



PENNSYLVANIA
PUBLIC UTILITY COMMISSION

2019-20

ANNUAL REPORT



TABLE OF CONTENTS



Commissioners' Letter.....	1
Commission Staff.....	2
Organizational Chart.....	5
PUC Budget.....	6
Introduction.....	7
PUC Actions Related to COVID-19.....	8
2019-20 Accomplishments.....	9
2019-20 Audits Update.....	13
Rate Increase Requests.....	16
2019-20 Mergers.....	20
Telephone Directory.....	back page

COMMISSIONERS' LETTER

THE HONORABLE TOM WOLF
GOVERNOR OF PENNSYLVANIA

THE HONORABLE JOHN FETTERMAN
LIEUTENANT GOVERNOR OF PENNSYLVANIA

MEMBERS OF THE PENNSYLVANIA GENERAL ASSEMBLY

We are pleased to submit the FY 2019-20 Annual Report for the Pennsylvania Public Utility Commission (PUC). This report covers actions taken between July 1, 2019, and June 30, 2020. As required by Section 321 of the Public Utility Code, 66 Pa. C.S § 321, the Annual Report highlights the accomplishments and challenges the PUC faced over the course of the year in fulfillment of our mission as regulators and protectors of the public interest.

When presented with the ever-changing environment of the COVID-19 pandemic, the Commission not only began preparing ahead of time, but continued to deliver [dedicated public service](#) during the last several months. In response to the Governor's Emergency Disaster Declaration, the Commission issued three Emergency Orders declaring a moratorium on termination of service by all jurisdictional utilities, a suspension of door-to-door and in-person marketing by energy suppliers, and a suspension of regulatory and statutory deadlines. While the PUC office buildings are closed, the Commission remains fully operational with personnel working remotely.

Leading up to and during that time, the Commission achieved many important successes, including taking major steps to address energy affordability to low-income customers; launching a proceeding to bring uniformity to lead water line replacement; continuing to help ensure that the Commonwealth's regulated utilities protect themselves from cyber-attacks along with enhancing efforts between utilities and emergency response; holding educational train-the-trainer conferences across the state; removing barriers to the deployment of enhanced broadband and other services; adopting a policy to improve system efficiency; taking actions against underground facility owners, excavators and project owners as part of our PA One Call enforcement jurisdiction; distributing the largest distribution total in impact fees to communities across Pennsylvania; and handling an increase in filings and right-to-know requests.

We look forward to the next fiscal year and continuing our important mission.



A handwritten signature in black ink that reads "Gladys Brown Dutrieuille".

Gladys Brown Dutrieuille
Chairman



A handwritten signature in black ink that reads "David W. Sweet".

David W. Sweet
Vice Chairman



A handwritten signature in black ink that reads "John F. Coleman Jr.".

John F. Coleman Jr.
Commissioner



A handwritten signature in black ink that reads "Ralph V. Yanora".

Ralph V. Yanora
Commissioner

COMMISSION STAFF



SETH MENDELSON
EXECUTIVE DIRECTOR



ROBERT C. GRAMOLA
*DIRECTOR
BUREAU OF
ADMINISTRATION*



CHARLES RAINEY
*DIRECTOR & CHIEF ALJ
OFFICE OF
ADMINISTRATIVE
LAW JUDGE*



KELLY MONAGHAN
*DIRECTOR
BUREAU OF
AUDITS*



TOM CHARLES
*DIRECTOR
OFFICE OF
COMMUNICATIONS*



DAN MUMFORD
*DIRECTOR
OFFICE OF
COMPETITIVE
MARKET OVERSIGHT*



ALEXIS BECHTEL
*DIRECTOR
BUREAU OF
CONSUMER SERVICES*



MICHAEL HOLKO
*DIRECTOR
OFFICE OF CYBERSECURITY,
COMPLIANCE AND
OVERSIGHT*



MICHAEL ROBERTS
*DIRECTOR
OFFICE OF HUMAN
RESOURCES*



RICK KANASKIE
*CHIEF PROSECUTOR
BUREAU OF
INVESTIGATION &
ENFORCEMENT*



RENARDO (RICK) HICKS
*CHIEF COUNSEL
LAW BUREAU*



JUNE PERRY
*DIRECTOR
OFFICE OF
LEGISLATIVE AFFAIRS*



ROSEMARY CHIAVETTA
*DIRECTOR
SECRETARY'S BUREAU*



KATHRYN SOPHY
*DIRECTOR
OFFICE OF SPECIAL
ASSISTANTS*



PAUL DISKIN
*DIRECTOR
BUREAU OF TECHNICAL
UTILITY SERVICES*

THE EXECUTIVE DIRECTOR is responsible for the oversight of the day-to-day management of the Commission's functions and staff. This position is responsible for the overall planning, direction, organization and operation of the Commission. Also, the Executive Director develops, recommends to the Commissioners, and implements the PUC's strategic plans and policies.

THE BUREAU OF ADMINISTRATION is responsible for overseeing administrative, fiscal and personnel functions. The Bureau of Administration is comprised of the Office of Human Resources; Management Information Systems, which oversees technology; the Secretary's Bureau; the Office of Administrative Services, which is responsible for office services; and the Financial and Assessment Section that handles budget issues and the financial functions of the Commission.

THE OFFICE OF ADMINISTRATIVE LAW JUDGE fulfills a judicial role within the Commission by hearing cases, mediating cases through the alternative dispute resolution process and issuing Decisions. The office's primary duty is to provide fair and prompt resolution of contested proceedings before the Commission. The Administrative Law Judges (ALJs) are attorneys with experience in administrative law who preside over the hearings in cases, which can include consumer complaints, rate filings, investigations, ability to pay/billing disputes and applications.

THE BUREAU OF AUDITS performs financial, management, operational and specialized audits on electric, natural gas, steam heat, wastewater, water and telecommunications utilities. It also reviews certain adjustment clause rate filings and 1307(e) reconciliation statements. The audits may result in recommendations to refund over-recovered costs and to improve accounting/operational procedures that could save utilities and consumers money.

THE OFFICE OF COMMUNICATIONS is charged with handling Commission media relations, external communications, internal communications, consumer education and communications technology, in addition to acting as the lead staff for the Consumer Advisory Council. The bureau is responsible for issuing press releases, responding to media calls, conducting consumer-education campaigns, distributing educational materials, creating internal and external publications, coordinating the PUC's websites and social media, and managing livestreaming and communications technology.

THE OFFICE OF COMPETITIVE MARKET OVERSIGHT serves as the Commission's electric and natural gas choice ombudsman, and oversees the development and functioning of the competitive retail electric and natural gas supply markets, in addition to providing a forum for informal dispute resolution.

THE BUREAU OF CONSUMER SERVICES investigates and issues decisions on informal complaints from residential and small commercial customers, and enforces the PUC's customer service regulations. The bureau also serves as an intermediary between utilities and consumers, mediating complaints, making payment agreements, and is responsible for implementing and monitoring universal service and energy policy. The bureau prepares annual reports for the Commission and legislature on complaint handling, customer service performance, universal services and collection performance.

THE OFFICE OF CYBERSECURITY COMPLIANCE AND OVERSIGHT advises the Executive Director and Commissioners on policy issues and procedural improvements involving cybersecurity oversight functions of regulated utilities; drafts proposed cyber-related regulations; and oversees the preparation of documents related to cybersecurity policies and procedures.

THE OFFICE OF HUMAN RESOURCES is responsible for planning, organizing and directing a comprehensive human resource services program for the Public Utility Commission. This includes personnel and position management, labor relations, staff development, equal opportunity, recruitment and placement, employee benefits and services, personnel and leave transactions, and complement management. The bureau provides administrative and advisory services to the Executive Director, Director of Administration and PUC management.

THE BUREAU OF INVESTIGATION AND ENFORCEMENT serves as the prosecutory bureau for purposes of representing the public interest in ratemaking matters. The bureau also prosecutes service matters before the Office of Administrative Law Judge, and enforces regulatory compliance with the state and federal motor carrier safety, electric safety, and gas pipeline safety laws and regulations. The bureau handles rail safety enforcement proceedings and investigates referrals from other bureaus. The bureau also prepares administrative reports for the Commission.

THE LAW BUREAU acts as the Commission's in-house legal counsel in three main areas: advisory, representational and enforcement, providing legal advice to the Commission regarding electric, natural gas, telecommunications, water/wastewater and transportation matters, as well as proposed legislation, and regulatory and policy statements. The bureau's director serves as Chief Counsel to the Commission. The Law Bureau represents the Commission before state and federal courts and before other state and federal agencies.

THE OFFICE OF LEGISLATIVE AFFAIRS acts as the liaison between the PUC and the Governor's Office, the General Assembly and the Pennsylvania Congressional Delegation; identifies legislation that may affect the Commission or public utilities and obtains staff analysis; provides relevant information to the legislature; and promotes the Commission's position on legislation and issues with the General Assembly.

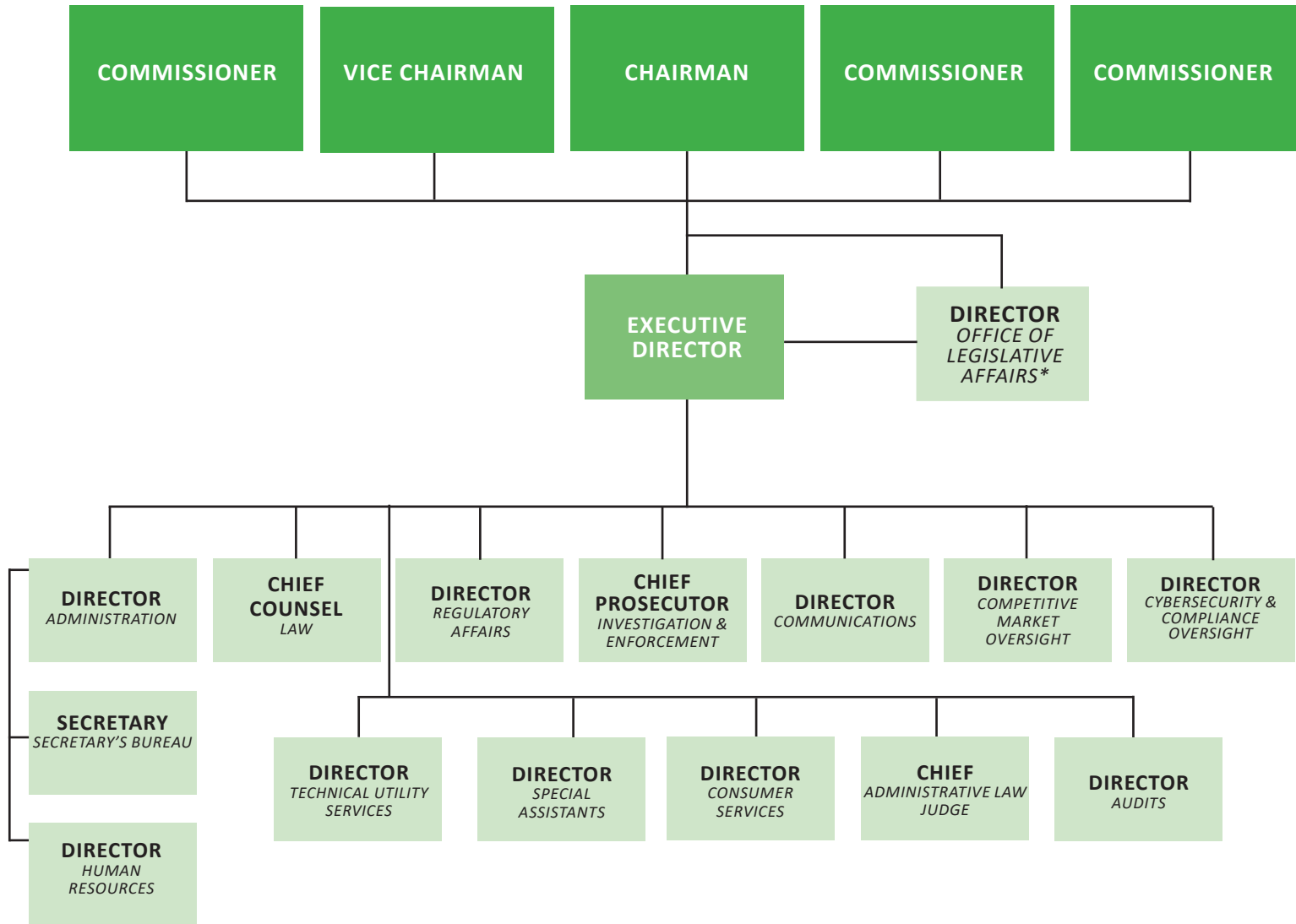
THE DIRECTOR OF REGULATORY AFFAIRS oversees the PUC's bureaus with regulatory functions, including the Bureau of Audits, the Bureau of Consumer Services, the Office of Special Assistants, the Bureau of Technical Utility Services and the Office of Administrative Law Judge. The Director of Regulatory Affairs also is responsible for planning, organizing, coordinating, directing and overseeing regulatory staff.

THE SECRETARY'S BUREAU is the PUC's official point of contact with the public. The Secretary serves as the prothonotary of the Commission, and all documents and filings received by the Commission must be officially filed with the Secretary. The bureau processes, docket and assigns all filings to the appropriate bureaus within the Commission for review and recommendation. All official Commission actions and decisions are issued over the Secretary's signature. The Secretary's Bureau coordinates the Commission's Public Meeting agendas, records the minutes of each Public Meeting, and issues all Commission Orders, Decisions and Secretarial Letters. The Secretary also is the Commission's official Right-to-Know Officer.

THE OFFICE OF SPECIAL ASSISTANTS is the Commission's advisory support bureau, providing legal and technical advice to the Commission primarily regarding challenges to Administrative Law Judge decisions, as well as policy issues; drafts proposed Opinions and Orders containing a review of the facts, the applicable law and a proposed resolution of the issues raised in contested proceedings; drafts Opinions and Orders pursuant to motions adopted at Public Meeting; and reviews petitions for relief following the issuance of Commission Orders.

THE BUREAU OF TECHNICAL UTILITY SERVICES serves as the principal technical advisory bureau to the Commission regarding fixed and transportation utility regulatory matters, as well as an adviser to the PUC on technical issues for electric, natural gas, water and wastewater, and telecommunications utilities. The bureau also offers policy recommendations on rates, tariffs and regulatory matters; processes utility applications; and coordinates emergency operations of utilities.

ORGANIZATIONAL CHART



*Dual reporting relationship to Commissioners and Executive Director

PUC BUDGET

EXECUTIVE GOVERNMENT OPERATIONS

GENERAL GOVERNMENT FUND

	GENERAL FUND Estimated 2019-20 Expenditures	GENERAL FUND Approved 2020-21 Budget
State Funds:		
Personnel	\$60,936,000	\$63,199,000
Operating	14,387,000	14,652,000
Fixed Assets	210,000	210,000
Total State Funds	\$75,533,000	\$78,061,000
Federal Funds:		
Personnel	\$4,717,000	\$4,452,000
Operating	835,000	570,000
Total Federal Funds	\$5,552,000	\$5,022,000
Other Funds	\$733,000	\$0
Total Commission Budget	\$81,085,000	\$83,083,000

OTHER REVENUE SOURCES

	2019-20 RECEIPTS
Unconventional Gas Well Fund – Act 13	\$1,000,000
Application Fees	878,253
Assessments & Supplemental Fees	63,400,829
UCR	4,945,527
Filing & Administration Fees	633,274
Damage Prevention Fines	514,282
Violation of Order Fines	96,909
Federal – Gas Pipeline Safety	4,414,000
Federal – Motor Carrier (Motor Carrier Safety Administration Program)	1,138,000
Total	\$77,021,074

RECEIPTS BY QUARTER

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	2019-20 TOTAL
Application Fees	\$96,650	\$45,325	\$546,280	\$189,998	\$878,253
Assessment & Supplemental Fees	30,077,273	33,189,352	42,867	91,337	\$63,400,829
UCR	0	0	2,941,873	2,003,654	\$4,945,527
Filing & Administrative Fees	12,865	2,895	181,665	435,849	\$633,274
Damage Prevention	94,750	76,607	207,450	135,475	\$514,282
Violation of Order	45,291	21,618	10,847	19,153	\$96,909
Total	\$30,326,829	\$33,335,797	\$6,790,232	\$2,875,466	\$70,469,074

INTRODUCTION

The PUC regulates more than 9,000 entities, including the following in-state services: electricity; natural gas; telecommunications and broadband (availability and speed in accordance with Pennsylvania statutory standards); water and wastewater collection and disposal; steam heat; transportation of passengers and property by motor coach, truck, taxicab and transportation network companies (TNCs); pipeline transmission of natural gas and hazardous materials; and public highway-railroad crossings.

ORGANIZATION

MARCH 31, 1937 – Pennsylvania Public Utility Commission is created by the Pennsylvania General Assembly.

MISSION STATEMENT – The Pennsylvania Public Utility Commission balances the needs of consumers and utilities; ensures safe and reliable utility service at reasonable rates; protects the public interest; educates consumers to make independent and informed utility choices; furthers economic development; and fosters new technologies and competitive markets in an environmentally sound manner.

LOCATIONS – Harrisburg, Philadelphia, Pittsburgh and Scranton. *Due to the COVID-19 emergency, the PUC office buildings are closed. The Commission remains fully operational, as personnel work remotely.

FUNDING – The PUC is funded by assessments on the regulated entities based upon intrastate revenues and by federal grant monies. Assessments are paid into the state Treasury's General Fund for use solely by the Commission.

REGULATORY FILINGS – Utility mergers, rate adjustment requests, acquisitions and affiliated interest agreements.

During the first part of this fiscal year, the PUC's Public Meetings were broadcast [live](#), and during the COVID-19 pandemic were accessed via telephone conference call, to ensure they are accessible to all interested parties.



PUC ACTIONS RELATED TO COVID-19

THE COMMISSION'S WORK CONTINUES

While physical offices remained closed, the PUC continued to be fully operational with personnel working remotely during the COVID-19 pandemic.

In response to the growing COVID-19 pandemic abroad, the PUC began preparing its Continuity of Operations Plan (COOP) with full implementation on Feb. 20, 2020. During this time, Emergency Preparedness staff engaged the utilities to communicate that the Commission had begun planning and to apprise them to review their COOP plans as well. In response to the Governor's Emergency Disaster Declaration issued on March 6, 2020, the Commission transitioned to daily COOP conference calls and held utility conference calls to coordinate on issues that were pertinent to the implementation of the Governor's Emergency Disaster Declaration requiring the shutdown of nonessential businesses.

The Commission engaged with several state partners, including the Governor's Office, the Office of Administration, the departments of Health and Homeland Security, and the Pennsylvania Emergency Management Agency (PEMA), and participated in the State Recovery Task Force Meetings beginning in April 2020. The Commission transitioned to teleworking on March 16, 2020. By April 2020, nearly all employees were teleworking to continue the operations of the Commission for both the regulated and consumer communities. Many of the Commission's critical functions were immediately transitioned to the telework environment, including telephonic public meetings, telephonic evidentiary and public input hearings, a remote consumer services hotline, fiscal transactions, cybersecurity work, and eFiling of documents with the Commission.

PROTECTING THE PUBLIC

In March 2020, the Commission issued three Emergency Orders in response to the Governor's Emergency Disaster Declaration. One [Emergency Order](#) established a moratorium on termination of service by all jurisdictional utilities. A second [Emergency Order](#) prohibited door-to-door and in-person marketing by energy suppliers (subsequently modified on June 3, 2020).

An additional [Emergency Order](#) was issued regarding suspension of regulatory and statutory deadlines. Two Secretarial Letters were issued requesting [information](#) from utilities on COVID-19 cost tracking and [creation](#) of a regulatory asset, and customer service billing and public outreach provisions.

The Commission maintained successful internal and external communications during the COVID-19 pandemic, with regular messages to employees, press releases on Commission actions shared publicly and consumer-education infographics and tips distributed electronically, along with updates made available on a special COVID-19 [webpage](#).

2019-20 ACCOMPLISHMENTS

► ENERGY AFFORDABILITY FOR LOW-INCOME CUSTOMERS

The PUC took major steps to address [energy affordability](#) for low-income customers by revising policy on Customer Assistance Programs (CAPs). The changes are a result of a two-year holistic review of CAP and a thorough examination of energy burdens, as discussed in [the PUC's 2019 Energy Affordability Report](#).

► LEAD WATER LINE REPLACEMENT

The Commission launched a [proceeding](#) to bring uniformity to lead line replacement under [Act 120 of 2018](#), with PUC staff convening a working group to discuss how the Commission may develop uniform procedures, consistent with Act 120, to address lead service pipes and damaged wastewater lateral replacement issues.

► CYBERSECURITY

The PUC has partnered with federal, state and private sector stakeholders to provide the regulated utilities with quarterly briefings on the latest threat, risk, remediation, mitigation and industry best practices. The outreach program is part of an ongoing effort to help ensure that the Commonwealth's regulated utilities have the latest information to protect their critical infrastructure from cyber-attacks. This effort is guided by the [PUC's Office of Cybersecurity Compliance and Oversight](#).

► OPERATION BLUE FLAME GAS OUTAGE EXERCISES

The Commission continued efforts to enhance collaboration and communication between utilities and key emergency response and community organizations by joining with PEMA to host a second annual ["Operation Blue Flame"](#) exercise.

► BE UTILITY WISE STATEWIDE EVENTS

The PUC held its annual [Be Utility Wise](#) train-the-trainer conferences across the state in 2019. Forums were held in Bethlehem, Erie, Harrisburg, Johnstown, Reading, Pittsburgh and Wilkes-Barre. The PUC also launched a CAP enrollment utility fair in Delaware County. In total, more than 1,200 participants attended.



► RURAL BROADBAND

The PUC advanced the process to assume jurisdiction over [pole attachments](#). This included (1) finalizing Pennsylvania-specific rules allowed under federal law for states that regulate pole attachments, (2) making the PUC's dispute resolution processes available to parties that otherwise would be compelled to litigate matters at the FCC and (3) creating a permanent working group to remove barriers to the deployment of enhanced broadband consistent with future changes in federal rules. The PUC continued to review and certify that incumbent providers designated as [Eligible Telecommunications Carriers](#) (ETCs) were using their federal support to provide voice and broadband service.

The Commission also granted ETC designations to five separate companies that had submitted winning bids in the FCC's first-ever auction of federal high-cost universal service support funding, Auction 903. Auction 903 was established in order to distribute the federal high-cost funding support that certain incumbent telecommunications providers had declined to receive for their service territories. Specifically, these five winning bidders were awarded an aggregate total of approximately \$56 million of federal high-cost support in various eligible census blocks located throughout Pennsylvania so that they could use the federal funds to deploy voice and broadband service in those areas.

The PUC also supported the launch of the Pennsylvania Broadband Investment Incentive Program, and continued its efforts before the Federal Communications Commission to secure [federal funding](#) for use by broadband providers in Pennsylvania. The PUC initiated an effort to ensure that there were Pennsylvania bidders in an upcoming auction of federal support in the Rural Development Opportunity Fund (RuDOF) program to deploy broadband speeds of at least 25 Megabits down/3 Megabits up (25/3). This is the so-called Netflix speed. This effort is intended to help ensure that this federal support does not leave Pennsylvania.

► AREA CODE RELIEF

The North American Numbering Plan Administrator (NANPA) informs Pennsylvania and the other states of current and projected numbering resources. PUC staff closely monitors this information in all the Commonwealth's area codes to ensure the availability of adequate numbering resources. On April 30, 2020, the PUC approved the first-ever all-services distributed overlay for the 814 area code with a 13-month implementation schedule for activation of the new area code.

► REGULATORY RELIEF

To further modernize and streamline telecommunications regulation, in March 2020, the Commission extended its temporary waivers of certain telephone regulations granted in 2015 in conjunction with the Commission reclassifying basic service as competitive in certain areas in the Verizon companies' service territories. A Notice of Proposed Rulemaking was presented in June 2020 and is moving forward to address both those regulations temporarily waived and those identified as less vital in today's telecommunications industry. In completing the rulemaking, the Commission will identify and balance common and competing interests to reflect the modern telecommunications market with the objective of reducing utility reports and other burdens while ensuring an adequate layer of consumer protection.

▶ **ALTERNATIVE RATEMAKING**

In order to provide incentives to improve system efficiency and ensure that utilities receive adequate revenue to maintain safe, secure and reliable service, the PUC adopted a [Distribution Rates Policy Statement](#) identifying factors the Commission will consider when utilities propose alternative ratemaking mechanisms and rate designs in distribution base rate proceedings.

▶ **PA ONE CALL/DAMAGE PREVENTION COMMITTEE**

As part of the PUC's jurisdiction over Pennsylvania One Call and its creation of a [Damage Prevention Committee](#), the PUC held nine livestreamed or telephonic public meetings during the timeframe of this report. Overall, the PUC took more than 1,336 actions against nearly 564 underground facility owners, excavators and project owners. The actions resulted in administrative penalties totaling more than \$691,525.

▶ **IMPACT FEES**

The PUC distributed a total of \$251,830,900 in [impact fees](#), the largest distribution to date, and over the past eight years the PUC has collected and distributed almost \$1.7 billion to communities across Pennsylvania.

▶ **UBER/LYFT BACKGROUND CHECK REVIEWS**

The PUC approved its first-ever review of Uber's driver [background check process](#) in Pennsylvania and recommended improvements to further strengthen the process in the future. A similar review involving Lyft is slated for completion in the second half of 2020.

▶ **INCREASE IN FILINGS AND RIGHT-TO-KNOW REQUESTS**

From July 1, 2019, through the first six months of 2020, the PUC's Secretary's Bureau received 27,000 filings, with 80% of them being eFiled due to the pandemic emergency when the Commission had limited to no access to mail delivery. Overall, the Commission served approximately 11,000 documents and timely responded to approximately 165 right-to-know requests. During the pandemic, the Secretary's Bureau, where practicable, transitioned filings from interested parties and service of Commission actions to electronic means to better serve those doing business with the PUC.

The Secretary's Bureau implemented new innovations and procedures such as SharePoint files to receive large filings containing confidential material, new word searches to assist right-to-know requesters, new qualified document types available for eFiling, and the creation of employee teams to obtain email addresses of parties when eService was not feasible.

▶ **AMENDED POLICY STATEMENT ON DIVERSITY AT MAJOR JURISDICTIONAL UTILITIES**

In February 2020, the Commission approved amending its policy statement to further define diversity and other changes. The Commission also is directed to promulgate a rulemaking on diversity at the jurisdictional utilities by the end of the year 2020.

▶ **WIRELESS PILOT PROGRAM UNDER THE TELECOMMUNICATIONS RELAY SERVICE**

The PUC issued an Order approving as a permanent feature the Wireless Expansion Initiative (WEI) program initially established as a pilot component to augment the reach and effectiveness of Telecommunications Relay Service (TRS) in order to improve and modernize the Telecommunications Device and Distribution Program component of the Pennsylvania TRS program. In addition, in June 2020, the Commission approved a pilot program to test the viability, cost and effectiveness of “Real Time Texting” among a limited number of eligible Pennsylvanians.

▶ **CHAPTER 54 FINAL RULEMAKING**

This rulemaking amended the customer information disclosure regulations to enhance customer protections and give customers the information necessary to make decisions when shopping in the state’s competitive retail electricity market.

2019-20 AUDITS UPDATE

ELECTRIC

The PUC completed 30 audits, involving default service, purchased power, non-utility generation, transmission service costs, generation supply service, energy efficiency and conservation, and universal service programs.

The Commission also reviewed and processed 165 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 71 Section 1307(e) reconciliation statements that were reviewed and processed.

The PUC performed the following periodic management and operations audits or management efficiency investigations, including:

- ▶ **DUQUESNE LIGHT COMPANY** – A management and operations audit, released Aug. 8, 2019, made 18 recommendations to the company for improvement resulting in \$286,000 in projected annual savings and \$1.5 million in one-time projected savings. Duquesne Light indicated acceptance of all 18 recommendations in its implementation plan.
- ▶ **C&T ENTERPRISES (CITIZENS' ELECTRIC, WELLSBORO ELECTRIC)** – A management and operations audit, released on Dec. 19, 2019, made five recommendations to the companies for improvement. The companies indicated acceptance of all five recommendations in its implementation plan.
- ▶ **PPL ELECTRIC UTILITIES** – A management efficiency investigation, released on June 18, 2020, showed that the company effectively or substantially implemented 17 of 43 prior recommendations reviewed and took some action on the remaining 26 recommendations. As a result of the implementation efforts, the companies realized annual and one-time savings of approximately \$312,000 and \$11.1 million, respectively. The audit report identified 31 follow-up recommendations for improvement.

NATURAL GAS

During Fiscal Year 2019-20, the PUC completed eight purchased gas cost audits, 10 gas cost rate audits and six universal service audits.

The PUC also reviewed and processed 48 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 32 Section 1307(e) reconciliation statements that were reviewed and processed.



During Fiscal Year 2019-20, the PUC performed management and operations audits or management efficiency investigations, including:

- ▶ **UGI UTILITIES** – A management and operations audit, released on Nov. 14, 2019, made 45 recommendations to the company for improvement resulting in projected annual savings ranging from \$336,000 to \$713,000 and one-time projected savings ranging from \$3.3 million to \$7.13 million. UGI Utilities indicated acceptance of 42 recommendations in its implementation plan.
- ▶ **C&T ENTERPRISES (VALLEY ENERGY)** – A management and operations audit, released on Dec. 19, 2019, made five recommendations to the company for improvement. The company indicated acceptance of all five recommendations in its implementation plan.

STEAM HEAT

During Fiscal Year 2019-20, two steam cost rate audits were completed for Energy Center Harrisburg.

The PUC also reviewed and processed 26 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional three Section 1307(e) reconciliation statements that were reviewed and processed.

WATER/WASTEWATER

During Fiscal Year 2019-20, the PUC completed three purchased water audits.

The PUC also reviewed and processed 34 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 11 Section 1307(e) reconciliation statements that were reviewed and processed.

During Fiscal Year 2019-20, the PUC performed management and operations audits or management efficiency investigations, including:

- ▶ **NEWTOWN ARTESIAN WATER COMPANY** – A management efficiency investigation, released on Feb. 27, 2020, by the PUC indicated the company implemented six of the 18 prior recommendations reviewed, and took some action on 11 recommendations and no action on one rejected recommendation. The audit report identified 13 follow-up recommendations for improvement.
- ▶ **COLUMBIA WATER COMPANY** – A management efficiency investigation, released on Dec. 19, 2019, by the PUC indicated the company implemented six of the 12 prior recommendations reviewed and took some action on the remaining six recommendations. The audit report identified six follow-up recommendations for improvement.

2019-20 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) AUDITS

During Fiscal Year 2019-20, the PUC completed three distribution system improvement charge audits.

TELECOMMUNICATIONS AUDITS

The Commission completed its audit regarding the Telecommunications Relay Service Program Fund activity for years 2017 through 2019, reviewing monies collected and fund administration. The audit report was released on April 30, 2020. The agency also completed a three-year audit of the Telecommunications Device Distribution and Print Media Access Systems in August 2019. Finally, for purposes of regulatory assessments, the agency completed a compliance review of a carrier's gross intrastate operating revenue reporting following the Commission's discovery in a prior change of control proceeding of the carrier's repeated underreporting.

RATE INCREASE REQUESTS

During the fiscal year, the following rate increase requests were filed and/or finalized with the Commission. Information about the [ratemaking process](#) is available on the PUC website.

ELECTRIC

▶ CITIZENS' ELECTRIC COMPANY OF LEWISBURG (R-2019-3008212)

REQUESTED RATE INCREASE – \$792,246 (16.5%)

APPROVED RATE INCREASE – \$494,749 (10.1%)

PRIMARY REASON – To continue capital investments in system improvements, and current maintenance and replacement policies, and to enhance the utility's ability to obtain capital to fund major system improvement projects that may be necessary in the future.

▶ WELLSBORO ELECTRIC COMPANY (R-2019-3008208)

REQUESTED RATE INCREASE – \$999,967 (19.5%)

APPROVED RATE INCREASE – \$950,243 (18.15%)

PRIMARY REASON – To continue capital investments in system improvements, current maintenance and replacement policies, and to enhance the utility's ability to obtain capital to fund major system improvement projects that may be necessary in the future.

NATURAL GAS

▶ PEOPLES NATURAL GAS COMPANY LLC (R-2018-3006818)

REQUESTED RATE INCREASE – \$94.9 million (14.1%)

APPROVED RATE INCREASE – \$59.5 million (8.9%)

PRIMARY REASON – Pipeline replacement, improved operations and customer service.

▶ PINE-ROE NATURAL GAS COMPANY INC. (R-2019-3014626)

REQUESTED RATE INCREASE – \$25,000 (18.2%)

APPROVED RATE INCREASE – \$25,000 (18.2%)

PRIMARY REASON – Additional expenses for insurance, personnel, outside labor, equipment, rent and a storage shed.

► **UGI UTILITIES INC. – GAS DIVISION (R-2018-3006814)**

REQUESTED RATE INCREASE – \$71.1 million (8.9%)

APPROVED RATE INCREASE – \$30 million (3.8%)

PRIMARY REASON – Infrastructure replacement, customer growth, universal services offerings, energy efficiency and conservation plans, safety improvement initiatives, and improvements to customer service.

► **VALLEY ENERGY INC. (R-2019-3008209)**

REQUESTED RATE INCREASE – \$745,079 (14.7%)

APPROVED RATE INCREASE – \$496,097 (9.3%)

PRIMARY REASON – Capital investments in system improvements, current maintenance and replacement policies, and enhanced ability to obtain capital to fund major system improvement projects that may be necessary in the future.

► **COLUMBIA GAS OF PA INC. (R-2020-3018835)**

REQUESTED RATE INCREASE – \$100.4 million (17.5%)

APPROVED RATE INCREASE – Ongoing

PRIMARY REASON – To operate a pipeline replacement program, to provide safe and reliable natural gas service at the lowest reasonable price to its customers, to recover its costs, and to earn a fair rate of return.

► **PHILADELPHIA GAS WORKS (R-2020-3017206)**

REQUESTED RATE INCREASE – \$70 million (10.5%)

APPROVED RATE INCREASE – Ongoing

PRIMARY REASON – To maintain its financial status and current favorable bond ratings, to enable PGW to continue its significant efforts to improve safety, efficiency and reliability of its system, and to continue to improve customer service.

► **UGI UTILITIES INC. – GAS DIVISION (R-2019-3015162)**

REQUESTED RATE INCREASE – \$74.6 million (8.5%)

APPROVED RATE INCREASE – \$20 million (2.7%)

PRIMARY REASON – To earn a fair return on investments, to support ongoing Commission-approved infrastructure replacement programs, to enhance information technology systems, to increase training opportunities for personnel, and to recover higher levels of certain operating expenses that support the provision of safe and reliable gas distribution services.

WATER/WASTEWATER RATE INCREASE REQUESTS

► TWIN LAKES UTILITIES (R-2019-3010958)

REQUESTED RATE INCREASE – \$211,793 (158.63%)

APPROVED RATE INCREASE – \$117,374 (87.91%)

PRIMARY REASON – To cover expenses for the required investments in the repair/replacement or improvement of the distribution system and the high costs associated with maintaining a distribution system while serving a small customer base.

► CITY OF LANCASTER WASTEWATER (R-2019-3010955)

REQUESTED RATE INCREASE – \$646,727 (46.7%)

APPROVED RATE INCREASE – \$500,000 (37.7%)

PRIMARY REASON – To ensure the continued provision of safe, adequate and reliable service, to provide necessary funds to operate, maintain and renew facilities, and to achieve a marginal rate of return on investments.

► PITTSBURGH WATER AND SEWER AUTHORITY WATER AND WASTEWATER (R-2020-3017951 – WATER; R-2020-3017970 – WASTEWATER)

REQUESTED RATE INCREASE – 2021: \$43.8 million (25.4%); 2022: \$12.6 million (6.4%)

APPROVED RATE INCREASE – Ongoing

PRIMARY REASON – To enable PWSA to appropriately invest in the infrastructure needed to maintain and improve its safety, reliability and customer service levels.

► PENNSYLVANIA AMERICAN WATER AND WASTEWATER (R-2020-3019369 – WATER; R-2020-3019371 – WASTEWATER)

REQUESTED RATE INCREASE – 2021: \$92.4 million (12.9%); 2022: \$46.2 million (5.8%)

APPROVED RATE INCREASE – Ongoing

PRIMARY REASON – To invest approximately \$1.16 billion in new utility plant during the period 2020 through 2022.

► NEWTOWN ARTESIAN WATER COMPANY (R-2019-3006904)

REQUESTED RATE INCREASE – \$934,154 (16.9%)

APPROVED RATE INCREASE – \$780,000 (13.1%)

PRIMARY REASON – To provide reasonable and adequate service to its customers, recover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and attract capital for future improvements.

► **COMMUNITY UTILITIES OF PENNSYLVANIA (R-2019-3008947 – WATER; R-2019-3008948 – WASTEWATER)**

REQUESTED RATE INCREASE – Wastewater: \$378,770 (20.8%); Water: \$362,019 (26.34%)

APPROVED RATE INCREASE – Wastewater: \$224,000 (12.3%); Water: \$315,000 (23%)

PRIMARY REASON – To realize a reasonable rate of return on the company’s actual and forecasted capital investment, and recover forecasted operating expenses.

► **EATON SEWER AND WATER COMPANY (R-2019-3009567 – WATER; R-2019-3009559 – WASTEWATER)**

REQUESTED RATE INCREASE – Wastewater: \$73,973 (45%); Water: \$61,573 (25%)

APPROVED RATE INCREASE – Wastewater: \$42,006 (25%); Water: \$10,028 (6%)

PRIMARY REASON – To maintain the high standards the company has always provided to their customers, as it has not requested a rate increase since 2007.

TELECOMMUNICATIONS

The Chapter 30 companies filed their Annual Price Stability Index/Service Price Index filings for 2020. During the fiscal year, the Commission approved the rate filings as submitted. However, there are pending complaints from prior years questioning the impact of the 2017 Tax Cuts and Jobs Act corporate tax reform on these annual rate filings.

The Commission also approved the Pennsylvania Universal Service Fund (USF) Annual Rate Adjustment Administrator’s Report with recommendations about the Pennsylvania USF’s size for calendar year 2020.

2019-20 MERGERS



▶ AQUA/PEOPLES MERGER

The transaction has a purchase price of \$4.275 billion and was approved on Jan. 16, 2020. The approved settlement included commitments regarding infrastructure replacement, employment levels, \$23 million in rate credits for customers, and enhancements in customer service and reliability, universal service, financial governance, and retail competition.

▶ TELECOMMUNICATIONS TRANSFERS OF CONTROL

The Commission considered 15 applications that comprised a total of 66 dockets and an extensive number of certificated carriers during the prior fiscal year. These application cases included changes of control for Windstream Holdings Inc. (Windstream) and Frontier Communications Corp. (Frontier) due to the bankruptcy of each entity. Each of these holding companies has extensive regulated service operations in Pennsylvania, with Windstream operating 30 jurisdictional entities, and Frontier operating 10 jurisdictional entities within the Commonwealth.

TELEPHONE DIRECTORY

CHAIRMAN

DUTRIEUILLE, GLADYS BROWN(717) 787-1031

VICE CHAIRMAN

SWEET, DAVID W.....(717) 783-1763

COMMISSIONER

COLEMAN JR., JOHN F.....(717) 772-0692

COMMISSIONER

YANORA, RALPH V.....(717) 705-6767

EXECUTIVE DIRECTOR

MENDELSON, SETH A.....(717) 787-1035

BUREAU OF ADMINISTRATION

GRAMOLA, ROBERT C. (DIRECTOR).....(717) 783-1240

LAW BUREAU

HICKS, RENARDO (RICK) (CHIEF COUNSEL).....(717) 787-5000

BUREAU OF INVESTIGATION & ENFORCEMENT

KANASKIE, RICK (CHIEF PROSECUTOR).....(717) 787-4886

OFFICE OF ADMINISTRATIVE LAW JUDGE

RAINEY, CHARLES (DIRECTOR & CHIEF ALJ).....(717) 787-1191

BUREAU OF AUDITS

MONAGHAN, KELLY (DIRECTOR).....(717) 783-5000

OFFICE OF COMMUNICATIONS

CHARLES, TOM (DIRECTOR).....(717) 787-9504

HAGEN-FREDERIKSEN, NILS (PRESS SECRETARY).....(717) 787-5722

OFFICE OF COMPETITIVE MARKET OVERSIGHT

MUMFORD, DAN (DIRECTOR).....(717) 772-8495

BUREAU OF CONSUMER SERVICES

BECHTEL, ALEXIS (DIRECTOR).....(717) 783-1661

OFFICE OF CYBERSECURITY, COMPLIANCE AND OVERSIGHT

HOLKO, MICHAEL (DIRECTOR).....(717) 425-5327

OFFICE OF HUMAN RESOURCES

ROBERTS, MICHAEL (DIRECTOR).....(717) 787-8714

OFFICE OF LEGISLATIVE AFFAIRS

PERRY, JUNE (DIRECTOR).....(717) 787-3256

SECRETARY'S BUREAU

CHIAVETTA, ROSEMARY (SECRETARY).....(717) 772-7777

OFFICE OF SPECIAL ASSISTANTS

SOPHY, KATHRYN (DIRECTOR)..... (717) 787-1827

BUREAU OF TECHNICAL UTILITY SERVICES

DISKIN, PAUL (DIRECTOR).....(717) 783-5242



Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
www.puc.pa.gov

