Township Wastewater Deferred Depreciation	Docket No. R-2022-3031672	10	4,612	1/28/2033	461	Exhibit 3-A, p. 119
Total Wastewater SSS General Operations			**($278,789)**		**($62,771)**	

Pennsylvania American Water Company
Royersford WW Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
Borough of Royersford WW Acquisition Costs	Docket No. R-2022-3031672	10	$355,962	1/28/2033	$35,596	Exhibit 3-A, p. 143
Other Amortizations						
Borough of Royersford WW Post-in-service AFUDC	Docket No. R-2022-3031672	10	132	1/28/2033	13	Exhibit 3-A, p. 162
Borough of Royersford WW Deferred Depreciation	Docket No. R-2022-3031672	10	1,055	1/28/2033	105	Exhibit 3-A, p. 162
Total Royersford WW Operations			**$357,150**		**$35,714**	

Pennsylvania American Water Company
Upper Pottsgrove WW Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
Upper Pottsgrove Township Transaction Costs	Docket No. R-2022-3031672	10	$373,554	1/28/2033	$37,355	Exhibit 3-A Revised, p. 184R
Total Upper Pottsgrove WW Operations			**$373,554**		**$37,355**	

Pennsylvania American Water Company
York WW Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
City of York Wastewater Authority Acquisitions Costs	Docket No. R-2022-3031672	10	$2,021,263	1/28/2033	$202,126	Exhibit 3-A Revised, p. 214R
Other Amortizations						
City of York Wastewater Authority Post-in-service AFUDC	Docket No. R-2022-3031672	10	1,320	1/28/2033	132	Exhibit 3-A, p. 224
City of York Wastewater Authority Deferred Depreciation	Docket No. R-2022-3031672	10	14,774	1/28/2033	1,477	Exhibit 3-A, p. 224
Total York WW Operations			**$2,037,357**		**$203,735**	

Pennsylvania American Water Company
Wastewater CSS Operations
Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Positive Utility Plant Acquisition Adjustments						
Scranton Sewer Auth - Acquisition Costs	Docket No. R-2017-2595853	40	$2,605,265	12/31/2057	$74,436	Exhibit 3-A, p. 251
McKeesport Acquisition Costs	Docket No. R-2020-3019369	40	1,097,578	1/28/2061	28,820	Exhibit 3-A, p. 251
Kane Acquisition Costs	Docket No. R-2020-3019369	10	349,362	1/28/2031	43,220	Exhibit 3-A, p. 251
Other Amortizations						
McKeesport Deferred Depreciation	Docket No. R-2020-3019369	3	52,830	1/28/2024	17,610	Exhibit 3-A, p. 273
Storm Water Fee Feasibility Study	Docket No. R-2022-3031672	3	51,800	1/28/2026	17,266	Exhibit 3-A, p. 266
Total Wastewater CSS Operations			**$4,156,835**		**$181,352**	

Pennsylvania American Water Company
Tax Cuts and Jobs Act Stub Period and Negative Surcharge for Deferred Tax Credit Settlement
Appendix D, Amortizations

	Case Approved Docket No.	Amortization Period (Years)	Unamortized Balance 12/31/2022	Amortization End Date	Annual Amortization	Reference
Tax Cuts and Jobs Act Stub Period						
Water Operations	Docket No. R-2020-3019369	3	($8,090,284)	1/28/2024	($2,696,762)	Exhibit 3-A, p. 39
Wastewater SSS General Operations	Docket No. R-2020-3019369	3	(370,214)	1/28/2024	(123,405)	Exhibit 3-A, p. 100
Wastewater CSS Operations	Docket No. R-2020-3019369	3	(277,927)	1/28/2024	(92,642)	Exhibit 3-A, p. 252
Total			**($8,738,425)**		**($2,912,809)**	
Negative Surcharge for Deferred Tax Credit						
Water Operations	Docket No. R-2022-3031672	3	$222,283	1/28/2026	($74,094)	Exhibit 3-A, p. 39

Appendix E

DSIC – Total Aggregate Plant Costs

Pennsylvania American Water
Total Aggregate Gross Plant Additions
Appendix E

		Additions	
	2022	2023	Total
Water Operations	**$382,973,025**	**$524,246,981**	**$907,220,006**
Wastewater SSS General Operations	$41,631,676	$40,376,611	$82,008,287
Wastewater CSS Operations	57,389,062	79,199,003	136,588,065
Royersford WW Operations	340,000	550,000	890,000
Upper Pottsgrove WW Operations	17,942,010	107,000	18,049,010
York WW Operations	234,193,750	8,977,500	243,171,250
Total Wastewater Operations	**$351,496,498**	**$129,210,114**	**$480,706,612**
Total Water & Wastewater Operations	**$734,469,523**	**$653,457,095**	**$1,387,926,618**

Pennsylvania-American Water Company - Water Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	ACQUISITION	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	301.00	Organization	$766,405	$0	$0	$0	$766,405	$0	$0	$766,405
2	302.00	Franchises & Consents	2,404,599	0	0	0	2,404,599	0	0	2,404,599
3	303.00	Miscellaneous Intangible Plant	15,572	0	0	0	15,572	0	0	15,572
4		Total Intangible Plant	$3,186,576	$0	$0	$0	$3,186,576	$0	$0	$3,186,576
5	303.00	Land & Land Rights	$22,016,569	$240,000	$20,000	$0	$22,276,569	$900,800	$118,888	$23,058,481
6		Total Land & Land Rights	$22,016,569	$240,000	$20,000	$0	$22,276,569	$900,800	$118,888	$23,058,481
7	303.14	Water Rights - Hibernia	$1,942,823	$0	$0	$0	$1,942,823	$0	$0	$1,942,823
8	303.35	Waste Handling and Treatment Land	155,025	0	0	0	155,025	0	0	155,025
9	303.99	Comprehensive Planning Studies	10,129,414	450,000	0	0	10,579,414	719,357	0	11,298,771
10	304.15	Other Water Source Structures	51,463,964	0	0	0	51,463,964	0	0	51,463,964
11	304.20	Power and Pumping Structures	112,983,672	398,334	87,450	43,304	113,426,151	7,024,293	661,355	119,789,089
12	304.30	Purification Buildings	322,038,352	19,958,391	0	2,434,156	339,562,587	19,923,877	1,794,211	357,692,253
13	304.36	Waste Handling Struct. & Improv.	11,896,367	0	0	0	11,896,367	0	0	11,896,367
14	304.61	Office Buildings	49,011,069	2,440,806	0	342,410	51,109,465	1,421,151	212,981	52,317,635
15	304.62	Stores, Shop and Garage Buildings	62,515,022	1,523,971	0	237,105	63,801,887	1,603,334	240,284	65,164,937
16	304.63	Miscellaneous Structures and Improvements	12,636,277	0	0	0	12,636,277	0	0	12,636,277
17	305.00	Collecting and Impounding Reservoirs	135,786,031	900,000	0	0	136,686,031	55,900,366	8,073,589	184,512,809
18	306.00	Lake, River and Other Intakes	18,541,876	540,000	0	84,015	18,997,861	0	0	18,997,861
19	307.00	Wells and Springs	10,396,065	3,499,505	40,000	475,340	13,460,230	1,172,683	86,762	14,546,151
20	310.00	Other Power Production Equipment	18,792,587	2,560,543	49,848	398,379	21,004,599	14,996,255	2,223,456	33,777,397
21	311.00	Pumping Equipment	100,854,086	14,846,274	229,305	1,931,383	113,998,281	7,952,409	884,428	121,066,263
22	320.00	Purification System	320,542,112	45,429,510	12,270	6,650,600	359,333,293	67,071,626	9,236,869	417,168,050
23	320.30	Granular Activated Carbon	8,953,444	0	0	0	8,953,444	0	0	8,953,444
24	320.37	Waste Handling and Treatment Equipment	15,839,221	0	0	0	15,839,221	0	0	15,839,221
25	330.00	Distribution Reservoirs and Standpipes	198,886,155	15,812,252	179,349	1,251,634	213,626,122	17,116,040	1,434,961	229,307,200
26	331.00	Mains and Accessories	3,090,567,713	183,033,578	136,750	25,830,667	3,247,907,374	209,997,362	28,486,157	3,429,418,580
27	333.00	Services	649,939,237	25,018,984	152,007	2,060,239	673,049,989	32,950,766	1,844,428	704,156,327
28	334.00	Meters	195,525,442	19,632,204	0	2,577,643	212,580,003	36,502,908	4,912,166	244,170,745
29	335.00	Fire Hydrants	124,647,520	9,386,905	24,794	1,146,950	132,912,269	8,255,405	929,510	140,238,164
30	340.00	Office Furniture and Equipment	13,641,751	2,972,210	0	1,837,285	14,776,676	3,348,071	1,196,693	16,928,054
31	340.31	Computer Software	103,717,660	10,448,038	0	8,874,650	105,291,048	10,337,012	4,061,537	111,566,522
32	341.00	Transportation Equipment	71,372,197	9,630,000	0	1,498,273	79,503,924	10,493,918	1,572,675	88,425,166
33	342.00	Stores Equipment	450,197	0	0	0	450,197	0	0	450,197
34	343.00	Tools and Work Equipment	34,349,289	3,970,670	0	947	38,319,012	6,150,763	135,188	44,334,586
35	344.00	Laboratory Equipment	2,900,877	0	0	0	2,900,877	0	0	2,900,877
36	345.00	Power Operated Equipment	2,405,124	0	0	0	2,405,124	375,000	56,200	2,723,925
37	346.00	Communication Equipment	11,416,398	6,818,380	0	367,603	17,867,176	8,842,238	322,584	26,386,830
38	347.00	Miscellaneous Equipment	20,527,495	2,530,697	0	0	23,058,192	1,191,348	37,475	24,212,065
39	348.00	Other Tangible Equipment	795,578	0	0	0	795,578	0	0	795,578
40		Total Tangible Plant	$5,785,620,038	$381,801,253	$911,772	$58,042,583	$6,110,290,481	$523,346,181	$68,403,509	$6,565,233,153
41		Total Utility Plant In Service	$5,810,823,183	$382,041,253	$931,772	$58,042,583	$6,135,753,626	$524,246,981	$68,522,397	$6,591,478,210

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Pennsylvania-American Water Company - Wastewater SSS General Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	ACQUISITION	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	352.00	Franchises & Consents	$221,140	$0	$0	$0	$221,140	$0	$0	$221,140
2	353.00	Land & Land Rights	6,040,112	0	5	0	6,040,117	0	0	6,040,117
3		Total Intangible Plant	$6,261,251	$0	$5	$0	$6,261,256	$0	$0	$6,261,256
4	354.20	Structures And Improvements - Collection	$2,918,770	$205,674	289,990	$15,702	$3,398,731	$295,930	$28,595	$3,666,067
5	354.30	Structures And Improvements - SPP	19,933,089	349,461	342,472	26,680	20,598,342	837,500	63,016	21,372,826
6	354.40	Structures And Improvements - TDP	150,943,499	2,608,806	789,634	199,173	154,142,767	1,300,000	97,816	155,344,951
7	354.70	Structures And Improvements - General	3,507,073	367,826	0	28,082	3,846,817	235,369	11,382	4,070,804
8	355.00	Power Generation Equipment	4,465,252	1,267,931	316,085	96,802	5,952,466	2,461,828	185,236	8,229,059
9	360.10	Collection Sewers - Force Mains	47,525,259	4,259,123	770,034	325,168	52,229,247	5,403,032	406,541	57,225,739
10	361.10	Collection Sewers - Gravity Mains	179,776,118	7,855,184	4,386,596	599,714	191,418,185	9,489,342	714,007	200,193,519
11	361.20	Manholes	32,362,549	450,375	1,254,574	26,444	34,041,053	409,570	22,844	34,427,779
12	363.00	Services	49,404,688	1,199,187	1,140,837	61,602	51,683,110	1,184,801	59,957	52,807,954
13	364.00	Flow Measuring Devices	553,399	43,773	0	9,015	588,157	43,313	8,774	622,696
14	365.00	Flow Measuring Installations	272,564	0	0	0	272,564	0	0	272,564
15	370.00	Receiving Wells	143,420	0	0	0	143,420	0	0	143,420
16	371.00	Pumping Equipment	14,808,569	2,461,102	231,532	187,896	17,313,306	2,512,500	189,048	19,636,758
17	380.00	Treatment Equipment	70,703,797	8,277,097	197,409	631,925	78,546,378	12,816,537	964,356	90,398,559
18	381.00	Plant Sewers	6,214,182	0	0	0	6,214,182	0	0	6,214,182
19	382.00	Outfall Sewer Lines	604,389	0	0	0	604,389	0	0	604,389
20	389.10	Other Plant And Miscellaneous Equipment - Intangibles	598,405	600,000	0	0	1,198,405	859,143	0	2,057,548
21	390.00	Office Furniture And Equipment	682,596	35,794	0	0	718,390	40,673	0	759,063
22	390.20	Computers & Peripheral	0	0	0	0	0	0	0	0
23	391.00	Transportation Equipment	1,627,653	0	0	0	1,627,653	0	0	1,627,653
24	392.00	Stores Equipment	107,351	0	0	0	107,351	0	0	107,351
25	393.00	Tools, Shop And Garage Equipment	872,283	178,606	0	16,369	1,034,520	291,443	25,017	1,300,946
26	394.00	Laboratory Equipment	536,028	0	0	54,587	481,441	0	62,682	418,759
27	395.00	Power Operated Equipment	552,371	0	0	0	552,371	0	0	552,371
28	396.00	Communication Equipment	2,195,943	1,316,570	0	239,918	3,272,595	1,810,694	136,391	4,946,898
29	397.00	Miscellaneous Equipment	561,485	436,000	0	86,974	910,511	384,937	28,995	1,266,452
30	398.00	Other Tangible Plant	14,232	0	0	0	14,232	0	0	14,232
31		Total Tangible Plant	$591,884,962	$31,912,510	$9,719,161	$2,606,051	$630,910,582	$40,376,611	$3,004,656	$668,282,537
32		Total Utility Plant In Service	$598,146,213	$31,912,510	$9,719,166	$2,606,051	$637,171,838	$40,376,611	$3,004,656	$674,543,793

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Pennsylvania-American Water Company - Royersford WW Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	353.00	Land & Land Rights	$3,101	$0	$0	$3,101	$0	$0	$3,101
2		Total Intangible Plant	$3,101	$0	$0	$3,101	$0	$0	$3,101
3	354.20	Structures And Improvements - Collection	$0	$0	$0	$0	$0	$0	$0
4	354.30	Structures And Improvements - SPP	627,002	0	0	627,002	0	0	627,002
5	354.40	Structures And Improvements - TDP	787,395	5,000	400	791,995	25,000	1,927	815,068
6	354.70	Structures And Improvements - General	0	0	0	0	0	0	0
7	355.00	Power Generation Equipment	932,793	20,000	1,800	950,993	25,000	3,800	972,193
8	360.10	Collection Sewers - Force Mains	79,236	20,000	1,598	97,638	20,000	1,541	116,096
9	361.10	Collection Sewers - Gravity Mains	2,677,569	60,000	3,995	2,733,573	60,000	3,853	2,789,720
10	361.20	Manholes	106,954	25,000	1,199	130,756	25,000	1,156	154,600
11	363.00	Services	80,890	20,000	1,598	99,292	20,000	1,541	117,750
12	364.00	Flow Measuring Devices	45,063	10,000	0	55,063	10,000	0	65,063
13	365.00	Flow Measuring Installations	0	0	0	0	0	0	0
14	370.00	Receiving Wells	0	0	0	0	0	0	0
15	371.00	Pumping Equipment	442,227	20,000	1,200	461,027	25,000	2,200	483,827
16	380.00	Treatment Equipment	13,576,316	110,000	8,986	13,677,330	200,000	13,265	13,864,065
17	381.00	Plant Sewers	0	0	0	0	0	0	0
18	382.00	Outfall Sewer Lines	0	0	0	0	0	0	0
19	389.10	Other Plant And Miscellaneous Equipment - Intangibles	0	0	0	0	0	0	0
20	390.00	Office Furniture And Equipment	23,874	25,000	2,000	46,874	35,000	2,771	79,104
21	390.20	Computers & Peripheral	0	0	0	0	0	0	0
22	391.00	Transportation Equipment	0	0	0	0	75,000	0	75,000
23	392.00	Stores Equipment	0	0	0	0	0	0	0
24	393.00	Tools, Shop And Garage Equipment	0	0	0	0	0	0	0
25	394.00	Laboratory Equipment	3,279	5,000	495	7,784	5,000	853	11,931
26	395.00	Power Operated Equipment	0	0	0	0	0	0	0
27	396.00	Communication Equipment	18,287	20,000	1,500	36,787	20,000	1,000	55,787
28	397.00	Miscellaneous Equipment	0	0	0	0	5,000	0	5,000
29	398.00	Other Tangible Plant	0	0	0	0	0	0	0
30		Total Tangible Plant	$19,400,884	$340,000	$24,771	$19,716,112	$550,000	$33,907	$20,232,205
31		Total Utility Plant In Service	$19,403,985	$340,000	$24,771	$19,719,213	$550,000	$33,907	$20,235,306

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Pennsylvania-American Water Company - Upper Pottsgrove WW Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	ACQUISITION	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	352.00	Franchises & Consents		$0	$0	$0	$0	$0	$0	$0
2	353.10	Land & Land Rights		0	10,356	0	10,356	0	0	10,356
3		Total Intangible Plant	$0	$0	$10,356	$0	$10,356	$0	$0	$10,356
4	354.20	Structures And Improvements - Collection		$0	$0	$0	$0	$0	$0	$0
5	354.30	Structures And Improvements - SPP		0	1,412,678	0	1,412,678	0	0	1,412,678
6	354.40	Structures And Improvements - TDP		0	2,190,765	0	2,190,765	0	0	2,190,765
7	354.70	Structures And Improvements - General		0	0	0	0	0	0	0
8	355.00	Power Generation Equipment		2,500	55,505	203	57,802	5,000	424	62,379
9	360.10	Collection Sewers - Force Mains		0	756,805	0	756,805	0	0	756,805
10	361.10	Collection Sewers - Gravity Mains		12,500	7,634,830	1,014	7,646,316	25,000	2,118	7,669,198
11	361.20	Manholes		6,000	1,853,615	284	1,859,331	12,000	593	1,870,738
12	363.00	Services		10,000	2,022,553	406	2,032,147	20,000	847	2,051,300
13	364.00	Flow Measuring Devices		0	0	0	0	0	0	0
14	365.00	Flow Measuring Installations		0	0	0	0	0	0	0
15	370.00	Receiving Wells		0	0	0	0	0	0	0
16	371.00	Pumping Equipment		0	470,893	0	470,893	0	0	470,893
17	380.00	Treatment Equipment		0	1,460,510	0	1,460,510	0	0	1,460,510
18	381.00	Plant Sewers		0	0	0	0	0	0	0
19	382.00	Outfall Sewer Lines		0	0	0	0	0	0	0
20	389.10	Other Plant And Miscellaneous Equipment - Intangibles		0	0	0	0	0	0	0
21	390.00	Office Furniture And Equipment		0	0	0	0	0	0	0
22	390.20	Computers & Peripheral		0	0	0	0	0	0	0
23	391.00	Transportation Equipment		40,000	0	0	40,000	40,000	0	80,000
24	392.00	Stores Equipment		0	0	0	0	0	0	0
25	393.00	Tools, Shop And Garage Equipment		2,500	0	0	2,500	5,000	0	7,500
26	394.00	Laboratory Equipment		0	0	0	0	0	0	0
27	395.00	Power Operated Equipment		0	0	0	0	0	0	0
28	396.00	Communication Equipment		0	0	0	0	0	0	0
29	397.00	Miscellaneous Equipment		0	0	0	0	0	0	0
30	398.00	Other Tangible Plant		0	0	0	0	0	0	0
31		Total Tangible Plant	$0	$73,500	$17,858,154	$1,907	$17,929,747	$107,000	$3,983	$18,032,764
32		Total Utility Plant In Service	$0	$73,500	$17,868,510	$1,907	$17,940,103	$107,000	$3,983	$18,043,120

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Pennsylvania-American Water Company - York WW Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	ACQUISITION	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	352.00	Franchises & Consents	$0	$0	$0	$0	$0	$0	$0	$0
2	353.00	Land & Land Rights		0	5,198,862	0	5,198,862	0	0	5,198,862
3		Total Intangible Plant	$0	$0	$5,198,862	$0	$5,198,862	$0	$0	$5,198,862
4	354.20	Structures And Improvements - Collection	$0	$0	$0	$0	$0	$0	$0	$0
5	354.30	Structures And Improvements - SPP		0	106,379	0	106,379	1,000,000	0	1,106,379
6	354.40	Structures And Improvements - TDP		112,500	122,160,376	8,419	122,264,457	3,750,000	26,643	125,987,814
7	354.70	Structures And Improvements - General		0	0	0	0	150,000	0	150,000
8	355.00	Power Generation Equipment		25,000	5,976	0	30,976	50,000	0	80,976
9	360.10	Collection Sewers - Force Mains		75,000	78,399	0	153,399	0	0	153,399
10	361.10	Collection Sewers - Gravity Mains		225,000	45,579,370	19,645	45,784,725	400,000	62,167	46,122,558
11	361.20	Manholes		75,000	9,672,856	4,490	9,743,366	100,000	14,210	9,829,156
12	363.00	Services		56,250	7,218,082	2,806	7,271,526	75,000	8,881	7,337,645
13	364.00	Flow Measuring Devices		0	83,864	0	83,864	0	0	83,864
14	365.00	Flow Measuring Installations		0	0	0	0	0	0	0
15	370.00	Receiving Wells		0	0	0	0	0	0	0
16	371.00	Pumping Equipment		275,000	6,369,535	20,580	6,623,955	200,000	25,000	6,798,955
17	380.00	Treatment Equipment		500,000	34,597,801	39,290	35,058,511	450,000	99,334	35,409,177
18	381.00	Plant Sewers		0	0	0	0	0	0	0
19	382.00	Outfall Sewer Lines		0	0	0	0	0	0	0
20	389.10	Other Plant And Miscellaneous Equipment - Intangibles		0	0	0	0	200,000	0	200,000
21	390.00	Office Furniture And Equipment		0	45,693	0	45,693	250,000	0	295,693
22	390.20	Computers & Peripheral		0	0	0	0	0	0	0
23	391.00	Transportation Equipment		885,000	94,855	66,231	913,624	295,000	52,398	1,156,226
24	392.00	Stores Equipment		0	0	0	0	0	0	0
25	393.00	Tools, Shop And Garage Equipment		300,000	0	0	300,000	250,000	0	550,000
26	394.00	Laboratory Equipment		0	287,951	103,382	184,569	150,000	14,026	320,542
27	395.00	Power Operated Equipment		0	0	0	0	0	0	0
28	396.00	Communication Equipment		90,000	0	0	90,000	1,657,500	0	1,747,500
29	397.00	Miscellaneous Equipment		75,000	0	0	75,000	0	0	75,000
30	398.00	Other Tangible Plant		0	0	0	0	0	0	0
31		Total Tangible Plant	$0	$2,693,750	$226,301,138	$264,845	$228,730,044	$8,977,500	$302,659	$237,404,885
32		Total Utility Plant In Service	$0	$2,693,750	$231,500,000	$264,845	$233,928,906	$8,977,500	$302,659	$242,603,747

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Pennsylvania-American Water Company - Wastewater CSS Operations

Notes to Rate Base Elements

Summary of Detailed Plant Accounts

LINE NO.	ACCT. NO.	ACCOUNT TITLE	AMOUNT 12/31/2021	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2022	ADDITIONS	RETIREMENTS	ESTIMATED BOOK COST 12/31/2023
1	352.00	Franchises & Consents	$0	$0	$0	$0	$0	$0	$0
2	353.00	Land & Land Rights	4,463,355	0	0	4,463,355	425,000	0	4,888,355
3		Total Intangible Plant	$4,463,355	$0	$0	$4,463,355	$425,000	$0	$4,888,355
4	354.20	Structures And Improvements - Collection	$4,775,859	$847,838	$11,964	$5,611,733	$2,426,122	$99,408	$7,938,447
5	354.30	Structures And Improvements - SPP	20,936,156	466,774	17,946	21,384,985	3,400,178	222,935	24,562,228
6	354.40	Structures And Improvements - TDP	126,506,458	7,329,469	486,923	133,349,004	28,464,504	2,084,732	159,728,777
7	354.70	Structures And Improvements - General	0	0	0	0	0	0	0
8	355.00	Power Generation Equipment	932,654	0	0	932,654	0	0	932,654
9	360.10	Collection Sewers - Force Mains	4,710,847	4,523,386	342,836	8,891,396	0	0	8,891,396
10	361.10	Collection Sewers - Gravity Mains	369,807,276	25,360,744	1,853,548	393,314,472	29,606,268	2,168,354	420,752,385
11	361.20	Manholes	42,198,027	2,027,445	139,536	44,085,935	1,803,630	118,187	45,771,379
12	362.00	Spec Collection Structures	0	0	0	0	0	0	0
13	363.00	Services	12,601,348	996,740	58,492	13,539,596	4,574,337	318,717	17,795,216
14	364.00	Flow Measuring Devices	2,023,604	0	0	2,023,604	0	0	2,023,604
15	365.00	Flow Measuring Installations	0	0	0	0	0	0	0
16	370.00	Receiving Wells	0	0	0	0	0	0	0
17	371.00	Pumping Equipment	14,212,221	2,769,381	221,551	16,760,052	3,791,663	277,700	20,274,015
18	380.00	Treatment Equipment	63,729,746	12,258,735	917,459	75,071,022	3,392,511	248,466	78,215,066
19	381.00	Plant Sewers	1,576,345	0	0	1,576,345	0	0	1,576,345
20	382.00	Outfall Sewer Lines	286,271	0	0	286,271	0	0	286,271
21	389.10	Other Plant And Miscellaneous Equipment - Intangibles	10,342,672	0	0	10,342,672	105,000	7,690	10,439,982
22	390.00	Office Furniture And Equipment	2,201,684	0	17,839	2,183,844	0	9,926	2,173,918
23	390.20	Computers & Peripheral	0	0	0	0	0	0	0
24	391.00	Transportation Equipment	6,350,292	164,500	12,468	6,502,324	179,257	13,129	6,668,453
25	392.00	Stores Equipment	106,844	0	0	106,844	0	0	106,844
26	393.00	Tools, Shop And Garage Equipment	1,873,273	0	27,925	1,845,348	0	4,230	1,841,118
27	394.00	Laboratory Equipment	271,347	0	14,725	256,622	0	0	256,622
28	395.00	Power Operated Equipment	1,788,631	70,500	5,343	1,853,787	76,825	5,627	1,924,985
29	396.00	Communication Equipment	2,075,183	139,567	7,104	2,207,646	227,335	0	2,434,981
30	397.00	Miscellaneous Equipment	2,424,314	433,982	5,273	2,853,023	726,372	0	3,579,394
31	398.00	Other Tangible Plant	0	0	0	0	0	0	0
32		Total Tangible Plant	$691,731,050	$57,389,062	$4,140,932	$744,979,180	$78,774,003	$5,579,101	$818,174,082
33		Total Utility Plant In Service	$696,194,405	$57,389,062	$4,140,932	$749,442,535	$79,199,003	$5,579,101	$823,062,437

Witness: Stacey D. Gress
Reference: Exhibit No. 3-C

Appendix F

Bill Comparisons (Water)

Pennsylvania-American Water - Water
Residential Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other (incl. Creekside)	$60.48	$69.24	$8.76	14.5%
2	1	Winola	33.74	36.83	3.09	9.2%
3	1	McEwensville	47.06	69.24	22.18	47.1%
4	4	Turbotville	60.48	69.24	8.76	14.5%
5	5	Steelton	38.76	69.24	30.48	78.7%
6	2	Valley	28.99	52.83	23.84	82.3%

[1] Where applicable, present rates includes deferred tax negative surcharge and DSIC as projected for January 1, 2023.

[2] All rate zones except Winola based on 5/8" meter and 3,212 gallons per month. Winola based on 5/8" meter and average monthly consumption of 1,200 gallons.

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$17.50	($0.27)	-1.50%
100		19.10	19.11	0.01	0.08%
500		24.42	25.55	1.14	4.66%
1,000		31.07	33.61	2.54	8.19%
2,000		44.36	49.72	5.35	12.06%
3,000		57.66	65.82	8.16	14.15%
3,212	*	60.48	69.24	8.76	14.48%
3,500		64.31	73.88	9.57	14.87%
4,000		70.96	81.93	10.97	15.46%
5,000		84.26	98.04	13.78	16.35%
6,000		97.56	114.15	16.59	17.00%
7,000		110.86	130.26	19.40	17.50%
8,000		124.16	146.36	22.21	17.88%
9,000		137.46	162.47	25.01	18.20%
10,000		150.76	178.58	27.82	18.46%
11,000		164.06	194.69	30.63	18.67%
12,000		177.36	210.80	33.44	18.86%
13,000		190.65	226.90	36.25	19.01%
14,000		203.95	243.01	39.06	19.15%
15,000		217.25	259.12	41.87	19.27%
16,000		230.55	275.23	44.68	19.38%
17,000		243.85	291.34	47.49	19.47%
18,000		257.15	307.44	50.29	19.56%
19,000		270.45	323.55	53.10	19.64%
20,000		283.75	339.66	55.91	19.70%
21,000		297.05	355.77	58.72	19.77%
22,000		310.35	371.88	61.53	19.83%
23,000		323.65	387.98	64.34	19.88%
24,000		336.94	404.09	67.15	19.93%
25,000		350.24	420.20	69.96	19.97%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 2 WINOLA RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$33.74	$17.50	($16.24)	-48.13%
100		33.74	19.11	(14.62)	-43.35%
500		33.74	25.55	(8.18)	-24.25%
1,000		33.74	33.61	(0.13)	-0.38%
1,200	*	33.74	36.83	3.09	9.17%
1,400		33.74	40.05	6.32	18.72%
1,600		33.74	43.27	9.54	28.27%
1,800		33.74	46.49	12.76	37.82%
2,000		33.74	49.72	15.98	47.37%
2,200		33.74	52.94	19.20	56.92%
2,400		33.74	56.16	22.42	66.47%
2,600		33.74	59.38	25.65	76.02%
2,800		33.74	62.60	28.87	85.57%
3,000		33.74	65.82	32.09	95.12%
3,200		33.74	69.05	35.31	104.67%
3,400		33.74	72.27	38.53	114.22%
3,600		33.74	75.49	41.75	123.77%
3,800		33.74	78.71	44.98	133.32%
4,000		33.74	81.93	48.20	142.87%
4,500		33.74	89.99	56.25	166.74%
5,000		33.74	98.04	64.30	190.62%
5,500		33.74	106.09	72.36	214.49%
6,000		33.74	114.15	80.41	238.37%
6,500		33.74	122.20	88.47	262.24%
7,000		33.74	130.26	96.52	286.11%
7,500		33.74	138.31	104.57	309.99%
8,000		33.74	146.36	112.63	333.86%
8,500		33.74	154.42	120.68	357.74%
9,000		33.74	162.47	128.74	381.61%
10,000		33.74	178.58	144.84	429.36%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 3 MCEWENSVILLE RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$17.50	($0.27)	-1.50%
100		18.68	19.11	0.43	2.32%
500		22.33	25.55	3.23	14.46%
1,000		26.89	33.61	6.72	25.00%
2,000		36.01	49.72	13.71	38.08%
3,000		45.12	65.82	20.70	45.87%
3,212	*	47.06	69.24	22.18	47.14%
3,500		49.68	73.88	24.19	48.69%
4,000		54.24	81.93	27.69	51.04%
5,000		63.36	98.04	34.68	54.73%
6,000		72.48	114.15	41.66	57.48%
7,000		81.60	130.26	48.65	59.62%
8,000		90.72	146.36	55.64	61.33%
9,000		99.84	162.47	62.63	62.73%
10,000		108.96	178.58	69.62	63.89%
11,000		118.08	194.69	76.61	64.88%
12,000		127.20	210.80	83.60	65.72%
13,000		136.32	226.90	90.58	66.45%
14,000		145.44	243.01	97.57	67.09%
15,000		154.56	259.12	104.56	67.65%
16,000		163.68	275.23	111.55	68.15%
17,000		172.80	291.34	118.54	68.60%
18,000		181.92	307.44	125.53	69.00%
19,000		191.04	323.55	132.51	69.37%
20,000		200.16	339.66	139.50	69.70%
21,000		209.28	355.77	146.49	70.00%
22,000		218.40	371.88	153.48	70.28%
23,000		227.52	387.98	160.47	70.53%
24,000		236.63	404.09	167.46	70.77%
25,000		245.75	420.20	174.45	70.98%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 4 TURBOTVILLE RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$17.50	($0.27)	-1.50%
100		19.10	19.11	0.01	0.08%
500		24.42	25.55	1.14	4.66%
1,000		31.07	33.61	2.54	8.19%
2,000		44.36	49.72	5.35	12.06%
3,000		57.66	65.82	8.16	14.15%
3,212	*	60.48	69.24	8.76	14.48%
3,500		64.31	73.88	9.57	14.87%
4,000		70.96	81.93	10.97	15.46%
5,000		84.26	98.04	13.78	16.35%
6,000		97.56	114.15	16.59	17.00%
7,000		110.86	130.26	19.40	17.50%
8,000		124.16	146.36	22.21	17.88%
9,000		137.46	162.47	25.01	18.20%
10,000		150.76	178.58	27.82	18.46%
11,000		164.06	194.69	30.63	18.67%
12,000		177.36	210.80	33.44	18.86%
13,000		190.65	226.90	36.25	19.01%
14,000		203.95	243.01	39.06	19.15%
15,000		217.25	259.12	41.87	19.27%
16,000		230.55	275.23	44.68	19.38%
17,000		243.85	291.34	47.49	19.47%
18,000		257.15	307.44	50.29	19.56%
19,000		270.45	323.55	53.10	19.64%
20,000		283.75	339.66	55.91	19.70%
21,000		297.05	355.77	58.72	19.77%
22,000		310.35	371.88	61.53	19.83%
23,000		323.65	387.98	64.34	19.88%
24,000		336.94	404.09	67.15	19.93%
25,000		350.24	420.20	69.96	19.97%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 5 STEELTON RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$21.00	$17.50	($3.50)	-16.68%
100		21.00	19.11	(1.89)	-9.02%
500		21.00	25.55	4.55	21.66%
1,000		21.00	33.61	12.60	60.00%
2,000		24.53	49.72	25.19	102.70%
3,000		36.27	65.82	29.56	81.50%
3,212	*	38.76	69.24	30.48	78.66%
3,500		42.14	73.88	31.74	75.33%
4,000		48.01	81.93	33.93	70.67%
5,000		59.75	98.04	38.29	64.10%
6,000		71.49	114.15	42.66	59.68%
7,000		83.23	130.26	47.03	56.51%
8,000		94.97	146.36	51.40	54.12%
9,000		106.70	162.47	55.77	52.26%
10,000		118.44	178.58	60.14	50.77%
11,000		130.18	194.69	64.50	49.55%
12,000		141.92	210.80	68.87	48.53%
13,000		153.66	226.90	73.24	47.66%
14,000		165.40	243.01	77.61	46.92%
15,000		177.14	259.12	81.98	46.28%
16,000		188.88	275.23	86.34	45.71%
17,000		200.62	291.34	90.71	45.22%
18,000		212.36	307.44	95.08	44.77%
19,000		224.10	323.55	99.45	44.38%
20,000		235.84	339.66	103.82	44.02%
21,000		248.80	352.16	103.36	41.54%
22,000		261.77	364.66	102.89	39.31%
23,000		274.73	377.16	102.43	37.28%
24,000		287.69	389.66	101.97	35.44%
25,000		300.65	402.16	101.51	33.76%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 VALLEY RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$28.99	$17.50	($11.49)	-39.63%
100		28.99	18.60	(10.39)	-35.83%
500		28.99	23.00	(5.99)	-20.65%
1,000		28.99	28.50	(0.49)	-1.68%
2,000		28.99	39.50	10.51	36.27%
3,000		28.99	50.50	21.51	74.22%
3,212	*	28.99	52.83	23.85	82.27%
3,500		29.85	56.00	26.15	87.59%
4,000		34.18	61.50	27.32	79.92%
5,000		42.84	72.50	29.66	69.23%
6,000		51.50	83.50	32.00	62.14%
7,000		60.16	94.50	34.34	57.09%
8,000		68.82	105.50	36.68	53.31%
9,000		77.47	116.50	39.03	50.37%
10,000		86.13	127.50	41.37	48.03%
11,000		94.79	138.50	43.71	46.11%
12,000		103.45	149.50	46.05	44.51%
13,000		112.11	160.50	48.39	43.16%
14,000		120.77	171.50	50.73	42.01%
15,000		129.43	182.50	53.07	41.01%
16,000		138.09	193.50	55.41	40.13%
17,000		146.74	204.50	57.76	39.36%
18,000		155.40	215.50	60.10	38.67%
19,000		164.06	226.50	62.44	38.06%
20,000		172.72	237.50	64.78	37.51%
21,000		181.38	248.50	67.12	37.01%
22,000		190.04	259.50	69.46	36.55%
23,000		198.70	270.50	71.80	36.14%
24,000		207.36	281.50	74.14	35.76%
25,000		216.01	292.50	76.49	35.41%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

Pennsylvania-American Water - Water
Commercial Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other	$294.78	$343.71	$48.93	16.6%
3	1	McEwensville	47.06	68.65	21.59	45.9%
4	4	Turbotville	223.51	260.04	36.53	16.3%
5	5	Steelton	269.04	372.67	103.63	38.5%
6	2	Valley	194.90	266.67	71.78	36.8%
7	3	Slibco	485.32	485.32	0.00	0.0%

[1] Where applicable, present rates includes deferred tax negative surcharge and DSIC as projected for January 1, 2023.

[2] All rate zones except McEwensville based on 5/8" meter and 22,561 gallons per month. McEwensville based on 5/8" meter and average monthly consumption of 3,212 gallons.

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$18.50	$0.73	4.13%
100		19.10	20.06	0.97	5.06%
500		24.42	26.31	1.89	7.74%
1,000		31.07	34.11	3.05	9.81%
2,000		44.36	49.73	5.36	12.09%
3,000		57.66	65.34	7.68	13.31%
3,500		64.31	73.15	8.83	13.73%
4,000		70.96	80.95	9.99	14.08%
5,000		84.26	96.57	12.30	14.60%
6,000		97.56	112.18	14.62	14.98%
7,000		110.86	127.79	16.93	15.27%
8,000		124.16	143.40	19.25	15.50%
9,000		137.46	159.02	21.56	15.68%
10,000		150.76	174.63	23.87	15.84%
16,000		230.55	268.31	37.76	16.38%
20,000		269.71	314.28	44.57	16.52%
21,000		279.50	325.77	46.27	16.56%
22,000		289.29	337.27	47.98	16.58%
22,561	*	294.78	343.71	48.93	16.60%
23,000		299.08	348.76	49.68	16.61%
23,692		305.85	356.71	50.86	16.63%
24,000		308.87	360.25	51.38	16.64%
25,000		318.66	371.74	53.09	16.66%
26,000		328.45	383.24	54.79	16.68%
27,000		338.24	394.73	56.49	16.70%
28,000		348.03	406.22	58.20	16.72%
29,000		357.82	417.71	59.90	16.74%
30,000		367.61	429.21	61.60	16.76%
40,000		465.50	544.14	78.63	16.89%
50,000		563.40	659.06	95.67	16.98%
60,000		661.29	773.99	112.70	17.04%
70,000		759.19	888.92	129.73	17.09%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 3 MCEWENSVILLE COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$18.50	$0.73	4.13%
100		18.68	20.06	1.38	7.41%
500		22.33	26.31	3.98	17.83%
1,000		26.89	34.11	7.23	26.88%
2,000		36.01	49.73	13.72	38.11%
3,000		45.12	65.34	20.21	44.80%
3,212	*	47.06	68.65	21.59	45.88%
4,000		54.24	80.95	26.71	49.24%
5,000		63.36	96.57	33.20	52.40%
6,000		72.48	112.18	39.69	54.76%
7,000		81.60	127.79	46.19	56.60%
8,000		90.72	143.40	52.68	58.07%
9,000		99.84	159.02	59.18	59.27%
10,000		108.96	174.63	65.67	60.27%
16,000		163.68	268.31	104.63	63.92%
20,000		200.16	314.28	114.12	57.02%
21,000		209.28	325.77	116.50	55.67%
22,000		218.40	337.27	118.87	54.43%
22,561		223.51	343.71	120.20	53.78%
23,000		227.52	348.76	121.24	53.29%
23,692		233.83	356.71	122.88	52.55%
24,000		236.63	360.25	123.62	52.24%
25,000		245.75	371.74	125.99	51.27%
26,000		254.87	383.24	128.36	50.36%
27,000		263.99	394.73	130.74	49.52%
28,000		273.11	406.22	133.11	48.74%
29,000		282.23	417.71	135.48	48.00%
30,000		291.35	429.21	137.86	47.32%
40,000		382.55	544.14	161.59	42.24%
50,000		473.74	659.06	185.32	39.12%
60,000		564.94	773.99	209.05	37.00%
70,000		656.13	888.92	232.79	35.48%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 4 TURBOTVILLE COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$17.77	$18.50	$0.73	4.13%
100		18.68	19.57	0.89	4.78%
500		22.33	23.85	1.53	6.84%
1,000		26.89	29.21	2.32	8.63%
2,000		36.01	39.91	3.91	10.85%
3,000		45.12	50.62	5.49	12.17%
3,500		49.68	55.97	6.29	12.65%
4,000		54.24	61.32	7.08	13.05%
5,000		63.36	72.03	8.67	13.68%
6,000		72.48	82.74	10.25	14.14%
7,000		81.60	93.44	11.84	14.51%
8,000		90.72	104.15	13.43	14.80%
9,000		99.84	114.85	15.01	15.04%
10,000		108.96	125.56	16.60	15.23%
16,000		163.68	189.80	26.12	15.96%
20,000		200.16	232.62	32.46	16.22%
21,000		209.28	243.33	34.05	16.27%
22,000		218.40	254.03	35.64	16.32%
22,561	*	223.51	260.04	36.53	16.34%
23,000		227.52	264.74	37.22	16.36%
23,692		233.83	272.15	38.32	16.39%
24,000		236.63	275.44	38.81	16.40%
25,000		245.75	286.15	40.40	16.44%
26,000		254.87	296.86	41.98	16.47%
27,000		263.99	307.56	43.57	16.50%
28,000		273.11	318.27	45.15	16.53%
29,000		282.23	328.97	46.74	16.56%
30,000		291.35	339.68	48.33	16.59%
40,000		382.55	446.74	64.19	16.78%
50,000		473.74	553.80	80.06	16.90%
60,000		564.94	660.86	95.92	16.98%
70,000		656.13	767.92	111.79	17.04%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 5 STEELTON COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$21.00	$18.50	($2.50)	-11.92%
100		21.00	20.11	(0.89)	-4.25%
500		21.00	26.55	5.55	26.42%
1,000		21.00	34.61	13.60	64.76%
2,000		24.53	50.72	26.19	106.78%
3,000		36.27	66.82	30.56	84.26%
3,500		42.14	74.88	32.74	77.71%
4,000		48.01	82.93	34.93	72.75%
5,000		59.75	99.04	39.29	65.77%
6,000		71.49	115.15	43.66	61.08%
7,000		83.23	131.26	48.03	57.71%
8,000		94.97	147.36	52.40	55.18%
9,000		106.70	163.47	56.77	53.20%
10,000		118.44	179.58	61.14	51.62%
16,000		188.88	276.23	87.34	46.24%
20,000		235.84	340.66	104.82	44.44%
21,000		248.80	353.16	104.36	41.94%
22,000		261.77	365.66	103.89	39.69%
22,561	*	269.04	372.67	103.63	38.52%
23,000		274.73	378.16	103.43	37.65%
23,692		283.70	386.81	103.11	36.35%
24,000		287.69	390.66	102.97	35.79%
25,000		300.65	403.16	102.51	34.09%
26,000		313.61	415.66	102.05	32.54%
27,000		326.58	428.16	101.58	31.11%
28,000		339.54	440.66	101.12	29.78%
29,000		352.50	453.16	100.66	28.56%
30,000		365.46	465.66	100.20	27.42%
40,000		495.08	590.66	95.58	19.31%
50,000		624.70	715.66	90.96	14.56%
60,000		736.70	840.66	103.96	14.11%
70,000		848.70	965.66	116.96	13.78%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 VALLEY COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$28.99	$18.50	($10.49)	-36.18%
100		28.99	19.60	(9.39)	-32.38%
500		28.99	24.00	(4.99)	-17.20%
1,000		28.99	29.50	0.51	1.77%
2,000		28.99	40.50	11.51	39.72%
3,000		28.99	51.50	22.51	77.67%
3,500		29.85	57.00	27.15	90.94%
4,000		34.18	62.50	28.32	82.85%
5,000		42.84	73.50	30.66	71.57%
6,000		51.50	84.50	33.00	64.08%
7,000		60.16	95.50	35.34	58.75%
8,000		68.82	106.50	37.68	54.76%
9,000		77.47	117.50	40.03	51.66%
10,000		86.13	128.50	42.37	49.19%
16,000		138.09	194.50	56.41	40.85%
20,000		172.72	238.50	65.78	38.08%
21,000		181.38	249.50	68.12	37.56%
22,000		190.04	260.50	70.46	37.08%
22,561	*	194.90	266.67	71.78	36.83%
23,000		198.70	271.50	72.80	36.64%
23,692		204.69	279.11	74.42	36.36%
24,000		207.36	282.50	75.14	36.24%
25,000		216.01	293.50	77.49	35.87%
26,000		224.67	304.50	79.83	35.53%
27,000		233.33	315.50	82.17	35.22%
28,000		241.99	326.50	84.51	34.92%
29,000		250.65	337.50	86.85	34.65%
30,000		259.31	348.50	89.19	34.40%
40,000		345.90	458.50	112.60	32.55%
50,000		432.48	568.50	136.02	31.45%
60,000		519.07	678.50	159.43	30.71%
70,000		605.66	788.50	182.84	30.19%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 7 SLIBCO COMMERCIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$63.55	$63.55	$0.00	0.00%
100		65.44	65.44	0.00	0.00%
500		73.02	73.02	0.00	0.00%
1,000		82.49	82.49	0.00	0.00%
2,000		101.43	101.43	0.00	0.00%
3,000		120.37	120.37	0.00	0.00%
3,500		129.84	129.84	0.00	0.00%
4,000		139.31	139.31	0.00	0.00%
5,000		158.25	158.25	0.00	0.00%
6,000		177.19	177.19	0.00	0.00%
7,000		196.13	196.13	0.00	0.00%
8,000		215.07	215.07	0.00	0.00%
9,000		234.01	234.01	0.00	0.00%
10,000		252.95	252.95	0.00	0.00%
16,000		366.59	366.59	0.00	0.00%
20,000		442.35	442.35	0.00	0.00%
21,000		459.13	459.13	0.00	0.00%
22,000		475.91	475.91	0.00	0.00%
22,561	*	485.32	485.32	0.00	0.00%
23,000		492.69	492.69	0.00	0.00%
23,692		504.30	504.30	0.00	0.00%
24,000		509.47	509.47	0.00	0.00%
25,000		526.25	526.25	0.00	0.00%
26,000		543.03	543.03	0.00	0.00%
27,000		559.81	559.81	0.00	0.00%
28,000		576.59	576.59	0.00	0.00%
29,000		593.37	593.37	0.00	0.00%
30,000		610.15	610.15	0.00	0.00%
40,000		777.95	777.95	0.00	0.00%
50,000		945.75	945.75	0.00	0.00%
60,000		1,113.55	1,113.55	0.00	0.00%
70,000		1,281.35	1,281.35	0.00	0.00%

* Average monthly bill.

Pennsylvania-American Water - Water
Industrial Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other	$5,263.16	$5,985.08	$721.92	13.7%
5	5	Steelton	6,079.14	6,816.20	737.06	12.1%
6	2	Valley	93.06	137.30	44.24	47.5%

[1] Where applicable, present rates includes deferred tax negative surcharge and DSIC as projected for January 1, 2023.
[2] All rate zones except Valley based on 2" meter and 528,207 gallons per month. Valley based on 5/8" meter and 10,800 gallons per month

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$206.49	$224.00	$17.51	8.48%
1,000		218.96	238.20	19.24	8.79%
2,000		231.42	252.40	20.98	9.07%
3,000		243.88	266.60	22.72	9.31%
4,000		256.35	280.80	24.45	9.54%
5,000		268.81	295.00	26.19	9.74%
10,000		331.13	366.00	34.87	10.53%
16,000		405.91	451.20	45.29	11.16%
20,000		443.84	494.42	50.57	11.39%
30,000		538.67	602.46	63.78	11.84%
40,000		633.50	710.50	76.99	12.15%
50,000		728.33	818.54	90.21	12.39%
60,000		823.16	926.58	103.42	12.56%
70,000		917.99	1,034.62	116.63	12.70%
80,000		1,012.82	1,142.66	129.84	12.82%
90,000		1,107.65	1,250.70	143.05	12.91%
100,000		1,202.48	1,358.74	156.26	12.99%
200,000		2,150.78	2,439.14	288.36	13.41%
300,000		3,099.08	3,519.54	420.46	13.57%
400,000		4,047.37	4,599.94	552.56	13.65%
500,000		4,995.67	5,680.34	684.66	13.71%
528,207	*	5,263.16	5,985.08	721.92	13.72%
600,000		5,943.97	6,760.74	816.76	13.74%
700,000		6,689.94	7,610.64	920.70	13.76%
800,000		7,435.91	8,460.54	1,024.63	13.78%
900,000		8,181.88	9,310.44	1,128.56	13.79%
1,000,000		8,927.85	10,160.34	1,232.49	13.80%
1,100,000		9,673.82	11,010.24	1,336.42	13.81%
1,200,000		10,419.79	11,860.14	1,440.35	13.82%
1,300,000		11,165.75	12,710.04	1,544.28	13.83%
1,400,000		11,911.72	13,559.94	1,648.21	13.84%
1,500,000		12,657.69	14,409.84	1,752.14	13.84%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 5 STEELTON INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$119.67	$141.46	$21.78	18.20%
1,000		119.67	157.56	37.89	31.66%
2,000		123.19	173.67	50.48	40.97%
3,000		134.93	189.78	54.85	40.65%
4,000		146.67	205.89	59.21	40.37%
5,000		158.41	222.00	63.58	40.14%
10,000		217.11	302.54	85.42	39.35%
16,000		287.55	399.18	111.63	38.82%
20,000		334.51	463.62	129.11	38.60%
30,000		464.13	588.62	124.49	26.82%
40,000		593.75	713.62	119.87	20.19%
50,000		723.37	838.62	115.24	15.93%
60,000		835.37	963.62	128.25	15.35%
70,000		947.37	1,088.62	141.25	14.91%
80,000		1,059.36	1,213.62	154.25	14.56%
90,000		1,171.36	1,338.62	167.26	14.28%
100,000		1,283.36	1,463.62	180.26	14.05%
200,000		2,403.32	2,713.62	310.29	12.91%
300,000		3,523.29	3,963.62	440.32	12.50%
400,000		4,643.26	5,213.62	570.35	12.28%
500,000		5,763.23	6,463.62	700.39	12.15%
528,207	*	6,079.14	6,816.20	737.06	12.12%
600,000		6,883.20	7,713.62	830.42	12.06%
700,000		8,003.17	8,963.62	960.45	12.00%
800,000		9,123.14	10,213.62	1,090.48	11.95%
900,000		10,243.11	11,463.62	1,220.51	11.92%
1,000,000		11,363.07	12,713.62	1,350.54	11.89%
1,100,000		12,483.04	13,963.62	1,480.57	11.86%
1,200,000		13,603.01	15,213.62	1,610.60	11.84%
1,300,000		14,722.98	16,463.62	1,740.64	11.82%
1,400,000		15,842.95	17,713.62	1,870.67	11.81%
1,500,000		16,962.92	18,963.62	2,000.70	11.79%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08% and EADIT rate @ -1.56%
Bill at settlement rate was calculated using DSIC rate @ 0.00% and EADIT rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 VALLEY INDUSTRIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS (1)		BILLS UNDER PRESENT RATES (2)	BILLS UNDER SETTLEMENT RATES (3)	INCREASE AMOUNT (4)	INCREASE PERCENT (5)
0		$28.99	$ 18.5000	($10.49)	-36.18%
100		28.99	19.60	(9.39)	-32.38%
500		28.99	24.00	(4.99)	-17.20%
1,000		28.99	29.50	0.51	1.77%
2,000		28.99	40.50	11.51	39.72%
3,000		28.99	51.50	22.51	77.67%
3,500		29.85	57.00	27.15	90.94%
4,000		34.18	62.50	28.32	82.85%
5,000		42.84	73.50	30.66	71.57%
6,000		51.50	84.50	33.00	64.08%
7,000		60.16	95.50	35.34	58.75%
8,000		68.82	106.50	37.68	54.76%
9,000		77.47	117.50	40.03	51.66%
10,000		86.13	128.50	42.37	49.19%
10,800	*	93.06	137.30	44.24	47.54%
11,000		94.79	139.50	44.71	47.16%
12,000		103.45	150.50	47.05	45.48%
13,000		112.11	161.50	49.39	44.06%
14,000		120.77	172.50	51.73	42.84%
15,000		129.43	183.50	54.07	41.78%
20,000		172.72	238.50	65.78	38.08%
24,000		207.36	282.50	75.14	36.24%
25,000		216.01	293.50	77.49	35.87%
26,000		224.67	304.50	79.83	35.53%
27,000		233.33	315.50	82.17	35.22%
28,000		241.99	326.50	84.51	34.92%
29,000		250.65	337.50	86.85	34.65%
30,000		259.31	348.50	89.19	34.40%
40,000		345.90	458.50	112.60	32.55%
50,000		432.48	568.50	136.02	31.45%
60,000		519.07	678.50	159.43	30.71%
70,000		605.66	788.50	182.84	30.19%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 3.08%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

Appendix G

Bill Comparisons (Wastewater)

Pennsylvania-American Water - Wastewater
Residential Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other	$76.65	$106.65	$30.00	39.1%
2	1	New Cumberland	52.59	92.99	40.41	76.8%
3	3	Scranton	55.75	95.01	39.26	70.4%
4	4	Kane	79.85	107.45	27.60	34.6%
5	1	Franklin	81.64	106.00	24.36	29.8%
6	6	McKeesport	77.54	106.65	29.11	37.5%
6	6	Port Vue	61.62	106.65	45.03	73.1%
7	1	Sadsbury	73.61	106.65	33.03	44.9%
8	1	Turbotville	68.82	106.65	37.83	55.0%
9	1	Exeter	72.37	106.65	34.27	47.4%
10	2	Royersford	30.00	49.99	19.99	66.6%
11	5	Valley	59.67	106.65	46.98	78.7%
12	7	York	29.36	51.18	21.82	74.3%
13	1	Upper Pottsgrove	65.00	106.00	41.00	63.1%
	8	Foster	85.00	106.00	21.00	24.7%

[1] Where applicable, present rates includes DSIC as projected for January 1, 2023.
[2] Based on 3,212 gallons per month

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.45	$14.30	2.85	24.86%
100		13.48	17.18	3.69	27.38%
500		21.60	28.68	7.07	32.74%
1,000		31.75	43.05	11.30	35.59%
2,000		52.05	71.80	19.75	37.95%
3,000		72.34	100.55	28.21	38.99%
3,212	*	76.65	106.65	30.00	39.14%
3,500		82.49	114.93	32.43	39.31%
4,000		92.64	129.30	36.66	39.57%
5,000		112.94	158.05	45.11	39.94%
6,000		133.24	186.80	53.56	40.20%
7,000		153.53	215.55	62.02	40.39%
8,000		173.83	244.30	70.47	40.54%
9,000		194.13	273.05	78.92	40.65%
10,000		214.42	301.80	87.38	40.75%
11,000		234.72	330.55	95.83	40.83%
12,000		255.02	359.30	104.28	40.89%
13,000		275.32	388.05	112.73	40.95%
14,000		295.61	416.80	121.19	40.99%
15,000		315.91	445.55	129.64	41.04%
16,000		336.21	474.30	138.09	41.07%
17,000		356.50	503.05	146.55	41.11%
18,000		376.80	531.80	155.00	41.14%
19,000		397.10	560.55	163.45	41.16%
20,000		417.40	589.30	171.90	41.18%
21,000		437.69	618.05	180.36	41.21%
22,000		457.99	646.80	188.81	41.23%
23,000		478.29	675.55	197.26	41.24%
24,000		498.58	704.30	205.72	41.26%
25,000		518.88	733.05	214.17	41.27%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 2 NEW CUMBERLAND RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.45	$14.30	2.85	24.86%
100		12.73	16.75	4.02	31.54%
500		17.86	26.55	8.69	48.68%
1,000		24.26	38.80	14.54	59.93%
2,000		37.07	63.30	26.23	70.77%
3,000		49.87	87.80	37.93	76.05%
3,212	*	52.59	92.99	40.41	76.83%
3,500		56.28	100.05	43.77	77.78%
4,000		62.68	112.30	49.62	79.16%
5,000		75.49	136.80	61.31	81.22%
6,000		88.29	161.30	73.01	82.69%
7,000		101.10	185.80	84.70	83.78%
8,000		113.91	210.30	96.39	84.62%
9,000		126.71	234.80	108.09	85.30%
10,000		139.52	259.30	119.78	85.85%
11,000		152.33	283.80	131.47	86.31%
12,000		165.13	308.30	143.17	86.70%
13,000		177.94	332.80	154.86	87.03%
14,000		190.75	357.30	166.55	87.32%
15,000		203.55	381.80	178.25	87.57%
16,000		216.36	406.30	189.94	87.79%
17,000		229.17	430.80	201.63	87.98%
18,000		241.97	455.30	213.33	88.16%
19,000		254.78	479.80	225.02	88.32%
20,000		267.59	504.30	236.71	88.46%
21,000		280.40	528.80	248.40	88.59%
22,000		293.20	553.30	260.10	88.71%
23,000		306.01	577.80	271.79	88.82%
24,000		318.82	602.30	283.48	88.92%
25,000		331.62	626.80	295.18	89.01%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 3 SCRANTON RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$20.30	$19.50	($0.80)	-3.96%
100		21.41	21.85	0.44	2.07%
500		25.82	31.26	5.43	21.04%
1,000		31.34	43.01	11.67	37.24%
2,000		42.38	66.52	24.14	56.97%
3,000		53.41	90.03	36.62	68.55%
3,212	*	55.75	95.01	39.26	70.42%
3,500		58.93	101.79	42.85	72.72%
4,000		64.45	113.54	49.09	76.17%
5,000		75.49	137.05	61.56	81.55%
6,000		86.52	160.56	74.04	85.57%
7,000		97.56	184.07	86.51	88.67%
8,000		108.60	207.58	98.98	91.15%
9,000		119.63	231.09	111.46	93.16%
10,000		130.67	254.60	123.93	94.84%
11,000		141.71	278.11	136.40	96.26%
12,000		152.74	301.62	148.88	97.47%
13,000		163.78	325.13	161.35	98.52%
14,000		174.82	348.64	173.82	99.43%
15,000		185.85	372.15	186.30	100.24%
16,000		196.89	395.66	198.77	100.95%
17,000		207.93	419.17	211.24	101.59%
18,000		218.96	442.68	223.72	102.17%
19,000		230.00	466.19	236.19	102.69%
20,000		241.04	489.70	248.66	103.16%
21,000		252.07	513.21	261.14	103.59%
22,000		263.11	536.72	273.61	103.99%
23,000		274.15	560.23	286.08	104.35%
24,000		285.18	583.74	298.56	104.69%
25,000		296.22	607.25	311.03	105.00%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 4 KANE RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$66.84	$40.00	(26.84)	-40.16%
100		66.84	42.10	(24.74)	-37.01%
500		66.84	50.50	(16.34)	-24.45%
1,000		66.84	61.00	(5.84)	-8.74%
2,000		66.84	82.00	15.16	22.68%
3,000		77.57	103.00	25.43	32.78%
3,212	*	79.85	107.45	27.60	34.57%
3,500		82.94	113.50	30.56	36.85%
4,000		88.30	124.00	35.70	40.42%
5,000		99.04	145.00	45.96	46.41%
6,000		109.77	166.00	56.23	51.23%
7,000		120.50	187.00	66.50	55.19%
8,000		131.23	208.00	76.77	58.50%
9,000		141.96	229.00	87.04	61.31%
10,000		152.70	250.00	97.30	63.72%
11,000		164.62	268.00	103.39	62.80%
12,000		176.53	286.00	109.47	62.01%
13,000		188.45	304.00	115.55	61.31%
14,000		200.37	322.00	121.63	60.70%
15,000		212.29	340.00	127.71	60.16%
16,000		224.21	358.00	133.79	59.67%
17,000		236.13	376.00	139.87	59.23%
18,000		248.05	394.00	145.95	58.84%
19,000		259.97	412.00	152.03	58.48%
20,000		271.89	430.00	158.11	58.15%
21,000		283.81	448.00	164.20	57.85%
22,000		295.72	466.00	170.28	57.58%
23,000		307.64	484.00	176.36	57.33%
24,000		319.56	502.00	182.44	57.09%
25,000		331.48	520.00	188.52	56.87%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 5 FRANKLIN RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$81.64	$106.00	24.36	29.84%
100		81.64	106.00	24.36	29.84%
500		81.64	106.00	24.36	29.84%
1,000		81.64	106.00	24.36	29.84%
2,000		81.64	106.00	24.36	29.84%
3,000		81.64	106.00	24.36	29.84%
3,212	*	81.64	106.00	24.36	29.84%
3,500		81.64	106.00	24.36	29.84%
4,000		81.64	106.00	24.36	29.84%
5,000		81.64	106.00	24.36	29.84%
6,000		81.64	106.00	24.36	29.84%
7,000		81.64	106.00	24.36	29.84%
8,000		81.64	106.00	24.36	29.84%
9,000		81.64	106.00	24.36	29.84%
10,000		81.64	106.00	24.36	29.84%
11,000		81.64	106.00	24.36	29.84%
12,000		81.64	106.00	24.36	29.84%
13,000		81.64	106.00	24.36	29.84%
14,000		81.64	106.00	24.36	29.84%
15,000		81.64	106.00	24.36	29.84%
16,000		81.64	106.00	24.36	29.84%
17,000		81.64	106.00	24.36	29.84%
18,000		81.64	106.00	24.36	29.84%
19,000		81.64	106.00	24.36	29.84%
20,000		81.64	106.00	24.36	29.84%
21,000		81.64	106.00	24.36	29.84%
22,000		81.64	106.00	24.36	29.84%
23,000		81.64	106.00	24.36	29.84%
24,000		81.64	106.00	24.36	29.84%
25,000		81.64	106.00	24.36	29.84%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 MCKEESPORT RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.45	$14.30	$2.85	24.86%
100		13.51	17.18	3.66	27.12%
500		21.74	28.68	6.93	31.90%
1,000		32.03	43.05	11.02	34.42%
2,000		52.60	71.80	19.20	36.50%
3,000		73.18	100.55	27.37	37.41%
3,212	*	77.54	106.65	29.11	37.54%
3,500		83.46	114.93	31.46	37.70%
4,000		93.75	129.30	35.55	37.92%
5,000		114.32	158.05	43.73	38.25%
6,000		134.90	186.80	51.90	38.48%
7,000		155.47	215.55	60.08	38.64%
8,000		176.05	244.30	68.25	38.77%
9,000		196.62	273.05	76.43	38.87%
10,000		217.19	301.80	84.61	38.95%
11,000		237.77	330.55	92.78	39.02%
12,000		258.34	359.30	100.96	39.08%
13,000		278.92	388.05	109.13	39.13%
14,000		299.49	416.80	117.31	39.17%
15,000		320.06	445.55	125.49	39.21%
16,000		340.64	474.30	133.66	39.24%
17,000		361.21	503.05	141.84	39.27%
18,000		381.79	531.80	150.01	39.29%
19,000		402.36	560.55	158.19	39.32%
20,000		422.94	589.30	166.36	39.34%
21,000		443.51	618.05	174.54	39.35%
22,000		464.08	646.80	182.72	39.37%
23,000		484.66	675.55	190.89	39.39%
24,000		505.23	704.30	199.07	39.40%
25,000		525.81	733.05	207.24	39.41%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 PORT VUE RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.45	$14.30	$2.85	24.86%
100		13.02	17.18	4.16	31.96%
500		19.26	28.68	9.41	48.87%
1,000		27.07	43.05	15.98	59.03%
2,000		42.69	71.80	29.11	68.19%
3,000		58.31	100.55	42.24	72.45%
3,212	*	61.62	106.65	45.03	73.07%
3,500		66.12	114.93	48.81	73.82%
4,000		73.93	129.30	55.37	74.91%
5,000		89.54	158.05	68.51	76.51%
6,000		105.16	186.80	81.64	77.63%
7,000		120.78	215.55	94.77	78.47%
8,000		136.40	244.30	107.90	79.11%
9,000		152.02	273.05	121.03	79.62%
10,000		167.63	301.80	134.17	80.04%
11,000		183.25	330.55	147.30	80.38%
12,000		198.87	359.30	160.43	80.67%
13,000		214.49	388.05	173.56	80.92%
14,000		230.11	416.80	186.69	81.13%
15,000		245.72	445.55	199.83	81.32%
16,000		261.34	474.30	212.96	81.49%
17,000		276.96	503.05	226.09	81.63%
18,000		292.58	531.80	239.22	81.76%
19,000		308.20	560.55	252.35	81.88%
20,000		323.81	589.30	265.49	81.99%
21,000		339.43	618.05	278.62	82.08%
22,000		355.05	646.80	291.75	82.17%
23,000		370.67	675.55	304.88	82.25%
24,000		386.29	704.30	318.01	82.33%
25,000		401.90	733.05	331.15	82.39%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 7 SADSBURY RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.00	$14.30	3.30	30.00%
100		12.95	17.18	4.23	32.63%
500		20.75	28.68	7.93	38.21%
1,000		30.49	43.05	12.56	41.18%
2,000		49.99	71.80	21.81	43.63%
3,000		69.48	100.55	31.07	44.71%
3,212	*	73.61	106.65	33.03	44.87%
3,500		79.23	114.93	35.70	45.05%
4,000		88.98	129.30	40.32	45.32%
5,000		108.47	158.05	49.58	45.71%
6,000		127.96	186.80	58.84	45.98%
7,000		147.46	215.55	68.09	46.18%
8,000		166.95	244.30	77.35	46.33%
9,000		186.45	273.05	86.60	46.45%
10,000		205.94	301.80	95.86	46.55%
11,000		225.43	330.55	105.12	46.63%
12,000		244.93	359.30	114.37	46.70%
13,000		264.42	388.05	123.63	46.75%
14,000		283.92	416.80	132.88	46.80%
15,000		303.41	445.55	142.14	46.85%
16,000		322.90	474.30	151.40	46.89%
17,000		342.40	503.05	160.65	46.92%
18,000		361.89	531.80	169.91	46.95%
19,000		381.39	560.55	179.16	46.98%
20,000		400.88	589.30	188.42	47.00%
21,000		420.37	618.05	197.68	47.02%
22,000		439.87	646.80	206.93	47.04%
23,000		459.36	675.55	216.19	47.06%
24,000		478.86	704.30	225.44	47.08%
25,000		498.35	733.05	234.70	47.10%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 8 TURBOTVILLE RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.00	$14.30	3.30	30.00%
100		12.80	17.18	4.38	34.18%
500		20.00	28.68	8.68	43.38%
1,000		29.00	43.05	14.05	48.45%
2,000		47.00	71.80	24.80	52.77%
3,000		65.00	100.55	35.55	54.69%
3,212	*	68.82	106.65	37.83	54.97%
3,500		74.00	114.93	40.93	55.30%
4,000		83.00	129.30	46.30	55.78%
5,000		101.00	158.05	57.05	56.49%
6,000		119.00	186.80	67.80	56.97%
7,000		137.00	215.55	78.55	57.34%
8,000		155.00	244.30	89.30	57.61%
9,000		173.00	273.05	100.05	57.83%
10,000		191.00	301.80	110.80	58.01%
11,000		209.00	330.55	121.55	58.16%
12,000		227.00	359.30	132.30	58.28%
13,000		245.00	388.05	143.05	58.39%
14,000		263.00	416.80	153.80	58.48%
15,000		281.00	445.55	164.55	58.56%
16,000		299.00	474.30	175.30	58.63%
17,000		317.00	503.05	186.05	58.69%
18,000		335.00	531.80	196.80	58.75%
19,000		353.00	560.55	207.55	58.80%
20,000		371.00	589.30	218.30	58.84%
21,000		389.00	618.05	229.05	58.88%
22,000		407.00	646.80	239.80	58.92%
23,000		425.00	675.55	250.55	58.95%
24,000		443.00	704.30	261.30	58.98%
25,000		461.00	733.05	272.05	59.01%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 9 EXETER RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.00	$14.30	3.30	30.00%
100		12.91	17.18	4.26	33.03%
500		20.55	28.68	8.12	39.51%
1,000		30.11	43.05	12.94	42.99%
2,000		49.21	71.80	22.59	45.89%
3,000		68.32	100.55	32.23	47.17%
3,212	*	72.37	106.65	34.27	47.36%
3,500		77.87	114.93	37.05	47.58%
4,000		87.43	129.30	41.87	47.89%
5,000		106.54	158.05	51.52	48.36%
6,000		125.64	186.80	61.16	48.68%
7,000		144.75	215.55	70.80	48.91%
8,000		163.86	244.30	80.44	49.09%
9,000		182.96	273.05	90.09	49.24%
10,000		202.07	301.80	99.73	49.35%
11,000		221.18	330.55	109.37	49.45%
12,000		240.28	359.30	119.02	49.53%
13,000		259.39	388.05	128.66	49.60%
14,000		278.50	416.80	138.30	49.66%
15,000		297.61	445.55	147.95	49.71%
16,000		316.71	474.30	157.59	49.76%
17,000		335.82	503.05	167.23	49.80%
18,000		354.93	531.80	176.87	49.83%
19,000		374.03	560.55	186.52	49.87%
20,000		393.14	589.30	196.16	49.90%
21,000		412.25	618.05	205.80	49.92%
22,000		431.35	646.80	215.45	49.95%
23,000		450.46	675.55	225.09	49.97%
24,000		469.57	704.30	234.73	49.99%
25,000		488.68	733.05	244.38	50.01%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
ROYERSFORD WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 10 ROYERSFORD RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$30.00	$48.00	$18.00	60.00%
100		30.00	48.00	18.00	60.00%
500		30.00	48.00	18.00	60.00%
1,000		30.00	48.00	18.00	60.00%
2,000		30.00	48.00	18.00	60.00%
3,000		30.00	48.00	18.00	60.00%
3,212	*	30.00	49.99	19.99	66.64%
3,500		30.00	52.70	22.70	75.67%
4,000		30.00	57.40	27.40	91.33%
5,000		30.00	66.80	36.80	122.67%
6,000		33.37	76.20	42.83	128.36%
7,000		38.98	85.60	46.62	119.58%
8,000		44.60	95.00	50.40	113.01%
9,000		50.21	104.40	54.19	107.91%
10,000		55.83	113.80	57.97	103.84%
11,000		61.44	123.20	61.76	100.51%
12,000		67.06	132.60	65.54	97.74%
13,000		72.67	142.00	69.33	95.39%
14,000		78.29	151.40	73.11	93.39%
15,000		83.90	160.80	76.90	91.65%
16,000		89.52	170.20	80.68	90.13%
17,000		95.13	179.60	84.47	88.79%
18,000		100.75	189.00	88.25	87.59%
19,000		106.36	198.40	92.04	86.53%
20,000		111.98	207.80	95.82	85.57%
21,000		117.59	217.20	99.61	84.70%
22,000		123.21	226.60	103.39	83.92%
23,000		128.82	236.00	107.18	83.20%
24,000		134.44	245.40	110.96	82.54%
25,000		140.05	254.80	114.75	81.93%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 11 VALLEY TOWNSHIP RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$59.67	$14.30	(45.37)	-76.03%
100		59.67	17.18	(42.50)	-71.22%
500		59.67	28.68	(31.00)	-51.94%
1,000		59.67	43.05	(16.62)	-27.85%
2,000		59.67	71.80	12.13	20.33%
3,000		59.67	100.55	40.88	68.51%
3,212	*	59.67	106.65	46.98	78.72%
3,500		60.79	114.93	54.14	89.05%
4,000		66.39	129.30	62.91	94.76%
5,000		77.59	158.05	80.46	103.70%
6,000		88.79	186.80	98.01	110.38%
7,000		99.99	215.55	115.56	115.57%
8,000		111.19	244.30	133.11	119.71%
9,000		122.39	273.05	150.66	123.10%
10,000		133.59	301.80	168.21	125.92%
11,000		144.79	330.55	185.76	128.30%
12,000		155.99	359.30	203.31	130.34%
13,000		167.19	388.05	220.86	132.10%
14,000		178.39	416.80	238.41	133.65%
15,000		189.59	445.55	255.96	135.01%
16,000		200.79	474.30	273.51	136.22%
17,000		211.99	503.05	291.06	137.30%
18,000		223.19	531.80	308.61	138.27%
19,000		234.39	560.55	326.16	139.15%
20,000		245.59	589.30	343.71	139.95%
21,000		256.79	618.05	361.26	140.68%
22,000		267.99	646.80	378.81	141.35%
23,000		279.19	675.55	396.36	141.97%
24,000		290.39	704.30	413.91	142.54%
25,000		301.59	733.05	431.46	143.06%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 12 YORK RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$18.00	$18.00	$0.00	0.00%
100		18.00	18.00	$0.00	0.00%
500		18.00	18.00	$0.00	0.00%
1,000		18.00	18.00	$0.00	0.00%
2,000		18.00	18.00	$0.00	0.00%
3,000		27.37	45.38	$18.01	65.78%
3,212	*	29.36	51.18	$21.82	74.33%
3,500		32.06	59.06	$27.01	84.25%
4,000		36.74	72.75	$36.01	98.01%
5,000		46.11	100.13	$54.02	117.14%
6,000		55.48	127.50	$72.02	129.81%
7,000		64.85	154.88	$90.03	138.82%
8,000		74.22	182.25	$108.03	145.55%
9,000		83.59	209.63	$126.04	150.78%
10,000		92.96	237.00	$144.04	154.95%
11,000		102.33	264.38	$162.05	158.36%
12,000		111.70	291.75	$180.05	161.19%
13,000		121.07	319.13	$198.06	163.59%
14,000		130.44	346.50	$216.06	165.64%
15,000		139.81	373.88	$234.07	167.42%
16,000		149.18	401.25	$252.07	168.97%
17,000		158.55	428.63	$270.08	170.34%
18,000		167.92	456.00	$288.08	171.56%
19,000		177.29	483.38	$306.09	172.65%
20,000		186.66	510.75	$324.09	173.63%
21,000		196.03	538.13	$342.10	174.51%
22,000		205.40	565.50	$360.10	175.32%
23,000		214.77	592.88	$378.11	176.05%
24,000		224.14	620.25	$396.11	176.72%
25,000		233.51	647.63	$414.12	177.34%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
UPPER POTTSGROVE WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 13 UPPER POTTSGROVE RESIDENTIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$65.00	$106.00	$41.00	63.08%
2	130.00	212.00	$82.00	63.08%
3	195.00	318.00	$123.00	63.08%
4	260.00	424.00	$164.00	63.08%
5	325.00	530.00	$205.00	63.08%
6	390.00	636.00	$246.00	63.08%
7	455.00	742.00	$287.00	63.08%
8	520.00	848.00	$328.00	63.08%
9	585.00	954.00	$369.00	63.08%
10	650.00	1,060.00	$410.00	63.08%
11	715.00	1,166.00	$451.00	63.08%
12	780.00	1,272.00	$492.00	63.08%
13	845.00	1,378.00	$533.00	63.08%
14	910.00	1,484.00	$574.00	63.08%
15	975.00	1,590.00	$615.00	63.08%
16	1,040.00	1,696.00	$656.00	63.08%
17	1,105.00	1,802.00	$697.00	63.08%
18	1,170.00	1,908.00	$738.00	63.08%
19	1,235.00	2,014.00	$779.00	63.08%
20	1,300.00	2,120.00	$820.00	63.08%
21	1,365.00	2,226.00	$861.00	63.08%
22	1,430.00	2,332.00	$902.00	63.08%
23	1,495.00	2,438.00	$943.00	63.08%
24	1,560.00	2,544.00	$984.00	63.08%
25	1,625.00	2,650.00	$1,025.00	63.08%
26	1,690.00	2,756.00	$1,066.00	63.08%
27	1,755.00	2,862.00	$1,107.00	63.08%
28	1,820.00	2,968.00	$1,148.00	63.08%
29	1,885.00	3,074.00	$1,189.00	63.08%
30	1,950.00	3,180.00	$1,230.00	63.08%
40	2,600.00	4,240.00	$1,640.00	63.08%
50	3,250.00	5,300.00	$2,050.00	63.08%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
FOSTER TOWNSHIP ACQUISITION RESIDENTIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$85.00	$106.00	21.00	24.71%
2	170.00	212.00	42.00	24.71%
3	255.00	318.00	63.00	24.71%
4	340.00	424.00	84.00	24.71%
5	425.00	530.00	105.00	24.71%
6	510.00	636.00	126.00	24.71%
7	595.00	742.00	147.00	24.71%
8	680.00	848.00	168.00	24.71%
9	765.00	954.00	189.00	24.71%
10	850.00	1,060.00	210.00	24.71%
11	935.00	1,166.00	231.00	24.71%
12	1,020.00	1,272.00	252.00	24.71%
13	1,105.00	1,378.00	273.00	24.71%
14	1,190.00	1,484.00	294.00	24.71%
15	1,275.00	1,590.00	315.00	24.71%
16	1,360.00	1,696.00	336.00	24.71%
17	1,445.00	1,802.00	357.00	24.71%
18	1,530.00	1,908.00	378.00	24.71%
19	1,615.00	2,014.00	399.00	24.71%
20	1,700.00	2,120.00	420.00	24.71%
21	1,785.00	2,226.00	441.00	24.71%
22	1,870.00	2,332.00	462.00	24.71%
23	1,955.00	2,438.00	483.00	24.71%
24	2,040.00	2,544.00	504.00	24.71%
25	2,125.00	2,650.00	525.00	24.71%
26	2,210.00	2,756.00	546.00	24.71%
27	2,295.00	2,862.00	567.00	24.71%
28	2,380.00	2,968.00	588.00	24.71%
29	2,465.00	3,074.00	609.00	24.71%
30	2,550.00	3,180.00	630.00	24.71%
40	3,400.00	4,240.00	840.00	24.71%
50	4,250.00	5,300.00	1,050.00	24.71%

Pennsylvania-American Water - Wastewater
Commercial Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other	$366.29	$509.46	$143.17	39.1%
2	1	New Cumberland	272.93	463.66	190.73	69.9%
3	3	Scranton	274.84	424.63	149.79	54.5%
4	4	Kane	369.26	536.10	166.84	45.2%
5	1	Franklin	81.64	106.00	24.36	29.8%
6	6	McKeesport	370.89	518.17	147.28	39.7%
6	6	Port Vue	363.81	662.93	299.12	82.2%
7	1	Sadsbury	351.79	509.46	157.67	44.8%
8	1	Turbotville	351.79	509.46	157.67	44.8%
9	1	Exeter	351.50	509.46	157.96	44.9%
10	2	Royersford	126.36	231.87	105.51	83.5%
11	5	Valley	274.27	509.46	235.19	85.7%
12	7	York	210.66	366.79	156.13	74.1%
13	1	Upper Pottsgrove	65.00	106.00	41.00	63.1%
	8	Foster	85.00	106.00	21.00	24.7%

[1] Where applicable, present rates includes DSIC as projected for January 1, 2023.
[2] Based on 22,561 gallons per month

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$28.63	$35.00	6.37	22.24%
100		30.13	37.10	6.97	23.14%
500		36.12	45.52	9.40	26.02%
1,000		43.60	56.03	12.43	28.51%
2,000		58.57	77.06	18.49	31.58%
3,000		73.53	98.09	24.56	33.40%
3,500		81.01	108.61	27.59	34.06%
4,000		88.50	119.12	30.62	34.60%
5,000		103.46	140.15	36.69	35.46%
6,000		118.43	161.18	42.75	36.10%
7,000		133.40	182.21	48.81	36.59%
8,000		148.36	203.24	54.88	36.99%
9,000		163.33	224.27	60.94	37.31%
10,000		178.30	245.30	67.00	37.58%
16,000		268.09	371.48	103.39	38.56%
20,000		327.96	455.60	127.64	38.92%
21,000		342.92	476.63	133.71	38.99%
22,000		357.89	497.66	139.77	39.05%
22,561	*	366.29	509.46	143.17	39.09%
23,000		372.86	518.69	145.83	39.11%
23,692		383.21	533.24	150.03	39.15%
24,000		387.82	539.72	151.90	39.17%
25,000		402.79	560.75	157.96	39.22%
26,000		417.75	581.78	164.03	39.26%
27,000		432.72	602.81	170.09	39.31%
28,000		447.69	623.84	176.15	39.35%
29,000		462.65	644.87	182.22	39.39%
30,000		477.62	665.90	188.28	39.42%
40,000		627.28	876.20	248.92	39.68%
50,000		776.94	1,086.50	309.56	39.84%
60,000		926.61	1,296.80	370.19	39.95%
70,000		1,076.27	1,507.10	430.83	40.03%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 2 NEW CUMBERLAND COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$28.63	$35.00	6.37	22.24%
100		29.72	36.90	7.18	24.18%
500		34.05	44.50	10.45	30.70%
1,000		39.46	54.00	14.54	36.84%
2,000		50.29	73.00	22.71	45.16%
3,000		61.12	92.00	30.88	50.53%
3,500		66.53	101.50	34.97	52.56%
4,000		71.95	111.00	39.05	54.28%
5,000		82.78	130.00	47.22	57.05%
6,000		93.60	149.00	55.40	59.18%
7,000		104.43	168.00	63.57	60.87%
8,000		115.26	187.00	71.74	62.24%
9,000		126.09	206.00	79.91	63.38%
10,000		136.92	225.00	88.08	64.33%
16,000		201.89	339.00	137.11	67.91%
20,000		245.20	415.00	169.80	69.25%
21,000		256.03	434.00	177.97	69.51%
22,000		266.86	453.00	186.14	69.75%
22,561	*	272.93	463.66	190.72	69.88%
23,000		277.69	472.00	194.31	69.97%
23,692		285.18	485.15	199.97	70.12%
24,000		288.52	491.00	202.48	70.18%
25,000		299.35	510.00	210.66	70.37%
26,000		310.17	529.00	218.83	70.55%
27,000		321.00	548.00	227.00	70.72%
28,000		331.83	567.00	235.17	70.87%
29,000		342.66	586.00	243.34	71.02%
30,000		353.49	605.00	251.51	71.15%
40,000		461.77	795.00	333.23	72.16%
50,000		570.06	985.00	414.94	72.79%
60,000		678.34	1,175.00	496.66	73.22%
70,000		786.63	1,365.00	578.37	73.53%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 3 SCRANTON COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$20.30	$35.00	$14.70	72.38%
100		21.41	36.73	15.32	71.56%
500		25.82	43.64	17.81	68.99%
1,000		31.34	52.27	20.93	66.78%
2,000		42.38	69.54	27.16	64.10%
3,000		53.41	86.81	33.40	62.52%
3,500		58.93	95.45	36.51	61.96%
4,000		64.45	104.08	39.63	61.49%
5,000		75.49	121.35	45.86	60.76%
6,000		86.84	138.62	51.78	59.63%
7,000		98.19	155.89	57.70	58.76%
8,000		109.54	173.16	63.62	58.07%
9,000		120.90	190.43	69.53	57.52%
10,000		132.25	207.70	75.45	57.05%
16,000		200.36	311.32	110.96	55.38%
20,000		245.77	380.40	134.63	54.78%
21,000		257.12	397.67	140.55	54.66%
22,000		268.47	414.94	146.47	54.55%
22,561	*	274.84	424.63	149.79	54.50%
23,000		279.83	432.21	152.38	54.46%
23,692		287.68	444.16	156.48	54.39%
24,000		291.18	449.48	158.30	54.37%
25,000		302.53	466.75	164.22	54.28%
26,000		313.88	484.02	170.14	54.20%
27,000		325.24	501.29	176.05	54.13%
28,000		336.59	518.56	181.97	54.06%
29,000		347.94	535.83	187.89	54.00%
30,000		359.29	553.10	193.81	53.94%
40,000		472.81	725.80	252.99	53.51%
50,000		586.34	898.50	312.16	53.24%
60,000		699.86	1,071.20	371.34	53.06%
70,000		813.38	1,243.90	430.52	52.93%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 4 KANE COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$133.69	$100.00	(33.69)	-25.20%
100		133.69	102.10	(31.59)	-23.63%
500		133.69	110.50	(23.19)	-17.35%
1,000		133.69	121.00	(12.69)	-9.49%
2,000		133.69	142.00	8.31	6.22%
3,000		144.42	163.00	18.58	12.86%
3,500		149.79	173.50	23.71	15.83%
4,000		155.15	184.00	28.85	18.59%
5,000		165.89	205.00	39.11	23.58%
6,000		176.62	226.00	49.38	27.96%
7,000		187.35	247.00	59.65	31.84%
8,000		198.08	268.00	69.92	35.30%
9,000		208.81	289.00	80.19	38.40%
10,000		219.55	310.00	90.45	41.20%
16,000		291.06	418.00	126.94	43.61%
20,000		338.74	490.00	151.26	44.66%
21,000		350.66	508.00	157.35	44.87%
22,000		362.57	526.00	163.43	45.07%
22,561	*	369.26	536.10	166.84	45.18%
23,000		374.49	544.00	169.51	45.26%
23,692		382.74	556.46	173.72	45.39%
24,000		386.41	562.00	175.59	45.44%
25,000		398.33	580.00	181.67	45.61%
26,000		410.25	598.00	187.75	45.76%
27,000		422.17	616.00	193.83	45.91%
28,000		434.09	634.00	199.91	46.05%
29,000		446.01	652.00	205.99	46.19%
30,000		457.93	670.00	212.07	46.31%
40,000		588.01	850.00	261.99	44.56%
50,000		718.09	1,030.00	311.91	43.44%
60,000		848.17	1,210.00	361.83	42.66%
70,000		978.25	1,390.00	411.75	42.09%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 5 FRANKLIN COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$81.64	$106.00	24.36	29.84%
100		81.64	106.00	24.36	29.84%
500		81.64	106.00	24.36	29.84%
1,000		81.64	106.00	24.36	29.84%
2,000		81.64	106.00	24.36	29.84%
3,000		81.64	106.00	24.36	29.84%
3,500		81.64	106.00	24.36	29.84%
4,000		81.64	106.00	24.36	29.84%
5,000		81.64	106.00	24.36	29.84%
6,000		81.64	106.00	24.36	29.84%
7,000		81.64	106.00	24.36	29.84%
8,000		81.64	106.00	24.36	29.84%
9,000		81.64	106.00	24.36	29.84%
10,000		81.64	106.00	24.36	29.84%
16,000		81.64	106.00	24.36	29.84%
20,000		81.64	106.00	24.36	29.84%
21,000		81.64	106.00	24.36	29.84%
22,000		81.64	106.00	24.36	29.84%
22,561	*	81.64	106.00	24.36	29.84%
23,000		81.64	106.00	24.36	29.84%
23,692		81.64	106.00	24.36	29.84%
24,000		81.64	106.00	24.36	29.84%
25,000		81.64	106.00	24.36	29.84%
26,000		81.64	106.00	24.36	29.84%
27,000		81.64	106.00	24.36	29.84%
28,000		81.64	106.00	24.36	29.84%
29,000		81.64	106.00	24.36	29.84%
30,000		81.64	106.00	24.36	29.84%
40,000		81.64	106.00	24.36	29.84%
50,000		81.64	106.00	24.36	29.84%
60,000		81.64	106.00	24.36	29.84%
70,000		81.64	106.00	24.36	29.84%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 MCKEESPORT COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$28.63	$35.00	$6.37	22.24%
100		30.15	37.14	6.99	23.19%
500		36.22	45.71	9.49	26.20%
1,000		43.80	56.42	12.61	28.79%
2,000		58.97	77.83	18.86	31.98%
3,000		74.14	99.25	25.10	33.86%
3,500		81.73	109.96	28.23	34.54%
4,000		89.31	120.66	31.35	35.10%
5,000		104.48	142.08	37.60	35.98%
6,000		119.65	163.50	43.84	36.64%
7,000		134.82	184.91	50.09	37.15%
8,000		150.00	206.33	56.33	37.56%
9,000		165.17	227.74	62.58	37.89%
10,000		180.34	249.16	68.82	38.16%
16,000		271.36	377.66	106.30	39.17%
20,000		332.04	463.32	131.28	39.54%
21,000		347.21	484.74	137.53	39.61%
22,000		362.38	506.15	143.77	39.67%
22,561	*	370.89	518.17	147.28	39.71%
23,000		377.55	527.57	150.02	39.73%
23,692		388.05	542.39	154.34	39.77%
24,000		392.72	548.98	156.26	39.79%
25,000		407.89	570.40	162.51	39.84%
26,000		423.06	591.82	168.76	39.89%
27,000		438.23	613.23	175.00	39.93%
28,000		453.40	634.65	181.25	39.98%
29,000		468.57	656.06	187.49	40.01%
30,000		483.74	677.48	193.74	40.05%
40,000		635.44	891.64	256.20	40.32%
50,000		787.15	1,105.80	318.65	40.48%
60,000		938.85	1,319.96	381.11	40.59%
70,000		1,090.55	1,534.12	443.57	40.67%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 PORT VUE COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$11.45	$14.30	$2.85	24.86%
100		13.02	17.18	4.16	31.96%
500		19.26	28.68	9.41	48.87%
1,000		27.07	43.05	15.98	59.03%
2,000		42.69	71.80	29.11	68.19%
3,000		58.31	100.55	42.24	72.45%
3,500		66.12	114.93	48.81	73.82%
4,000		73.93	129.30	55.37	74.91%
5,000		89.54	158.05	68.51	76.51%
6,000		105.16	186.80	81.64	77.63%
7,000		120.78	215.55	94.77	78.47%
8,000		136.40	244.30	107.90	79.11%
9,000		152.02	273.05	121.03	79.62%
10,000		167.63	301.80	134.17	80.04%
16,000		261.34	474.30	212.96	81.49%
20,000		323.81	589.30	265.49	81.99%
21,000		339.43	618.05	278.62	82.08%
22,000		355.05	646.80	291.75	82.17%
22,561	*	363.81	662.93	299.12	82.22%
23,000		370.67	675.55	304.88	82.25%
23,692		381.47	695.45	313.97	82.30%
24,000		386.29	704.30	318.01	82.33%
25,000		401.90	733.05	331.15	82.39%
26,000		417.52	761.80	344.28	82.46%
27,000		433.14	790.55	357.41	82.52%
28,000		448.76	819.30	370.54	82.57%
29,000		464.38	848.05	383.67	82.62%
30,000		479.99	876.80	396.81	82.67%
40,000		636.17	1,164.30	528.13	83.02%
50,000		792.35	1,451.80	659.45	83.23%
60,000		948.53	1,739.30	790.77	83.37%
70,000		1,104.71	2,026.80	922.09	83.47%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 7 SADSBURY COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$27.50	$35.00	7.50	27.27%
100		28.94	37.10	8.17	28.22%
500		34.69	45.52	10.83	31.22%
1,000		41.87	56.03	14.16	33.81%
2,000		56.25	77.06	20.81	37.00%
3,000		70.62	98.09	27.47	38.89%
3,500		77.81	108.61	30.80	39.58%
4,000		85.00	119.12	34.12	40.15%
5,000		99.37	140.15	40.78	41.04%
6,000		113.74	161.18	47.44	41.70%
7,000		128.12	182.21	54.09	42.22%
8,000		142.49	203.24	60.75	42.63%
9,000		156.87	224.27	67.40	42.97%
10,000		171.24	245.30	74.06	43.25%
16,000		257.48	371.48	114.00	44.27%
20,000		314.98	455.60	140.62	44.64%
21,000		329.35	476.63	147.28	44.72%
22,000		343.73	497.66	153.93	44.78%
22,561	*	351.79	509.46	157.67	44.82%
23,000		358.10	518.69	160.59	44.84%
23,692		368.05	533.24	165.19	44.88%
24,000		372.48	539.72	167.24	44.90%
25,000		386.85	560.75	173.90	44.95%
26,000		401.22	581.78	180.56	45.00%
27,000		415.60	602.81	187.21	45.05%
28,000		429.97	623.84	193.87	45.09%
29,000		444.35	644.87	200.52	45.13%
30,000		458.72	665.90	207.18	45.16%
40,000		602.46	876.20	273.74	45.44%
50,000		746.20	1,086.50	340.30	45.60%
60,000		889.94	1,296.80	406.86	45.72%
70,000		1,033.68	1,507.10	473.42	45.80%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 8 TURBOTVILLE COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$27.50	$35.00	7.50	27.27%
100		28.94	37.10	8.17	28.22%
500		34.69	45.52	10.83	31.22%
1,000		41.87	56.03	14.16	33.81%
2,000		56.25	77.06	20.81	37.00%
3,000		70.62	98.09	27.47	38.89%
3,500		77.81	108.61	30.80	39.58%
4,000		85.00	119.12	34.12	40.15%
5,000		99.37	140.15	40.78	41.04%
6,000		113.74	161.18	47.44	41.70%
7,000		128.12	182.21	54.09	42.22%
8,000		142.49	203.24	60.75	42.63%
9,000		156.87	224.27	67.40	42.97%
10,000		171.24	245.30	74.06	43.25%
16,000		257.48	371.48	114.00	44.27%
20,000		314.98	455.60	140.62	44.64%
21,000		329.35	476.63	147.28	44.72%
22,000		343.73	497.66	153.93	44.78%
22,561	*	351.79	509.46	157.67	44.82%
23,000		358.10	518.69	160.59	44.84%
23,692		368.05	533.24	165.19	44.88%
24,000		372.48	539.72	167.24	44.90%
25,000		386.85	560.75	173.90	44.95%
26,000		401.22	581.78	180.56	45.00%
27,000		415.60	602.81	187.21	45.05%
28,000		429.97	623.84	193.87	45.09%
29,000		444.35	644.87	200.52	45.13%
30,000		458.72	665.90	207.18	45.16%
40,000		602.46	876.20	273.74	45.44%
50,000		746.20	1,086.50	340.30	45.60%
60,000		889.94	1,296.80	406.86	45.72%
70,000		1,033.68	1,507.10	473.42	45.80%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 9 EXETER COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$27.50	$35.00	7.50	27.27%
100		28.94	37.10	8.17	28.22%
500		34.68	45.52	10.83	31.24%
1,000		41.86	56.03	14.17	33.85%
2,000		56.22	77.06	20.84	37.06%
3,000		70.58	98.09	27.51	38.97%
3,500		77.76	108.61	30.84	39.66%
4,000		84.94	119.12	34.18	40.23%
5,000		99.31	140.15	40.85	41.13%
6,000		113.67	161.18	47.51	41.80%
7,000		128.03	182.21	54.18	42.32%
8,000		142.39	203.24	60.85	42.74%
9,000		156.75	224.27	67.52	43.08%
10,000		171.11	245.30	74.19	43.36%
16,000		257.28	371.48	114.20	44.39%
20,000		314.72	455.60	140.88	44.76%
21,000		329.08	476.63	147.55	44.84%
22,000		343.44	497.66	154.22	44.90%
22,561	*	351.50	509.46	157.96	44.94%
23,000		357.80	518.69	160.89	44.97%
23,692		367.74	533.24	165.50	45.01%
24,000		372.16	539.72	167.56	45.02%
25,000		386.53	560.75	174.23	45.07%
26,000		400.89	581.78	180.89	45.12%
27,000		415.25	602.81	187.56	45.17%
28,000		429.61	623.84	194.23	45.21%
29,000		443.97	644.87	200.90	45.25%
30,000		458.33	665.90	207.57	45.29%
40,000		601.94	876.20	274.26	45.56%
50,000		745.55	1,086.50	340.95	45.73%
60,000		889.16	1,296.80	407.64	45.85%
70,000		1,032.77	1,507.10	474.33	45.93%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
ROYERSFORD WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 10 ROYERSFORD COMMERCIAL- MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$30.00	$48.00	$18.00	60.00%
100		30.00	48.00	18.00	60.00%
500		30.00	48.00	18.00	60.00%
1,000		30.00	48.00	18.00	60.00%
2,000		30.00	48.00	18.00	60.00%
3,000		30.00	48.00	18.00	60.00%
3,500		30.00	52.70	22.70	75.67%
4,000		30.00	57.40	27.40	91.33%
5,000		30.00	66.80	36.80	122.67%
6,000		33.37	76.20	42.83	128.36%
7,000		38.98	85.60	46.62	119.58%
8,000		44.60	95.00	50.40	113.01%
9,000		50.21	104.40	54.19	107.91%
10,000		55.83	113.80	57.97	103.84%
16,000		89.52	170.20	80.68	90.13%
20,000		111.98	207.80	95.82	85.57%
21,000		117.59	217.20	99.61	84.70%
22,000		123.21	226.60	103.39	83.92%
22,561	*	126.36	231.87	105.51	83.50%
23,000		128.82	236.00	107.18	83.20%
23,692		132.71	242.50	109.80	82.73%
24,000		134.44	245.40	110.96	82.54%
25,000		140.05	254.80	114.75	81.93%
26,000		145.67	264.20	118.53	81.37%
27,000		151.28	273.60	122.32	80.85%
28,000		156.90	283.00	126.10	80.37%
29,000		162.51	292.40	129.89	79.92%
30,000		168.13	301.80	133.67	79.51%
40,000		224.28	395.80	171.52	76.48%
50,000		280.43	489.80	209.37	74.66%
60,000		336.58	583.80	247.22	73.45%
70,000		392.73	677.80	285.07	72.59%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 11 VALLEY TOWNSHIP COMMERCIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$59.67	$35.00	(24.67)	-41.34%
100		59.67	37.10	(22.57)	-37.82%
500		59.67	45.52	(14.16)	-23.72%
1,000		59.67	56.03	(3.64)	-6.10%
2,000		59.67	77.06	17.39	29.14%
3,000		59.67	98.09	38.42	64.39%
3,500		60.79	108.61	47.82	78.66%
4,000		66.39	119.12	52.73	79.42%
5,000		77.59	140.15	62.56	80.63%
6,000		88.79	161.18	72.39	81.53%
7,000		99.99	182.21	82.22	82.23%
8,000		111.19	203.24	92.05	82.79%
9,000		122.39	224.27	101.88	83.24%
10,000		133.59	245.30	111.71	83.62%
16,000		200.79	371.48	170.69	85.01%
20,000		245.59	455.60	210.01	85.51%
21,000		256.79	476.63	219.84	85.61%
22,000		267.99	497.66	229.67	85.70%
22,561	*	274.27	509.46	235.18	85.75%
23,000		279.19	518.69	239.50	85.78%
23,692		286.94	533.24	246.30	85.84%
24,000		290.39	539.72	249.33	85.86%
25,000		301.59	560.75	259.16	85.93%
26,000		312.79	581.78	268.99	86.00%
27,000		323.99	602.81	278.82	86.06%
28,000		335.19	623.84	288.65	86.12%
29,000		346.39	644.87	298.48	86.17%
30,000		357.59	665.90	308.31	86.22%
40,000		469.59	876.20	406.61	86.59%
50,000		581.59	1,086.50	504.91	86.82%
60,000		693.59	1,296.80	603.21	86.97%
70,000		805.59	1,507.10	701.51	87.08%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 12 YORK COMMERCIAL- MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$18.00	$ 30.00	$12.00	66.67%
100		18.00	30.00	$12.00	66.67%
500		18.00	30.00	$12.00	66.67%
1,000		18.00	30.00	$12.00	66.67%
2,000		18.00	30.00	$12.00	66.67%
3,000		27.37	46.38	$19.01	69.46%
3,500		32.06	54.57	$22.52	70.24%
4,000		36.74	62.76	$26.02	70.82%
5,000		46.11	79.14	$33.03	71.63%
6,000		55.48	95.52	$40.04	72.17%
7,000		64.85	111.90	$47.05	72.55%
8,000		74.22	128.28	$54.06	72.84%
9,000		83.59	144.66	$61.07	73.06%
10,000		92.96	161.04	$68.08	73.24%
16,000		149.18	259.32	$110.14	73.83%
20,000		186.66	324.84	$138.18	74.03%
21,000		196.03	341.22	$145.19	74.07%
22,000		205.40	357.60	$152.20	74.10%
22,561	*	210.66	366.79	$156.13	74.12%
23,000		214.77	373.98	$159.21	74.13%
23,692		221.25	385.31	$164.06	74.15%
24,000		224.14	390.36	$166.22	74.16%
25,000		233.51	406.74	$173.23	74.19%
26,000		242.88	423.12	$180.24	74.21%
27,000		252.25	439.50	$187.25	74.23%
28,000		261.62	455.88	$194.26	74.25%
29,000		270.99	472.26	$201.27	74.27%
30,000		280.36	488.64	$208.28	74.29%
40,000		374.06	652.44	$278.38	74.42%
50,000		467.76	816.24	$348.48	74.50%
60,000		561.46	980.04	$418.58	74.55%
70,000		655.16	1,143.84	$488.68	74.59%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
UPPER POTTSGROVE WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 13 UPPER POTTSGROVE COMMERCIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$65.00	$106.00	$41.00	63.08%
2	130.00	212.00	$82.00	63.08%
3	195.00	318.00	$123.00	63.08%
4	260.00	424.00	$164.00	63.08%
5	325.00	530.00	$205.00	63.08%
6	390.00	636.00	$246.00	63.08%
7	455.00	742.00	$287.00	63.08%
8	520.00	848.00	$328.00	63.08%
9	585.00	954.00	$369.00	63.08%
10	650.00	1,060.00	$410.00	63.08%
11	715.00	1,166.00	$451.00	63.08%
12	780.00	1,272.00	$492.00	63.08%
13	845.00	1,378.00	$533.00	63.08%
14	910.00	1,484.00	$574.00	63.08%
15	975.00	1,590.00	$615.00	63.08%
16	1,040.00	1,696.00	$656.00	63.08%
17	1,105.00	1,802.00	$697.00	63.08%
18	1,170.00	1,908.00	$738.00	63.08%
19	1,235.00	2,014.00	$779.00	63.08%
20	1,300.00	2,120.00	$820.00	63.08%
21	1,365.00	2,226.00	$861.00	63.08%
22	1,430.00	2,332.00	$902.00	63.08%
23	1,495.00	2,438.00	$943.00	63.08%
24	1,560.00	2,544.00	$984.00	63.08%
25	1,625.00	2,650.00	$1,025.00	63.08%
26	1,690.00	2,756.00	$1,066.00	63.08%
27	1,755.00	2,862.00	$1,107.00	63.08%
28	1,820.00	2,968.00	$1,148.00	63.08%
29	1,885.00	3,074.00	$1,189.00	63.08%
30	1,950.00	3,180.00	$1,230.00	63.08%
40	2,600.00	4,240.00	$1,640.00	63.08%
50	3,250.00	5,300.00	$2,050.00	63.08%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
FOSTER TOWNSHIP ACQUISITION COMMERCIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$85.00	$106.00	21.00	24.71%
2	170.00	212.00	42.00	24.71%
3	255.00	318.00	63.00	24.71%
4	340.00	424.00	84.00	24.71%
5	425.00	530.00	105.00	24.71%
6	510.00	636.00	126.00	24.71%
7	595.00	742.00	147.00	24.71%
8	680.00	848.00	168.00	24.71%
9	765.00	954.00	189.00	24.71%
10	850.00	1,060.00	210.00	24.71%
11	935.00	1,166.00	231.00	24.71%
12	1,020.00	1,272.00	252.00	24.71%
13	1,105.00	1,378.00	273.00	24.71%
14	1,190.00	1,484.00	294.00	24.71%
15	1,275.00	1,590.00	315.00	24.71%
16	1,360.00	1,696.00	336.00	24.71%
17	1,445.00	1,802.00	357.00	24.71%
18	1,530.00	1,908.00	378.00	24.71%
19	1,615.00	2,014.00	399.00	24.71%
20	1,700.00	2,120.00	420.00	24.71%
21	1,785.00	2,226.00	441.00	24.71%
22	1,870.00	2,332.00	462.00	24.71%
23	1,955.00	2,438.00	483.00	24.71%
24	2,040.00	2,544.00	504.00	24.71%
25	2,125.00	2,650.00	525.00	24.71%
26	2,210.00	2,756.00	546.00	24.71%
27	2,295.00	2,862.00	567.00	24.71%
28	2,380.00	2,968.00	588.00	24.71%
29	2,465.00	3,074.00	609.00	24.71%
30	2,550.00	3,180.00	630.00	24.71%
40	3,400.00	4,240.00	840.00	24.71%
50	4,250.00	5,300.00	1,050.00	24.71%

Pennsylvania-American Water - Wastewater
Industrial Average Monthly Bill Comparison
R-2022-3031672

Current Rate Zone	New Rate Zone	Name	Present Rates [1]	Settlement Rates [2]	Amount	% Change
1	1	All Other	$7,933.89	$11,143.19	$3,209.30	40.5%
3	3	Scranton	6,015.04	9,157.13	3,142.09	52.2%
4	4	Kane	6,938.60	9,637.73	2,699.13	38.9%
6	6	McKeesport	8,041.68	11,347.08	3,305.40	41.1%
9	1	Exeter	7,613.08	11,143.19	3,530.11	46.4%
10	2	Royersford	2,965.56	4,984.95	2,019.39	68.1%
12	7	York	4,949.30	8,652.03	3,702.73	74.8%
13	1	Upper Pottsgrove	65.00	106.00	41.00	63.1%
	8	Foster	85.00	106.00	21.00	24.7%

[1] Where applicable, present rates includes DSIC as projected for January 1, 2023.
[2] Based on 528,207 gallons per month

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 1 INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$28.63	$35.00	6.37	22.24%
1,000		43.60	56.03	12.43	28.51%
2,000		58.57	77.06	18.49	31.58%
3,000		73.53	98.09	24.56	33.40%
4,000		88.50	119.12	30.62	34.60%
5,000		103.46	140.15	36.69	35.46%
10,000		178.30	245.30	67.00	37.58%
16,000		268.09	371.48	103.39	38.56%
20,000		327.96	455.60	127.64	38.92%
30,000		477.62	665.90	188.28	39.42%
40,000		627.28	876.20	248.92	39.68%
50,000		776.94	1,086.50	309.56	39.84%
60,000		926.61	1,296.80	370.19	39.95%
70,000		1,076.27	1,507.10	430.83	40.03%
80,000		1,225.93	1,717.40	491.47	40.09%
90,000		1,375.59	1,927.70	552.11	40.14%
100,000		1,525.25	2,138.00	612.75	40.17%
200,000		3,021.87	4,241.00	1,219.13	40.34%
300,000		4,518.50	6,344.00	1,825.50	40.40%
400,000		6,015.12	8,447.00	2,431.88	40.43%
500,000		7,511.74	10,550.00	3,038.26	40.45%
528,207	*	7,933.89	11,143.19	3,209.30	40.45%
600,000		9,008.36	12,653.00	3,644.64	40.46%
700,000		10,504.98	14,756.00	4,251.02	40.47%
800,000		12,001.60	16,859.00	4,857.40	40.47%
900,000		13,498.22	18,962.00	5,463.78	40.48%
1,000,000		14,994.84	21,065.00	6,070.16	40.48%
1,100,000		16,491.46	23,168.00	6,676.54	40.48%
1,200,000		17,988.08	25,271.00	7,282.92	40.49%
1,300,000		19,484.70	27,374.00	7,889.30	40.49%
1,400,000		20,981.33	29,477.00	8,495.67	40.49%
1,500,000		22,477.95	31,580.00	9,102.05	40.49%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 3 SCRANTON INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$20.30	$35.00	$14.70	72.38%
1,000		31.34	52.27	20.93	66.78%
2,000		42.38	69.54	27.16	64.10%
3,000		53.41	86.81	33.40	62.52%
4,000		64.45	104.08	39.63	61.49%
5,000		75.49	121.35	45.86	60.76%
10,000		132.25	207.70	75.45	57.05%
16,000		200.36	311.32	110.96	55.38%
20,000		245.77	380.40	134.63	54.78%
30,000		359.29	553.10	193.81	53.94%
40,000		472.81	725.80	252.99	53.51%
50,000		586.34	898.50	312.16	53.24%
60,000		699.86	1,071.20	371.34	53.06%
70,000		813.38	1,243.90	430.52	52.93%
80,000		926.90	1,416.60	489.70	52.83%
90,000		1,040.42	1,589.30	548.88	52.75%
100,000		1,153.95	1,762.00	608.05	52.69%
200,000		2,289.17	3,489.00	1,199.83	52.41%
300,000		3,424.39	5,216.00	1,791.61	52.32%
400,000		4,559.61	6,943.00	2,383.39	52.27%
500,000		5,694.83	8,670.00	2,975.17	52.24%
528,207	*	6,015.04	9,157.13	3,142.10	52.24%
600,000		6,830.05	10,397.00	3,566.95	52.22%
700,000		7,965.27	12,124.00	4,158.73	52.21%
800,000		9,100.49	13,851.00	4,750.51	52.20%
900,000		10,235.71	15,578.00	5,342.29	52.19%
1,000,000		11,370.93	17,305.00	5,934.07	52.19%
1,100,000		12,506.15	19,032.00	6,525.85	52.18%
1,200,000		13,641.37	20,759.00	7,117.63	52.18%
1,300,000		14,776.59	22,486.00	7,709.41	52.17%
1,400,000		15,911.81	24,213.00	8,301.19	52.17%
1,500,000		17,047.03	25,940.00	8,892.97	52.17%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 4 KANE INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$133.69	$100.00	(33.69)	-25.20%
1,000		133.69	121.00	(12.69)	-9.49%
2,000		133.69	142.00	8.31	6.22%
3,000		144.42	163.00	18.58	12.86%
4,000		155.15	184.00	28.85	18.59%
5,000		165.89	205.00	39.11	23.58%
10,000		219.55	310.00	90.45	41.20%
16,000		291.06	418.00	126.94	43.61%
20,000		338.74	490.00	151.26	44.66%
30,000		457.93	670.00	212.07	46.31%
40,000		588.01	850.00	261.99	44.56%
50,000		718.09	1,030.00	311.91	43.44%
60,000		848.17	1,210.00	361.83	42.66%
70,000		978.25	1,390.00	411.75	42.09%
80,000		1,108.33	1,570.00	461.67	41.66%
90,000		1,238.41	1,750.00	511.59	41.31%
100,000		1,368.49	1,930.00	561.51	41.03%
200,000		2,669.29	3,730.00	1,060.71	39.74%
300,000		3,970.09	5,530.00	1,559.91	39.29%
400,000		5,270.89	7,330.00	2,059.11	39.07%
500,000		6,571.69	9,130.00	2,558.31	38.93%
528,207	*	6,938.60	9,637.73	2,699.12	38.90%
600,000		7,872.49	10,930.00	3,057.51	38.84%
700,000		9,173.29	12,730.00	3,556.71	38.77%
800,000		10,474.09	14,530.00	4,055.91	38.72%
900,000		11,774.89	16,330.00	4,555.11	38.68%
1,000,000		13,075.69	18,130.00	5,054.31	38.65%
1,100,000		14,376.49	19,930.00	5,553.51	38.63%
1,200,000		15,677.29	21,730.00	6,052.71	38.61%
1,300,000		16,978.09	23,530.00	6,551.91	38.59%
1,400,000		18,278.89	25,330.00	7,051.11	38.58%
1,500,000		19,579.69	27,130.00	7,550.31	38.56%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER CSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 6 MCKEESPORT INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$28.63	$35.00	$6.37	22.24%
1,000		43.80	56.42	12.61	28.79%
2,000		58.97	77.83	18.86	31.98%
3,000		74.14	99.25	25.10	33.86%
4,000		89.31	120.66	31.35	35.10%
5,000		104.48	142.08	37.60	35.98%
10,000		180.34	249.16	68.82	38.16%
16,000		271.36	377.66	106.30	39.17%
20,000		332.04	463.32	131.28	39.54%
30,000		483.74	677.48	193.74	40.05%
40,000		635.44	891.64	256.20	40.32%
50,000		787.15	1,105.80	318.65	40.48%
60,000		938.85	1,319.96	381.11	40.59%
70,000		1,090.55	1,534.12	443.57	40.67%
80,000		1,242.26	1,748.28	506.02	40.73%
90,000		1,393.96	1,962.44	568.48	40.78%
100,000		1,545.66	2,176.60	630.94	40.82%
200,000		3,062.69	4,318.20	1,255.51	40.99%
300,000		4,579.72	6,459.80	1,880.08	41.05%
400,000		6,096.75	8,601.40	2,504.65	41.08%
500,000		7,613.78	10,743.00	3,129.23	41.10%
528,207	*	8,041.68	11,347.08	3,305.40	41.10%
600,000		9,130.80	12,884.60	3,753.80	41.11%
700,000		10,647.83	15,026.20	4,378.37	41.12%
800,000		12,164.86	17,167.80	5,002.94	41.13%
900,000		13,681.89	19,309.40	5,627.51	41.13%
1,000,000		15,198.92	21,451.00	6,252.08	41.14%
1,100,000		16,715.95	23,592.60	6,876.65	41.14%
1,200,000		18,232.97	25,734.20	7,501.23	41.14%
1,300,000		19,750.00	27,875.80	8,125.80	41.14%
1,400,000		21,267.03	30,017.40	8,750.37	41.15%
1,500,000		22,784.06	32,159.00	9,374.94	41.15%

* Average monthly bill.

Bill at present rate was calculated using DSIC rate @ 4.12%
Bill at settlement rate was calculated using DSIC rate @ 0.00%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 9 EXETER INDUSTRIAL - MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$27.50	$35.00	7.50	27.27%
1,000		41.86	56.03	14.17	33.85%
2,000		56.22	77.06	20.84	37.06%
3,000		70.58	98.09	27.51	38.97%
4,000		84.94	119.12	34.18	40.23%
5,000		99.31	140.15	40.85	41.13%
10,000		171.11	245.30	74.19	43.36%
16,000		257.28	371.48	114.20	44.39%
20,000		314.72	455.60	140.88	44.76%
30,000		458.33	665.90	207.57	45.29%
40,000		601.94	876.20	274.26	45.56%
50,000		745.55	1,086.50	340.95	45.73%
60,000		889.16	1,296.80	407.64	45.85%
70,000		1,032.77	1,507.10	474.33	45.93%
80,000		1,176.38	1,717.40	541.02	45.99%
90,000		1,319.99	1,927.70	607.71	46.04%
100,000		1,463.60	2,138.00	674.40	46.08%
200,000		2,899.70	4,241.00	1,341.30	46.26%
300,000		4,335.80	6,344.00	2,008.20	46.32%
400,000		5,771.90	8,447.00	2,675.10	46.35%
500,000		7,208.00	10,550.00	3,342.00	46.37%
528,207	*	7,613.08	11,143.19	3,530.11	46.37%
600,000		8,644.10	12,653.00	4,008.90	46.38%
700,000		10,080.20	14,756.00	4,675.80	46.39%
800,000		11,516.30	16,859.00	5,342.70	46.39%
900,000		12,952.40	18,962.00	6,009.60	46.40%
1,000,000		14,388.50	21,065.00	6,676.50	46.40%
1,100,000		15,824.60	23,168.00	7,343.40	46.40%
1,200,000		17,260.70	25,271.00	8,010.30	46.41%
1,300,000		18,696.80	27,374.00	8,677.20	46.41%
1,400,000		20,132.90	29,477.00	9,344.10	46.41%
1,500,000		21,569.00	31,580.00	10,011.00	46.41%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
ROYERSFORD WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 10 ROYERSFORD INDUSTRIAL- MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$30.00	$48.00	$18.00	60.00%
1,000		30.00	48.00	18.00	60.00%
2,000		30.00	48.00	18.00	60.00%
3,000		30.00	48.00	18.00	60.00%
4,000		30.00	57.40	27.40	91.33%
5,000		30.00	66.80	36.80	122.67%
10,000		55.83	113.80	57.97	103.84%
16,000		89.52	170.20	80.68	90.13%
20,000		111.98	207.80	95.82	85.57%
30,000		168.13	301.80	133.67	79.51%
40,000		224.28	395.80	171.52	76.48%
50,000		280.43	489.80	209.37	74.66%
60,000		336.58	583.80	247.22	73.45%
70,000		392.73	677.80	285.07	72.59%
80,000		448.88	771.80	322.92	71.94%
90,000		505.03	865.80	360.77	71.44%
100,000		561.18	959.80	398.62	71.03%
200,000		1,122.68	1,899.80	777.12	69.22%
300,000		1,684.18	2,839.80	1,155.62	68.62%
400,000		2,245.68	3,779.80	1,534.12	68.31%
500,000		2,807.18	4,719.80	1,912.62	68.13%
528,207	*	2,965.56	4,984.95	2,019.38	68.09%
600,000		3,368.68	5,659.80	2,291.12	68.01%
700,000		3,930.18	6,599.80	2,669.62	67.93%
800,000		4,491.68	7,539.80	3,048.12	67.86%
900,000		5,053.18	8,479.80	3,426.62	67.81%
1,000,000		5,614.68	9,419.80	3,805.12	67.77%
1,100,000		6,176.18	10,359.80	4,183.62	67.74%
1,200,000		6,737.68	11,299.80	4,562.12	67.71%
1,300,000		7,299.18	12,239.80	4,940.62	67.69%
1,400,000		7,860.68	13,179.80	5,319.12	67.67%
1,500,000		8,422.18	14,119.80	5,697.62	67.65%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
YORK WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 12 YORK INDUSTRIAL- MONTHLY
2 INCH METERS

CONSUMPTION GALLONS		BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
0		$0.00	$0.00	$0.00	0.00%
1,000		9.37	16.38	$7.01	74.81%
2,000		18.74	32.76	$14.02	74.81%
3,000		28.11	49.14	$21.03	74.81%
4,000		37.48	65.52	$28.04	74.81%
5,000		46.85	81.90	$35.05	74.81%
10,000		93.70	163.80	$70.10	74.81%
16,000		149.92	262.08	$112.16	74.81%
20,000		187.40	327.60	$140.20	74.81%
30,000		281.10	491.40	$210.30	74.81%
40,000		374.80	655.20	$280.40	74.81%
50,000		468.50	819.00	$350.50	74.81%
60,000		562.20	982.80	$420.60	74.81%
70,000		655.90	1,146.60	$490.70	74.81%
80,000		749.60	1,310.40	$560.80	74.81%
90,000		843.30	1,474.20	$630.90	74.81%
100,000		937.00	1,638.00	$701.00	74.81%
200,000		1,874.00	3,276.00	$1,402.00	74.81%
300,000		2,811.00	4,914.00	$2,103.00	74.81%
400,000		3,748.00	6,552.00	$2,804.00	74.81%
500,000		4,685.00	8,190.00	$3,505.00	74.81%
528,207	*	4,949.30	8,652.03	$3,702.73	74.81%
600,000		5,622.00	9,828.00	$4,206.00	74.81%
700,000		6,559.00	11,466.00	$4,907.00	74.81%
800,000		7,496.00	13,104.00	$5,608.00	74.81%
900,000		8,433.00	14,742.00	$6,309.00	74.81%
1,000,000		9,370.00	16,380.00	$7,010.00	74.81%
1,100,000		10,307.00	18,018.00	$7,711.00	74.81%
1,200,000		11,244.00	19,656.00	$8,412.00	74.81%
1,300,000		12,181.00	21,294.00	$9,113.00	74.81%
1,400,000		13,118.00	22,932.00	$9,814.00	74.81%
1,500,000		14,055.00	24,570.00	$10,515.00	74.81%

* Average monthly bill.

PENNSYLVANIA-AMERICAN WATER COMPANY
UPPER POTTSGROVE WASTEWATER OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
RATE ZONE 13 UPPER POTTSGROVE INDUSTRIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$65.00	$106.00	$41.00	63.08%
2	130.00	212.00	$82.00	63.08%
3	195.00	318.00	$123.00	63.08%
4	260.00	424.00	$164.00	63.08%
5	325.00	530.00	$205.00	63.08%
6	390.00	636.00	$246.00	63.08%
7	455.00	742.00	$287.00	63.08%
8	520.00	848.00	$328.00	63.08%
9	585.00	954.00	$369.00	63.08%
10	650.00	1,060.00	$410.00	63.08%
11	715.00	1,166.00	$451.00	63.08%
12	780.00	1,272.00	$492.00	63.08%
13	845.00	1,378.00	$533.00	63.08%
14	910.00	1,484.00	$574.00	63.08%
15	975.00	1,590.00	$615.00	63.08%
16	1,040.00	1,696.00	$656.00	63.08%
17	1,105.00	1,802.00	$697.00	63.08%
18	1,170.00	1,908.00	$738.00	63.08%
19	1,235.00	2,014.00	$779.00	63.08%
20	1,300.00	2,120.00	$820.00	63.08%
21	1,365.00	2,226.00	$861.00	63.08%
22	1,430.00	2,332.00	$902.00	63.08%
23	1,495.00	2,438.00	$943.00	63.08%
24	1,560.00	2,544.00	$984.00	63.08%
25	1,625.00	2,650.00	$1,025.00	63.08%
26	1,690.00	2,756.00	$1,066.00	63.08%
27	1,755.00	2,862.00	$1,107.00	63.08%
28	1,820.00	2,968.00	$1,148.00	63.08%
29	1,885.00	3,074.00	$1,189.00	63.08%
30	1,950.00	3,180.00	$1,230.00	63.08%
40	2,600.00	4,240.00	$1,640.00	63.08%
50	3,250.00	5,300.00	$2,050.00	63.08%

PENNSYLVANIA-AMERICAN WATER COMPANY
WASTEWATER SSS OPERATIONS

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES
FOSTER TOWNSHIP ACQUISITION INDUSTRIAL - MONTHLY
UNMETERED

NUMBER of EDUs	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	INCREASE AMOUNT	INCREASE PERCENT
1	$85.00	$106.00	21.00	24.71%
2	170.00	212.00	42.00	24.71%
3	255.00	318.00	63.00	24.71%
4	340.00	424.00	84.00	24.71%
5	425.00	530.00	105.00	24.71%
6	510.00	636.00	126.00	24.71%
7	595.00	742.00	147.00	24.71%
8	680.00	848.00	168.00	24.71%
9	765.00	954.00	189.00	24.71%
10	850.00	1,060.00	210.00	24.71%
11	935.00	1,166.00	231.00	24.71%
12	1,020.00	1,272.00	252.00	24.71%
13	1,105.00	1,378.00	273.00	24.71%
14	1,190.00	1,484.00	294.00	24.71%
15	1,275.00	1,590.00	315.00	24.71%
16	1,360.00	1,696.00	336.00	24.71%
17	1,445.00	1,802.00	357.00	24.71%
18	1,530.00	1,908.00	378.00	24.71%
19	1,615.00	2,014.00	399.00	24.71%
20	1,700.00	2,120.00	420.00	24.71%
21	1,785.00	2,226.00	441.00	24.71%
22	1,870.00	2,332.00	462.00	24.71%
23	1,955.00	2,438.00	483.00	24.71%
24	2,040.00	2,544.00	504.00	24.71%
25	2,125.00	2,650.00	525.00	24.71%
26	2,210.00	2,756.00	546.00	24.71%
27	2,295.00	2,862.00	567.00	24.71%
28	2,380.00	2,968.00	588.00	24.71%
29	2,465.00	3,074.00	609.00	24.71%
30	2,550.00	3,180.00	630.00	24.71%
40	3,400.00	4,240.00	840.00	24.71%
50	4,250.00	5,300.00	1,050.00	24.71%

Appendix H

Joint Proposed Findings of Fact, Conclusions of Law
and Ordering Paragraphs

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	**:**	**DOCKET NOS. R-2022-3031672**
	:	**R-2022-3031673**
	:	
v.	**:**	
	:	
PENNSYLVANIA-AMERICAN WATER COMPANY	**:**	
	:	

JOINT PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

October 11, 2022

PROPOSED FINDINGS OF FACT

I. INTRODUCTION AND PROCEDURAL HISTORY

1. Pennsylvania-American Water Company ("PAWC" or "the Company") is a public utility that furnishes water and wastewater services to approximately 760,000 residential, commercial, industrial, and governmental customers in communities located in 37 of the 67 counties across Pennsylvania. *See* PAWC St. 2, pp. 2-3.

2. On April 29, 2022, the Company initiated this rate case by filing Supplement No. 35 to Tariff Water – Pa. P.U.C. No. 5 ("Water Tariff Supplement No. 35") and Supplement No. 34 to Tariff Wastewater – Pa. P.U.C. No. 16 ("Wastewater Tariff Supplement No. 34") requesting Pennsylvania Public Utility Commission ("Commission" or "PUC") approval of an increase in its total annual operating revenues to become effective June 28, 2022.

3. Accompanying Water Tariff Supplement No. 35 and Wastewater Tariff Supplement No. 34, the Company filed supporting data for a historic test year ("HTY") ended December 31, 2021, a future test year ("FTY") ending December 31, 2022 and a fully projected future test year ("FPFTY") ending December 31, 2023. PAWC's supporting information included the prepared direct testimony of 14 initial witnesses and the various exhibits sponsored by those witnesses.

4. On June 16, 2022, the PUC instituted an investigation of PAWC's existing and proposed rates and the Company's proposed tariffs were suspended by operation of law until January 28, 2022. This matter was subsequently assigned to Deputy Chief Administrative Law Judge Joel H. Cheskis (the "ALJ") for purposes of conducting hearings and issuing a recommended decision.

5. In addition to the Commission's Bureau of Investigation and Enforcement ("I&E"), several parties participated actively in this proceeding: the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Borough of St. Lawrence, Cleveland-Cliffs Steel, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), Exeter Township, the Pennsylvania-American Large Users Group ("PAWLUG"), and Victory Brewing Company ("Victory"). In addition, several individual customers filed complaints but did not elect to be active parties in this case.

6. On June 24, 2022, the Company filed a motion for leave to submit supplemental direct testimony to update its claim for pension and other post-employment benefit ("OPEB") expense. The motion was initially opposed by I&E, and the Company and I&E subsequently entered into a stipulation filed on June 30, 2022, in which the Company withdrew a proposed request for accounting deferral with respect to the pension and OPEB expense. The ALJ subsequently granted the Company's motion.

7. A telephonic Prehearing Conference was held on June 27, 2022, and six telephonic public input hearings were held on July 19-22, 2022.

8. In accordance with the Scheduling Order issued on June 30, 2022, I&E, the OCA, the OSBA, the Borough of St. Lawrence, CAUSE-PA, CEO, Cleveland-Cliffs Steel, Exeter Township, PAWLUG and Victory submitted a total of 18 written statements of direct testimony and accompanying exhibits on August 4, 2022. On August 19, 2022, PAWC, I&E, the OCA, the OSBA and PAWLUG submitted a total of 23 written statements of rebuttal testimony and accompanying exhibits. On September 1, 2022, I&E, the OCA, the OSBA, CAUSE-PA, Cleveland-Cliffs Steel, PAWLUG and Victory submitted a total of 15 written statements of

surrebuttal testimony and accompanying exhibits. On September 6, 2022, PAWC submitted an Oral Rejoinder Outline for ten witnesses and served the written rejoinder testimony of Bernard J. Grundusky, Jr.

9. A telephonic evidentiary hearing was held on September 12, 2022. At the hearing, PAWC witnesses Ashley E. Everette, James Runzer, Bruce W. Aiton, Thomas Markward, Charles B. Rea, Constance E. Heppenstall, Ann E. Bulkley, Tawana Dean, John R. Popiolek and Marcus Kohl presented oral rejoinder testimony and were subject to cross-examination by counsel for other parties. In addition, the written testimony and exhibits of all parties were admitted into evidence. Three additional consumer exhibits related to Public Input Hearing testimony were also admitted into evidence at this hearing.

10. On October 11, 2022, PAWC, I&E, the OCA, the OSBA, the Borough of St. Lawrence, CAUSE-PA, CEO, Cleveland-Cliffs Steel, Exeter Township, PAWLUG, and Victory submitted a Joint Petition for Settlement of Rate Investigation ("Settlement" or "Joint Petition") and requested that the ALJ approve the Settlement without modification.

11. The Settlement was achieved only after a comprehensive investigation of PAWC's operations and finances, which included: (1) extensive discovery (PAWC responded to approximately 665 interrogatories with multiple subparts); (2) submission of written direct, rebuttal, surrebuttal and rejoinder testimony covering a wide range of issues; (3) six public input hearings; (4) an evidentiary hearing in which PAWC witnesses presented oral rejoinder and witnesses for the Company were cross-examined; and (5) negotiations among the Joint Petitioners as to the appropriate revenue level, rate structure, rate design, and other matters, as set forth in detail in the Joint Petition.

II. OVERVIEW OF THE COMPANY'S FILING AND OF THE SETTLEMENT

12. PAWC increased its base rates effective January 28, 2021 with related base rate changes effective January 1, 2022 and January 1, 2023. In its initial filing in this case, the Company's proposed base rate increase equaled $173.2 million or approximately 20.8% above the level of pro forma revenues for the FPFTY ending December 31, 2023. *See* PAWC St. 1, pp. 7-9; *Pa. P.U.C. v. Pennsylvania-American Water Co.*, Docket Nos. R-2020-3019369 and R-2020-3019371 (Opinion and Order entered Feb. 25, 2021) ("*PAWC 2020 Rate Case Order*"), p. 37.

13. In its initial filing, the Company also sought approval to implement a Revenue Stabilization Mechanism ("RSM") and an uncollectible expense tracker and deferral mechanism. *See* PAWC St. 9. pp. 6-9; PAWC St. 10, pp. 76-89.

14. Additionally, PAWC proposed to rely upon 66 Pa. C.S. § 1311(c) to mitigate the increases on wastewater customers by recovering a portion of the Company's wastewater revenue requirement from its total water and wastewater customer base. *See* PAWC St. 1, pp. 18-21.

15. With respect to customer assistance programs, the Company proposed to expand the low-income Bill Discount Program ("BDP") for both water and wastewater service by including multiple tiers of discounts for both water and wastewater service based on different levels of household income. *See* PAWC St. 1, pp. 13-14; PAWC St. 10, pp. 35-39.

16. PAWC witnesses testified that from the end of the FPFTY in the Company's last base rate case (December 31, 2021) through the end of the FPFTY in this case (December 31, 2023), the Company will have invested over $1.1 billion in new or replacement plant and equipment and the overwhelming portion of this investment is in source of supply, treatment, distribution and collection assets. PAWC also testified that part of this investment is also being

used to improve service to small and troubled water and wastewater systems that PAWC has acquired in furtherance of the Commission's policy that larger, viable water and wastewater companies acquire small, troubled systems and make the necessary improvement to assure safe and reliable service. *See* PAWC St. 1, p. 7; PAWC St. 3, pp. 4-40.

17. Absent rate relief, PAWC projected that its water and wastewater operations would produce an overall return on invested capital of 5.52% and return on common equity of 6.54% for the FPFTY. *See* PAWC St. 1, p. 8.

18. Under the terms of the Settlement, PAWC will be entitled to charge water and wastewater base rates (the "Settlement Rates"), effective for service rendered on and after January 28, 2023, designed to produce an annual increase in operating revenues of $138 million. The agreed increase is in lieu of the Company's initially requested increase of $173.2 million. As part of the Settlement, PAWC also agreed to withdraw its proposed RSM and uncollectible expense deferral mechanism. *See* Joint Petition, ¶¶ 12, 16, 18, 77.

19. The Joint Petitioners also agreed that PAWC shall be permitted to file the water and wastewater tariffs provided in Appendices A and B of the Settlement. The principal substantive terms and conditions of the Settlement are set forth in Paragraph Nos. 12-77 of the Joint Petition, which address the issues raised by the other parties in this proceeding.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Revenue Requirement, Alternative Ratemaking Mechanism, Distribution System Improvement Charge ("DSIC"), FPFTY Reporting Requirements

20. The Joint Petitioners agree that that the revenue level set forth in the Settlement is reasonable and in the public interest as it is conditioned by other terms and conditions that ensure positive benefits for customers and the Company.

21. Under the Settlement Rates, the monthly bill of a typical residential water customer in the Company Rate Zone 1 (in which 99% of all water customers are served) will increase from $60.49 to $69.24, or by 14.5%. By comparison, PAWC's requested rate relief would increase the average monthly bill for a Zone 1 residential water customer from $60.49 to $75.49 (24.8%). These bill impacts are calculated assuming the Company's system-wide average water usage of 3,212 gallons per month. *See* Joint Petition, App. F; Notice of Proposed Water Rate Changes.

22. The Company has 13 separate wastewater rate zones under its current rates. Under the Settlement Rates, six of the smaller wastewater rate zones are being consolidated into Rate Zone 1 and, as a result, under the Settlement Rates, the Company will have a total of eight wastewater rate zones, including the planned acquisition of the Foster Township wastewater system. *See* Joint Petition, ¶¶ 36-38. By way of illustration, for wastewater customers that were in Rate Zone 1 as it was constituted under the Company's current rates and will remain in Rate Zone 1 under the Settlement Rates, the monthly bill of a typical residential wastewater customer will increase from $76.64 to $106.65, or by 39.2%. *See* Joint Petition, App. G.

23. For residential, commercial, and municipal customers, the Company proposed adjustments to the actual HTY usage related to trends in declining use, weather normalization and the impact of the COVID-19 emergency on water consumption based on a detailed quantitative analysis. PAWC Sts. 10, pp. 39-64, 69-70 & 10-R, pp. 38-43; Tr. 590-592. OCA witness Ralph D. Smith recommended that PAWC use actual instead of projected 2021 usage as the starting point to calculate revenue adjustments for declining residential water usage, asserting that the pandemic continues to impact water usage in 2022. OCA Sts. 1, pp. 15-22, & 1SR, pp. 4-8; OCA Ex. LA-2, Sch. C-1.

24. Paragraph No. 13 of the Joint Petition embodies the Joint Petitioners' agreement that PAWC's proposed pro forma present rate revenue of $831,593,862 reflecting the Company's adjustments for declining usage, weather normalization and the impact of the COVID-19 emergency has been used to establish the Settlement Rates (only). It does not reflect the parties' consensus on the merits of the Company's adjustments.

25. PAWC proposed an RSM to improve the Company's ability to plan, manage, maintain, and invest in the facilities necessary to continue providing safe and reliable water and wastewater service at a reasonable cost to customers. PAWC Sts. 1, pp. 21-23, & 1-R, pp. 23-25; PAWC Sts. 10, pp. 76-89, & 10-R, pp. 44-55; PAWC St. 13-R, pp. 111-117.. Witnesses for I&E, the OCA, the OSBA, Cleveland-Cliffs Steel, and PAWLUG raised several objections to PAWC's proposed RSM. *See* I&E Sts. 3, pp. 16-23, & 3-SR, pp. 16-28; OCA Sts. 1, pp. 53-61, & 1SR, pp. 31-33; OCA Sts. 5, pp. 54-59, & 5SR, pp. 8-9; OSBA Sts. 1 (Revised), pp. 40-44, & 1-S, pp. 7-8; Cleveland-Cliffs Steel St. 1, pp. 5-9, & 1-SR, p. 2; PAWLUG Sts. 1, pp. 9-13, & 1-S, pp. 7-10. PAWC submitted testimony responding to the RSM objections. *See*

26. Under the Settlement, the Company has agreed to withdraw its proposed RSM. Joint Petition, ¶ 18.

27. In its Opinion and Order entered on September 15, 2021, at Docket No. P-2020-3022426, the PUC authorized PAWC to record COVID-19 related direct costs and savings as a regulatory asset, along with incremental uncollectible expense, and carrying charges on the deferred amounts. In this case, PAWC proposed to recover the deferred balance of its COVID-19 regulatory asset accumulated through July 31, 2022 ($3,409,217), with an additional $517,127 of carrying costs calculated on the deferred amounts through January 1, 2023. The Company also proposed to continue deferring incremental uncollectible accounts expense from

and after August 1, 2022 under existing Commission authorization for possible recovery in PAWC's next base rate case. PAWC's witnesses testified that the Company's uncollectible expense has not returned to pre-pandemic levels. PAWC St. 1-R, pp. 25-26; PAWC Sts. 9, pp. 10-15, & 9-R, p. 2-7; PAWC Ex. JCS-1R; Tr. 549-550.

28. Witnesses for I&E and the OCA generally opposed utilizing a deferral mechanism for uncollectible expense after their proposed hard cut-off dates – December 31, 2022 (I&E) and December 31, 2023 (OCA). Mr. Smith also contended that customers should not fund carrying costs on the deferred balance of PAWC's COVID-19 regulatory asset. I&E Sts. 1, pp. 43-48, & 1-SR, pp. 38-39; OCA Sts. 1, pp. 43-45, 65, & 1SR, pp. 33-35.

29. Under the Settlement, deferral of incremental uncollectible expense above or below the amount embedded in PAWC's base rates and carrying costs to the Company's COVID-19 regulatory asset will cease on December 31, 2022. Joint Petition, ¶ 30. This provision resolves all issues regarding PAWC's COVID-19 regulatory asset and the Company has agreed to withdraw its proposed uncollectible expense tracker.

30. Appendix D to the Settlement resolves all contested issues between I&E and PAWC pertaining to amortizations to recover certain costs of acquired systems claimed by the Company. *See* Joint Petition, ¶ 17; I&E Sts. 3, pp. 10-12, & 3-SR, pp. 4-14; PAWC Sts. 4, pp. 22-27, 4-R, pp. 4-5, & 7-R, pp. 30-32.

31. The Company will not implement a DSIC surcharge during 2023 following the effective date of new base rates, and the first DSIC surcharge in 2024 will be filed with an effective date no earlier than April 1, 2024, based on DSIC eligible expenditures during January and February 2024. Joint Petition, ¶¶ 19-20 & App. E (containing baseline of gross plant balances).

32. OCA witness Jerome D. Mierzwa recommended that the Company apply the DSIC to all acquired customers on the effective date of new rates established in this case. OCA Sts. 4, pp. 35-37, & 4SR, pp. 15-17. The Company responded to Mr. Mierzwa's proposed application of the DSIC in the context of acquisitions. *See* PAWC St. 4-R, pp. 9-11; Tr. 567-570.

33. Under the Settlement, within 90 days after entry of a final order in this proceeding, PAWC will file an amendment to its wastewater Long Term Infrastructure Improvement Plan ("LTIIP") to include systems acquired under Section 1329 of the Public Utility Code and subsequently begin including those acquired systems in the Company's quarterly DSIC calculations. The Company also agreed to reevaluate the timeline for future water and wastewater LTIIP revisions as part of future base rate filings based on the number of water and/or wastewater customers acquired since the prior base rate case and the period since the Company's last LTIIP amendment. For systems not acquired under Section 1329, PAWC will apply the DSIC to those customers no later than in the first base rate case in which the system is included. In addition, as shown in Appendices A and B, water customers acquired from the Creekside Homeowners Association and SLIBCO and wastewater customers acquired from Foster Township and Turbotville Borough will not be exempt from the Company's DSIC. *See* Joint Petition, ¶¶ 21-23.

34. The Joint Petitioners acknowledge that the Commission has a generic docket at M-2012-2293611 addressing implementation of the Pennsylvania Supreme Court's decision regarding 66 Pa. C.S. § 1301.1 in *McCloskey v. Pennsylvania Public Utility Commission*, 697 C.D. 2018 and remand of the underlying Commission proceedings at P-2015-2508942, et al. and R-2017-2624240. *See* OCA St. 2, p. 4. If required by the Commission in the generic

proceeding, the Company will update its DSIC calculation and tariffs consistent with the final non-appealable Order in the generic proceeding. PAWC will not contest the parties' rights to raise any related issues with regard to its DSIC calculation and tariffs in a future proceeding. Joint Petition, ¶ 24.

35. I&E proposed that the Company update the Summary of Detailed Plant Accounts in PAWC Exhibit 3-A, pp. 26, 90, 136, 177, 207, and 243, by April 1, 2023 and April 1, 2024 (collectively, the "I&E Requested Updates"), to include actual plant additions, retirements and reclassifications for 2022 and 2023, respectively. I&E St. 3, pp. 3-4.

36. The Company agreed to provide the I&E Requested Updates. PAWC St. 4-R, p. 6; Joint Petition, ¶ 25.

B. Cost Allocation and Rate Design

37. PAWC submitted six separate cost-of-service studies ("COSSs"), one for its water operations and five for its wastewater operations. PAWC St. 12, pp. 3-4.

38. Ms. Heppenstall of Gannett Fleming, Inc. prepared PAWC's COSS for PAWC's water operations ("Water COSS") using the base-extra capacity method for allocating costs to customer classifications. This method is described in the American Water Works Association's Water Rates Manual ("AWWA Manual") and has been accepted by the PUC as the appropriate methodology for determining class costs of service. PAWC St. 12, pp. 6-9; PAWC Ex. 12-A Revised, pp. 3-4.

39. For sanitary sewer system ("SSS") operations, Ms. Heppenstall's COSSs were prepared using the functional cost allocation methodology described in "Financing and Charges for Wastewater Systems," Manual of Practice No. 27, published by the Water Environment Federation. That allocation methodology was modified to determine the incremental cost related

to handling storm water for PAWC's combined sewer system ("CSS") operations. PAWC St. 12, pp. 14-19, 21-26.

40. OCA witness Mierzwa disagreed with the system-wide demand factors used in the Company's Water COSS to functionalize costs between facilities used to meet average day demand and, respectively, maximum day and maximum hour demand. OCA Sts. 4, pp. 9-12, & 4SR, pp. 2-3; OCA Ex. JDM-2. OSBA witness Brian Kalcic, proposed to directly assign Arrearage Management Plan ("AMP")-related bad debt and administrative expenses totaling $2.3 million to the residential class in the Water COSS. OSBA Sts. 1 (Revised), pp. 4-6, & 1S, pp. 6-7; OSBA Sch. BK-1W. Ms. Heppenstall accepted Mr. Kalcic's approach to AMP-related costs and provided testimony responding to Mr. Mierzwa's alternative extra capacity factors. *See* PAWC St. 12-R, pp. 2-7; Tr. 610-611, 615.

41. Adjacent municipal and utility wastewater systems ("York Bulk Customers") that have entered into Wastewater Treatment and Conveyance Agreements ("Bulk Agreements") to treat their wastewater flows at the York treatment plant were not reflected as a separate customer class in the COSS the Company's York wastewater SSS operations ("York COSS"). Only retail customers that receive wastewater collection, conveyance and treatment service were identified as separate classes (residential and non-residential) for purposes of allocating the total system cost of service among customer classes. Compensation received under the Bulk Agreements was treated as incremental revenue and, as such, was used to reduce the cost of service of the retail customers that were reflected as separate classes in the York COSS. PAWC presented evidence supporting its position that reflecting bulk service revenues in this fashion is appropriate given the York Bulk Customers' competitive alternatives to service from PAWC. *See* PAWC St. 7-R, pp. 2-23; PAWC St. 12-R, pp. 7-9.

42. Under the Settlement, the Company agreed to submit a wastewater COSS in its next base rate case that includes a separate customer class for the York Bulk Customers as recommended by witnesses for I&E and the OCA in this case. *See* Joint Petition, ¶ 41; I&E St. 3, pp. 68-69, & 3-SR, p. 66; OCA St. 4, pp. 13-14, & 4SR, pp. 19-20.

43. The Settlement properly balances the interests of a wide array of customer classes in achieving a resolution of all issues among the Joint Petitioners pertaining to rate structure, rate design and the allocation of any revenue increase granted by the Commission.

44. The Settlement Rates fairly and reasonably allocate the increase in water and wastewater revenues among PAWC's customer rate classes consistent with well-accepted ratemaking principles. The revenue allocation proposed in the Settlement is "black box," and does not reflect the position of any party or establish precedent for future proceedings.

45. Several parties disagreed with PAWC's proposal to mitigate the impact of revenue increases on wastewater customers by recovering $72.9 million of the Company's wastewater revenue requirement from its total water and wastewater customer base pursuant to the Commission's authority under Section 1311(c).[1] *See* I&E St. 3, pp. 27-32; OCA St. 4, pp. 14-22; OSBA St. 1 (Revised), pp. 7-15, 21-25; PAWLUG St. 1, pp. 2-8.

46. Under the Settlement Rates, only $26.96 million of wastewater revenue requirement – not the $72.9 million PAWC originally proposed – would be allocated to its water operation's cost of service. *See* Joint Petition, ¶ 26; PAWC St. 1, pp. 18-21.

47. The reduced allocation of total wastewater revenue requirement to water operations pursuant to Section 1311(c) under the Settlement is in the public interest.

[1] 66 Pa.C.S. §1311(c) ("the commission, when setting base rates, after notice and an opportunity to be heard, may allocate a portion of the wastewater revenue requirement to the combined water and wastewater customer base if in the public interest.").

48. PAWC proposed delaying the effective date for rate increases in the Royersford Borough (May 2023), Valley Township (November 2023), Foster Township (January 2025) and York (May 2025) systems (collectively, the "Rate Freeze Systems") consistent with its contractual obligations under the asset purchase agreements ("APAs") with those municipalities. PAWC committed to imputing revenue to the Rate Freeze Systems during the rate freeze periods set forth in the APAs – meaning that PAWC's shareholders would absorb any revenue shortfall associated with the difference between Commission-approved rates effective January 1, 2023 and the frozen rates. *See* PAWC Sts. 4, pp. 42-45, & 4-R, p. 15; PAWC Sts. 7-R, pp. 28-30, & 7-RJ, pp. 3-8. I&E witness Cline opposed PAWC's proposal to increase rates on different dates in the Rate Freeze Systems for three reasons: (1) I&E averred that PAWC's contractual rate commitments were regulatorily inappropriate and not binding upon the Commission; (2) for all systems other than Foster, which was not acquired under Section 1329, PAWC did not submit a rate stabilization plan at the time those systems were acquired; and (3) the resulting lowered rates that Rate Freeze customers would experience in the short-term could be followed by substantial increases once the delay period expires and additional base rate cases are filed. I&E St. 3, pp. 87-93.

49. Under the Settlement, and consistent with the Company's initial filing, PAWC will delay the effective date for rate increases in the Rate Freeze Systems and will calculate the proof of revenue at the full cost of service, as if all customers in the Rate Freeze Systems were paying new rates without any delay to the effective date. Joint Petition, ¶ 27. The tariffs appended to the Settlement reflect that rate increases for the Rate Freeze Systems will go into effect as soon as the rate freezes end. *See* Joint Petition, Apps. A, B

50. PAWC owns and operates the Scranton, Kane and McKeesport systems, which are CSSs that treat both stormwater and sanitary sewer flows. PAWC St. 1, p. 16; I&E St. 3, p. 74. As part of its initial filing in this proceeding, the Company provided a separate stormwater and wastewater COSS, in aggregate, for the CSSs it owns. PAWC St. 1, p. 16.

51. In accordance with a commitment in its last water and wastewater base rates proceeding, the Company also submitted a feasibility study of different methodologies that could theoretically be used to develop a separate stormwater fee. PAWC St. No. 1, p. 40; PAWC St. No. 14 & Exhibit 14-A. The Company determined not to propose a separate stormwater fee in this proceeding and provided testimony supporting its position. PAWC St. 1, pp. 40-44; PAWC St. No. 3, pp. 50-54. I&E concluded that the Company's analysis was reasonable, but OCA witness Mierzwa testified that the Company could address several of the challenges. I&E St. No. 3, pp. pp. 24-25; OCA St. 4, pp. 32-35.

52. I&E witness Cline and OCA witness Mierzwa recommended that the Company continue to provide separate stormwater and wastewater COSSs for its CSSs in future rate filings. *See* I&E St. 3, pp. 74-75; OCA St. 4, pp. 13, 35. As part of the Settlement, the Company agreed to continue to provide a separate stormwater and wastewater COSS. Joint Petition, ¶ 14. The Joint Petitioners agreed that this term of the Settlement should not be construed to require the Company to provide a separate study for each CSS in the future; however, it also should not be construed to preclude any party from recommending that PAWC be required to provide a separate COSS for CSSs in any proceeding in the future. *Id.*

53. I&E witness Cline also recommended that PAWC create and maintain a separate tariff group for all current and future CSSs, based on his view that the differences between CSSs and SSSs is significant enough to group each system into separate tariff groups and maintain

separate COSSs. I&E Sts. 3, pp. 26-27, & 3SR, pp. 29-30. PAWC witness Everette maintained that the Commission should permit the Company to move toward single tariff pricing and consolidation of its CSSs and SSSs instead of creating a separate tariff group. PAWC St. 1-R, p. 30.

54. Under the Settlement, PAWC agreed to create a separate tariff group for current and future CSS customers in its next base rate filing. PAWC will propose consolidation of the rates of current and future CSS customers over time, separately from the consolidation of current and future SSS customers. Joint Petition, ¶ 40.

C. PAWC's Customer Assistance Programs

55. OCA witness Roger D. Colton supported the Company's proposal to modify the BDP to utilize a three-tiered discount as well as the specific discount levels proposed by the Company. *See* OCA St. 5, p. 28. CAUSE-PA witness Harry S. Geller supported implementation of the Company's BDP proposal, to be followed by data collection, a third-party evaluation and potential future changes based on that evaluation. *See* CAUSE-PA Sts. 1, pp. 24, 29-32, & 1-SR, pp. 4-8. The Company submitted testimony responding to Mr. Geller's data collection and evaluation proposals. *See* PAWC St. 10-R, pp. 37-38.

56. Under the Settlement, the Company will implement its proposed three-tiered BDP discount at the time of any increase in base rates approved in this proceeding. In addition, within one year of the final order in this proceeding, the Company will develop a process for tracking and reporting certain detailed information about BDP participants as well as information about the BDP application acceptance rate and potential barriers to enrollment. Data will be shared with Customer Assistance Advisory Group ("CAAG") members on at least a biannual basis. Joint Petition, ¶¶ 42-43.

57. Both Mr. Colton and Mr. Geller recommended additional outreach efforts related to the BDP and other customer assistance programs, including a particular emphasis on reaching customers with income at or below 50% of the Federal Poverty Level ("FPL"). OCA Sts. 5, pp. 32-33, & 5SR, pp. 18-20; CAUSE-PA Sts. 1, pp. 38-41, & 1-SR, pp. 18-20. Mr. Colton further recommended the Company: (1) make BDP participation portable within its service territory; and (2) pursue agreements with the Commonwealth and electric and natural gas utilities to facilitate cross enrollment in low-income programs. OCA Sts. 5, pp. 13-18, & 5SR, pp. 15-18. PAWC witness Dean addressed the multifaceted outreach already being performed by the Company. PAWC St. 16-R (Corrected Version), pp. 15-24.

58. Under the Settlement, PAWC will develop and undertake targeted community outreach efforts to reach customers at or below 50% of FPL. At each meeting of the CAAG, PAWC will provide a summary of recent outreach and education efforts. Within a year of a final order in this proceeding, the Company will make BDP participation portable within is service territory. Finally, PAWC agreed to support a petition from CAUSE-PA, OCA, and/or CEO requesting the initiation of a generic proceeding to explore cross-program enrollment opportunities among utilities in the Commonwealth. Joint Petition, ¶¶ 44, 54-56.

59. CAUSE-PA witness Geller recommended that PAWC suspend involuntary payment-related terminations for participants in the BDP, pending implementation of the Company's AMP. CAUSE-PA Sts. 1, p. 32, & 1-SR, pp. 11-14. OCA witness Colton recommended that PAWC place a dunning lock on accounts for pre-existing arrearages of all customers applying for the BDP and participating in the BDP after September 1, 2022, and to waive late payment charges for arrearage balances for customers participating in the BDP. OCA Sts. 5, pp. 42-46, & 5SR, pp. 9-13. The Company submitted testimony responding to the

termination of service and collections activity proposals. *See* PAWC St. 16-R (Corrected Version), pp. 5-9.

60. Under the Settlement, PAWC will place a dunning lock on the accounts of any applicant for PAWC's BDP and AMP, at the time their application is submitted, until a determination is made about the applicant's eligibility and enrollment. If enrolled in AMP, PAWC agrees that the account would be considered "current" so long as the household continues to make "full payments" as defined by the AMP Settlement at Docket No. P-2021-3028195. Joint Petition, ¶ 46.

61. Witnesses for CAUSE-PA and CEO made recommendations concerning PAWC's Hardship Fund, including that: (1) community based-organizations ("CBOs") be used to distribute Hardship Funds based on the percentage of low-income customers in each service territory or county; (2) the Hardship Fund program rules be amended to eliminate the good faith payment requirement and allow customers to apply for more than one grant per program year, up to the total annual maximum grant amount of $500 for water and wastewater services; (3) additional customer outreach be performed to inform customers facing termination about the Hardship Fund; and (4) the Company's annual contribution to the Hardship Fund be increased. *See* CEO St. 1, pp. 6-7; CAUSE-PA Sts. 1, pp. 36-37, & 1-SR, pp. 15-17. The Company responded to the Hardship Fund proposals. *See* PAWC St. 16-R (Corrected Version), pp. 13-14; Tr. 687-688.

62. Under the Settlement, PAWC has agreed to implement several measures to benefit Hardship Fund recipients, including: (1) working through its CAAG to review the procedures for referring customers to Hardship Fund; (2) providing, at the first CAAG meeting after the final order in this proceeding, a written description of its Hardship Fund application and

issuance processes; (3) increasing the Company's annual contribution to the Hardship Fund in the amount of $150,000; (4) continuing to take any unspent Hardship Fund dollars included in a program year and adding those dollars to the total budget for the subsequent program year; (5) reducing the good faith payment requirement to, at most, $50; and (6) ensuring customer grants equal their total account balance at the time of grant issuance, not to exceed $500, and working with the CAAG to develop a solution to allow the issuance of multiple grants each year up to the $500 maximum. In addition, the Company will continue to use Dollar Energy Fund ("DEF") to administer the Fund and DEF will continue to employ local CBOs as "local screening agents" for intake assistance and eligibility determination. The Company will continue to use DEF and local CBOs for marketing and outreach for the Hardship Fund and BDP. Joint Petition, ¶¶ 47-53.

63. In accordance with the recommendation of OCA witness Colton, under the Settlement, PAWC will monitor and review appropriate billing data for purposes of determining, in its next base rate proceeding whether any offset to its low-income program cost recovery is necessary to avoid any double recovery the Company may receive through actual collections after the implementation of its AMP. *See* Joint Petition, ¶ 45; OCA Sts. 5, pp. 36-37, & 5SR, pp. 22-25.

D. Service Quality and Customer Service Commitments

64. Rule 27.1(F) of the Company's water tariff provides that, where substantial public need exists and the public health and safety may be compromised by the absence of a public water supply in a portion of the Company's authorized service territory, the Company, subject to the Commission's prior approval, may install main extensions without a customer contribution payment. PAWC St. 3-R, pp. 1-3. OCA witness Terry L. Fought identified three main extensions that the OCA believed should be considered for construction under Rule 27.1(F):

(1) along Old Steubenville Pike and Campbell Road, Robinson Township, Washington County; (2) along Donaldson Road, Robinson Township, Washington County; and (3) along Avella Route (Route 50) to serve Avella Area School District public schools in Cross Creek Township, Washington County. OCA St. 7, pp. 14-18. Several Washington County residents and two Township managers testified in support of the main extensions. Tr. 145-46 (B. Moore), 155-60 (Comport), 242-243 (Mizenko), 269-73 (Casciato), 435-437, 439 (S. Moore); Moore Ex. 1; Brown Ex. 1; Duran Ex. 1; Duran Ex. 2; Tr. 368-71 (Simpson); Brown Ex. 1; Tr. 213-14 (McConn).

65. PAWC witness Aiton testified that the Company was considering the third main extension Mr. Fought identified, but that the Company did not believe that the first two qualified under Rule 27.1(F) since they did not appear to be entirely within the Company's authorized service territory. PAWC St. 3-R, p. 3.

66. Under the Settlement, the Company agreed to construct the three main extensions recommended by OCA under and pursuant to Rule 27.1(F) of its water tariff, subject to specified terms and conditions. The Company intends to start construction of these main extensions no later than the date it files its next base rate case, subject to receipt from the Commission of a certificate of public convenience to extend the Company's existing service territory and all necessary permits. Joint Petition, ¶¶ 57-58.

67. OCA witness Fought, following his review of data provided by the Company regarding the repainting of its distribution storage tanks, recommended the Company have all storage tanks over 15-years old be inspected by an experienced tank inspection contractor who submits a report of recommendations, and that PAWC maintain the tanks in accordance with the recommendations in the inspection report. OCA Sts. 7, p. 4, & 7SR, pp. 15-16. Mr. Aiton

testified that new coating materials may alleviate the need to repaint tanks every 15 to 20 years, which was necessary, historically. PAWC St. 3-R, pp. 11-12.

68. Under the Settlement, the Company agreed that it will have all storage tanks over 15-years old inspected by an experienced tank inspection contractor. The contractor will prepare a report of recommendations and PAWC will maintain those tanks in accordance with the contractor's recommendations, where reasonable. Joint Petition, ¶ 59.

69. OCA witness Fought recommended that the Company continue to exercise its isolation valves on a 5-year cycle, and that the Company make necessary changes to its data collection practices so that, in future base rate cases, PAWC can submit a searchable electronic log identifying each isolation valve, date exercised, date repaired, date replaced, and other pertinent notes. OCA St. 7, p. 8. Mr. Runzer testified that the Company maintains a record of all isolation valves in an electronic format in its Mapcall system. PAWC St. 2-R, pp. 10-11.

70. Under the Settlement, the Company agreed that it will continue to exercise all of its isolation valves on a 5-year cycle and inspect critical valves annually. In future rate cases, the Company will provide a searchable electronic log identifying each of its isolation valves, the date last exercised, date last repaired, date last replaced, and any pertinent notes. Joint Petition, ¶ 60.

71. OCA witness Fought recommended that the Company's public fire hydrants that cannot provide a minimum fire flow of 500 gallons per minute at 20 pounds per square inch be marked so that they will only be used for flushing and blow-offs, and that fire hydrants connected to less than 6-inch water mains should also be marked so that they will only be used for flushing and blow-offs unless PAWC can document they can provide the minimum fire flow.

OCA St. 7, pp. 8-9; OCA St. 7-SR, pp. 5-6. Company witness Runzer detailed the Company's inspection and maintenance efforts related to its public fire hydrants. PAWC St. 2-R, pp. 11-12.

72. Under the Settlement, the Company agreed that it will mark any fire hydrants that cannot provide the minimum fire flow with the National Fire Protection Association ("NFPA") approved color indicating flow level. Joint Petition, ¶ 61.

73. OCA witness Fought asserted that the complaint log provided by the Company was not adequate to replace the pressure surveys required under 52 Pa. Code § 65.6 since the information did not indicate if customers were complaining about high or low pressures and did not include the final dispositions of the complaints. OCA Sts. 7, pp. 9-13, & 7SR, pp. 1-3. PAWC witness Runzer described how the Company utilizes its SCADA system and Hydraulic Model to continuously monitor pressure and flow in its systems. PAWC St. 2-R, pp. 8-9.

74. Under the Settlement, the Company agreed that, in future rate case filings, it will provide a listing of customer complaints and disputes in live Excel format that will: (1) include complaints or records of customer disputes received by PAWC, in addition to informal and formal complaints submitted to the Commission; (2) include service addresses and be treated as confidential to protect that customer information; (3) categorize the disputes and complaints and, specifically, include pressure (high, low, or none) as a category, and (4) include the final disposition of each informal complaint submitted to the Commission. The Company also agreed to determine whether or not it is reasonably able to add data tracking capabilities to its systems in order to track the final disposition of disputes. If the Company is able to track the final disposition of disputes, it will also include that information in its complaint log. If not, it will report that determination and provide supporting analysis to the parties no later than 30 days prior to filing its next base rate case. Joint Petition, ¶ 62.

75. OCA witness Barbara R. Alexander recommended that the Commission impose several customer service performance standards on PAWC as a condition of any rate increase, including: (1) percentage of calls answered within 30 seconds; (2) call center annual abandonment rate; (3) frequency of main breaks; (4) kept field appointments; (5) response time to complaints; (6) infraction and justified complaint rates; and (7) customer satisfaction. Ms. Alexander also offered several recommendations regarding call center performance, customer complaint activity and the Company's service termination procedures. *See* OCA Sts. 6, pp. 7-11, 12-18, 21-24, 36-37, & 6SR, pp. 3-14, 15-20. The Company submitted testimony responding to Ms. Alexander's customer service-related proposals. *See* PAWC St. 2-R, p. 7-8; PAWC St. 16-R (Corrected Version), pp. 25-30; PAWC St. 17-R, pp. 5-12.

76. Under the Settlement, PAWC is committing to progress reporting on achieving the Company's performance objectives described in detail in Paragraph 65 of the Joint Petition, call handling procedures for PAWC customers, amendments to proposed tariff language related to customer responsibility for prior unpaid debt, updates to termination procedures and the addition of bill messages, inserts and an Interactive Voice Response message explaining that no convenience fees are charged for payments made by phone to address the customer service concerns raised by Ms. Alexander. *See* Joint Petition, ¶¶ 63-67.

77. CAUSE-PA witness Geller recommended that PAWC revise its tariffs to exempt low-income customers from security deposit requirements, and OCA witness Colton also proposed a waiver of security deposits for BDP customers. CAUSE-PA Sts. 1, pp. 42-44, & 1-SR, pp. 14-15; OCA St. 5, p. 47. Ms. Dean responded to Mr. Geller's proposed tariff changes and explained that the Company does not currently assess security deposits. PAWC St. 16-R (Corrected Version), p. 11.

78. Under the Settlement, PAWC will revise its tariffs to exempt customers confirmed to be eligible for the Company's BDP from security deposit requirements. Prior to assessing a security deposit for any residential applicant or customer, PAWC will: (1) advise households that no deposit will be assessed if they are income eligible for PAWC's BDP; and (2) advise customers about how to verify eligibility for the security deposit exemption and apply for the BDP. *See* Joint Petition, ¶¶ 68-69.

E. Tariff Changes, Industrial Pre-Treatment Charges, Classification of Dempsey Uniform and Linen Supply

79. As part of the Settlement, PAWC agreed to withdraw its proposed tariff changes opposed by the OCA that would: (1) modify the Company's current limitation of liability provisions (Water Tariff Rule 15.1 and Wastewater Tariff Section Q) and (2) permit the Company to charge flat rates to wastewater customers that are metered by non-Company water providers. *See* Joint Petition, ¶ 70; PAWC Sts. 4, pp. 35-36, 38, & 4-R, pp. 12-13; OCA Sts. 4, pp. 29-30, & 4SR, pp. 18-19; OCA Sts. 6, pp. 30-32, & 6SR, pp. 14-15.

80. The other tariff changes originally proposed by the Company, which were not contested in this case, have been reflected in Appendices A and B to the Joint Petition. *See* Joint Petition, ¶ 71.

81. The Company, in its initial filing, proposed revisions to Sections T and U of its wastewater tariff regarding its industrial pretreatment program ("IPP"), which included changes in Section U modifying the IPP surcharges for customers serviced under Rate Zone 1 of the wastewater tariff and by the Coatesville treatment plant. *See* Wastewater Tariff Supplement No. 34, Original Page 88. Victory opposed the Company's proposed increases to its IPP surcharges.

Victory Sts. 1, pp. 5-13, & 1-SR, pp. 2-10. The Company provided responsive testimony in support of its proposed IPP surcharges. PAWC St. 18-R, pp. 3-6; PAWC St. 19-R, pp. 4-11.

82. Under the Settlement, the Company agreed to reduce its proposed IPP surcharges and make other modifications to the IPP terms in its wastewater tariff and made further commitments related to updating its IPP surcharges in its next base rate case. Joint Petition, ¶¶ 72-75.

83. PAWLUG witness Billie S. LaConte proposed that Dempsey Uniform Linen and Supply ("Dempsey"), which is currently classified as a commercial customer, should instead be classified as an industrial customer because it uses water primarily for processing functions as a supplier and distributor of uniforms and linens. PAWLUG Sts. 1, pp. 13-14, & 1-S, p. 11. In response to PAWLUG's proposal, the Company agreed to assess the classification of Dempsey but noted that it has treated laundries as commercial customers. PAWC St. 4-R, pp. 13-15.

84. Under the Settlement, PAWC agreed to the reclassification of the Dempsey customer account proposed by PAWLUG. Joint Petition, ¶ 76.

PROPOSED CONCLUSIONS OF LAW

1. PAWC's rates must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301, 1304.

2. Pursuant to the just and reasonable standard, a utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. P.U.C.*, 793 A.2d 978, 982 (Pa. Commw. Ct. 2002).

3. Rates established by the Commission, or any other utility regulatory authority, are not "just and reasonable" unless they are within the zone of reasonableness determined by reference to the costs a utility incurs to furnish public utility service and a return that satisfies applicable legal and Constitutional standards. *Permian Basin Area Rate Cases*, 390 U.S. 747, 770 (1968) ("any rate selected . . . *from* the broad zone of reasonableness . . . cannot properly be attacked as confiscatory.") (emphasis added).

4. PAWC, as the utility requesting the rate increase, has the burden of establishing the justness and reasonableness of every element of its requested rate increase. 66 Pa. C.S. §§ 315(a), 1301, and 1308(e).

5. While Section 315(a) provides that a utility has the burden to prove that proposed rates are just and reasonable, it "cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing and which, frequently, the utility would oppose." *Pa. P.U.C. v. Columbia Gas of Pa., Inc.*, Docket No. R-2020-3018835 (Opinion and Order entered Feb. 19, 2021), p. 12.

6. A party proposing an adjustment to a ratemaking claim bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment, and Section 332(a) establishes a burden of proof separate from that in Section 315

for those entities that propose a rule or order. *NRG Energy, Inc. v. Pa. P.U.C.*, 233 A.3d 936 (Pa. Commw. Ct. 2020).

7. PAWC has sustained its burden of proving that it should be granted an increase in rates as outlined in the Settlement and subject to all the terms and conditions it contains. 66 Pa.C.S. § 1308(d).

8. The Commission has broad authority to consider a utility's customer service and quality of service and is required to evaluate the "efficiency, effectiveness and adequacy of service" in reviewing existing and proposed rates. 66 Pa.C.S. §§ 523(a), 1501.

9. The Commission has authority to prescribe just and reasonable standards and practices to be furnished by a utility and to require changes and improvements, as necessary to make such service and facilities adequate, efficient, safe and reasonable. 66 Pa.C.S. §§ 1501, 1504.

10. In order to approve a settlement, the Commission must determine that the proposed terms and conditions, viewed in the context of the settlement as a whole, are in the public interest. *See Pa. P.U.C. v. CS Water & Sewer Ass'n*, 74 Pa. P.U.C. 767, 771 (1991); *Pa. P.U.C. v. Philadelphia Elec. Co.*, 60 Pa. P.U.C. 1, 22 (1985).

11. The Commission has outlined the following general principles for assessing whether a settlement meets the public interest standard:

> The purpose of this investigation is to establish distribution rates for PECO's customers that are "just and reasonable" pursuant to Section 1301 of the Code, 66 Pa. C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia,* 262 U.S. 679 (1923) (*Bluefield*).
>
> In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield, supra,*

> and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:
>
> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

Pa. P.U.C. v. PECO Energy Company – Elec. Div., Docket No. R-2015-2468981 (Opinion and Order entered Dec. 17, 2015), pp. 6-7; *see also PAWC 2020 Base Rate Case Order*, pp. 11-14.

12. The Commission's policy and precedent embodied in its regulation at 52 Pa. Code § 5.231 and its Policy Statement on Settlements at 52 Pa. Code § 69.401 encourage parties to resolve contested proceedings by settlement.

13. In its Policy Statement, the Commission stated that "the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate *are often preferable to those achieved at the conclusion of a fully litigated proceeding*" (emphasis added).

14. *Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2018-3000164 (Opinion and Order entered Dec. 20, 2018), pp. 14-15, summarized the benefits of resolving contested rate cases by settlement:

> Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an operating expense recovered in the rates approved by the Commission. Partial or full

> settlements allow the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and replies to exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yielding significant expense savings for the company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

15. The rates, terms and conditions of the Joint Petition are just, reasonable and in the public interest and satisfy all of the Commission's criteria for approval of a settlement.

PROPOSED ORDERING PARAGRAPHS

IT IS ORDERED:

1. That the Joint Petition is granted and the Settlement is approved, without modification.

2. That PAWC shall not place into effect the rates, rules, and regulations contained in Water Tariff Supplement No. 35 and Wastewater Tariff Supplement No. 34 regarding its cost recovery base rates for water and wastewater service revenues within its service territory.

3. That PAWC is authorized to file tariffs or tariff supplements containing rates, rules and regulations, consistent with the findings herein, and Appendices attached to the Joint Petition for Settlement, to produce, on a total Company basis, an annual increase in revenues of $138 million for service rendered on and after January 28, 2023.

4. That the changes in rules, regulations and terms of service set forth in the tariffs submitted as Appendices A and B to the Joint Petition are lawful, just and reasonable, and are also approved.

5. That PAWC's tariffs and/or tariff supplements may be filed to become effective on at least one day's notice after entry of the Commission's Order approving the Settlement.

6. That the formal complaints of the parties to this Settlement at the respective docket numbers identified in Prehearing Conference Exhibit No. 1 be marked closed by the Commission's Secretary's Bureau.

7. That upon Commission approval of the tariffs or tariff supplements filed by PAWC in compliance with the Commission's Opinion and Order, the investigation at Docket Nos. R-2022-3031672 and R-2022-3031673 be marked closed.

Statement A

PAWC Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION **v.** **PENNSYLVANIA-AMERICAN WATER COMPANY**	**Docket Nos. R-2022-3031672** **R-2022-3031673**

STATEMENT OF PENNSYLVANIA-AMERICAN WATER COMPANY IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

October 11, 2022

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION **v.** **PENNSYLVANIA-AMERICAN WATER COMPANY**	**Docket Nos. R-2022-3031672** **R-2022-3031673**

STATEMENT OF PENNSYLVANIA-AMERICAN WATER COMPANY IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

TO THE HONORABLE JOEL H. CHESKIS, DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE:

I. INTRODUCTION AND OVERVIEW

Pennsylvania-American Water Company ("PAWC" or the "Company") submits this Statement in Support of the Joint Petition for Settlement of Rate Investigation ("Joint Petition") entered into by and among PAWC, the Pennsylvania Public Utility Commission ("Commission" or "PUC") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Borough of St. Lawrence, Cleveland-Cliffs Steel, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), Exeter Township, the Pennsylvania-American Large Users Group ("PAWLUG"), and Victory Brewing Company ("Victory") (collectively, the "Joint Petitioners"). If the settlement set forth in the Joint Petition ("Settlement") is approved, it will resolve all issues in this proceeding.

The Settlement of this case was achieved only after a comprehensive investigation of PAWC's operations and finances, which included: (1) extensive discovery (PAWC responded to approximately 665 interrogatories – many containing numerous subparts); (2) submission of direct, rebuttal and surrebuttal testimony covering a wide range of issues; (3) informal discovery; (4) six public input hearings; (5) an evidentiary hearing in which PAWC witnesses presented oral rejoinder and were cross-examined by other parties; and (6) negotiations among the Joint Petitioners as to the appropriate revenue level, rate structure, rate design, and other matters, as set forth in detail in the Joint Petition.

The Settlement has been achieved among parties representing a wide array of stakeholder interests, including residential, commercial and industrial customers, and organizations representing the interests of low-income customers. The fact that the Settlement was reached among parties displaying the diverse interests of the Joint Petitioners is, in itself, strong evidence that the Settlement is reasonable and in the public interest. In fact, the Settlement reflects a carefully balanced compromise of the interests of all the Joint Petitioners based on their thorough and detailed consideration of the evidence adduced in this case, all of which was entered into the record at the evidentiary hearing conducted on September 12, 2022.

Significantly, three of the signatories – I&E, the OCA, and the OSBA – are charged with specific legal obligations to scrutinize all aspects of a utility's request to increase rates. I&E, which has the broadest mandate, functions as an independent prosecutorial bureau within the Commission and, as such, is charged with representing the public interest in utility rate proceedings.[1] The OCA has a statutory obligation to protect the interests of residential

[1] *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Final Order entered Aug. 11, 2011), p. 5 ("BI&E will serve as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters . . . .").

consumers of public utility service,[2] and the OSBA represents the interests of small businesses.[3] As evidenced by their active and extensive participation in all aspects of this case, these statutory parties have conscientiously and rigorously discharged their statutory obligations. The statutory parties joining in, and fully supporting, the Settlement is strong evidence that the Settlement's terms and conditions are just, reasonable, and in the public interest.[4]

Moreover, as explained hereafter, the Company presented a compelling case for rate relief. This is evidenced by, among other factors: (1) PAWC's base rates have not increased since January 28, 2021; (2) since the end of the fully projected future test year ("FPFTY") in its last base rate case (December 31, 2021) PAWC has made significant investments in new and replacement water and wastewater plant with over $1.1 billion that has been or will be invested through the end of the FPFTY (December 31, 2023) that PAWC had proposed in this case; and (3) at the same time, PAWC has experienced a continuing trend of declining per-customer water usage.

The Company's need for rate relief and the reasonableness of the increase in revenues set forth in the Settlement is addressed further in Section II below. Section II also discusses the other terms of the Settlement and explains why they are reasonable in light of the evidence presented in this case and are in the public interest. Section III is a summation of the reasons why the Settlement as a whole is in the public interest.

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[2] *See* 71 Pa.C.S. §§ 309-1 et seq.

[3] *See* 73 P.S. §§ 399.41 et seq.

[4] *See Pa. P.U.C. v. T.W. Phillips Gas & Oil Co.*, Docket Nos. R-2010-2167797 et al., 2010 Pa. PUC LEXIS 1598 at *80-85 (Recommended Decision issued Oct. 5, 2010) (relying upon the support of I&E's predecessor, the Office of Trial Staff ("OTS"), the OCA and the OSBA as evidence that the settlement in that case was reasonable and in the public interest). The Recommended Decision was expressly approved and adopted by the Commission in its Final Order entered Nov. 4, 2010 at the above-referenced dockets. *Accord* Opinion and Order, *Pa. P.U.C. Aqua Pa., Inc.*, Docket Nos. R-2018-300355 et al., p. 55 (citing *T.W. Phillips* and explaining that "[w]hen each of the statutory advocates fully support a settlement, it is a good indicator that the terms and conditions of the settlement are just and reasonable.").

A. Overview Of The Company's Filing And Of The Settlement

PAWC initiated this rate case on April 29, 2022, by filing Supplement No. 35 to Tariff Water – Pa. P.U.C. No. 5 ("Proposed Water Tariff") and Supplement No. 34 to Tariff Wastewater – Pa. P.U.C. No. 16 ("Proposed Wastewater Tariff") requesting Commission approval of an increase in its total annual operating revenues to become effective June 28, 2022. The requested increase equaled $173.2 million or approximately 20.8% above the level of pro forma revenues for the FPFTY.[5]

In its initial filing, the Company also sought approval to implement a Revenue Stabilization Mechanism ("RSM") to provide revenue stability that allows the Company to more effectively invest in the infrastructure necessary to continue providing safe and reliable water service to customers. Additionally, the Company proposed to invoke the Commission's authority under Section 1311(c) of the Public Utility Code[6] to mitigate the impact of revenue increases on wastewater customers by recovering a portion of the Company's wastewater revenue requirement from its total water and wastewater customer base. On June 16, 2022, the Commission instituted an investigation of the Company's existing and proposed rates and, as a result, the Company's proposed tariffs were suspended by operation of law until January 28, 2023.

Various issues pertaining to the level of revenues to which the Company is entitled were the subject of extensive discovery and were addressed at length in the parties' direct, rebuttal, surrebuttal and rejoinder testimony. Revenue requirement was also the subject of intensive

[5] *See* PAWC St. 1, p. 7.

[6] *See* 66 Pa.C.S. §1311(c) ("the commission, when setting base rates, after notice and an opportunity to be heard, may allocate a portion of the wastewater revenue requirement to the combined water and wastewater customer base if in the public interest."). Hereafter all references to a "Section" are to the Pennsylvania Public Utility Code ("Code"), 66 Pa.C.S. §§ 101 et seq., unless indicated otherwise.

negotiations, which produced an agreement among the Joint Petitioners that PAWC has established its need for an increase in total-Company operating revenues of $138 million as of the end of the statutory suspension period in this case. The agreed increase is in lieu of PAWC's initially requested increase of $173.2 million. As part of the Settlement, PAWC also agreed to withdraw its proposed RSM and uncollectible expense deferral mechanism, which were opposed by several parties.[7]

Witnesses for I&E, the OCA, the OSBA, and PAWLUG also raised several issues pertaining to how and from whom the cost of furnishing wastewater service should be recovered. In particular, parties took issue with PAWC's proposal to allocate approximately $73 million of its wastewater revenue requirement to water customers. The OCA also recommended that PAWC develop and propose a separate stormwater rate for the Company's Scranton, McKeesport and Kane combined sewer system ("CSS") operations in its next rate case.

Issues pertaining to the Company's proposals to implement the RSM and continue deferral of incremental uncollectible expense under existing Commission authority, along with the issue of wastewater cost recovery will be resolved by the Commission's approval of the Settlement. As noted previously, upon approval of the Settlement, the Company agrees to withdraw its proposed RSM and uncollectible expense tracker and deferral mechanism. Additionally, the Settlement will resolve, among the Joint Petitioners, issues concerning the recovery of a portion of wastewater revenue requirement from the customer base of the Company's water operations. Specifically, under the Settlement Rates only $26.96 million of wastewater revenue requirement – not the amount of $72.9 million PAWC originally proposed –

[7] *See* Joint Petition, ¶¶ 12, 16, 18, 77.

would be allocated to its water operation's cost of service.[8] In addition, in Paragraph No. 40 of the Joint Petition, the Company agrees to create a separate tariff group for current and future CSS customers in its next general wastewater or combined water/wastewater base rate filing. PAWC will propose consolidation of the rates of current and future CSS customers over time, separately from the consolidation of current and future sanitary sewer system ("SSS") customers.

Various other specific issues that were raised by other parties' testimony have been largely resolved by the compromises on all sides that resulted in the agreed upon increase in revenues of $138 million, in lieu of the Company's original rate increase proposal. There are certain terms that reflect the Joint Petitioners' agreement on specific issues, which are typically addressed in settlements, such as, for example, the depreciation rates to be used going forward, approved amortizations, the equity return rate to be used in calculating the Company's Distribution System Improvement Charge ("DSIC"), the "baseline" of FPFTY plant additions that must be exceeded before the Company may reinstitute its DSIC.[9] In addition, the Joint Petitioners have resolved all rate structure and rate design issues by collaboratively developing the Settlement Rates, as set forth in the water and wastewater tariffs provided in Appendices A and B. The Joint Petitioners are in full agreement that the Settlement Rates fairly and reasonably allocate the increase in water and wastewater revenues among PAWC's customer rate classes.[10]

A total of six public input hearings were held in this case across the Company's service territory. The Company believes that, given its size (PAWC provides service to approximately

[8] *See* Joint Petition ¶ 26. While the Section 1311(c) allocation to water operations under the Settlement Rates plays an important role in mitigating the increases to the Company's approximately 82,000 wastewater customers, it has a modest effect on water customers' bills – representing an increase of approximately $2.37 per month to an average residential customer.

[9] *See* Joint Petition, ¶¶ 12-17, 19-20.

[10] *See id.* at ¶¶ 26-41.

760,000 customers) and the challenges of serving a geographically diverse service territory (PAWC provides service in 37 of the 67 counties in the Commonwealth), there were remarkably few service-related issues raised at the public input hearings. That said, PAWC holds itself to a high standard of customer service and quality of service. Accordingly, the Settlement contains specific, detailed terms and commitments by the Company to address the service-related issues raised by OCA witnesses Terry L. Fought and Barbara R. Alexander in this case. The Company is also committing to reporting on its progress in reaching a number of Company performance objectives related to, among other things, call center performance, main break frequency, customer complaint responses, and customer satisfaction.[11]

As the Commission is aware, PAWC has been an industry leader in initiating, developing and implementing innovative programs to assist low-income and payment-troubled customers. Continuing its commitment to assisting low-income customers, the Settlement includes an array of enhancements to strengthen and augment PAWC's robust customer assistance programs. These enhancements are coupled with commitments to expand community outreach to communities in need and work with community-based organizations in its service territory to expand awareness of PAWC's customer assistance programs.[12]

As previously indicated, the specific terms of the Settlement are discussed in more detail in Section II below.

B. The Settlement Is Consistent With Commission Policy, Practice And Precedent Concerning Settlements

The Commission's long-standing policy, practice and precedent embodied in its regulation at 52 Pa. Code § 5.231 and its Policy Statement on Settlements at 52 Pa. Code

[11] *See* Joint Petition, ¶¶ 57-69.

[12] *See id.* at ¶¶ 42-56.

§ 69.401 strongly encourage parties to resolve contested proceedings by settlement. Indeed, in its Policy Statement, the Commission states that "the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding." There are many reasons why settlements can produce better outcomes and do a better job of promoting the public interest than full litigation, which have been repeatedly affirmed in decisions approving proposed settlements. Those reasons were aptly summarized in the Commission's approval of a settlement of PECO Energy Company's ("PECO's") 2018 electric rate case:

> Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an operating expense recovered in the rates approved by the Commission. Partial or full settlements allow the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and replies to exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yielding significant expense savings for the company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.[13]

Settlements also promote the public interest in another important way. In settlements, parties can, through compromise and agreement, craft innovative and creative solutions that the Commission may not be in a position to develop and impose unilaterally. That is certainly the case with the Settlement that has been achieved by the Joint Petitioners in this proceeding.

[13] *Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2018-3000164 (Opinion and Order entered Dec. 20, 2018) ("*PECO 2018 Rate Case Order*"), p. 15; *see also Pa. P.U.C. v. Columbia Gas of Pa., Inc.*, Docket No. R-2021-3024296 (Opinion and Order entered Dec. 16, 2021), p. 9 ("Rate cases, in general, are expensive to litigate and the reasonable costs of such litigation is an operating expense recovered in the rates approved by the Commission. This means that a settlement, which allows the parties to avoid or minimize the substantial costs of litigation, may yield potential savings for the Company's customers.").

C. Settlements That Do Not Stipulate Or Identify The Specific Components Underlying A Settled Revenue Increase Have Been Consistently Approved And Strongly Endorsed By The Commission As Promoting The Public Interest

As the Joint Petition makes clear (*see* Paragraph No. 10) the Joint Petitioners acknowledge that, subject to the limited exceptions set forth in the Joint Petition, they have not sought, nor would they be able, to agree upon the specific ratemaking adjustments that support their respective decisions to enter into the Settlement. Nonetheless, as the Joint Petitioners explain in their respective Statements in Support, they are in full agreement that the Settlement achieves the following goals:

- Resolves a number of contested issues, by means of inter-related compromises, in a manner that produces an overall outcome well within the range of reasonable outcomes supported by the record evidence;
- Appropriately and fairly balances (1) the interests of customers in receiving safe, adequate and reliable service at just and reasonable rates and (2) the interests of the Company and its shareholders in having a reasonable opportunity – through continued prudent and efficient management – to earn a fair return on their investment in property dedicated to the public service, which will support further investment in additional needed plant and equipment;
- Produces a fair result for all parties;
- Contains substantial enhancements to the Company's low-income programs and commitments regarding customer service; and

Therefore, for all the foregoing reasons, the Settlement is in the public interest.

As explained above, the Joint Petition embodies a so-called "black box" settlement because the Joint Petitioners have neither agreed upon, nor identified, their individual assessments of the various subsidiary components of the overall revenue requirement upon which they settled. The Joint Petitioners' approach facilitates settlements by allowing parties to agree to an overall settled outcome that all parties find reasonable without abandoning or reversing their litigation positions on issues they deem important and, thereby, compromising their ability to present their arguments in other proceedings where settlement may not be possible.[14] Thus, the net result is reasonable and acceptable to all, so long as the parties are not forced to reveal their positions and strategies or the compromises they made to reach the settled outcome. Nonetheless, limited exceptions to the black box concept were made in this Settlement – as in other settlements that have been approved by the Commission – as needed to implement and administer the Settlement terms.

The Joint Petitioners' approach to delineating the terms of the Settlement in the Joint Petition, namely, a "black box" subject to limited but appropriate exceptions, has been consistently and repeatedly approved by the Commission. In the Recommended Decision

[14] *See* 52 Pa. Code § 5.231; 52 Pa. Code § 69.401. The Commission has approved black box settlements of base rate increases for many large utilities, including the settlement of PECO's 2018 electric rate case discussed previously. *See also Pa. P.U.C. v. Duquesne Light Co.*, Docket No. R-2021-3024750 (Opinion and Order entered Dec. 16, 2021) (approving a black box settlement providing for a base rate increase of $74.2 million); *Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2021-3024601 (Order entered Nov. 18, 2021) (approving a black box settlement providing for a base rate increase of $132 million); *Pa. P.U.C. v. Pennsylvania-American Water Co.*, Docket Nos. R-2020-3019369 and R-2020-3019371 (Opinion and Order entered Feb. 25, 2021) ("PAWC 2020 Rate Case Order") (approving a black box settlement providing for a base rate increase of $70.5 million); *Pa. P.U.C. v. Phila. Gas Works*, Docket No. R-2020-3017206 (Opinion and Order entered Nov. 19, 2020) (approving a black box settlement providing for a base rate increase of $35 million); *Pa. P.U.C. v. UGI Utils., Inc. - Gas Div.*, Docket No. R-2020-3015162 (Opinion and Order entered Oct. 8, 2020) (approving a black box settlement for a base rate increase of $20 million); *Pa. P.U.C. v. UGI Utils., Inc. - Gas Div.*, Docket No. R-2018-3006814 (Opinion and Order entered Oct. 4, 2019) (approving a black box settlement for a base rate increase of $30 million); *Pa. P.U.C. v. Duquesne Light Co.*, Docket No. R-2018-3000124 (Opinion and Order entered Dec. 20, 2018) (approving a black box settlement providing for a base rate increase of $40.5 million).

recommending approval of the black box settlement in PECO's 2015 electric rate case, for example, Administrative Law Judge Angela T. Jones explained:

> The Commission has noted that "Black box" settlements are an important aspect in the process of delivering timely and cost effective regulation. A black box settlement is a means to reach agreement on a rate increase in a case where the issues raised are varied and complex. To delineate and specify each component of the rate increase to the issues would be difficult, time-consuming, expensive and costly to the consumers as a rate case expense. To curtail any delineation is to save time, expense and costs of the parties and the ratepayers. The Commission has in the past found such black box settlements to be reasonable and in the public interest. The instant case is consistent with Commission precedent.[15]

Similarly, in the Peoples TWP LLC's 2013 base rate case,[16] the Commission approved a settlement and stated the following in response to a complainant's specific objection to the black box nature of the settlement:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a "black box" settlement in this proceeding and, accordingly, deny this Exception.[17]

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[15] *Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2015-2468981 (Recommended Decision issued Oct. 8, 2015), pp. 18-19 (citations omitted).

[16] *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered Dec. 19, 2013), pp. 27-28 (citations omitted).

[17] *Id*. at 28.

As evidenced by the authorities discussed above, the Commission fully endorses the concept of black box settlements such as the Settlement achieved in this case.

D. General Standard For Approval Of Settlements

It is well-established that, in order to approve a settlement, the Commission must determine that the proposed terms and conditions, viewed in the context of the settlement as a whole, are in the public interest.[18] In Section II, below, each of the principal terms of the Settlement is discussed in light of the record evidence and the parties' positions. As explained therein, the final resolution achieved by each of those terms is consistent with, and promotes, the public interest.

II. SPECIFIC SETTLEMENT TERMS[19]

A. Revenue Requirement (Joint Petition, Paragraphs 12-17)

1. Revenue Increase (Joint Petition, Paragraph 12)

As explained in Section I.A. above, following detailed formal and informal discovery, the submission of multiple rounds of testimony and extensive negotiations, the Joint Petitioners agreed to the Settlement embodied in the Joint Petition. The Settlement provides for a total-Company increase in operating revenues of $138 million, based on its pro forma present rate revenue level, to become effective as of January 28, 2023 in lieu of the $173.2 million increase PAWC initially requested in its April 29, 2022 rate filing.

A billing comparison for all general water service customer classes in all of the Company water rate zones is provided in Appendix F to the Joint Petition. Under the Settlement Rates, the

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[18] *See Pa. P.U.C. v. CS Water & Sewer Assoc.*, 74 Pa. P.U.C. 767, 771 (1991); *Pa. P.U.C. v. Philadelphia Elec. Co.*, 60 Pa. P.U.C. 1, 22 (1985).

[19] Section II of this Statement in Support contains a general description of the terms and conditions of the Settlement set forth in the Joint Petition. While every effort has been made to try to ensure that the descriptions are accurate, if any inconsistency exists or is perceived between the Statement in Support and the terms and conditions of the Joint Petition, the Joint Petition shall take precedence and shall control.

monthly bill of a typical residential water customer in the Company Rate Zone 1 (in which 99% of all water customers are served) will increase from $60.49 to $69.24, or by 14.5%. The Company has 13 separate wastewater rate zones under its current rates. Under the Settlement Rates, six of the smaller wastewater rate zones are being consolidated into Rate Zone 1 and, as a result, under the Settlement Rates, the Company will have a total of eight wastewater rate zones, including the Foster Township ("Foster") acquisition. The increase in the monthly bill of an average wastewater customer in each of the Company's existing rate zones under the Settlement Rates is provided in Appendix G to the Joint Petition.[20] By way of illustration, for wastewater customers that were in Rate Zone 1 as it was constituted under the Company's current rates and will remain in Rate Zone 1 under the Settlement Rates, the monthly bill of a typical residential wastewater customer will increase from $76.64 to $106.65, or by 39.2%.

There are several important factors that need to be considered and understood in order to place the proposed revenue increase under the Settlement in the proper context: (1) the time elapsed since the Company's last base rate case; (2) the Company's substantial investment in new and replacement property to replace aging infrastructure and comply with evolving legal and regulatory drinking water and environmental standards; (3) the Company's efforts to control operating and maintenance ("O&M") expenses and improve efficiency, while maintaining and enhancing customer service; and (4) the continuing trend of declining per-customer water usage.[21]

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[20] All of the wastewater Settlement Rates and resulting average customer bills would be higher absent the Section 1311(c) allocation of a portion of wastewater revenue requirement to water operations, which was discussed in Section I.A. above.

[21] *See* PAWC St. 1, pp. 7-9 (explaining the forces driving the need for a rate increase); PAWC St. 2, pp. 4-8, 19-28 (explaining the Company's efforts to improve efficiencies and reduce costs while maintaining and enhancing high quality service); PAWC St. 3, pp. 4-40 (explaining the major projects included in the Company's future test year ("FTY") and FPFTY capital additions); PAWC St. 10, pp. 39-56 (explaining and quantifying the ongoing trend of declining usage).

The Company's current base rates were established by the PAWC 2020 Rate Case Order and became effective on January 28, 2021. Significantly, between the end of the FPFTY in PAWC's last base rate case (December 31, 2021) through the end of the proposed FPFTY in this case (December 31, 2023), the Company will have invested over $1.1 billion in new plant and equipment, and the majority of this investment is in source of supply, treatment, distribution and collection assets.[22] A material part of this total investment is being used to improve service to small, troubled water and wastewater systems that PAWC has acquired in furtherance of the Commission's policy to have larger, viable utilities acquire and upgrade smaller, less viable and service-troubled systems.[23] In fact, PAWC has been an industry leader in helping the Commission meet the significant challenges posed by the many small, troubled systems that still exist across the Commonwealth. To address all of these diverse capital needs, PAWC must raise substantial amounts of debt and equity capital and, in the process, must demonstrate its ability to provide a reasonable return in order to convince investors to commit their funds for its use. While PAWC has been making substantial investments in new and replacement plant to maintain and enhance service to customers, it has been experiencing – and will continue to experience – a well-documented trend of declining water usage.[24] The decline in consumption was delineated and quantified by PAWC witness Charles B. Rea based on a comprehensive analysis, which demonstrated declining usage of approximately 750 gallons and 2,350 gallons per year for residential and commercial customers, respectively.[25]

[22] PAWC St. 1, p. 7; PAWC St. 3, pp. 4-5.

[23] PAWC St. 1, p. 5.

[24] PAWC St. 10, pp. 39-64, 69-70.

[25] *Id.* at 52.

The factors discussed above, namely, increased investment and declining load growth, have compromised the Company's ability to earn a fair return on its investment absent rate relief. On a pro forma basis, PAWC's water and wastewater operations are projected to produce an overall return on invested capital of 5.52%, and a return on common equity of only 6.54%, as of December 31, 2023.[26] Those return levels are clearly inadequate, as PAWC witness Ann E. Bulkley pointed out in her direct testimony.[27] Absent rate relief, PAWC's financial results would deteriorate even further in 2023 and thereafter and could jeopardize its ability to appropriately invest in the infrastructure needed to maintain and improve its safety, reliability and customer service levels. It is particularly important for PAWC to maintain and possibly improve its credit ratings because water and wastewater service is extremely capital intensive, as evidenced by the level of investment PAWC has made and will continue to make since its last base rate case, as discussed previously. Accordingly, it is important that PAWC obtain the increased revenues that the Settlement will provide.

2. Pro Forma Present Rate Revenues As Filed By The Company Used To Establish the Settlement Rates (Joint Petition, Paragraph 13)

For residential, commercial, and municipal customers, the Company proposed adjustments to the actual usage for the historic test year ("HTY") ended December 31, 2021 related to trends in declining use, weather normalization and the impact of the COVID-19 emergency on water consumption based on a detailed quantitative analysis.[28] OCA witness Ralph D. Smith recommended that PAWC use actual instead of projected 2021 usage as the starting point to calculate revenue adjustments for declining residential water usage, asserting

[26] PAWC St. 1, p. 8, & Sch. AEE-2.

[27] *See* PAWC St. 13, pp. 3-6 (summarizing current market-determined equity cost rates and providing Ms. Bulkley's recommended rate of return on equity).

[28] PAWC St. 10, pp. 39-64, 69-70.

that the pandemic continues to impact water usage in 2022.[29] Mr. Rea addressed the OCA's declining usage revenue adjustment in his rebuttal testimony and at the evidentiary hearing.[30] Paragraph No. 13 of the Joint Petition embodies the Joint Petitioners' agreement that proposed pro forma present rate revenue of $831,593,862 reflecting the Company's adjustments for declining usage, weather normalization and the impact of the COVID-19 emergency has been used to establish the Settlement Rates.

3. Cost of Service Studies For Each CSS (Joint Petition, Paragraph 14)

In accordance with settlement of its last base rate case, the Company presented a separate revenue requirement study for its CSS operations and filed a cost-of-service study ("COSS") that separately identifies stormwater costs, in aggregate, for the CSSs it owns.[31] In Paragraph 14, the Company agreed to continue to submit one or more separate stormwater and wastewater COSSs for its CSSs. This provision assures that the Commission and the parties in the Company's next base rate case will have information related to all PAWC-owned CSSs comparable to the cost-of-service information developed and filed in this case.

4. Depreciation Rates (Joint Petition, Paragraph 15)

The Company proposed annual depreciation accrual rates developed by John J. Spanos[32] based on detailed depreciation studies conducted regarding the Company's water and wastewater assets for the HTY, FTY, and FPFTY.[33] The depreciation rates proposed by the Company were reviewed and accepted by all other parties. Accordingly, the Joint Petitioners acknowledge and

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[29] OCA Sts. 1, pp. 15-22, & 1SR, pp. 4-8; OCA Ex. LA-2, Sch. C-1.

[30] PAWC St. 10-R, pp. 38-43; Tr. 590-592.

[31] PAWC St. 1, p. 18; PAWC St. 12, p. 4.

[32] Mr. Spanos is a Senior Vice President of Gannett Fleming Valuation and Rate Consultants, LLC, and has testified extensively on depreciation for regulated utilities in proceedings before the PUC and the regulatory agencies and courts of other states. *See* PAWC St. 11, App. A.

[33] PAWC St. 11; PAWC Exhibits 11-A through 11-P.

agree that those depreciation rates are appropriate for ratemaking purposes in this case and that PAWC will use those depreciation rates to calculate the depreciation expense it records on its regulated books of account.

5. COVID-19 Regulatory Asset (Joint Petition, Paragraph 16)

On May 13, 2020, the Commission issued a Secretarial Letter[34] that recognized the additional costs and other financial impacts that the COVID-19 emergency imposed on utilities as life sustaining businesses, including the increased costs directly resulting from the service-termination moratorium established by the Emergency Order issued by PUC Chairman Gladys Brown Dutrieuille on March 13, 2020.[35] The May 2020 Secretarial Letter directed utilities to track incremental COVID-19 related expenses and any government assistance that would offset those expenses and permitted utilities to establish a regulatory asset for bad debt expense attributable to compliance with the Emergency Order.

On October 15, 2020, PAWC filed a Petition at Docket No. P-2020-3022426 requesting PUC approval to defer for accounting purposes specific expenses and revenue losses PAWC incurred in furnishing essential services during the COVID-19 emergency. In that case, the PUC authorized PAWC to record COVID-19 related direct costs and savings as a regulatory asset, along with incremental uncollectible expense, and carrying charges on the deferred amounts.[36] The Commission rejected I&E and OCA proposals to limit the types and amounts of COVID-19

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[34] *COVID-19 Cost Tracking and Creation of Regulatory Asset*, Docket No. M-2020-3019775 (Secretarial Letter issued May 13, 2020) ("May 2020 Secretarial Letter").

[35] *Public Utility Service Termination Moratorium Proclamation of Disaster Emergency-COVID-19*, Docket No. M-2020-3019244 (Emergency Order ratified Mar. 26, 2020) ("Emergency Order").

[36] *Petition of Pennsylvania-American Water Co. for Authorization to Defer, and Record as Regulatory Assets for Future Recovery: (1) Incremental Expenses Incurred Because of the Effects of the COVID-19 Emergency; (2) Revenue Reductions Attributable to the Effects of the COVID-19 Emergency; and (3) Carrying Charges on the Amounts Deferred*, Docket No. P-2020-3022426 (Opinion and Order entered Sept. 15, 2021) ("September 2021 Order").

expenses directly incurred by PAWC.[37] The Commission also found that the OCA's proposal for an uncollectible expense deferral "baseline" clearly conflicts with the Commission's prescribed approach for calculating deferrals in the May 2020 Secretarial Letter based on all uncollectible expense above the amount currently reflected in PAWC's approved base rates.[38] Finally, the PUC declined to establish a "hard cut-off date" after which no further COVID-19 related amounts could be deferred.[39] Notably, the Commission recently declined to adopt a hard cut-off date for its existing regulatory asset authorization afforded to *all utilities* for incremental uncollectible expense in Aqua Pennsylvania, Inc.'s base rate case.[40]

In this case, PAWC proposed to recover the deferred balance of its COVID-19 regulatory asset accumulated through July 31, 2022 ($3,409,217), with an additional $517,127 of carrying costs calculated on the deferred amounts through January 1, 2023.[41] The Company also proposed to continue deferring incremental uncollectible expense from and after August 1, 2022 under existing Commission authorization for possible recovery in PAWC's next base rate case. PAWC ceased recording COVID-19 related direct costs and savings in its COVID-19 regulatory asset on February 1, 2022[42] – well before the termination dates recommended by I&E (December 31, 2022) and the OCA (December 31, 2023).[43]

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[37] September 2021 Order, p. 31.

[38] *Id.* at 13-14.

[39] *Id.* at 48.

[40] *See Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket Nos. R-2021-3027385 et al. (Opinion and Order entered May 19, 2022), p. 399 (finding that "[i]t is evident that the effects of COVID-19 are still being felt by utilities and we deem it premature to conclude that the pandemic is over and that no additional related expenses will be incurred beyond the end-dates proposed by I&E [(May 19, 2022)] and the OCA [(March 31, 2023)].").

[41] PAWC Ex. JCS-1R. In rebuttal, PAWC reduced its original claim by $5.33 million based on the updated deferred amounts recorded to the COVID-19 regulatory asset as of July 31, 2022. PAWC St. 4-R, pp. 7-8; PAWC St. 9-R, p. 2.

[42] PAWC Sts. 9, pp. 10-15, & 9-R, p. 2.

[43] I&E St. 1, pp. 43-44; OCA St. 1, pp. 44-45.

Witnesses for I&E and the OCA generally opposed utilizing a deferral mechanism for uncollectible expense after their proposed hard cut-off dates, asserting that the use of an historic three-year average to determine the going level of uncollectible expense embedded in PAWC's base rates already accounts for normal fluctuations in those costs between rate cases.[44] Mr. Smith also asserted that customers should not fund carrying costs on the deferred balance in PAWC's COVID-19 regulatory asset because the timing of PAWC's claim for recovery of those costs in rates is subject to management discretion.[45] PAWC witnesses Everette and Swiz refuted each of I&E's and the OCA's arguments related to the Company's COVID-19 regulatory asset in rebuttal testimony and at the evidentiary hearing.[46]

After careful consideration of this issue, I&E, the OCA and the Company reached a reasonable resolution where deferral of incremental uncollectible expense above or below the amount embedded in PAWC's base rates and carrying costs to its COVID-19 regulatory asset will cease on December 31, 2022, and the Company has agreed to withdraw its proposed uncollectible expense tracker.[47]

6. Amortizations (Joint Petition, Paragraph 17)

Paragraph 17 reflects the Joint Petitioners' agreement resolving issues between I&E and PAWC pertaining to amortizations to recover certain costs of acquired systems claimed by the Company.[48] The amounts amortized, the periods of amortization and the annual amortization amounts are set forth in Appendix D to the Joint Petition.

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[44] I&E Sts. 1, pp. 47-48, & 1SR, pp. 38-39; OCA St. 1, p. 65.

[45] *Id*. at 43.

[46] *See* PAWC St. 1-R, pp. 25-26; PAWC St. 9-R, pp. 2-7; Tr. 549-550.

[47] *See* Joint Petition, ¶ 16.

[48] *See* I&E Sts. 3, pp. 10-12, & 3-SR, pp. 4-9; PAWC Sts. 4, pp. 22-27, & 4-R, pp. 4-5; PAWC St. 7-R, pp. 30-32.

7. The Revenue Requirement Provisions Of The Settlement Are Reasonable And In The Public Interest

In light of the standards consistently applied by this Commission, the revenue requirement provisions of the Settlement are reasonable and in the public interest. The Commission has outlined the following general principles for assessing whether a settlement meets the public interest standard:

> The purpose of this investigation is to establish rates for Aqua customers which are "just and reasonable" pursuant to Section 1301 of the Public Utility Code (Code), 66 Pa.C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pennsylvania Gas and Water Co. v. Pennsylvania Pub. Util. Comm'n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923) and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:
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>> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities

> for investment, the money market and business conditions generally.[49]

In short, "just and reasonable" rates, like the associated concept of a "fair return," are not point values. Rather, both "just and reasonable" rates and a "fair return" exist within a "constitutional range of reasonableness."[50] And there are a variety of ways in which the parameters of the "constitutional range of reasonableness" can be determined. As long-standing Commission precedent establishes, one important way to identify an outcome that is within the acceptable "range" is through the settlement process. In that way, parties with differing interests engage in an adversarial process to scrutinize the evidence supporting a rate request and based on robust negotiations, agree to a reasonable overall result.

Applying the ratemaking principles discussed above and the standards employed by the Commission for assessing settlements, the revenue level set forth in the Settlement is reasonable, in the public interest and should be approved. As previously explained, the interval since the Company's last base rate case, the significant increase in its plant in service since that time, and declining usage, among other factors detailed in the testimony of PAWC's witnesses, present a compelling case for rate relief.

Moreover, with respect to the *Bluefield*, *Hope*, and *Barasch* standards, the Settlement carefully balances (1) the right of the Company and its investors "to earn a return on the value of the property which it employs for the convenience of the public" and "to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties" with (2) the right of customers to pay rates that are commensurate with "business undertakings

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[49] *Pa. P.U.C. v. PECO Energy Co. – Elec. Div.*, Docket No. R-2015-2468981 (Opinion and Order entered Dec. 17, 2015), pp. 6-7; *see also* PAWC 2020 Rate Case Order, pp. 11-14.

[50] *Duquesne Light, supra*, 488 U.S. at 312. *See also Pennsylvania Gas & Water Co., supra.*

which are attended by corresponding risks and uncertainties" without providing the utility "profits . . . realized or anticipated in highly profitable enterprises or speculative ventures."[51] That balance is ensured by the fact that parties legally obligated to protect consumers and the public interest vigorously investigated all aspects of the Company's proposed increase and concluded that the Settlement Rates are just and reasonable. Similarly, the Company carefully considered the proposed revenue increase in light of the obligation to its investors to secure a reasonable opportunity to earn a fair return, maintain the financial stability of its business, and obtain needed capital on reasonable terms. The Company concluded that the Settlement Rates satisfy those criteria. The careful balance of interests achieved by the Settlement avoids what could have been a significant expenditure of time, money, and other resources by the parties and the Commission to individually resolve a number of issues and proposed adjustments that have now been subsumed by the interrelated compromises that led to the Settlement. Those savings are in everyone's interest and, in themselves, are another important reason why the Settlement promotes the public interest.

B. Alternative Ratemaking Mechanisms (Joint Petition, Paragraph 18)

In its initial filing, the Company sought approval to implement an alternative ratemaking mechanism that would adjust rates to align the Commission-approved level of authorized revenue with the revenue actually billed to customers.[52] Several parties opposed the Company's proposed RSM.[53] Paragraph 18 of the Joint Petition acknowledges that, in order to reach the Settlement, the Company's proposed RSM was withdrawn, and also sets forth the Joint

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[51] *Bluefield, supra.*

[52] PAWC St. 1, pp. 21-23; PAWC St. 10, pp. 76-89.

[53] *See* I&E Sts. 3, pp. 16-23, & 3-SR, pp. 16-28; OCA Sts. 1, pp. 53-61, & 1SR, pp. 31-33; OCA Sts. 5, pp. 54-59, & 5SR, pp. 8-9; OSBA Sts. 1 (Revised), pp. 40-44, & 1-S, pp. 7-8; Cleveland-Cliffs Steel Sts. 1, pp. 5-9, & 1-SR, p. 2; PAWLUG Sts. 1, pp. 9-13, & 1-S, pp. 7-10.

Petitioners' agreement that withdrawal of PAWC's alternative ratemaking proposal for purposes of this case is without prejudice to the Company's right to propose such mechanism in future proceedings.

C. DSIC (Joint Petition, Paragraphs 19-23)

1. Baseline For Restarting Charges Under The DSIC (Joint Petition, Paragraph 19)

Section 1358(b)(1) requires that a utility's DSIC be reset at zero on the effective date of new base rates. Section 1358(b)(2) specifies when, after such a "reset," a utility may begin to charge a DSIC. In its Supplemental Implementation Order,[54] the Commission set forth its criteria for determining when a utility may charge a DSIC following a base rate "reset." Consistent with the requirements of the Supplemental Implementation Order, Appendix E of the Joint Petition sets forth the "baselines" for water and wastewater operations that, when reached, will permit the Company to reinstitute charges under the respective water and wastewater DSIC Riders. In addition, the Company has agreed that, in any event, it will not reinstitute a DSIC prior to April 1, 2024.

2. Return On Equity For DSIC Revenue Requirements (Joint Petition, Paragraph 20)

As explained in Section I.A. above, the revenue requirement elements of the Settlement reflect, for the most part, a matrix of compromises by the Joint Petitioners and, therefore, specific ratemaking adjustments are not spelled out in the Joint Petition, subject to limited exceptions. The Joint Petitioners have recognized that, notwithstanding the "black box" nature of the Settlement regarding revenue requirement, it is important to resolve, as part of the Settlement, the rate of return on equity that Joint Petitioners agree should be used by the

[54] *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Final Supplemental Implementation Order entered Sept. 21, 2016).

Company in computing the Company's DSIC revenue requirement. To that end, the Joint Petitioners have agreed and stipulated in Paragraph 20 of the Joint Petition that the Company shall use the rate of return on equity as calculated for water utilities and published in the "Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities" ("TUS Quarterly Earnings Report") for the most recent quarter for calculating the return on equity component of the Company's DSIC. The TUS calculation is a recognized and accepted benchmark return on equity for use in calculating revenue requirement under the DSIC. Moreover, TUS regularly updates its calculation to reflect changes in market-determined equity costs based on a clearly stated methodology and database. A term like Paragraph 20 has been adopted in settlements of numerous base rate cases for major utilities that employ a DSIC.

3. Application of the Company's DSIC to Acquired Customers (Joint Petition, Paragraphs 21-23)

Section 1352 requires that "eligible property" be included in a utility's Long-Term Infrastructure Improvement Plan ("LTIIP") before the associated costs may be recovered in a DSIC. If an acquired system is not reflected in the Company's current LTIIP, its quarterly DSIC calculations do not factor in the plant of the acquired company or the revenue of acquired customers. This means that the Company's projects affecting service to those acquired customers are not eligible for DSIC recovery. In short, the Company applies its DSIC to acquired customers only after Commission approval of an amended LTIIP that includes the acquired system and such plant and rates have been part of a base rate case. PAWC's current water and wastewater LTIIPs do not include plant and revenues associated with systems PAWC has acquired or plans to acquire from the Creekside Homeowner's Association, SLIBCO Utilities, Inc., Sadsbury Township, Turbotville Borough ("Turbotville"), Exeter Township, Foster Township, Upper Pottsgrove Township, Royersford Borough ("Royersford"), the

Borough of Kane, Valley Township (Valley"), and the City of York ("York") (collectively, the "Acquired Systems"). Accordingly, the Company's Proposed Water Tariff and Proposed Wastewater Tariff exclude customers in the Acquired Systems from the DSIC.[55]

OCA witness Jerome D. Mierzwa recommended that the Company apply the DSIC to all acquired customers on the effective date of new rates established in this case.[56] The Company opposed Mr. Mierzwa's proposal in rebuttal testimony and at the evidentiary hearing and explained that including both revenues and eligible property additions from the Acquired Systems in the Company's LTIIPs would not materially change the DSIC charges imposed on all other PAWC customers.[57]

Under the Settlement, within 90 days after entry of a final order in this proceeding, PAWC will file an amendment to its wastewater LTIIP to include systems acquired under Section 1329 so that newly acquired systems can be included in the Company's quarterly DSIC calculations. The Company also agreed to reevaluate the timeline for future water and wastewater LTIIP revisions as part of future base rate filings based on the number of water and/or wastewater customers acquired since the prior base rate case and the period since the Company's last LTIIP amendment. For systems not acquired under Section 1329, PAWC will apply the DSIC to those customers no later than in the first base rate case in which the system is included. In addition, as shown in Appendices A and B, water customers in the Creekside and SLIBCO systems and wastewater customers in the Foster and Turbotville systems will not be exempt from the Company's DSIC.[58]

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[55] *See* Proposed Water Tariff, Revised Page 35; Proposed Wastewater Tariff, Revised Page 34.

[56] OCA Sts. 4, pp. 35-37, & 4SR, pp. 15-17.

[57] *See* PAWC St. 4-R, pp. 9-11; Tr. 567-570.

[58] *See* Joint Petition, ¶¶ 21-23.

4. Impact of Section 1301.1 on the Treatment of Federal and State Income Tax Deductions in Calculating DSIC Charges (Joint Petition, Paragraph 24)

Section 1301.1(a) provides that a utility's federal income tax expense shall be calculated on a "stand-alone" basis for ratemaking purposes. In Paragraph 24, the Joint Petitioners acknowledge that the Commission has a generic docket at M-2012-2293611 addressing implementation of the Pennsylvania Supreme Court's decision regarding 66 Pa. C.S. § 1301.1 in *McCloskey v. Pennsylvania Public Utility Commission*, 697 C.D. 2018 and remand of the underlying Commission proceedings at P-2015-2508942, et al. and R-2017-2624240. If required by the Commission in the generic proceeding, the Company will update its DSIC calculation and tariffs consistent with the final non-appealable Order in the generic proceeding. PAWC will not contest the parties' rights to raise any related issues with regard to its DSIC calculation and tariffs in a future proceeding.

D. FPFTY Reports (Joint Petition, Paragraph 25)

In its initial filing, PAWC developed its FPFTY revenue requirement employing plant-in-service balances and other rate base elements projected as of the end of the FPFTY (December 31, 2023). I&E proposed that the Company update the Summary of Detailed Plant Accounts in PAWC Exhibit 3-A by April 1, 2023 and April 1, 2024 (collectively, the "I&E Requested Updates"), to include actual plant additions, retirements and reclassifications for 2022 and 2023, respectively.[59] PAWC has agreed to provide such updates, as set forth in more detail in Paragraph 24 of the Joint Petition (*see also* PECO St. 4-R, p. 6).

[59] I&E St. 3, pp. 3-4.

E. Cost Allocation, Revenue Allocation And Rate Design (Joint Petition, Paragraphs 26-41)

PAWC submitted six separate cost of service studies ("COSSs"), one for its water operations and five for its wastewater operations, as explained in detail in the direct testimony of PAWC witness Constance E. Heppenstall. For the Company's water operations' COSS ("Water COSS"), Ms. Heppenstall employed the well-accepted base-extra capacity method, as described in the 2017 (seventh edition) and prior editions of the Water Rates Manual published by the American Water Works Association.[60] For SSS wastewater operations, Ms. Heppenstall's cost of service studies were prepared using the functional cost allocation methodology described in "Financing and Charges for Wastewater Systems," Manual of Practice No. 27, published by the Water Environment Federation. That allocation methodology was modified in order to determine the incremental cost related to handling storm water for the PAWC's CSS operations (Scranton, McKeesport and Kane).[61]

OCA witness Mierzwa disagreed with the system-wide demand factors used in the Company's Water COSS to functionalize costs between facilities used to meet average day demand and, respectively, maximum day and maximum hour demand.[62] OSBA witness Brian Kalcic, proposed to directly assign Arrearage Management Plan ("AMP")-related bad debt and administrative expenses totaling $2.3 million to the residential class in the Water COSS.[63] Ms. Heppenstall accepted Mr. Kalcic's approach to AMP-related costs and explained why Mr. Mierzwa's alternative extra capacity factors should not be adopted.[64]

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[60] PAWC St. 12, pp. 6-9; PAWC Ex. 12-A Revised, pp. 3-4

[61] PAWC St. 12, pp. 14-26.

[62] OCA Sts. 4, pp. 9-12, & 4SR, pp. 2-3; OCA Ex. JDM-2.

[63] OSBA Sts. 1 (Revised), pp. 4-6, & 1S, pp. 6-7; OSBA Sch. BK-1W.

[64] *See* PAWC St. 12-R, pp. 2-7; Tr. 610-611, 615.

Adjacent municipal and utility wastewater systems ("York Bulk Customers") that have entered into Wastewater Treatment and Conveyance Agreements ("Bulk Agreements") to treat their wastewater flows at the York treatment plant were not reflected as a separate customer class in the COSS for the Company's York wastewater SSS operations ("York COSS"). Compensation received under the Bulk Agreements was treated as incremental revenue and, as such, was used to reduce the cost of service of the retail customers that were reflected as separate classes (residential and non-residential) in the York COSS. The Company presented extensive evidence explaining why reflecting bulk service revenues in this fashion is appropriate given the York Bulk Customers' competitive alternatives to service from PAWC.[65] Under the Settlement, the Company agreed to submit a wastewater COSS in its next base rate case that includes a separate customer class for the York Bulk Customers as recommended by witnesses for I&E and the OCA in this case.[66]

Revenue Allocation

Although complete agreement could not be reached among all the Joint Petitioners with respect to either the Water COSS or the revisions to that study proposed by the OCA and the OSBA, there was no dispute that a COSS should be used as a guide and that the Commission has long recognized that the movement toward cost of service should be tempered by the concept of gradualism to avoid large, disruptive, one-time increases to any particular customer class. That was the approach the Company employed to develop its proposed revenue allocation and rate design in this case, as explained by PAWC witness Rea.[67]

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[65] *See* PAWC St. 7-R, pp. 2-23; PAWC St. 12-R, pp. 7-9.

[66] *See* Joint Petition, ¶ 41; I&E St. 3, pp. 68-69, & 3-SR, p. 66; OCA St. 4, pp. 13-14, & 4SR, pp. 19-20.

[67] *See*, *e.g.*, PAWC St. 10, pp. 8-11, 14-22.

The allocation of the revenue increase under the Settlement Rates was subject to careful consideration and detailed negotiations among the Joint Petitioners. As a result, the Joint Petitioners were able to reach agreement on the allocation among customer classes of the revenue increase under the Settlement Rates that is depicted in the tariffs provided as Appendices A and B and the proof of revenues set forth in Appendix C to the Joint Petition. That allocation is within the range proposed by witnesses for the Joint Petitioners and, more importantly, it provides for reasonable movement toward the system average rate of return by the various customer classes as measured by the Company's COSSs. Accordingly, the revenue allocation effected by the Settlement Rates is consistent with the Commonwealth Court's decision in *Lloyd v. Pa. P.U.C.*, 904 A.2d 1010 (Pa. Cmwlth. 2006). Moreover, as the Commonwealth Court recognized in pre-*Lloyd* decisions, which were not disturbed by its holding in *Lloyd*, "there is no single cost of service study or methodology that can be used to answer all questions pertaining to costs"[68] nor is there any "set formula for determining proper ratios among rates of different customer classes."[69] Finally, the Settlement Rates provide for a smaller allocation of total wastewater revenue requirement to water operations pursuant to Section 1311(c) (approximately $26.96 million),[70] instead of the $72.9 million proposed by PAWC which was opposed by several other parties.[71]

<u>Water Rate Structure and Rate Design</u>

Rate Zone 1 Service Charges. Under the Settlement Rates, the Rate Zone 1 service charge for residential, customers with 5/8-inch, 3/4-inch, 1-inch and 1 ½-inch meters will be

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[68] *Executone of Philadelphia, Inc. v. Pa. P.U.C.*, 415 A.2d 445, 448 (Pa. Cmwlth. 1980).

[69] *Peoples Nat. Gas Co. v. Pa. P.U.C.*, 409 A.2d 446, 456 (Pa. Cmwlth. 1979).

[70] *See* Joint Petition, ¶ 26.

[71] *See* I&E St. 3, pp. 27-32; OCA St. 4, pp. 14-22; OSBA St. 1 (Revised), pp. 7-15, 21-25; PAWLUG St. 1, pp. 2-8.

$17.50 per month in lieu of the $20.00 monthly service charges for those meter sizes proposed by the Company. The Rate Zone 1 service charges for commercial and municipal customers with 5/8-inch meters will be $20.00 per month, and the same percentage increase will be applied for all other meter sizes. The 5/8-inch service charge for the Industrial class in Rate Zone 1 under the Settlement Rates will be $28.00, and approximately the same percentage increase will be applied for all other meter sizes.[72]

Consolidation and Alignment of Rate Zones. The metered rates for all classes of customers in Rate Zone 2 (Winola) and Rate Zone 3 (McEwensville) have been consolidated with Rate Zone 1 under the Settlement Rates. The Company currently has a separate Rate Zone 4 for its Turbotville operations, a separate Rate Zone 5 for its Steelton operations, a separate Rate Zone 6 for its Valley operations, and a separate Rate Zone 7 for its SLIBCO operations. Under the Settlement, the service charges for the residential, commercial and municipal customer classes in Rate Zones 4, 5 and 6 are equalized with Rate Zone 1. The usage allowances for customers in Rate Zones 5 and 6 are eliminated. With respect to any system for which the Settlement rate design provides for continuation of minimum usage allowances, PAWC will propose to eliminate the allowance in its next base rate case or, where warranted for gradualism, PAWC will propose to eliminate the allowance over its next two base rate cases. Rates for customers in Rate Zone 7 are unchanged.[73]

Settlement Rates by Rate Zone and Bill Comparisons. The Settlement Rates for all classes of customers and classes of water service are set forth in the applicable portions of the Water Tariff attached as Appendix A to the Joint Petition. Appendix F to the Joint Petition

[72] *See* Joint Petition, ¶ 29.

[73] *See id.* at ¶¶ 30-31, 33.

contains billing comparisons showing the impact on the bill of an average customer in each major general service rate class if the Settlement Rates are approved.[74]

Wastewater Rate Structure and Rate Design

Rate Zone 1 Service Charges. Under the Settlement Rates, Rate Zone 1 service charge for residential customers will be $14.30 per month. The Rate Zone 1 service charge for non-residential customers will be $35.00 per month.[75]

Consolidation and Alignment of SSS Rate Zones. The SSS rates for the following rate zones have been consolidated with Rate Zone 1: Rate Zone 5 (Franklin), Rate Zone 7 (Sadsbury), Rate Zone 8 (Turbotville), Rate Zone 9 (Exeter), and Rate Zone 13 (Upper Pottsgrove). The Company currently has additional separate SSS rate zones as follows: Rate Zone 2 (New Cumberland), Rate Zone 10 (Royersford), Rate Zone 11 (Valley), Rate Zone 12 (York), and a separate Rate Zone for its Foster acquisition. Under the Settlement, the service charges for all classes in Rate Zone 2 are equalized with Rate Zone 1. Rate Zone 11 (Valley) and the Foster acquisition rates have been equalized with Rate Zone 1. Volumetric rates for Rate Zone 12 (York) will be increased. In Rate Zone 10 (Royersford), the usage allowance is decreased.[76]

CSS Rate Zones. The Company currently has three CSS rate zones: Rate Zone 3 (Scranton), Rate Zone 4 (Kane), and Rate Zone 6 (McKeesport). Under the Settlement, the usage allowance for all customer classes is eliminated for Rate Zone 4 (Kane). In Rate Zone 6

[74] *See* Joint Petition, ¶¶ 28, 32.

[75] *See id.* at ¶ 35.

[76] *See id.* at ¶¶ 36-37.

(McKeesport), residential rates for Port Vue customers will be equalized with the rest of the zone.[77]

CSSs convey and treat stormwater as well as sanitary sewer flows, and I&E witness Cline recommended that PAWC create and maintain a separate tariff group for all current and future CSSs based on his view that the differences between CSSs and SSSs is significant enough to group each system into separate tariff groups and maintain separate COSSs.[78] The OCA also proposed that PAWC be required to propose a separate system of stormwater fees in its next rate case.[79] PAWC witness Everette testified that the Commission should permit the Company to move toward single tariff pricing and consolidation of its CSSs and SSSs instead of creating a separate tariff group, and PAWC witness Aiton explained that a stormwater fee was not feasible.[80]

In its next base rate filing, PAWC agrees to create a separate tariff group for current and future CSS customers. PAWC will propose consolidation of the rates of current and future CSS customers over time, separately from the consolidation of current and future SSS customers.[81]

Settlement Rates by Rate Zone and Bill Comparisons. The Settlement Rates for all classes of customers and classes of wastewater service are set forth in the applicable portions of the Wastewater Tariff attached as Appendix B to the Joint Petition. Appendix G to the Joint Petition contains billing comparisons showing the impact on the bill of an average customer in each major general service rate class if the Settlement Rates are approved.[82]

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[77] *See* Joint Petition, ¶ 38.

[78] I&E Sts. 3, pp. 26-27, & 3SR, pp. 29-30.

[79] OCA St. 1, pp. 34-35.

[80] PAWC St. 1-R, p. 30 & PAWC St. 3-R, pp. 8-10.

[81] *See* Joint Petition, ¶ 40.

[82] *See id.* at ¶¶ 34, 39.

Delayed Effective Dates. PAWC proposed delaying the effective date for rate increases in the Royersford (May 2023), Valley (November 2023), Foster (January 2025) and York (May 2025) systems (collectively, the "Rate Freeze Systems") consistent with its contractual obligations under the asset purchase agreements with those municipalities.[83] I&E witness Cline opposed PAWC's proposal to increase rates on different dates in the Rate Freeze Systems because PAWC did not submit a rate stabilization plan at the time those systems were acquired.[84] PAWC submitted testimony responding to I&E's objections to delaying the effective dates of rate increases for the Rate Freeze Systems.[85] Under the Settlement, there will be delayed effective dates for the Rate Freeze Systems as shown in Appendix B. In addition, and consistent with the Company's initial filing, PAWC will calculate the proof of revenue at the full cost of service, as if all customers in the Rate Freeze Systems were paying new rates without any delay to the effective date.[86]

Combined Water and Wastewater Revenue Requirement. Pursuant to Section 1311(c) of the Public Utility Code and the Commission's Implementation Order in Docket No. R-2013-2355276, the Company and the other Joint Petitioners agree that under the Settlement Rates a portion of the wastewater revenue requirement totaling $26.96 million is being allocated to water customers, as shown in Appendix C, Water Operations.

<u>Reasonableness of the Settlement Rate Structure and Rate Design</u>

Every rate proceeding consists of two parts. First, the overall revenues to which a utility is entitled must be determined. The second part of the process must determine how much of the

[83] *See* PAWC St. 4, pp. 42-45.

[84] *See* I&E St. 3, pp. 90-91.

[85] *See* PAWC St. 4-R, p. 15; PAWC St. 7-R, pp. 28-30; PAWC St. 7-RJ, pp. 3-8.

[86] *See* Joint Petition, ¶¶ 27, 37.

total revenue requirement each rate class should bear. The allocation of revenue responsibility can be one of the more contentious parts of a rate proceeding because it is a "zero sum" exercise among the non-utility parties – any revenue responsibility not borne by a particular rate class must be borne by one or more other rate classes. While cost of service studies are the touchstone for reasonable allocations of revenue responsibility among rate classes,[87] the Commission has often stated that cost of service analyses must reflect the exercise of judgment and are as much a matter of art as of science.[88] For that reason, Pennsylvania appellate courts have repeatedly held that the Commission, in crafting a reasonable rate structure, is "invested with a flexible limit of judgment" and may establish just, reasonable and non-discriminatory rates within a "range of reasonableness."[89]

Thus, establishing a reasonable revenue allocation requires a careful balancing of the countervailing interests of the non-utility parties. Accordingly, this aspect of a rate proceeding is particularly well suited to achieving a reasonable overall outcome based on the give-and-take of the settlement process. That is what occurred in the Settlement in this case, which resolved contested issues involving revenue allocation and rate design among the Joint Petitioners, who represent, in the case of I&E, the interests of all customers, all customer classes and the public interest generally, as to the OCA, the interests of residential customers, and as to OSBA and PAWLUG, the interests of non-residential customers (the commercial, municipal and industrial classes).

While settlement negotiations among parties representing an array of customer and stakeholder interests can, in itself, help to assure a reasonable outcome, the revenue allocation

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[87] *See Lloyd v. Pa. P.U.C., supra*.

[88] *See Pa. P.U.C. v. Philadelphia Suburban Water Co.*, 75 Pa. P.U.C. 391, 440 (1991).

[89] *U.S. Steel Corp. v. Pa. P.U.C.*, 390 A.2d 865, 872 (Pa. Cmwlth. 1978).

under the Settlement Rates also comports with well-accepted ratemaking principles. As previously explained, the Joint Petitioners are in general agreement that the Settlement Rates make appropriate progress in moving all classes closer to their cost of service consistent with the principle of gradualism.

For all the foregoing reasons, the proposed revenue allocation and rate design are reasonable, appropriately balance the interests of all parties, and are in the public interest.

F. Customer Assistance Programs (Joint Petition, Paragraphs 42-56)

1. Bill Discount Program ("BDP") (Joint Petition, Paragraphs 42-46)

The Company proposed to expand the low-income BDP for both water and wastewater service by including multiple tiers of discounts for both water and wastewater service based on different levels of household income.[90] OCA witness Roger D. Colton supported the Company's proposal to modify the BDP to utilize a three-tiered discount as well as the specific discount levels proposed by the Company.[91] He further recommended that the Company make BDP participation portable within its service territory.[92] CAUSE-PA witness Harry S. Geller supported implementation of the Company's BDP proposal, to be followed by data collection, a third-party evaluation and potential future changes based on that evaluation.[93] In response to Mr. Colton's recommendation, PAWC witness Dean explained that the Company's customer information systems are not configured to permit customers to automatically remain enrolled in the BDP when changing service locations.[94] In response to Mr. Geller's recommendations, the

[90] *See* PAWC St. 1, pp. 13-14; PAWC St. 10, pp. 35-39.

[91] *See* OCA St. 5, p. 28.

[92] *See* OCA Sts. 5, p. 13, & 5SR, pp. 15-16.

[93] *See* CAUSE-PA Sts. 1, pp. 24, 29-32, & 1-SR, pp. 4-8.

[94] *See* PAWC St. 16-R (Corrected Version), p. 11.

Company explained that its tiered discount proposal was reasonable and that PAWC would continue to work with its Customer Assistance Advisory Group ("CAAG") to discuss and evaluate potential affordability improvements.[95]

Under the Settlement, the Company will implement its proposed three-tiered BDP discount at the time of any increase in base rates approved in this proceeding. In addition, within one year of the final order in this proceeding, the Company will develop a process for tracking and reporting certain detailed information about BDP participants (e.g., average monthly bill amounts of participants at various usage levels) as well as information about the BDP application acceptance rate and potential barriers to enrollment. Data will be shared with CAAG members on at least a biannual basis. Finally, within a year of a final order in this proceeding, the Company will make BDP participation portable within is service territory.[96]

CAUSE-PA witness Geller recommended that PAWC suspend involuntary payment-related terminations for participants in the BDP, pending implementation of the Company's AMP.[97] OCA witness Colton recommended that PAWC place a dunning lock on accounts for pre-existing arrearages of all customers applying for the BDP and participating in the BDP after September 1, 2022, and to waive late payment charges for arrearage balances for customers participating in the BDP.[98] The Company disagreed that such broad, across-the-board collections and termination proposals were appropriate and highlighted the existing resources available to assist customers in paying off overdue balances.[99]

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[95] *See* PAWC St. 10-R, pp. 37-38.

[96] *See* Joint Petition, ¶¶ 42-44.

[97] *See* CAUSE-PA Sts. 1, p. 32, & 1-SR, pp. 11-14.

[98] *See* OCA Sts. 5, pp. 42-46, & 5SR, pp. 9-13.

[99] *See* PAWC St. 16-R (Corrected Version), pp. 5-9.

Under the Settlement, PAWC will place a dunning lock on the accounts of any applicant for PAWC's BDP and AMP, at the time their application is submitted, until a determination is made about the applicant's eligibility and enrollment. If enrolled in AMP, PAWC agrees that the account would be considered "current" so long as the household continues to make "full payments" as defined by the AMP Settlement at Docket No. P-2021-3028195.[100]

Finally, OCA witness Colton also recommended that the PUC direct the Company to monitor and review billing data to determine, in the Company's next base rate case, what offsetting reduction to PAWC's uncollectible expense is necessary to avoid double recovery of BDP costs.[101] While PAWC believes that any "offsets" to uncollectible expense resulting from the bill discount would be captured in the historic data used to build the Company's ratemaking claims,[102] PAWC agreed to the OCA's recommended BDP data collection requirements under the Settlement, as described in Paragraph 45 of the Joint Petition.

2. Hardship Fund (Joint Petition, Paragraphs 47-53)

PAWC's Hardship Fund, which is administered by the Dollar Energy Fund ("DEF"), provides grants to low-income customers to assist them in paying their water and wastewater bills. The program is funded entirely by voluntary contributions from PAWC's shareholders and customers, and the current annual contribution from PAWC shareholders is $600,000.[103]

Witnesses for CAUSE-PA and CEO made recommendations concerning PAWC's Hardship Fund, including that: (1) community based-organizations ("CBOs") be used to

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[100] *See* Joint Petition, ¶ 46.

[101] OCA Sts. 5, pp. 36-37, & 5SR, pp. 23-25.

[102] PAWC St. 1-R, pp. 21-22.

[103] PAWC St. 16-R (Corrected Version), p. 13; CEO St. 1, p. 6. The Commission has acknowledged that it does not have the authority to specify the amount of shareholder funds used for hardship programs. *See Nat'l Fuel Gas Distribution Corps. Universal Serv. & Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366232, 2014 WL 2426998, at *4 (Final Order entered May 22, 2014).

distribute Hardship Funds based on the percentage of low-income customers in each service territory or county; (2) the Hardship Fund program rules be amended to eliminate the good faith payment requirement and allow customers to apply for more than one grant per program year, up to the total annual maximum grant amount of $500 for water and wastewater services; (3) additional customer outreach be performed to inform customers facing termination about the Hardship Fund; and (4) the Company's annual contribution to the Hardship Fund be increased.[104] PAWC witness Dean explained that CBOs are currently used to implement the Fund, customer agents are trained to inform customers facing termination about available programs such as the Hardship Fund, and PAWC's termination notices specifically advise customers regarding the Hardship Fund (among other programs). Finally, Ms. Dean explained the administrative burden associated with issuing multiple grants per year to a single customer and emphasized the importance of retaining a good faith payment requirement and the Company's ability to grant an exception of that requirement when warranted.[105]

Under the Settlement, PAWC has agreed to implement several measures to benefit Hardship Fund recipients, including: (1) working through its CAAG to review the procedures for referring customers to the Hardship Fund; (2) providing, at the first CAAG meeting after the final order in this proceeding, a written description of its Hardship Fund application and issuance processes; (3) increasing the Company's annual contribution to the Hardship Fund in the amount of $150,000; (4) continuing to take any unspent Hardship Fund dollars included in a program year and adding those dollars to the total budget for the subsequent program year; (5) reducing the good faith payment requirement to, at most, $50; and (6) ensuring customer grants equal their

[104] *See* CEO St. 1, pp. 6-7; CAUSE-PA Sts. 1, pp. 36-37, & 1-SR, pp. 15-17.

[105] *See* PAWC St. 16-R (Corrected Version), pp. 13-14, 24; Tr. 687-688.

total account balance at the time of grant issuance, not to exceed $500, and working with the CAAG to develop a solution to allow the issuance of multiple grants each year up to the $500 maximum. In addition, the Company will continue to use DEF to administer the Hardship Fund and DEF will continue to employ local CBOs as "local screening agents" for intake assistance and eligibility determination. The Company will continue to use DEF and local CBOs for marketing and outreach for the Hardship Fund and BDP.[106]

3. Outreach (Joint Petition, Paragraphs 54-56)

Both Mr. Colton and Mr. Geller recommended additional outreach efforts related to the BDP and other customer assistance programs, including a particular emphasis on reaching customers with income at or below 50% of the Federal Poverty Level ("FPL").[107] Mr. Colton further recommended that PAWC pursue agreements with the Commonwealth and electric and natural gas utilities to facilitate cross enrollment in low-income programs.[108] PAWC witness Dean provided a detailed explanation of the multifaceted outreach already being performed by the Company. Ms. Dean also discussed the Company's feasibility concerns with Mr. Colton's cross-enrollment proposal.[109]

Under the Settlement, PAWC will develop and undertake targeted community outreach efforts to reach customers at or below 50% of FPL. At each meeting of the CAAG, PAWC will provide a summary of recent outreach and education efforts. Finally, PAWC agreed to support a

[106] *See* Joint Petition, ¶¶ 47-53.

[107] OCA Sts. 5, pp. 32-33, & 5SR, pp. 18-20; CAUSE-PA Sts. 1, pp. 38-41, & 1-SR, pp. 18-20.

[108] *See* OCA Sts. 5, pp. 13-18, & 5SR, pp. 16-18.

[109] *See* PAWC St. 16-R (Corrected Version), pp. 11-12, 15-24.

petition from CAUSE-PA, OCA, and/or CEO requesting the initiation of a generic proceeding to explore cross-program enrollment opportunities among utilities in the Commonwealth.[110]

G. Service Quality and Customer Service Commitments

As explained in Section I.A. above, under the terms of the Settlement, the Company is committing to take the specific, concrete actions set forth in detail in Paragraphs 57 to 69 of the Joint Petition to address the service-related issues raised by in the testimony of OCA witnesses Alexander and Fought. The Company has worked closely and collaboratively with the OCA in developing these commitments, and the OCA has expressed its satisfaction that the Settlement properly addresses the concerns raised by Ms. Alexander and Mr. Fought regarding quality of service and customer service in this case.

1. Main Extensions (Joint Petition, Paragraphs 57-58)

Under the Settlement, the Company has agreed to construct the water main extensions identified in Paragraph 57 under and pursuant to Rule 27.1(F) of its water tariff. That rule authorizes main extensions to be installed by the Company without customer contributions, subject to Commission approval, to address health and safety concerns. Such health and safety concerns most often arise because of the deterioration of the quality or quantity of water available to a homeowner from an on-lot well.

In Paragraphs 58.a.-c. and e., the Company agrees to work with the OCA to establish a reasonable timeframe to complete the projects listed in Paragraph 57; to apply "least-cost principles in designing and constructing the main extensions; to take all reasonable actions to file and obtain Commission approval for any necessary extension of its existing certificated service territory to include the areas to be served in Robinson Township; and to continue to use its best

[110] *See* Joint Petition, ¶¶ 54-56.

efforts to try to obtain third-party funding for the main extensions to mitigate the cost of those projects. In Paragraph 58.d., the Joint Petitioners agree that the Commission's approval of the Joint Petition will constitute its approval required under Tariff Rule 27.1(F) to construct the projects identified in Paragraph 57 pursuant to that Rule. In Paragraph 58.f., the Joint Petitioners agree that the terms of Paragraphs 57 and 58 are not precedential as to conditions that might validate the application of Tariff Rule 27.1(F) in the future and will not be cited as such in any future proceeding.

2. Storage Tanks (Joint Petition, Paragraph 59)

The Company maintains 286 distribution tanks in its system.[111] OCA witness Fought recommended the Company have all storage tanks over 15-years old be inspected by an experienced tank inspection contractor who submits a report of recommendations, and that PAWC maintain the tanks in accordance with the recommendations in the inspection report.[112] Mr. Aiton testified in response that new coating materials alleviate the need to repaint tanks every 15 to 20 years, which was necessary, historically.[113]

Under the Settlement, the Company agreed that it will have all storage tanks over 15-years old inspected by an experienced tank inspection contractor. The contractor will prepare a report of recommendations and PAWC will maintain those tanks in accordance with the contractor's recommendations, where reasonable.[114]

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[111] OCA St. 7, p. 4.

[112] OCA Sts. 7, p. 4, & 7SR, pp. 15-16.

[113] PAWC St. 3-R, pp. 11-12.

[114] Joint Petition, ¶ 59.

3. Isolation Valves (Joint Petition, Paragraph 60)

Isolation valves are installed on water mains so that water can be shut off in sections of the Company's distribution system in the event of a water main break, or for repairs and replacements, and can also be used to separate different pressure zones.[115] OCA witness Fought recommended that the Company continue to exercise its isolation valves on a 5-year cycle, and that the Company make necessary changes to its data collection practices so that, in future base rate cases, PAWC can submit a searchable electronic log identifying each isolation valve, date exercised, date repaired, date replaced, and other pertinent notes.[116]

Mr. Runzer explained in response that the Company maintains a record of all isolation valves in an electronic format in its Mapcall system, and he described the Company's automated processes to ensure that its isolation valves are inspected and maintained.[117] Mr. Runzer also noted that all isolation valves that are identified as "critical" are inspected annually.[118]

Under the Settlement, the Company agreed that it will continue to exercise all of its isolation valves on a 5-year cycle and inspect critical valves annually. In future rate cases, the Company will provide a searchable electronic log identifying each of its isolation valves, the date last exercised, date last repaired, date last replaced, and any pertinent notes.[119]

4. Fire Hydrants (Joint Petition, Paragraph 61)

OCA witness Fought recommended that the Company's public fire hydrants that cannot provide a minimum fire flow of 500 gallons per minute at 20 pounds per square inch be marked

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[115] OCA St. 7, p. 5.

[116] *Id.* at 8.

[117] PAWC St. 2-R, pp. 10-11.

[118] *Id.* at 11.

[119] Joint Petition, ¶ 60.

so that they will only be used for flushing and blow-offs, and that fire hydrants connected to less than 6-inch water mains should also be marked so that they will only be used for flushing and blow-offs unless PAWC can document they can provide the minimum fire flow.[120]

Company witness Runzer detailed the Company's inspection and maintenance efforts related to its public fire hydrants.[121] Mr. Runzer noted that public fire hydrants in its system that do not meet the minimum standard of 500 gallons per minute at 20 pounds per square inch are a part of the Company's capital investment strategy of water main and fire hydrant replacements, and that these hydrants are identified through the Company's annual inspection program.[122] Mr. Runzer also explained that local fire departments are notified of areas of lower pressure. However, he explained that he disagreed that these hydrants only be used for flushing or blow-offs since they might be the only hydrants in the area for fire protection.[123] Further, Mr. Runzer explained that all hydrants are inspected annually and that any inspected hydrant that does not meet minimum pressure requirements is scheduled for repair or replacement.[124]

Under the terms of the Settlement, the Company will mark any fire hydrants that cannot provide the minimum fire flow with the National Fire Protection Association approved color indicating flow level.[125]

5. Customer Service (Joint Petition, Paragraphs 63-67)

OCA witness Alexander recommended that the Commission impose several customer service performance standards on PAWC as a condition of any rate increase, including: (1)

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[120] OCA St. 7, pp. 8-9, & 7SR, pp. 5-6.

[121] PAWC St. 2-R, pp. 11-12.

[122] *Id.* at 12.

[123] *Id.*

[124] *Id.*

[125] Joint Petition, ¶ 61.

percentage of calls answered within 30 seconds; (2) call center annual abandonment rate; (3) frequency of main breaks; (4) kept field appointments; (5) response time to complaints; (6) infraction and justified complaint rates; and (7) customer satisfaction.[126] In response to Ms. Alexander's proposed performance standards, the Company has agreed to report on its progress in reaching several Company performance objectives in the areas of call center performance, customer complaint activity and customer satisfaction outlined in Paragraph 65 of the Joint Petition. Ms. Alexander also offered recommendations regarding call center performance, customer satisfaction, and the Company's service termination procedures, which are discussed below.

a. Call Center Performance

The Customer Service Organization ("CSO") operated by American Water Works Service Company, Inc. supports the customer service needs of PAWC and the other American Water utility subsidiaries, including customer call handling.[127] OCA witness Alexander contended that the CSO call center performance shows a deteriorating quality of service in 2020 and 2021, with modest improvement in 2022 to date, in terms of ability to answer calls in a timely manner and avoid a significant abandonment rate.[128] Based on her observations regarding CSO performance since 2020, Ms. Alexander recommended an audit of PAWC's customer care function and specific standards – 80% of the customer calls answered within 30 seconds and a 4% call abandonment rate or less – that she believes the PUC should impose to improve PAWC's call center performance.[129] Ms. Alexander also recommended that PAWC ensure that

[126] *See* OCA Sts. 6, pp. 7-11, 12-18, 21-24, 36-37, & 6SR, pp. 3-14, 15-20.

[127] PAWC St. 17-R, pp. 3-4.

[128] OCA Sts. 6, pp. 7-10, & 6SR, pp. 7-8.

[129] *See* OCA St. 6, pp. 10-11, 36; OCA St. 6SR, pp. 15-16.

CSO agents do not take calls from PAWC customers until they complete training and demonstrate proficiency on Pennsylvania consumer protection requirements.[130] Finally, Ms. Alexander asserts that PAWC should revise its training and guidance on negotiations with customers on payment arrangements be more individualized based on the customer's unique financial circumstances.[131]

In her rebuttal testimony, Company witness Deborah Degillio addressed Ms. Alexander's analysis of PAWC's recent call center performance. She explained that CSO performance in 2020, 2021 and 2022 was impacted by an unusually high level of attrition experienced among customer care agents ("CCAs") available to handle customer calls during the pandemic.[132] The low CCA staffing levels during that period, in turn, increased the average speed to answer and call abandonment rates. The CSO has hired multiple classes of new CCAs and continues to recruit for new agents to improve call center performance.[133] To address the OCA's concerns about wait times, PAWC agreed to report on several call center performance objectives, as described above. In addition, PAWC agreed that CCAs handling PAWC calls will continue to include only representatives who have completed Pennsylvania-specific training except for emergency calls received outside normal business hours.[134]

b. Customer Satisfaction

PAWC uses a variety of metrics to measure customer satisfaction, including pulse surveys for phone, field and customer portal interactions and a net promoter score survey that

[130] OCA St. 6, p. 19, & 6SR, pp. 9-10.

[131] OCA Sts. 6, pp. 19-21, & 6SR, pp. 9-10.

[132] PAWC St. 17-R, pp. 5-6.

[133] *Id.* at 8-9.

[134] Joint Petition, ¶ 63; *see also* PAWC St. 17-R, p. 11.

includes utility industry standards as measured by the J.D. Power U.S. Water Utility Residential Customer Satisfaction Study.[135] In response to those surveys, 73% of PAWC customers served by the CSO rated the agent's overall performance as excellent or very good in the first half of 2022.[136] According to OCA witness Alexander, those results indicate less than satisfactory performance compared to electric and gas utilities who she claimed typically report an 80% satisfaction rate with recent transactions with the utility.[137] Based on that comparison, Ms. Alexander recommended that the PUC impose an 80% customer satisfaction rate performance standard and require the Company to develop a program of routine customer satisfaction surveys that conform to the methodology utilized by Pennsylvania's electric and gas utilities as a result of restructuring laws and related rulemakings applicable to those utilities.[138] Under the Settlement, PAWC will continue its current methods for gathering customer satisfaction information and will provide quarterly progress reports on achieving the Company's objective of an 80% customer satisfaction rate.[139]

c. Service Termination Procedures

OCA witness Alexander raised concerns that PAWC's termination notices do not explicitly inform customers that a verbal declaration of a medical emergency will delay or halt termination for three business days, during which time, the customer must obtain a written certification from a medical professional.[140] Ms. Alexander also stated that PAWC's use of different phone numbers for customers calling to discuss (i) a payment arrangement, medical

[135] PAWC St. 17-R, pp. 10-11.

[136] *Id.*

[137] OCA St. 6, p. 25.

[138] OCA Sts. 6, pp. 25-26, & 6SR, p. 9.

[139] Joint Petition, ¶ 65.

[140] OCA St. 6, pp. 22-23, & 6SR, pp. 11-12, 17-18.

emergency, or other questions or information, (ii) a protection from abuse concern, (iii) a tenant concern, and (iv) making a payment by phone.[141] Ms. Alexander suggested a single call number with options directing PAWC customers to the correct place on a phone tree.[142] Ms. Alexander also recommended that PAWC document how customers can be provided with the expert assistance and correct location for each of the situations identified in its termination notices.[143]

Ms. Dean responded on behalf of the Company, noting that Ms. Alexander's concerns are unwarranted because the Company's existing termination notices are compliant with the Commission's regulations for termination notices at 52 Pa. Code § 56.91.[144] Ms. Dean also testified that the Company's utilization of different phone numbers on its bills for different purposes is consistent with the Commission's regulations for termination notices as well, and that the different numbers are used to ensure that customers calling regarding particularly sensitive issues (i.e., landlord tenant issues and protection from abuse issues) are served by customer care representatives specifically dedicated to addressing such issues.[145]

Under the terms of the Settlement, within ninety days after a final order in this proceeding, PAWC will update its termination notices to inform customers of the right to make a verbal declaration of a medical emergency, and the Company will provide a copy of its updated notices to the parties to this proceeding.[146]

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[141] OCA Sts. 6, p. 23, & 6SR, pp. 12, 18.

[142] *Id.*

[143] OCA Sts. 6, p. 35, & 6SR, p. 18.

[144] PAWC St. 16-R (Corrected Version), p. 27.

[145] *Id.* at 28.

[146] Joint Petition, ¶ 66.

6. Security Deposits

CAUSE-PA witness Geller recommended that PAWC revise its tariffs to exempt low-income customers from security deposit requirements, and OCA witness Colton also proposed a waiver of security deposits for BDP customers.[147] Ms. Dean responded to the security deposit proposals and explained that the Company does not currently assess security deposits.[148] Under the Settlement, PAWC will revise its tariffs to exempt customers confirmed to be eligible for the Company's BDP from security deposit requirements. Prior to assessing a security deposit for any residential applicant or customer, PAWC will: (1) advise households that no deposit will be assessed if they are income eligible for PAWC's BDP; and (2) advise customers about how to verify eligibility for the security deposit exemption and apply for the BDP.[149]

H. Tariff Changes

Upon the entry of a Commission Order approving this Joint Petition, the Company will be permitted to file a tariff for water service, in the form provided in Appendix A, and a tariff for wastewater service, in the form provided in Appendix B. Paragraph 70 acknowledges that revised limited liability provisions and changes to permit PAWC to charge flat rates to wastewater customers metered by non-Company water providers, which were outlined in Company witness Stacey D. Gress's direct and rebuttal testimony, have been withdrawn and are not reflected in the proposed tariffs provided as Appendices A and B.[150]

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[147] CAUSE-PA Sts. 1, pp. 42-44, & 1-SR, pp. 14-15; OCA St. 5, p. 47.

[148] PAWC St. 16-R (Corrected Version), p. 11.

[149] *See* Joint Petition, ¶¶ 68-69.

[150] *See* PAWC Sts. 4, pp. 35-36, 38, & 4-R, pp. 12-13; OCA Sts. 4, pp. 29-30 & 4SR, pp. 18-19; OCA Sts. 6, pp. 30-32, & 6SR, pp. 14-15.

I. Industrial Pre-Treatment Charges (Joint Petition, Paragraphs 72-75)

The Company, in its initial filing, proposed revisions to Sections T and U of its wastewater tariff regarding its industrial pretreatment program ("IPP"), which included changes in Section U modifying the IPP surcharges for customers serviced under Rate Zone 1 of the wastewater tariff and by the Coatesville treatment plant.[151] Victory opposed the Company's proposed increases to its IPP surcharges.[152] The Company provided responsive testimony in support of its proposed IPP surcharges.[153]

Under the Settlement, the Company agreed to reduce its proposed industrial loading fee for BOD5 for the Coatesville district from $0.35 to $0.20 per pound above domestic and make other modifications to the IPP terms in its wastewater tariff and made further commitments related to updating its IPP surcharges in its next base rate case.[154]

J. Classification of Dempsey Uniform and Linen Supply Customer Account (Joint Petition, Paragraph 76)

PAWLUG witness Billie S. LaConte proposed that Dempsey Uniform Linen and Supply ("Dempsey"), which is currently classified as a commercial customer, should instead be classified as an industrial customer because it uses water primarily for processing functions as a supplier and distributor of uniforms and linens.[155] In response to PAWLUG's proposal, the Company agreed to assess the classification of Dempsey but noted that it has treated laundries as

[151] *See* Wastewater Tariff Supplement No. 34, Original Page 88.

[152] Victory Sts. 1, pp. 5-13, & 1-SR, pp. 2-10.

[153] PAWC St. 18-R, pp. 3-6; PAWC St. 19-R, pp. 4-11.

[154] Joint Petition, ¶¶ 72-75.

[155] PAWLUG Sts. 1, pp. 13-14, & 1-S, p. 11.

commercial customers.[156] Under the Settlement, PAWC agreed to the reclassification of the Dempsey customer account proposed by PAWLUG.[157]

K. Effective Date (Joint Petition, Paragraph 77)

The increase in revenues negotiated by the Joint Petitioners reflects their agreement that the Settlement Rates should become effective as of January 28, 2023.

III. SUMMARY: THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Settlement, both in its specific terms and viewed holistically, is reasonable, supported by record evidence, and is in the public interest for, among others, the following principal reasons:

- The revenue requirement provisions provide for Settlement Rates that are within the "constitutional range of reasonableness"[158] and are consistent with the legal standards articulated in the *Bluefield* and *Hope* decisions. The Settlement Rates reflect a careful balance of the interests of customers with those of the Company to promote the public interest. As such, the Settlement Rates protect customers from paying excessive rates while allowing the Company and its investors a reasonable opportunity to earn a fair return on their investment in property devoted to public service and to obtain additional capital needed to meet the Company's service obligations. *See* Section II.A., *supra*.

- The Settlement includes robust commitments from PAWC regarding customer assistance programs and quality of service. *See* Sections II.F. and II.G., *supra*.

[156] PAWC St. 4-R, pp. 13-15.

[157] Joint Petition, ¶ 76.

[158] *See Duquesne Light, supra*.

- The rate structure and rate design provisions of the Settlement resolve a number of contentious issues in a manner that is acceptable to parties representing the major customer classes and service classifications. The Joint Petitioners are in general agreement that the Settlement Rates provide for reasonable progress in moving all major customer classes closer to their cost of service consistent with the Commission-approved principle of gradualism. *See* Section II.E., *supra*.

- In reaching this Settlement, the Joint Petitioners thoroughly considered all issues, including those raised in the testimony and evidence presented by the Joint Petitioners. As a result of that consideration, the Joint Petitioners believe that the Settlement meaningfully addresses all such issues and, therefore, should be approved without modification.

IV. CONCLUSION

For the reasons set forth above and in the Joint Petition, PAWC submits that the Settlement is a fair and reasonable compromise that is fully supported by the record evidence. Accordingly, the Company respectfully requests that the Administrative Law Judge recommend, and the Commission: (1) approve the Settlement without modification; (2) find that the Settlement Rates are just and reasonable; and (3) grant the Company permission to file the tariffs attached to the Joint Petition as Appendices A and B to become effective for service rendered on and after January 28, 2023.

Respectfully submitted,

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Dated: October 11, 2022

DB1/ 132937868.7

Statement B

I&E Statement in Support

Statement B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2022-3031672, *et al.*
	:	R-2022-3031673, *et al.*
Pennsylvania-American Water Company	:	

THE BUREAU OF INVESTIGATION AND ENFORCEMENT'S STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

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Dated: October 11, 2022

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III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST 39

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2022-3031672, *et al.*
	:	R-2022-3031673, *et al.*
Pennsylvania-American Water Company	:	

THE BUREAU OF INVESTIGATION AND ENFORCEMENT'S
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE JOEL H. CHESKIS:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor Gina L. Miller, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition FOR Settlement of Rate Investigation ("Joint Petition" or "Settlement") are in the public interest and represent a fair, just, and reasonable balance of the interests of Pennsylvania-American Water Company ("PAWC" or "the Company"), and its customers.

I. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, applications affecting the public interest, and enforcing compliance with the Pennsylvania Public Utility Code ("Code").[1]

2. In negotiated settlements, it is incumbent upon I&E to identify how an amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's analysis of PAWC's base rate filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Deputy Chief Administrative Law Judge Joel H. Cheskis ("ALJ Cheskis") and the Commission approve the Settlement in its entirety and without modification.

3. On April 29, 2022, Pennsylvania-American Water Company ("PAWC") filed with the Pennsylvania Public Utility Commission ("Commission"): (1) a water base rate case at Docket No. R-2022-3031672 and (2) a wastewater base rate case at Docket No. R-2022-3031673. The tariff filings that PAWC made on April 29, 2022 were two-fold. First, PAWC's Supplement No. 35 to Tariff Water – Pa. P.U.C. No. 5 proposed an increase of PAWC's total annual operating revenues for water service by approximately $154.4 million, or 21.6%, through rates effective June 28, 2022. Next, PAWC's Supplement No. 34 to Tariff Wastewater - Pa. P.U.C. No. 16 proposed an increase in PAWC's total annual operating revenues for wastewater service by approximately $18.7 million, or 16.1%, through rates effective June 28, 2022.

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[1] 66 Pa. C.S. §§ 101 *et seq.,* and Commission regulations, 52 Pa. Code §§ 1.1 *et seq. See Implementation of Act 129 of 2008; Organization of Bureaus and Offices,* Docket No. M-2008-2071852 (Order entered August 11, 2011)

4. I&E entered its appearance in the rate dockets referenced above on May 3, 2022.

5. Others who made filings to participate in these proceedings include the following: on May 4, 2022, the Office of Small Business Advocate ("OSBA") filed a Notice of Appearance and Rate Complaint in the rate proceedings; on May 11, 2022, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed a Petition to Intervene and Answer in the rate proceedings; on May 16, 2022, the Office of Consumer Advocate ("OCA") filed its Notice of Appearance, Formal Complaint, and a Public Statement in the rate dockets; on May 17, 2022, the Commission on Economic Opportunity filed a Petition to Intervene in the rate dockets; on May 20, 2022, Cleveland-Cliffs Steel filed a Petition to Intervene in the rate dockets; on June 1, 2022, the Borough of St. Lawrence filed a Notice of Appearance; on May 31, 2022, Exeter Township filed a Petition to Intervene; on June 16, 2022, West Norriton Township filed a Notice of Appearance; on June 22, 2022, Pennsylvania-American Water Large Users Group filed a Complaint in both dockets; and on June 23, 2022, Victory Brewing Company Complaint filed a complaint in both dockets. Additionally, since PAWC made its rate filings on April 29, 2022, multiple Formal Complaints were filed in opposition to the proposed water and wastewater increases.

6. On June 16, 2022, pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered suspension of each of the proposed tariff changes until January 28, 2023, unless permitted by Commission Order to become effective at an earlier date. As part of all of its base rate case suspension orders, the Commission directed that PAWC's rate filings be

assigned to the Office of Administrative Law Judge for the scheduling of hearings as may be necessary for the Administrative Law Judge to render a recommended decision. Subsequently, I&E received notice that ALJ Cheskis would preside.

7. ALJ Cheskis issued a Prehearing Conference Order on June 17, 2022 that established June 27, 2022 at 11 a.m. as the date and time for a telephonic prehearing conference in this case.

8. At the Prehearing Conference, ALJ Cheskis granted all of the aforementioned petitions to intervene, and the parties agreed to a litigation schedule as well as to the procedures for this case. Additionally, PAWC's water and wastewater filings, along with all of the complaints in response, were consolidated. Finally, the parties identified a timeframe for the scheduling of public input hearings. ALJ Cheskis issued a Scheduling Order on June 30, 2022 which memorialized the schedules and procedures established in this case.

9. Public interest in this case has been significant, and there were well over 50 formal complaints by PAWC's water and wastewater customers.[2]

10. To adequately provide an opportunity for public input, the ALJ scheduled six (6) telephonic public input hearings over three days as follows: July 19, 2022 at 1 p.m. and 6 p.m., July 20, 2022 at 1 p.m. and 6 p.m. and July 22, 2022 at 1 p.m. and 6 p.m. I&E's counsel attended each of these hearings.

[2] ALJ Exhibit No. 1.

11. Pursuant to the established litigation schedule, I&E served the following pieces of direct, rebuttal and surrebuttal testimony on July 29, 2022, August 19, 2022 and September 1, 2022 respectively:

(a) D.C. Patel, Fixed Utility Financial Analyst
I&E Statement No. 1: (Proprietary and Non-Proprietary)
I&E Exhibit No. 1: (Proprietary and Non-Proprietary)
I&E Statement No. 1-SR: (Proprietary and Non-Proprietary)
I&E Exhibit No. 1-SR

(b) Anthony Spadaccio, Fixed Utility Financial Analyst
I&E Statement No. 2
I&E Exhibit No. 2
I&E Statement No. 2-SR

(c) Ethan H. Cline, Fixed Utility Valuation Engineer
I&E Statement No. 3
I& Exhibit No. 3
I&E Statement No. 3-R:
I&E Statement No. 3-SR[3]
I&E Exhibit No. 3-SR

12. As the case progressed, parties participated in multiple settlement discussions. Despite I&E's good faith efforts to resolve this matter, a settlement could not be achieved prior to the hearings.

13. On Monday, September 12, 2022 at 10:00 a.m., ALJ Cheskis convened a telephonic evidentiary hearing. Because almost all parties waived cross-examination of witnesses by the morning of the hearings, the hearing consisted mainly of PAWC's presentation of several witnesses for rejoinder testimony, cross-examination limited to

[3] On September 9, 2022, Mr. Cline also provided an Errata Sheet to St. No. 3-SR.

rejoinder testimony, and entering parties' stipulated testimony and exhibits into the record. All of I&E's above-mentioned evidence was admitted into the record

14. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple (almost daily) telephonic settlement discussions with the Company and other parties to the proceeding. Following extensive settlement negotiations, the parties reached a settlement regarding PAWC's revenue requirement on September 23, 2022 and a settlement of all other issues, including rate design, on September 29, 2022. Accordingly, the Joint Petitioners[4] ultimately reached a global resolution in this case.

II. TERMS AND CONDITIONS OF SETTLEMENT

15. It is the policy of the Commission to encourage settlements.[5] The Commission issued the following policy statement that articulates general settlement guidelines and procedures for major rate cases:

> In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. It is also the Commission's judgment that the public interest will benefit by the adoption of §§ 69.402 — 69.406 and this section which establish guidelines and procedures designed to encourage full and partial settlements as well as stipulations in major section 1308(d) general rate increase cases.[6]

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[4] "Joint Petitioners" include the following parties: PAWC, I&E, ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Borough of St. Lawrence, Cleveland-Cliffs Steel, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), Exeter Township, the Pennsylvania-American Large Users Group ("PAWLUG"), and Victory Brewing Company ("Victory").

[5] 52 Pa. Code § 5.231.

[6] 52 Pa. Code § 69.401.

16. This policy statement highlights the importance of settlement in Commission proceedings. The instant rate case was filed on April 29, 2022, and over the past five months, the parties engaged in extensive formal and informal discovery, preparation of testimony, and contentious and lengthy settlement discussions. All signatories to the Joint Petition actively participated in and vigorously represented their respective positions during the course of the settlement process. As such, the issues raised by I&E have been satisfactorily resolved through discovery and discussions with the parties and are incorporated in the Joint Petition. I&E represents that the Settlement satisfies all applicable legal standards and results in terms that are preferable to those that may have been achieved at the end of a fully litigated proceeding. Accordingly, for the reasons articulated below, I&E maintains that the proposed Settlement is in the public interest and requests that the following terms be approved by the ALJ and the Commission without modification:

A. Revenue Requirement (Joint Petition ¶¶ 12-17)

1. Rate Increase (Joint Petition ¶¶12-13)

At the outset of this case, PAWC requested an increase in annual operating revenues of $173.2 million, or approximately 20.8% overall. However, pursuant to the Joint Petition, the Settlement Rates are designed to produce additional annual operating revenue of $138 million.[7] Below is a summary of the revenue increase requested by

[7] Joint Petition, Appendix C (Summary of Proof of Revenues).

PAWC for each of its six operations, and the agreed upon increase contained in the Settlement:

	Company Proposed Increase[8]	Percentage of Company Proposed Increase	Settlement Increase[9]	Percentage Increase of Settlement Rates
Water Operations	$154,420,781	20.8%	$83,370,538	11.6%
Wastewater SSS General Operations	$11,099,491	24.7%	$17,750,272	39.9%
Royersford Wastewater Operations	$570,368	69.5%	$617,700	75.2%
Upper Pottsgrove Wastewater Operations	$622,704	46.2	$851,028	63.1%
York Wastewater Operations	$4,423,289	23.6%	$6,993,404	37.3%
CSS Wastewater Operations	$2,019,318	4%	$28,417,059	56.36%
Overall	$173,155,952	20.8%	$138,000,001	16.6%

I&E submits that multiple factors, including inflation, economic volatility, and the resulting claimed increase in several of PAWC's operating costs, made this case very challenging for all parties. To be sure, in the rebuttal phase of the case, PAWC provided testimony to indicate that as a result of increased expenses, it could support an increase in revenue requirement from $173.2 to $186.7 million.[10] Although PAWC claimed that it

[8] PAWC Exhibit 3-A (Combined Water and Wastewater Revenue Requirement-Summary).
[9] Joint Petition, Appendix C (Summary of Proof of Revenues).
[10] PAWC St. No. 1-R, p. 3.

could support the higher revenue requirement, it also acknowledged that it was limited to seeking an increase of no greater than the $173.2 million in accordance with the notice it sent to customers.[11] Regardless, and with the understanding that PAWC could not amend its filing to claim a greater increase than its as-filed request, I&E's analysis in this case necessarily evaluated PAWC's updated expense claims as part of the comprehensive investigation it conducted into this case.

To be sure, I&E carefully scrutinized the ratemaking claims contained in PAWC's base rate filings, including operating and maintenance expenses, rate base, taxes, cash working capital, rate structure, capital structure, and the cost of equity and debt. The Settlement represents an approximately $35.2 million savings for PAWC customers while at the same time, providing PAWC with the revenue necessary to enable it to provide safe, reliable and adequate service. For these reasons, I&E fully supports the revenue levels compromised upon in the Settlement.

Due to the "black box" nature of the Settlement, there is no agreement upon individual issues; rather, the parties have agreed to an overall increase to base rates that is substantially less than what was requested by PAWC. Line-by-line identification and ultimate resolution of every issue raised in the proceeding is not necessary to find that the Settlement satisfies the public interest nor could such a result be achieved as part of a settlement. Black box settlements benefit ratepayers because they allow for the resolution of a contested proceeding at a level of increase that is below the amount

[11] PAWC St. No. 1-R, p. 3, footnote 1.

requested by the regulated entity and in a manner that avoids the significant expenditure of time and resources related to further litigation.

Black box settlements are not uncommon in Commission practice. Indeed, the Commission has endorsed the use of black box settlements, as discussed in below in an Order approving such a settlement:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. *See*, *Pa. PUC v. Wellsboro Electric Co*., Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. PUC v. Citizens' Electric Co. of Lewisburg, PA*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011). Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a "black box" settlement in this proceeding and, accordingly, deny this Exception.[12]

I&E individually, and the Joint Petitioners collectively, considered, discussed, and negotiated all issues of import in this Settlement. From a holistic perspective, each party has agreed that the Settlement benefits its particular interest. The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."[13] The Settlement in

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[12] *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 28 (Order entered December 19, 2013).
[13] *Pa. P.U.C. v. C S Water and Sewer Associates*, 74 Pa. PUC 767, 771 (1991).

this proceeding promotes the public interest because a review of the testimony submitted by all parties demonstrates that the Joint Petition reflects a compromise of the litigated positions held by those parties. Therefore, I&E submits that the Settlement balances the interests of PAWC and its customers in a fair and equitable manner.

Public utility regulation allows for the recovery of prudently incurred expenses as well as the opportunity to earn a reasonable return on the value of assets used and useful in public service. The increases proposed in this Settlement respect this principle. Ratepayers will continue to receive safe and reliable service at just and reasonable rates while allowing PAWC sufficient additional revenues to meet its operating and capital expenses and providing the opportunity to earn a reasonable return on its investment. Accordingly, I&E submits that the proposed Settlement is in the public interest and requests that it be approved by the ALJ and the Commission without modification.

2. Separate Stormwater and Wastewater Cost-of -Service Studies (Joint Petition ¶ 11)

Pursuant to the settlement, PAWC has agreed that in future rate filings, PAWC will submit one or more separate stormwater and wastewater cost-of-service studies ("COSSs") for each of its combined sewer systems ("CSSs"). The Company is not required to provide a separate study for each combined stormwater system. However, the Joint Petitioners agree that this provision does not preclude any party from recommending that PAWC be required to provide a separate cost-of-service study for CSSs in any proceeding in the future.

I&E supports the cost of service study commitments as a reasonable compromise of parties' positions in this case. I&E's position during the litigation phase of this case was differences in design, operation, and maintenance between CSSs and sanitary sewer systems is significant enough to group each system into separate tariff groups and maintain separate cost of service studies for each group.[14] To be sure, PAWC acknowledged that CSS operations should have sufficient capacity to handle the substantially greater volume of combined sanitary and stormwater flows that occur during major wet weather events.[15] The result of these additional flows is a need for larger conveyance and treatment facilities and higher operating and maintenance costs.[16] As a result, I&E's litigation position was that PAWC create and maintain a separate tariff group for all current and future combined sewer systems in order to respect principles of cost causation and to keep stormwater-specific costs among stormwater customers who will benefit.[17] While the Settlement does not adopt I&E's litigation proposal, PAWC's commitment regarding the separate stormwater and wastewater cost of service studies will enable I&E to make rate recommendations on a cost-causation basis in the future, which is paramount to protecting the public interest.

I&E submits that having separate cost of service studies for combined sewer systems is necessary to preserve fair ratemaking in PAWC's future base rate cases. I&E submits that without having a cost of service study that identifies and separates

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[14] I&E St. No. 3, p. 26.
[15] PAWC St. No. 14, p. 5.
[16] I&E St. No. 3, p. 26.
[17] I&E St. No. 3, pp. 26-27.

stormwater these costs, there will be no way for the Commission to properly review and, as appropriate, assign these costs in PAWC's next base rate case. Importantly, the Commission has already recognized that, "[a]s with all rate design issues, the basis of rate setting is a cost of service study."[18] Therefore, from I&E's perspective, this Settlement term was essential because without it, the Commission's ability to evaluate any cost spreading from the perspective of cost causation could be compromised. However, pursuant to the Settlement, the studies and information will be available to the Commission and will preserve future ratemaking options.

3. Depreciation Rates (Joint Petition ¶ 15)

As part of the settlement, all Joint Petitioners have agreed that the depreciation rates set forth in PAWC Exhibit Nos. 11-C, 11-F, 11-I, 11-K, 11-M, and 11-P are appropriate for ratemaking purposes in this case and that PAWC will use those depreciation rates to calculate the depreciation expense it records on its regulated books of account. I&E supports this term because it provides certainty about depreciation rates and reflects PAWC's commitment to rely on accurate information in calculating depreciations expenses. Ensuring that all aspects of PAWC's rates are calculated accurately is in the public interest and therefore I&E supports this term.

4. COVID-19 Regulatory Asset (Joint Petition ¶ 16)

In the Joint Petition, PAWC agreed that deferral of carrying costs to its COVID-19 regulatory asset will cease on December 31, 2022. Additionally, PAWC clarified that

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[18] *Joint Application of Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton,* Docket No. A-2016-2537209, p. 86 (Order entered October 19, 2016) ("Scranton acquisition case").

deferral of incremental savings and costs, other than uncollectible expense, related to COVID-19 ceased on February 1, 2022. Finally, PAWC agreed that deferral of incremental uncollectible expense will be limited to costs incurred by PAWC through December 31, 2022. I&E supported these combined commitments and clarifications and notes that they are consistent with the recommendations made in I&E's direct case.[19] I&E submits that permitting PAWC to properly account for COVID-19 expenses in a regulatorily appropriate manner that also recognizes an endpoint for pandemic-related recovery protects both PAWC and its ratepayers. Accordingly, this term is in the public interest.

5. Uncollectible Expense Tracker (Joint Petition ¶ 16)

A critical part of I&E's agreement to join the Settlement was PAWC's commitment to withdraw its proposed uncollectible expense tracker. For purposes of context, PAWC's uncollectible expense proposal would have tracked the difference between uncollectible accounts expense included for recovery in its Commission-approved base rates and actual uncollectible accounts expense recorded in National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USoA) Account No. 670. Actual uncollectible accounts expense above or below the base level would be credited or debited, as applicable, each month to a deferral account (NARUC UsoA Account 186.3) on the PAWC's general ledger. Finally, PAWC would continue to defer the net balance recorded in that account through the end of its

[19] I&E St. No. 1, pp. 43-44 (Non-Proprietary).

next base rate case, but it would not accrue carrying costs on the deferred balance.[20] To justify the proposal, PAWC pointed primarily to impacts of the COVID-19 emergency as a basis for "material increases in unpaid account balances and aging accounts receivable" and also to inflation.[21]

I&E was not persuaded that PAWC had a justifiable basis to implement its proposal. PAWC's arguments that COVID-19 and inflation were factors that drove the need for its proposal ignored the fact that rate affordability is certainly a factor in uncollectible accounts. To be sure, continued acquisitions of municipal systems and the investments needed to remediate those systems were significant drivers of its 2020 base rate case, and the record here indicates that the five Section 1329 acquisitions included in this case total approximately $280 million of rate base.[22] While the rate affordability impact of acquisitions is undeniable in this case, PAWC did not produce substantial evidence that COVID-19 and inflation were key culprits in affordability challenges that justified its uncollectible expense tracker proposal. Finally, I&E witness Patel demonstrated that PAWC's uncollectible expense tracker proposal failed to meet the standard necessary to warrant deferred accounting treatment for ratemaking purposes. [23]

Accordingly, PAWC's agreement to withdraw the uncollectible expense tracker proposal was an essential condition of I&E joining the Settlement, and a term that benefits the public interest. Specifically, by way of Chapter 14, the General Assembly

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[20] PAWC Statement No. 9, p. 8
[21] PAWC St. No. 9, pp. 5-6.
[22] PAWC St. No. 1-R, p. 27.
[23] I&E St. No. 1, pp. 47-48 (non-proprietary).

identified the goal for jurisdictional utilities regarding management of uncollectible accounts. Jurisdictional utilities were directed to provide protections against rate increases for timely paying customers resulting from other customers' delinquencies and eliminating opportunities for customers capable of paying to avoid the timely payment of public utility bills.[24] Here, PAWC's uncollectible expense tracker proposal would not have protected paying customers from the delinquency of other customers, as it would have instead directly led to customers absorbing all risk of non-payment and shielded PAWC from that risk. Such an outcome would be directly at odds with Chapter 14 of the Code and contrary to the public interest.

Finally, PAWC 's uncollectible expense tracker could also have led to an outcome where customers overpaid their bills at a difficult economic time. After shouldering the burden of overpayment, customers would then be subject to awaiting a refund at a later date, an outcome that is antithetical to the public interest. Accordingly, PAWC's agreement to withdraw the proposal was necessary to protect the public interest.

6. Amortizations (Joint Petition ¶ 17)

As part of the Settlement, the Joint Petitioners agree that the Settlement Rates reflect the amortizations set forth in Appendix D to the Settlement. I&E notes that Appendix D does not include the legal fees associated with PAWC's acquisition of the Valley Water and Wastewater systems, as PAWC's commitment to exclude those fees was an essential condition of I&E agreement to resolve this case. Specifically, in

[24] 66 Pa. C.S. § 1402.

PAWC's original filing, it claimed a positive utility plant acquisition adjustment for Valley Township Water[25] and Valley Township Wastewater[26]transaction costs. I&E's investigation into PAWC's filing revealed that PAWC paid a total of $140,000 to Valley Township for Valley's legal fees incurred when it sold its water and wastewater systems to PAWC under Section 1329 of the Code.[27] I&E contested PAWC's inclusion of the Seller's (Valley) legal fees since Section 1329 makes no provision for PAWC (or in turn, its ratepayers) to bear the cost of the Seller's legal fees.[28]

In order to properly account for the removal of the Seller's legal fees, I&E recommended that PAWC be prohibited from recovering the legal fees in an acquisition adjustment.[29] By way of the Settlement, I&E's recommendation has materialized, as the unamortized balance of $212,581 for the Valley transaction costs presented on Appendix D excludes $140,000 of Valley's legal fees ($70,000 in Valley Water and $70,000 in Valley Wastewater). I&E submits that this result protects the public interest by ensuring that PAWC's ratepayers are not compelled to pay the unwarranted legal fees of municipal entities that choose to sell their water or wastewater systems to PAWC. I&E submits that the costs ratepayers must bear for Section 1329 acquisitions is substantial and onerous; therefore the importance of ensuring that they are not burdened with unwarranted costs alongside that burden cannot be overstated.

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[25] PAWC Ex. 3-A, p. 36.
[26] PAWC Ex. 3-A, p. 99.
[27] 66 Pa. C.S. § 1329 ("Section 1329).; I&E St. No. 3, pp. 11-12.
[28] I&E St. No. 3, p. 12.
[29] Id.

B. Alternative Ratemaking Mechanisms (Joint Petition ¶ 18)

Another essential condition of settlement for I&E was PAWC's agreement to withdraw its proposal for a Revenue Stabilization Mechanism ("RSM") in this case. I&E's litigation position was that PAWC's proposed RSM should be denied for multiple reasons. Specifically, I&E cited three independent and viable bases for denying the RSM, and it averred that each of the three bases independently warranted it rejection.

First, I&E averred that PAWC failed to establish a need for the RSM given its existing declining usage adjustment and full arsenal of ratemaking tools that already accounted for PAWC's concerns regarding weather volatility and COVID-19 impacts.[30] Additionally, I&E submitted that PAWC's RSM would harm ratepayers and produce unjust and unreasonable rates. Such concerns were not merely speculative since the record proves that if PAWC had the RSM in place since its last rate case, customers would have overpaid. [31] Finally, I&E demonstrated that PAWC's RSM contravenes alternative ratemaking policy goals set by the General Assembly and the Commission. The thwarted goals include ensuring that utility infrastructure costs are reasonably allocated to and recovered from customers and market participants consistent with the use of the infrastructure, and disincentivizing water efficiency and conservation.[32]

I&E submits that while each of the three independent bases for denying the RSM is sufficient on its own, the combined weight of all three of them left no room for doubt that the RSM should not have been approved in this case. Accordingly, I&E submits that

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[30] I&E St. No.3, p. 16-17.
[31] I&E St. No. 3, pp. 15-16; I&E St. No. 3-SR, p. 19; I&E Ex. No. 3-SR, Sch. 13.
[32] I&E St. No. 3, pp. 20-21; I&E St. No. 3-R, pp. 23-24; I&E St. No. 3-SR, pp. 26-28.

PAWC's commitment to withdraw the RSM here is in the public interest because it was necessary to ensure that ratepayers are not subject to paying unnecessary, unjust, and unreasonable rates. Finally, it is also in the public interest to respect and honor the General Assembly's and the Commission's goals for alternative ratemaking. Because I&E's position is that the RSM contravened those goals in several ways, it avers that PAWC's agreement to withdraw the RSM here was necessary to protect the public interest.

C. Distribution System Improvement Charge ("DSIC") (Joint Petition ¶¶19-24)

In accordance with the Settlement, PAWC will not implement a DSIC surcharge during 2023 following the effective date of new base rates. Additionally, the first DSIC surcharge in 2024 will be filed with an effective date no earlier than April 1, 2024 based on DSIC eligible expenditures during January and February 2024. The baseline of gross plant balances that must be achieved to restart charges under PAWC's DSIC rider are reflected in Appendix E. These commitments adopted I&E's recommendations and I&E avers that they are in the public interest because they benefit both PAWC and its ratepayers. First, PAWC benefits because it will have access to DSIC funding for necessary infrastructure improvement, which will facilitate its obligation to maintain adequate, efficient, safe, and reasonable service and facilities.[33] PAWC's customers will benefit because pursuant to this term, they will not need to fund the DSIC until April 1, 2024, at the earliest. Accordingly, ratepayers will experience relief from paying DSIC

[33] 66 Pa. C.S. § 1501.

costs for a fixed period of time, but even when the charge becomes effective, these customers will benefit from the safe and effective service that is facilitated through improved infrastructure.

Furthermore, PAWC made additional commitments regarding the calculation of the return on equity component of it DSIC, and the filing of an amended wastewater Long Term Infrastructure Improvement Plan ("LTIIP") to include systems acquired under Section 1329. I&E notes that the LTIIP does not re-prioritize other existing commitments in other service areas, and I&E avers that this protection is in the public interest because existing projects will not be relegated as a result of acquisitions. I&E was involved in the discussion of these terms during settlement negotiations, where they were fully vetted. Accordingly, I&E supports these additional DSIC commitment terms as well.

D. FPFTY Reporting Requirements (Joint Petition ¶ 25)

The Settlement memorializes PAWC's commitment to adopt reporting requirements that will enable the Joint Petitioners and the Commission to gauge the integrity and accuracy of PAWC's plant projections. In order to enable future evaluation of whether PAWC's projected investments in future plant additions comport with the actual investments it makes by the end of the Future test Year ("FTY") and the Fully Projected Future Test Year ("FPFTY"), I&E witness Cline recommended that PAWC provide updates by way of filings to this this rate docket. Noting that PAWC estimated that it will add approximately $474.5 million of plant additions in the FTY ending

December 31, 2022 and approximately $653.5 million of plant additions in the FPFTY,[34] witness Cline acknowledged the importance of gauging the accuracy of these projections.[35]

By way of the Settlement, PAWC has agreed to provide the recommended updates. Considering the above-referenced financial impact of PAWC's FPFTY projections, I&E submits that it is in the public interest for the parties and the Commission to ensure their accuracy. Accordingly, I&E fully supports the Settlement term because it achieves I&E's goal of timely receiving data sufficient to allow for the evaluation and confirmation of the accuracy of the projections in the PAWC's next base rate filing, which is necessary to ensure that PAWC is accountable to ratepayers

E. Cost Allocation and Rate Design (Joint Petition ¶¶ 26-41)

1. Combined Water and Wastewater Revenue Requirement (Joint Petition ¶26)

An essential conditional for I&E's agreement to join the Settlement was PAWC's commitment to significantly reduce the $72.9 million subsidy to wastewater customers that it proposed for water customers to shoulder as part of its filing.[36] At the outset of this case, PAWC proposed to increase its average water customers' bills by approximately $6.42 per month, or nearly half of the total increase proposed for those customers ($15.01) simply to recover costs to serve wastewater customers.[37] Essentially, almost half of the increase average residential customers faced in this case was to absorb

[34] PAWC St. No. 3, p. 4.
[35] I&E St. No. 3, p. 3.
[36] PAWC St. No. 1, p. 18.
[37] I&E St. No. 3, p. 29.

the costs of other customers' wastewater service simply because PAWC proposed to provide almost a $73 million subsidy to wastewater customers.[38]

During this case, PAWC relied upon Section 1311(c) of the Code,[39] more commonly referred to as Act 11, to support its inequitable proposal. For purposes of context, Act 11 permits utilities that provide both water and wastewater service to combine the revenue requirements by allocating a portion of the wastewater revenue requirement to the water customer base if doing so is in the "public interest."[40] I&E rejected the notion that Act 11 contemplates the unjust and unreasonable rate result of PAWC's unprecedented subsidy proposal and averred that PAWC has failed to meet its heavy burden of proving that its Act 11 subsidy is in the public interest.[41] I&E witness Cline best demonstrated and quantified the inequitable nature of PAWC's proposal in his direct testimony:

> While almost all wastewater customers are water customers, only 67,684 water customers are also PAWC wastewater customers, or 10% (67,684 / 677,153) (PAWC Sch. SDG-1, p. 1). The other 90% of water customers typically incur wastewater bills or septic system costs that are not subsidized. Therefore, PAWC is requesting that 90% of its water customers pay $72,946,653 of the wastewater revenue requirement in their water bill in order to subsidize the cost of a service that they do not receive. This increase in cost provides no discernable improvement in the quality of service that these water-only customers receive. As such, it is reasonable to limit the wastewater revenue requirement amount allocated to water customers.[42]

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38 PAWC St. No. 1, p. 18.
39 66 Pa. C.S. § 1311(c).
40 *Id.*
41 I&E St. No. 3, pp. 28-30.
42 I&E St. No. 3, p. 31.

Fortunately, through the Settlement, PAWC agreed to significantly reduce the Act 11 subsidy from $72.9 million to $26,961,883. The Settlement reduces the Act 11 subsidy by almost $46 million, or almost a 64% reduction. I&E submits that this reduction achieves a result that is in the public interest because while PAWC has been able to use the cost-spreading mechanism provided by Act 11 to provide some relief to wastewater customers, the resulting costs that PAWC's water customers will subsidize have been substantially mitigated.

I&E submits that the public interest requires mitigation of wastewater rate subsidization where no service benefits inure to the water payers who must pay the subsidy while they may also be required to pay their own wastewater costs as well. To be sure, PAWC water customer, Ansel Gere, perfectly exemplified this reality when he testified that although he is not a PAWC wastewater customer and must therefore pay his own wastewater costs on top of those he must incur to fund any PAWC Act 11 subsidy, and that the unfair cost shifting was burdensome and unsustainable.[43] I&E submits that the public interest requires rate recognition of customers like Mr. Gere; accordingly, the significant reduction of the Act 11 subsidy adopted in the Settlement is warranted, appropriate, and in the public interest.

2. Delayed Effective Dates for Rate Increases (Joint Petition ¶ 27)

As a compromise of positions necessary to facilitate the Settlement, I&E agreed to the delayed effective dates for certain limited increases under a defined set of parameters.

[43] Hearing Tr. at pp. 479-482.

Per the Settlement, for customer in the Royersford Borough, Valley Township, Foster Township, and York Systems, PAWC will calculate the proof of revenue at the full cost of service, as if all customers in the Rate Freeze Systems were paying new rates without any delay to the effective date. The Joint Petitioners have agreed that all rights are reserved with respect to the issue of delayed effective dates of rates in subsequent proceedings. Finally, the Joint Petitioners agree that these terms should not be construed to limit parties' ability to make recommendations in any future PAWC base rate case to bring customers in the Rate Freeze Systems to an appropriate cost of service as though they have paid the tariffed rates without any delay.

For purposes of context, while PAWC's rate increase is set to become effective in January 2023, PAWC is proposing to delay the rate increase for the identified systems as follows: for the Royersford system until May 2023; for the Valley Water and Wastewater systems until November 2023; for the Foster system until January 2025, and for the York system until May 2025.[44] The sole basis for the proposed rate delays was that PAWC had signed Asset Purchase Agreements ("APA") with the seller of each of the identified systems and those APAs contractually committed PAWC to make the rate delay proposals in this case.[45] Finally, PAWC proposed to impute any revenue shortfall causes by the delays in effective rates for the identified systems.[46]

During this case, I&E strongly objected to PAWC's contractually based commitments to delay any rate increase to customers of the Royersford Borough, Valley

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[44] PAWC St. No. 4, p. 45.
[45] PAWC St. No. 4, p. 44.
[46] I&E Ex. No. 3, Sch. 26; I&E St. No. 3, p. 88.

Township, Foster Township, and York Systems. I&E explained that while PAWC entered APAs with each of the identified systems, PAWC has no contractual authority to make promises about future rates since rate setting is within the sole authority and purview of the Commission.[47] Additionally, with respect to the systems acquired under Section 1329 of the Code, (Royersford, Valley, and York), PAWC's ability to propose rate stabilization was limited to the context of the statutorily accepted method vis a vis a Rate Stabilization Plan, but PAWC forwent that appropriate method in favor of contractual commitments.[48] Finally, I&E explained that customers who may now experience artificially frozen rates under PAWC's delay proposal may experience hardship in the future when rate increases take effect and then are further compounded by additional rate increases in the future.[49]

Now, as a condition of the Settlement, I&E has agreed that PAWC may implement the rate delays as proposed, but with several important caveats meant to protect all of PAWC's ratepayers. First, PAWC will honor its as-filed position to impute the revenue of the rate delays and therefore, not force other ratepayers to absorb the shortfall of the delays. While I&E does not agree that PAWC's imputation of the rate shortfall by any means converts its contractually based proposal into a regulatorily appropriate commitment, it is certainly in the public interest to ensure that PAWC's existing ratepayers are not burdened with the cost of the rate promises that PAWC made in order to close acquisition deals.

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[47] I&E St. No. 3, p. 91.
[48] I&E St. No. 3, pp. 90-91.
[49] I&E St. No. 3, pp. 92-93.

Additionally, the Settlement memorializes that Joint Petitioners, including I&E, are not conceding any issues related to delayed effective rates in any future proceeding. I&E submits that it is in the public interest for I&E to retain the ability to challenge contractually based rate proposals in all cases where rate-related promises, including an obligation to propose a delay in effective dates of rates, are made outside of the Commission's purview.

Finally, all Joint Petitioners acknowledge that the rate delays resulting from this Settlement cannot be construed as a basis to limit future rate recommendations to bring the rates of customers of the Royersford, Valley, Foster Township, and York systems to an appropriate cost of service as though they have paid the tariffed rates without any delay. Specifically, the public interest requires that PAWC and its customers, including delayed-rate customers who may be paying rates below their true cost of service for a period of time, understand that future rates are not required to be built with an artificial starting point, and that cost of service will be an unavoidable factor. Because the Settlement provides these important protections, I&E avers that the public interest is protected.

3. Water Rate Design (Joint Petition ¶¶ 28-33)

The revenue allocation to each tariff and rate schedule for water is reflected in the Settlement Rates set forth in Appendix A attached to the Joint Petition. Billing comparisons showing the impact on the bill of an average customer in each major rate class is contained in Appendix F for water customers. I&E notes that the reflected rates were the result of a compromise of multiple parties' positions and that they were

designed in a painstaking process that included the robust discussion and consideration of the interests of and costs to serve each of PAWC's classes of customers.

I&E's rate design analysis in this case respected well-settled principles. First, rate structure must be properly designed so that it will not unduly burden one class of ratepayers to the benefit of another. Additionally, as per the Code's mandate, "[n]o public utility shall … make or grant any unreasonable preference to any person, corporation … No public utility shall establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service."[50] However, differences in rates charged to different classes are permissible so long as there is reasonable basis for the discrepancy.[51] Finally, cost of service-based ratemaking is of paramount importance, as "public utility rates should enable the utility to recover its cost of providing service and should allocate this cost among the utility's customers in a just, reasonable and nondiscriminatory manner."[52]

Based on the results of I&E's analysis of PAWC's cost of service studies, I&E made recommendations to move each class of PAWC's customers either to or towards its full cost of service, which I&E considers to be the ultimate goal.[53] After a full analysis of PAWC's base rate filing and extensive settlement negotiations among the parties, I&E fully supports the revenue allocations as set forth in the Joint Petition.

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[50] 66 Pa. C.S. § 1304.
[51] *See generally, Peoples Natural Gas Company v. Pa. P.U.C.*, 409 A.2d 446 (Pa. Commw.1979).
[52] *See generally Pa. P.U.C. v. West Penn Power*, 73 Pa. P.U.C. 454, 510, 199 PUR 4th 110 (1990).
[53] I&E St. No. 3, pp. 96-109.

With respect to rate design, customer charges should be designed to recover the direct costs incurred to serve that class. I&E recommended customer charges based on the direct costs identified in the customer cost analysis provided by the Company.[54] I&E's recommended water customer charges are listed on I&E Statement No. 3, p. 101. As shown below for purposes of an example, the Rate Zone 1 residential customer charge contained in the Settlement is below what I&E recommended in testimony; therefore, I&E is satisfied that the agreed upon residential customer charge does not include any unwarranted direct or indirect costs:

	Company Present	Company Proposed	I&E Proposed	Settlement
PAWC Water Rate Zone 1[55]	$17.50	$20.00	$19.00[56]	$17.50

In totality, while the Settlement's water rate design is not identical to what I&E proposed, it does not veer far from those recommendations. Additionally, the Settlement's water rate design provisions serve to respect the costs of serving all customer classes and protects customers from paying discriminatory rates as I&E avers would have occurred under PAWC's original Act 11 proposal. Therefore, I&E fully supports the settled upon water rate design as set forth in the Joint Petition. I&E believes that the settled upon revenue allocations and rate design are in the public interest as they are consistent with prior Commission decisions, provide stability to PAWC, and represent a fair and reasonable rate increase to customers.

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[54] I&E St. No. 3, p. 100.
[55] This chart is prepared as an illustration of the proposal made for Water Rate Zone 1.
[56] I&E St. No. 3, p. 99.

4. Wastewater Rate Design (Joint Petition ¶¶ 34-41)

The revenue allocation to each tariff and rate schedule for wastewater is reflected in the Settlement Rates set forth in Appendix B attached to the Joint Petition. Billing comparisons showing the impact on the bill of an average customer in each major rate class is contained in Appendix G for wastewater customers. I&E incorporates the rate design standards set forth in the above section related to water rate design, and avers that those standards are met in the wastewater rate design provisions of the Settlement as well.

At the outset, I&E notes that PAWC has five (5) different wastewater operations (Sanitary Sewer System "SSS" General Operations, Royersford WW Operations, Upper Pottsgrove WW Operations, York WW Operations, and Combined Sewer System "CSS" Operations). Within these five operations are fourteen (14) different Rate Zones.[57] The residential rates under present rates vary from a customer charge of $11.00 per month of in Zone 1 to a flat rate of $85.00 per month in Zone 12.[58] Since its last base rate case, the Company acquired the Valley Township systems, the Royersford system, the Upper Pottsgrove system, and the York system through separate Section 1329 proceedings.[59] The as-filed rates and revenues for these systems are shown in PAWC Volume 9, Ex. 10-B, 10-C, 10-E, and 10-F.

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[57] PAWC Vol. 9, Ex. 10-B. 10-C, 10-D, 10-E, and 10-F.
[58] I&E St. No. 3, p. 33., *citing* PAWC Vol. 9, Ex. 10-B.
[59] I&E St. No. 3, pp. 44, 49, 57, and 61.

During the course of this case, I&E conducted a very thorough investigation into PAWC's wastewater rate proposals.[60] I I&E witness Cline recommended some changes that should be made to the proposed rates that would consolidate SSS Rate Zones 2-New Cumberland, 5-Franklin, 7-Sadsbury, 8-Turbotville, 9-Exeter, and 12-Foster Township into Zone 1.[61] I&E also recommended the Company continue to provide a separate cost of service study for the York operations[62] and that it now include the revenue and expenses for contract customers as a separate class.[63] I&E additionally recommended that if any bulk customers have a competitive alternative, those can be identified and separated in another separate competitive class in the cost of service study.[64]

By way of the Settlement, PAWC has agreed to adopt almost all of I&E's consolidation recommendations for SSS Operations. More specifically, rates for the following rate zones have been consolidated with Rate Zone 1: Rate Zone 5 (Franklin), Rate Zone 7 (Sudbury), Rate Zone 8 (Turbotville), Rate Zone 9 (Exeter), and Rate Zone 13 (Upper Pottsgrove). Additionally, as a compromise, the Settlement indicates that the service charges for all classes in Rate Zone 2 are equalized with Rate Zone 1. I&E submits that this outcome is in the public interest since the intent of I&E's consolidation recommendation was to honor principles of cost causation and to produce just and reasonable rates.[65]

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[60] I&E St. No. 3, pp. 32-87.
[61] I&E St. No. 3, p. 38
[62] I&E St. No. 3, p. 73.
[63] I&E St. No. 3, p. 68.
[64] *Id.*
[65] I&E St. No. 3, pp. 36-38.

Importantly, PAWC is committing to creating a separate tariff group for current and future CSS customers. Over time, PAWC will propose consolidation of the rates of current and future CSS customers, separately from the consolidation of current and future SSS customers. I&E avers that this outcome too is in the public interest because CSS costs are unique and spreading them across SSS customers would be inequitable from a cost-causation perspective.[66] To remedy continued inequity, I&E recommended that PAWC create and maintain a separate tariff group for all current and future combined sewer systems. By doing this, PAWC will keep the cost of stormwater and related stormwater improvements in the stormwater tariff group.[67] In the Settlement, PAWC has adopted I&E's recommendation, which will ultimately prevent wastewater and water customers from being forced to contribute to stormwater costs in contravention of cost causation principles.

Finally, the Settlement adopts I&E's recommendation that in PAWC's next base rate filing, it include a separate customer class for bulk customers in the York system whose rates are set by contract. The separate class term is important because in this base rate case, PAWC did not group the contract/bulk customers into a separate class in the York cost of service study. Instead, PAWC listed the revenue from contract/bulk customers as other revenue.[68] I&E recommended the separate customer class because 70% of the flow into the York wastewater treatment plant is from bulk customers. I&E explained that such a large portion of flow being allocated to residential and non-

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[66] I&E St. No. 3, p. 26.
[67] I&E St. No. 3, pp. 26-27.
[68] I&E St. No. 3, p. 67.

residential customers makes the cost of service study useless in establishing cost-based rates and is unfair to all tariff rate customers.[69] Because the Settlement will commit PAWC to providing a separate customer class for bulk customers in the York system, the public interest will be served because the ability to establish cost-based rates for PAWC customers will be significantly improved.

F. PAWC's Customer Assistance Programs (Joint Petition ¶¶ 42-56)

Pursuant to the Settlement, PAWC has agreed to multiple terms that will make water and wastewater utility service more accessible to customers. Among these terms are PAWC's commitments to make changes to its Bill Discount Program, to track data necessary to gauge effectiveness of its programming, to improve access to its hardship Fund and to increase the fund by an additional $150,000 annually, and to improve and better target outreach efforts for customers in need of assistance. Although I&E did not take a position on PAWC's customer assistance programming in the evidentiary portion of this proceeding, I&E nonetheless supports these terms and opines that they are in the public interest for several reasons.

First, ensuring that low-income customers have access to financial assistance is in the public interest because it will better facilitate these customers' access to water and wastewater service. Increasing low-income customers' access to water and wastewater service is consistent with the Code's policy of ensuring that service remains available to all customers on reasonable terms and conditions.[70] Additionally, improving outreach to

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[69] I&E St. No. 3, pp. 67-69.
[70] 66 Pa. C.S. § 1402(3).

better inform customers of available assistance opportunities will help ensure that PAWC's programming is known to those in need. Accordingly, I&E avers that PAWC's customer assistance program commitments are in the public interest.

G. Service Quality and Customer Service Commitments (Joint Petition ¶¶57-69)

1. Main Extensions (Joint Petition ¶¶57-58)

During the course of this proceeding, the OCA recommended that PAWC extend water mains to several areas in accordance with Tariff Rule 27.1(F).[71] OCA opined that the identified main extensions would help to resolve health and safety issues, and it noted that the residents of the identified areas contacted the OCA about their need for water service and that the OCA provided their addresses to PAWC. [72] The identified service areas are three-fold, and are identified as follows: Main Extension 1 – along Old Steubenville Pike and Campbell Road, Robinson Township, Washington County; Main Extension 2 – along Donaldson Road, Robinson Township, Washington County; and Main Extension 3 – along Avella Road (Route 50) to serve Avella Area School District public schools in Cross Creek Township, Washington County.[73] I&E notes that during the public input hearings in this case, there was a significant amount of testimony from members of the public who were seeking service from PAWC through the enumerated main extensions on the basis that their existing water sources were unfit for household use and posed health concerns to humans and to animals.[74]

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[71] OCA St. No. 7, pp. 14-15.
[72] Id. at p. 9.
[73] OCA St. No. 7, pp. 14-15.
[74] Hearing Tr. at 185-189; 213-214; 434-438.

I&E commends PAWC on its willingness to construct main extensions intended to provide safe and reliable service to customers in the three project areas identified by the OCA. These areas include Project Area 1- Campbell Road and Old Steubenville Pike, Robinson Township, Washington County; Project Area 2 – Donaldson Road, Robinson Township, Washington County; and Project Area 3 – Avella Road (Route 50), Cross Creek Township, Washington County. Although I&E did not take a formal position regarding the OCA's proposal, I&E nonetheless supports PAWC's main extension commitments for several reasons.

First, the intent of the main extension recommendation was to protect the health and safety of members of the public who are seeking service in the identified project areas, which is paramount to protecting the public interest. Additionally, PAWC has committed to applying least-cost principles in designing and constructing the main extensions, and to use its best efforts to apply for grants and to obtain contributions from other sources to mitigate main extension costs. PAWC's commitment to mitigate costs provides an additional layer of protection to ratepayers who will shoulder these costs. For these reasons, I&E opines that the main extension Settlement terms are in the public interest.

2. Storage Tanks (Joint Petition ¶59)

In the Joint Petition, PAWC has committed to having all storage tanks over 15-years old inspected by an experienced tank inspection contractor. The contractor will prepare a report of recommendations and PAWC will maintain the tanks in accordance with those recommendations where reasonable. Although I&E did not submit testimony

related to the storage tanks, I&E nevertheless avers that these commitments are in the public interest since they are consistent with ensuring the integrity of PAWC's storage tanks and therefore will promote PAWC's ability to provide safe, reliable and adequate service to customers.

3. Isolation Valves (Joint Petition ¶60)

I&E did not submit testimony regarding PAWC's isolation valves; nevertheless, I&E supports PAWC's valve exercising commitments outlined in the Joint Petition. I&E supports the above terms because they represent important steps towards ensuring the integrity and safety of PAWC's distribution system. Accordingly, I&E submits that this term is necessary to protect public safety; accordingly, it is in the public interest.

4. Fire Hydrants (Joint Petition ¶61)

I&E did not submit testimony regarding PAWC's Settlement commitments to mark fire hydrants; however, the record reflects that the OCA supported a service-based need for the term. Specifically, OCA witness Fought testified that marking the hydrants at issue would be necessary to ensure that fire companies would be on notice that pumping 500gpm from one of these 680 hydrants may cause negative pressures that could contaminate other portions of the distribution system.[75] While I&E did not take an of-record position on this issue, I&E was involved in the discussion of this issue during settlement negotiations. I&E supports this term as it is both in the public interest and in

[75] OCA St. No. 7, pp. 8-9.

conformance with the Code[76] to ensure that the City provides safe, adequate and reliable service to jurisdictional service, and this term is consistent with that obligation.

5. Listing of Customer Complaints and Disputes (Joint Petition ¶62)

This Settlement term was arrived at in recognition of the OCA witness Fought's recommendation PAWC to provide a more robust complaint log and that it be made available in Excel format.[77] Although I&E did not submit testimony regarding this term, I&E was involved in the discussion of this issue during settlement negotiations, where it was fully vetted. Accordingly, I&E supports this term because it will ensure that ratepayers' complaints are tracked, adequately addressed, and resolved in a manner that is consistent with PAWC's obligation to provide safe, adequate, and reliable service to jurisdictional ratepayers.[78]

6. Customer Service (Joint Petition ¶¶63-67)

An important part of this Settlement is that it memorializes PAWC's commitment to address service issues that were primarily raised by the OCA in this proceeding. Specifically, the Settlement memorializes PAWC's agreement for its Pennsylvania call center representatives to complete demonstrated proficiency on Pennsylvania-specific statutes and regulations (other than for emergency calls, which may be an unavoidable exception). Additionally, PAWC will better inform customers of their right to dispute responsibility for prior unpaid debt and it will not deny service to a customer or applicant

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[76] 66 Pa. C.S. §1501.
[77] OCA St. No. 7, p. 22.
[78] 66 Pa. C.S. § 1501.

who has a protection from abuse, or other similar order evidencing domestic violence, on the basis that a prior debt was incurred in the name of someone other than the customer or applicant. Finally, PAWC has agreed to track and report on a quarterly basis until a final order is entered in its next base rate case, a listing of performance objectives focusing on service quality and customer service objectives. While I&E did not address these matters in testimony, I&E certainly supports them as important terms that will both improve PAWC's customer service and improve customers' access to quality service from PAWC. Accordingly, all of these terms are in the public interest.

7. Security Deposits (Joint Petition ¶¶ 68-69)

By way of the Settlement, PAWC will amend its tariffs in order to clarify that it will not charge a customer a security deposit of that customer is confirmed to be income eligible for PAWC's bill discount program. Additionally, PAWC agrees that before assessing a security deposit, it will advise household that a despot will not be assessed if they are income eligible for the bill discount program and it will advise customers about how to verify eligibility for a security deposit exemption and for the bill discount program. I&E did not take a position on PAWC's security deposit policies during the litigation of this case. Nevertheless, I&E affirms that PAWC's commitment to inquire into income eligibility before assessing a security deposit is not only consistent with ensuring customers' access to service, but it is also respectful of Commission regulations. I&E notes that per 52 Pa. Code §56.291(4), a public utility may not require a customer that, based upon household income, is confirmed to be eligible for a customer assistance program to provide a cash deposit. Because PAWC has committed to tariff revisions that

respect the Commission's regulatory prohibition and which memorialize its practices, I&E avers that its security deposit commitments are in the public interest.

H. Tariff Changes (Joint Petition ¶¶ 70-71)

I&E took no position regarding the tariff change provisions of the Settlement. However, I&E was involved in the discussion of these terms during settlement negotiations, where they were fully vetted. Accordingly, I&E supports these terms as they were an appropriate resolution and were necessary for a global resolution of this case.

I. Industrial Pre-Treatment Charges (Joint Petition ¶¶ 72-75)

I&E did not submit any testimony regarding the industrial pre-treatment charges. Nevertheless, I&E conducted a thorough analysis of all charges and I&E was involved in the discussion of this issue during settlement negotiations, where it was fully vetted. Accordingly, I&E supports this term as it was an appropriate resolution and was necessary for a global resolution of this case.

J. Classification of Dempsey Uniform and Linen Supply ("Dempsey") Customer Account (Joint Petition ¶ 76)

During this case, PAWLUG argued that Dempsey should be classified as an industrial customer instead of is existing classification as a commercial customer. Specifically, PAWLUG argued that because Dempsey serves as a supplier and distributor of uniforms and linens, it is a processing establishment using water primarily for processing functions; therefore, it should be classified as an industrial customer under

Rule 26 of PAWC's tariff.[79] Although I&E took no position on PAWLUG's recommendation, I&E supports PAWC's Settlement commitment to reclassify Dempsey as an industrial customer because it facilitated a global resolution of this case. Additionally, it is in the public interest for PAWC to honor its tariff terms and conditions, and I&E submits that in this case, PAWLUG demonstrated that Dempsey best met the industrial customer classification.

K. Effective Date (Joint Petition ¶77)

Pursuant to the Settlement, the Joint Petitioners have agreed that PAWC should be permitted to implement the Settlement Rates on January 28, 2023, which is when the suspension period will expire. I&E supports this term, which will facilitate orderly implementation of new rates for PAWC and ensure that it is provided with the necessary revenue to meet its obligations to maintain adequate, efficient, safe, and reasonable service and facilities.[80]

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

17. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with PAWC or are incorporated or considered in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences.

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[79] PAWLUG St. No. 1, pp. 14-15.
[80] 66 Pa. C.S. § 1501.

18. The Joint Petitioners have painstakingly and carefully discussed and negotiated resolution of all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

19. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest. Alongside the numerous public interest benefits outlined above, resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

20. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement in any way, it may be withdrawn by PAWC, I&E, or any other Joint Petitioner.

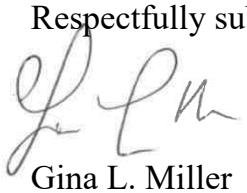
21. I&E's agreement to settle this case is not precedential, as it is made without any admission or prejudice to any position that I&E might adopt in any future proceedings or in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlement.

22. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive

its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in his Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Deputy Chief Administrative Law Judge Joel H. Cheskis recommend, and the Commission approve, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,



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Dated: October 11, 2022

Statement C

OCA Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2022-3031672
	:	R-2022-3031673
	:	
Pennsylvania-American Water Company	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR
SETTLEMENT OF RATE INVESTIGATION

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of Rate Investigation (Settlement), finds the terms and conditions of the Settlement, which resulted from compromise by the parties to avoid the uncertainty of a fully litigated outcome, to be in the public interest for the following reasons:

I. SUMMARY OF THE SETTLEMENT AND REASONS THE OCA SUPPORTS IT

The Office of Consumer Advocate has joined in a proposed Settlement of the water and wastewater rate increase requests filed by Pennsylvania-American Water Company (PAWC or Company). The Settlement was filed on October 11, 2022 and will be reviewed by an Administrative Law Judge and the Public Utility Commission. The Judge can recommend and the Commission can direct that the proposed Settlement be approved, modified or rejected.

The OCA supports approval of the Settlement without modification. The value of settling is that it protects customers from the risk that litigation would result in a higher rate increase with lesser consumer benefits. The compromises in this Settlement were negotiated to reduce the potential rate increases and ensure benefits.

This brief summary of some terms of the Settlement is provided for your convenience. The Settlement, if approved, would do the following:

- Allow PAWC to increase annual water revenues by $83 million above current levels. The Company originally proposed to increase annual water revenues by $154 million, which included $73 million in revenue that PAWC proposed to shift from wastewater customers to water customers. Settlement ¶¶ I.1, II.A.12, E.1.26 (Table 1), App. C. Under the settlement proposal, effective January 28, 2023, the water bill for the typical residential customer will increase by $8.76 per month, from $60.48 to $69.24, a 14.5% increase, rather than the $15.01 increase (24.8%) proposed in the Company's rate filing. These amounts are based on a water customer in Rate Zone 1 using 3,212 gallons per month. Not all customers have typical usage and so actual increases will necessarily vary based on actual customer usage. Settlement ¶ II.E.3.28, 32, App. F.
- Allow the Company to increase annual wastewater revenues by $55 million. Although this is higher than what PAWC originally proposed, PAWC would have placed $73 million of costs for serving wastewater customers on water customers' bills, and thus, the wastewater revenue increase agreed to in settlement reflects a lower subsidy paid by water customers and is closer to the cost to serve PAWC's wastewater customers. Settlement ¶¶ I.1, II.A.12, E.1.26 (Table 1), App. C.
- Under the settlement proposal, effective January 28, 2023, the wastewater bill for the typical residential customer will increase by $30.00, from $76.65 to $106.65 per month, a 39.1% increase, rather than the $19.01 increase (24.9%) as originally proposed by the Company. Again, these amounts are higher than proposed by PAWC because PAWC had proposed to put significantly more costs on water customers than wastewater customers. These costs are based on water usage of 3,212 gallons per month and actual increases will necessarily vary based on actual customer usage. Settlement, App. G.
- Most PAWC residential water customers have 5/8-inch meters. Under the Settlement, the current monthly fixed customer charge of $17.50 will remain in place for these customers. PAWC proposed to increase residential water customer charges for customers with from $17.50 to $20.00 per month. Lower fixed customer charges increase customers' ability to control their bills through conservation. Settlement ¶ II.E.3.29.
- PAWC wastewater rates for customers whose water usage is metered by another water provider will continue to be based on metered usage. As originally proposed by PAWC, the Company could move these customers from metered to flat rates. Settlement ¶ II.H.70.
- The costs that PAWC can seek to recover from its customers in the next rate case for its COVID-19 expenses will be reduced from PAWC's proposal. Settlement ¶ II.A.16.
- PAWC proposed two accounting changes (Uncollectible Tracker and Revenue Stabilization Mechanism) that could have increased rates for customers between rate cases and in addition to the increase effective in January 2023. Under the Settlement PAWC withdrew both proposals. This ensures that the risk of cost fluctuations between rate cases will stay with shareholders. Settlement ¶¶ II.A.16, B.18.

- PAWC will engage in targeted community outreach efforts in areas of its service territory where there are higher percentages of customers with income at or below 50% of poverty level. This outreach will be designed to increase awareness of the Company's low-income assistance programs, with the purpose of increasing enrollment and improving payment patterns, which reduces costs to all customers. Settlement ¶ II.F.3.54.
- Previously all low-income customers participating in PAWC's Bill Discount Program (BDP) received an identical discount. Under the Settlement, discounts will be graduated based on income. They will range between 25% and 40% (for those with incomes at 100% to 150% of poverty level) to 80% (for those with incomes at 0-50% of poverty level). Settlement ¶ II.F.1.42 (Table 2).
- Applicants to PAWC's BDP and its forthcoming Arrearage Management Plan will no longer face collection activity or the possibility of disconnection of service while PAWC is processing their application. Settlement ¶ II.F.1.46.
- BDP participants who move to a different home within the PAWC service territory will be able to keep their bill discount and not have to reapply for the BDP because of their move. Settlement ¶ II.F.1.44.
- PAWC will mark fire hydrants that cannot provide minimum fire flow to alert fire fighters to available pressures and protect customers by avoiding use that would cause negative pressures and possibly contaminate the distribution system. Settlement ¶ II.G.4.61.
- PAWC will implement requirements for storage tanks and isolation valves that will improve the quality and reliability of water service, reduce replacement costs, and avoid service disruption. Settlement ¶¶ II.G.2.59, 3.60.
- Before PAWC requires a customer or an applicant for service to pay a debt from a prior address, PAWC will tell the customer or applicant what information PAWC relied on in deciding that they are responsible for unpaid debt, and will inform them of their right to dispute that information and their right to continue to receive service from PAWC while their dispute is pending. Customers and applicants with an order evidencing domestic violence will not be denied service on the basis that prior debt was incurred in someone else's name. Settlement ¶ II.G.6.64.
- The Company will provide additional information about customer complaints to help the parties to identify recurring service problems more effectively, so they can be fixed. Settlement ¶ II.G.5.62.
- PAWC will adopt service quality objectives including answering calls within a certain number of seconds, keeping field appointments and reducing complaints, helping to ensure that the Company consistently maintains and improves its service and helping the Joint Petitioners to monitor its progress. Settlement ¶ II.G.6.65 (Table 3).
- The Company will provide water service to address health and safety concerns in three communities in Washington County. Residents testified that their current water supply is not safe, drinkable, usable for cleaning, or available in sufficient quantities. Settlement ¶¶ II.G.1.57-58.

II. PROCEDURAL BACKGROUND

On April 29, 2022, Pennsylvania-American Water Company (PAWC or the Company) filed Supplement No. 35 to Tariff Water – PA P.U.C. No. 5 and Supplement No. 34 to Tariff Wastewater – PA P.U.C. No. 16 with the Pennsylvania Public Utility Commission (PUC or Commission) to become effective on June 28, 2022. The Pennsylvania Office of Consumer Advocate (OCA) filed a Formal Complaint and Public Statement challenging the justness and reasonableness of the proposed rate increases on May 16, 2022. Numerous other parties and approximately 50 PAWC customers filed Formal Complaints with the Commission opposing the rate filings. On June 16, 2022, the Commission suspended both tariff filings for investigation and assigned the proceeding to the Office of Administrative Law Judge, with the Honorable Joel H. Cheskis (ALJ) presiding. The OCA submitted Direct Testimony by Ralph C. Smith[1], Morgan N. DeAngelo[2], Aaron L. Rothschild[3], Jerome D. Mierzwa[4], Roger D. Colton[5], Barbara R. Alexander[6], and Terry L. Fought[7] with recommendations

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[1] Mr. Smith is a Certified Public Accountant, attorney, and Senior Regulatory Consultant at Larkin & Associates, PLLC. Most of Mr. Smith's 39 years of work experience has involved utility regulation, and Mr. Smith has previously testified before this Commission, as well as 38 other state utility commissions, federal courts, and the Federal Energy Regulatory Commission. A complete description of Mr. Smith's qualifications is provided in Attachment RCS-1 to OCA Statement 1.

[2] Ms. DeAngelo is a Regulatory Analyst at the Office of Consumer Advocate. She regularly analyzes the financial, economic, rate of return, and policy issues relevant to ratemaking filings and presents written testimony on behalf of the OCA. She has submitted testimony in Pa. P.U.C. v. UGI Util., Inc. – Elec. Div., R-2021-3023618; Pa. P.U.C. v. Pittsburgh Water and Sewer Auth., R-2021-3024773; Petition of Twin Lakes Util., Inc., P-2020-3020914; and Application of Pennsylvania American Water Co., A-2020-3019634. A more complete description of Ms. DeAngelo's education and experience may be found at Appendix A to OCA Statement 2.

[3] Mr. Rothschild is a financial professional that provides U.S. public utility commissions financial tools and expert testimony to assist in rate setting for regulated utility companies (e.g., regulated electric distribution providers, natural gas pipelines). Mr. Rothschild's relevant experience includes developing and applying methodologies that directly measure investors' equity return expectations based on stock option prices, applied mathematics research for utility industry as an affiliate of the New England Complex Systems Institute, and serving as Head of Business Analysis for a major U.S. telecom firm in Asia Pacific. Mr. Rothschild's professional experiences and qualifications are attached as Appendix A to OCA Statement 3

[4] Mr. Mierzwa is a Principal of Exeter Associates, Inc., with over 30 years of public utility regulatory experience. At Exeter, Mr. Mierzwa has been involved in purchased gas cost allocation analysis and rate design analysis, conducting management audits and similar investigations of the natural gas supply and procurement policies and practices of local distribution companies, and has provided assistance in proceedings before the Federal Energy Regulatory Commission. Mr. Mierzwa has participated in the planning of natural gas procurements for major federal installations located in various regions of the country. Mr. Mierzwa has participated in developing utility class cost-of-service studies, and presented testimony sponsoring gas, water and wastewater utility cost-of-service studies, least cost gas procurement and incentive regulation, as well as testimony addressing utility rate base and revenues. His curriculum vitae is attached to Schedule JDM-1 to OCA Statement 4.

[5] Mr. Colton is a principal of Fisher Sheehan & Colton, Public Finance and General Economics in Belmont, Massachusetts. He provides technical assistance to public utilities and primarily works on low-income utility issues. Mr. Colton has devoted

regarding PAWC's filing. OCA witnesses Rothschild, Mierwza and Colton submitted Rebuttal Testimony on August 19, 2022, and all OCA witnesses submitted Surrebuttal Testimony on September 1, 2022. The remainder of the procedural history in this proceeding can be found in the Joint Petition for Settlement of Rate Investigation at Section I (Background).

III. REVENUE REQUIREMENT (Settlement ¶ II.A)

A. Overall Settlement Rate Increase (Settlement ¶¶ II.A.12, 13)

PAWC asked the Commission to approve an increase to water and wastewater rates that would increase its total annual operating revenues by approximately $173.2 million, or a 20.8% increase compared to current base revenues. Broken down between water and wastewater, PAWC proposed to increase base rate revenue by approximately $154.4 million per year from its water operations and $18.7 million per year from its wastewater operations. OCA St. 1 at 5-6. Those amounts were based on the Company's request that water customers pay $73 million more than PAWC's calculated cost to serve them, and that wastewater customers pay $73 million less than PAWC's calculated cost to serve them. Section 1311 of the Public Utility Code permits the Company to shift a portion of the wastewater revenue requirement to water customers if the Commission determines it is in the public interest. 66 Pa. C.S. § 1311(c).

Under the Settlement, PAWC will be permitted a total revenue increase of $138 million combined from its water operations and each of its five wastewater operations. Settlement ¶ II.A.12.

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his professional career to helping public utilities, community-based organizations and state and local governments design, implement and evaluate energy assistance programs to help low-income households better afford their home energy bills. He has been involved with the development of the vast majority of ratepayer-funded affordability programs in the nation. His curriculum vitae is attached to OCA Statement 5 as Appendix A.

[6] Ms. Alexander is a Consumer Affairs Consultant who runs her own consulting practice, Barbara Alexander Consulting LLC. She received her Bachelor of Arts degree from the University of Michigan and her J.D. from the University of Maine School of Law. Ms. Alexander's professional experiences and qualifications are attached as Exhibit BA-1 to OCA St. 6.

[7] Mr. Fought has been a licensed engineer in Pennsylvania since 1975, is licensed in New Jersey and Virginia and has been a consulting engineer since 1983. He received his Bachelor of Civil Engineering from Cleveland State University. He has been involved in the design, construction and operation of water and wastewater facilities for over 40 years. He has also served as a consultant to the OCA for water and wastewater rate cases, complaint proceedings, investigations, and applications since 1984. Mr. Fought's background and qualifications are attached as Appendix A to OCA St. 7.

This is $35.2 million less than the total increase initially requested by PAWC. Also, the amount of wastewater revenue requirement shifted from wastewater to water customers will be substantially reduced so that $27 million will be added to the water revenue requirement. Settlement ¶ II.E.1.26. With that reduction, of the total $138 million increase, water revenues will increase by $83.4 million and wastewater revenues will increase by $54.6 million. Settlement ¶¶ A.12, E.1.26 (Table 1).

The amount that a customer's bill will increase under the Settlement varies based on usage and their rate zone. A customer in Rate Zone 1 with a 5/8 meter using the system average amount of 3,212 gallons per month[8] will see their monthly bill increase from $60.49 to $69.24, or by $8.75 or 14.5%. Settlement, App. F at 1. This is less than the Company's proposal, which would have increased the monthly bill for the same customer by $15.01 or 24.8%. Of course, many customers will face larger percentage increases than this based on higher usage or different rate zones. The Settlement increase on the average monthly bill for each of PAWC's water rate zones is provided in the following table:

Rate Zone	**Water Territory**	**Present Rates**	**Settlement Rates**	**Increase Amount**	**Increase Percentage**
1	All other (incl. Creekside)	$60.49	$69.24	$8.75	14.5%
2	Winola[9]	$33.73	$36.83	$3.10	9.2%
3	McEwensville	$47.06	$69.24	$22.18	47.1%
4	Turbotville	$60.49	$69.24	$8.75	14.5%
5	Steelton	$38.75	$69.24	$30.49	78.7%
6	Valley Water	$28.99	$52.83	$23.84	82.2%

Additionally, under the Settlement a residential wastewater customer with a 5/8 meter using the system average amount of 3,212 gallons of water per month would see their monthly bill increase from

[8] While this is the system-wide average usage for PAWC customers, actual increases will necessarily vary depending on actual customer usage.

[9] The bill impact for customers in the Winola system (a troubled system acquired in December 2020) is based on average usage of 1,200 gallons per month, which reflects that actual usage is particularly low. Settlement, App. C, F; PAWC St. 1R at 11.

$76.64 to $106.65, or by $30.01 or 39.2%. The Settlement increase in the average monthly bill for each of PAWC's wastewater zones (sanitary service only) is provided in the following table:

Rate Zone	Wastewater Territory	Present Rates	Settlement Rates	Increase Amount	Increase Percentage
1	All other	$76.64	$106.65	$30.01	39.2%
2	New Cumberland	$52.59	$92.99	$40.40	76.8%
5	Franklin	$81.64	$106.00	$24.36	29.8%
7	Sadsbury	$73.61	$106.65	$33.04	44.9%
8	Turbotville	$68.82	$106.65	$37.83	55.0%
9	Exeter	$72.37	$106.65	$34.28	47.4%
10	Royersford	$30.00	$49.99	$19.99	66.6%
11	Valley Township	$59.67	$106.65	$49.98	78.7%
12	City of York	$29.36	$51.18	$21.82	74.3%
13	Upper Pottsgrove	$65.00	$106.00	$41.00	63.1%
	Foster Township	$85.00	$106.00	$21.00	24.7%

Settlement, App. G.

For PAWC customers who receive sanitary sewer and stormwater service, the average bill for those combined services will increase as shown below:

Rate Zone	Wastewater Territory	Present Rates	Settlement Rates	Increase Amount	Increase Percentage
3	Scranton	$55.76	$95.01	$39.25	70.4%
4	Kane	$79.85	$107.45	$27.60	34.6%
6	McKeesport	$77.54	$106.65	$29.11	37.5%
6	Port Vue	$61.62	$106.65	$45.03	73.1%

Settlement, App. G.

The Settlement increases to wastewater rates are higher than the rate increases proposed in PAWC's filing because PAWC proposed to have its water customers more substantially subsidize its wastewater customers. PAWC proposed to shift $73 million in costs to water customers that, under its proposed rate increase, should have been paid for by wastewater customers. Under the settlement, the parties agreed that this was not in the public interest and agreed that more of the responsibility for paying sanitary and stormwater costs should be paid for by the customers who are receiving those

services. Even at this level of rate increase, wastewater customers will not pay their full cost of service – meaning that they are still being subsidized by PAWC's water customers. As shown in the last column of the table below, 14% of the total wastewater revenue requirement will still be subsidized.

	Wastewater SSS	**Royersford**	**Upper Pottsgrove**	**York**	**CSS**	**Total Wastewater**
Settlement Revenue before Subsidy	$65,858,291	$2,767,489	$2,696,668	$38,261,795	$87,937,390	$197,521,634
Settlement Subsidy	($3,598,461)	($1,328,921)	($496,449)	($12,512,409)	($9,025,641)	($26,961,881)
% of Settlement Revenue Subsidized	5%	48%	18%	33%	10%	14%

Settlement, App. C. The Settlement revenue allocation and the water and wastewater rate design are discussed further below.

With regard to the overall Settlement revenue increase, while it is a reduction from PAWC's filed request for $173.2 million, it is a significant increase and substantially larger than the increase recommended by the OCA of $66.4 million based on the accounting adjustments of OCA witnesses Smith[10] and DeAngelo and cost of capital recommendation of OCA witness Rothschild. OCA St. 1-3. While the OCA firmly believes that its litigation position is fully supported and would have resulted in a fairer outcome for consumers while still ensuring adequate, reasonable and sufficient revenue for the Company, the OCA recognizes that litigation of this case would likely have resulted in an outcome less favorable to consumers than that which was negotiated in the settlement. Based on the OCA's analysis of the Company's filing, discovery responses received and testimony by all parties, and giving due

[10] The OCA's recommendations included an adjustment to the Company's proposed decrease in revenue related to declining residential usage for water operations. OCA St. 1 at 15-22. While the revenue requirement proposed in the Settlement is "black box," it was necessary for all parties to agree on a present rate revenue level to be used for establishing Settlement rates. It does not reflect the parties' consensus on the merits of the Company's adjustments.

consideration to recent Commission orders, the revenue increase under the Settlement represents a result that would be within the lower range of likely outcomes in the event of full litigation of this case. Further, as outlined more fully below, the Settlement ensures a number of important changes and conditions that may not have been secured through litigation. The allocation of the increase agreed to in the Settlement between water and wastewater customers also ensures that the revenue increase will be more fairly collected from water and wastewater customers in proportion to their costs to provide service. The revenue increase taken as a part of the whole settlement, yields a better result than that which was likely if the case were fully litigated and, thus, it is in the public interest.

B. Cost of Service Studies (Settlement ¶ II.A.14)

Settlement Paragraph 14 provides that in future rate filings, PAWC will submit one or more separate stormwater and wastewater class cost-of-service (CCOSs) studies for each of its combined sewer systems (CSS). Settlement ¶ II.A.14. This adopts the recommendation of OCA witness Mierzwa that PAWC continue to provide studies showing the cost of providing service to combined sanitary and stormwater systems as a whole and breaking out the cost for providing stormwater service only. OCA St. 4 at 13. This requirement is reasonable and warranted given the significant amount of revenue requirement at issue and the principle that rates should be reasonably cost-based. Stormwater-related costs are very significant in the CSS service areas. Based on PAWC's as-filed claim, the stormwater-related costs are $39.8 million, and account for approximately 45% of the total CSS revenue requirement. Properties that are not owned by PAWC wastewater customers (such as parking lots) can contribute significantly to stormwater flows but do not contribute anything toward the costs, which are recovered only from existing PAWC wastewater and water customers. OCA St. 1 at 34-35.

Although the OCA's recommendation that PAWC establish separate stormwater fees was not adopted in the Settlement, the CCOS studies agreed to in Paragraph 14 will provide information to

support future recommendations regarding stormwater fees. *Id.*; Settlement ¶ II.A.14. Further, in this proceeding, PAWC proposed to include stormwater costs in the part of wastewater costs that were paid for by PAWC's water customers. Having the agreed-upon CCOS studies in future rate cases will provide information to support recommendations regarding the proper allocation of costs to the CSSs and any amount of subsidy by water customers and other wastewater customers. OCA St. 4 at 34-35.

IV. ALTERNATIVE RATEMAKING MECHANISMS (Settlement ¶¶ II.A, II.B)

A. COVID-19 Deferral (Settlement ¶ II.A.16)

The OCA recommended that the PAWC's special accounting for COVID-19 related costs should stop no later than December 31, 2023. OCA St. 1 at 43-45. Allowing deferrals to continue accumulating indefinitely is not reasonable. The OCA also recommended that carrying costs be removed from the Company's COVID-19 regulatory asset expense. *Id.* at 43-44. PAWC's management has the discretion to decide when it is appropriate to seek to recover the costs accumulated in the regulatory asset from ratepayers, thus, it is not appropriate to include carrying costs in that regulatory asset to be recovered from ratepayers. *Id.*

The Settlement provides that PAWC will cease deferring carrying costs and incremental uncollectible expense related to COVID-19 at the end of 2022, and states that the Company has already ceased deferring other COVID-19 related expenses. Settlement ¶ II.A.16. While the deferral continues, this settlement provision requires the Company to continue offsetting any savings realized during the pandemic against its recorded COVID-19 deferral balance. These terms address the OCA's concerns by ending the deferral in the near-term and limiting the term and scope of costs to be recovered from customers.

1. Uncollectible Tracker Mechanism (Settlement ¶ II.A.16)

PAWC proposed an Uncollectible Tracker mechanism in this proceeding because the Company claimed it had challenges forecasting its uncollectibles expense due to the COVID-emergency and the resulting suspension of disconnections. OCA St. 1 at 62. The OCA opposed the tracker because it is single-issue ratemaking that would shift the risk of fluctuations in a single expense, uncollectibles, away from investors who currently bear the risk, and put that risk onto customers. OCA St. 1 at 65; OCA St. 1SR at 34-35. Finally, this mechanism could have allowed PAWC to earn more than its authorized rate of return during the same accounting periods in which it is recording additional build-ups of deferred uncollectibles costs, increasing profits for shareholders and placing an unreasonable burden upon ratepayers who have already been subject to rate increases in 2021, 2022 and 2023. OCA St. 1SR at 35; *Pa. PUC v. PAWC*, R-2020-3019369, Order at 37 (Feb. 25, 2021). PAWC agreed to withdraw this proposal. Settlement ¶ II.A.16. This ensures that customers do not bear the uncertainty of PAWC's uncollectible amounts and that the risk of non-collection remains with the Company. This is in the public interest and addresses the OCA's concerns regarding the uncollectible tracker mechanism.

B. Revenue Stabilization Mechanism (Settlement ¶ II.B.18).

In its initial filing, PAWC requested authorization of a Revenue Stabilization Mechanism (RSM), which is a revenue decoupling mechanism that would defer or accrue monthly any difference between rate case authorized amount of metered revenue and actual metered revenue from residential and commercial customers as a regulatory asset or liability. OCA St. 1 at 52. After this revenue is deferred or accrued, a surcharge or refund would be calculated and applied to customers' bills during the next April through December period. PAWC St. 10 at 86.

This proposal was significantly detrimental to customers. The OCA opposed the RSM because if adopted, it would unjustly shift the risk of revenue fluctuations between rate cases away from investors

(who currently bear the risk) and onto customers. OCA St. 1 at 59. For example, if the RSM were approved and PAWC's revenues decreased as a result of a downturn in the economy, ratepayers would be required to pay higher rates between rate cases to make up that decrease. *Id*. at 60. Essentially, the Company proposed to put the risk of changing economic conditions onto its customers, without any reduction to its return on equity to reflect that reduced risk. Further, as discussed in the testimony of OCA witness Smith, the Company did not show how the proposed RSM mechanism would align revenues with cost causation as to fixed and variable costs or demonstrate that the lack of an RSM has been a major obstacle to the promotion of water efficiency. The Company has been able to implement methods to improve water efficiency without an RSM. Moreover, there has been a long-term trend of per-customer declining water consumption (i.e., improved per customer water use efficiency) without an RSM. OCA St. 1 at 55-59. In addition, OCA witness Colton addressed how the mechanism could affirmatively harm low-income customers who do not have the financial capacity to pursue investments in water conservation. OCA St. 5 at 54-56.

For these and the additional reasons discussed in the testimony of witnesses for I&E, CAUSE-PA, OSBA, PAWLUG, and Cleveland-Cliffs Steel, the record establishes that the RSM would be unfair to ratepayers and must not be implemented, and ultimately the Company agreed to withdraw the proposed RSM as part of the Settlement. Settlement ¶ II.B.18.

V. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (Settlement ¶¶ II.C.19-20, 24)

The Settlement recognizes that the Commission has a generic docket at M-2012-2293611 addressing the treatment of federal and state tax deductions in calculating a Distribution System Improvement Charge (DSIC), to implement the Pennsylvania Supreme Court's decision implementing Section 1301.1 of the Public Utility Code in *McCloskey v. Pennsylvania Public Utility Commission*, 697 C.D. 2018 and remand of the underlying Commission proceedings. Settlement ¶ II.C.24; OCA St. 2 at 4.

PAWC will update its DSIC calculation and tariffs if required by the Commission in the generic proceeding and PAWC will not contest the parties' rights to raise any related issues with regard to its DSIC calculation and tariffs in a future proceeding.

Additionally, the Company has agreed not to charge a DSIC during 2023, and its first DSIC in 2024 will be effective no earlier than April 1, 2024. Settlement ¶ II.C.19. The Settlement also specifies the level of total aggregate plant costs that must be reached before a DSIC may be implemented, as well as the rate of return on equity that the Company will use only for the purposes of calculating the DSIC. Settlement ¶¶ II.C.19-20, App. E. These provisions will help to ensure that the DSIC is calculated properly and prevent duplicate recovery of DSIC-eligible expenditures in base rates and the DSIC.

A. Implementation of the DSIC (Settlement ¶¶ II.C.21-23)

By statute, the DSIC applies to all customers. 66 Pa. C.S. Section 1357(d)(1). In the Act 11 Implementation Order, the Commission determined that a DSIC would not be charged to customers acquired through acquisitions until the rates were established by a base rate proceeding including the acquired customers. *Re Implementation of Act 11 of 2012*, 299 PUR4th 367, 395 (Pa. PUC 2012). Therefore, the projects related to the acquired utility were not eligible for DSIC inclusion and the revenues were not included in the projected quarterly revenues until the time that new rates were set in a base rate proceeding. *Id.* In this proceeding, PAWC proposed that the DSIC would not apply to customers in 11 systems, a total of more than 30,000 customers. OCA St. 4 at 36; OCA St. 4SR at 16. The effect of this is that the costs associated with the DSIC were being paid for by fewer customers. Four of those systems (Sadsbury, Turbotville, Exeter and Kane) had rates set in PAWC's 2020 base rate proceeding and will have their rates set for a *second* time in the current proceeding. There is no reasonable basis for PAWC to exclude these systems from application of the DSIC. Further, PAWC has closed on eight wastewater acquisitions since its most recent voluntary update to its wastewater Long-

Term Infrastructure Investment Plan (LTIIP). OCA St. 4SR at 16. Mr. Mierzwa concluded that, at PAWC's pace of acquisition, if PAWC is permitted to delay charging the DSIC to thousands of customers until their systems are included in its LTIIP, then it should be filing modifications to its wastewater LTIIP at least annually. *Id*. at 17.

The Settlement reflects a compromise that largely addresses the OCA's concerns by applying the DSIC to the water customers acquired from the Creekside Homeowners Association and SLIBCO and wastewater customers acquired from Foster Township and Turbotville Borough upon the effective date of new rates in this proceeding and agreeing that, going forward, PAWC will apply the DSIC to customers in systems not acquired under Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329, no later than in the first base rate case in which the system is included. The Settlement provides a timeframe for PAWC to apply the DSIC to systems acquired under Section 1329, following amendment to its LTIIP. As such, within a reasonably foreseeable timeframe, the DSIC will be applied to all systems that PAWC proposed would be exempt in this proceeding. Settlement ¶¶ II.C.21-23. This ensures equity for existing customers so that they are not the only customers paying the DSIC. For future acquisitions under Section 1329, PAWC agreed to consider the OCA's concern about delayed application of the DSIC when determining the need and timing for future LTIIP filings based on the number of water and/or wastewater customers acquired and the period since the LTIIP was last amended.

Including acquired customers and their revenues in the calculation of the DSIC means that those customers, even if their base rates are frozen, will begin contributing to the recovery of the costs of PAWC's system-wide investment and, all else being equal, will help to decrease the amount of DSIC costs charged to other PAWC customers.

VI. COST ALLOCATION AND RATE DESIGN (Settlement ¶ II.E)

A. Combined Water and Wastewater Revenue Requirement (Settlement ¶ II.E.1.26)

Settlement Paragraph 26 provides that pursuant to Section 1311(c) of the Public Utility Code and the Commission's Implementation Order in Docket No. R-2013-2355276, the Settlement Rates will allocate a portion of PAWC's wastewater revenue requirement totaling $26,961,883 to its water customers. Settlement ¶ II.E.1.26. The allocation of the annual revenue increase among PAWC's water and wastewater operations is set forth in Table 1 of the Joint Petition for Settlement. *See also* Settlement, App. C. Paragraph 26 states that the revenue allocation proposed in the Settlement is "black box," and does not reflect the position of any party or establish precedent for future proceedings. PAWC's original proposal in this proceeding was to shift $72.9 million of wastewater revenue requirement to water customers. Under that proposal, 35.1% of the wastewater cost of service was being assigned to water customers and 97.5% of the cost of service for PAWC's combined sanitary sewer/stormwater service systems was being assigned to water customers. Such a large shift of wastewater revenue requirement to water customers is unreasonable for several reasons. As explained by OCA witness Mierzwa, PAWC proposed to assign 97.5%, or essentially the entire stormwater cost of service, to water service customers, and customers that receive stormwater service would essentially pay none of the costs of providing that service. Stormwater service costs represent nearly 45% of the total cost of service in the combined sanitary/stormwater service areas. OCA St. 4 at 15-17. Most PAWC customers receive no benefit from the Company's stormwater operations and may also pay for stormwater service from another provider. In addition, allocating more than one-third of the wastewater revenue requirement to water operations moves all customers further from paying rates that reflect their indicated cost of service and results in wastewater rates that do not support a reasonable relationship to the utility's cost of serving those customers. *Id.* at 18.

The OCA proposed an alternative under which $33.2 million of wastewater revenue requirement would be assigned to water customers, a reduction of $39.8 million from the Company's proposal. This reduction mitigates the under-recovery of the stormwater revenue requirement from combined sanitary sewage/stormwater system customers and brings the revenue increase for the CSS system more in line with the increases proposed by PAWC for its sanitary-only wastewater systems. OCA St. 4 at 19. Also, the OCA's recommended subsidy would reduce the percentage of wastewater revenue requirement to be recovered from water customers from the Company's proposed 35.1% to 16.0%. *Id.* at 18-19. Under the Settlement, the amount of the shift is reduced to $26.9 million or 14% of the total wastewater revenue requirement. This reduction is in the public interest as it addresses the OCA's concern that PAWC's proposed water and wastewater rates had no reasonable relationship to the underlying cost to serve these customers. In addition, it reduces some of the inequity that stems from the fact that most PAWC water customers do not obtain their wastewater services from PAWC. Rather, they obtain those services from another provider to whom they make separate payment. Finally, the lowering of the amount of wastewater revenue requirement shifted to water customers represents a reasonable compromise of this matter as other parties sought an even smaller subsidy.[11]

The allocation of the $26.9 million Settlement subsidy to PAWC's water and wastewater operations is shown below:

[11] I&E recommended a shift of $6.8 million. I&E St. 3 at 31.

	Settlement Increase No 1311(c) Subsidy	Section 1311(c) Wastewater Subsidy	Settlement Increase with 1311(c) Subsidy
Total Company	$138,000,000		$138,000,000
Water Operations	$56,408,656	$26,961,883	$83,370,539
Sanitary Sewer System General Operations	$21,348,732	$(3,598,464)	$17,750,268
Royersford WW Operations	$1,946,621	$(1,328,921)	$617,700
Upper Pottsgrove WW Operations	$1,347476	$(496,447)	$851,029
York WW Operations	$19,505,813	$(12,512,409)	$6,993,404
CSS Operations	$37,442,702	$(9,025,641)	$28,417,061
Total WW Operations	$81,591,346	$(26,961,883)	$54,629,463

See Settlement, App. C.

B. Delayed Effective Dates for Rate Increases to Customers in the Royersford Borough, Valley Township, Foster Township, and York Systems ("Rate Freeze Systems) (Settlement ¶ II.E.2.27)

In this proceeding, PAWC proposed to delay the effective date of the increases resulting from this case for certain of its recently acquired systems. Settlement Paragraph 27 provides that with respect to these systems, PAWC will calculate the proof of revenue at the full cost of service, as if all customers in the Rate Freeze Systems were paying new rates without any delay to the effective date. Settlement ¶ II.E.2.27. The OCA supports this provision as necessary to prevent existing PAWC customers from subsidizing the revenue requirement needed to keep rates lower than the new rates established for those systems in this case. OCA St. 4 at 31.

Further, the Settlement provides that the parties agree that all rights are reserved with respect to the issue of delayed effective dates of rates in subsequent proceedings. Settlement ¶ II.E.2.27. As such, the compromise in this Settlement will not bear on future recommendations in future base rate cases to

move customers in the Rate Freeze Systems to an appropriate cost of service as though they have paid the tariffed rates without any delay.

C. Water Rate Design (Settlement ¶¶ II.E.3.28-33)

Most residential water customers in PAWC's service territory are served by a 5/8-inch meter. OCA St. 4 at 23. PAWC proposed to increase fixed monthly customer charges for residential water customers from $17.50 to $20.00 per month. Mr. Mierzwa testified that this proposed increase exceeded the per customer direct cost incurred by the Company and recommended no increase to the residential customer charge. OCA St. 4 at 23-24; OCA Sch. JDM-3. Under the Settlement rates, the service charge for residential customers with meters 1 ½-inch and under will remain $17.50 per month. Settlement II.E.3.29. Recovering the revenue increase from usage rates and maintaining the existing customer charge increases customers' ability to control their bills through conservation and consistent with sound ratemaking principles. The other changes that are reflected in the Settlement rate design serve to consolidate, in full or in part, the residential rates in several zones with Rate Zone 1. Settlement ¶¶ II.E.3.30-31. The Settlement accomplishes this in a way that avoids extreme increases for customers.

The OCA submits that this agreement represents a reasonable compromise that accomplishes some amount of rate consolidation while recognizing the need for gradualism in rate increases. PAWC currently charges customers in some systems a minimum usage allowance such that customers are not assessed a usage charge until a customer's usage exceeds the allowance. OCA witness Mierzwa supported phasing out or eliminating those allowances make bills more consistent with actual use of the system and the costs associated with providing service. OCA St. 4 at 25. Consistent with that recommendation, the Settlement eliminates usage allowances for customers in water Rate Zones 5 and 6 and, further, the Settlement provides that, for any system for which minimum usage allowances continue, PAWC will propose to eliminate the allowance in its next base rate case or, where warranted

for gradualism, PAWC will propose to eliminate the allowance over its next two base rate cases. Settlement ¶¶ II.E.3.31, 33. Establishing rates with lower fixed charges more properly reflects cost of service, provides clearer pricing signals, and increases customer control over bills. It is also consistent with Commission policy to eliminate minimum allowances and move utility rates toward metered rates. OCA St. 4 at 5-6, 25, 29.

D. Wastewater Rate Design (Settlement ¶¶ II.E.4.34-41)

Under the Settlement, the rates for seven of PAWC's Sanitary Sewer System (SSS) rate zones are either being consolidated with Rate Zone 1 or set equal to the rates in Rate Zone 1 such that the monthly service charge in each of the zones will be $14.30 and the usage charge will be $2.875 per 100 gallons. Settlement ¶ II.E.4.35. In setting the rates in Zone 11 (Valley) equal to the Zone 1 rates, the Company is eliminating the 3,400 gallon per month usage allowance that is currently in place in that Zone. This reflects a compromise of the recommendation by OCA witness Mierzwa to phase out the Valley usage allowance over the next one or two rate cases. OCA St. 4 at 26-27.

Three other SSS rate zones will continue to have separate rates, although the service charge for all classes in the New Cumberland rate zone will be set equal to the service charges in Rate Zone 1. Settlement ¶ II.E.4.36. In addition, the usage allowance in the Royersford zone is being reduced by 2,400 gallons per month. Settlement ¶ II.E.4.37. As with the Valley Rate Zone, OCA witness Mierzwa also recommended a phase out of the Royersford monthly allowance. OCA St. 4 at 27.

Regarding PAWC's three Combined Sewer System (CSS) rate zones, the settlement provides that the usage allowance for all customer classes in Rate Zone 4 (Kane) will be eliminated and, in Rate Zone 6 (McKeesport), residential rates for Port Vue customers will be equalized with the rest of the zone. *Id*. Originally, PAWC proposed no change in rates for the Scranton CSS Zone. The Settlement provides for an increase in that zone, which more reasonably shares the burden of increased system

costs, recognizes that Scranton customers are receiving both sanitary and stormwater service from PAWC, and shields other wastewater customers from further increases that would be necessary if Scranton customers saw no increase. Settlement, App, G. OCA witness Mierzwa advocated for CSS customers bearing a greater rate burden given the costs to serve the combined systems. OCA St. 4 at 28. Under the Settlement rates, the average Scranton residential customer will still pay more than $10 less per month for sanitary and stormwater service than the average wastewater customer receiving sanitary-only service. Settlement, App, G.

Like the water rate design, the Settlement proposals for wastewater rate design represent a reasonable compromise that accomplishes some amount of rate consolidation while recognizing the need for gradualism in rate increases and serves to eliminate or reduce minimum usage allowances while increasing customer control over bills.

Appendix G to the Joint Petition includes billing comparisons showing the impact on the bill of a residential customer who uses 3,212 gallons of water per month in each of the wastewater rate zones if the Settlement rates are approved. This amount – 3,212 gallons per month – is PAWC's calculation of its system-wide average residential usage. The increases shown in the Appendix for residential customers range from 24.7% to 78.7%. Settlement, App, G. These increases assume monthly usage of 3,212 gallons. *Id*. Individual rate impacts will vary depending on whether a customer uses more or less than the assumed monthly usage. These wastewater increases are larger than would have been the case had the Company's original proposal to have its water customers subsidize its wastewater customers by $72.9 million. Thus, the reason for the larger increase under the settlement is because water customers received *significantly less* of an increase under the settlement due to them having to pay a significantly lower subsidy to wastewater customers. It would have been significantly inequitable to move as high of a percentage of wastewater customer revenue requirement to water customers as was proposed by

PAWC. Such a large shift would have meant a significant departure from rates based on the cost of service and contributed to an inequity by charging water customers for sanitary service and stormwater service that they receive no benefit from and are paying for separately. Thus the Settlement rates, taken as a whole, are more equitably assigned under the settlement than what was proposed by PAWC. Recognizing that this Settlement represents a compromise among a multitude of competing positions and interests, the OCA submits that the Settlement rates are reasonable given the range and complexity of the rate issues presented in this case.

Settlement Paragraph 40 states that in its next base rate filing, PAWC will create a separate tariff group for current and future CSS customers. Settlement ¶ II.E.4.40. In addition, PAWC will propose consolidation of the rates of current and future CSS customers over time, separately from the consolidation of current and future SSS customers. *Id*. As discussed above, Settlement Paragraph 14 provides that in future rate cases PAWC will prepare separate CCOSs for its CSS systems, a requirement that was supported by the OCA. *See supra* Section II(B). That step is a precursor to setting separate rates for CSS customers. The CSS revenue requirement represents approximately 30.5% of the overall wastewater revenue requirement,[12] which suggests that separate rates are appropriate. In future rate cases, the OCA will review the cost of service and PAWC's specific rate proposals to make recommendations regarding the reasonableness of rate consolidation within the CSS systems.

Settlement Paragraph 41 provides that in its next base rate filing, PAWC will submit a wastewater CCOS study that includes a separate customer class for bulk customers in the York system whose rates are set by contract. Settlement ¶ II.E.4.41. This customer class can include other wastewater customers whose rates are set by contract. This settlement provision is consistent with OCA witness Mierzwa's recommendation. OCA St. 4 at 13-14. Because bulk customers are not currently included as a separate class in the Company's CCOS studies, it is uncertain whether the rates of Bulk customers are

[12] $51,284,495 / $168,024,224 =30.5%. OCA St. 1 at 16 (Table 2).

reasonable and sufficient to recover their cost of service. Also, without the cost of service information neither the Commission nor other parties are able to assess the relative value of the negotiated bulk rates versus other factors when determining the reasonableness of the bulk customers' rates. *Id*. Thus, including bulk customers as a separate class in the Company's CCOS studies is an appropriate first step in assessing whether the rates charged to Bulk customers are reasonable.

VII. PAWC'S CUSTOMER ASSISTANCE PROGRAMS (Settlement ¶ II.F)

A. Bill Discount Programs (BDP) (Settlement ¶¶ II.F.1.42-46)

In Settlement Paragraph 42, PAWC agrees to implement the BDP discount structure set forth in Table 2 below on the effective date of the Settlement Rates:

Income Group	Water Service Charge Discount	Water Volumetric Charge Discount	Wastewater Total Bill Discount
0-50% Federal Poverty Level ("FPL)	80%	80%	80%
51-100% FPL	65%	50%	55%
101-150% FPL	40%	25%	30%

Settlement ¶ II.F.1.42. The OCA supported the use of graduated bill discounts tied to the income level of the BDP participants. OCA St. 5 at 28. In the past five years, PAWC bill increases have substantially out-paced the increase of income for households who are in the bottom 20% of earners. Increasing the percentage of bill discount that these households receive is an appropriate response to PAWC's continued rate increases. OCA St. 5 at 24-25. While OCA witness Colton testified that PAWC should ultimately adopt a percentage of income program through which to ensure the deliverability of affordable bills to low-income customers, he concluded that PAWC's proposal to move to a three-tier discount, with higher discount levels being provided at lower income ranges, is a reasonable proposal at this time. *Id.* at 27.

Settlement Paragraph 43 provides that PAWC will make information technology and procedural changes to track and report on a series of data related to the Company's BDP and, once in place, PAWC will report the data to the Customer Assistance Advisory Group (CAAG) on, at minimum, a biannual basis. Settlement ¶ II.F.1.43. Collection of this data will better enable assessment of the effectiveness of the BDP and provide useful and important information to be considered as the basis for any future modifications of the program.

Settlement Paragraph 44 provides that within one year of the final order in this proceeding, PAWC will make BDP participation portable within its service territory, such that a BDP participant who changes residences will not be removed from BDP solely because of having changed their service address, so long as the customer maintains continuous customer status. Settlement ¶ II.F.1.44. The Settlement states that information technology and other procedural changes will be required to implement this change, and the Company will provide updates at its quarterly CAAG meetings regarding the progress of implementation. *Id*. This provision of the Settlement is responsive to a recommendation made by OCA witness Colton. Mr. Colton observed that PAWC removes a substantial number of BDP participants from the program each month. OCA St. 5 at 11-12. He noted that by far, the main reason PAWC removes customers is because customers move to another residence. *Id*. Between June 2020 and May 2022, of the 4,992 BDP participants who were removed from the program, 97% (4,831) were removed because they "moved out." This suggests that on average, more than 200 customers a month exit the program due to a move. Further, having 4,831 participants move during a period in which the average program participation was 23,301 implies a mobility rate of more than 20%. The number of participants who are removed from the program because of a move represents a significant decrease in program participation. OCA St. 5 at 11-12.

Mr. Colton underscored the importance of BDP participation:

> From the perspective of improving low-income payment patterns, including long term arrears reductions, it is more important to enroll low-income customers in the BDP than it is to get them to apply for a hardship grant or federal assistance. The number of hardship grants is limited, as is the funding that is available for distribution. Moreover, both ERAP and LIHWAP are currently one-time funding options rather than ongoing avenues of assistance. In contrast, enrolling low-income customers in the BDP will improve payment patterns. The percentage of accounts in arrears declines once a customer enrolls in the BDP (e.g., BDP participants vs. BDP new enrollees; BDP participants vs. Confirmed Low-Income customers). The average arrears declines. The percentage of accounts that are disconnected declines, while the percentage of disconnected accounts that are reconnected increases.

OCA St. 5 at 21. The Settlement successfully accomplishes the OCA's objective of ensuring that BDP participation is not disrupted due to a customer's change of residence within the PAWC service territory. *Id.*at 13; Settlement ¶ II.F.1.44.

Settlement Paragraph 45 provides that PAWC will monitor and review appropriate billing data for purposes of determining, in its next base rate case whether any offset to its low-income program cost recovery is necessary to avoid any double recovery the Company may receive through actual collections after the implementation of its Arrearage Management Plan (AMP). Settlement ¶ II.F.1.45. The Company will consult with the OCA and I&E to determine the necessary data needed to accomplish this provision of the Settlement. This provision also responds to a recommendation made by OCA witness Colton. Mr. Colton observed that low-income assistance programs like the BDP, and by extension, the soon-to-be-implemented AMP, while increasing costs to a utility, can also result in cost reductions in certain areas. OCA St. 5 at 34-35. These cost reductions should be identified and accounted for when determining the *total* costs of implementing a low-income program. PAWC's data supports the conclusion that any increase in BDP costs from larger bill discounts will likely be offset, in whole or in part, by decreases in expenses such as the working capital associated with carrying arrears; by decreases in credit and collection expenses; by decreased expenses associated with bad debt; or by increased

revenues associated with fewer disconnections or more frequent (and timelier) reconnections after a disconnection. *Id.* at 35. As it is likely that implementation of the AMP will produce similar offsetting cost reductions, this provision is critical to ensuring a true accounting of the costs of the AMP. Accordingly, Settlement Paragraph 45 should be adopted. Settlement ¶ II.F.1.45.

Settlement Paragraph 46 provides that PAWC will place a dunning lock on the accounts (i.e., pause collection activity) of any applicant for the Company's BDP and AMP programs at the time their application is submitted, until a determination is made about the applicant's eligibility and enrollment. Settlement ¶ II.F.1.46. For customers enrolled in AMP, PAWC agrees that the account will be considered "current" as long as the household continues to make "full payments" as defined in the AMP Settlement. *Id*.

OCA witness Colton recommended a dunning lock on the accounts of customers newly applying to PAWC's BDP. OCA St. 5 at 22. He noted that the Company currently provides a 30-day dunning lock to prevent the disconnection of service while a customer applies for utility assistance from the Emergency Rental Assistance Program (ERAP), the Low-Income Home Water Assistance Program (LIHWAP) or the Company's hardship fund administered by Dollar Energy Fund. OCA St. 5 at 18-19. The Company puts these dunning locks in place to ensure that the customer does not get disconnected during the application process for these forms of assistance. *Id*.

Mr. Colton cited statistics indicating that the payment patterns of BDP participants are better than those of Confirmed Low-Income customers as a whole and concluded that enrolling low-income customers in the BDP is an important means of helping customers pay their bills. *Id.* at 20-21. He noted that ERAP and LIHWAP are one-time funding options rather than ongoing programs of assistance. Also, he stated that due to funding limitations, hardship grants are limited. *Id.* at 21. By contrast, BDP is a continuing program that produces positive results (see discussion above, about Settlement Paragraph

44). Given the BDP's critical role in helping customers to pay their bills and in improving low-income customer payment patterns, Mr. Colton strongly urged PAWC to extend the same protection from collection activity to new BDP applicants that it extends to applicants for ERAP, LIHWAP and hardship funds. *Id.* at 22. As Mr. Colton stated, "It would make little sense for PAWC to disconnect service to a low-income customer for nonpayment of an unpaid balance *knowing* that that customer is applying for assistance that would make future payment of that unpaid balance easier and more likely." OCA St. 5SR at 10-11.

With respect to the dunning lock on applicants to the AMP program, Mr. Colton observed that there will be substantial overlap between the application processes for the two programs as many BDP applicants will also apply for AMP. OCA St. 5SR at 11. He recommended that PAWC suspend collections on unpaid balances that will almost certainly be subject to forgiveness under AMP. *Id.* at 12. Mr. Colton maintained that it would be fundamentally unfair to disconnect low-income customers for arrears that will be subject to forgiveness through the AMP once it is implemented. OCA St. 5 at 42. He noted that the entire purpose of the AMP is to allow customers an opportunity to seek a fresh start from bills that have historically been unaffordable. OCA St. 5SR at 12. Not providing his recommended dunning lock on pre-AMP arrearages would run counter to this purpose. The Settlement thus adopts common-sense procedures for protecting low-income customers from collection activity once they begin the process of applying for PAWC's key assistance programs. Settlement ¶ II.F.1.46.

B. <u>Outreach (Settlement ¶¶ II.F.3.54-55)</u>

Settlement Paragraphs 54 and 55 concern PAWC undertaking targeted community outreach efforts in geographic areas within its service territory where there are higher percentages of customers with income at or below 50% FPL. Settlement ¶¶ II.F.3.54-55. OCA witness Colton recommended that PAWC engage in such an effort. In his testimony, Mr. Colton cited statistics that showed that PAWC

customers with incomes below 50% of FPL experience appreciably higher bill-to-income burdens than do low-income customers in the 50%-150% of FPL. OCA St. 5 at 30-31. Further, he identified thirteen zip codes within the PAWC service territory where more than 15% of the population of that zip code has income at or below 50% of FPL. Within those thirteen zip codes only 113 households were enrolled in the BDP. That compares with an overall total of BDP participants of more than 23,000. *Id.* at 31-32. He concluded that that there are specific geographic areas where PAWC could engage in targeted outreach with an expectation that it would be disproportionately reaching customers in the lowest income ranges. *Id.* at 32.

In other instances where PAWC has developed community outreach efforts, it has discussed those proposals with its Customer Assistance Advisory Group. Accordingly, Mr. Colton recommended that it do the same with its efforts to reach out those areas with a high concentration of customers with income below 50% FPL. *Id.* This recommendation is captured in Settlement Paragraph 55. Settlement ¶ II.F.3.55. Given the stark statistics presented by Mr. Colton regarding the low level of BDP enrollment among customers at the 50% or below poverty level, these Settlement provisions will aid in ensuring that PAWC's most vulnerable customers will have the opportunity to learn about the Company's assistance programs.

Settlement Paragraph 56 commits PAWC to support a petition from CAUSE-PA, OCA, and/or CEO requesting the initiation of a generic proceeding to explore cross-program enrollment opportunities among utilities in the Commonwealth. Settlement ¶ II.F.3.56. In testimony, OCA witness Colton recommended using the determination by a natural gas or electric distribution company of a customer's eligibility for that utility's low-income assistance program as a proxy for determining eligibility for PAWC's BDP. OCA St. 5 at 13. More specifically, he stated that the Commission should direct PAWC to negotiate with the natural gas and electric distribution companies serving all or a part of its service

territory to accept reciprocal determinations of income for purposes of establishing eligibility and the appropriate BDP tier. *Id.* at 17-18. While this Settlement provision is not the mandate Mr. Colton recommended, it commits PAWC to supporting a petition by other interested parties requesting that the Commission explore cross-utility enrollment processes for the utilities' low-income assistance programs. Settlement ¶ II.F.3.56. If ultimately implemented, a cross-utility enrollment program would result in a less burdensome enrollment process for customers and cost savings for utility companies.

VIII. SERVICE QUALITY AND CUSTOMER SERVICE COMMITMENTS (Settlement ¶ II.G)

A. Main Extensions (Settlement ¶ II.G.1.57-58).

In Direct Testimony, the OCA recommended that PAWC build main extensions to three service areas under Tariff Rule 27.1(F). OCA St. 7 at 15-18. Tariff Rule 27.1(F) authorizes main extensions to be installed without customer contributions subject to Commission approval in order to address health and safety concerns. The three areas with water quality and quantity issues that are to receive main extensions as a result of this Settlement are:

Project Area 1 – Campbell Road and Old Steubenville Pike, Robinson Township, Washington County (OCA St. 7, pp. 15-17; OCA St. 7SR, pp. 11-15; Tr. at 145-46 (B. Moore), 155-60 (Comport), 242-243 (Mizenko), 269-73 (Casciato), 435-437, 439 (S. Moore); Moore Exh. 1; Brown Exh. 1; Duran Exh. 1; Duran Exh. 2).

Project Area 2 – Donaldson Road, Robinson Township, Washington County (OCA St. 7, pp. 17-18; Tr. at 368-71 (Simpson); Brown Exh. 1). The project will address the service issue identified in the OCA's testimony (OCA Statement No. 7, pp. 17-18) and also provide the capability to address water quality and quantity issues of the other potential customers in the project's scope.

Project Area 3 – Avella Road (Route 50), Cross Creek Township, Washington County (OCA St. 7, p.18; Tr. 213-14 (McConn)).

For Project Area 1, six people testified at the public input hearings in this proceeding and requested 11 total service connections. These potential customers testified about finding sediment in

their water, having their water stain clothes and household products black, bad odor from the water, and health effects on household plants and livestock from consuming the water. Tr. at 144, 155, 242, 267, 444, 435. Three of the potential residential customers also testified that they regularly experience water quantity problems such as droughts and low water pressure. Tr. at 145; 155-56; 454. A small business owner testified that he too experienced low water pressure year-round at both his home and his business, which source water from the same well. Tr. at 242-43. The OCA asked PAWC to extend a main extension to this area in PAWC's 2020 base rate case, but the Commission found that there was not sufficient evidence of need and contamination in the area's water. *Pa. PUC v. PAWC*, R-2020-3019369, Order at 134-35 (Feb. 25, 2021). Since that Order was issued, a drilling subcontractor pled guilty to "polluting an Unnamed Tributary to St. Patrick's Run as well as groundwater in the area of Route 22 near 121 Campbell Road, Bulger, PA." OCA Exh. TLF-10. Thus, there is further confirmation of pollution in the area's groundwater that makes it dangerous for people in that area to use and drink the water supplied by wells and springs. It was also brought to light that there is already a mandatory connection ordinance in place in Robinson Township that provides certainty regarding residents connecting to any PAWC main extension built in the area. OCA Exh. TLF-11. As a condition of Settlement, PAWC will construct a main extension to this area to address the health and safety issues.

Two people testified in support of six service connections for Project Area 2 at the public input hearings in this proceeding. One potential customer testified that his spring water is orange-tinted and his family will not drink it. Tr. at 368-71. If they cook with the water, they boil it first. *Id*. That same potential customer also described how he runs out of water each fall and has to haul water using a 300-gallon water buffalo that he bought for the purpose. Tr. at 372. The second person who testified was the manager for Robinson Township, and she testified that she knew of several residents in her area that were concerned about their water quality and could confirm that there were at least four additional

residents who wanted to receive service from PAWC. Tr. at 347-48. The Township manager confirmed that several customers in her area had been petitioning for water service from PAWC since at least May of 2017. As noted above, the mandatory connection ordinance provides certainty regarding the number of connections for any main extension. Under the Settlement, PAWC will construct a main extension to serve water to residents in Project Area 2.

The Cross Creek Township Manager testified in support of a main extension to Project Area 3, which would provide water service to the Avella Area School District and approximately 50 houses and businesses. Tr. at 383-83. She stated that the school currently is supplied by ground water, and the water continues to be highly odorous and distasteful despite the school system's investments in water treatments. In addition to quality problems, the Manager testified that there are quantity problems. The Manager also noted that the school district, the Township, and PAWC have already been discussing a potential solution and that the School District has already obtained a $500,000 grant. Tr. at 383-84. This area is within PAWC's service territory and a clear public need for water exists; thus, PAWC has agreed to construct a main extension to Project Area 3.

PAWC and the OCA have agreed to work together to develop reasonable timeframes in which to complete these main extensions, and the Company agrees to have signed contracts in place and start construction no later than the date it files its next base rate case. Settlement ¶ II.G.1.58.a. The Company has also agreed to continue seeking grant funding or other contributions to help offset the costs of these main extensions. Settlement ¶ II.G.1.58.e. The main extensions will provide water to residents and businesses in Washington County that currently do not have clean, safe and reliable water, in sufficient quantities. The OCA submits that Company's commitment to address the health and safety concerns in the three Project Areas is a substantial benefit of the Settlement.

B. Storage Tanks (Settlement ¶ II.G.2.59).

In Direct Testimony, OCA witness Terry Fought recommended that PAWC should have all storage tanks that are older than 15 years inspected by an experienced tank inspection contractor, who would then submit a report of recommendations. OCA St. 7 at 4. OCA witness Fought recommended that PAWC should then maintain its storage tanks in accordance with those recommendations. *Id*. Mr. Fought's recommendations are important to ensure that PAWC's water storage tanks are periodically inspected and cleaned to maintain good water quality in the distribution system. Regular maintenance of the storage tanks may also extend their service lives. OCA St. 7 at 3. The Settlement provides that PAWC will implement Mr. Fought's recommendations regarding storage tank inspection and maintenance. Settlement ¶ II.G.2.59. This provision will help to ensure consumers continue to have access to clean water from PAWC storage tanks and delay the need for tank replacements.

C. Isolation Valves (Settlement ¶ II.G.3.60)

It is important to regularly exercise isolation valves to ensure that the valves will not seize up or get stuck due to corrosion or other deposits adjacent to the valve. OCA St. 7 at 5. Isolation valves operate to shut off water in sections of the distribution system in case of a water main break or in case a main needs repair or replacing. *Id*. OCA witness Fought recommended that PAWC exercise its isolation valves on a five-year cycle. *Id*. at 8. The Settlement provides that the Company will do that, and also that the Company will inspect critical valves annually. Settlement ¶ II.G.3.60. The Settlement's provision regarding isolation valves will help to ensure that if PAWC needs to perform work on any part of its system, the valves work as intended to reduce the number of customers whose service is impacted.

D. Fire Hydrants (Settlement II.G.4.61)

In Direct Testimony the OCA recommended that PAWC mark any fire hydrants that cannot provide the minimum necessary fire flow of 500 gallons per minute (gpm) at 20 pounds per square inch

so that these hydrants are only used for flushing and blow-offs and not used by fire companies. OCA St. 7 at 8. If fire companies use hydrants that cannot provide the minimum necessary flow, it may cause negative pressures that can contaminate the distribution system. *Id*. at 9. These concerns are addressed by the Settlement, under which PAWC has agreed to mark the fire hydrants that cannot provide the minimum fire flow with the National Fire Protection Association approved color indicating flow level. Settlement II.G.4.61. This condition of Settlement will provide an important protection for quality of service and safety and should be adopted as in the public interest.

E. Customer Complaints and Disputes (Settlement ¶ II.G.5.62.a-d.)

OCA witness Terry Fought made recommendations to improve PAWC's customer complaint tracking, so that in future cases PAWC can provide additional information to help the parties to more effectively identify and evaluate important quality of service issues. OCA St. 7 at 22. Specifically, Mr. Fought described how PAWC should record its customer complaints and disputes in a live Excel document that would include service complaints or disputes received by PAWC, in addition to the formal and informal complaints submitted to the Commission. *Id*. As part of the Settlement, PAWC has agreed to maintain this log as described by Mr. Fought and include information such as customer service addresses, specific categories for each dispute or complaint (including a pressure category), and the final disposition of each complaint and dispute, where possible. Settlement ¶ II.G.62.a-d. In addition to the reasons noted above, this provision should be adopted because it ensures the Company will be in compliance with 52. Pa. Code § 65.3, which states requirements for investigation and recording customer complaints.

F. Customer Service (Settlement ¶ II.G)

1. Call Center Representatives (Settlement ¶ II.G.6.63)

PAWC operates a virtual call center with staff working out of their personal residences. OCA St. 6 at 7. Only nine representatives are in Pennsylvania, and most are in Florida, Illinois, and New Jersey. *Id.* Call center staff handle calls from thousands of customers daily. *Id.* at 18. The OCA expressed concerns about the potential for call center representatives to overlook Pennsylvania customers or fail to offer them certain rights and remedies. *Id.* The Settlement addresses the OCA's concerns by ensuring that Pennsylvania customer calls received during normal business hours will be handled only by representatives who have completed training and demonstrated proficiency on Pennsylvania-specific statutes and regulations. Settlement ¶ II.G.6.63.

2. Prior Unpaid Debt (Settlement ¶ II.G.6.64)

In its filing, PAWC proposed to amend Rule 7.2 and Rule G.2 in its proposed Water and Wastewater Tariffs, which describe the documentation required of applicants and customers to determine their obligations to pay for prior unpaid debt. The OCA identified concerns with these proposed tariff changes and recommended that the Company clarify its obligations to inform each applicant or customer of 1) the evidence being relied upon to hold them liable for the prior debt, 2) the applicant or customer's right to dispute that information, and 3) the applicant or customer's right to obtain service while any dispute is pending. OCA St. 6 at 30. Under the Settlement, PAWC will add these clarifications to its tariff, which will help to protect applicants and customers' rights during the process of determining their responsibilities for payment of outstanding debt. Settlement ¶ II.G.6.64.

3. Service Quality and Customer Service Standards (Settlement ¶ II.G.6.65)

The operation of PAWC's call center is crucial to the Company's ability to deliver a reasonable level of customer service and to offer the customer protections and complaint handling requirements

reflected in the Commission's regulations and applicable statutes. PAWC relies on its customer call center as the main method by which customers can communicate individually with PAWC. OCA St. 6 at 7. To improve PAWC's call center performance, the OCA identified several areas that the Company should be required to reform as conditions for allowing PAWC to increase its rates. *Id.* at 32-36. Settlement Paragraph 65 addresses, in part, the OCA's recommendations regarding performance objectives for the Company's call answering, call abandonment, frequency of main breaks, kept field appointments, justified complaints and payment arrangement requests and response time, and customer satisfaction. Settlement ¶ II.G.6.65. Specifically, PAWC agreed in the Settlement to submit quarterly progress reports to its Customer Assistance Advisory Group (CAAG) related to the customer service goals agreed to by the parties, until a final order is issued in a subsequent base rate case. *Id*. This ongoing reporting will allow the parties to evaluate whether PAWC is consistently meeting or not meeting the objectives described in the Settlement and, in the next base rate case, make recommendations as needed to improve customer service.

4. Termination Notices (Settlement ¶ II.G.6.66)

Currently, PAWC's termination notices do not explicitly inform customers that if they tell a utility employee prior to termination of service that an occupant of their household is seriously ill or has a medical condition which will be aggravated by service termination, such termination will be halted for three business days while the customer obtains a written medical certificate. PAWC states that it does, in fact, halt or delay termination upon receipt of such oral declaration. OCA St. 6 at 22. The OCA recommended that this be explicitly stated in the termination notices. Settlement Paragraph 66 adopts the OCA's recommendation and reflects the Company's commitment to update the notices within 90 days. Settlement ¶ II.G.6.66. This will help to ensure that customers are aware of their rights, avoids terminations, and aligns the notices with the Company's practice.

5. Convenience Fee Disclosure on Customer Bill (Settlement ¶ II.G.6.67)

PAWC's bills state that a convenience fee may apply for payments. The Company explained in testimony that the reference on the bill is to convenience fees charged by third-party payment locations and does not apply to payments made by calling the toll-free number listed on the bill. PAWC St. 16R at 30; OCA St. 6SR at 14, Exhibit BA-13. To avoid customer confusion, the OCA recommended that the Company update its bill disclosure to inform the customer of any potential fees more accurately. As a compromise, in the Settlement PAWC agreed to (1) revise its bills by adding periodic bill messages or inserts and (2) add an Interactive Voice Response message. Settlement ¶ II.G.6.67. This Settlement term addresses the OCA's concern because it makes clear through various means that no fee will be charged for payments made by phone.

G. Security Deposits (Settlement ¶¶ II.G.7.68-69)

Settlement Paragraphs 68 and 69 relate to the charging of security deposits to residential customers. Settlement ¶¶ II.G.7.68-69. OCA witness Colton recommended that PAWC waive cash security deposits for its BDP-eligible customers. Doing so is consistent with 66 Pa. C.S. §1404 (a.1) which prohibits certain utility companies from requiring cash deposits from customers or applicants who are confirmed to be eligible for a customer assistance program. OCA St. 5 at 47. In addition, the average income for PAWC's currently identified Confirmed Low-Income customers is $8,244. At that level of income, it is unreasonable to expect these customers to bear the burden of PAWC's bills, even with the discounts provided by the BDP, when additional charges such as security deposits are layered on top. Adding such fees works to undo the benefits offered through the BDP. *Id.* Settlement Paragraphs 68 and 69 will ensure that applicants and existing customers will be advised of their rights regarding the payment of security deposits. Settlement ¶¶ II.G.7.68-69.

IX. TARIFF CHANGES (Settlement ¶ II.H)

A. Limitation of Liability (Settlement ¶ II.H.70)

PAWC proposed to modify its current limitation of liability provisions (Water Tariff Rule 15.1 and Wastewater Tariff Section Q) to exclude Company liability "for any loss or damages due to a negligent act of omission or commission by the Company, its employees or agents…." OCA St. 6 at 31. The OCA noted that this proposed modification was not consistent with the Commission's directives in the 2020 base rate case and the Commission's Policy Statement on limitation of liability. *Id.* Further, the proposed limitation of liability provisions for PAWC are broader than other Commission-approved tariffs in Pennsylvania and other American Water affiliates. *Id.* Under the Settlement, the Company has agreed to withdraw its proposed modifications to its limitation of liability provisions and keep its current provisions in effect. Settlement ¶ II.H.70.

B. Service Quality and Customer Service Commitments (Settlement ¶ II.H.70)

The Company proposed a change to its tariff that would allow it to move customers who are currently charged metered rates because PAWC obtains metered water usage data from their water providers to flat rates. Since water and wastewater flows are highly correlated, customers would no longer be billed based on usage. The OCA opposed the change because it would mean that the customers' actual use of the utility system would have no impact on rates. The price signal that these customers currently must conserve water to reduce their wastewater bills would be eliminated. OCA St. 4 at 29-30. It is Commission policy to eliminate minimum allowances and move utility rates toward metered rates and moving metered customers to flat rates would directly contravene this Commission policy. *Id.* Moreover, if this tariff change were implemented, it would be inconsistent with PAWC's claimed commitment to "to assure the wise and efficient use of water and to promote water conservation." PAWC St. 1 at 38. Settlement Paragraph 70(2) resolves the OCA's concerns about this

tariff change through PAWC's agreement to withdraw the proposed change, and should be adopted. Settlement ¶ II.H.70.

X. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of this rate investigation, taken as a whole, represent a reasonable resolution of the issues raised by the OCA in this matter as they ensure positive benefits for customers while confining the amount of the increase to a range that would likely have resulted from full litigation of the proceeding. Therefore, the OCA submits that the Settlement should be approved by the Commission without modification as being in the public interest.

Respectfully Submitted,

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DATE: October 11, 2022
3363331

Statement D

OSBA Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	**Docket Nos. R-2022-3031672 (water)**
	:	**R-2022-3031673 (wastewater)**
Pennsylvania-American Water Company	:	
	:	

STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") filed a complaint in the above-captioned proceeding, which was initiated by Pennsylvania-American Water Company ("PAWC" or the "Company") on April 29, 2022.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Settlement of Rate Investigation ("*Joint Petition*"). The OSBA submits this statement in support of the *Joint Petition*.

The *Joint Petition*

The *Joint Petition* sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Joint Petition* was in the best interests of the small business customers of PAWC.

Water Revenue Allocation

Table 1 (below) compares the proposed water increases sponsored by PAWC and the OSBA for the Commercial class, to the Commercial class increase provided by the Joint Petition, inclusive of the Joint Petition's Act 11 revenue requirement of $27.0 million.

Table 1
Comparison of PAWC and OSBA Proposed Commercial Water Increases
at Joint Petition Revenue Level 1/
($000)

Class	***Per Joint Petition***	*PAWC*	*OSBA*
Commercial	**$22,675**	$23,571	$22,291

Source: Joint Petition at Appendix C – Water Operations and the OSBA's internal settlement analysis.

As shown in Table 1, the settlement increase for commercial water customers reflects a compromise between the Company and OSBA litigation positions. Had the Commission given equal weight to above positions, the overall water increase to the Commercial class (assuming an overall water increase of $83.4 million) would have been (the sum of $23.571 million and $22.291 million, divided by 2 or) $22.931 million, which is $0.3 million greater than provided by the *Joint Petition*. As a result, the OSBA concludes that the *Joint Petition's* water revenue allocation provides a reasonable outcome and a meaningful benefit to small business customers,

particularly since it eliminates the litigation risk associated with the Company's proposed increase to commercial customers.

Act 11 Revenue Requirement

PAWC originally proposed to recover $72.9 million of its claimed wastewater revenue requirement from water service customers under Act 11. OSBA Statement No. 1 Revised, at 7, 19. The figure of $72.9 million is the difference between PAWC's total claimed wastewater revenue requirement of $208.1 million and PAWC's total proposed wastewater revenues of $135.2 million. *Id.*, at 19. The OSBA opposed the overall magnitude of PAWC's proposed shift in wastewater revenue responsibility to the Company's water customers. *Id.*, at 15.

The OSBA argued for a significantly lower recovery of PAWC's wastewater revenue requirement from the Company's water customers. OSBA Statement No. 1 Revised, at 25. The *Joint Petition* essentially affirms the OSBA's position and proposes to allocate only $26,961,883 to PAWC's water customers. *Joint Petition*, Paragraph 26.

The *Joint Petition's* proposed resolution of this issue is consistent with the OSBA's testimony in this proceeding. Therefore, the OSBA submits that this is a just and reasonable outcome for this issue.

Revenue Stabilization Mechanism

The *Joint Petition* proposes to withdraw the Company's proposed Revenue Stabilization Mechanism ("RSM"). The OSBA opposed the RSM, arguing that such a mechanism is neither just nor reasonable since it would reduce the Company's business risk and undermine the conservation price signals that are otherwise conveyed to a public utility's ratepayers.

The OSBA submits that withdrawing the Company's proposed RSM is a just and reasonable result.

Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

_____

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Dated: October 11, 2022

Statement E

PAWLUG Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	R-2022-3031672 (Water)
	:	R-2022-3031673 (Wastewater)
Pennsylvania-American Water Company	:	

STATEMENT IN SUPPORT OF THE
PENNSYLVANIA-AMERICAN WATER LARGE USERS GROUP

The Pennsylvania-American Water Large Users Group ("PAWLUG"), by and through its counsel, submits this Statement in Support of the Joint Petition for Settlement of Rate Investigation ("Settlement"), entered into by and among Pennsylvania-American Water Company ("PAWC" or the "Company"), the Pennsylvania Public Utility Commission ("Commission" or "PUC") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Borough of St. Lawrence, Cleveland-Cliffs Steel, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), Exeter Township, PAWLUG, and Victory Brewing Company ("Victory") (the "Signatories") on October 11, 2022. PAWLUG offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

1. On April 29, 2022, the Company filed Supplement No. 35 to Tariff Water-Pa. P.U.C. No. 5 ("Water Tariff") and Supplement No. 34 Tariff Wastewater-Pa. P.U.C. No. 16 ("Wastewater Tariff"), which contained changes in rates, rules and regulations calculated to increase the Company's total annual operating revenues by $173.2 million or 20.8% above the

level of pro forma revenues for the fully projected future test year ("FPFTY") ending December 31, 2023.

2. On June 22, 2022, PAWLUG filed a Complaint in the above-captioned proceeding that set forth a list of issues to be investigated, including:

(a) the size of the requested rate increase, especially in light of the relief provided by the PUC in PAWC's 2020, 2017, and 2013 base rate proceedings;

(b) the accuracy and legitimacy of the Cost of Service Study allocation methodology;

(c) the proposed distribution of the increase among customer classes;

(d) the reasonableness of PAWC's proposed Revenue Stabilization Mechanism;

(e) rate structure and rate design;

(f) issues relating to ongoing recovery from ratepayers for infrastructure improvements under the Distribution System Improvement Charge ("DSIC"); and

(g) the nexus between PAWC's revenue claims in this proceeding and the benefits that the Company has received, and will continue to receive, through the DSIC.

3. A telephonic prehearing conference was held on June 27, 2022, before Administrative Law Judge ("ALJ") Joel H. Cheskis, and a procedural schedule was established for discovery, written testimony, settlement discussions, and hearings.

4. Consistent with the procedural schedule approved by the ALJ, PAWLUG submitted the Direct Testimony and Exhibits of Billie S. LaConte ("PAWLUG Statement No. 1") on July 29, 2022; the Rebuttal Testimony of Billie S. LaConte ("PAWLUG Statement No. 1-R") on August 19, 2022; and the Surrebuttal Testimony of Billie S. LaConte ("PAWLUG Statement No. 1-S") on September 1, 2022.

5. On or about September 29, 2022, the parties informed the ALJ that a settlement in principle had been reached.

II. STATEMENT IN SUPPORT

6. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Joint Petitioners engaged in several negotiations to resolve the issues raised by various Parties. These ongoing discussions produced the foregoing Settlement.

7. The Joint Petitioners agree that approval of the proposed Settlement is in the best interest of the Parties involved.

8. The Joint Petition is in the public interest for the following reasons:

(a) As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.

(b) Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Joint Petition.

(c) The Joint Petition results in an increase in PAWC's rates of $138 million, which is approximately 80% of the Company's original request of $173.2 million. Joint Petition at 4.

(d) The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company. Joint Petition at 22–23.

9. In addition, the Joint Petition specifically satisfies the concerns of PAWLUG in this proceeding. PAWLUG's testimony opposed the Company's proposed wastewater revenue requirement allocation pursuant to Act 11 of 2012 ("Act 11") on the grounds that the proposal exceeded the range of a reasonable Act 11 subsidy and would incorrectly allocate the costs of the Act 11 subsidy among the water customer classes. *See* PAWLUG Statement No. 1 at 2–8;

PAWLUG Statement No. S-1 at 2–6. PAWLUG recommended reducing the Act 11 subsidy from $73 million (42% of the total as-filed revenue increase) to $36.5 million (21% of the total as-filed revenue increase) and re-allocating the subsidy to water customers based on the wastewater class that is responsible for the subsidy. *See* PAWLUG Statement No. 1 at 6–7. PAWLUG also recommended that PAWC's proposed Revenue Stabilization Mechanism ("RSM") be rejected, on the grounds that the mechanism would unfairly shift PAWC's risk of recovering its costs and meeting earnings targets to customers. *Id*. at 9. Although PAWLUG primarily opposed approval of PAWC's RSM, PAWLUG also recommended, in the event the Commission approved the RSM, that the tariff apply to residential, commercial, and municipal customers only, and that PAWC's authorized return on equity ("ROE") be reduced. *Id.* at 10. PAWLUG also proposed that Dempsey Uniform and Linen Supply ("Dempsey") be reclassified as an industrial rather than a commercial customer pursuant to PAWC's Tariff Rule No. 26. *Id.* at 13–14. Finally, PAWLUG recommended a scale-back of volumetric rates for industrial and municipal customers. *Id*. at 13–15.

10. The Joint Petition provides a reasonable solution to the issues raised by PAWLUG by:

(a) providing for a reasonable compromise among the parties concerning the wastewater revenue allocation and rate design for water customers. Joint Petition at 7–9;

(b) reducing the allocation of PAWC's wastewater revenue requirement to water customers from $73 million (42% of the total as-filed revenue increase) to approximately $27 million (20% of the total settlement revenue requirement) *Id.* at 7;

(c) withdrawing PAWC's proposed RSM. *Id.* at 5; and

(d) reclassifying Dempsey as an industrial rather than commercial customer. *Id.* at 21.

11. PAWLUG supports the Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the ALJ or the Commission, PAWLUG will reserve all rights to resume its litigation positions.

12. As set forth above, PAWLUG submits that the Settlement is in the public interest and adheres to the Commission policies promoting negotiated settlements. The Settlement was achieved after numerous settlement discussions. Although the Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the Parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further litigation of a number of major issues in this proceeding. *See* 52 Pa. Code § 69.391.

III. CONCLUSION

WHEREFORE, the Pennsylvania-American Water Large Users Group respectfully requests that the Administrative Law Judge and the Pennsylvania Public Utility Commission approve the Joint Petition for Settlement of Rate Investigation without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By _____

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Counsel to the Pennsylvania-American Water Large Users Group

Dated: October 11, 2022

Statement F

CAUSE-PA Statement in Support

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:		
	:		
v.	:	Docket Nos.	R-2022-3031672
	:		R-2022-3031673
Pennsylvania-American Water Company	:		

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by Deputy Chief Administrative Law Judge Joel H. Cheskis and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of PAWC's low income customers to access water and wastewater services under reasonable terms and conditions. CAUSE-PA introduced testimony and evidence that demonstrated the financial harm the proposed rate increase would impose on low income households, and addressed the need for enhancements to PAWC's low income assistance programs to remediate unaffordability at both existing and proposed rates. (CAUSE-PA St. 1; CAUSE-PA St. 1-SR).

The Settlement would allow PAWC to charge the rates for water and wastewater service designed to produce additional annual water and wastewater operating revenue of $138 million effective for services rendered on and after January 28, 2023. (Joint Pet. at ¶ 12). This increase is lower than the Company's proposed increase request of $173.2 million in water and wastewater rates. (Filing Letter)

The Settlement would also provide several critical improvements to PAWC's Help to Others (H2O) low income assistance programs. (Joint Pet. at ¶¶ 42-56).

Although CAUSE-PA's positions in litigation were not fully adopted, the Settlement was arrived at through good faith negotiations by all parties and reasonably balances the varied interests of the Joint Petitioners. CAUSE-PA asserts that the Settlement is just, reasonable, and in the public interest in that it reasonably (1) addresses low income customers' ability to access safe and affordable water and wastewater services; (2) balances the varied interests of the parties; and (2) resolves a number of important issues raised by CAUSE-PA and other parties in this proceeding. If the Settlement is approved, the parties will also avoid considerable costs of further litigation and appeal. For these reasons, and the reasons set forth throughout this Statement in Support, CAUSE-PA requests that the Settlement is approved.

II. BACKGROUND

For the purposes of this Statement in Support, CAUSE-PA adopts the background set forth in Paragraphs 1-10 of the Settlement. (Joint Pet. at ¶¶ 1-10).

IV. TERMS AND CONDITIONS

A. Revenue Requirement

In his direct testimony, CAUSE-PA's expert witness, Mr. Harry S. Geller, Esq., described the impact of PAWC's proposed rate increase for low income households. (CAUSE-PA St. 1 at 10-11). Mr. Geller extensively detailed how cost increases for essential life-sustaining water and wastewater services will have a significant impact on households who are already struggling to make ends meet. (Id. at 14-22). Mr. Geller recommended that a rate increase not be approved without implementation of substantial mitigation measures to address existing rate unaffordability and to remediate additional unaffordability created by increased rates for low income households. (Id. at 7).

Paragraph 12 of the Settlement provides that PAWC will be permitted to charge, effective for services rendered on and after January 28, 2023, the rates for water and wastewater service designed to produce additional annual water and wastewater operating revenue of $138 million. (Joint Pet. at ¶ 12). The Settlement also addresses several issues critical to the revenue determination in the present case, including that PAWC will submit one or more separate stormwater and wastewater cost-of-service studies (COSSs) for each of its combined sewer systems in future rate filings. (Joint Pet. at ¶ 14).

The revenue requirements set forth in the Settlement represents a decrease from PAWC's initial proposed rate increase of $173.2 million in water and wastewater rates based on a fully projected future test year ending December 31, 2023. (Filing Letter) This reduction in the revenue requirement will lessen the impact of the rate increase on low income customers who already struggle to afford services. (CAUSE-PA St. 1 at 15).

As proposed in PAWC's initial filing, the average monthly increase would have represented a substantial increase in basic water and wastewater expenses, imposing a severe financial burden on low income families. (Id.) The reduction in the approved rate increase provided for in the Settlement will help to lessen the financial impact of PAWC's rate increases, helping PAWC's residential customers to better maintain water and wastewater services.

As discussed below, the proposed Settlement as a whole includes enhancements to PAWC's low income assistance programs and customer protections which are critical to helping mitigate the impact of the rate increases for PAWC's customers – especially on low income customers who already struggle profoundly to afford and maintain water/ wastewater services. While CAUSE-PA's positions were not fully adopted, CAUSE-PA asserts that these Settlement provisions reasonably balance the varied interests of the parties, are in the public interest, and should be approved.

B. Alternative Rate Mechanism

CAUSE-PA did not take a position in this proceeding related to PAWC's Alternative Rate Mechanism proposal. (Joint Pet. at ¶ 18).

C. Distribution System Improvement Charge (DSIC)

CAUSE-PA did not take a position in this proceeding related to the DSIC. (Joint Pet. ¶¶ 19-24).

D. FPFTY Reporting Requirements

CAUSE-PA did not take a position in this proceeding related to FPFTY Reporting Requirements. (Joint Pet. at ¶ 25).

E. Cost Allocation and Rate Design

CAUSE-PA did not take a position in this proceeding related to cost allocation or rate design. (Joint Pet. at ¶¶ 26-41).

F. PAWC's Customer Assistance Programs

(1) Bill Discount Program

a. BDP Structure and Data Tracking

In his direct testimony, Mr. Geller supported PAWC's proposal to improve the structure and affordability levels for PAWC's Help to Others (H2O) Bill Discount Program (BDP). (CAUSE-PA St. 1 at 24). Mr. Geller explained that PAWC's proposed changes to the BDP's structure would substantially improve rate affordability for low income customers and the tiered approach would help to improve distribution of assistance across income tiers. (Id.) Notwithstanding this support, Mr. Geller recommended that the Commission require PAWC to take additional steps to ensure that the BDP is achieving equitable levels of rate affordability, along with other complementary goals of a low income utility rate assistance program such as reductions in termination rates, collections costs, and uncollectible expenses. (Id.) Mr. Geller recommended that PAWC be required to conduct a third-party evaluation to assess bill affordability and program impact of the BDP within one year after implementation of PAWC's proposed BDP revisions. (Id. at 29-30). Mr. Geller also recommended that, if the third-party evaluation found that 10% or more of BDP participants in any income tier exceeded a combined water/wastewater burden of 4% within the first year of implementation of the revised BDP, PAWC should be required to transition to a percentage of income payment (PIP) structure. (Id. at 31-32).

Paragraph 42 of the Settlement provides that PAWC will implement the following structure and discount levels for its BDP on the effective date of Settlement rates:

Income Group	**Water Service Charge Discount**	**Water Volumetric Charge Discount**	**Wastewater Total Bill Discount**
0-50% Federal Poverty Level ("FPL)	80%	80%	80%
51-100% FPL	65%	50%	55%
101-150% FPL	40%	25%	30%

Paragraph 43 of the Settlement provides that, within one year of the final order in this proceeding, PAWC will develop a process for tracking and reporting the following data: (1) average monthly bill amounts of BDP participants at various usage levels and FPL tiers; (2) the mean and median usage levels of BDP participants by income tier; (3) the mean and median usage levels of non-H2O low income customers; (4) the number and percent of BDP participants that have been terminated and/or removed from the BDP, broken down by income tier; (5) the total number of BDP participants with pre-program arrears and the amount of those arrears, compared to the number of BDP participating in the AMP and the amount of those arrears, by income tier; (6) BDP application acceptance rates; and (7) identification of potential barriers to enrollment. (Joint Pet. at ¶ 43). Paragraph 43 also provides that the Company will provide updates on a quarterly basis at Customer Assistance Advisory Group (CAAG) meetings regarding adoption of information technology changes to implement this additional data tracking and reporting. (Id.) Once IT changes are adopted, PAWC will report on the data outlined in paragraph 43 of the settlement to its CAAG on, at minimum, a biannual basis. (Id.)

While the recommendations of CAUSE-PA and its expert witness were not fully adopted in their entirety, CAUSE-PA asserts that the Settlement provisions related to revising the structure and discount levels of the BDP will help to meaningfully improve levels of affordability for BDP participants. As Mr. Geller noted in his direct testimony, these improvements to the BDP will help lower the water/ wastewater burdens of many of PAWC's low income customers. (CAUSE-PA St. 1 at 30). While Mr. Geller's recommendations that PAWC conduct a third-party evaluation were not fully adopted, the data tracking and reporting provisions set forth in Paragraph 43 of the Settlement will help parties, stakeholders, and the Commission to evaluate whether BDP participants are able to access affordable monthly bills after implementation of the BDP improvements provided for in this Settlement. The data tracking and reporting provisions also include several of the dimensions that Mr. Geller recommended in his direct testimony, including the mean and median usage levels of BDP participants and non-H2O participants. (Id. at 31). Overall, CAUSE-PA asserts that these improvements to the BDP are just, reasonable, and in the public interest, as they will help to improve affordability for BDP participants and will increase the ability of the Commission, the parties, and other stakeholders to assess the effectiveness of PAWC's BDP in achieving improved affordability and reducing collections costs and uncollectible expenses. This information will help inform future programmatic changes and ensure that universal service program decisions are rooted in data and information. CAUSE-PA asserts that these provisions should be approved.

b. Portability of BDP Participation

In his direct testimony, OCA expert witness, Mr. Roger Colton, recommended that PAWC make BDP participation portable within its service territory. (OCA St. 5 at 13-18, 5-SR at 15-18). Paragraph 44 of the Settlement provides that, within one year of the final order in this matter,

PAWC will make BDP participation portable within its service territory, so that BDP participants who change residences will not be removed from the BDP solely because of having changed their service address if they maintain continuous customer status. (Joint Pet. at ¶ 44). As IT and procedural changes are required to implement this change, PAWC will provide quarterly updates at its CAAG meetings regarding the implementation process. (Id.)

CAUSE-PA did not take a position in this proceeding related to the portability of BDP enrollment within PAWC's service territory. However, Mr. Geller explained in his direct testimony that only a very small portion of PAWC's customer identified as income eligible for the BDP were enrolled in the BDP. (CAUSE-PA St. 1 at 22). Specifically, only between 25-28% of customer identified as confirmed low income customers were enrolled in the H2O program from January to May 2022. (Id. at 23). Mr. Geller expressed the need for improved accessibility of the BDP for low income customers. (Id.) Requiring that BDP participation be portable within PAWC's service territory will help low income customers who may have to move as a result of a variety of factors – including unavailability of unaffordable housing options – from losing access to the BDP and having to go through a duplicative and potentially onerous process to reapply for the program. As such, CAUSE-PA asserts that these provisions of the Settlement are in the public interest and should be approved.

c. Low Income Program Cost Recovery

CAUSE-PA did not take a position in this proceeding related to the issues of low income cost recovery set forth in Paragraph 45 of the Settlement. (Joint Pet. at ¶ 45).

d. Eligibility Determination for BDP/AMP

In his direct testimony, Mr. Geller recommended that PAWC suspend involuntary payment-related terminations for participants in the BDP, pending implementation of PAWC's Arrearage Management Program (AMP). (CAUSE-PA St. 1 at 32, CAUSE-PA 1-SR at 11-14). OCA expert witness, Mr. Colton, recommended that PAWC place a dunning lock on accounts for pre-existing arrearages for customers applying for the BDP and participating in the BDP after September 1, 2022, and that late payment charges be waived for arrearage balances for customers participating in the BDP. (OCA St. 5 at 42-46).

Paragraph 46 of the Settlement provides that PAWC will place a dunning lock on accounts of any applicant for PAWC's BDP and AMP, at the time their application is submitted, until a determination is made about the applicant's eligibility and enrollment. (Joint Pet. at ¶ 46). If enrolled in the AMP, PAWC will consider the account to be "current" so long as the household continues to make "full payments" as defined pursuant to the AMP Settlement at Docket No. P-2021-3028195. (Id.)

While the recommendations of CAUSE-PA and its expert witness were not adopted in their entirety, CAUSE-PA asserts that these settlement provisions will help to meaningfully improve coordination between the BDP and the AMP, once implemented. Placing a dunning lock on accounts of any applicant to the BDP and AMP until an eligibility determination is made will help customers maintain services while applying from crucial assistance. Requiring PAWC to treat accounts as current if they are enrolled in the AMP and continuing to make full payments will help program participants maintain services while they work towards retiring past-due balances. For these reasons, CAUSE-PA asserts that these Settlement provisions are just, reasonable, and in the public interest, and should be approved.

(2) Hardship Fund

a. Hardship Fund Accessibility

In his direct testimony, Mr. Geller raised concerns that only a small number of low income customers have been able access PAWC Hardship Fund grants. (CAUSE-PA St. 1 at 33). Mr. Geller noted that from January to June 2022, only 655 customers received a Hardship Fund grant. (Id.) By comparison, from January to May 2022, 1,431 H2O customers had their service involuntarily terminated for nonpayment. (Id.) Mr. Geller similarly noted that the Hardship Fund showed consistent underspending and was only depleted in a minimal number of months. (Id. at 33-35). Mr. Geller also noted that PAWC did not appear to have a specific process in place for informing customers facing termination about the availability of grant assistance through the Hardship Fund. (Id. at 35).

Mr. Geller proposed a number of recommendations to improve the accessibility and reach of PAWC's Hardship Fund. Specifically, Mr. Geller recommended that PAWC eliminate its good faith payment requirement for the Hardship Fund and that, in conjunction with its Customer Assistance Advisory Group (CAAG), PAWC work to develop outreach and training materials and related policies and procedures to inform customers facing termination about the availability of grant assistance through the Hardship Fund. (CAUSE-PA St. 1 at 36-37). Mr. Geller also recommended that PAWC be required to amend the program rules for the Hardship Fund so that each customer account may be eligible to apply for more than one grant per year, to the maximum grant amounts. (Id.)

Paragraph 47 of the Settlement provides that the Company will work with the Joint Petitioners and stakeholders through the CAAG to review procedures for referring customers to PAWC's Hardship Fund, including customers who are facing termination. (Joint Pet. at ¶ 47).

While the recommendations of CAUSE-PA and its expert witness were not adopted in their entirety, CAUSE-PA asserts that these Settlement provisions detail important improvements to clarify how customers are referred to the Hardship Fund, and the rules and eligibility criteria for the Hardship Fund. These Settlement provisions are in line with Mr. Geller's recommendation that PAWC develop policies and procedures so that customers facing termination can learn about the availability of Hardship Funds and will help low income customers to maintain water/wastewater services through the use of available hardship funding.

Paragraph 48 of the Settlement also provides important clarity about the policies, procedures, and eligibility guidelines of the Hardship Fund. Specifically, Paragraph 48 indicates that PAWC agrees to provide a written description of its Hardship Fund application process, including related to eligibility rules, grant calculation steps, and the grant issuance process at the first CAAG meeting after the final order in the proceeding. (Joint Pet. at ¶ 48). By providing this information in written form, CAAG members will be able to better evaluate if additional barriers to accessing the Hardship Fund exist and provide PAWC feedback about how best to eliminate existing program barriers.

The Settlement also helps to reduce barriers to customers qualifying for Hardship Fund assistance. Paragraph 50 of the Settlement provides that PAWC will reduce its good faith payment requirement for the Hardship Fund to, at most, $50. (Joint Pet. at ¶ 50). Paragraph 52 of the Settlement requires PAWC to work with its CAAG to develop a solution to allow eligible customers to receive multiple Hardship Fund grants each year, up to the maximum grant amounts of $500 for water and $500 for wastewater. (Joint Pet. at ¶ 52).

These Settlement provisions will help to reduce the up-front payment requirements for customers. This is particularly important to low income customers who may be most at-need and

unable to keep up with their monthly payments. (CAUSE-PA St. 1 at 36). By requiring PAWC to work with its CAAG to develop a process for low income customers to apply for more than one Hardship Grant during a program year, the Settlement will help to address arrears before they grow – rather than punishing households who seek assistance before their arrearage balances accumulate up to maximum grant amounts. As Mr. Geller explained in his direct testimony, limiting receipt of hardship grant funds to once per year limits the ability of customers who are not awarded the maximum allowable grant funding to be precluded from returning later in the program year if they are experiencing difficulties in affording their bills or staying connected to services. (CAUSE-PA St. 1 at 36). Developing a process where low income customers can apply for more than one Hardship Grant within a program year will also help to eliminate barriers to accessing grant assistance and better utilize available Hardship Funding. (CAUSE-PA 1 at 36-37).

Taken together, CAUSE-PA asserts that these Settlement provisions will help to improve accessibility and transparency of PAWC's Hardship Fund. For these reasons, CAUSE-PA asserts that these Settlement provisions are just, reasonable, in the public interest, and should be approved.

b. Hardship Fund Funding and Grant Amounts

In his direct testimony, Mr. Geller recommended that additional Hardship Funds be made available, at minimum, proportional to any rate increase. (CAUSE-PA St. 1 at 36-37).

Paragraph 49 of the Settlement requires PAWC to increase its annual Hardship Fund contributions in the amount of $150,000. (Joint Pet. at ¶ 49). Further, this Paragraph provides that PAWC will continue its practice of adding any unspent dollars in the Hardship Fund in a program year to hardship funding in the subsequent program year, and that any carry-over will be in addition to the total budget for the subsequent program year. (Id.)

While the recommendations of CAUSE-PA and its expert witness were not adopted in their entirety, the Settlement provides important improvements to the funding levels and grant amounts available through the Hardship Fund. Taken together, these Settlement provisions will help to improve the Hardship Fund to better keep pace with the increased costs of residential service and the corresponding increase in the need for emergency grant assistance. (CAUSE-PA St. 1 at 37). By requiring that unspent Hardship Funding will be rolled over to the Hardship Fund for the subsequent year, and that any carry-over will be in addition to and not detract from the total budget for the subsequent program year, the Settlement helps to ensure that any underspending of available Hardship Funding will be retained by the program and available to low income customer in need of assistance.

The Settlement also helps to improve the availability and reach of Hardship Funds. Specifically, Paragraph 51 of the Settlement requires that eligible customers receive a Hardship Fund grant that equals their total account balance at the time of grant issuance, not to exceed $500. (Joint Pet. at ¶ 51). This Settlement provision will help customers to access Hardship Funds sufficient to address their total account balances and help customers to better catch up on accrued arrears.

Taken together, CAUSE-PA asserts that these Settlement provisions will provide needed improvements to the Hardship Fund budget and will help customers to access increased hardship funding to address outstanding balances. For these reasons, CAUSE-PA asserts that these Settlement provisions are in the public interest and should be approved.

c. Hardship Fund Administration

Paragraph 53 of the Joint Petition provides that PAWC will continue to use Dollar Energy Fund (DEF) to administer the Hardship Grant program and DEF will continue to employ local

community-based organizations as "local screening agents" for intake assistance and eligibility determinations. (Joint Pet. at ¶ 53). This Paragraph further provides that PAWC will continue to use DEF and local community-based organizations for marketing and outreach for the Hardship Fund and the H2O BDP. (Id.)

CAUSE-PA did not take a position in this proceeding related to DEF and CBO administration of PAWC's low income assistance programs. CAUSE-PA nevertheless supports these Settlement provisions as they will help low income customers to access PAWC's assistance programs through CBOs and DEF, and will help to increase overall awareness about and accessibility of PAWC's low income assistance programs. For these reasons, CAUSE-PA asserts that these Settlement provisions are in the public interest and should be approved.

(3) Outreach

In his direct testimony, Mr. Geller raised concerns that, despite recent outreach efforts required of PAWC as a result of the Non-Unanimous Settlement in PAWC's last rate proceeding, enrollment in PAWC's assistance programs remained low. (CAUSE-PA St. 1 at 38). Mr. Geller also noted that PAWC's efforts at cross program coordination have been fairly limited to date. (Id.)

Mr. Geller recommended that PAWC be required to develop a comprehensive and coordinated consumer outreach and education plan which would be tailored to the demographics of PAWC's service territory; target outreach to underserved communities and consumers at or below 50% FPL; include translation of materials; and include cross-program enrollment efforts. (CAUSE-PA St. 1 at 39-41). Mr. Geller also recommended that PAWC be required to set certain target enrollment numbers and establish quantitative goals related to affirmative customer contact for the purposes of enrolling customers in assistance programs. (CAUSE-PA St. 1 at 41).

Paragraph 54 of the Settlement requires PAWC to develop and undertake targeted community outreach efforts in geographic areas within its service territory where there are higher percentage of customers with income at or below 50% FPL. (Joint Pet. at ¶ 54). Paragraph 55 of the Settlement requires PAWC to provide a summary of recent consumer outreach and educations efforts at each CAAG meeting. (Joint Pet. at ¶ 55). Paragraph 56 of the Settlement provides that PAWC will support a petition from CAUSE-PA, OCA, and/or CEO requesting the initiation of a generic proceeding to explore cross-program enrollment opportunities amongst utilities in the Commonwealth. (Joint Pet. at ¶ 56).

PAWC's commitments in these Settlement provisions will help to improve targeted outreach to low income customers at or below 50% FPL who represent the most at-need customers, with the least available resources to make ends meet. (CAUSE-PA St. 1 at 21). These provisions are also in line with Mr. Geller's recommendation that PAWC's plan for consumer outreach and education specifically identify efforts to educate and enroll eligible customers at or below 50% FPL. (Id. at 40). By requiring PAWC to provide a summary of recent outreach and education efforts at each CAAG meeting, parties and stakeholders will be able to better evaluate the sufficiency of PAWC's outreach and education related to its low income programs and will help CAAG members provide valuable feedback related to the same. Finally, by requiring PAWC to support a petition requesting a generic proceeding to explore cross-program enrollment, the Settlement helps to lay the foundation for further investigation related to best practices for cross-program enrollment. For these reasons, CAUSE-PA asserts that these Settlement provisions are just, reasonable, in the public interest, and should be approved.

G. Service Quality and Customer Service Commitments

CAUSE-PA did not take a position in this proceeding related to service quality or customer service issues set forth in Paragraphs 57-67 of the Settlement. (Joint Pet. at ¶ 57-67).

In his direct testimony, Mr. Geller expressed concern that PAWC's proposed rules for assessing security deposits on residential customers fail to mention or set forth any rules or standards regarding the blanket statutory prohibition on security deposits for customers eligible for its H2O bill discount program. (CAUSE-PA St. 1 at 43). Mr. Geller recommended that, prior to approving PAWC's proposed water and wastewater tariffs, the Commission should require PAWC to revise its water/ wastewater tariffs to explicitly exempt customers who are eligible for the H2O BDP. (Id. at 43-44). Mr. Geller also recommended that, prior to assessing a security deposit for a residential customer or applicant, PAWC should be required to advise households that no security deposit will be assessed if they have income at or below 150% FPL and how to verify eligibility for the exemption and enroll in the H2O program. (Id.) Mr. Geller further recommended that PAWC accept verbal income information on initial calls when a security deposit is assessed. (Id.)

Paragraph 68 of the Settlement provides that PAWC will amend its Water Tariff Rules 7.3(c) and Wastewater Tariff Section G.3 to add the following language: PAWC will not charge a security deposit to a customer or applicant for service if the customer or applicant for service is confirmed to be income eligible for PAWC's bill discount program." (Joint Pet. at ¶ 68). Paragraph 69 of the Settlement requires that, prior to assessing a security deposit for any residential applicant or customer, PAWC will (1) advise households that no deposit will be assessed if they are income eligible for PAWC's BDP; and (2) advise customers about how to verify eligibility for the security deposit exemption and apply for the BDP. (Id. at ¶ 69).

While the recommendations of CAUSE-PA and its expert witness were not adopted in their entirety, these provisions in the Settlement help to provide important clarification that low income customers who are confirmed to be eligible for the BDP will not be assessed a security deposit. These provisions will advise customers and applicants for service that they will not be assessed a security deposit if they are income eligible for the BDP and how to verify eligibility for the security deposit exemption. As such, these provisions will allow BDP-eligible customers to learn about and exercise their right to waive security deposit requirements. While PAWC indicates that it is not currently charging residential customers security deposits (PAWC St. 16-R (Corrected Version) at 11), the clarifications contained in these Settlement provisions will help to ensure that low income customers are not facing unnecessary and improper barriers to establishing and maintaining water/wastewater services in the future, should PAWC decide to begin assessing security deposits. Finally, advising customers about how to apply for the BDP during assessment of security deposits will help to connect more low income customers with available assistance and help to mitigate unaffordability of PAWC's rates for low income customers.

Taken together, these Settlement terms provide important clarity and will help to ensure that security deposits are not improperly assessed against low income customers and applicants for services. These Settlement provisions are therefore just, reasonable, and in the public interest, and should be approved.

H. Tariff Changes

CAUSE-PA did not take a position in this proceeding related to the tariff change issues identified in paragraphs 70-71 of the Settlement. (Joint Pet. at ¶¶ 70-71).

I. Industrial Pre-Treatment Charges

CAUSE-PA did not take a position in this proceeding related to industrial pre-treatment charges. (Joint Pet. at ¶¶ 72-75).

J. Classification of Dempsey Uniform and Linen Supply Customer Accounts

CAUSE-PA did not take a position in this proceeding related to the classification of Dempsey Uniform and Linen Supply customer accounts. (Joint Pet. at ¶ 76).

K. Effective Date

CAUSE-PA did not take a position in this proceeding related to the effective date for implementation of the settlement rates. (Joint Pet. at ¶ 77).

V. PUBLIC INTEREST CONSIDERATIONS

The Commission's regulations declare: "it is the policy of the commission to encourage settlements."[1] The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, "are often preferable to those achieved at the conclusion of a fully litigated proceeding."[2]

The present Settlement was achieved by the Joint Petitioners after an extensive investigation of PAWC's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the joint petitioners. (Joint Pet. at ¶¶ 1-10). Approval of this Settlement will avoid the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the joint Petitioner's and PAWC's customers. (See id. at ¶¶ 78-79).

[1] 52 Pa. Code § 5.231(a).
[2] 52 Pa. Code § 69.401.

Although CAUSE-PA's litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low-income customers' ability to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves a number of critical issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

VI. ADDITIONAL TERMS AND CONDITIONS

Paragraphs 80-81 of the Settlement sets forth several additional terms and conditions related to the proposed Settlement, including but not limited to: (1) the Settlement is made without admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation; (2) If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within three business days following entry of the Commission's Order; (3) the Joint Petition does not establish precedent and neither the Joint Petition nor Commission approval of the Joint Petition shall be cited in other proceedings, except to enforce the Joint Petition; (4) while the Settlement (if approved without modification by the Commission), will be enforceable according to its terms, the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding and agree not to contend otherwise in any other proceeding; and (5) all Joint Petitioners will make a reasonable, good faith effort to obtain approval of the Settlement without modification and agree to waive filing of

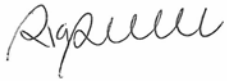
Exceptions if the ALJ recommends that the Commission adopt the Settlement as proposed. (Joint Pet. at ¶¶ 80-81).

As a whole, the additional terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners and sets forth additional rights and obligations of the Joint Petitioners in a fair and reasonable manner that is in the public interest and should be approved.

VII. CONCLUSION

The proposed Settlement was achieved by the Joint Petitioners after extensive investigation of PAWC's filings and negotiation amongst the parties. CAUSE-PA asserts that the proposed Settlement is a reasonable resolution to a variety of complex issues entailed in the present matter, is in the public interest, and should be approved. Acceptance of the Settlement will avoid the necessity of further administrative and possible appellate proceedings in this case, which would have been undertaken at substantial cost to Joint Petitioners, the Commission, and ultimately PAWC's ratepayers. Accordingly, CAUSE-PA respectfully requests that Deputy Chief Administrative Law Judge Joel H. Cheskis and the Commission approve the proposed Settlement.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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Date: October 11, 2022

Statement G

CEO Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	**DOCKET NOS. R-2022-3031672**
v.	:	**R-2022-3031673**
	:	
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

COMMISSION ON ECONOMIC OPPORTUNITY'S STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

NOW COMES the Intervenor, the Commission on Economic Opportunity (CEO) and files this Statement in Support of the Joint Petition for Settlement of Rate Investigation the above-captioned matter and agrees to its terms based upon the following:

1. CEO is a not-for-profit Pennsylvania corporation and an advocate for its clients - the low-income population of Luzerne County.

2. CEO intervened in the above-captioned matter to address the adequacy of the Company's programs for its low-income customers and the effect of any proposed rate increase or change in rate structure on those programs and customers.

3. Although CEO joins in the settlement of all issues, this Statement in Support will address only those issues that CEO addressed in its intervention and testimony.

4. CEO supports the Joint Petition for Settlement of Rate Investigation and believes that it is in compliance with the applicable laws and regulations and serves the public interest based upon the following:

A. The Settlement increases funding for the Company's hardship program. This increase will help low-income customers deal with the effect of the rate increase resulting from this Settlement;

B. In the Settlement the Company has agreed to continue to use the community-based organizations it has traditionally used and in the manner in which they are used in the administration and implementation of its universal service programs;

C. The Company proposed in its initial filing to increase its fixed monthly residential customer charge for water customers from $17.50 to $20 The Company has agreed to keep the monthly residential customer charge for water customers at $17.50. The proposed increased would have lessened the motive and ability of the residential class to conserve energy and reduce their monthly bill. Keeping the fixed monthly residential customer charge for water customers from at $17.50 preserves the ability to conserve and reduce their bill through conservation;

D. The rate increases agreed to in this Settlement are significantly lower than the increases originally proposed therefore reducing the negative impact of increased rates on low-income customers.

WHEREFORE, CEO respectfully requests that the settlement be approved.

Respectfully submitted,

JOSEPH L. VULLO, ESQUIRE
I.D. No. 41279
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
Attorney for CEO

Statement H

Exeter Township Statement in Support

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2022-3031672
	:	R-2022-3031673
Pennsylvania-American Water Company	:	

STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION OF EXETER TOWNSHIP, BERKS COUNTY, PENNSYLVANIA

Exeter Township ("Township"), Berks County, Pennsylvania, by and through its undersigned Solicitors, J. Chadwick Schnee, Esq. and the Law Office of Tucker R. Hull, LLC, files this Statement in Support of the Joint Petition for Settlement of Rate Investigation, and agrees to its terms based upon the following:

1. The Township is a township of the second class located within Berks County, with an address of 4986 DeMoss Road, Exeter, PA 19606.

2. The Township intervened in this matter on behalf of itself and its residents.

3. The rates agreed to in the Settlement agreement are significantly lower than the rates proposed by PAWC in its filing, benefiting the Township and its residents.

4. The Township was an active participant in settlement discussion and believes that the Settlement and the settlement process is in compliance with all applicable laws and regulations and is in the public interest.

WHEREFORE, Exeter Township respectfully requests that the Settlement be approved without modification.

LAW OFFICE OF TUCKER R. HULL, LLC

Date: October 11, 2022 By: *_____/s/ J. Chadwick Schnee, Esq._____*

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Statement I

Borough of St. Lawrence Statement in Support

KOZLOFF STOUDT
Professional Corporation
By: Joan E. London, Esquire
Attorney I.D. #67934
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(610) 670-2552

SOLICITORS FOR THE BOROUGH OF
ST. LAWRENCE, BERKS COUNTY

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	: Docket No. R-2022-3031672 (Water) : Docket No. R-2022-3031673 (Wastewater)
vs.	:
PENNSYLVANIA AMERICAN WATER COMPANY	:

STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION OF THE BOROUGH OF ST. LAWRENCE, BERKS COUNTY, PENNSYLVANIA

The Borough of St. Lawrence, Berks County, Pennsylvania, through its undersigned Solicitors, Joan E. London, Esquire; and Kozloff Stoudt, Professional Corporation, files this Statement in Support of the Joint Petition for Settlement of Rate Investigation, and agrees to its terms based upon the following:

1. The Borough of St. Lawrence, Berks County, Pennsylvania ("Borough"), is a Pennsylvania Municipal Corporation organized and existing under the Pennsylvania Borough Code, with a registered address of 3540 St. Lawrence Avenue, Reading, PA 19606.

2. The Borough intervened in this matter on behalf of its residents.

3. The Borough is a bulk, metered waste water customer of Pennsylvania-American Water Company.

4. The Borough built, owns, and maintains a sanitary sewage collection system which discharges to a waste water treatment plant owned by Pennsylvania-American Water Company.

5. The waste water treatment plant is located in Exeter Township, Berks County, Pennsylvania, and was recently acquired by Pennsylvania-American Water Company.

6. Although the Borough joins in the settlement of all issues, this Statement of Support will address only the issues which the Borough addressed in its intervention and testimony.

7. The Borough supports the Joint Petition for Settlement of Rate Investigation and believes that it is in compliance with the applicable laws and regulations, and serves the public interest where:

a) The Company had proposed an increase to $0.43300 per 100 gallons in its initial filing, and the Company has agreed to a lesser increase, to $0.4000 per 100 gallons for the Borough;

b) The rate increase agreed to in the Settlement is significantly lower than the increase originally proposed, reducing the negative impact of rate increases on the Borough and public sewer users in the Borough.

WHEREFORE, the Borough of St. Lawrence respectfully requests that the settlement be approved.

KOZLOFF STOUDT
Professional Corporation

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213 Market Street – 8th Floor
Harrisburg, PA 17101
Counsel for Victory Brewing Company

Dated: October 11, 2022

DB1/ 132929329.7

Statement J

Cleveland Cliffs Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission vs. Pennsylvania American Water Company	: : : :	Docket Nos. R-2022-3031672 (Water) R-2022-3031673 (Wastewater)

CLEVELAND-CLIFFS STEEL CORPORATION's
STATEMENT IN SUPPORT OF JOINT PETITION
FOR SETTLEMENT OF RATE INVESTIGATION

Cleveland-Cliffs Steel Corporation ("Cleveland-Cliffs"), by counsel, submits this Statement in Support of the Joint Petition for Settlement of Rate Investigation ("Settlement") entered into by Pennsylvania-American Water Company ("PAWC""), the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania , the Commission on Economic Opportunity , the Borough of St. Lawrence, Exeter Township, the Pennsylvania-American Large Users Group , Victory Brewing and Cleveland-Cliffs :

1. Cleveland-Cliffs owns and operates several large industrial facilities that take service from PAWC. Cleveland-Cliffs intervened in these proceedings to address issues concerning PAWC's proposed revenue requirement, riders, the cost-of-service study submitted by PAWC, revenue allocation and the rate design for industrial customers. Several of these issues were discussed in the testimonies of Cleveland-Cliffs' expert witness Richard Baudino.
2. The parties to these proceedings met, via video conference, on numerous occasions prior to the evidentiary hearing, but were unable to reach an agreement at that time. After the evidentiary hearing, and with the encouragement of Administrative Law Judge Cheskis,

the parties again engaged in settlement discussions which eventually resulted in the Settlement now submitted to the Commission.

3. The rates agreed to in the Settlement agreement are significantly lower that the rates proposed by PAWC in its filing, benefiting all PAWC's customers. Further, the revenue allocation and rate design contained in the Settlement strikes a fair balance between the divergent interests of the various categories of ratepayers as evidenced by the fact that the Settlement is supported by advocates for residential customers, including low-income customers, municipalities, and large and small business customers.

4. Cleveland-Cliffs was an active participant in settlement discussions and believes that the Settlement and the settlement process is in compliance with all appliable laws and regulations and is in the public interest.

WHEREFORE, Cleveland-Cliffs respectfully requests that the Settlement be approved without modification.

Respectfully submitted,

/s/ Kurt J. Boehm

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ATTORNEYS FOR CLEVELAND-CLIFFS STEEL CORPORATION

October 10, 2022

Statement K

Victory Brewing Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pa. Public Utility Commission	:	
	:	Docket Nos. R-2022-3031672
	:	R-2022-3031673
v.	:	
	:	
	:	
Pennsylvania-American Water Company	:	

STATEMENT IN SUPPORT OF VICTORY BREWING COMPANY

Pursuant to the regulations of the Pennsylvania Public Utility Commission ("Commission") at 52 Pa. Code § 5.231, and consistent with the Briefing Order issued on September 28, 2022, Victory Brewing Company ("Victory Brewing" or "VBC") submits this Statement in Support of the Joint Petition for Settlement of Rate Investigation ("Joint Petition" or "Settlement"). The Settlement was entered into by Pennsylvania-American Water Company ("PAWC" or "Company"), the Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Commission on Economic Opportunity ("CEO"), the Borough of St. Lawrence, Cleveland-Cliffs Steel ("Cleveland-Cliffs"), Exeter Township, the Pennsylvania-American Large Users Group ("PAWLUG") and Victory Brewing (collectively, the "Joint Petitioners").

I. INTRODUCTION

The primary focus of Victory Brewing in this proceeding has been on Section U of PAWC's Supplement No. 34 to Tariff Wastewater Pa. P.U.C. No. 16 (Original Page 88), by which the Company proposed changes, as part of its Industrial Pretreatment Program ("IPP"), to the pollutant removal costs applicable to industrial and commercial customers served under Rate Zone

1 and by the Coatesville treatment plant. In PAWC's filing, the Company proposed to increase the removal costs for 5-day Biochemical Oxygen Demand ("BOD5") from $0.10 per pound to $0.35 per pound and for Total Suspended Solids ("TSS") from $0.06 per pound to $0.19 per pound. Further, PAWC proposed to implement new surcharges for the removal of Total Nitrogen ("TN") and Total Phosphorus ("TP") in the amounts of $1.08 per pound and $2.32 per pound. Through the Direct Testimony of Mark Fabrizio, Vice President of Brewery Operations, Victory Brewing explained the industrial customer's concern as primarily one of rate shock, due to the 259% proposed increase in IPP surcharges. As noted by Mr. Fabrizio, the impact of the Company's proposal on Victory Brewing is that its IPP surcharges were expected to rise from $145,015 in 2021 to $521,164. (Victory Brewing Statement No. 1 at 6).

The specific provisions of the Settlement relating to IPP surcharges that Victory Brewing supports are set forth in Paragraphs 73-75. As provided therein, the IPP surcharge for BOD5 will rise as part of this proceeding from $0.10 per pound to $0.20 per pound, rather than $0.35 per pound. Since the BOD5 surcharges are the most significant from the standpoint of dollar impact, this outcome substantially moderates the effects of the IPP surcharge increases. While the BOD5 surcharge is still increasing by 100% over the current level, this level of increase is more manageable for Victory Brewing, particularly at a time when water and wastewater usage rates are being substantially increased and Victory Brewing is working toward a pretreatment solution to reduce the amount of discharges, which takes capital investment and time. Victory Brewing continues to have business concerns about the cumulative financial impact of the usage rate increases, the IPP surcharge increases and its costly measures to reduce the amount of discharges. Nonetheless, Victory Brewing views the Joint Petition as reflecting a carefully balanced compromise between many competing positions.

The Joint Petition is consistent with the Commission's policy encouraging settlements. 52 Pa. Code § 5.231(a). Further, settlements conserve valuable resources of the Commission and the parties. Settlements also avoid the uncertainty of litigation. In support of specific provisions of the Settlement, Victory Brewing offers additional information below in Section III for the Commission's consideration. Based on these factors, the Settlement is in the public interest and Victory Brewing respectfully requests that the Commission approve the Joint Petition without modification.

II. PROCEDURAL HISTORY

On April 29, 2022, the Company initiated this rate case by filing Supplement No. 35 to Tariff Water – Pa. P.U.C. No. 5 and Supplement No. 34 to Tariff Wastewater – Pa. P.U.C. No. 16 requesting Commission approval of an increase in its total annual operating revenues to become effective June 28, 2022. The requested increase equaled $173.2 million or approximately 20.8% above the level of pro forma revenues for the fully projected future test year ending December 31, 2023. On June 16, 2022, the Commission instituted an investigation of PAWC's existing and proposed rates and the Company's proposed tariffs were suspended by operation of law until January 28, 2022. This matter was subsequently assigned to Deputy Chief Administrative Law Judge Joel H. Cheskis ("ALJ Cheskis") for purposes of conducting hearings and issuing a recommended decision.

On June 23, 2022, Victory Brewing filed a Formal Complaint against the proposed rate increases. Additionally, in accordance with a Prehearing Conference Order issued by ALJ Cheskis on June 17, 2022, Victory Brewing filed a Prehearing Conference Memorandum on June 24, 2022. A Prehearing Conference was convened on June 27, 2022, after which ALJ Cheskis issued a Scheduling Order on June 30, 2022.

In accordance with the Scheduling Order, Victory Brewing submitted Public and Proprietary versions of the Direct Testimony of Mark Fabrizio, Victory Brewing Statement No. 1, on July 29, 2022, along with VBC Exhibit Nos. 1 through 8. Victory Brewing also served the Surrebuttal Testimony of Mr. Fabrizio, Victory Brewing Statement No. 1-SR, on September 1, 2022, along with VBC Exhibit Nos. 9 through 11.

The evidentiary hearing convened on September 12, 2022 before ALJ Cheskis. During that hearing, Victory Brewing's Direct Testimony, Surrebuttal Testimony and Exhibit Nos. VBC-1 through VBC-11 were admitted into the record. Also, VBC Hearing Exhibit No. 1 was admitted into the record during the hearing.

On September 28, 2022, ALJ Cheskis issued Briefing Order #2, directing that if the parties reached a comprehensive settlement, the Joint Petition and Statements in Support must be filed by October 11, 2022. In accordance with Briefing Order #2, Victory Brewing submits this Statement in Support of the Settlement.

III. DISCUSSION

A. IPP Surcharges

The terms of the Settlement that are of particular importance to Victory Brewing appear in Section II.I of the Joint Petition, Paragraphs 72 through 75. These paragraphs address issues relating to the IPP surcharges and the compliance schedule for pretreatment installation in Victory Brewing's IPP permit.

Pretreatment involves the application of physical, chemical and/or biological processes to reduce the amount of pollutants in, or alter the nature of the polluting properties of industrial/commercial process wastewater, prior to discharging such wastewater into the sanitary sewer. The purpose of the IPP surcharges is to compensate the Company for services related to implementing, administering and enforcing the IPP. The charges include sampling and monitoring

expenses, damages to the operation of the Company's wastewater treatment works, engineering and attorneys' fees, charges for investigating accidental discharge impacts, charges for plan reviews and construction inspection, and any actual damages incurred by PAWC. (Victory Brewing Statement No. 1 at 4).

1. PAWC's Proposal

As part of its base rate filing, PAWC proposed the following changes to the IPP surcharges applicable to Victory Brewing:

Surcharge	**Present Amount**	**Proposed Amount**	**Percent Increase**
BOD5 Removal	$0.10 per pound	$0.35 per pound	250%
TN Removal	Not assessed	$1.08 per pound	N/A
TP Removal	Not assessed	$2.32 per pound	N/A
TSS Removal	$0.06 per pound	$0.19 per pound	217%

(Victory Brewing Statement No. 1 at 6). Under these proposals and using data from 2021, Victory Brewing would have experienced an annual increase of $376,149 in IPP surcharges, with the fees rising from $145,015 in 2021 to $521,164 in 2023. (Victory Brewing Statement No. 1 at 5). This magnitude of rate hike meant that Victory Brewing was facing a 259% increase in IPP surcharges. (Victory Brewing Statement No. 1 at 6).

2. Victory Brewing's Position

Victory Brewing acknowledged the need for the IPP, its enforcement and the recovery of just and reasonable costs prudently incurred by PAWC in connection with the IPP. However, in Direct Testimony, Victory Brewing raised significant concerns about the magnitude of the proposed increases to existing surcharges and the proposal to add new surcharges, particularly in conjunction with substantial proposed increases to water and wastewater usage charges. (Victory Brewing Statement No. 1 at 4-5). Victory Brewing's witness further noted that PAWC had not

presented a cost basis to justify the proposed IPP charges as part of its rate case filing. (Victory Brewing Statement No. 1 at 5, 8-9). Indeed, this cost data was not submitted by PAWC (other than as discovery responses on July 7, 2022) until the submission of Rebuttal Testimony, which was served on August 19, 2022. (Victory Brewing Statement No. 1-SR at 7-8). This delay in submitting cost data that was available in early April 2022 prior to the filing of the base rate case hampered Victory Brewing's ability to thoroughly examine and challenge the cost basis for the proposed surcharges. (Victory Brewing Statement No. 1-SR at 8). Additionally, Victory Brewing expressed concerns about the use of outdated cost data to support the Company's current proposal. (Victory Brewing Statement No. 1 at 9-10; Victory Brewing Statement No. 1-SR at 9).

Victory Brewing's Direct Testimony described the proposed increases to IPP surcharges, which would amount to over 259%, as constituting rate shock. (Victory Brewing Statement No. 1 at 6). Noting PAWC's explanation that the proposal was based solely on costs, Mr. Fabrizio was critical of the Company's failure to even consider the ratemaking principle of gradualism in proposing the IPP surcharge increases. (Victory Brewing Statement No. 1 at 7-9). This extraordinary proposed increase in IPP charges, along PAWC's proposed significant increases to water and wastewater usage charges, would result in an annual rate increase to Victory Brewing of approximately 73.3%. (Victory Brewing Statement No. 1 at 7). Mr. Fabrizio also pointed out that the proposal to significantly increase existing surcharges and impose new surcharges, while Victory Brewing is seeking to improve its overall compliance with the IPP through the implementation of capital-intensive and time-consuming measures, does not properly balance the dynamics of the situation. (Victory Brewing Statement No. 1 at 11).

Of note, Victory Brewing's witness emphasized that the discharges are the result of a normal use of the wastewater system by an industrial customer that is operating as a brewery. He

testified as follows: "As this is not a situation in which Victory Brewing is maliciously adding harmful pollutants to the wastewater, a more measured approach that foregoes the implementation of massive increases in surcharges in the near term would be reasonable." (Victory Brewing Statement No. 1 at 12-13).

Therefore, Victory Brewing recommended a phase-in period for any costs that PAWC has demonstrated were prudently incurred and are just and reasonable. This phase-in period would allow for the principle of gradualism to be taken into consideration and afford Victory Brewing an opportunity to factor the approved level of surcharges into its operating plans and take measures, including the investment of capital, to avoid or minimize the proposed surcharges. (Victory Brewing Statement No. 1 at 13; Victory Brewing Statement No. 1-SR at 10).

3. Proposed Settlement

Under the proposed Settlement, the BOD5 surcharge would be reduced as part of this proceeding from $0.35 to $0.20 per pound. (Settlement, ¶ 72). This reduction substantially moderates the immediate impact of the proposed increases to Victory Brewing's IPP surcharges. Using the estimates based on 2021 data, Victory Brewing calculates that its IPP surcharges will rise from $145,015 in 2021 to $388,865 in 2023. (Victory Brewing Statement No. 1 at 5; VBC Exhibit No. 2).

In addition, in the next rate case, the Company will propose an industrial loading fee for BOD5 for the Coatesville district of $0.35 per pound unless PAWC proposes to update the fee based on the results of an updated cost of treatment study. The Company also commits to filing its most recent cost of treatment study at the time of its next rate case filing. (Settlement, ¶ 73).

Further, under the Settlement, the Company agrees to forego the imposition of excess loading fees (at a 125% factor of surcharges set forth in Section U of the Wastewater Tariff) for IPP permit holders during the period of any compliance schedule established by the permit.

Although it is difficult to quantify future savings since Victory Brewing's discharge practices have changed since 2021, this concession has the potential to save Victory Brewing thousands of dollars per month. (VBC Hearing Exhibit No. 1).

Finally, the Settlement provides for an amendment of Victory's IPP permit to extend the deadline within the permit's compliance schedule for pretreatment installation. Whereas the permit currently calls for compliance by January 1, 2022, the Settlement extends the deadline to January 1, 2024. (Victory Brewing Statement No. 1-SR at 4; Settlement, ¶ 75).

4. Settlement Is In The Public Interest

By reducing the BOD5 fees to $0.20 per pound in this proceeding, PAWC has substantially mitigated the effect of the increases in the IPP surcharges on Victory Brewing. The outcome effectively phases-in the IPP increases and properly reflects the principle of gradualism by affording the Company an opportunity to recover only a portion of its claimed costs from Victory Brewing as part of this proceeding. Further, the Settlement places the onus on PAWC to produce a cost of treatment study at the time it files a request to increase the IPP surcharges. This provision ensures that Victory Brewing will have ample time to evaluate the cost basis and offer alternative approaches through an expert witness. In addition, the exemption of Victory Brewing from the imposition of excess loading fees (at the 125% factor established by Section T of the Wastewater Tariff) while it is in its compliance period shields Victory Brewing from incurring additional potential costs. Finally, an extension of the compliance schedule to January 1, 2024 affords Victory Brewing a meaningful opportunity to invest the necessary capital in pretreatment solutions and implement these measures in an effort to minimize the impacts of the IPP surcharges and excess loading fees. The provisions in the Settlement regarding the IPP Surcharges are in the public interest and should be approved without modification.

B. Water Rate Design

1. PAWC's Proposal

PAWC proposed the following service and consumption charge increases, as applicable to Victory Brewing:

Charge	**Present (2022)**	**Proposed (2023)**	**Proposed Percent Increase**
Service charge (6″)	$1,271.20	$1,451.00	14%
First 16,000 gallons of usage	$1.2277	$1.5700	28%
Next 584,000 gallons of usage	$0.9341	$1.1800	26%
All over 600,000 gallons of usage	$0.7348	$0.9500	29%

2. Victory Brewing's Position

In Direct Testimony, Victory Brewing noted that the proposed water rate increase, due to the proposed rate design, would most significantly affect the larger users in the Industrial class . As explained by Mr. Fabrizio, this occurs because of the proposed increase for the consumption charge being higher for the last block than for the earlier blocks of usage. Therefore, Victory Brewing recommended addressing this concern in the scale back process. (Victory Brewing Statement No. 1 at 15). Through Direct Testimony of Billie S. LaConte, PAWLUG recommended that in a scale back situation, only the volumetric charges for the Industrial class should be reduced to recognize the disproportionate increase in the volumetric rates. (PAWLUG Statement No. 1 at 2-3). In Surrebuttal Testimony, Victory Brewing supported the PAWLUG proposal. (Victory Brewing Statement No. 1-SR at 13).

3. Proposed Settlement

The Proposed Settlement makes significant strides toward balancing the volumetric rates proposed for the Industrial Class. The resolution does this by implementing less than a full scale back to the service charges and by making the percentage increases to the volumetric charges the same, as shown below:

Charge	**Present (2022)**	**Proposed (2023)**	**Proposed Percent Increase**	**Settlement (2023)**	**Settlement Percent Increase**
Service charge (6″)	$1,271.20	$1,451.00	14%	$1,398.32	10.0%
First 16,000 gallons of usage	$1.2277	$1.5700	28%	$1.4200	15.7%
Next 584,000 gallons of usage	$0.9341	$1.1800	26%	$1.0804	15.7%
All over 600,000 gallons of usage	$0.7348	$0.9500	29%	$0.8499	15.7%

4. Settlement Is In The Public Interest

Victory Brewing views the movement under the Settlement as representing an important step in the right direction. Water users with higher consumption levels should not be expected to shoulder increases in a greater amount than those users with lower consumption patterns absent a cost of service justification, which was not shown here. Because the Settlement results in the same percentage increases for all blocks of consumption, it is in the public interest and should be approved without modification.

C. Revenue Stability Mechanism

1. PAWC's Proposal

The Company proposed a Revenue Stability Mechanism ("RSM") to apply to its water and wastewater service for all customers in the residential, commercial, industrial, municipal, and sales for resale classes except those customers taking service under contract rates. (PAWC Statement

No. 10 at 85). The purpose of the RSM is for PAWC to stabilize its revenue level received from customers by establishing a benchmark distribution revenue level and adjusting revenues through a surcharge mechanism to that point regardless of actual usage levels. (PAWC Statement No. 10 at 76-77). In support of the proposed RSM, the Company described its concern regarding seasonal weather conditions and the ongoing trend of declining use for residential, commercial, and municipal customers as primary factors that cause revenue volatility from year to year. (PAWC Statement No. 10 at 78).

2. Victory Brewing's Position

While Victory Brewing did not assert a position in testimony regarding PAWC's proposed Revenue Stability Mechanism, it was prepared to support in the briefing phase the testimony submitted by several other parties in this proceeding, which opposed this proposal. For example, I&E Witness Cline testified that he did not agree that the Company had "established a need for revenue stabilization, especially when it is also simultaneously proposing a declining usage adjustment in this case." (I&E Statement No. 3 at 16.) Mr. Cline also observed that the RSM may cause harm to PAWC's customers by causing them to overpay at a difficult economic time and then await a refund. He further explained that this type of mechanism devalues conservation efforts. In addition, Mr. Cline discussed the shortcomings of the PAWC proposal from the standpoint of the Commission's Statement of Policy at 52 Pa. Code § 69.3301.2. (I&E Statement No. 3 at 21-22).

Similarly, testifying for OCA, Witness Smith opposed the RSM on the basis that PAWC did not adequately address the factors identified by the Commission's Statement of Policy at 52 Pa. Code § 69.3301.2 (OCA Statement No. 1 at 55-60). Further, OSBA Witness Kalcic testified that any Commission authorization of the Company's proposed RSM should be conditioned upon

a reduction in PAWC's allowed Return on Equity, due to the reduction in business risk that is intended by the proposed RSM. (OSBA Statement No. 1 at 41-43).

Additionally, Witness Baudino for Cleveland-Cliffs recommended rejection of the proposed RSM, due to the Company's Distribution System Improvement Charge and PAWC's opportunity to include forecasted costs and investments through the use of a forecasted test year. (Cleveland-Cliffs Statement No. 1 at 5). Likewise, Witness LaConte for PAWLUG opposed the proposed RSM because it shifts PAWC's risk of recovering its costs and meeting earnings targets to customers. (PAWLUG Statement No. 1 at 8). These witnesses further noted that if the RSM is implemented, industrial customers should be excluded since there is no evidence that the Industrial class is affected by conservation measures, weather or declining numbers of customers. (Cleveland-Cliffs Statement No. 1 at 6-9; PAWLUG Statement No. 1 at 10).

3. Proposed Settlement

Under the Settlement, PAWC has agreed to withdraw the RSM. This withdrawal is made without prejudice to propose this alternative ratemaking mechanism in future proceedings. (Settlement, ¶ 18).

4. Settlement Is In The Public Interest

Given the persuasive reasons offered by several witnesses in this proceeding in support of their recommendations to reject the Company's proposed RSM, it is appropriate for this mechanism to be withdrawn at this time. Particularly in view of the overall settlement on the revenue requirements as part of the Joint Petition, customers are facing notable rate increases, which should not be further exacerbated by the possibility of surcharges stemming from the proposed RSM. Therefore, this provision is in the public interest and the Settlement should be approved without modification.

IV. CONCLUSION

Based upon the foregoing, Victory Brewing Company respectfully requests that the Commission approve the Joint Petition for Settlement of Rate Investigation without modification.

Respectfully submitted,

/s/ Karen O. Moury

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Date: October 11, 2022

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