PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Public Meeting held February 19, 2026

Commissioners Present:

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

Pennsylvania Public Utility Commission	R-2025-3055010
Office of Consumer Advocate	C-2025-3055943
Office of Small Business Advocate	C-2025-3056056
Marc Bilder	C-2025-3056528
Caryn Lenz	C-2025-3056859

v.

The Pittsburgh Water and Sewer Authority

Pennsylvania Public Utility Commission	R-2025-3055011
Office of Consumer Advocate	C-2025-3055944
Office of Small Business Advocate	C-2025-3056054

v.

The Pittsburgh Water and Sewer Authority

Pennsylvania Public Utility Commission	R-2025-3055012
Office of Consumer Advocate	C-2025-3055942
Office of Small Business Advocate	C-2025-3056058

v.

The Pittsburgh Water and Sewer Authority

Petition of the Pittsburgh Water and Sewer Authority for Authorization to Increase Water and Wastewater DSIC Charge Caps to 7.5%	P-2025-3055650 P-2025-3055652
Petition of the Pittsburgh Water and Sewer Authority for Waiver of Statutory Definition of Fully Projected Future Test Year	P-2025-3055587 P-2025-3055588 P-2025-3055589

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Letter in Lieu of Exceptions (*PWSA Letter*), filed by The Pittsburgh Water and Sewer Authority (PWSA) on December 29, 2025, in response to the Recommended Decision of Administrative Law Judges (ALJs) Emily I. DeVoe and Ann Quimby, issued on December 19, 2025, in the above-captioned proceeding. On January 5, 2026, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Reply Letter and the Office of Consumer Advocate (OCA) filed a document entitled "Reply Exceptions." Also, before the Commission for consideration and disposition is the Joint Petition for Settlement of All Issues with All Parties (Joint Petition or Settlement), filed by PWSA, I&E, the OCA, the Office of Small Business Advocate (OSBA), and the Pittsburgh United Our Water Table (OWT) (collectively, the Joint Petitioners or the Parties) on November 21, 2025. The ALJs recommended, *inter alia*, that the Commission grant the Joint Petition, subject to modifications related to PWSA's tariff formulas and language for its Pennsylvania Infrastructure Investment Authority (PENNVEST)[1] Charge (PVC) and the implementation of the removal of the usage component from the fixed/minimum service charge.

For the reasons stated, *infra*, we shall: (1) deny the *PWSA Letter*; (2) adopt the Recommended Decision of the ALJs, as modified; and (3) grant the Joint Petition and adopt the Settlement, as modified, consistent with this Opinion and Order.

Additionally, as discussed below, PWSA initially proposed base rate changes that would have increased its total annual operating revenues by approximately $63,647,969, or by approximately 25.9% over revenues at present rates, based upon a

[1] PENNVEST is a Commonwealth agency that provides grants and low interest loans to serve communities through capital funding for drinking water, wastewater, stormwater, non-point source pollution prevention and other related projects. PWSA Statement in Support at 16; R.D. at 1, n.1.

Fully Projected Future Test Year (FPFTY) ending December 31, 2026 (FY 2026); and an additional increase in its total annual operating revenues of approximately $20,706,532, effective January 1, 2027 (FY 2027). This was broken down, as follows: (1) an increase in the Company's total annual operating revenues for water service of approximately $42,747,917, or by approximately 26.3% over operating revenues at present rates in FY 2026, and an additional annual revenue increase of approximately $14,378,338, or 7%, through rates effective FY 2027; (2) an increase in the Company's total annual operating revenues for wastewater conveyance service of approximately $14,477,921, or approximately 24.9%, in FY 2026, and an additional annual revenue increase of approximately $5,539,620, or approximately 7.6%, through rates effective FY 2027; and (3) an increase in the Company's total annual operating revenues for stormwater service of approximately $6,422,131, or approximately 21.9%, in FY 2026, and an additional revenue increase of approximately $788,574, or 2.2%, through rates effective FY 2027. [$42,747,917 + $14,477,921 + $6,422,131 =$63,647,969]; [$14,378,338 + $5,539,620 + $788,574 = $20,706,532]. Joint Petition, Appendix A at 1; PWSA St. 2 at 8; PWSA Exhs. HJS-15W, HJS-14WW, HJS-7SW; HJS-24W, HJS-23WW, HJS-12SW.[2]

In this Opinion and Order, we shall approve an increase in PWSA's total annual operating revenues of approximately $25,000,000, representing an increase of approximately 10.2% over the Company's operating revenues at present rates, inclusive of a 5% distribution system improvement charge (DSIC), but exclusive of a PVC

[2] PWSA Exhibits HJS-15W, HJS-14WW, and HJS 7W set forth the Company's proposed annual increases in its water, wastewater, and stormwater operating revenues, respectively, for FY 2026, while PWSA Exhibits HJS-24W, HJS-23WW, HJS-12SW set forth the Company's proposed additional annual increases in its water, wastewater, and stormwater operating revenues, respectively, beginning in FY 2027.

increase of approximately $17,579,103.[3] This combined increase in PWSA's annual operating revenues of approximately $25,000,000 is broken down, as follows: (1) an annual increase of $16,161,095 to the Company's annual water operating revenues, representing an increase of 10.1% over revenues at present rates; (2) an increase of $4,795,717 to the Company's annual wastewater conveyance operating revenues, or by 8.4%; and (3) an increase of $4,043,187 to the Company's annual stormwater operating revenues, or by 14.3%. [$16,161,095 + $4,795,717 + $4,043,187 = $25,000,000].[4] *See* Joint Petition, Appendix C at 4. These increases are based on the Joint Petition that we will also approve, as modified.

I. Introduction and Background

PWSA is a municipal authority, organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601, *et seq*. The Company owns and operates the water supply, distribution, and wastewater collection systems formerly owned by the City of Pittsburgh (the City). On December 21, 2017, the Pennsylvania Legislature enacted Act 65 of 2017 (Act 65), placing PWSA under the jurisdiction of the Commission. Accordingly, PWSA became subject to the Commission's jurisdiction effective April 1, 2018. *See* 66 Pa.C.S. § 3201, *et seq*. (Chapter 32). The Company provides water service to approximately 80,000 residential, commercial, and industrial customers in portions of the City, the Borough of Millvale, and portions of Reserve, O'Hara, and Blawnox Townships in Allegheny County. PWSA also provides wastewater conveyance and stormwater service to customers located in the

[3] This PVC increase includes an increase of $12,305,372 for the Company's water operations and an increase of $5,273,731 for PAWC's wastewater operations. [$12,305,372 +$5,273,731 = $17,579,103]. *See* Joint Petition, Appendix C at 4.

[4] We note that the actual sum of these increases is $24,999,999. Therefore, the *de minimis* difference of $1 is likely due to rounding. We further note that there is no DSIC associated with PWSA's stormwater authority. *See* Joint Petition, Appendix C at 4.

City and conveys wastewater for portions of twenty-four neighboring communities. The system does not include wastewater treatment facilities; such facilities are the responsibility of the Allegheny County Sanitary Authority (ALCOSAN), a separate and distinct entity. Joint Petition at 3-4; PWSA Exh. EB-4 at 3.

PWSA operates and maintains 100 million gallon per day (MGD) rapid sand type water treatment plant, approximately 965 miles of water mains, over 32,000 valves and fire hydrants, 1 raw water pump station, 10 finished water pump stations, 4 finished water reservoirs, 1 source water reservoir, 11 storage tanks, approximately 1,242 miles of sanitary, storm, and combined sewers, 30,297 manholes, 24,993 catch basins and inlets, 98 combined sewer overflow outfalls, 3 sanitary sewer overflow structures maintained by PWSA, 146 combined sewer overflow outfall structures that are co-permitted with several other authorities, 35 solely owned combined sewer overflow outfall structures, 46 combined sewer overflow outfall structures co-permitted with ALCOSAN, 254 separate storm sewer outfalls in the Municipal Separate Storm Sewer System, and 4 wastewater pump stations. PWSA Exh. EB-4 at 3.

Unlike an investor-owned utility, PWSA, as a municipal authority, is not regulated on the basis of a fair rate of return on a used and useful rate base. Rather, the Commission has directed that PWSA's revenue requirement be determined using the Cash Flow Ratemaking Method (Cash Flow Method), which is the traditional method of determining just and reasonable rates for municipal utilities such as PWSA. *See Implementation of Chapter 32 of the Public Utility Code Re Pittsburgh Water and Sewer Authority*, Docket No. M-2018-2640802 (Final Implementation Order entered March 15, 2018) (*Chapter 32 Final Implementation Order*); *see also* James H. Cawley & Norman J. Kennard, *A Guide to Utility Ratemaking* at 157-60 (2018 ed.) (*PUC Rate Case Handbook*). It is appropriate for PWSA to use the Cash Flow Method because PWSA has no shareholders and does not pay a dividend or a rate of return to its owner. As such, PWSA's rates are set by determining the levels of cash necessary to fund an operating

budget that enables the Company to maintain the system, pay for needed capital improvements, and maintain the level of debt service coverage that meets the Company's bond covenant requirements, meets the additional bonds test, and also produces sufficient cash to fund all obligations and maintain access to the capital markets at reasonable rates. PWSA St. 2 at 6.

PWSA last filed for an increase in water, wastewater, and stormwater base rates in 2023, which the Commission addressed in *Pa. PUC, et al. v. The Pittsburgh Water and Sewer Authority*, Docket Nos. R-2023-3039919, R-2023-3039920, and R-2023-3039921 *et al.* (Final Order entered January 18, 2024) (*PWSA 2023 Rate Case*). PWSA's requested increase in this current base rate filing was based upon the FPFTY ending December 31, 2026. PWSA St. 2 at 8. PWSA claimed that it has undertaken an effort to replace antiquated water, wastewater, and stormwater facilities, including its remaining lead service lines, and to continue to improve service to customers. As such, PWSA reasoned that it needs sufficient capital to finance these large capital expenditures, and an operating budget sufficient to pay the costs for much needed upgrades and maintenance to these facilities. According to the Company, additional funds are needed to cover increased costs of these projects and to continue meeting financial and regulatory obligations. PWSA also represented that as a cash flow entity, the rate increase is necessary for the Company to maintain or improve its bond rating, which will aid in lowering borrowing costs. *Id.* at 5; PWSA Statement of Reasons at 1. Accordingly, PWSA sought the instant rate increase, which is modified by the Joint Petition, as discussed below.

II. History of the Proceeding

The history of this proceeding that follows is summarized from the Recommended Decision of ALJs DeVoe and Quimby, the majority of which may be found at pages two through fifteen of the Recommended Decision.

On June 4, 2025, PWSA filed the following tariff supplements with the Commission: (1) Supplement No. 16 to Tariff Water - PA P.U.C. No. 1 (Tariff Water) (Supplement No. 16) at Docket No. R-2025-3055010; (2) Supplement No. 15 to Tariff Wastewater - PA P.U.C. No. 1 (Tariff Wastewater) (Supplement No. 15) at Docket No. R-2025-3055011; and (3) Supplement No. 7 to Tariff Stormwater PA - P.U.C. No. 1 (Tariff Stormwater) (Supplement No. 7) at Docket No. R-2025-3055012 (collectively, Rate Filing). R.D. at 2.

In its Rate Filing, PWSA proposed an overall annual increase in operating revenues of approximately $63.6 million, or by approximately 25.9% over revenues at present rates, in the FPFTY (*i.e.* FY 2026), and an additional annual revenue increase of $20.7 million, or 6.7%, beginning in FY 2027. This was broken down, as follows: (1) an increase in the Company's total annual operating revenues for water service of approximately $42.7 million, or by approximately 26.3% over operating revenues at present rates, through rates effective August 8, 2025, and an additional annual revenue increase of approximately $14.4 million, or 7%, through rates effective January 1, 2027; (2) an increase in the Company's total annual operating revenues for wastewater conveyance service of approximately $14.5 million, or approximately 24.9%, through rates effective August 8, 2025, and an additional annual revenue increase of approximately $5.5 million, or approximately 7.6%, through rates effective January 1, 2027; and (3) an increase in the Company's total annual operating revenues for stormwater service of approximately $6.4 million, or approximately 21.9%, through rates effective August 8, 2025, and an additional revenue increase of approximately $788,574, or 2.2%, through rates effective January 1, 2027. R.D. at 2, n.4-n.6 and 3.

In addition, PWSA sought Commission approval: (1) to expand the definition for recovery through the PVC starting in FY 2026; and (2) to implement a multi-year rate plan (MYRP) increase effective in FY 2027 in which the Company sought Commission approval for a rate structure change which would ultimately remove

the Company's water and wastewater minimum charges and shift greater reliance to volumetric charges for rate recovery. R.D. at 3.

Moreover, in its initial Rate Filing, PWSA proffered various other proposals regarding its provision of service to include: (1) taking ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way; (2) a new electronic bill credit to incentivize customers to switch from paper billing to electronic billing; (3) reinstitution of the requirement that customers incurring third-party credit card fees be required to pay those fees individually; (4) introduction of a new Leak Credit program for water and wastewater customers; (5) removal of various developer fees; (6) tariff revisions to address break-in connections; and (7) changes to current customer notification procedures. Finally, PWSA included proposed revisions and changes to its low-income customer assistance programs, including the introduction of a newly restructured Arrearage Forgiveness Program (AFP); recertification revisions for the Bill Discount Program (BDP); automatic enrollment for various low-income customer assistance programs; and committing to a permanent Line Repair and Water Conservation Program. R.D. at 3-4.

Also on June 4, 2025, the Company filed four Petitions in conjunction with its Rate Filing: (1) a Petition for Consolidation of Water, Wastewater and Stormwater Rate Proceedings and for Authorization to Use Combined Water, Wastewater and Stormwater Revenue Requirements (Revenue Consolidation Petition); (2) a Petition for Waiver of Statutory Definition of Fully Projected Future Test Year (FPFTY Petition) at Docket Nos. P-2025-3055587, P-2025-3055588, and P-2025-3055589; (3) a Petition to Consolidate the DSIC Petition with Base Rate Filings for Water, Wastewater and Stormwater (DSIC Consolidation Petition); and (4) a Petition for Authorization to Increase Water and Wastewater DSIC Caps to 7.5% at Docket Nos. P-2025-3055650 and P-2025-3055652. R.D. at 4.

On June 12, 2025, I&E filed a Notice of Appearance. R.D. at 5.

On June 12, 2025, the OSBA filed a Notice of Appearance, and on June 25, 2025, the OSBA filed Formal Complaints, Notices of Intervention, and Public Statements. The OSBA's Formal Complaints were docketed, as follows: C-2025-3056056 (water), C-2025-3056054 (wastewater), and C-2025-3056058 (stormwater). R.D. at 5.

Also on June 25, 2025, the OCA filed Formal Complaints, Public Statements, and Notices of Appearance. The OCA's Formal Complaints were docketed, as follows: C-2025-3055943 (water), C-2025-3055944 (wastewater), and C-2025-3055942 (stormwater). R.D. at 5.

In addition, on June 25, 2025, OWT filed a Petition to Intervene and Answer.[5] R.D. at 5.

[5] OWT is a coalition of community, labor, faith, and environmental organizations committed to advancing the vision of a community and economy that works for all people. Its members work collectively to build a community whereby all workers are able to care for themselves and raise their families, sharing in the prosperity generated by economic growth and development. R.D. at 5, n.17 (citing Settlement, Appendix A at ¶ 24).

Two *pro se* complainants in PWSA's service territory, Mr. Marc Bilder[6] and Ms. Caryn Lenz,[7] filed Formal Complaints against the Rate Filing.[8] Additional individuals and groups filed comments. R.D. at 6.

On July 10, 2025, the Commission entered three individual Suspension Orders (*July 2025 Orders*) which, in total: (1) suspended the Rate Filing, and the underlying Supplement No. 16, Supplement No. 15, and Supplement No. 7, by operation of law until March 8, 2026; (2) instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations; and (3) assigned the Rate Filing to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision. The Rate Filing and the above-described petitions and complaints were assigned to ALJs DeVoe and Quimby. R.D. at 6.

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[6] Mr. Bilder filed his Formal Complaint on July 25, 2025 at Docket No. C-2025-3056528. Mr. Bilder subsequently submitted correspondence by email to the ALJs indicating that he wished to withdraw his Formal Complaint. No party objected to the withdrawal. The ALJs recommended that the Commission grant Mr. Bilder's petition to withdraw his Formal Complaint. R.D. at 6, n.18 and 152, Ordering Paragraph No. 10.

[7] Ms. Lenz filed her Formal Complaint on August 12, 2025 at Docket No. C-2025-3056859. R.D. at 6, n.19.

[8] Additionally, on July 7, 2025, Mr. Harry Bolton filed a Formal Complaint against PWSA at Docket No. C-2025-3056203, requesting a payment arrangement (PAR) and including comments regarding the instant base rate case. Mr. Bolton's Complaint was initially assigned to ALJ DeVoe, who issued an Interim Order in that matter directing Mr. Bolton to file correspondence clarifying whether he intended to file a Complaint against the Rate Filing, a request for a PAR, or both. The Interim Order indicated that, in the absence of correspondence from Mr. Bolton, his Complaint would be treated as a stand-alone customer complaint seeking a PAR. As Mr. Bolton did not file any correspondence, his complaint was not considered a rate complaint in the instant proceeding. *See Id*. at 6, n.20.

On July 10, 2025, PWSA filed a Motion for Protective Order pursuant to the provisions of 52 Pa. Code §§ 5.362(a) and 5.365. In its Motion, PWSA averred that it consulted the other Parties and incorporated feedback, and none of the Parties expressed an objection to the granting of its proposed Protective Order. The Protective Order was entered on July 16, 2025. R.D. at 7,8.

On July 14, 2025, counsel for the City filed a Notice of Appearance.[9] R.D. at 7.

Also on July 14, 2025, a Prehearing Conference was held. The following Parties were represented by counsel: PWSA, I&E, the OCA, the OSBA, and OWT. The Parties discussed a variety of matters, including PWSA's FPFTY Petition, PWSA's DSIC Petition, and its Petitions to consolidate the FPFTY Petition and DSIC Petition with the Rate Filing.[10] No Party objected to consolidating the FPFTY Petition or the DSIC Petition with the Rate Filing. At the Prehearing Conference, the ALJs granted these Petitions. Additionally, the ALJs, *inter alia,* granted the Petition to Intervene, filed by OWT. R.D. at 7-8.

After the Prehearing Conference, the Presiding Officers requested that the FPFTY Petition and DSIC Petition be reassigned to the OALJ, and they were reassigned there on July 16, 2025. R.D. at 8.

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[9] However, the City did not participate in these proceedings in any way. R.D. at 7, n.21.

[10] As of the date of the Prehearing Conference, the FPFTY Petition and DSIC Petition were assigned to other bureaus of the Commission, and not the OALJ. R.D. at 7, n.22.

On July 24, 2025, the ALJs issued a Prehearing Order which memorialized the matters discussed at the Prehearing Conference. In conjunction with the Prehearing Order, the ALJs issued an Interim Order granting PWSA's FPFTY Petition. R.D. at 9.

On July 29, 2025, PWSA filed suspension tariffs, as directed in the *July 2025 Orders.* R.D. at 9. More specifically, PWSA filed: (1) Supplement No. 17 to Tariff Water, suspending Supplement No. 16; (2) Supplement No. 16 to Tariff Wastewater, suspending Supplement No. 15; and (3) Supplement No. 8 to Tariff Stormwater, suspending Supplement No. 7.

On August 12 and 13, 2025, public input hearings were held. An in-person public input hearing was held at 1:00 p.m. on August 12, 2025, in the Hill District community of Pittsburgh, where one witness testified, and another in-person public input hearing was held at 6:00 p.m. on August 12, 2025, in the Hazelwood community in Pittsburgh, where eight witnesses testified. The telephonic public input hearings were held at 1:00 p.m. and 6:00 p.m. on August 13, 2025, and a total of twelve witnesses testified. R.D. at 9-10.

On October 22, 2025, the Joint Petitioners contacted the ALJs by email, reporting that they had reached a full settlement on all issues and that all Parties had waived cross-examination for all witnesses. The Joint Petitioners also requested permission to submit all testimony and exhibits via a joint stipulation. R.D. at 10.

On November 6, 2025, PWSA, I&E, the OCA, the OSBA, and OWT filed a Joint Stipulation for the Admission of Evidence (Stipulation of Evidence). Each of the

Joint Petitioners agreed to the admission of various Statements and Exhibits into the evidentiary record in this proceeding.[11] R.D. at 10.

On November 12, 2025, the ALJs issued an Interim Order adopting the Stipulation of Evidence and admitting and entering the proffered Statements and Exhibits into the record. R.D. at 13.

On November 21, 2025, the Joint Petitioners filed the instant Joint Petition, along with each of the Parties' Statements in Support. No *pro se* complainants filed objections or comments to the Settlement. R.D. at 14-15.

On December 19, 2025, the Commission issued the Recommended Decision of ALJs DeVoe and Quimby, wherein the ALJs recommended that the Commission adopt the Joint Petition, with certain modifications. R.D. at 15.

As previously noted, PWSA filed its Letter in Lieu of Exceptions on December 29, 2025. On January 5, 2026, I&E and the OCA each filed a Reply to PWSA's Letter.

III. Public Input Hearings

As noted in the History of Proceeding, *supra*, a total of four public input hearings were held in this matter on August 12 and 13, 2025. More specifically, an in-person public input hearing was held at 1:00 p.m. on August 12, 2025, in the Hill District community of Pittsburgh, where one witness testified, and another in-person public input hearing was held at 6:00 p.m. on August 12, 2025, in the Hazelwood

[11] *See* Pages 10-13 of the Recommended Decision for a complete list of the Statements and Exhibits admitted into the record at the evidentiary hearing.

community in Pittsburgh, where eight witnesses testified. The telephonic public input hearings were held at 1:00 p.m. and 6:00 p.m. on August 13, 2025, and a total of twelve witnesses testified. R.D. at 9-10. For a discussion and summary of the public input hearings, see pages 15 through 27 of the Recommended Decision.

IV. Legal Standards

A. Justness and Reasonableness of Rates

In deciding a general rate increase case brought under Section 1308(d) of the Public Utility Code (Code), 66 Pa.C.S. § 1308(d), certain general principles apply. Section 1308(d) of the Code provides the procedures for changing base rates, the time limitations for the suspension of the new rates, and the time limitations on the Commission's actions. 66 Pa.C.S. § 1308(d).[12] "Under traditional ratemaking, utilities may not change rates charged to customers outside of a base rate case." *McCloskey v. Pa. PUC*, 127 A.3d 860, 863 n.2 (Pa. Cmwlth. 2015).

Section 1301(a) of the Code mandates that "[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission." 66 Pa.C.S. § 1301(a). 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

[12] Among other things, Section 1308(d) of the Code requires the Commission to render a final decision granting or denying, in whole or in part, the general rate increase requested by a public utility, within a general time frame not to exceed seven months from the proposed effective date of the utility's proposed tariff supplement. *See* 66 Pa.C.S. § 1308(d); *see also* 52 Pa. Code § 53.31 (requiring a tariff proposing a rate increase to be effective upon sixty days' advance notice). Unless the utility voluntarily extends the suspension period, the Commission's non-action within this timeframe means, by operation of law, the utility's proposed general rate increase will go into effect, as proposed, at the end of such period. *See* 66 Pa.C.S. § 1308(d).

reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*City of Lancaster*). There is no single way to arrive at just and reasonable rates, and "[t]he [Commission] has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates." *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky II*).

A public utility is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. PUC v. Pennsylvania Gas and Water Co.*, 341 A.2d 239, 251 (Pa. Cmwlth. 1975). In determining a fair rate of return, the Commission is guided by the constitutional standards provided by the United States Supreme Court in the landmark cases of *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923) *(Bluefield)* and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) *(Hope Natural Gas)*. In *Bluefield*, the 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.

Bluefield, 262 U.S. at 692-93. Twenty years later, in *Hope Natural Gas*, the Supreme Court reiterated:

> From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard the return to equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

Hope Natural Gas, 320 U.S. at 603.

The Commission is required to investigate all general rate increase filings. *Popowsky II*, 683 A.2d at 961. The burden of proof to establish the justness and reasonableness of every element of a public utility's rate increase request rests solely upon the public utility in all proceedings filed under Section 1308(d) of the Code. 66 Pa.C.S. § 315(a). The standard to be met by the public utility is set forth in Section 315(a) of the Code, 66 Pa.C.S. § 315(a), as follows:

> **Reasonableness of rates.** – In any proceeding upon the motion of the commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

66 Pa.C.S. § 315(a).

In reviewing Section 315(a) of the Code, the Pennsylvania Commonwealth Court interpreted a public utility's burden of proof in a rate proceeding as follows:

> Section 315(a) of the Public Utility Code, 66 Pa.C.S. § 315(a), places the burden of proving the justness and reasonableness of a proposed rate hike squarely on the public utility. *It is well-established that the evidence adduced by a utility to meet this burden must be substantial*.

Lower Frederick Twp. Water Co. v. Pa. PUC, 409 A.2d 505, 507 (Pa. Cmwlth. 1980) (emphasis added); s*ee also Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

In general rate increase proceedings, it is well established that the burden of proof does not shift to parties challenging a requested rate increase. Rather, the utility's burden of establishing the justness and reasonableness of every component of its rate request is an affirmative one, and that burden remains with the public utility throughout the course of the rate proceeding. There is no similar burden placed on parties to justify a proposed adjustment to the Company's filing. The Pennsylvania Supreme Court has held:

> [T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations, and that is the burden which the utility patently failed to carry.

Berner v. Pa. PUC, 116 A.2d 738, 744 (Pa. 1955).

However, in proving that its proposed rates are just and reasonable, a public utility need not affirmatively defend every claim it has made in its filing, even those

which no other party has questioned. As the Pennsylvania Commonwealth Court has held:

> While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

Allegheny Center Assocs. v. Pa. PUC, 570 A.2d 149, 153 (Pa. Cmwlth. 1990) (citation omitted). *See also Pa. PUC v. Equitable Gas Co.*, 73 Pa. P.U.C. 310, 359-360 (1990).

Additionally, Section 315(a) of the Code, 66 Pa.C.S. § 315(a), 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. 66 Pa.C.S. § 315(a). The burden of proof must be on the party who proposes a rate increase beyond that sought by the utility. *Pa. PUC v. Metro. Edison Co.*, Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Opinion and Order entered January 11, 2007). The mere rejection of evidence contrary to that presented by the public utility is not an impermissible shifting of the evidentiary burden. *United States Steel Corp. v. Pa. PUC*, 456 A.2d 686 (Pa. Cmwlth. 1983).

As previously noted, as part of the implementation of Chapter 32 of the Code, 66 Pa.C.S. § 3201, *et seq*., the Commission determined that PWSA should not be regulated using the rate base/rate of return ratemaking methodology, which is the most common method employed by large investor -owned utilities for determining just and reasonable rates. Rather, PWSA was directed to utilize the Cash Flow Method, similar to that used by Philadelphia Gas Works (PGW), a municipal natural gas utility under the jurisdiction of this Commission. *See Chapter 32 Final Implementation Order* at 27-28.

In 2010, the Commission issued a policy statement (Policy Statement) setting forth the criteria and the financial and other considerations that are to be examined in setting PGW's base rates at just and reasonable levels. *See* 52 Pa. Code §§ 69.2701-2703. In its Policy Statement, the Commission described the requirements of the Cash Flow Method as follows:

> (b) The Commission is obligated under law to use the cash flow methodology to determine PGW's just and reasonable rates. Included in that requirement is the subsidiary obligation to provide revenue allowances from rates adequate to cover its reasonable and prudent operating expenses, depreciation allowances and debt service, as well as sufficient margins to meet bond coverage requirements and other internally generated funds over and above its bond coverage requirements, as the Commission deems appropriate and in the public interest for purposes such as capital improvements, retirement of debt and working capital.

52 Pa. Code § 69.2702(b).

The Commission also stated that, in determining just and reasonable rate levels for PGW, it would consider, among other relevant factors, the following financial factors:

> (1) PGW's test year-end and (as a check) projected future levels of non-borrowed year-end cash.
>
> (2) Available short-term borrowing capacity and internal generation of funds to fund construction.
>
> (3) Debt to equity ratios and financial performance of similarly situated utility enterprises.
>
> (4) Level of operating and other expenses in comparison to similarly situated utility enterprises.

(5) Level of financial performance needed to maintain or improve PGW's bond rating thereby permitting PGW to access the capital markets at the lowest reasonable costs to customers over time.

(6) PGW's management quality, efficiency and effectiveness.

(7) Service quality and reliability.

(8) Effect on universal service.

52 Pa. Code § 69.2703(a).

Because PWSA is regulated under the Cash Flow Method, the above Policy Statement applies equally to PWSA.

B. Settlements Must Serve the Public Interest

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231; *see also* 52 Pa. Code §§ 69.401, *et seq*. A full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. A settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

The Settlement, in this case, is a "black box" settlement. This means that the Joint Petitioners were not able to agree on each and every element of the revenue

requirement calculation. The Commission has recognized that "black box" settlements can serve an important purpose in reaching consensus in rate cases:

> 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.

Pa. PUC v. Peoples TWP LLC, Docket No. R-2013-2355886 (Opinion and Order entered December 19, 2013) (*Peoples TWP*), at 28 (citations omitted).

Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an expense recovered from customers in the rates approved by the Commission. Partial or full, as well as non-unanimous or unanimous, settlements allow the parties to avoid the substantial costs of fully litigating a proceeding before the Commission, yielding significant expense savings for the company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*). The focus of the inquiry for

determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote, and serve the public interest. *Pa. PUC, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al*. (Opinion and Order entered July 14, 2011), citing *Warner v. GTE North, Inc*., Docket No. C-00902815 (Order entered April 1, 1996) and *CS Water and Sewer.* Because the Joint Petitioners request that the Commission enter an order in this proceeding approving the Settlement without modification, they share the burden of proof to show that the terms and conditions of the Settlement are in the public interest. *See* 66 Pa.C.S. § 332(a).

In the Recommended Decision, the ALJs explained that the Joint Petitioners set forth a Stipulation of Facts in Paragraphs 20 through 52 of Appendix A to the Joint Petition. The ALJs quoted this Stipulation of Facts. *See* R.D. 31-39. The ALJs noted the consensus among the Joint Petitioners that this Stipulation of Facts is sufficient to support a finding that the Settlement is in the public interest. *Id.* at 31 (citing Joint Petition, Appendix A). Additionally, the ALJs reached seventeen (17) Conclusions of Law. R.D. at 144-47. The Joint Petitioners' Stipulation of Facts and the ALJs' Conclusions of Law are incorporated herein by reference and are adopted, without comment, unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

Finally, any issue or Exception that we do not specifically address shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly, or at length, each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

V. Joint Petition for Approval of the Settlement

A. Terms and Conditions of the Settlement

The Joint Petitioners agreed to a Unanimous Settlement covering all issues. As previously noted, the Settlement is a "black box" settlement, which means that it does not reflect a specific resolution of every element of the revenue requirement, but instead represents the Joint Petitioners' agreed upon final revenue increase amount based on their respective individual analyses of the various revenue and expense items. The Settlement provides for an increase in rates designed to produce approximately $25 million in additional total annual operating revenues for PWSA based upon the *pro forma* level of operations for the FPFTY ending December 31, 2026.[13] The total agreed-upon revenue increase of approximately $25 million is broken down, as follows: (1) an annual increase of approximately $16,161,095 in the Company's annual water operating revenues, representing an increase of approximately 10.1% over revenues at present rates; (2) an increase of approximately $4,795,717 in the Company's annual wastewater conveyance operating revenues, or an increase of approximately 8.4%; and (3) an increase of approximately $4,043,187 in the Company's annual stormwater operating revenues, or an increase of approximately 14.3%.
[$16,161,095 + $4,795,717 + $4,043,187 = $25,000,000].[14] Joint Petition at 3-13; Appendix A at 1; Appendix C at 4.

[13] As noted, *supra,* this agreed-upon increase in total annual revenues is inclusive of a 5% DSIC but exclusive of a PVC increase of approximately $17.6 million.

[14] As previously noted, the actual sum of these increases is $24,999,999. Therefore, the *de minimis* difference of $1 is likely due to rounding. We further note that there is no DSIC associated with PWSA's stormwater authority. *See* Joint Petition, Appendix C at 4.

The Joint Petition consisted of an eleven-page document outlining the terms and conditions of the Settlement. Additionally, Appendices A through P were attached, as follows:

Appendix A – Procedural History, Stipulation of Facts, Conclusions of Law and Ordering Paragraphs
Appendix B – Rate Case Tables
Appendix C – Revenue Comparison of 2026 Settlement Rates Over Existing Rates
Appendix D – Water, Wastewater and Stormwater Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates
Appendix E – Rates to Collect Proposed Settlement Level of Water, Wastewater and Stormwater Revenues with Comparison to Originally Requested and Existing Rates
Appendix F – Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Existing Rates
Appendix G – Allocation of Proposed 2026 Settlement Rate Increase By Customer Class and By Utility Service
Appendix H – Example Semi and Annual PENNVEST Reporting Format
Appendix I – *Pro Forma* Supplement No. 18 to Tariff Water (red-line of current tariff)
Appendix J – *Pro Forma* Supplement No. 17 to Tariff Wastewater (red-line of current tariff)
Appendix K – *Pro Forma* Supplement No. 9 to Tariff Stormwater (red-line of current tariff)
Appendix L – PWSA Statement in Support
Appendix M – I&E Statement in Support
Appendix N – OCA Statement in Support
Appendix O – OSBA Statement in Support
Appendix P – OWT Statement in Support

1. Essential Terms of the Settlement

The essential terms of the Joint Petition were contained in Section III of the Joint Petition, in Paragraph 9. These terms are set forth below and reflect the Joint Petitioners' agreement with regard to the issues of: (1) Revenue Requirements, Rates,

and Charges; (2) Pre-Existing Wholesale Contracts; (3) Stormwater; (4) Damaged Wastewater Sewer Laterals; (5) Customer Service; and (6) Low-Income Customer Assistance Programs. These essential terms are printed *verbatim*, and for ease of reference, maintain the sub-paragraph numbers and formatting that appear in the Settlement.

9. The Joint Petitioners join in recommending approval of Pittsburgh Water's June 4, 2025 base rate filing in this proceeding as modified by the terms and conditions that follow.

A. Revenue Requirements, Rates, and Charges

1. Rates Effective 2026

a. Upon final approval of the Commission, a total base rate revenue increase of $25 million for rates effective in 2026 (inclusive of 5% DSIC, exclusive of PENNVEST charges)[15] will be implemented and allocated as follows:

i. Revenue Comparison of 2026 Settlement Rates over Existing Rates are shown on Appendix C.

ii. Revenue Proofs comparing: (1) 2026 Revenue at Existing Rates; (2) FPFTY 2026 Revenue at Filed Rates; and, (3) FPFTY 2026 Revenue at Settlement Proposed Rates are shown on Appendix D.

[15] The total base rate (plus DSIC) revenue increase will be $42.6 million as compared to the as-filed request of $63.7 million. The $42.6 million is inclusive of the $25.0 million settlement amount plus the $17.6 million PENNVEST surcharges as shown in Appendix G.

iii. The rates to collect the proposed settlement level of water, wastewater and stormwater revenues from each class as well as a comparison with the original request are shown on Appendix E.

iv. Summary of Customer Impacts of Rates for Proposed 2026 Settlement and 2025 Rates shown on Appendix F.

v. Allocation of 2026 settlement rate increase by customer class and by utility service as shown on Appendix G.

b. Distribution System Improvement Charge ("DSIC")

i. Pittsburgh Water withdraws its request to increase its DSIC cap for both water and wastewater conveyance to 7.5%, but such withdrawal shall not be construed as precluding Pittsburgh Water from requesting an increase to the cap in the future.

c. PENNVEST Charge ("PVC")

i. Upon final approval of the Commission, effective 2026, Pittsburgh Water will begin charging all debt service (principal and interest or interest only, depending upon the charges from PENNVEST) on existing and future PENNVEST loans through

the existing PENNVEST Charge when those charges are required to be paid by PENNVEST regardless of whether the PENNVEST-financed construction has been placed in service.

(a) The amount of $17.6 million to be recovered from the PENNVEST charge is not included in the above agreed-to base rate and DSIC revenue requirements.

(b) After January 1, 2027, Pittsburgh Water will file semi-annual and annual updates in the format provided in Appendix H (for water and wastewater conveyance).

ii. As part of its next base rate filing, Pittsburgh Water will provide amortization tables (original, rate, payment) for each PENNVEST loan covering all test years, the most recent reconciliation filing that supports the PENNVEST charge and supporting calculations for the PENNVEST charge.

2. Rates Effective February 1, 2027

a. Pittsburgh Water agrees to withdraw its request for a multi-year rate plan to set rates for 2027

but such withdrawal shall not be construed as precluding Pittsburgh Water from making alternative ratemaking proposals in the future.

b. Removal of Minimum Allowance

i. Pittsburgh Water's proposal to remove the usage component from the fixed minimum/service charge as filed will be approved for implementation on February 1, 2027.

ii. Rates will be adjusted only as a result of the rate structure change on a revenue neutral basis.

iii. The allocation of the PENNVEST charge will be recalculated to account for additional billed usage effective February 1, 2027 due to the removal of the usage component from the fixed minimum/service charge.

iv. The tariff supplement filing for rates effective February 1, 2027 will include a customer bill impact analysis of the impact of the rate structure change.

B. Pre-Existing Wholesale Contracts

1. Pittsburgh Water will continue to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates

intended to move closer to Pittsburgh Water's tariffed wholesale rate.

2. Pittsburgh Water will issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039.

C. Stormwater

1. Education and Outreach

   a. Pittsburgh Water will annually report progress on current stormwater activities as well as information relating to specific planned stormwater activities as identified in the Capital Improvement Plan within the following calendar year and stormwater related public events and outreach on its website.

   b. Pittsburgh Water will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects in its service territory. Parties to this proceeding will be invited to participate and given an opportunity to provide feedback. The first meeting will be held within 90 days of a final order in this proceeding, and will be held biannually until Pittsburgh Water's next rate case is filed.

   c. Pittsburgh Water will use its best efforts to maximize all sources of external funding and will explore the availability of any grants including state and federal for which Pittsburgh Water may be

eligible to assist with stormwater planning and mitigation.

D. Damaged Wastewater Sewer Laterals

1. Within 60 days of a final Commission Order in this proceeding, Pittsburgh Water agrees to convene a meeting of interested stakeholders to discuss issues related to customer owned damaged wastewater laterals.
2. In its next base rate case, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

E. Customer Service

1. Updated Root Cause Analysis 2025
   a. Pittsburgh Water will formally track the recommendations, document system-wide steps taken in response, and evaluate – on an on-going basis – whether or how the steps and implementation taken in response to the analysis have achieved their intended purpose.
   b. Pittsburgh Water will continue to include analysis of its customer disputes as well as informal complaints to the Commission's Bureau of Customer Service, formal complaints, and Payment Arrangements.
   c. Pittsburgh Water will report on the implementation of its current and future recommendations during its regularly scheduled LIAAC meetings. The report will include an evaluation of the success and failure of Pittsburgh Water's negotiated payment

plans. The documented results of Pittsburgh Water's evaluation will also be reported as part of its next base rate filing.

2. Call Center
    a. Pittsburgh Water's call center will continue to make good faith efforts to meet its internal standards of an average answer time of 1 minute and an abandonment rate of 3% or less for all its customer queues each quarter.
3. Small Business Customers
    a. Pittsburgh Water will continue to offer payment arrangements for a minimum of six months but will extend payment arrangements up to 24 months for small business customers.
    b. Pittsburgh Water will develop a comprehensive informational campaign about all its programs which support small business customers.
        i. As part of this informational campaign, Pittsburgh Water will specifically highlight
            (a) Its new plan to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way
            (b) Its new Leak Credit and Electronic Billing Credit programs.

(c) Pittsburgh Water will work with representatives of the Office of Small Business advocate in developing the informational campaign and invite representatives from local non-profit community development corporations to participate in developing the information campaign.

4. Customer Complaints, Work Order and Service Logs

a. Pittsburgh Water agrees to continue to maintain the customer complaint log within its asset management system to include all work order and service request data relative to Field Operations' maintenance of assets so that the information can be made available via Microsoft Excel in response to any discovery requests by the parties in, e.g., Pittsburgh Water's next base rate case.

b. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable reporting mechanism which identifies the basis for why service termination was halted when field representatives attempt to contact the customer at the premises immediately prior to termination of service. The purpose of the

discussion is to inform Pittsburgh Water's development of more detailed tracking mechanism to inform future improvements to customers communications, particularly regarding payment options.

c. As part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

5. Third Party Payment Processing Fees

a. Pittsburgh Water withdraws its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee incurred when the customer elects to pay his or her bill through this method but such withdrawal shall not be construed as precluding Pittsburgh Water from making a similar proposal in the future.

b. Pittsburgh Water will evaluate the cost and feasibility of implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees. The results of the evaluation, and Pittsburgh Water's preliminary determination as to whether or not it can be implemented, will be presented to the Low-Income Assistance Advisory Committee ("LIAAC") for discussion. As part of its next base rate filing, Pittsburgh Water will detail its proposed implementation of this process or present the reasons

why it is not recommending its implementation.

F. Low-Income Customer Assistance Programs

1. Cross Enrollments

   a. Effective September 1, 2026, when a customer enrolls in the Bill Discount Program and has a past due balance, Pittsburgh Water will automatically enroll the customer in the Arrearage Forgiveness Program ("AFP") without the need for the customer to separately apply for the AFP.

2. Bill Discount Program ("BDP")

   a. **Bill Discounts of Volumetric** (consumption/conveyance) Charges

      i. Pittsburgh Water will expand the volumetric discount from 60% to 70% for customers between 0-50% of Federal Poverty Level.

      ii. Pittsburgh Water will implement a new volumetric discount of 30% for customers between 50.1%-100% of Federal Poverty Level.

   b. **Fixed Credit for Volumetric** (consumption/conveyance) Charges

      i. Upon final approval of the Commission, effective 2026 until implementation of the new rate structure change in 2027, BDP participants at 100.1-200% FPL will receive a fixed credit of $5.00 for their

water consumption charges and/or a $2.50 credit for their wastewater conveyance charges.

ii. Upon implementation of the rate structure change in 2027, all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate.

c. **Other Credit/Discounts** for BDP Participants

i. All existing bill discounts will continue to include 100% off minimum/service charges, 85% discount off SW charge and 50% discount off PENNVEST Charge.

3. Arrearage Forgiveness Program ("AFP")

a. Effective September 1, 2026, Pittsburgh Water will implement a new Arrearage Forgiveness Program as proposed in its initial filing with the exception of the changes noted herein.

b. Existing AFP participants will be transitioned to the new AFP effective September 1, 2026.

i. Educational materials about the transition will be provided to existing AFP participants prior to launch.

ii. Existing AFP participants will have the option to remove themselves from the program should they

not agree with new AFP terms.

c. Existing BDP participants with arrearages who are not already enrolled in AFP prior to September 1, 2026, will be automatically enrolled in the AFP. Pittsburgh Water will contact these eligible customers, provide information about the new AFP, and said customers will be given the option to remove themselves from the AFP should they not agree to be enrolled.

4. Hardship Fund

a. Pittsburgh Water will allow eligible customers to apply for Hardship Fund grants up to two times per year per utility service. The total grant available for a household in a given year will be $450 for water and $450 for wastewater.

b. Pittsburgh Water will track the number of Hardship Fund applicants and recipients by FPL range and will track the number of BDP participants who have accessed the Hardship Fund program.

c. Pittsburgh Water will commit royalties from the water and sewer insurance program as a funding source for the Hardship Fund.

5. Line Repair and Water Conservation Program ("LRC")

a. Pittsburgh Water will implement its permanent Line Repair and Water Conservation Program ("LRC") as proposed in its initial

filing with the exception of the changes noted herein.

b. Landlord Consent

i. Pittsburgh Water agrees to present data to its LIAAC regarding barriers to performing services related to a lack of landlord consent. Pittsburgh Water will identify some recommendations for how the process might be improved including permitting landlord consent through an electronic signature, a web portal (and a QR code), or through text messaging.

ii. Pittsburgh Water will initiate a discussion with the LIAAC as to how to maximize the ability, and ease, of landlords to provide consent when the landlord is not the customers.

c. Pittsburgh Water will ensure that neither training materials nor customer facing materials require participation in BDP as a condition to receive services pursuant to the LRC.

6. Identification of "Confirmed" Low-Income Customers

a. Within 60 days of a final order in this proceeding, Pittsburgh Water will meet with interested parties to develop an agreeable approach to internally identifying and tracking residential customers as "confirmed low-income." The

discussion will include consideration of various factors that could indicate low-income status as well as the consequences to the customers and Pittsburgh Water resources of seeking additional information from customers and maintaining responsibility to safeguard the information.

b. Pittsburgh Water will also open a discussion related to these issues during a regularly scheduled LIAAC meeting.

c. As part of its next base rate filing, Pittsburgh Water will include a report of the meeting and any proposals resulting therefrom.

7. Allocation of Costs for Low-Income Programs

a. Pittsburgh Water will continue to recover the costs of its low-income customer assistance programs from all customer classes.

Joint Petition at 6-13, ¶ 9.

2. Additional Terms

In addition to the specific essential terms to which the Joint Petitioners have agreed, as set forth above, the Settlement contained certain additional general terms typically found in settlements submitted to the Commission. Specifically, the Joint Petitioners agreed that the Settlement is conditioned upon the Commission's approval of the terms and conditions therein, without modification. The Settlement established the procedure by which any of the Joint Petitioners may withdraw from the Settlement and

proceed to litigate this case, if the Commission should act to modify the Settlement. The Joint Petitioners also asserted that although the Settlement is a "black box" Settlement which was proffered to settle the instant proceeding, it may not be cited as precedent in any future proceeding, except to the extent required to implement any term specifically agreed to by the Joint Petitioners. Further, the Joint Petitioners submitted that the Settlement was made without prejudice to any position which any of the Joint Petitioners might adopt in future proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to in the Settlement before us. Additionally, the Joint Petitioners explained that they have waived their right to file Exceptions regarding the issues in the Settlement if the ALJs recommended that the Commission adopt the Settlement, without modification. However, the Joint Petitioners stressed that each Joint Petitioner did not waive its right to file Exceptions with respect to: (1) any modifications to the terms and conditions of this Settlement; or, (2) any additional matters proposed by the ALJs in their Recommended Decision. Moreover, each Joint Petitioner reserved its right to file Replies to any Exceptions that may be filed. Joint Petition at 13-15, ¶¶ 10-15.

Furthermore, the Joint Petitioners noted their agreement that the Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument. The Joint Petitioners stated that although PWSA agreed to serve a copy of the Settlement upon the *pro se* complainants in this proceeding, the Joint Petitioners acknowledged that the Joint Petition does not bind the *pro se* complainants. The Joint Petitioners added that nothing in the Joint Petition is intended to limit, in any way, any position which any Joint Petitioner may take concerning any comment or objection to the Settlement that may be filed by the *pro se* complainants. Finally, the Joint Petitioners agreed that unless otherwise expressly indicated, all terms and conditions contained in the Settlement shall take effect upon the entry of a final Commission order in this

proceeding, without the need or requirement for additional Commission review or approval. Joint Petition at 15-16, ¶¶ 16-19.

B. Statements in Support of the Settlement

As noted above, each of the five Joint Petitioners individually filed a Statement in Support of the Settlement. Each Joint Petitioner submitted that the Settlement reflects a carefully balanced "black box" compromise of the interests of the Joint Petitioners, that the Settlement is in the best interest of the Company and its customers, that the Settlement is in the public interest, and that the Settlement should be approved, without modification.

This section of this Opinion and Order provides an overview of the Positions of the Parties, outlined in their Statements in Support, regarding the six major issues resolved by the Unanimous Settlement. In the Recommended Decision, the ALJs provided an extensive summary of the various positions of the Parties, as set forth in their respective Statements in Support. For a detailed summary of each Party's position on the settled issues, see pages 49 to 128 of the Recommended Decision.

1. Revenue Requirements, Rates, and Charges (¶ 9.A)

a. Rates Effective 2026 (¶ 9.A.1)

Under Paragraph 9.A.1 of the Settlement, PWSA will be permitted to raise base rates by $25 million for rates effective in 2026 (inclusive of a 5% DSIC, and exclusive of the PVC increase of $17.6 million). Settlement at 6-7.

In its Statement in Support, PWSA asserted that it presented evidence warranting its initial proposal of a $63.7 million rate increase for 2026 based upon a

calendar year 2026 FPFTY. PWSA explained that the revenue requirement was determined by calculating the level of additional revenues PWSA needed to fund its capital and operating budgets and maintain financial metrics at least at (or above) its minimum requirements, considering the levels needed to maintain or improve on its current bond rating. PWSA Statement in Support at 3-4. Specifically, PWSA explained that the additional rate increase is needed for the Company to continue its "once in a generation effort to replace its antiquated water, wastewater, and stormwater systems." *Id*. at 4.

PWSA noted the alternative recommendations of the other Parties in response to PWSA's initial revenue requirement proposals. PWSA Statement in Support at 5-6. In response to those Parties' positions, PWSA pointed to the rebuttal testimony of PWSA's witness, Mr. Edward Barca, who testified that the financial metrics that I&E and the OCA asserted would be produced by their recommendations assumed PWSA would not incur the FY 2026 budgeted expenses that the opposing Parties were recommending be disallowed. PWSA Statement in Support at 6-7 (citing PWSA St. 2-R at 6-8). PWSA further noted Mr. Barca's explanation that the level of expenses resulting from the "normalization" adjustments made by I&E and the OCA actually produced a level of 2026 expenses that were between $3 million and $8 million lower than PWSA's actual 2025 expenses. PWSA Statement in Support at 7 (citing PWSA St. 2-R at 9). As for PWSA's capital budget, PWSA referenced the testimony of Mr. Barca, who also explained that the debt service and debt service coverage (DSC) associated with bond issuances is the capital requirement amount that PWSA claims in its rate cases. PWSA Statement in Support at 8 (citing PWSA St. 2-R at 16-21).

PWSA submitted that this Settlement term is a reasonable resolution of the conflicting positions of the Parties. PWSA represented that without a rate increase, the Company is projected to fall well below minimally acceptable levels of debt service in the FPFTY, which would cause PWSA to default on its bonds. PWSA Statement in

Support at 10-11. Such a result, PWSA noted, would impose substantial added costs on customers for years to come. According to PWSA, the Settlement levels of debt service coverage and cash are in a zone where PWSA can continue to finance its important Capital Improvement Plan (CIP), and the Settlement level of revenues produce financial metrics that are well within the range of those proposed by the Parties. *Id*. at 11. PWSA emphasized that the Settlement total increase of $43.5 million is just 51% of PWSA's full, multi-year request of $84.4 million, and that while PWSA agreed to withdraw its proposal for a multi-year rate increase, those additional cost increases that would have been covered by an additional rate increase in 2027 will now have to be absorbed by the Company. PWSA submitted that this concession adds to the reasonableness of the agreed-upon settlement revenue increase amount. *Id*. at 12.

Regarding the DSIC, PWSA noted that part of its proposed increase for 2026 was an increase to the cap on its existing DSIC from 5% to 7.5% for water and wastewater conveyance operations, which would have increased the revenue produced by the DSIC by about $6.4 million. PWSA Statement in Support at 12. In support of its initial proposal, PWSA highlighted that increasing the DSIC cap to 7.5% would provide benefits, such as accelerating the needed replacement of PWSA's antiquated distribution facilities, increasing the amount of distribution improvements funded from internally generated funds or "pay-go," providing an infusion of cash to make up for the loss of purchasing power from inflation, and increasing the oversight of the Commission and interested parties with respect to PWSA's capital improvements. PWSA Statement in Support at 13-14 (citing PWSA St. 2 at 64-66).

PWSA noted that I&E opposed the Company's proposed increase in the DSIC cap, arguing that due to capital budget variances in years prior, the Company had not shown that it would spend any dollars made available by an increase in the DSIC cap. PWSA Statement in Support at 14 (citing I&E St. 1 at 18). In response to I&E's argument, PWSA pointed to the testimony of PWSA's witness, Mr. Barca, who showed

that expenditures made in the DSIC must be pre-approved and any dollars billed but not spent are returned to ratepayers in the DSIC's reconciliation function, and that PWSA cannot rely on the availability of PENNVEST or other government grants to be a replacement for DSIC-provided dollars. PWSA Statement in Support at 14 (citing PWSA St. 2-R at 46-57). Similarly, PWSA submitted that it rebutted the OCA's claims that the Company had not shown an increase in the DSIC cap was necessary to recover its costs, that the increased use of pay-go financing rather than bond financing would be improper, and that the increased use of pay-go financing would cause "generational inequities." PWSA Statement in Support at 15 (citing OCA St. 1 at 31-33). Specifically, PWSA submitted that: (1) a utility's lack of difficulty funding its existing CIP is irrelevant, as the purpose of a DSIC cap increase is to allow a utility to undertake a greater amount of distribution capital improvements; (2) "there is no generational inequity because [PWSA] would be financing its capital improvements from a consistent mix of long term debt and pay-go;" (3) pay-go financing in the DSIC was already approved by the Commission; (4) pay-go financing is cheaper than using bond financing; and (5) pay-go financing does not create "generational inequalities," as PWSA will use a combination of pay-go and bond financing on an continuing basis. PWSA Statement in Support at 15 (citing PWSA St. 2R at 48–55).

Nevertheless, PWSA submitted that in the interest of achieving a full settlement, the Company agreed to withdraw its proposal to increase its DSIC cap. According to PWSA, this was a reasonable concession, as it facilitated an overall Settlement on the revenue requirement. PWSA Statement in Support at 16.

Regarding the PVC, PWSA noted, by way of background, that the Parties agreed, as part of the settlement in the *PWSA 2023 Rate Case*, that the Company could implement a PVC Charge pursuant to the Commission's Policy Statement at 52 Pa. Code § 69.363. Therefore, PWSA stated that the Company included a provision setting forth a PVC in its tariffs. PWSA Statement in Support at 16. PWSA noted that while the tariff

provisions are currently in effect, PWSA has not currently requested that any amounts be collected through the existing PVC. *Id*. (citing PWSA St. 2 at 59). PWSA further noted that in this proceeding, the Company proposed to: (1) expand its existing PVC to include both existing and new PENNVEST loans effective March 3, 2026; and (2) revise the current tariff language so it is clear that the PVC permits the recovery of interest and/or interest and principal that is charged by PENNVEST financed projects. PWSA Statement in Support at 16-17 (citing PWSA St. 2 at 59-60). PWSA explained that it made these proposals due to the significant amount of existing PENNVEST loans, the costs of which are being recovered in base rates, and because the Company is charged and must pay interest on the PENNVEST loan beginning when it is issued. PWSA Statement in Support at 17 (citing PWSA St. 2 at 60, 62).

PWSA noted that none of the Parties opposed the Company's proposal to move the existing and new revenue requirement associated with its PENNVEST loans into the PVC, or its proposal to remove the existing requirement that a PENNVEST-financed project be "used and useful" before the debt service associated with the loan that financed the project can be included in the Charge. PWSA Statement in Support at 18.

According to PWSA, transferring the existing and incremental costs of PENNVEST loans to the PVC is in the public interest because it provides assurance and security that the Company will have the funds to make the payment on its government obligations. Further, PWSA noted the Settlement's clarification that the amount PWSA will recover in 2027 through the PVC is not included in the overall agreed-to settlement revenue increase amount. PWSA Statement in Support at 19. PWSA highlighted the importance of this clarification because PWSA's initial filing did provide an "all-in" revenue requirement amount which included PENNVEST costs. *Id*. at 19-20. Lastly, PWSA noted that the Settlement makes clear the information PWSA is expected to provide in its filings regarding the PVC and the Company's next base rate case. *Id*. at 20.

In its Statement in Support, I&E noted the testimony of I&E's witness, Mr. D.C. Patel, who recommended a rate increase of $17,247,097 in direct testimony and later recommended, based on the Company's updated revenue request and financial metrics, a rate increase of $22,916,334 in surrebuttal testimony. I&E Statement in Support at 5-6 (citing I&E St. 1 at 6-7; I&E St. 1-SR at 3-5). I&E submitted that the $25 million rate increase agreed to under the Settlement represents a compromise of the Parties' proposals and is therefore in the public interest. I&E noted that the Joint Petitioners have agreed upon the additional annual revenues as a "black box" settlement. I&E explained that a "black box" settlement does not specifically identify the resolution of any disputed issues, but rather, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent base rate proceedings. According to I&E, this "black box" revenue increase balances the interests of ratepayers and PWSA. I&E explained that PWSA will receive sufficient operating funds to provide safe and adequate service to ratepayers. I&E Statement in Support at 6. Therefore, I&E stated that it supports the "black box" revenue increase as being in the public interest. *Id*. at 7.

Regarding the DSIC, I&E stated that I&E's witness, Mr. Patel, recommended that the proposed DSIC cap increase be rejected because PWSA's use of PENNVEST and Water Infrastructure Finance and Innovation Act (WIFIA) funding provides significant cost savings to the Company's ratepayers and is preferable to increasing the DSIC. I&E Statement in Support at 7 (citing I&E St. 1 at 17-18; I&E St. 1-SR at 19-20). In addition, I&E noted its recommendation that the proposed DSIC cap increase be rejected, based on PWSA's documented history of not completing scheduled capital projects on time and as budgeted. I&E Statement in Support at 7 (citing I&E St. 1 at 18-19; I&E St. 1-SR at 20; I&E St. 3 at 10; I&E St. 3-R at 5; I&E St. 3-SR at 8). Accordingly, I&E stressed that it supports the withdrawal of PWSA's request to increase its water and wastewater DSIC caps. I&E Statement in Support at 7.

Regarding the PVC, I&E cited to its direct testimony, where it noted the benefits of PWSA's continued use of the low-cost PENNVEST funding. I&E Statement in Support at 8 (citing I&E St. 1 at 17-18, 19-20). As such, I&E submitted that it supports the expansion of the PVC as being in the public interest. I&E Statement in Support at 8.

In its Statement in Support, the OCA noted that it opposed PWSA's initially requested revenue increase and argued PWSA should only receive an increase of $18,498,565. OCA Statement in Support at 9 (citing OCA St. 2 at 11). The OCA explained its litigation position withstood PWSA's assertions of erroneous calculations of FPFTY days cash on hand and noted that adoption of PWSA's asserted revisions to the OCA's proposal would increase the debt service coverage ratio, ignore internal funds that would bridge any revenue gaps, and overreact to a $301,880 deficit. OCA Statement in Support at 10 (citing PWSA St. 2R at 2-3).

Given the significant distance between the litigation positions of the OCA and PWSA, the OCA submitted that the "black box" settlement in this matter provides "timely resolution of disputes without the significant expense of prolonged litigation." OCA Statement in Support at 10. According to the OCA, it would be unlikely that the Parties would have been able to reach settlement on each recommendation based on the significant differences in legal and policy positions. *Id*.

The OCA noted that under the Settlement, PWSA will be permitted to increase annual operating revenues by approximately $25 million, an increase of approximately 10.2% over revenues at present rates. OCA Statement in Support at 10. The OCA also suggested that the Commission consider the PVC as part of the revenue requirement, with such a consideration making the total revenue requirement $42.6

million, "still significantly less than the original revenue requirement of $84 million." *Id*. at 10, n.28, 29. The OCA argued that based on the record:

> … the revenue increase under the Settlement represents a result that is within the range of likely outcomes in the event of full litigation of the case. As a result, this provision of the Settlement is supported by substantial evidence in the record and consistent with the requirement that rates be just and reasonable.

Id. at 11.

The OCA also pointed out that the Settlement limited the financial impact to PWSA's residential customers, provided important customer service protections that may not have been achieved through litigation, and included a withdrawal of the MYRP, with all these factors yielding a result in the public interest. OCA Statement in Support at 11. Thus, the OCA believed that the Settlement "represents a reasonable compromise between the parties and is in the public interest…," while also providing sufficient revenue to allow PWSA to maintain its system in an adequate, efficient, safe, and reasonable manner. *Id*. at 11-12.

In considering PWSA's proposed DSIC, the OCA noted "[t]he 5% revenue cap for DSIC is a statutory limitation to protect consumers from unbridled spending and prevents utilities from bypassing the full, traditional ratemaking process." OCA Statement in Support at 13. The OCA stated that the Settlement included an agreement that PWSA's water and wastewater DSICs will remain capped at 5% of its distribution rates. *Id*. at 14 (citing Settlement ⁋ 9 A.1.b).

The OCA opposed PWSA's initial request for an increase of the DSIC cap and specifically argued the DSIC should not be used to finance pay as you go funding of capital investments. OCA Statement in Support at 15 (citing OCA St. 1 at 31). The

OCA explained that using DSIC funding for pay-go would have a negative impact on "intergenerational equity" because of the length of utility assets, essentially creating a situation where "future ratepayers benefit from investments funded entirely by current customers." OCA Statement in Support at 15 (citing OCA St. 1 at 31-32; OCA St. 1SR at 4). The OCA expounded on the inappropriate nature of PWSA's proposed DSIC increase and pointed to the fact PWSA has increased annual capital expenditures "nearly every year" since it began to be regulated by the Commission in FY 2018. OCA Statement in Support at 16 (citing PWSA St. 2 at 30-31). The OCA also pointed out that PWSA's FY 2025 included both the largest annual increase in capital improvements and the first time in recent years PWSA had met its annual CIP budget. OCA Statement in Support at 16 (citing OCA St. 1SR at 2).

The OCA asserted that the withdrawal of the proposed increase to the DSIC cap included in the Settlement should be approved as it helped ratepayers by keeping rates stable, ensured regulatory review of PWSA's spending, prevented premature cost recovery, and promoted fairness across customer generations. OCA Statement in Support at 17.

The OCA did not oppose the expanded PVC, but did offer a warning that the PVC should be "scaled back" to reflect the actual increase approved and authorized in this matter. OCA Statement in Support at 20 (citing OCA St. 4 at 12-13). The OCA submitted the FPFTY 2026 PVC of $17.6 million, rather than the $29 million requested by PWSA in its MYRP, is in the public interest because:

> … it is consistent with the prior base rate proceeding settlement term to implement a PENNVEST Charge, ensures fair cost allocation, increases regulatory oversight, prevents

> overcollection, reduces rate volatility, and keeps utilities accountable for prudent financial management.

OCA Statement in Support at 20 (citing Settlement at ⁋ 9.A.1.c). Further, the OCA referenced the continuing requirement under the Settlement that PWSA file semi-annual PVC updates and annual PVC reconciliation reports. OCA Statement in Support at 20 (citing Settlement at ⁋ 9.A.1.c.i.b). The OCA suggested these filings encourage just and reasonable rates by "aligning cost recovery with actual loan expenses." OCA Statement in Support at 20. The OCA also opined that the PVC amortization tables PWSA is required to file as part of the Settlement ensure the PVC charge is transparent, accurate, and based on verifiable costs, preventing double recovery, enhancing oversight, and promoting just and reasonable rates aligned with ratemaking principles. *Id*. at 21.

In its Statement in Support, the OSBA submitted that the Settlement's proposal to increase PWSA's annual base operating revenue by $43.6 million is a reasonable resolution.[16] OSBA Statement in Support at 2. According to the OSBA, this is a reduction of 48.3% of the originally requested $84.4 million, which results in a substantial reduction in the average bill of all customers. OSBA Statement in Support at 2 (citing Settlement at ¶¶ 9.A.1.a. and 9.A.1.c.i.a). The OSBA noted that it consistently argued, throughout its testimony, for a reduction in the revenue increase for PWSA. *Id.* (citing OSBA St. 1 at 4-11; OSBA St. 1-SR at 1-13).

The OSBA further submitted that because the entire proposed revenue increase for 2027 was eliminated as a result of the Settlement, this will save customers

[16] The OSBA inadvertently stated that the Settlement produces an increase of $43.6 million. As noted above, the increase agreed to under the Settlement consists of an increase in PWSA's total annual operating revenues of approximately $25 million, inclusive of a 5% DSIC, but exclusive of a PVC increase of approximately $17.6 million. Thus, the total increase agreed to under the Settlement is $42.6 million. [$25 million +$17.6 million = $42.6 million].

from being subjected to water, wastewater, and stormwater increases in 2027. The OSBA also noted that while there is no proposed increase in revenue in 2027, with the removal of the minimum allowance, *infra*, and new bill determinates, the average bill could slightly increase. However, the OSBA concluded, the Settlement results in a final average total bill that is much lower than initially proposed, such that the Settlement should be approved. OSBA Statement in Support at 3.

Regarding PWSA's DSIC, the OSBA noted that it did not oppose PWSA's request to increase its DSIC cap to 7.5%. According to the OSBA, the Commission commonly approves such requests. OSBA Statement in Support at 3. Therefore, the OSBA stated its support for this Settlement term, which maintains PWSA's DSIC at 5%. *Id*. (citing Settlement at ⁋ 9.A.1.b.i).

Regarding the PVC, the OSBA provided that while it did not object to the use of a PENNVEST Surcharge, the OSBA did propose that PWSA provide amortization tables in its next base rate case. OSBA Statement in Support at 4 (citing OSBA St. 1 at 14-15). As such, the OSBA submitted that PWSA's agreement to provide the amortization tables in its next base rate filing will ensure the Parties and the Commission have the data necessary to review the present and proposed PENNVEST surcharges. OSBA Statement in Support at 4 (citing Settlement at ⁋ 9.A.1.c.ii).

In its Statement in Support, OWT stated that it opposed PWSA's proposed rate increase because the Company's rates are already unaffordable for many of its customers and increasing rates would only worsen this problem. OWT Statement in Support at 5 (citing OWT St. 1 at 13-14). However, OWT asserted that the Settlement provision regarding rates effective in 2026 is reasonable and in the public interest. OWT submitted that on balance, the substantial reduction of the overall rate increase, as well as the enhancements to PWSA low-income assistance programs, will help mitigate the

negative impacts of the rate increase on PWSA's low-income customers who already struggle to afford and stay connected to services. OWT Statement in Support at 5-6.

Specifically, with respect to the DSIC, OWT pointed to the testimony of OWT's witness, Mr. Patrick Cicero, who explained that PWSA's initial proposal to increase the DSIC cap for water and wastewater to 7.5% would significantly increase the dollars charged to residential customers. OWT Statement in Support at 6 (citing OWT St. 1 at 11). OWT noted that while it did not provide a specific proposal related to PWSA's DSIC, Mr. Cicero urged the Commission to keep in mind that allowing an increase to the DSIC of 2.5% would provide the Company with significant additional capital and flexibility with respect to its cash flow and pay-go funding. OWT Statement in Support at 6 (citing OWT St. 1 at 12). Therefore, OWT stated that the Settlement term providing for PWSA's withdrawal of the increase to the DSIC cap is in the public interest, as it reasonably balances the interests of the Parties to this proceeding. OWT Statement in Support at 7.

Regarding the PVC, OWT referenced the testimony of OWT's witness, Mr. Cicero, clarifying that under PWSA's initial proposal, the Company sought to change how PENNVEST debt payments are recovered. OWT Statement in Support at 7. OWT noted that while it did not provide a specific recommendation on this issue, Mr. Cicero urged the Commission to ensure that the $14 million that is currently in rates will be removed as of March 3, 2026 when new rates go into effect, as those amounts would be collected through the new PVC. *Id*. (citing OWT St. 1 at 12-13). According to OWT, the Settlement provision regarding the PVC reasonably balances the interests of the Joint Petitioners. OWT noted that while this Settlement provision permits PWSA to charge all debt services on existing and future PENNVEST loans through the existing PVC (when those charges are required to be paid by PENNVEST), this provision also provides for important reporting by PWSA. OWT Statement in Support at 8. According to OWT, this

reporting will assist the Commission and interested parties in assessing the impacts of the revised PVC moving forward. *Id*. at 8-9.

b. Rates Effective February 1, 2027 (¶ 9.A.2)

Under Paragraph 9.A.2 of the Settlement, PWSA agreed to withdraw its request for a MYRP to set rates for 2027. However, the Joint Petitioners agreed under the Settlement that such withdrawal shall not be construed as precluding PWSA from making alternative ratemaking proposals in the future. Settlement at 7-8.

Regarding PWSA's MYRP, the Company noted, in its Statement in Support, that it proposed a two-year rate increase that would increase revenues by $63.7 million in the FPFTY (FY 2026) and an additional $20.7 million in FY 2027. PWSA explained that the 2027 increase was for incremental annual debt service and (where applicable) debt service coverage that PWSA will incur in 2027, and the incremental DSIC billings that will occur as a result of the increased 2027 revenues. PWSA highlighted that of the total amount proposed to be billed in 2027, approximately $7.3 million was proposed to be billed via channels other than a base rate increase (*i.e*. the PVC and DSIC) and the remaining claim was proposed to be billed via a 2027 base rate increase. PWSA Statement in Support at 21. According to PWSA, the Company's MYRP proposal was made pursuant to Section 1330 of the Code, 66 Pa.C.S. § 1330. *Id*. at 21-22 (citing 66 Pa.C.S. § 1330(a)(2) and (b)(1)(i)–(v)).

In support, PWSA pointed to the testimony of PWSA's witness, Mr. Barca, who testified that a MYRP is justified for PWSA. Specifically, Mr. Barca stressed that PWSA's only source of funds is its ratepayers because of the Company's status as a municipal utility that neither has shareholders nor charges a profit. PWSA Statement in Support at 22 (citing PWSA St. 2 at 54). In addition, Mr. Barca explained that the Company is in "building mode," as it is attempting to complete the capital improvements

needed to continue to provide safe and reliable water service. Therefore, PWSA asserted that its revenue requirement will increase every year for the foreseeable future. PWSA Statement in Support at 22 (citing PWSA St. 2 at 54). As such, PWSA submitted that a MYRP would help the Company to cover projected rising costs, avoid the need to file multiple requests for rate increases, and provide added certainty regarding rate levels for both PWSA and its customers. PWSA Statement in Support at 22 (citing PWSA St. 2 at 52-59).

PWSA noted the alternative recommendations of the other Parties in response to PWSA's MYRP proposal. PWSA Statement in Support at 23. In response to those Parties' positions, PWSA contended that multi-year rate increases are authorized by the Code and that reducing the need for base rate cases, one of the goals of the MYRP proposal, would benefit PWSA ratepayers. *Id*. at 23-24.

According to PWSA, this Settlement term is in the public interest as PWSA will be permitted to increase incrementally the amount of DSIC-financed capital improvements and recover additional debt service costs incurred in 2027 for PENNVEST loans through the PVC charge. PWSA Statement in Support at 25.

Regarding the removal of the minimum allowance, PWSA referenced the direct testimony of PWSA's witness, Ms. Julie A. Mechling, who explained that PWSA's current water and wastewater conveyance rate structures include "minimum charges" for a specific amount of gallons per meter size. PWSA Statement in Support at 26. Specifically, Ms. Mechling explained that for each 1,000 gallon above the applicable minimum gallon, the customer is charged a consumption (water) and/or conveyance (wastewater) charge. *Id*. (citing PWSA St. 6 at 25). PWSA noted that the Company proposed to effectuate the removal of the minimum charges starting on January 1, 2027, consistent with the MYRP, to "smooth out" rate change impacts for customers, to schedule the necessary Customer Information System (CIS) development,

and to provide a reasonable opportunity for PWSA to educate customers on the upcoming changes. PWSA Statement in Support at 26 (citing PWSA St. 6 at 25-26).

PWSA further noted that while no Party objected to PWSA's proposed method to effectuate the removal of the minimum allowances, both the OCA and OWT had concerns about the proposed implementation date. PWSA Statement in Support at 27. In response, PWSA pointed to the testimony of Ms. Mechling, who explained that the minimum allowance component in fixed rates has been a factor in PWSA's rate structure for decades and emphasized the importance of ensuring accurate explanations to customers about the impacts. *Id*. at 27-28.

PWSA submitted that the agreed-upon approach for removal of the minimum allowance from PWSA's fixed rates is reasonable. According to PWSA, the Settlement ensures that the new rates will be revenue neutral and that the information necessary to assess the final results will be available to the Commission and the Parties. In addition, PWSA submitted that the Settlement provides a reasonable amount of time between the entry date of the Commission's final order and the effective date of the new rate structure to enable PWSA to finalize internal software programming and develop appropriate customer communications. Moreover, PWSA stated that the shift of the implementation date aligns with PWSA's ability to propose changes to the PVC semi-annually. PWSA Statement in Support at 29.

In its Statement in Support, regarding PWSA's proposed MYRP, I&E noted the testimony of I&E's witness, Mr. Patel, who recommended that the proposed MYRP be rejected because PWSA would benefit from continued Commission oversight through regular base rate proceedings due to its past mismanagement and ambitious CIP. I&E Statement in Support at 8-9 (citing I&E St. 1 at 9-12; I&E St. 1-SR at 5-11). I&E further noted that I&E's witness, Mr. Ethan H. Cline, recommended that the proposed MYRP be rejected based on his analysis that the Commission would be unable to

carefully determine or conclude that the proposed MYRP would result in just and reasonable rates in FY 2026 or FY 2027. I&E Statement in Support at 9 (citing I&E St. 4 at 4-10; I&E St. 4-SR at 2-11). Therefore, I&E concluded that it supports PWSA's withdrawal of its MYRP proposal. I&E Statement in Support at 9.

Regarding the removal of the minimum allowance, I&E stated that this Settlement provision complies with the settlement reached in the *PWSA 2023 Rate Case*. I&E Statement in Support at 9. I&E noted that despite its recommendation to deny the MYRP, the change from minimum charge to base charge should occur on the first day of FY 2027 on a revenue neutral basis to reduce the impact on customers' average bills. I&E Statement in Support at 9-10 (citing I&E St. 1 at 21; I&E St. 3 at 22). As such, I&E concluded that it supports this provision as being in the public interest. I&E Statement in Support at 10.

The OCA noted in its Statement of Support that it opposed the MYRP for rates effective February 1, 2027. OCA Statement in Support at 22 (citing OCA Corrected St. 1 at 2; OCA St. 2 at 5; OCA St. 4 at 2-3). In particular, the OCA argued that PWSA's complaints about regulatory lag were unjustified by the record evidence, with PWSA having other alternatives, including alternative ratemaking like the FPFTY, to overcome the alleged issues. OCA Statement in Support at 22-23.

Specifically, the OCA stated that PWSA had failed to demonstrate that current regulatory frameworks are failing to support timely and adequate cost recovery, especially in light of the fact PWSA has "underspent to make capital improvements over the last five years." OCA Statement in Support at 23 (citing OCA St. 1 at 9-12). The OCA also opposed the MYRP, as it was based on a forecasted revenue requirement for 2027, which was speculative and not known and measurable for the purposes of setting

rates. OCA Statement in Support at 23 (citing OCA St. 2 at 7). The OCA also explained the following in detailing its opposition to the MYRP:

> … "ratemaking concepts, including those that are set under a cash flow method, do not provide for 100% guaranteed recovery of all costs and expenditures. [A rate increase] provides for the opportunity and the ability to recover all of a utility's known and measurable costs using good sound management techniques and proper operational approaches in order to provide utility service to ratepayers." While PW offered a procedure akin to a "mini review proceeding" for review before implementing PW's proposed FY 2027 forecasted revenue requirement, "the Commission is required to set rates based on known and measurable criteria," and the OCA demonstrated that "expenses estimated to occur in FY 2027 are less certain than those that are expected to occur before the end of the FPFTY and do not rise to an appropriate level of being adequately known and measurable in the current proceeding."

OCA Statement in Support at 24 (citing OCA St. 2SR at 4; OWT St. 1 at 35-36; OCA St. 1 SR at 5, 8).

The OCA advanced that the Settlement term withdrawing the MYRP is in the public interest and should be approved, as it "promotes sound regulatory practice and aligns the [S]ettlement with the evidentiary record." OCA Statement in Support at 25.

Regarding the minimum allowance charged by PWSA, the OCA noted that this issue was extensively litigated in PWSA's last base rate case. OCA Statement in Support at 26 (citing *PWSA 2023 Rate Case* at 51). OCA argued that PWSA's minimum allowance is inconsistent with Commission ratemaking principles and disincentivizes water conservation, as it charges a set amount for a set volume of water regardless of actual usage. OCA Statement in Support at 26-27. The OCA stated the minimum allowance "disproportionately burdens low-use and conservation-minded customers and

can increase overall system demand by encouraging full use of the 'pre-paid' allowance." *Id*. at 27.

The OCA supported removal of the minimum allowance in its litigated position in this matter. The OCA pointed to the testimony of the OCA's witness, Mr. Jerome D. Mierzwa, who testified that PWSA proposed a customer charge of $34.34 for FY 2026 that included the minimum allowance. The OCA noted that Mr. Mierzwa stated that for FY 2027, elimination of the minimum allowance would reduce the monthly customer charge for a typical residential customer to $18.81. OCA Statement in Support at 28 (citing OCA St. 4 at 13).

The OCA also believed that PWSA's commitment to a minimum allowance end date of February 1, 2027, as proposed in the Settlement, is a result that would be within the range of likely outcomes should the case be fully litigated. Additionally, the OCA offered its support because the fixed portion of customer bills will decrease, with customer usage having more weight in the calculation of rates, resulting in an outcome more in line with ratemaking best practices. OCA Statement in Support at 29.

The OCA noted that as a result of this Settlement term, PWSA "must reallocate the above-described PENNVEST Charge [PVC] to reflect the new usage-based billing." OCA Statement in Support at 29 (citing Settlement at ¶ 9.A.2.b.iii). Prior to removal of the minimum charge, part of the PVC was embedded in the minimum charge; however, after removal of the minimum charge, the PVC will be distributed proportionally across actual billed usage. *Id*. The removal of the minimum charge, per the OCA, is "reasonable and when accompanied by other important conditions in the Settlement, yields a result that is in the public interest." OCA Statement in Support at 30.

In its Statement in Support, the OSBA submitted that while it did not oppose PWSA's proposed MYRP, the OSBA supported the Settlement provision to remove the MYRP. OSBA Statement in Support at 4 (citing Settlement at ¶ 9.A.2.a).

Regarding the removal of the minimum allowance, the OSBA noted that the monthly bill of all water and wastewater customers includes an allowance under PWSA's current rate structure. The OSBA explained that this kind of rate structure causes 1-inch metered small business customers that have usage of less than 8,000 gallons per month to pay for 8,000 gallons of water and wastewater flow. OSBA Statement in Support at 4. The OSBA submitted that this Settlement provision to remove both usage allowances will benefit small business customers because, under the agreed-upon rate structure, all customers, including a small business customer's bill, will be based upon actual water usage and wastewater flow. *Id*. (citing Settlement at ¶ 9.A.2.b). Therefore, the OSBA concluded that this provision is in the public interest. OSBA Statement in Support at 4.

In its Statement in Support, OWT noted that it opposed PWSA's proposal for implementation of a MYRP because such a proposal would permit an automatic increase for the Company in 2027, at the expense of its customers, but without the scrutiny of a rate proceeding, and would impose significant burdens on its customers, especially those with low incomes. OWT Statement in Support at 9 (citing OWT St. 1 at 34-35). OWT further noted that under the Settlement, PWSA agreed to withdraw its request for a MYRP. According to OWT, this Settlement term is in the public interest and addresses OWT's concerns that a MYRP would cause residential customers to experience increased burdens without appropriate Commission oversight of 2027 rates. OWT Statement in Support at 9.

As for the removal of the minimum allowance, OWT stated that it supported PWSA's decision to remove the minimum usage amount from the monthly

service charge for all volumetric usage to enhance bill clarity, increase transparency, and promote conservation. OWT Statement in Support at 10 (citing OWT St. 1 at 33-34). OWT submitted that this Settlement provision is reasonable and in the public interest, as it contains important safeguards and helps to ensure that PWSA implements removal of the usage component in a reasonable manner and provides important information to the Commission and the Parties about how customers are being impacted as a result of these rate design changes. OWT Statement in Support at 10-11.

2. Pre-Existing Wholesale Contracts (¶ 9.B)

Under Paragraph 9.B of the Settlement, PWSA will continue to engage in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates intended to move closer to PWSA's tariffed wholesale rate. In addition, PWSA will issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039. Settlement at 8.

In its Statement in Support, PWSA noted that while rates that reflect the full cost of service for wholesale customers were developed for this proceeding, PWSA's witness, Mr. Harold J. Smith, explained that PWSA currently maintains separate contracts for wholesale water service customers which cannot be changed until the contracts expire or are due for renewal. PWSA Statement in Support at 30 (citing PWSA St. 8 at 28). PWSA further noted the position of the OCA's witness, Mr. Mierzwa, who argued that PWSA's service to three wholesale customers (Fox Chapel, Aspinwall, and Reserve Township) are at rates that are significantly lower than the cost of service. PWSA Statement in Support at 30. In response, PWSA referenced the testimony of PWSA's witness, Mr. Barca, who explained that PWSA has been renegotiating wholesale contracts as they become available for renegotiation,

consistent with the parties' agreement in the settlement of the *PWSA 2023 Rate Case*. *Id*. at 31.

According to PWSA, this Settlement term is in the public interest, as it strikes a balance between recognizing PWSA's existing contractual obligations with wholesale customers, while making proper efforts to renegotiate existing contracts and moving wholesale customers closer to the cost of service, which helps decrease costs to ratepayers over time. PWSA Statement in Support at 32.

In its Statement in Support, I&E noted that while it did not submit testimony regarding PWSA's pre-existing wholesale contracts, it shares the concerns of the Joint Petitioners. I&E further noted that it played an active role in the settlement negotiations regarding these programs, monitoring the proposals and counter proposals offered by the Parties. Therefore, I&E concluded that it does not oppose this Settlement provision as a full and fair compromise that provides the Joint Petitioners and the Commission with regulatory certainty and resolution of the wholesale contract issues raised by the Parties, which is in the public interest. I&E Statement in Support at 10.

In its Statement in Support, the OCA noted that PWSA serves three wholesale customers: Fox Chapel, Aspinwall, and Reserve Township. OCA Statement in Support at 30. The OCA's witness, Mr. Mierzwa, testified to his observation that the water service rates proposed by PWSA for the wholesale class are "significantly less" than the indicated cost of service, with PWSA proposing to allocate this deficiency to other customer classes. OCA Statement in Support at 30 (citing OCA St. 4 at 3). The OCA noted that this matter was also litigated in the *PWSA 2023 Rate Case,* with Mr. Mierzwa's testimony in that proceeding recommending PWSA provide notice of termination for each wholesale contract and negotiate alternative agreements that move the rates towards cost of service rates over the course of the contract. OCA Statement in Support at 31 (citing OCA St. 4 at 4).

The OCA conceded that while the updated cost of service study (COSS) filed by PWSA in this matter addressed some of the concerns regarding subsidization, the Settlement requires PWSA to engage in good faith negotiations with wholesale customers who are currently charged pre-existing rates to negotiate new rates closer to PWSA's tariffed wholesale rate. OCA Statement in Support at 32 (citing Settlement at ¶ 9.B.1). The OCA submitted that negotiation of new rates for wholesale customers will abate under-recovery of costs from wholesale customers at the expense of other customer classes, and promote fair, transparent, regulated pricing. OCA Statement in Support at 32-33.

For these reasons, the OCA offered its support for the Settlement provisions related to renegotiation of wholesale contracts and noted the outcome would be within the range of likely outcome should this matter have been fully litigated. Additionally, the OCA averred these provisions were supported by substantial evidence and consistent with the requirement of just and reasonable rates. OCA Statement in Support at 33.

In its Statement in Support, the OSBA submitted that it is in the public interest to review the rates, charges, and the alternative supply each wholesale customer claims it has available on a regular basis. OSBA Statement in Support at 5. According to the OSBA, this Settlement provision satisfies this goal, as reviewing wholesale contracts periodically ensures that PWSA continues to serve that customer and is receiving the maximum revenue from each customer. *Id*. (citing Settlement at ¶ 9.B).

3. Stormwater (¶ 9.C)

Under Paragraph 9.C of the Settlement, PWSA will annually report on its progress on current stormwater activities and information on specific planned stormwater activities, as identified in its CIP, within the following calendar year, and will include stormwater-related public events and outreach on its website. In addition, the Company

will hold biannual stakeholder meetings to discuss the status of priority areas, projects, and/or initiatives for the upcoming year of stormwater projects in its service territory. The Parties will be invited to participate in the stakeholder meetings. The first meeting will be held within 90 days of the entry of a final order in this proceeding, and meetings will be held biannually until PWSA files its next base rate case. Lastly, the Company has also agreed to make its best effort to maximize sources of external funding, including grants that may assist PWSA with stormwater planning and mitigation. Settlement at 8.

In its Statement in Support, PWSA noted the testimony of PWSA's witness, Ms. Katherine Mechler, who described different aspects of PWSA's stormwater service and proposed revisions to the Company's stormwater tariff to modify the definition of "Storm Water Collection System or Storm Water Sewer" and "to remove the current requirement to provide sixty days advance written notice of the effective date of an Equivalent Residential Unit (ERU) adjustment..." PWSA Statement in Support at 32 (citing PWSA St. 4 at 26-28).

According to PWSA, none of the Parties objected to PWSA's proposed definitional revision, although the Company noted that OWT's witness, Mr. Cicero, did object to the Company's proposed removal of 60-day advance written notice for ERU changes. PWSA Statement in Support at 33 (citing OWT St. 1 at 89-90). In response, PWSA referenced the rebuttal testimony of its witness, Ms. Mechler, who explained that providing the required notices has proven to be overly burdensome for PWSA, in costs and administrative resources, and that the Company's proposal balanced this with ensuring that customers would still receive notice at the time of the change if any corrections or billing adjustments are needed with the Company's ability to make any necessary corrections to the amounts billed. PWSA Statement in Support at 33 (citing PWSA St. 4R at 23-24).

PWSA submitted that this Settlement term is in the public interest and highlighted the importance of outreach and education to customers, including as it relates to stormwater planning. According to PWSA, this Settlement term will build on the Company's already extensive outreach in this area and provide transparency to ratepayers and other stakeholders. PWSA Statement in Support at 35.

In its Statement in Support, I&E stated that while it submitted limited testimony on PWSA's stormwater tariff and rates, it shares the concerns of the other Joint Petitioners. I&E Statement in Support at 10 (citing I&E St. 3 at 3-4). Further, I&E noted that it played an active role in the settlement negotiations regarding these programs, monitoring the proposals and counter proposals offered by the Parties. *Id*. at 10-11. Therefore, I&E concluded that it does not oppose this Settlement provision as a full and fair compromise that provides the Joint Petitioners and the Commission with regulatory certainty and resolution of the stormwater rates and management issues raised by the Parties, which is in the public interest. *Id*. at 11.

The OCA explained in its Statement in Support that it learned that PWSA customers had concerns regarding stormwater projects and financing during litigation in this matter. OCA Statement in Support at 34. The OCA averred that, in the Settlement, PWSA "has committed to annually report progress on current stormwater activities and specific stormwater activities" identified in its CIP within the following calendar year. *Id*. at 35 (citing Settlement at ¶ 9.C.1.a). The OCA stated that this reporting requirement "benefits consumers by promoting transparency and accountability," strengthening trust between PWSA and its customers, and supporting compliance. OCA Statement in Support at 35. The OCA averred that an additional provision requiring biannual stakeholder meetings to discuss the status of stormwater projects offers similar benefits. *Id*. at 35-36.

The OCA also pointed to PWSA's commitment in the Settlement to maximizing funding for stormwater projects. OCA Statement in Support at 36 (citing Settlement at ¶ 9.C.1.c). The OCA offered that "[b]y actively seeking and utilizing external funding sources—such as state and federal grants—Pittsburgh Water can offset project costs that would otherwise be recovered through customer rates…" and that such an offset promotes fiscal responsibility. OCA Statement in Support at 36.

Overall, the OCA believed the stormwater provisions of the Settlement to be the result of reasonable and significant compromise, in the public interest, and asked the Commission to adopt them. OCA Statement in Support at 36-37.

In its Statement in Support, the OSBA submitted that this Settlement term includes steps to educate the public on stormwater charges, as such charges are often misunderstood by the public, and to ensure PWSA is charging the proper stormwater rates. According to the OSBA, PWSA's agreement to explore additional outside funding to ease the burden on future stormwater customers will benefit customers. OSBA Statement in Support at 5.

In its Statement in Support, OWT noted that it raised concerns regarding PWSA's public relations and outreach, leading to commitments that the Company is not choosing to meet within its stormwater capital improvement plan and strategic plan. OWT also raised concerns regarding PWSA's failure to sufficiently prioritize stormwater mitigation projects and funding. OWT Statement in Support at 11 (citing OWT St. 1 at 84-86). OWT further noted its recommendation that the Company be required to more closely follow its strategic plan, prioritize projects, and clearly communicate with stakeholders within the impacted projects/watersheds about the completion of these projects. OWT Statement in Support at 11-12 (citing OWT St. 1 at 87-88).

OWT submitted that this Settlement term provides for meaningful enhancements to PWSA's efforts, outreach, and education on this issue. OWT Statement in Support at 12. According to OWT, the annual reporting requirement on the progress of stormwater activities, along with the stormwater-related public events and outreach, will help to provide the Commission, Parties, and interested stakeholders with important information related to PWSA's stormwater mitigation projects and efforts. *Id*. at 12-13. In addition, OWT asserted that the requirement for PWSA to hold biannual stakeholder meetings related to stormwater projects and priorities for the upcoming year will provide an important forum for discussion of stormwater issues by stakeholders. Lastly, OWT submitted that requiring PWSA to make best efforts to maximize all sources of funding will help to ensure that PWSA is adequately drawing on sources of funding. OWT concluded that this Settlement term strikes a reasonable balance of the Parties' interests. *Id*. at 13.

4. Damaged Wastewater Sewer Laterals (¶ 9.D)

Under Paragraph 9.D. of the Settlement, PWSA will hold a meeting of interested stakeholders within 60 days of the entry date of a final Commission Order in this proceeding to discuss issues related to customer-owned damaged wastewater sewer lateral (DWSL). In its next base rate case, PWSA will include a report of the meeting, and any proposals as a result. Settlement at 8-9.

In its Statement in Support, PWSA noted that the Company previously filed a Petition for Approval of a DWSL Program with the Commission in accordance with a prior settlement, and that the DWSL Petition was subsequently denied by the Commission. PWSA Statement in Support at 36. PWSA further noted that, as a result, the Company has not filed any further petitions seeking authority to implement a DWSL Program. *Id*. (citing PWSA St. 4 at 10).

PWSA noted OWT's argument that the Company should be required to file a new DWSL Petition, consistent with the Commission's prior DWSL Order, Act 120 of 2018 (Act 120), and Commission Regulations. PWSA Statement in Support at 36 (citing OWT St. 1 at 95-98). In response, PWSA pointed to the testimony of PWSA's witness, Ms. Mechler, who explained that the Commission's order denying the DWSL Petition, in effect, found that an Act 120 program could not be designed in a way that would address PWSA's unique circumstances and that the Commission denied PWSA's request for the Commission to allow for modifications to align the purposes of Act 120 with the unique features of PWSA's system. According to PWSA, without these modifications it would be impossible for PWSA to align a DWSL Petition with the requirements of Act 120. PWSA Statement in Support at 36 (citing PWSA St. 4R at 24-26).

According to PWSA, this Settlement term is in the public interest because it provides for further discussions among stakeholders relating to customer-owned DWSLs. PWSA noted the complexity and difficulty of fully addressing this issue in the context of a larger base rate case on such a short timeline. PWSA Statement in Support at 37.

In its Statement in Support, I&E stated that while it did not submit testimony regarding PWSA's damaged wastewater sewer laterals, it shares the concerns of the other Joint Petitioners. Further, I&E noted that it played an active role in the settlement negotiations regarding these programs, monitoring the proposals and counter proposals offered by the Parties. Therefore, I&E concluded that it does not oppose this Settlement provision as a full and fair compromise that provides the Joint Petitioners and the Commission with regulatory certainty and resolution of the damaged wastewater sewer lateral issues raised by the Parties, which is in the public interest. I&E Statement in Support at 11.

The OCA noted in its Statement in Support that the Parties had agreed to resolve the ongoing issue of implementing PWSA's DWSL program. OCA Statement in

Support at 37 (citing OWT St. 1 at 95). The OCA further noted that the Settlement requires PWSA to convene a stakeholder meeting within two months of the entry of a final order in this matter, "with a report back mandate in the next base rate case as to the results and proposals from said meeting." OCA Statement in Support at 38 (citing Settlement ¶ 9.C.1.c).

The OCA submitted that this provision of the Settlement was in the public interest because of the importance of residential wastewater laterals to the collection system – including their role as a major source of inflow and infiltration. OCA Statement in Support at 38. The OCA also asserted that PWSA's ownership of private laterals would "promote uniform maintenance standards, coordinated repairs, and long-term cost efficiency by reducing unnecessary treatment of stormwater and avoiding premature capital expansion…" while also ensuring equity by spreading costs across PWSA's rate base. *Id*. at 39.

The OCA offered its support for this provision of the Settlement, arguing that it provided an opportunity to bring interested stakeholders together to resolve this issue, with the conversation focused on "system reliability, regulatory compliance, and the public welfare of all customers." OCA Statement in Support at 39.

In its Statement in Support, the OSBA noted that DWSLs can be a costly misunderstood issue for customers. The OSBA concluded that this Settlement provision is in the public interest, as it involves convening a meeting with the public, which will help to inform and educate the public concerning wastewater laterals. OSBA Statement in Support at 5.

In its Statement in Support, OWT noted that OWT's witness, Mr. Cicero, testified that PWSA failed to re-file a plan for its damaged wastewater lateral replacement program with the Commission, despite a commitment by PWSA to file a

Pilot Infiltration and Inflow Reduction and Damaged Wastewater Lateral Program Petition. OWT Statement in Support at 13 (citing OWT St. 1 at 95-96). OWT further noted Mr. Cicero's testimony that such a failure impacts the health and safety of immediate customers whose laterals are damaged, their neighbors, and the integrity of the system, and that low-income customers do not have sufficient resources to make these repairs. OWT Statement in Support at 13-14 (citing OWT St. 1 at 96-97). Therefore, OWT stated that it recommended that PWSA file a petition for a Damaged Sewer and Wastewater Lateral Program, compliant with the Commission's 2022 PWSA DWSL Order, Act 120, and Commission regulations within 90 days of the effective date of rates in this proceeding. OWT Statement in Support at 14 (citing OWT St. 1 at 97).

According to OWT, while Mr. Cicero's recommendations regarding this issue were not adopted in their entirety, this Settlement provision is reasonable and in the public interest as it will help PWSA develop a path to sufficiently address these issues in coordination with the Parties. OWT Statement in Support at 14.

5. Customer Service (¶ 9.E)

The Settlement provides for enhancements to PWSA's customer service under Paragraph 9.E. Specifically, regarding an updated root cause analysis, PWSA agreed to formally track the recommendations, document system-wide steps taken in response, and evaluate—on a continuing basis—whether or how the actions taken in response to the analysis have achieved their intended purpose. The Company will continue to include analysis of its customer disputes as well as informal complaints to the Commission's Bureau of Consumer Services (BCS), formal complaints, and payment arrangements. In addition, the Company will report on the implementation of its current and future recommendations during its regularly scheduled Low-Income Assistance Advisory Committee (LIAAC) meetings. Such report will include an evaluation of the success and failure of PWSA's negotiated payment plans. Finally, the documented

results of PWSA's evaluation will be reported as part of its next base rate filing. Settlement at 9.

Regarding the Call Center, under the Settlement, PWSA agreed that its call center would continue to make good faith efforts to meet its internal standards of an average answer time of one minute and abandonment rate of three percent or less for all customer queues each quarter. Settlement at 9.

As to small business customers, under the Settlement, PWSA agreed to continue to offer payment arrangements for a minimum of six months and to extend payment arrangements up to 24 months for small business customers. The Company agreed to develop a comprehensive informational campaign about all its programs that support small business customers, and as part of that campaign, to specifically highlight: (1) its new plan to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way; and (2) its new Leak Credit and Electronic Billing Credit programs. In addition, the Company agreed to work with representatives of the OSBA in developing the informational campaign and will invite representatives from local non-profit community development corporations to participate in developing the information campaign. Settlement at 9-10.

Regarding customer complaints, work order, and service logs, PWSA agreed, under the Settlement, to continue to maintain the customer complaint log within its asset management system to include all work order and service request data relative to Field Operations' maintenance of assets so that the information can be made available via Microsoft Excel in response to any discovery requests by the Parties. In addition, within 60 days of a final order in this proceeding, PWSA agreed to meet with interested parties to develop an agreeable reporting mechanism that identifies the basis for why a service termination was halted when field representatives attempt to contact the customer at the premises immediately prior to termination of service. Lastly, as part of its next base rate

filing, the Company will include a report of the meeting and any proposals resulting therefrom. Settlement at 10.

Under the Settlement, regarding third-party payment processing fees, PWSA agreed to withdraw its proposal to require an individual residential customer to pay the third-party debit and credit card processing fee. Additionally, the Company agreed to evaluate the cost and feasibility of implementing a process for customers to pay their bill with cash without being required to pay any additional third-party processing fees. The results of such evaluation and the Company's preliminary determination as to whether or not it can be implemented will be presented to the LIAAC for discussion. Lastly, as part of its next base rate case, PWSA will detail its proposed implementation of this process or present the reasons why it is not recommending its implementation. Settlement at 10-11.

In its Statement in Support, regarding the updated root cause analysis, PWSA noted the testimony of the Company's witness, Ms. Mechling, who explained that PWSA met its commitment, as required by the Settlement in the *PWSA 2023 Rate Case*, to update the customer complaint root cause analysis by the prescribed deadline. PWSA Statement in Support at 37 (citing PWSA St. 6 at 45). In response to the OCA's argument that the root cause includes the analysis required by the settlement in the *PWSA 2023 Rate Case*, but does not document or evaluate the recommendations for reform as a result of that analysis, PWSA referenced Ms. Mechling's testimony that the OCA's proposals were administratively burdensome, potentially not feasible, and unnecessary. PWSA Statement in Support at 38-39 (citing OCA St. 7 at 9, 18–19; PWSA St. 6R at 47).

According to PWSA, the Settlement term regarding the updated root cause analysis is a fair balance of the views of PWSA and the OCA. PWSA submitted that this Settlement term will provide the OCA with the additional information sought by the

OCA to evaluate the complaints filed against PWSA and will give PWSA flexibility to take the remedial steps that it deems necessary, while also reporting on those measures. PWSA Statement in Support at 40.

As for the Call Center Settlement term, PWSA noted the direct testimony of its witness, Ms. Mechling, who explained that PWSA has continued to meet or exceed its internal standards for "Contact Center" metrics, including an Average Speed of Answer of less than one minute and an Abandonment Rate of less than or equal to three percent. PWSA Statement in Support at 40-41 (citing PWSA St. 6 at 43). PWSA noted the OCA's position that as a condition of its rate increase, PWSA should be required to meet its internal standards of an average answer time of one minute and an abandonment rate of three percent or less for all its customer queues each quarter. PWSA Statement in Support at 41 (citing OCA St. 7 at 9, 12). In response, PWSA pointed to Ms. Mechling's testimony, wherein she testified that a rate increase to support capital projects and operations should not be conditioned upon attaining customer service performance metrics. PWSA Statement in Support at 41 (citing PWSA St. 6R at 45).

PWSA submitted that this Settlement provision formalizes the Company's continued commitment to use good faith efforts to attain its internal targets for average call answer times and abandonment rates and is therefore in the public interest. PWSA Statement in Support at 42.

Regarding small business customers, PWSA submitted that its rate filing included proposals that would benefit small business customers, such as its proposal to take ownership of water service lines two inches and smaller from the main to the curb stop within the right-of-way, and a Leak Credit Program. PWSA Statement in Support at 42-43 (citing PWSA St. 5 at 8-9; PWSA St. 6 at 38-39).

PWSA stated that no Party opposed the Company's initial proposals, while noting that the OSBA's recommendations were focused on benefiting small business customers within the context of cost allocation. PWSA Statement in Support at 43.

PWSA submitted that this Settlement term represents a reasonable compromise of issues relevant to small business customers and creates more visibility regarding PWSA's offerings for small business customers and helps connect those customers to the OSBA and the resources that the OSBA provides. PWSA Statement in Support at 44.

Regarding customer complaints, work orders, and service logs, PWSA noted that the Company tracks customer complaints, service orders, work orders, pressure inquiries, pressure complaints, and isolation valve exercising details and that it is fulfilling its commitments from its prior rate case settlement to maintain complete data regarding customer complaints, work order logs, and service logs. PWSA Statement in Support at 45 (citing PWSA St. 6 at 48; PWSA St. 5 at 2–3). In response to the OCA's proposal that PWSA continue to maintain the complaint log but also expand it to reflect the result of PWSA's commitments to address targeted service quality issues, the Company noted the testimony of its witness, Ms. Mechling, that the OCA's proposal was administratively burdensome, potentially not feasible, and unnecessary. PWSA Statement in Support at 46 (citing OCA St. 7 at 21; PWSA St. 6R at 47–48).

According to PWSA, this Settlement term provides for a collaborative approach to reporting and tracking, with input from relevant stakeholders. In addition, PWSA submitted that this provision of the Settlement should provide a smooth process for future requests of complaint data and related information in future proceedings, including PWSA's next base rate case. PWSA Statement in Support at 47.

Regarding third-party payment processing fees, PWSA explained that it initially proposed to reinstitute its historical practice of requiring customers to pay for any debit and credit card third-party processing fees incurred when electing to pay their bill with such cards. PWSA contrasted its initial proposal with its current policy of including recovery for these third-party credit and debit fees from all customers as part of base rates. PWSA Statement in Support at 47 (citing PWSA St. 6 at 30).

In response to the other Parties' recommendation that the Commission reject PWSA's proposal to reinstate fees, PWSA noted the testimony of its witness, Ms. Mechling, who disagreed with the OCA and OWT and argued that PWSA "must take into consideration the complete picture of what is reasonable in terms of revenue collection to support its operations and service." PWSA Statement in Support at 48 (citing PWSA St. 6R at 59). Further, PWSA noted Ms. Mechling's testimony that "as of Q1 2025, approximately 73 percent of [PWSA's] water customers do not pay by credit or debit card…" PWSA Statement in Support at 48-49 (citing PWSA St. 6R at 59). Lastly, PWSA noted Ms. Mechling's testimony that it is the Company's goal to enroll all customers in automatic clearing house (ACH) payments,[17] which will eliminate the issue of third-party payment processing fees. PWSA Statement in Support at 49 (citing PWSA St. 6R at 60).

PWSA submitted that this Settlement provision is in the public interest, as the concerns about the shift in who is responsible for payment are avoided. According to PWSA, a thorough investigation will determine whether implementing a process for customers to pay their bill with cash without any additional third-party processing fees is

[17] An ACH payment is an electronic transfer of funds via the nationwide ACH system. This type of payment moves money from one bank or credit union to another, using account and routing numbers. For example, an ACH payment occurs when a utility draws its monthly bill directly from a customer's bank account. *See* https://www.forbes.com/advisor/banking/ach-payments/ (accessed February 4, 2026).

feasible, and if necessary, the Parties will have an opportunity to fully litigate this issue in PWSA's next base rate case. PWSA Statement in Support at 50.

In its Statement in Support, I&E noted that while it did not submit testimony on PWSA's customer service programs, it shares the concerns of the other Joint Petitioners. I&E further noted that it played an active role in the Settlement negotiations regarding these programs, monitoring the proposals and counter proposals offered by the Parties. Therefore, I&E concluded that it does not oppose this Settlement term as a full and fair compromise that provides the Joint Petitioners and the Commission with regulatory certainty and resolution of the customer service issues raised by the Parties, which is in the public interest. I&E Statement in Support at 11-12.

The OCA, through its witness, Ms. Barbara R. Alexander, recommended that PWSA continue to conduct a root cause analysis of customer disputes, including those relayed to BCS, as well as Commission handled complaints, with ongoing reporting of current and future recommendations based on the analysis in its Quarterly reports. OCA Statement in Support at 41 (citing OCA St. 7 at 9). The OCA countered PWSA's contentions that these requirements would be administratively burdensome, not feasible, or unnecessary, and noted these requirements and policies were already in place and recommended a maintenance of current performance. OCA Statement in Support at 41 (citing OCA St. 7SR at 6).

The OCA supported the Settlement provision regarding root cause analysis of customer complaints because it required increased accountability from PWSA and allows for better understanding of customer complaints and trends. The OCA took the position that having a better understanding of complaints would allow PWSA to provide better service to customers in resolution of complaints, and that the Settlement term was reasonable and in the public interest. OCA Statement in Support at 42.

The OCA's witness, Ms. Alexander, provided testimony that PWSA regularly failed to meet its own internal performance standards for its call center, and agreed in the settlement in the *PWSA 2023 Rate Case* to improve its customer service performance metrics. OCA Statement in Support at 43 (citing OCA St. 7 at 11). The OCA, as part of its litigation position, recommended that PWSA be required to adhere to and meet its own internal performance standards. OCA Statement in Support at 43-44.

The OCA opined that the provision regarding call center performance was in the public interest for the purposes of customer contact with the utility and continued improvement by PWSA in the area of customer service. Through its Statement in Support, the OCA contended this provision was reasonable and in the public interest. OCA Statement in Support at 44.

In its Statement in Support, the OCA referenced the testimony of its witness, Ms. LeeAnn Wise, for its position that PWSA be required to maintain complete data regarding customer complaints, work orders, and service logs as part of its compliance with 52 Pa. Code § 65.3. OCA Statement in Support at 45 (citing OCA St. 5 at 8). Further, the OCA recommended that PWSA "develop a more detailed reporting mechanism to identify the basis for why termination was halted," believing that such information would allow for more detailed analysis. OCA Statement in Support at 45-46 (citing OCA St. 7SR at 10).

The OCA argued that the Settlement terms on these points were in the public interest, as they allow for more scrutiny and additional reporting regarding how PWSA handles customer complaints and increasing transparency and accountability in the service termination process. The OCA suggested that requirements that PWSA meet with stakeholders to develop a reporting mechanism identifying why service termination

was halted would ensure important data is collected and analyzed. OCA Statement in Support at 46. The OCA argued:

> This will ultimately assist low-income individuals facing a termination of service by establishing earlier intervention, giving the consumer time to take alternative avenues or engage in a payment plan resulting in fairer treatment to the customers, reduces unnecessary terminations, and supports more effective and consumer friendly collection practices. As such, the OCA contends that this provision regarding the complaint logs and termination reports is reasonable and in the public interest.

Id. at 47.

Regarding third party payment processing fees, the OCA's witness, Ms. Alexander, testified that "[a]pproximately 27% of [PWSA's] residential customers in the 1st Quarter of 2025 used either a credit or debit card to pay their bill…" and that imposing a third party processing fee on such payments would adversely impact customers, particularly those facing termination. OCA Statement in Support at 48 (citing OCA St. 7 at 23). The OCA stated the Settlement term calling for withdrawal of the imposition of third-party processing fees should be approved, as it is in the public interest because it protects customers, benefits consumers, and is reasonable. *Id*. at 48-49.

In its Statement in Support, regarding small business customers, the OSBA submitted that the Settlement term to expand the payment arrangement to 24 months and to provide information regarding service lines, leak programs, and a bill credit program to small business customers will be beneficial to these customers. Similarly, the OSBA stated that PWSA's agreement to work with the OSBA to develop a campaign to bring together interested parties will also be beneficial to small business customers. OSBA Statement in Support at 5-6 (citing Settlement at ¶ III.9.E.3).

Regarding customer complaints, work orders and service logs, the OSBA asserted that PWSA's agreement to continue to maintain and track customer complaints, including work orders and field operations, until its next base rate case will ensure the Company's awareness of problems within its system and with certain customers. OSBA Statement in Support at 6 (citing Settlement at ¶ 9.E.4). According to the OSBA, providing easy access to this information in the Company's next base rate case will guarantee that interested parties and the Commission have the data to review and assess the Company's recording and addressing of customer complaints. OSBA Statement in Support at 6.

Regarding third-party payment processing fees, the OSBA submitted that the removal of third-party fees will save customers utilizing these services the proposed fee. OSBA Statement in Support at 6. In addition, the OSBA highlighted PWSA's agreement to provide additional support for such fees in the Company's next base rate case. *Id*. (citing Settlement at ¶ 9.E.5). Therefore, the OSBA concluded that this Settlement provision is in the public interest. OSBA Statement in Support at 6.

In its Statement in Support, regarding third-party payment processing fees, OWT noted that its witness, Mr. Cicero, opposed PWSA's initial proposal, explaining that such proposal improperly shifted fees to ratepayers who may already be having bill payment difficulties. OWT Statement in Support at 15-16 (citing OWT St. 1 at 91-92). OWT noted Mr. Cicero's recommendation that these fees continue to be included in rates. OWT Statement in Support at 16 (citing OWT St. 1 at 91). In addition, OWT stated that Mr. Cicero also recommended that PWSA develop a process, whereby customers could submit cash payments without third-party processing fees. OWT Statement in Support at 16 (citing OWT St. 1 at 92-93). Therefore, OWT submitted that PWSA's agreement to withdraw its initial proposal on this issue aligns with Mr. Cicero's recommendation. OWT noted that while its recommendations were

not adopted in their entirety, this Settlement provision reasonably balances the Parties' interests. OWT Statement in Support at 17.

6. Low-Income Customer Assistance Programs (¶ 9.F)

Similarly, the Settlement provides for enhancements to PWSA's low-income customer assistance programs under Paragraph 9.F. Specifically, regarding cross enrollments, the Settlement established that, effective September 1, 2026, when a new customer enrolls in the BDP and has a past due balance, PWSA will automatically enroll the customer in the AFP without the need for the customer to separately apply. Settlement at 11.

Under the Settlement, regarding the BDP, PWSA agreed to expand the volumetric discount from 60% to 70% for participants with income levels between 0% and 50% of the Federal Poverty Level (FPL) and implement a new volumetric discount of 30% for participants with income levels between 50.1% and 100% of the FPL. In addition, under the Settlement, the Joint Petitioners agreed to a new volumetric fixed credit for participants with income levels between 100.1% and 200% of the FPL in the amount of $5.00 for their water consumption charges and/or $2.50 for their wastewater conveyance charges. Under the Settlement, the new volumetric fixed credit will be implemented effective 2026 and remain in effect until implementation of the rate structure change in 2027, at which time all BDP participants will receive a bill credit equal to one unit of consumption (for water) and/or one unit of conveyance (for wastewater) at their applicable rate. Settlement at 11.

In addition, PWSA agreed to implement a new AFP, effective on September 1, 2026, setting forth a transition plan for existing AFP participants to the new AFP with an option for them to remove themselves from the program if they do not agree with the new AFP terms, and setting forth a process to contact existing BDP participants

with arrears who are not enrolled in a current AFP to provide them with information and giving them the option to remove themselves from being automatically enrolled in the new AFP. Settlement at 12.

Regarding the Hardship Fund, PWSA agreed to increase Hardship Grant eligibility to allow eligible customers to apply for Hardship Grants up to two times per year, per utility service. The total Hardship Grant available for a household in a given year will be $450 for water and $450 for wastewater. In addition, PWSA agreed to track the number of Hardship Fund applicants and recipients by FPL range, and to track the number of BDP participants who have accessed hardship funding. Lastly, the Company agreed to commit royalties from the water and sewer insurance program as a funding source for the Hardship Fund. Settlement at 12.

PWSA agreed to implement its permanent Line Repair and Water Conservation Program (LRC) Program, as proposed in its initial rate filing, with specific changes outlined in the Settlement. In this regard, PWSA agreed to present data to its LIAAC regarding barriers caused by a lack of landlord consent, and to recommend some ways for how the process may be improved, including permitting landlord consent through an electronic signature, a web portal and QR code, or through text messaging. In addition, the Company agreed to discuss with the LIAAC how to maximize the ability and ease of landlords to provide consent when the landlord is not the customer. Lastly, the Company agreed to ensure that neither training materials nor customer facing materials require participation in BDP as a condition to receive services under the LRC. Settlement at 12-13.

Additionally, under the Settlement, PWSA committed to meet with interested parties, within 60 days of the entry of a final order in this proceeding, to develop an agreeable approach for the Company to internally identify and track residential customers as "confirmed low-income." The Settlement established that the

discussion will include consideration of various factors that could indicate low-income status as well as the impact on both customers and the Company from seeking and maintaining the information. Additionally, PWSA agreed to open a discussion regarding these issues during a regularly scheduled LIAAC meeting and to include a report of the meeting and any proposals resulting therefrom as part of its next base rate filing. Settlement at 13.

Regarding the allocation of costs for low-income programs, under the Settlement, PWSA committed to continue to recover the costs of its low-income customer assistance programs from all customer classes. Settlement at 13.

In its Statement in Support, PWSA noted its initial proposal to automatically enroll customers into the BDP who apply for and are granted a Hardship Grant through one of the community-based organizations partnering with Dollar Energy Fund. PWSA Statement in Support at 52 (citing PWSA St. 6 at 33). PWSA further noted that while no Party opposed the Company's initial proposal, the OCA and OWT offered their own additional proposals for automatic enrollment into the new AFP. PWSA Statement in Support at 52. In response to these additional proposals, PWSA referenced the testimony of its witness, Ms. Mechling, opposing such proposals as unnecessary due to PWSA's current assessment processes and concerns about forcing customers into a program without their knowledge or consent. *Id*. at 53 (citing PWSA St. 6R at 21-22).

According to PWSA, this Settlement term is in the public interest as it makes the new AFP more easily accessible for the customer and seeks to ensure that the greatest number of eligible candidates can access the program. PWSA Statement in Support at 53.

In its Statement in Support, PWSA noted that under its current BDP, customers at or below 200% of the FPL are provided rate reductions through discounts

off several applicable rates. PWSA Statement in Support at 54. PWSA explained that it proposed to extend the BDP recertification requirement from 2 years to 5 years for customers on fixed incomes of social security and/or retirement benefits and to introduce a new Fixed Discount Bill Credits for BDP participants with incomes between 50.1% and 200% of FPL and BDP participants with incomes at or below 50% of FPL. *Id*. (citing PWSA St. 6 at 32-22). PWSA stated that the Company proposed to introduce the new Fixed Discount Bill Credits as part of its overall plan to revise its rate structure effective in 2027 to depend more significantly on the volumetric charge for revenue recovery. *Id*. at 55.

PWSA stated that both the OCA and OWT had concerns regarding the affordability of the Company's rates and proposed several revisions to the Company's BDP, while noting that no Party opposed PWSA's proposed recertification process for BDP participants on a fixed income. PWSA Statement in Support at 55. In response to the proposals of the OCA and OWT, PWSA referenced the rebuttal testimony of PWSA's witness, Ms. Mechling, who provided an estimate of the additional loss in base rate revenue that would likely occur if the proposals were adopted—specifically, $143,644 for the OCA's proposal and $1,240,884 for OWT's proposal. *Id*. at 56 (citing PWSA St. 6R at 27-29; PWSA Exhs. JAM-20 and JAM-21).

PWSA submitted that the Parties considered different ways to structure the benefits of the BDP in consideration of the upcoming change to PWSA's rate structure and the resulting benefits to participants. PWSA Statement in Support at 57-58. PWSA noted that the Parties ultimately agreed that implementing a new volumetric discount of 30% for customers with incomes between 50.1% and 100% of FPL and increasing the current 60% discount to 70% for customers in the existing income tier is a reasonable outcome. According to PWSA, the new volumetric income tier will present new rate reductions to approximately 1,000-1,500 customers. PWSA stated that the Settlement term to extend volumetric rate reductions to more low-income customers is in the public

interest as PWSA's rate structure shifts to a greater reliance on volumetric charges. PWSA further noted that in light of the new volumetric discounts, the Parties also considered the resulting impacts on PWSA's proposed Fixed Credits, aimed at "smoothing" the transition to eliminating the minimum allowance currently embedded in the fixed charge. According to PWSA, the Parties ultimately agreed that implementing a specific fixed bill credit in 2026 for BDP participants with incomes between 100.1% and 200% of the FPL would realize PWSA's desired "smoothing" of rates for those customers in this income range. *Id*. at 58.

In its Statement in Support, PWSA explained its initial proposal to replace its current program with a New AFP that would no longer require participants to make payment towards the pre-program, frozen arrears, but would require participants to still make on-time payments of current bills. PWSA further explained that in exchange, PWSA would freeze the pre-program arrears and reduce the participant's account balance by 1/24th of the original pre-program balance and eliminate the balance within a two-year period. In addition, PWSA noted that participants would be given two opportunities to catch up on their missed payment of charges billed within the 24 months to achieve forgiveness. PWSA Statement in Support at 60 (citing PWSA St. 6 at 35-36; PWSA St. 6R at 17).

PWSA noted that both the OCA and OWT opposed PWSA's requirement that participants be required to make two catch-up payments to continue to receive the forgiveness or be disenrolled in the program. PWSA Statement in Support at 60-61 (citing OCA St. 6 at 61; OWT St. 1 at 63-64). In response, PWSA referenced the testimony of its witness, Ms. Mechling, who explained that these program rules are consistent with the current program requirements. In response to the OCA's proposal that all future customers enrolling in BDP with arrears be automatically enrolled in the new AFP and OWT's proposal of the automatic enrollment of all existing BDP participants with arrears with program implementation, PWSA pointed to the testimony

of Ms. Mechling, who explained that PWSA planned to transition existing AFP participants to the New AFP at program launch. PWSA Statement in Support at 61 (citing OCA St. 6 at 55-59; OWT St. 20; PWSA St. 6 at 20-21).

According to PWSA, this Settlement provision is in the public interest because the effective date of September 1, 2026 will provide the Company with the time to develop the educational materials and operational processes needed to operate the New AFP. PWSA submitted that this provision ensures that there are pre-enrollment processes in place to provide eligible customers automatically enrolled into the new AFP with the option to remove themselves from the AFP if they do not agree to be enrolled. In addition, PWSA stated that these revised features will result in a reasonable arrearage forgiveness program for PWSA customers. PWSA Statement in Support at 63.

Regarding the Hardship Fund, PWSA stated that it proposed to begin automatically enrolling customers receiving Hardship Grants into the BDP. PWSA Statement in Support at 63 (citing PWSA St. 6 at 33; PWSA St. 6R at 32). PWSA noted that the OCA and OWT each made additional proposals regarding the Hardship Grant Program and the Company opposed OWT's proposals. PWSA Statement in Support at 64. In support, PWSA referenced the testimony of PWSA's witness, Ms. Mechling, who stated that the Company already has strong participation in the Hardship Grants and that many of OWT's proposals to further promote the Hardship Grants are unnecessary and some would even increase costs and administrative burden. *Id*. at 64-65 (citing PWSA St. 6R at 32-34).

PWSA submitted that this Settlement term is in the public interest and noted that the Company accepted several of OWT's proposals. PWSA Statement in Support at 65. PWSA further stated that this provision provides further Hardship Grant benefits and additional assistance to qualifying low-income customers by increasing the frequency with which customers may apply for and receive these grants. *Id*. at 65-66.

Regarding the LRC Program, PWSA noted that it initially proposed, in its original filing, to convert this program into a permanent low-income customer assistance program and to increase the per-property benefit from $1,356 to $1,600. PWSA Statement in Support at 66 (citing PWSA St. 6 at 33-35; PWSA St. 6R at 35). PWSA further noted that while the OCA and OWT both supported making the LRC Program permanent, they also made many additional proposals to the program. PWSA Statement in Support at 66. PWSA stated that it disagreed with the OCA's proposals and confirmed that any customer with income at or below 200% of the FPL is eligible for the LRC Program. *Id*. at 68 (citing PWSA St. 6R at 41-43). Similarly, PWSA disagreed with OWT's proposals and emphasized that the Company voluntarily offers the LRC Program to its customers and that many aspects of OWT's proposals are already embedded in the current program structure which has been developed over the course of several proceedings before the Commission. PWSA Statement in Support at 67 (citing PWSA St. 6R at 36-40).

According to PWSA, this Settlement provision is in the public interest, as the Company has successfully worked with the LIAAC in the past to address these types of issues; and discussion as to how landlords interact with the LRC and ways this process may be improved will benefit PWSA and LRC participants. PWSA Statement in Support at 69.

Regarding the identification of "confirmed" low-income customers, PWSA noted the testimony of PWSA's witness, Ms. Mechling, who explained how the Company screens for low-income customers during telephone interactions and service changes. PWSA Statement in Support at 69 (citing PWSA St. 6 at 44). In addition, PWSA clarified that six scenarios were created with instructions on how to identify and

warm transfer customers to the PGH2O Cares team when appropriate.[18]
PWSA Statement in Support at 69-70. According to PWSA, the OCA and OWT were both critical of the data collected and retained by the Company regarding a customer's low-income status. *Id*. at 70. In response to the OCA's and OWT's recommendations, PWSA noted Ms. Mechling's explanation that PWSA records income information reported to it for each BDP applicant and applies a "Confirmed Low-Income flag or alert" to the customer's account. *Id*. (citing PWSA St. 6R at 12).

PWSA submitted that this Settlement term offers a reasonable balance of the concerns raised by the Company, the OCA, and OWT. According to PWSA, a collaborative discussion to find an agreed-upon way to identify "confirmed" low-income customers is preferable to a mandated, one-size-fits-all approach. PWSA Statement in Support at 71. In addition, PWSA asserted that inviting further input from LIAAC members will improve the discussions by ensuring a broader range of input can be considered. *Id*. at 72.

PWSA noted that its filing reflected its continued recovery of customer assistance program costs from all rate classes, consistent with prior approved rate cases. PWSA Statement in Support at 72. According to PWSA, the OSBA disagreed with the Company's continued recovery of costs of the low-income customer assistance programs from all customer classes, proposing that these costs be recovered solely from the residential customer class and arguing that these programs only benefit residential customers. *Id*. (citing OSBA St. 1 at 19). PWSA noted its disagreement with such proposal and its explanation that the allocation of these costs to all classes is consistent

[18] The PGH2O Cares team is a group of education and outreach professionals dedicated to working directly with PWSA's most vulnerable customers to bolster enrollment in the Company's customer assistance programs and identify ways to reduce water usage. *See* https://www.pgh2o.com/residential-commercial-customers/customer-assistance-programs/pgh2o-cares (Accessed February 4, 2026); *See also* PWSA St. 6R at 11, n.7.

with PWSA's traditional approach, and that PWSA's programs provide a benefit to all rate classes. PWSA Statement in Support at 72-73 (citing PWSA St. 8R at 4-5).

PWSA submitted that this Settlement provision is in the public interest, as it continues PWSA's approach and acknowledges that low-income customer assistance programs provide benefits to all classes. PWSA Statement in Support at 73.

In its Statement in Support, I&E noted that while it did not submit testimony on PWSA's low-income customer assistance programs, it shares the concerns of the other Joint Petitioners. I&E further noted that it played an active role in the settlement negotiations regarding these programs, monitoring the proposals and counter proposals offered by the Parties. Therefore, I&E concluded that it does not oppose this Settlement term as a full and fair compromise that provides the Joint Petitioners and the Commission with regulatory certainty and resolution of the agreed-upon, low-income customer assistance programs, which is in the public interest. I&E Statement in Support at 13-14.

In its Statement in Support, the OCA noted its recommendation that low-income PWSA customers who enroll in the BDP be simultaneously, and without further action by the customer, enrolled in the PWSA AFP. OCA Statement in Support at 49 (citing OCA St. 6SR at 37). The OCA countered PWSA's objection and noted:

> This would enroll the customer into essentially one program with two complementary components: (1) a component to address the affordability of current bills on a going-forward basis (i.e., the "bill discount"); and (2) a component to address the pre-existing arrears that were incurred during the

> time prior to BDP enrollment when bills were unaffordable (i.e., the "arrearage forgiveness").

OCA Statement in Support at 49-50 (citing OCA St. 6SR at 37). The OCA supported the Settlement term in this matter as in the public interest because "it is designed to help reduce confusion and enroll customers who desperately need assistance in the appropriate programs…" OCA Statement in Support at 50. The OCA also pointed to the benefits to customers facing financial difficulties or arrearages as proof the Settlement terms were reasonable and in the public interest. *Id*.

The OCA noted that its witness, Mr. Roger Colton, recommended PWSA implement a three-tier BDP with PWSA increasing the volumetric discount from 60% to 70% for customers at or below 50% of the FPL. OCA Statement in Support at 51 (citing OCA St. 6 at 29-36). According to the OCA, this Settlement term is in the public interest "because it increases the discounts provided to customers and better targets the discounts to address affordability and different affordability needs for customers…" OCA Statement in Support at 52-53.

Regarding PWSA's AFP, the OCA noted the testimony of its witness, Mr. Colton, who recommended a modification to the program and suggested that customers enrolling in the BDP with an existing arrearage should be automatically enrolled in PWSA's AFP. OCA Statement in Support at 54 (citing OCA St. 6 at 59). The OCA also noted "that the current language and outreach of this program were lacking…" and that PWSA should review its communications to ensure customers are fully informed of their rights. OCA Statement in Support at 54-55 (citing OCA St. 6R at 60-61). The OCA averred that the Settlement terms related to the AFP are reasonable and in the public interest because these terms benefits customers by improving access to arrearage relief, clarifying customer rights, and aiding consumers enrolled in the AFP and BDP programs. OCA Statement in Support at 55.

The OCA stated that it supported offering more Hardship Fund grants to customers and argued that the terms related to the Hardship Fund in the Settlement were in the public interest because this provision will allow eligible customers to receive hardship funds twice per year, with these funds providing additional assistance to aid customers in maintaining service. OCA Statement in Support at 56-57. According to the OCA, the requirement that PWSA track the number of fund applications by FPL range and BDP participation will create better outcomes and allow for better tracking of program performance. The OCA stated that requiring PWSA to commit insurance royalties to the Hardship Fund will increase the funds available for the program. Based on these benefits, the OCA stated the Settlement provisions were reasonable and in the public interest. *Id*. at 57.

The OCA agreed with PWSA that its proposal to convert the low-income LRC into a permanent program was reasonable and should be approved. OCA Statement in Support at 58 (citing OCA St. 6 at 67). The OCA highlighted that the average 17% usage reduction through the program "exhibits a very successful effort to help low-income customers control their bills by reducing their usage." *Id*. The OCA argued the program could be improved by clarifying the process for tenants to follow when landlord approval has not been granted, when tenant written consent is required, and how best to optimize the process for landlords to provide consent when the landlord is not the customer. OCA Statement in Support at 58-59 (citing OCA St. 6 at 69).

The OCA also highlighted the clarification of communications to ensure customers were informed of their eligibility for the LRC program and doubling of the proposed funding. OCA Statement in Support at 59 (citing OCA St. 6 at 71-72). Per the OCA, the LRC Settlement provisions are in the public interest, as they promote water conservation, assist low-income customers in controlling their bills, provide clarity to customers regarding eligibility for the program, and break down barriers customers might

face while giving PWSA an avenue for addressing such concerns. OCA Statement in Support at 59-60.

The OCA noted that its witness, Mr. Colton, recommended that PWSA "implement a mechanism in its customer information system that would allow the [Company] to identify customers for whom Pittsburgh Water has information that would reasonably indicate the customer is low-income." OCA Statement in Support at 60-61 (citing OCA St. 6 at 40). The OCA supported the Settlement term, arguing that it brings stakeholders and interested parties together to determine the best method for outreach to low-income customers eligible for low-income programs, but who are not enrolled. The OCA averred that this outcome was within the range of likely outcomes if this matter were litigated, will create new communication and information opportunities for reaching customers about programs benefitting them, and is reasonable and in the public interest. OCA Statement in Support at 61.

The OCA offered its support for PWSA's continued recovery of the costs associated with low-income customer assistance programs from all customer classes. OCA Statement in Support at 62. The OCA stated this practice is consistent with established rate making principles and:

> (1) spreads costs broadly, minimizing the rate impact on any single class; (2) reduces arrearages, shutoffs, and uncollectible expenses, thereby lowering overall system costs that would otherwise be assigned back to all customers; and (3) supports system reliability and public health, which protects residential, commercial, and industrial users alike.

Id. (citing OCA St. 6R at 17). The OCA therefore averred the Settlement terms were in the public interest and reasonable because they meet the criteria for a public good. OCA Statement in Support at 63.

In its Statement in Support, regarding cross enrollments, OWT noted that it raised concerns that PWSA was proposing to operate the AFP and BDP as separate programs and that there were many BDP customers who carried balances who were not enrolled in the AFP. OWT Statement in Support at 18 (citing OWT St. 1 at 64). OWT further noted its recommendations that the AFP should operate as a streamlined component of the BDP, that all BDP participants with arrears who are not already enrolled in the AFP should be enrolled in the AFP within 60 days of the effective date of rates, and if PWSA's systems are unable to automatically provide arrearage forgiveness to AFP customers, BDP customers in arrears should be given the ability to enroll in the AFP prior to their recertification dates. OWT Statement in Support at 18 (citing OWT St. 1 at 65-66). OWT submitted that the Settlement term on this issue is reasonable. According to OWT, PWSA's agreement to automatically enroll customers in the AFP, when a customer enrolls in the BDP with a past due balance, will help to streamline how BDP customers access arrearage forgiveness benefits through the AFP without the need for a separate application process to qualify for the AFP. OWT concluded that this Settlement term is in the public interest and aligns with the recommendation of OWT's witness, Mr. Cicero. OWT Statement in Support at 19.

Regarding the BDP, OWT stated that while it supported revising the BDP's structure to improve affordability, PWSA's originally proposed revisions failed to provide consistently affordable rates for Program participants. OWT Statement in Support at 19 (citing OWT St. 1 at 54-55). As such, OWT noted that it recommended revisions to the structure and discount level of the BDP to provide more consistent levels of affordability. OWT Statement in Support at 19-20 (citing OWT St. 1 at 57-58). According to OWT, the agreed-upon revisions to the BDP would result in important improvements to the levels of affordability that BDP customers can access and help low-income customers to achieve more affordable monthly bills while enrolled in the BDP. OWT Statement in Support at 20-21. Therefore, OWT submitted that this Settlement provision is in the public interest. *Id*. at 21.

Regarding the AFP, OWT stated that while OWT's witness, Mr. Cicero, supported PWSA's proposal to allow AFP participants to receive full arrearage forgiveness within 24 months, he raised concerns that the success of the AFP was hindered by PWSA's current policies that required customers to enter into payment arrangements to enroll in the AFP and failed to provide AFP credits for all catch up payments and to properly coordinate the AFP and BDP. OWT Statement in Support at 21 (citing OWT St. 1 at 60-62). Therefore, OWT noted that Mr. Cicero recommended several additional reforms to the AFP. OWT Statement in Support at 21-22 (citing OWT St. 1 at 61-64, 66-67).

OWT submitted that this Settlement term will provide important reforms to PWSA's initial AFP and will help customers to receive more meaningful arrearage forgiveness assistance through this program. OWT stated that while Mr. Cicero's recommendations were not fully adopted, this Settlement term, as well as the improvements to BDP and AFP cross enrollments, will help BDP participants with arrearages to automatically enroll in the AFP if they are not already enrolled in the program before September 1, 2026, which helps to streamline enrollment for the AFP. As such, OWT concluded that this term is reasonable and in the public interest. OWT Statement in Support at 23.

Regarding the Hardship Fund, OWT noted the testimony of OWT's witness, Mr. Cicero, who explained that PWSA's Hardship Fund was not serving the clear need of low income customers for grant assistance and recommended that PWSA allow households to qualify for hardship funding twice a year regardless of whether the customer elects to apply the grant to their water/wastewater account, make revisions to provide customers with clearer information about the Hardship Fund, and track additional metrics relating to the Hardship Fund. OWT Statement in Support at 24 (citing OWT St. 1 at 69-70, 73-74).

According to OWT, the Settlement terms related to this issue provide meaningful improvement to PWSA's Hardship Fund. OWT Statement in Support at 24. Specifically, OWT submitted that allowing customers to qualify for a Hardship Fund grant twice a year will help customers to better meet their needs for assistance, and requiring PWSA to track Hardship Fund applicants/recipients by FPL range and BDP customers who access the Hardship Fund will provide the Company, the Commission, and interested parties with information as to whether the Hardship Fund is reasonably accessible to low income customers. *Id*. at 24-25 (citing Settlement at ¶¶ 9.F.4.a and 9.F.4.b). OWT further submitted that this provision aligns with many of the recommendations of OWT's witness, Mr. Cicero. As such, OWT concluded that this Settlement provision is reasonable and in the public interest. *Id*. at 25.

As to the LRC, OWT stated that OWT's witness, Mr. Cicero, supported PWSA's proposal to make this Program permanent and to increase the per-property limit. OWT Statement in Support at 26 (citing OWT St. 1 at 76). OWT further noted the concerns of Mr. Cicero that the proposal would not provide comprehensive usage reduction, repair, and conservation measures. OWT Statement in Support at 26 (citing OWT St. 1 at 77-80). Therefore, OWT highlighted that Mr. Cicero's recommendation that PWSA:

> (1) develop and implement a comprehensive conservation and line repair/replacement assistance program;
> (2) eliminate current requirements that customers must be enrolled in the BDP to access the LRC Program; and
> (3) coordinate service delivery with other utilities in its service territory that operate energy efficiency and conservation programs

OWT Statement in Support at 26 (citing OWT St. 1 at 80-82).

OWT submitted that this Settlement term provides important improvements to PWSA's initial proposal regarding the LRC. Specifically, OWT stated that this term

requires PWSA to implement a permanent LRC, which will assist low-income customers in receiving repair and conservation assistance. In addition, OWT submitted that this term will address barriers related to LRC services for tenants by setting forth a collaborative process through the LIAAC to discuss landlord consent. Lastly, OWT asserted that, consistent with the analysis of OWT's witness, Mr. Cicero, this Settlement term will help to clearly eliminate requirements that customers participate in the BDP to receive LRC services. OWT Statement in Support at 27. Therefore, OWT concluded that this Settlement term is reasonable and in the public interest. *Id*. at 28.

Regarding the identification of "confirmed" low-income customers (CLI), OWT noted the testimony of OWT's witness, Mr. Cicero, that PWSA's identification and classification of CLI customers are unreasonably restrictive, resulting in the undercounting of low income customers. OWT Statement in Support at 28 (citing OWT St. 1 at 17-18). According to OWT, the Settlement term regarding this issue will create an important process for reviewing and improving PWSA's identification of CLI customers, which is in the public interest. In addition, OWT submitted that requiring PWSA to report on the meeting and proposals resulting therefrom, in its next base rate proceeding sets a clear timeframe for evaluating the Company's CLI definition. As such, OWT submitted that this Settlement term is reasonable and in the public interest. OWT Statement in Support at 29.

As to the allocation of costs for low-income customer assistance programs, OWT noted the testimony of OWT's witness, Mr. Cicero, who opposed the OSBA's recommendation that certain customer assistance program costs should be recovered solely from residential customers and explained that PWSA should continue its practice of recovering such costs from all customer classes. OWT Statement in Support at 29-30 (citing OWT St. 1-R at 3-7). OWT further noted Mr. Cicero's testimony that poverty, and the resulting numerous issues that low-income customers face, are societal issues and that the tools to address these issues must be supported more broadly by all customers.

OWT Statement in Support at 30 (citing OWT St. 1-R at 3-7). According to OWT, this Settlement provision is in the public interest, as it requires PWSA to continue its practice of recovering costs related to low-income customer assistance programs from all customer classes. OWT took the position that such programs address societal issues and have broad societal benefits. Therefore, OWT submitted that this provision is reasonable and in the public interest. OWT Statement in Support at 30.

C. Recommended Decision

The ALJs concluded that the Joint Petition was supported by substantial evidence and consistent with the Code. R.D. at 128. However, the ALJs concluded that "in the interest of accountability, consistency, and clarity" certain modifications were necessary to correct a typographical error and address issues with the PVC. The ALJs recommended all other terms of the Joint Petition be approved without modification. *Id*. The ALJs held that "[v]iewing the individual Settlement provisions in context of the totality of the Settlement, we agree with the Joint Petitioners and find approving the Settlement, with modification, is in the public interest." *Id*. at 130.

1. 2026 Effective Rates, DSIC, PVC Amount, and MYRP

In reviewing the terms of the Joint Petition, the ALJs found the following terms to be in the public interest: (1) an increase to 2026 base rate revenues of 25% (inclusive of a 5% DSIC), plus $17.6 million in PENNVEST charges, for a total revenue increase of $42.6 million; (2) the elimination of PWSA's proposed increase in its DSIC cap from 5% to 7.5%; and (3) the elimination of PWSA's MYRP. R.D. at 130. The ALJs noted the total increase of $42.6 million in the Joint Petition was roughly half of PWSA's proposed multi-year request of $84.4 million, with the Joint Petition also calling for PWSA to withdraw its request for a MYRP, which may have led to additional increases in 2027. The ALJs found that "on balance," approval of the Joint Petition

enabled PWSA to ensure recovery of the costs of maintaining its water, wastewater, and stormwater systems, meet all regulatory requirements, and also provide safe and reliable water, wastewater, and stormwater services at a just and reasonable price. *Id*. at 131.

2. PENNVEST Charge Calculation, Reporting and Tariff Language

The ALJs devoted substantial discussion to the Joint Petition's PVC calculation, reporting, and tariff language, and noted that despite general support for the language of the Joint Petition, the ALJs "have some concerns," and recommended six modifications to the Joint Petition, as it relates to the PVC and associated tariff language. R.D. at 132.

First, the ALJs expressed concern that the Joint Petition's Appendix H, Annual Reconciliation (Example), reflected that interest on over and under collections will be applied at the residential mortgage lending rate. R.D. at 132. The ALJs juxtaposed this with the *pro forma* tariffs, set forth in Appendices I, J, and K of the Joint Petition, and which specified that the PVC will be adjusted to reflect "an increase in the charge as determined by the reconciliation process" and, with regard to over-collections, stated "interest on over-collections will be calculated in the first full month after the over-collection occurred at the residential mortgage lending [rate]." R.D. at 132 (citing Settlement Appendix I, Tariff Water, First Revised Page No. 8D).[19] Finding that the

[19] We note that while the ALJs specifically cited to the language specifying that the PVC will be adjusted to reflect "an increase in the charge as determined by the reconciliation process," as set forth in Appendix I of the Settlement, which included the *pro forma* tariff pages for the Company's Tariff Water, nearly identical language also appears in Appendices J and K, setting forth the tariff pages for the Company's Tariff Wastewater and Tariff Stormwater, respectively. Specifically, this language appears on Appendix J, Tariff Stormwater, First Revised Page 9C and on Appendix K, Tariff Wastewater, First Revised Page 8B. We further note that the language stating that with regard to over-collections, "interest on over-collections will be calculated in the first full month after the over-collection occurred at the residential mortgage lending [rate]"

pro forma tariffs are silent regarding interest rates for under-collections, and that the PVC is based on a customer's usage, the ALJs took the position that PWSA should not be permitted to collect interest from customers. R.D. at 132 (citing Settlement Appendix I, Tariff Water First Revised Page No. 8B). Therefore, the ALJs recommended that the Commission modify the Joint Petition by requiring PWSA to amend its tariffs to include language stating: "The Authority shall not accrue interest on under-collections." R.D. at 132-33.

Second, the ALJs noted a discrepancy between the language in the Settlement's Appendix H, Annual Reconciliation (Example), and PWSA's *pro forma* tariffs set forth in Appendix I. The ALJs found that the Settlement's Appendix H implies that interest on over and under collections will be determined on a monthly basis. R.D. at 133. The ALJs further noted, however, that the *pro forma* tariffs specify that an over-collection occurs after the annual principal and interest is fully recovered within the 12-months subject to the annual reconciliation, where interest on over-collections will be calculated in the first full month after the over-collection occurred. R.D. at 133 (citing Settlement, Appendix I, Tariff Water First Revised Page No. 8D).[20] Given the potential difference in the method for calculating the interest specified in Appendix H, the ALJs recommended that PWSA be directed to calculate interest on over-collections as required by the tariffs and in the manner illustrated in Appendix H, to also include monthly weighting from the month of the over-collection to the midpoint of the refund period.

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appears only in Appendix I of the Settlement (*i.e.* the *pro forma* tariff pages for the Company's Tariff Water). However, while not part of the *pro forma* tariff pages in the Settlement, identical language regarding over-collections appears in both the Company's current Tariff Wastewater and its current Tariff Stormwater. *See* Tariff Wastewater at Original Page No. 9D, Effective February 15, 2024; Tariff Stormwater at Original Page No. 8C, Effective February 15, 2024.

[20] As noted above, while language specifying when an over-collection occurs appears only in Appendix I of the Settlement (*i.e.,* the *pro forma* tariff pages for the Company's Tariff Water), identical language appears in the Company's currently effective Tariff Wastewater and Tariff Stormwater.

R.D. at 133. The ALJs recommended that for the first reconciliation period only, the reconciliation period be less than a 12-month period. R.D. at 133, n. 529.

Third, the ALJs noted that the *pro forma* tariffs do not include language regarding how interest is weighted, for example, from the month the over or under collection occurs to midpoint of the collection or refund period. Based on this lack of clarity, the ALJs recommended PWSA's tariffs be revised to include such specifying language, with a further recommendation that the tariffs specify that interest will be calculated from the month of overcollection to the midpoint of the collection or refund period. R.D. at 133.

The ALJs also noted that PWSA's PVC is a charge implemented under Section 1307(a) of the Code, 66 Pa.C.S. § 1307(a), and subject to Section 1307(e) of the Code, 66 Pa.C.S. § 1307(e). R.D. at 133 (citing Settlement, Appendix I, Tariff Water, First Revised Page No. 8B).[21] The ALJs, referenced 1307(e) for the requirement of refunds or recoupments of over or under collections, absent good cause shown to the contrary. R.D. at 134. Further, the ALJs noted that the use of experienced factor (E factor) is typically used to address such over or under collections and makes the PVC an automatic adjustment subject to review by the Commission's Bureau of Audits

[21] Identical language appears in Settlement Appendix J, Tariff Wastewater First Revised Page No. 9B and in the Company's current Tariff Stormwater at Original Page No. 8A, Effective February 15, 2024.

(Audits). *Id*. After noting this, the ALJs recommended a revision to each of PWSA's tariffs to modify the formulas used to calculate the PVC, as follows:

*for water:	PVC = (PI + e) / Consumption	
*for wastewater:	PVC = (PI + e) / Conveyance	
for stormwater:	PVC = (PI + e) / TOTERU[22]	
for water, wastewater, and stormwater:		e = the amount calculated under the annual reconciliation feature

Id.[23]

Fifth, the ALJs clarified an ambiguity regarding the timing of annual reconciliation filings for the PVC. The ALJs recommended that for the sake of clarity, the Joint Petition be modified to require PWSA to file reconciliation statements within thirty (30) days following the end of the prior 12-month period ending December 31. Noting that the first reconciliation period ends December 31, 2026, the ALJs stated that

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[22] The ALJs noted that "TOTERU" stands for Total Equivalent Residential Units of all customers in the forecast year. The ALJs explained that the ERU is a unit of measurement that standardizes the amount of impervious area on a property to the typical amount of impervious area found on one residential parcel. (1 ERU = 1,650 square feet of impervious area on a property). R.D. at 134, n.531.

[23] *The ALJs' recommended modifications to the PVC formulas based upon their recommended revisions to PWSA's tariffs were incorrectly stated in the Recommendation Section of the Recommended Decision as "for water: PVC = (PI =+ e) / Consumption" and "for wastewater: PVC = (PI =+ e) / Conveyance" and in Ordering Paragraph No. 2.b of the Recommended Decision as "for water: PVC = (PI = e) / Consumption" and "for wastewater: PVC = (PI = e) / Conveyance." R.D. at 134, 148-49. The above corrected formulas accurately reflect the ALJs' recommended revisions to PWSA's tariffs and modifications to the PVC formulas, which are adopted by this Opinion and Order. Therefore, we will modify the Recommended Decision to reflect the corrected PVC formulas. In addition, these formulas, as corrected, *supra*, are included in Ordering Paragraph No. 4.b of this Opinion and Order, *infra*.

this reconciliation period would only include the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026. R.D. at 134. Utilizing the discretion afforded in Section 1307(e)(4) of the Code, 66 Pa.C.S. § 1307(e)(4), the ALJs amended the method used by PWSA to recommend that PWSA's first annual reconciliation statements should only include PVC revenues received and expenses incurred for the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026. *Id*. at 135.

Sixth, the ALJs expressed concern regarding the possibility of double-recovery from the PVC and the DSIC. To prevent such double-recovery, the ALJs recommended that PWSA's tariffs be revised to include the following language: "Projects receiving PENNVEST funding are not DSIC-eligible property to the extent that PENNVEST loan costs for the project are recovered by a PENNVEST surcharge." R.D. at 135.

3. Removal of Minimum Allowance

The ALJs generally supported the proposed agreements between the Parties to the Settlement for the removal of PWSA's minimum allowance. The ALJs noted that the issue was litigated in the *PWSA 2023 Rate Case* and PWSA had previously agreed to remove the minimum allowance in its last three base rate cases prior to 2023 (in 2018, 2020, and 2021). The ALJs further noted the Parties' agreement that removal of the minimum allowance is in the public interest because it incentivizes conservation, gives customers more control over their bills, and aligns with the "best practices of ratemaking – customer usage determines the amount billed." R.D. at 136.

Notwithstanding the above, the ALJs found that issues remained as to how PWSA should implement the proposed change to its rate structure. R.D. at 136. The ALJs stated:

> Based on the Settlement and the Parties' arguments in their Statements in Support, it is unclear to us whether the Parties expect this rate change to be implemented automatically effective February 1, 2027, based on the provisions of the Settlement in the instant proceeding or whether they contemplate a new filing from PWSA seeking Commission approval of the proposed rate changes and customer notifications.

Id. at 137. Based on this, the ALJs recommended that the revenue-neutral rate change be handled as a Section 1308(b) 60-day tariff filing subject to 52 Pa. Code § 53.52 filing requirements. *Id*. Specifically, the ALJs recommended that any tariff or tariff supplement filing to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2 be filed with the Commission pursuant to 66 Pa.C.S. § 1308 and 52 Pa. Code § 53.52, and upon at least sixty (60) days' notice, to provide stakeholders an opportunity to review and contest the proposed changes. *Id*. at 138.

Further, the ALJs recommended the Commission require PWSA to file the following supporting information with its filing:

> 1. Final and red-lined copies of the proposed tariff or tariff supplement to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2.
>
> 2. A copy of a proof of revenues and supporting calculations for the affected type of service detailing PWSA's authorized operating revenues under present and proposed rates, broken down by base rate revenues, PVC revenues, DSIC revenues, and other revenues.

3. Copies of any supporting documentation used to determine operating revenues under present and proposed rates, including electronic working papers.

4. A copy of all of PWSA's customer notices issued in accordance with 52 Pa. Code § 53.45(g), which may be provided by bill insert to begin no less than 60 days prior to the effective date and which will contain, at a minimum, information describing the change, the proposed effective date, the dollar and percentage impact of the change to a typical residential, commercial and industrial customer's total bill and a statement that customers may contact the company at a toll free telephone number to get additional information on the proposed change or to find out what actions they may take.

5. A copy of PWSA's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).

6. A copy of a signed verification statement for the information provided in accordance with 52 Pa. Code § 1.38.

R.D. at 138-39.

4. Other Settlement Terms

The ALJs reviewed a myriad of other terms, as set forth in the Joint Petition, finding them to be in the public interest and recommending that they be approved. R.D. at 139-44.

Regarding PWSA's existing wholesale contracts, the ALJs noted that PWSA agreed as part of the Joint Petition to negotiate new rates with the intention of moving closer to its tariffed wholesale rate. Further, the ALJs noted PWSA's agreement to issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation earlier than the current contract expiration date of 2039. The ALJs found

that PWSA's other customers have been subsidizing under-recovery of wholesale rates and that renegotiation ensured all customers pay their fair share of service costs and rates aligned with PWSA's tariff. R.D. at 139. In turn, the ALJs noted these negotiated, tariff-aligned rates would support maximum recovery of revenue and help maintain and spur investment in critical infrastructure, enhancing reliability and water quality. *Id*. at 139-40.

The ALJs also considered topics related to stormwater. Specifically, the ALJs found that provisions obligating PWSA to provide annual reports of current and planned stormwater, hold biannual stakeholder meetings (the first to be held within 90 days of the entry of a final order in this proceeding), and maximize all sources of external funding to assist with stormwater planning and mitigation, enhanced collaborative approaches to addressing customer issues and protected customers from paying excess costs. These terms were found by the ALJs to be in the public interest and it was recommended they be approved. R.D. at 140.

The ALJs noted that PWSA also committed to, within 60 days of the entry of a final order in this matter, convene a meeting of interested stakeholders regarding DWSLs, with a report on the meeting to be filed in its next base rate case. The ALJs found such a provision to be in the public interest, as it will help ensure PWSA "will take action on this important issue." R.D. at 140.

The ALJs held that "[c]ustomer service and quality of service are fundamental concerns, and the settlement terms related to these issues ensure ongoing analysis of processes, good faith efforts to improve and transparency." R.D. at 140. Expanding upon these terms of the Settlement, the ALJs also found that PWSA's low-income programs help ensure its services remain affordable. *Id*. at 140-41. A Settlement provision related to a root cause analysis was found by the ALJs to create better data and transparency related to disputes and complaints creating improvement regarding

customer issues. The Settlement also included an agreement that PWSA continue to make "good faith efforts" to meet its internal standards for customer call center queues, with the ALJs finding such an agreement to be reasonable and in the public interest. *Id*. at 141.

The ALJs considered settlement terms for small business customers and found that they "allow for PWSA to better control and preserve certain resources, give customers (including small businesses) the opportunity to have invoices reduced with leaks, and make longer payment arrangements available for small businesses." R.D. at 141-42.

Regarding customer complaints, work orders and service logs, the ALJs found relevant Settlement terms "for the collection of more information, which can inform PWSA so improvements can be made." In addition, the ALJs found that PWSA's agreement to meet and develop procedures allows for input and advocacy, and that including the results of the meeting and subsequent changes in the Company's next base rate filing provides for accountability and meaningfully address customer complaint-related issues. R.D. at 142.

PWSA's withdrawal of a proposal that customers be required to pay for debit and credit card third-party processing fees in the Settlement was found to avoid imposing additional fees on customers, while also providing PWSA an opportunity to purse the implementation of such a process in the future. R.D. at 142.

The ALJs noted the Settlement terms providing that "effective September 1, 2026, new customers that enroll in the BDP with a past due balance will automatically be enrolled in the AFP without a separate application," finding that the new AFP will be more accessible to eligible customers. R.D. at 142. Further, the ALJs noted that under the Settlement terms pertaining to the BDP, PWSA agreed to increase

discounts and provide additional credits for BDP enrolled customers. *Id*. The ALJs stated that the Settlement also provided for a new AFP effective September 1, 2026, that no longer requires participants to make payments toward pre-program, frozen arrearages and provides options for customer opt out. The ALJs also noted that the Hardship Fund provisions of the Settlement expand opportunities for customers facing difficulties and adversity, providing for meaningful improvements that benefit the public by increasing opportunities for low-income customers to achieve more affordable bills, improved arrearage relief, and additional assistance. *Id*. at 143.

In considering the cost of low-income programs, the ALJs noted that the Settlement contemplated that such costs be recovered from all customer classes, consistent with historical practices, spreading costs broadly, lowering overall system costs, supporting reliability and public health, and protecting customers across classes, all consistent with the public interest. R.D. at 143.

The ALJs noted that the Settlement also contemplated that PWSA implement a permanent LRC, as proposed in its initial filing. More specifically, the ALJs noted that where PWSA cannot proceed due to a lack of landlord cooperation or consent, the Settlement requires PWSA to present data and confer with its LIAAC to find improvements and maximize the LRC's utilization and ease of use. R.D. at 143. The ALJs concluded such a requirement was in the public interest. *Id*. at 143-44.

Finally, the ALJs highlighted the agreement under the Settlement that PWSA collaborate with interest parties to identify and track confirmed low-income customers and include a report on such collaboration with its next base rate case. The ALJs found this provision of the Settlement to be in the public interest, reasoning that it will help maximize program enrollment, increase customer education, and decrease administrative burdens for customers and PWSA. R.D. at 144.

Based on the above, the ALJs recommended the following:

> We recommend the Commission approve the Joint Petition, with the modifications as discussed above. The Settlement is the result of diverse Parties with distinct goals negotiating and compromising on many issues where their initial positions were widely different. There is no dispute that PWSA requires additional revenue to provide safe, reliable service to its customers and the Settlement provides PWSA increased revenue at rates that are fair and just. Nor is there any dispute that PWSA needs additional funds to address its aging infrastructure, The PVC will allow PWSA to invest in its infrastructure in a way that is low-cost to its customers. Further, the Settlement, as modified, provides a path for PWSA to finally effectuate its commitment to remove its minimum allowance. Other terms address important customer issues, protections, and assistance programs. As such, we recommend the Settlement be approved, as modified.

R.D. at 144.

D. PWSA's Letter and Replies

As stated, *supra*, PWSA filed a Letter in Lieu of Formal Exceptions (*i.e.*, the *PWSA Letter*) to Recommended Decision on December 29, 2025. In the *PWSA Letter*, the Company notes that "Pittsburgh Water fully supports approval of the Settlement and strongly urges the Commission to permit Pittsburgh Water to place its rates into effect prior to the end of the suspension period." *PWSA Letter* at 1. PWSA also states that it "agrees with the intent of the proposed modifications [in the Recommended Decision] and believes that they can be achieved consistent with the recommended tariff provisions." However, PWSA argues, there is no record evidence providing how PWSA should apply the formula in the Recommended Decision "because no party raised this issue during the proceeding…" Therefore, PWSA "requests that the Commission [preserve] Pittsburgh Water's ability to propose any modifications as may

be appropriate when it files its first annual reconciliation in December 2026…" with PWSA expressing its commitment to work with staff to address any concerns regarding the modified PVC reconciliation formula. *Id*. at 1-2.

In its Reply Letter (*I&E Reply*), filed on January 5, 2026, I&E offers its support for the Settlement, as modified by the recommendations of the ALJs, and requests the Commission deny PWSA's request to place rates into effect prior to the end of the suspension date. *I&E Reply* at 1. I&E notes that PWSA's rates are suspended by operation of law until March 8, 2026, and PWSA "provides neither a proposed date for when its rates should go into effect nor a rationale explaining why its rates should go into effect prior to the end of the suspension date." *Id*. at 1-2.

In its document entitled "Reply Exceptions" to the *PWSA Letter,* filed on January 5, 2026, the OCA submits that the Commission should adopt the recommendation of the ALJs, without modification and deny PWSA's request to place its new rates into effect prior to the end of the statutory suspension period in this proceeding, *i.e.*, March 8, 2026. R. Exc. at 2. The OCA notes that, in instructive dicta, "[t]he Commonwealth Court of Pennsylvania explained that Pennsylvania courts have recognized the need for utility companies to increase rates must be weighed in accordance with customer protection, and that only after a final order is in place may rates be considered in effect." *Id.* at 2 (citing *Allegheny Ludlum Steel Corp. v. Pa. PUC*, 447 A.2d 675 at 680 (Pa. Cmwlth. 1982)). The OCA argues that PWSA's "attempt to modify the Settlement through its Letter is inappropriate and should be denied." R. Exc. at 3. Further, the OCA counters that any potential rationale for early recovery in PWSA's Statement in Support are not sufficient and the ALJs currently determined that PWSA is permitted to recover rates at the end of the suspension period, which ends on or about Martch 8, 2026. *Id*.

E. Disposition of the *PWSA Letter*

Upon review of the *PWSA Letter* in Lieu of Exceptions, the associated responses, and the record in this matter, we will deny the *PWSA Letter* on both procedural and substantive grounds.

As a preliminary matter, Section 5.533 of the Commission's Rules of Administrative Practice and Procedure, 52 Pa. Code § 5.533, sets forth the procedure for filing exceptions to recommended decisions and provides, in pertinent part, as follows:

> (b) Each exception must be numbered and identify the finding of fact or conclusion of law to which exception is taken and cite relevant pages of the decision. Supporting reasons for the exceptions shall follow each specific exception.
>
> (c) The exceptions must be concise. The exceptions and supporting reasons must be limited to 40 pages in length. Statements of reasons supporting exceptions must, insofar as practicable, incorporate by reference and citation, relevant portions of the record and passages in previously filed briefs. A separate brief in support of or in reply to exceptions may not be filed with the Secretary under § 1.4 (relating to filing generally).

52 Pa. Code § 5.533(b)-(c).

Here, PWSA provides a two-page, typewritten letter, wherein it generally requests permission to place its rates into effect prior to the end of the statutory suspension period of March 8, 2026, and the ability to propose modifications to the annual PVC reconciliation process outlined by the ALJs. Juxtaposing the *PWSA Letter* with our Regulations, it is clear that the *PWSA Letter* does not comport with the foregoing provisions of our Regulations. A "letter in lieu of exceptions" is not

contemplated under Section 5.533(b)-(c) of our Regulations. Therefore, we conclude that the *PWSA Letter* may be denied on procedural grounds.

In addition, notwithstanding the procedural deficiency of the *PWSA Letter,* we also find that, the letter fails to state any substantive issue upon which relief can be granted by the Commission, and should be denied on its merits.

As noted, *supra*, in the *July 2025 Orders*, the Commission suspended the Rate Filing, and the underlying Supplement No. 16, Supplement No. 15, and Supplement No. 7, by operation of law until March 8, 2026. In the *July 2025 Orders,* the Commission cited to Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), for the suspension date. Section 1308(d) states the Commission's procedures upon filing of a general rate increase by a utility, noting that the Commission may:

> … [U]pon complaint or upon its own motion, upon reasonable notice, enter upon a hearing concerning the lawfulness of such rate, and the commission may, at any time by vote of a majority of the members of the commission serving in accordance with law, permit such tariff to become effective, except that absent such order such tariff shall be suspended for a period not to exceed seven months from the time such rate would otherwise become effective. Before the expiration of such seven-month period, a majority of the members of the commission serving in accordance with law, acting unanimously, shall make a final decision and order, setting forth its reasons therefor, granting or denying, in whole or in part, the general rate increase requested. If, however, such an order has not been made at the expiration of such seven-month period, the proposed general rate increase shall go into effect at the end of such period…

66 Pa.C.S. § 1308(d).

Therefore, we find that the ALJs were correct in recommending that the "proposed rates be permitted to become effective no sooner than March 8, 2026." *See* R.D. at 134, n.533. PWSA provides no support or reasoning for its request that the Commission allow it to place rates into effect prior to expiration of the suspension date or entry of a final order, with such a lack of support striking given the broad agreement and supporting documentation provided by the Parties to the Settlement. Absent good cause or legal support for its request, we shall deny PWSA's request to place its rates in effect prior to the March 8, 2026 date imposed in the *July 2025 Orders* and shall adopt the ALJs' recommendation with respect to this issue.

Additionally, we decline PWSA's request for the Commission to "[preserve] Pittsburgh Water's ability to propose any modification as may be appropriate [to the PVC reconciliation process prescribed by the ALJs] when it files its first annual reconciliation in December 2026," and PWSA's request that it be able to work with Commission technical staff, at that time, to address any concerns and to come to a mutual understanding as to the application of the modified PVC reconciliation process. PWSA's request for relief here is indeterminate and thus cannot be granted by the Commission.

The language of the Recommended Decision, with respect to the PVC reconciliation process, is clear and appropriate. *See* R.D. at 132-36. The ALJs properly classified the PVC as an automatic adjustment reviewable by Audits. R.D. at 133-34 (citing 66 Pa.C.S. § 1307(e)). As recommended by the ALJs, we shall direct PWSA to file all required documents and follow the requirements of its tariffs, as approved in this matter. Such filings will be reviewable by Audits for adherence to the Code and Commission regulations and Orders.

Regarding PWSA's request for discretion to suggest modifications to the PVC reconciliation process, insomuch as there is statutory authority allowing

modification to an automatic adjustment, that discretion solely resides with the Commission. Section 1307(e)(4), regarding modifications to automatic adjustments states:

> For the purpose of this subsection, where a 12-month report period and 12-month refund or recovery period shall have been previously established or designated, nothing in this section shall impair the continued use of such previously established or designated periods **nor shall anything in this section prevent the commission from amending at any time any method used by any utility in automatically adjusting its rates, so as to provide the commission more adequate supervision of the administration by a utility of such method and to decrease the likelihood of collection by a utility, in subsequent periods, of amounts greater or less than that to which it is entitled, or, in the event that such deficiency or surplus in collected amounts is found, more prompt readjustment thereof.**

66 Pa.C.S. § 1307(e)(4) (emphasis added). Here, if after the filing by PWSA of the PVC reconciliation documents required by its tariffs and the Final Order in this matter, the Commission decides it to be appropriate, it may utilize its discretionary authority to adjust the PVC formula and processes. Based on the clear language of the statute, we find that the Commission alone has the discretion requested by PWSA and that PWSA's request for modification authority is unsupported by law. Therefore, to the extent the *PWSA Letter* is construed as a request for relief, the *PWSA Letter* is denied.

In light of the above, we find both the ALJs' recommendation that PWSA be permitted to recover rates at the end of the suspension period, which ends on or about March 8, 2026, and the ALJs' recommended modifications to the PVC reconciliation formula to be appropriate.[24] Accordingly, the *PWSA Letter* is denied.

[24] Our adoption of the ALJs' recommended modifications is discussed in greater detail in Section V.F.3 of this Opinion and Order, *infra.*

F. Overall Disposition of the Settlement

The matter before us is a Unanimous Settlement, to which no Party to this proceeding is opposed. At the outset, we reinforce that while it is the policy of the Commission to favor settlements, we must also determine whether the proposed terms and conditions, therein, are in the public interest. *See CS Water and Sewer, supra*. In addition, substantial evidence must exist to support the ALJ's recommendation to adopt the Settlement. *See Pa. PUC v. Pennsylvania-American Water Company*, Docket Nos. R-2020-3019369 and R-2020-3019371 (Opinion and Order entered February 25, 2021) at 40; *Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2024-3046519 (Opinion and Order entered November 21, 2024) (*Columbia 2024*) at 38; *Pa. PUC, et al. v. Wellsboro Electric Company,* Docket No. R-2025-3054392 (Opinion and Order entered January 15, 2026).

On consideration of the record evidence in this proceeding, including the Joint Petition, we agree with the ALJs and the Joint Petitioners that the Unanimous Settlement is in the public interest and is supported by substantial evidence, as modified by: (1) adopting the recommendation of the ALJs, as modified, as discussed in Sections V.C and V.E, *supra*, and V.F.3.a-c, *infra*, of this Opinion and Order; and (2) the additional directive to PWSA to file an updated Page 4 of Appendix C of the Joint Petition as discussed in Section V.F.3.d of this Opinion and Order, *infra*. As noted by the Joint Petitioners in their respective Statements in Support, the Settlement reflects a compromise of the range of positions and evidence proffered as to each issue. Accordingly, for the reasons stated below, we shall grant the Joint Petition and approve the Settlement, as modified.

1. Revenue Increase Agreed to Under the Unanimous Settlement

We acknowledge that the agreed-upon revenue increase was achieved under the terms of a "black box" settlement. However, we expressly find that the substantial evidence of record supports the annual revenue increase and the revenue requirement agreed to under the terms of the Settlement. In this regard, we highlight that the Joint Petitioners have agreed to rates that are designed to produce an increase in PWSA's total annual operating revenues of approximately $25,000,000, representing an increase of approximately 10.2% over the Company's operating revenues at present rates, inclusive of a 5% DSIC, but exclusive of a PVC increase of approximately $17,579,103. This combined increase in PWSA's annual operating revenues of approximately $25,000,000 agreed to under the Settlement is broken down, as follows: (1) an annual increase of $16,161,095 in the Company's annual water operating revenues, representing an increase of 10.1% over revenues at present rates; (2) an increase of $4,795,717 in the Company's annual wastewater conveyance operating revenues, or by 8.4%; and (3) an increase of $4,043,187 in the Company's annual stormwater operating revenues, or by 14.3%. [$16,161,095 + $4,795,717 + $4,043,187 = $25,000,000].[25] *See* Joint Petition, Appendix C at 4. Additionally, the PVC increase includes an increase of $12,305,372 for the Company's water operations and an increase of $5,273,731 for PAWC's wastewater conveyance operations. [$12,305,372 +$5,273,731 = $17,579,103]. *See Id*.

We concur with the Joint Petitioners and the ALJs that the revenue increase agreed to under the Settlement represents a reasonable compromise and is within the range of possible outcomes in this proceeding. *See* PWSA Statement in Support at 11. We note that the total increase of approximately $42.6 million under the Settlement is

[25] Again, we note that the actual sum of these increases is $24,999,999. Therefore, the *de minimis* difference of $1 is likely due to rounding. We further note that that there is no DSIC associated with PWSA's stormwater authority. *See* Joint Petition, Appendix C at 4.

almost half of PWSA's full initial MYRP request of $84.4 million. In addition, PWSA agreed to withdraw its request for a MYRP, which may have involved additional increases for 2027, and eliminate its proposed increase in its DSIC cap from 5% to 7.5%. As the Joint Petitioners observed, PWSA will receive sufficient operating funds in order to provide safe and reliable service, while ratepayers will be protected because the resulting increase minimizes the impact of the Company's initial proposal. *See* Settlement at 16-17; I&E Statement in Support at 6; OCA Statement in Support 11; *see also* R.D. at 130, 131. Accordingly, we find that the revenue increase produced by the Settlement will result in just and reasonable rates and is in the public interest.

We also find it prudent to stress that because the Settlement is a "black box settlement," the Settlement sets forth the final agreed-upon revenue increase for the Company. However, this agreed-upon revenue increase does not depict specific information regarding the underlying components used to calculate the overall revenue increase.

2. Additional Settlement Provisions

In addition to our above findings that the agreed-upon revenue increase is in the public interest and supported by substantial evidence, we further agree with the Joint Petitioners and the ALJs that the Settlement will result in a reasonable revenue allocation and rate design, following the good faith negotiation and the balancing of countervailing interests of the Parties.

As previously indicated, the revenues under the Settlement were allocated based on a compromise between the Joint Petitioners' competing cost of service methodologies, the implementation and execution thereof, and the adjustments deemed appropriate according to the judgment of each Party's expert(s). Although the Joint Petitioners entered into a "black box" settlement, and a specific COSS methodology has

not been identified, the Settlement allocates a portion of the revenue increase to each class within the range of the Parties' litigated positions. By doing so, the Settlement avoids the need to resolve disputed cost of service issues in litigation, while still moving rates in a direction that aligns with underlying cost responsibility.

Additionally, while the Settlement provides for an increase in the Company's monthly customer charges for residential and non-residential customers, such charges will increase by a lesser amount than if the Commission had approved the customer charges that PWSA originally proposed. As such, we find that the revenue increase and rate design produced by the Settlement are in the public interest.

Further, we find that there are a number of other settled issues within the Settlement that are also particularly beneficial to PWSA's customers. Among these provisions are: (1) PWSA's commitment to continue engaging in good faith negotiations with wholesale customers currently operating under pre-existing contracts to negotiate new rates, which are intended to move closer to the Company's tariffed wholesale rate, and the Company's agreement to issue a notice of contract termination to the Borough of Aspinwall to initiate a renegotiation of those rates earlier than the current contract expiration date of 2039; (2) PWSA's commitment to provide annual reports on its progress of current and planned stormwater activities, hold biannual stakeholder meetings, use its best efforts to maximize all sources of external funding, and explore the availability of any grants, including state and federal, for which the Company may be eligible to assist with stormwater planning and mitigation; (3) PWSA's commitment to convene a meeting of interested stakeholders regarding customer-owned damaged wastewater sewer laterals and report on the meeting in its next base rate case; (4) PWSA's agreement, regarding an updated root cause analysis, to formally track recommendations, document system-wide steps taken in response, and evaluate on an ongoing basis whether or how the steps and implementation taken in response to the analysis have achieved their intended purpose; (5) PWSA's commitment to continue to

make good faith efforts to meet its internal standards for all customer queues relating to the call center; (6) the Company's agreement to offer payment arrangements from between 6 and 24 months for small business customers and develop an informational campaign highlighting its new plan to take ownership of certain water lines and its new Leak Credit and Electronic Billing Credit programs; (7) PWSA's agreement, regarding customer complaints, work orders and service logs, to continue to maintain certain data so the information is available upon request and meet with interested parties to develop a reporting mechanism regarding service termination in certain cases, and to report on the same in the Company's next base rate case; (8) PWSA's withdrawal of a proposed requirement that customers be required to pay for debit and credit card third-party processing fees; (9) PWSA's commitment to automatically enroll new customers (that enroll in the BDP with a past due balance) in the AFP without a separate application; (10) PWSA's agreement, regarding the BDP, to increase discounts and provide for additional credits; (11) the Company's agreement to implement a new AFP effective September 1, 2026, that no longer requires participants to make payments toward pre-program, frozen arrears, and provides options for customers to opt out; (12) PWSA's agreement to allow eligible customers to apply for and receive Hardship Fund grants up to two times per year per utility service; (13) PWSA's agreement to implement its permanent LRC and, in cases where it cannot proceed due to a lack of landlord consent, the Company's commitment to present data to, and initiate a discussion with, its LIAAC, to identify improvements to the LRC to maximize the program's utilization and ease of use; (14) the Company's agreement to collaborate with interested parties to identify and track "confirmed" low-income customers and report on the same in its next base rate case; and (15) PWSA's agreement to continue to recover the cost of low-income customer assistance programs from all customer classes. *See* Settlement at 8-13.

On consideration, we find each of these enumerated provisions within the Settlement also lend support to a finding that the Joint Petition, as modified below, is in the public interest, and based upon the testimony presented by the Parties, is supported by

substantial evidence in the record. The Settlement resolves the issues impacting residential, small business, and large business customers, and the public interest at large. The benefits of the Settlement are numerous and will result in significant savings of time and expenses for all Parties involved by avoiding the necessity of further administrative proceedings, as well as possible appellate court proceedings, thereby conserving precious administrative resources. Further, the Settlement provides regulatory certainty with respect to the disposition of issues, which benefits all Parties. For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the Joint Petition, as modified, is in the public interest. Accordingly, we shall adopt the ALJs' recommendation, as modified, to grant the Joint Petition and approve the Settlement, as modified by: (1) adopting the ALJs' recommended modifications, as discussed in Section V.F.3.a-c, *infra*; and (2) our additional modification and directive that PWSA file an updated Page 4 of Appendix C of the Joint Petition, as discussed in Section V.F.3.d, *infra*.

3. Modifications to the Unanimous Settlement

As discussed, *supra*, in the Recommended Decision, the ALJs recommended certain modifications to the Unanimous Settlement with respect to a typographical error, the PVC, and the removal of minimum allowance. *See* R.D. at 132-39.

a. Typographical Modification

As previously mentioned, the ALJs noted that the Appendix J to the Settlement, *i.e. pro forma* Supplement No. 17 to Tariff Wastewater, Original Page No. 17AB, included a misnumbered Paragraph 6 due to the new content on Original Page No. 17AA, that should be renumbered to Paragraph 7. R.D. at 128, n.522. We note that no Party filed Exceptions to or opposed the ALJs' recommended modification to this

typographical error. For the sake of accuracy, we will adopt the ALJs' recommended modification on this issue.

b. PVC Modification

As referenced in Section V.C, *supra,* the ALJs recommended several revisions to the Joint Settlement as it related to the PVC. These changes addressed the accrual and weighting of interest, the timing of reconciliation periods and associated filings, classified and modified the PVC as an automatic adjustment subject to Section 1307(e) of the Code, and addressed possible double recovery from the PVC and the DSIC. *See* R.D. at 132-36.

We find that these recommended revisions clarify ambiguities within the Joint Settlement and should be adopted. As noted by the ALJs, the Settlement terms, as modified, "provide clarity, accountability, and transparency as PWSA begins collecting (and reporting on) the PVC for the first time…" R.D. at 135. Additionally, the modified Settlement terms provide the Commission, statutory advocates, and other interested stakeholders the proper data to ensure proper auditing and record keeping.

In consideration of the preceding, we adopt the Joint Settlement terms, and the associated modifications recommended by the ALJs, finding the terms, as modified, to be reasonable, appropriate, and in the public interest.

Thus, in summary, we shall adopt the following PVC Modifications recommended by the ALJs:

> 1. That the Company modify its Tariff Water, Tariff Wastewater, and Tariff Stormwater to include language stating: "The Authority shall not accrue interest on under-collections;"

2. That the Company calculate interest on over-collections, as required by its tariffs, and in the manner illustrated in Appendix H of the Settlement, to also include monthly weighting from the month of the over collection to the midpoint of the refund period. Further, for the first reconciliation period only, the reconciliation period shall be less than a 12-month period;

3. That the Company modify its Tariff Water, Tariff Wastewater, and Tariff Stormwater to include language specifying how interest is weighted, and to also specify that interest will be calculated from the month of over-collection to the midpoint of the collection or refund period;

4. That the Company revise its Tariff Water, Tariff Wastewater, and Tariff Stormwater to modify the formulas used to calculate the PVC, as follows:

for water:	PVC = (PI + e) / Consumption	
for wastewater:	PVC = (PI + e) / Conveyance	
for stormwater:	PVC = (PI + e) / TOTERU	
for water, wastewater, and stormwater:		e = the amount calculated under the annual reconciliation feature;

5. That the Company's first annual reconciliation statements should only include PVC revenues received and expenses incurred for the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026; and

6. That the Company's Tariff Water, Tariff Wastewater, and Tariff Stormwater be revised to include the following language: "Projects receiving PENNVEST funding are not DSIC-eligible property to the extent that PENNVEST loan costs for the project are recovered by a PENNVEST surcharge."

c. Removal of Minimum Allowance Modification

As discussed, *supra*, the ALJs noted that issues remained as to how PWSA should implement the proposed removal of the usage component from the fixed/minimum service charge, pursuant to Paragraph 9.A.2. of the Settlement. R.D. at 136. Specifically, the ALJs noted the uncertainty as to whether the Parties expected this rate change to be implemented automatically, effective February 1, 2027, or whether they contemplated a new filing from PWSA seeking Commission approval of the proposed rate changes and customer notifications. As such, the ALJs recommended that the revenue-neutral rate change be handled as a Section 1308(b) 60-day tariff filing, subject to 52 Pa. Code § 53.52 filing requirements. *Id*. at 137. Specifically, the ALJs recommended that any tariff or tariff supplement filing to implement the removal of the usage component from the fixed/minimum service charge be filed with the Commission, pursuant to 66 Pa.C.S. § 1308 and 52 Pa. Code § 53.52 and upon at least sixty (60) days' notice, to provide stakeholders an opportunity to review and contest the proposed changes. Additionally, the ALJs recommended that the Commission require PWSA to file specific supporting information with such filing. *Id*. at 138.

On consideration of the ALJs' recommended modification, we agree with the ALJs' recommendation that this rate change, under Paragraph 9.A.2. of the Settlement, be handled as a Section 1308(b) 60-day tariff filing, subject to 52 Pa. Code § 53.52 filing requirements, and that PWSA file supporting information, as specified by the ALJs, with its filing. Such modification is supported by the record evidence in this proceeding, clarifies ambiguities within the Joint Settlement, and should be adopted. We also note that no Party filed Exceptions to or opposed the ALJs' modification with respect to this issue.

Accordingly, we adopt the Joint Settlement terms, and the associated modifications recommended by the ALJs, finding the terms, as modified, to be reasonable, appropriate, and in the public interest.

d. Additional Modification and Directive to PWSA

Additionally, we note that certain calculated percentages that appear under "Summary #2" on Page 4 of Appendix C of the Joint Petition appear inconsistent, and thus require modification to make these percentages consistent with the percentages set forth on pages 1 and 2 of Appendix C. Therefore, we shall modify Page 4 of Appendix C of the Joint Petition to show corrected percentages, consistent with Table 1, below.

Specifically, we note that the percentages for the PENNVEST revenue increases for water and wastewater under "Summary #2," under the columns entitled "Original Request (FPFTY 2026) and "Revenue at Settlement Proposed Rates (FPFTY 2026)," are inconsistent with how these percentages are presented in the disaggregated revenues on Pages 1 and 2 of Appendix C, which show revenue comparisons for water and wastewater, respectively. For example, on page 1 of Appendix C, the PENNVEST water revenues of $12,305,372 are shown as a percentage of the total base rate revenues for water under the columns entitled "Original Request (FPFTY 2026)" and "Revenue at Settlement Proposed Rates (FPFTY 2026)," or 7.0% of the total base rate revenues for water of $176,783,669 under the Company's original filing, and 7.3% of the total base rate revenues for water of $167,880,043 under the revenue at settlement proposed rates. However, on Page 4 of Appendix C, these percentages are shown as 65.1% and 102.3%, respectively. Therefore, we shall modify Page 4 of Appendix C to make these percentages consistent with the percentages set forth on pages 1 and 2 of Appendix C.

In addition, the percentages shown for the increases in water revenues + water DSIC, wastewater revenues + wastewater DSIC, and stormwater revenues + stormwater DSIC at the bottom of the column entitled "Settlement Proposed Change Over Existing Rates" under "Summary #2" on page 4 of Appendix C appear to be calculated differently than the percentages calculated in the rest of this column. In this regard, the balance of this column shows the Settlement increase in revenues as a percentage of the 2026 revenues at existing rates. For example, the increase in water revenues of $14,741,989 under the Settlement is shown as a percentage of the water revenues at 2026 rates of $153,138,054, or 9.6%. Similarly, the increase in water DSIC of $1,419,107 under the Settlement is shown as a percentage of water DSIC at 2026 rates of $7,415,668, or 19.1%. Therefore, for consistency, the increase in water revenues + water DSIC of $16,161,095 under the Settlement should be expressed as a percentage of the water Revenues + water DSIC of $160,553,722, or 10.07%, as opposed to the 5.96% that is currently shown. [$14,741,989 + $1,419,107 = $16,161,095]; [$153,138,054 + $7,415,668 = $160,553,722]; [$16,161,095 ÷ $160,553,722 = 10.07%].[26]

Based upon the discrepancies noted above, we shall modify Page 4 of Appendix C of the Joint Petition to show corrected percentages, consistent with Table 1, below.

[26] We note that these amounts do not sum exactly, which is likely due to rounding.

Table 1 Corrected Appendix C: Joint Petition for Settlement Revenue Comparison, Page 4[27]

SUMMARY#1

	2026 Revenue at Existing Rates		Original Request (FPFTY 2026)		Revenue at Settlement Proposed Rates (FPFTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Base Rate & DSIC Grand Totals								
Base Rate Revenues	$ 235,876,667		$ 272,917,274		$ 258,978,063		$ 23,101,396	9.8%
Pennvest Revenues	-		17,579,103		17,579,103		17,579,103	N/C
DSIC Revenues	10,135,778		18,894,178		12,034,382		1,898,604	18.7%
Subtotal: Water & Wastewater User Charges	**246,012,444**		**309,390,555**		**288,591,547**		**42,579,103**	17.3%
Other Revenues	4,327,687		4,327,687		4,327,687			
Total Revenues	**$ 250,340,131**		**$ 313,718,242**		**$ 292,919,234**		**$ 42,579,103**	17.0%

SUMMARY#2

	2026 Revenue at Existing Rates		Original Request (FPFTY 2026)		Revenue at Settlement Proposed Rates (FPFTY 2026)		Settlement Proposed Change Over Existing Rates	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Water & Wastewater Conveyance Grand Totals								
Water Revenues	$ 153,138,054		$ 176,783,669	64.8%	$ 167,880,043	64.8%	$ 14,741,989	9.6%
Wastewater Conveyance Revenues	54,402,195		61,375,056	22.5%	58,718,415	22.7%	4,316,220	7.9%
Stormwater Revenues	28,336,418		34,758,549	12.7%	32,379,605	12.5%	4,043,187	14.3%
Subtotal: Water & Wastewater User Charges	**235,876,667**		**272,917,274**	100.0%	**258,978,063**	100.0%	**23,101,396**	**9.8%**
Water Pennvest	$ -		$ 12,305,372	7.0%	$ 12,305,372	4.8%	$ 12,305,372	N/C
Wastewater Pennvest	-		5,273,731	8.6%	5,273,731	2.0%	5,273,731	N/C
Stormwater Pennvest	-		-	0.0%	-	0.0%	-	0.0%
Subtotal: Water & Wastewater Pennvest	**-**		**17,579,103**	6.4%	**17,579,103**	6.8%	**17,579,103**	N/C
Water DSIC	$ 7,415,668		$ 13,895,519	73.5%	$ 8,834,774	73.4%	$ 1,419,106	19.1%
Wastewater DSIC	2,720,110		4,998,659	26.5%	3,199,608	26.6%	479,498	17.6%
Stormwater DSIC	-		-	0.0%	-	0.0%	-	0.0%
Subtotal: Water & Wastewater DSIC	**10,135,778**		**18,894,178**	100.0%	**12,034,382**	100.0%	**1,898,604**	18.7%
Other Revenues	4,327,687		4,327,687		4,327,687		-	
Total Revenues	**$ 250,340,131**		**$ 313,718,242**		**$ 292,919,234**		**$ 42,579,103**	17.0%
	Water Revenues + Water DSIC				$ 176,714,817	65.21%	$ 16,161,095	10.07%
	Wastewater Revenues + Wastewater DSIC				$ 61,918,022	22.85%	$ 4,795,718	8.40%
	Stormwater Revenues+Stormwater DSIC				$ 32,379,605	11.95%	$ 4,043,187	14.27%
					-		-	
	Total Base Rate Revenues + DSIC				**271,012,444**		**25,000,000**	

Accordingly, we shall direct PWSA, as part of its compliance filing in this proceeding, to file an updated Page 4 of Appendix C of the Joint Petition to show corrected percentages, consistent with Table 1above.

We shall further direct that PWSA serve copies of its compliance filing on each of the Parties to this proceeding and that it provide these Parties an electronic, red-lined copy of its compliance filing, including electronic working papers.

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27 We note that the corrected percentages in this table are highlighted.

Lastly, as previously noted, in light of our adoption of the Recommended Decision, as modified, including our adoption of the ALJs' recommended modifications to the Unanimous Settlement and our additional modification to Page 4 of Appendix C of the Joint Petition, should any of the Joint Petitioners wish to withdraw from the Settlement, that Party shall provide written notice to the Secretary of the Commission, and all active Parties to this proceeding, of its election to withdraw, within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Settlement shall be disapproved, without further action by this Commission, and this matter shall be returned to the Commission's OALJ for further action as deemed appropriate. *See* Settlement at 14-15, ¶ 13.

For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the Joint Petition, as modified, is in the public interest. Accordingly, we shall adopt the ALJs' recommendation, as modified, to grant the Joint Petition and approve the Settlement, as modified.

VI. Conclusion

For the reasons set forth above, we shall adopt the Joint Petition and approve the Unanimous Settlement, as modified, as in the public interest, consistent with this Opinion and Order. Additionally, we shall: (1) deny the Letter in Lieu of Exceptions filed by PWSA; and (2) adopt the Recommended Decision of ALJs DeVoe and Quimby, as modified, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the modifications proposed by the Pittsburgh Water and Sewer Authority in its Letter in Lieu of Exceptions, filed on December 29, 2025, to the

Recommended Decision of Administrative Law Judges Emily I. DeVoe and Ann Quimby, issued on December 19, 2025, at the above-captioned dockets, are denied, consistent with this Opinion and Order.

2. That the Recommended Decision of Administrative Law Judges Emily I. DeVoe and Ann Quimby, issued on December 19, 2025, at the above-captioned dockets, is adopted, as modified, consistent with this Opinion and Order.

3. That, consistent with this Opinion and Order, the Joint Petition for Settlement of All Issues with All Parties, filed on November 21, 2025, by the Pittsburgh Water and Sewer Authority, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and the Pittsburgh United Our Water Table is approved, as modified, as set forth by this Commission's direction in Ordering Paragraph Nos. 4-7, below.

4. That the Pittsburgh Water and Sewer Authority shall be directed to revise the tariffs set forth in the Appendices I (Water Tariff), J (Wastewater Tariff), and K (Storm Water) to the Joint Petition for Settlement of All Issues with All Parties to include the following additions and corrections:

a. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language pertaining to the PENNVEST Charge shall be revised to include the following language: "The Authority shall not accrue interest on under-collections."

b. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language pertaining to the PENNVEST Charge calculation shall be revised as follows:

for water: PVC = (PI + e) / Consumption
for wastewater: PVC = (PI + e) / Conveyance
for stormwater: PVC = (PI + e) / TOTERU
for water, wastewater, and stormwater: e = the amount calculated under the annual reconciliation feature

c. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariff language shall be modified to require The Pittsburgh Water and Sewer Authority to file its annual PENNVEST reconciliation statements within thirty days following the end of the prior 12-month period ending December 31.

d. For the Water Tariff, Wastewater Tariff, and Storm Water Tariff, the tariffs shall be revised to include the following language: "Projects receiving PENNVEST funding are not DSIC-eligible property to the extent that PENNVEST loan costs for the project are recovered by a PENNVEST surcharge."

e. For the Wastewater Tariff – Pa. PUC. No. 1, Original Page 17AB, this page shall be revised so paragraph number 6 is renumbered to paragraph 7.

5. That, when calculating interest on over-collections of the PENNVEST Charge as required by its tariffs and in the manner illustrated in Appendix H of the Joint Petition for Settlement of All Issues with All Parties, The Pittsburgh Water

and Sewer Authority must also include monthly weighting from the month of the over-collection to the midpoint of the refund period.

6. That, when filing its initial annual PENNVEST Charge reconciliation statement pursuant to its tariffs and Section 1307(e) for the 12-month period ending December 31, 2026, the Pittsburgh Water and Sewer Authority shall only include PENNVEST Charge revenues received and expenses incurred for the period between the effective date of PWSA's tariff rates in 2026 and December 31, 2026.

7. That any tariff or tariff supplement filing to implement the removal of the usage component from the fixed/minimum service charge pursuant to Paragraph 9.A.2. of the Joint Petition for Settlement of All Issues with All Parties must be filed with the Commission, pursuant to 66 Pa.C.S. § 1308 and 52 Pa. Code § 53.52, and upon at least sixty (60) days' notice. In addition, PWSA shall file the following supporting information with the Commission for this tariff or tariff supplement filing:

a. Final and red-lined copies of the proposed tariff or tariff supplement to implement the removal of the usage component from the fixed/minimum service charge pursuant to the Settlement's Paragraph 9.A.2.

b. A copy of a proof of revenues and supporting calculations for the affected type of service detailing The Pittsburgh Water and Sewer Authority's authorized operating revenues under present and proposed rates, broken down by base rate revenues, PENNVEST Charge revenues, Distribution System Improvement Charge revenues, and other revenues.

c. Copies of any supporting documentation used to determine operating revenues under present and proposed rates, including electronic working papers.

d. A copy of all of The Pittsburgh Water and Sewer Authority's customer notices that it issued in accordance with 52 Pa. Code § 53.45(g), which may be provided by bill insert to begin no less than 60 days prior to the effective date and which will contain, at a minimum, information describing the change, the proposed effective date, the dollar and percentage impact of the change to a typical residential, commercial, and industrial customer's total bill and a statement that customers may contact the company at a toll free telephone number to get additional information on the proposed change or to find out what actions they may take.

e. A copy of The Pittsburgh Water and Sewer Authority's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).

f. A copy of a signed verification statement for the information provided in accordance with 52 Pa. Code § 1.38.

8. That the Pittsburgh Water and Sewer Authority shall not place into effect the rates, rules, and regulations contained in Supplement No. 16 to Tariff Water-Pa. PUC No. 1 regarding its cost recovery base rates for water service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

9. That the Pittsburgh Water and Sewer Authority shall be authorized to file tariffs, tariff supplements, or tariff revisions containing proposed rates, rules, and regulations, consistent with the agreed upon water revenue increase set forth in the Joint Petition for Settlement of All Issues, to produce an annual increase in water distribution operating revenues of approximately $16,161,095, inclusive of the Distribution System Improvement Charge, consistent with the rates, rules, and regulations set forth in the *pro forma* tariffs included in Appendix I to the Joint Petition for Settlement of All Issues, as modified by Ordering Paragraph Nos. 4-7, above, to become effective upon at least one day's notice, for service rendered on and after March 8, 2026.

10. That the Pittsburgh Water and Sewer Authority shall not place into effect the rates, rules, and regulations contained in Supplement No. 15 to Tariff Wastewater-Pa. PUC No. 1 regarding its cost recovery base rates for wastewater conveyance service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

11. That the Pittsburgh Water and Sewer Authority shall be authorized to file tariffs, tariff supplements or tariff revisions containing proposed rates, rules, and regulations, consistent with the agreed upon wastewater conveyance revenue increase set forth in the Joint Petition for Settlement of All Issues, to produce an annual increase in wastewater conveyance operating revenues of approximately $4,795,717, inclusive of the Distribution System Improvement Charge, consistent with the rates, rules, and regulations set forth in the *pro forma* tariffs included in Appendix J to the Joint Petition for Settlement of All Issues, as modified by Ordering Paragraph Nos. 4-7, above, to become effective upon at least one day's notice, for service rendered on and after March 8, 2026.

12. That the Pittsburgh Water and Sewer Authority shall not place into effect the rates, rules, and regulations contained in Supplement No. 7 to Tariff

Stormwater-Pa. PUC No. 1 regarding its cost recovery base rates for stormwater service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

13. That the Pittsburgh Water and Sewer Authority shall be authorized to file tariffs, tariff supplements or tariff revisions containing proposed rates, rules, and regulations, consistent with the agreed upon stormwater revenue increase set forth in the Joint Petition for Settlement of All Issues, to produce an annual increase in stormwater operating revenues of approximately $4,043,187, consistent with the rates, rules, and regulations set forth in the *pro forma* tariffs included in Appendix K to the Joint Petition for Settlement of All Issues, as modified by Ordering Paragraph Nos. 4-7, above, to become effective upon at least one day's notice, for service rendered on and after March 8, 2026.

14. That the Pittsburgh Water and Sewer Authority, as part of its compliance filing in this proceeding, provide updated Appendices of the Joint Petition for Settlement of All Issues with All Parties, as discussed in this Opinion and Order; serve copies of its compliance filing on each of the Parties to this proceeding; and provide these Parties an electronic, red-lined copy of its compliance filing, including electronic working papers.

15. That, if any of the Parties wish to withdraw from the Joint Petition for Unanimous Settlement based on the modifications set forth in Ordering Paragraph Nos. 4-7 above, that Party shall provide written notice to the Secretary of the Commission and all active Parties to this proceeding of its election to withdraw within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Joint Petition for Unanimous Settlement shall be disapproved, without further action by this Commission, and this matter shall be returned

to the Commission's Office of Administrative Law Judge for further action as deemed appropriate.

16. That the Pittsburgh Water and Sewer Authority shall comply with all directives and conclusions contained in this Opinion and Order, including the terms and conditions of the Joint Petition for Settlement of All Issues with All Parties filed in this proceeding, as modified by this Opinion and Order, that are not the subject of individual ordering paragraphs, as if they were the subject of an individual ordering paragraph.

17. That the Formal Complaints of the Office of Consumer Advocate at Docket Nos. C-2025-3055943, C-2025-3055944, and C-2025-3055942 be deemed satisfied and marked closed.

18. That the Formal Complaints of the Office of Small Business Advocate at Docket Nos. C-2025-3056056, C-2025-3056054, and C-2025-3056058 be deemed satisfied and marked closed.

19. That the Formal Complaint of Marc Bilder at Docket No. C-2025-3056528 be deemed withdrawn.

20. That the Formal Complaint filed by Caryn Lenz at Docket No. C-2025-3056859 be dismissed and marked as closed.

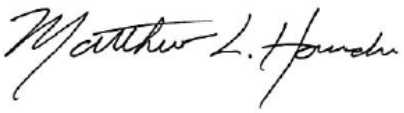
21. That a copy of this Opinion and Order shall be served on the Bureau of Technical Utility Services-Finance Division, the Bureau of Audits, and on all Parties of record in this proceeding.

22. That the Petitions of Pittsburgh Water and Sewer Authority for Authorization to Increase Water and Wastewater Distribution System Improvement

Charge Caps to 7.5% at Docket Nos. P-2025-3055650 and P-2025-3055652 be deemed withdrawn and these dockets marked closed.

23. That, to the extent no Party elects to withdraw from the Joint Petition for Unanimous Settlement within five (5) business days, as set forth in Ordering Paragraph No. 15 above, upon acceptance and approval by the Commission of the tariffs, tariff supplements or tariff revisions, allocation of proposed settlement rate increases, including the modifications directed in Ordering Paragraph Nos. 4-7 above, filed by the Pittsburgh Water and Sewer Authority, consistent with this Opinion and Order, the Commission's investigation at Docket Nos. R-2025-3055010, R-2025-3055011, and R-2025-3055012 be terminated and these dockets be marked closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: February 19, 2026

ORDER ENTERED: February 19, 2026