

ANNUAL
REPORT
2021
2022



PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Pictured left to right are Commissioner Ralph V. Yanora, Vice Chairman Stephen M. DeFrank, Chairman Gladys Brown Dutrieuille, Commissioner John F. Coleman Jr. and Commissioner Kathryn L. Zeffuss.

COMMISSIONER LETTER

THE HONORABLE TOM WOLF
GOVERNOR OF PENNSYLVANIA

THE HONORABLE JOHN FETTERMAN
LIEUTENANT GOVERNOR OF PENNSYLVANIA

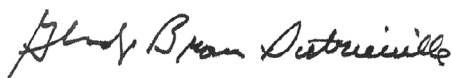
MEMBERS OF THE PENNSYLVANIA GENERAL ASSEMBLY

We are pleased to submit the FY 2021-22 Annual Report for the Pennsylvania Public Utility Commission (PUC). This report covers actions taken between July 1, 2021, and June 30, 2022.

As required by Section 321 of the Public Utility Code, 66 Pa. C.S. § 321, the Annual Report highlights the significant orders, decisions and issues the PUC faced over the course of the year in fulfillment of our mission as regulators and protectors of the public interest.

Despite the challenges posed by a global pandemic, the Commission achieved many important successes, including: encouraging consumers and small businesses who may be experiencing financial difficulty to #CallUtilitiesNow to discuss the options to remain connected to vital utility services; increasing awareness for Pennsylvania consumers to #KeepUtilitiesOn with the Low-Income Household Water Assistance Program; participating in emergency preparedness activities that focus on emergency preparedness, business continuity, emergency response and cybersecurity plans; encouraging outreach on the FCC's broadband benefit available through the Affordable Connectivity Plan for Pennsylvanians; continuing investigations and enforcement related to pipeline, electric and motor carrier safety; and releasing multiple audits across the regulated industries.

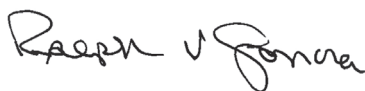
We look forward to the next fiscal year and continuing our important mission.



Gladys Brown Dutrieuille
Chairman



Stephen M. DeFrank
Vice Chairman



Ralph V. Yanora
Commissioner



Kathryn L. Zerfuss
Commissioner



John F. Coleman, Jr.
Commissioner

COMMISSION STAFF



Pictured from left to right in front row: Charles Rainey, Chief Administrative Law Judge; Kathryn Sophy, Director of the Office of Special Assistants; Rosemary Chiavetta, PUC Secretary; Seth Mendelsohn, Executive Director; Michael Holko, Director of the Office of Cybersecurity Compliance and Oversight; Kelly Monaghan, Director of Audits; and Alexis Bechtel, Director of the Bureau of Consumer Services. Back row: Paul Diskin, Director of Technical Utility Services; Rick Kanaskie, Director and Chief Prosecutor of the Bureau of Investigation and Enforcement; Michael Roberts, Director of Human Resources; Bob Gramola, Director of Administration; Tom Charles, Director of Communications; Rick Hicks, Director and Chief Counsel in the Law Bureau; and Dan Mumford, Director of the Office of Competitive Market Oversight.

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 implementing and monitoring universal service and energy policy. The bureau prepares annual reports for the Commission and General Assembly 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 prosecutorial 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.

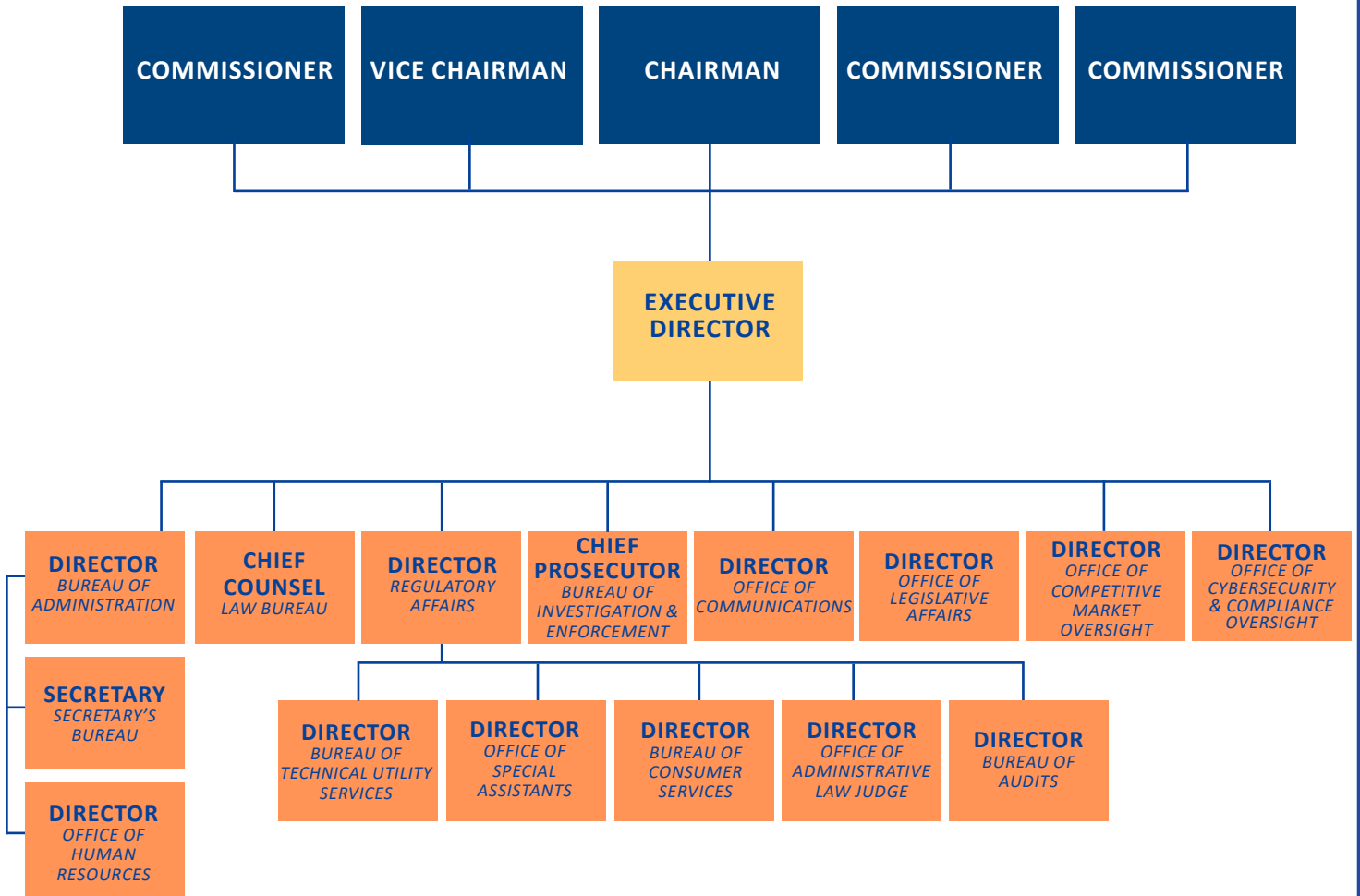
THE DIRECTOR OF REGULATORY AFFAIRS oversees the PUC's bureaus with regulatory functions, including the Bureau of Audits, the Bureau of Consumer Services, the Office of Special Assistants, the Bureau of Technical Utility Services and the Office of Administrative Law Judge. The Director of Regulatory Affairs 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



PUC BUDGET

EXECUTIVE GOVERNMENT OPERATIONS

GENERAL GOVERNMENT FUND

	GENERAL FUND Estimated 2021-22 Expenditures	GENERAL FUND Approved 2022-23 Budget
State Funds:		
<i>Personnel</i>	\$64,167,000	\$65,772,000
<i>Operating</i>	14,100,000	14,109,000
<i>Fixed Assets</i>	210,000	210,000
Total State Funds	\$78,477,000	\$80,091,000
Federal Funds:		
<i>Personnel</i>	\$4,006,000	\$4,070,000
<i>Operating</i>	1,122,000	1,113,000
Total Federal Funds	\$5,128,000	\$5,183,000
Total Commission Budget	\$83,605,000	\$85,274,000

OTHER REVENUE SOURCES

	2021-22 RECEIPTS
Unconventional Gas Well Fund	\$1,000,000
Unconventional Gas Well Fund - Act 13 Administration	\$544,050
Filing & Fees	52,068
Application Fees	505,293
Assessment & Supplemental Fees	80,995,320
UCR	4,945,635
Damage Prevention Fines	646,975
Violation of Order Fines	2,890,264
Federal - Gas Pipeline Safety	3,995,000
Federal - Motor Carrier (Motor Carrier Safety Administration Program)	1,133,000
Total	\$96,707,605

2021-22 APPLICATION FEES, FILING & COPY FEES & FINES

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	2021-22 TOTAL
Unconventional Gas Well - Act 13 Administration	\$50	0	54,150	489,850	\$544,050
Filing & Fees	\$4,848	16,695	5,930	24,595	\$52,068
Application Fees	\$132,891	53,945	62,691	255,766	\$505,293
Assessments & Supplemental Fees	\$31,457,526	37,968,023	222,471	11,347,300	\$80,995,320
UCR	\$62	3,313,031	1,632,496	46	\$4,945,635
Damage Prevention Fines	\$211,400	90,475	176,150	168,950	\$646,975
Violation of Order Fines*	\$342,839	1,082,861	242,383	1,222,181	\$2,890,264
Total	\$32,149,616	\$42,525,030	\$2,396,271	\$13,508,688	\$90,579,605

*These fines deposited into the state General Fund

INTRODUCTION



The PUC oversees 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 – The PUC 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.

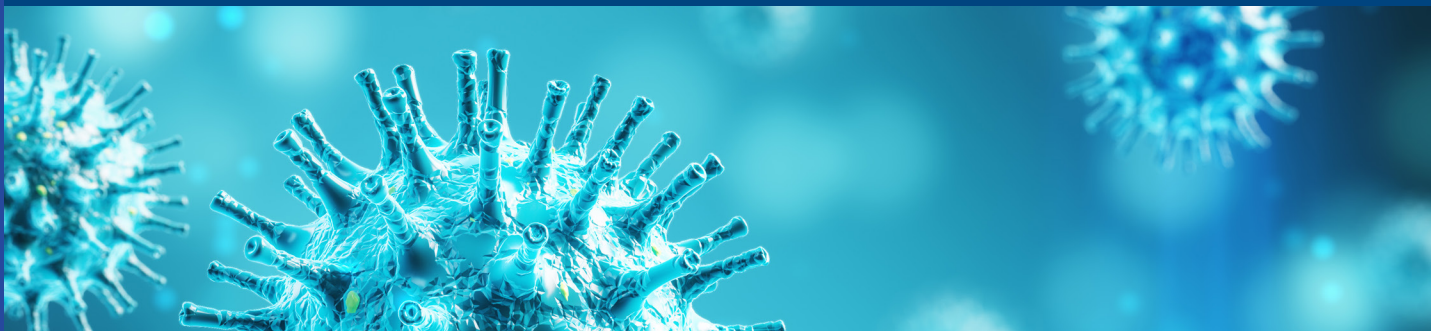
LOCATIONS – Harmarville, Harrisburg, Philadelphia, Pittsburgh and Scranton.

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 this fiscal year, the PUC’s Public Meetings transitioned back to in-person and livestreamed.

PUC ACTIONS RELATED TO COVID-19



THE COMMISSION'S WORK CONTINUED

Physical offices remained closed for the majority of 2021, yet the PUC continued to be fully operational with personnel working remotely and in office as needed. It is important to note that:

- The PUC successfully conducted every [PUC Public Meeting](#) that was scheduled for 2021 and 2022, transitioning from telephonic meetings and returning to in-person and livestreamed meetings in April 2022.
- The Commission continued telephonic or virtual evidentiary and public input [hearings](#), along with telephonic and virtual meetings of the [Damage Prevention Committee](#) and the [Consumer Advisory Council](#).
- PUC staff continued to assist consumers through our remote [consumer services hotline](#).
- Thanks to fiscal transactions and the [eFiling](#) of documents with the Commission, the PUC continued functioning at normal levels. These innovations permitted the Secretary's Bureau to:
 - Process approximately 27,000 filings;
 - Serve more than 12,000 documents; and
 - Respond timely to more than 140 Right-to-Know requests.

PROTECTING THE PUBLIC

In [March 2021](#), the PUC enhanced payment plan options for consumers and small businesses, with the resumption of payment-related terminations.

The PUC also [modified](#) pandemic-related emergency orders, including additional consumer protections, to comply with the General Assembly's termination of the state's Proclamation of Disaster Emergency.

Additionally, the PUC [reminded](#) consumers and small businesses to apply for additional assistance and payment options before the state-mandated Sept. 30, 2022, end of pandemic-related emergency orders.

And, [outreach](#) continued to utility CEOs urging greater flexibility when working with at-risk consumers as various pandemic-related measures came to an end.

The Commission maintained successful internal and external communications during the COVID-19 pandemic, with weekly newsletters for employees, press releases on Commission actions shared publicly, consumer-education infographics, videos and tips distributed electronically and over social media, virtual outreach events, and a special COVID-19 [webpage](#).

2021-22 ACCOMPLISHMENTS



◆ FILING AND RESOURCES

The Secretary's Bureau received approximately 28,000 filings in 2021 and served approximately 11,000 documents, including approximately 900 Orders and 6,000 Secretarial Letters. The Commission received more than 140 Right-to-Know requests in 2021, and all were responded to in a timely manner despite the pandemic and staff working remotely.

The PUC's Office of Administrative Law Judge presided over 438 telephonic or virtual evidentiary hearings and 23 telephonic or virtual public input hearings. PUC judges also resolved 163 cases through mediation processes and issued 236 Decisions.

◆ CONSUMER ISSUES

The Commission encouraged consumers and small businesses who may still be experiencing financial difficulty to [#CallUtilitiesNow](#) to discuss the options to remain connected to vital utility services. We emphasized that direct conversations between customers and utilities are the best "first step" for any Pennsylvania household or business struggling to [#KeepUtilitiesOn](#), whether those financial difficulties were related to the COVID-19 pandemic, the ongoing state and national recovery, or other challenging circumstances.

The PUC's consumer educators reached front-line community partners and utility customers through drop-offs of educational materials at locations statewide, along with many virtual educational events, including our annual Be Utility Wise and Be Wise consumer-education conferences.

◆ WATER/WASTEWATER ISSUES

The PUC increased awareness for Pennsylvania consumers to [#KeepUtilitiesOn](#) with the [Low-Income Household Water Assistance Program](#).

◆ EMERGENCY PREPAREDNESS

Staff participated in and coordinated several emergency preparedness activities, including natural gas emergency exercises, Black Sky event committee meetings, electric grid resiliency exercises and worldwide tests that focused on emergency preparedness, business continuity, emergency response and cybersecurity plans.

◆ AUDITS

The PUC Financial Audits team released 33 reports covering 83 years of adjustment clauses, and reviewed and approved approximately 381 adjustment clause filings. Management Audit staff released four Management Audits, two Management Efficiency Investigation reports, and the 516 Annual Report for Calendar Year 2022.

◆ SAFETY ISSUES

The PUC increased consumer education on electric safety, safe digging and delaying the start of non-essential home digging projects to enhance safety and avoid accidental damage to underground lines.

Actions were taken against 965 underground facility owners, excavators and project owners, including 1,757 disciplinary actions, representing \$906,200 in administrative penalties as part of our PA One Call enforcement jurisdiction.

The second Damage Prevention Committee [annual report](#) was issued, including an overview of its Alleged Violation Reports and the subsequent actions taken, such as the issuance of warning letters, administrative penalties and locator or excavator education.

◆ BROADBAND ISSUES

The PUC continued to encourage Pennsylvanians to stay connected through the [Lifeline Program](#) and [Affordable Connectivity Program](#), a benefit program started by the Federal Communications Commission (FCC).

◆ IMPACT FEES

The PUC distributed \$234.4 million this year through impact fees on natural gas producers – pushing the nine-year total to more than \$2.2 billion collected and distributed to communities across the state.

◆ ELECTRIC RETAIL MARKETS

The Commission alerted [consumers](#) and the media about escalating energy prices by urging consumers to review their bills; know what they are paying and to what supplier; review any energy supply disclosures; and take action if needed. The Commission also emphasized conservation and how to get assistance.

◆ ELECTRIC DEFAULT SERVICE RATE CASES

The PUC processed default service proceedings for the four [FirstEnergy](#) electric distribution companies.

◆ CONSUMER SERVICES

The PUC's Bureau of Consumer Services handled 116,220 consumer contacts and 54,629 total complaints, including 27,957 payment arrangement requests. While this is a considerable increase over the prior year, it is still less than normal informal complaint activity. The number of inbound contacts to the bureau for help generally averages between 150,000 to 200,000.

PUC staff also implemented technologies and virtual/online trainings to enhance customer care through the telework environment and are working diligently to deliver additional new technologies in 2022.

2021-22 AUDITS UPDATE



◆ **ELECTRIC**

The PUC released 20 reports covering 38 years of Section 1307(e) reconciliation statement audits, involving default service, purchased power, transmission service costs, generation supply service, energy efficiency and conservation, smart meter, and universal service programs.

The Commission also reviewed and processed 164 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 72 Section 1307(e) reconciliation statements that were reviewed and processed.

During Fiscal Year 2021-22, the PUC performed management and operations audits or management efficiency investigations, including:

- ▶ **FIRSTENERGY PA COMPANIES (METROPOLITAN EDISON, PENNSYLVANIA ELECTRIC, PENN POWER AND WEST PENN POWER)** – A management and operations audit, released on June 16, 2022, made 27 recommendations to the companies for improvement resulting in projected annual savings of \$39 million and one-time savings of \$22.5 million. The companies indicated acceptance of 17 recommendations, partial acceptance of eight recommendations, and rejection of two recommendations in its implementation plan.
- ▶ **PIKE COUNTY LIGHT AND POWER (SUBSIDIARY OF CORNING NATURAL GAS HOLDING COMPANY)** – A management efficiency investigation, released on Nov. 18, 2021, by the PUC indicated the company implemented 15 of the 33 prior recommendations reviewed and took some action on the remaining 18 recommendations. The audit report identified 26 follow-up recommendations for improvement.

◆ **NATURAL GAS**

During Fiscal Year 2021-22, the PUC released 11 reports covering 28 years of Section 1307(e) and Section 1307(f) reconciliation statement audits, involving purchased gas costs, gas cost rates and 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 33 Section 1307(e) reconciliation statements that were reviewed and processed.

During Fiscal Year 2021-22, the PUC performed management and operations audits or management efficiency investigations, including:

- ▶ **LEATHERSTOCKING GAS COMPANY (SUBSIDIARY OF CORNING NATURAL GAS HOLDING COMPANY)** – A management efficiency investigation, released on Nov. 18, 2021, by the PUC indicated the company implemented 15 of the 33 prior recommendations reviewed and took some action on the remaining 18 recommendations. The audit report identified 26 follow-up recommendations for improvement.

◆ **STEAM HEAT**

During Fiscal Year 2021-22, the PUC released two reports covering four years of Section 1307(e) reconciliation statement audits of steam cost rates for Energy Center Harrisburg and Vicinity Energy Philadelphia.

The PUC also reviewed and processed 12 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional six Section 1307(e) reconciliation statements that were reviewed and processed.

◆ **WATER/WASTEWATER**

During Fiscal Year 2021-22, the PUC also reviewed and processed 41 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 12 Section 1307(e) reconciliation statements that were reviewed and processed.

◆ **TELECOMMUNICATIONS AUDITS**

The Commission released the Telecommunications Device Distribution and Print Media Access Systems Report for the three years ending June 30, 2019. It contained two audit findings.

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 PA (R-2022-3032369)**

REQUESTED RATE INCREASE – \$999,270 (7.3%)

REQUEST PENDING

PRIMARY REASON – To continue its replacement of distribution infrastructure, installation of small line extensions and upgrades, declining sales and revenues from the previous rate case, and operations and maintenance costs increasing due to inflation.

◆ **DUQUESNE LIGHT COMPANY (R-2021-3024750)**

REQUESTED RATE INCREASE – \$115 million (20.2%)

APPROVED RATE INCREASE – \$74.2 million (13.1%)

PRIMARY REASON – To continue capital investments in system improvements, information technology, operation and maintenance expenses, and to absorb Distribution System Improvement Charge (DSIC) Rider charges (\$29.2 million) into base rates.

◆ **PECO ENERGY COMPANY (R-2021-3024601)**

REQUESTED RATE INCREASE – \$246 million (7.0%)

APPROVED RATE INCREASE – \$167.7 million (4.8%)

PRIMARY REASON – To perform necessary upgrades to its electric infrastructure and the advancement of clean technologies.

◆ **PIKE COUNTY LIGHT & POWER COMPANY (R-2020-3022135)**

REQUESTED RATE INCREASE – \$1,933,600 (24.7%)

APPROVED RATE INCREASE – \$1,400,000 (13.8%)

PRIMARY REASON – To provide sufficient operating revenues to meet operating expenses, including depreciation, taxes and fixed charges, and to provide a reasonable rate of return.

◆ **UGI UTILITIES INC. – ELECTRIC DIVISION (R-2021-3023618)**

REQUESTED RATE INCREASE – \$8.7 million (10.0%)

APPROVED RATE INCREASE – \$6.2 million (7.1%)

PRIMARY REASON – To continue its increased distribution plant investments, including accelerated replacement of aging electric distribution plant; and increased operating expenses, including wages, salaries and benefits.

NATURAL GAS

◆ COLUMBIA GAS OF PA INC. (R-2021-3024296)

REQUESTED RATE INCREASE – \$98.3 million (19.9%)

APPROVED RATE INCREASE – \$58.5 million (11.9%)

PRIMARY REASON – Increases in operating expenses and the return and depreciation requirements associated with ongoing plant additions and replacements under its accelerated pipeline replacement program.

◆ COLUMBIA GAS OF PA INC. (R-2022-3031211)

REQUESTED RATE INCREASE – \$82.2 million (12.6%)

REQUEST PENDING

PRIMARY REASON – To enhance its distribution system through the replacement of pipe and related appurtenances, provide operation and maintenance expenditures, and provide operations safety enhancements. Also requested approval of a residential energy efficiency program along with a revenue normalization adjustment mechanism intended to stabilize utility revenue regardless of changes in customer usage.

◆ LEATHERSTOCKING GAS COMPANY LLC (R-2022-3032764)

REQUESTED RATE INCREASE – \$701,200 (32.4%)

REQUEST PENDING

PRIMARY REASON – To provide sufficient operating revenues to meet operating expenses (including depreciation), taxes, fixed charges and a reasonable rate of return on investments in gas property, and maintain creditworthiness at a level sufficient to raise capital.

◆ PECO ENERGY COMPANY (R-2022-3031113)

REQUESTED RATE INCREASE – \$81.2 million (9.1%)

REQUEST PENDING

PRIMARY REASON – To continue substantial investments in new and replacement gas utility plant. PECO projects that it will need to invest approximately \$1.8 billion in new and replacement gas utility plant between January 2022 and December 2023.

◆ UGI UTILITIES INC. – GAS DIVISION (R-2021-3030218)

REQUESTED RATE INCREASE – \$82.7 million (7.8%)

APPROVED RATE INCREASE – Ongoing

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, to implement a Weather Normalization Adjustment tariff rider, and to recover higher levels of certain operating expenses that support the provision of safe and reliable gas distribution services.

◆ VALLEY ENERGY INC. (R-2022-3032300)

REQUESTED RATE INCREASE – \$999,631 (11.8%)

REQUEST PENDING

PRIMARY REASON – To provide for the ongoing replacement of its aging infrastructure and to account for the rise in costs in its operations and maintenance expenses.

◆ VICINITY ENERGY PHILADELPHIA INC. (R-2021-3024060)

REQUESTED RATE INCREASE – \$1.9 million (5.1%)

APPROVED RATE INCREASE – \$1.9 million (5.1%)

PRIMARY REASON – To allow it to continue operating its system in a prudent and reliable manner, and to earn a fair rate of return on its capital.

WATER/WASTEWATER/STORMWATER RATE INCREASE REQUESTS

- ◆ **COMMUNITY UTILITIES OF PENNSYLVANIA INC. – WATER (R-2021-3025206)**
REQUESTED RATE INCREASE – \$757,517 (36.6%)
APPROVED RATE INCREASE – \$629,929 (30.6%)
PRIMARY REASON – To realize a reasonable rate of return on its actual and forecasted capital investment, and to recover forecasted operating expenses.
- ◆ **COMMUNITY UTILITIES OF PENNSYLVANIA INC. – WASTEWATER (R-2021-3025207)**
REQUESTED RATE INCREASE – \$998,705 (37.4%)
APPROVED RATE INCREASE – \$830,000 (31.2%)
PRIMARY REASON – To realize a reasonable rate of return on its actual and forecasted capital investment, and to recover forecasted operating expenses.
- ◆ **PITTSBURGH WATER AND SEWER AUTHORITY – WATER (R-2021-3024773)**
REQUESTED RATE INCREASE – \$25,555,325 (20.3%)
APPROVED RATE INCREASE – \$15,803,286 (12.5%)
PRIMARY REASON – To cover operating costs and to invest in infrastructure needed to maintain and improve its safety, reliability and customer service levels.
- ◆ **PITTSBURGH WATER AND SEWER AUTHORITY – WASTEWATER (R-2021-3024774)**
REQUESTED RATE INCREASE – \$15,325,560 (20.8%)
APPROVED RATE INCREASE – \$18,681,624 (25.4%)
PRIMARY REASON – To account for the allocation of operating and debt service costs for stormwater rates.
- ◆ **PITTSBURGH WATER AND SEWER AUTHORITY – STORMWATER (R-2021-3024779)**
REQUESTED RATE INCREASE – \$23,729,641 (4,157.1%)
APPROVED RATE INCREASE – \$23,699,780 (5,166.1%)
PRIMARY REASON – To cover operating costs and to invest in infrastructure needed to maintain and improve its safety, reliability and customer service levels. This is the first time the authority is charging stormwater rates and marks the first stormwater tariff to be put into effect.
- ◆ **BOROUGH OF HANOVER – WATER (R-2021-3026116)**
REQUESTED RATE INCREASE – \$1,563,100 (27.6%)
APPROVED RATE INCREASE – \$1,044,980 (18.5%)
PRIMARY REASON – To provide sufficient revenues to furnish adequate, safe and reliable water service pursuant to state and federal drinking water standards, to continue to operate, maintain and renew its facilities, to meet its financial obligations, and to achieve an adequate rate of return.
- ◆ **AQUA PENNSYLVANIA INC. – WATER (R-2021-3027385)**
REQUESTED RATE INCREASE – \$86,118,612 (16.9%)
APPROVED RATE INCREASE – \$50,506,161 (9.9%)
PRIMARY REASON – To recover investments in system repairs and improvements and operation and maintenance costs. Includes an allocation of up to \$20,839,425 of Aqua Pennsylvania Wastewater Inc.'s revenue requirements for wastewater service, pursuant to Act 11 of 2012.
- ◆ **AQUA PENNSYLVANIA WASTEWATER INC. – WASTEWATER (R-2021-3027386)**
REQUESTED RATE INCREASE – \$11,566,212 (31.2%)
APPROVED RATE INCREASE – \$18,738,366 (50.5%)
PRIMARY REASON – To recover investments in system repairs and improvements, and operation and maintenance costs.

- ◆ **CITY OF LANCASTER – WATER (R-2021-3026682)**
REQUESTED RATE INCREASE – \$4,024,593 (20.8%)
APPROVED RATE INCREASE – \$2,499,528 (12.8%)
PRIMARY REASON – To provide sufficient revenues to furnish adequate, safe and reliable water service, pursuant to state and federal drinking water standards, to continue to operate, maintain and renew its facilities, to meet its financial obligations, and to achieve an adequate rate of return.
- ◆ **BOROUGH OF AMBLER – WATER (R-2022-3031704)**
REQUESTED RATE INCREASE – \$637,691 (45.4%)
APPROVED RATE INCREASE – Pending
PRIMARY REASON – To provide sufficient revenues to furnish adequate, safe and reliable water service, pursuant to state and federal drinking water standards, to continue to operate, maintain and renew its facilities, to meet its financial obligations, and to achieve an adequate rate of return.
- ◆ **WONDERVIEW WATER INC. – WATER (R-2022-3032243)**
REQUESTED RATE INCREASE – \$25,845 (27.3%)
APPROVED RATE INCREASE – \$25,845 (27.3%)
PRIMARY REASON – To cover its operating expenses and to achieve adequate rate of return to move the company toward profitable position to attract prospective buyers.
- ◆ **PENNSYLVANIA AMERICAN WATER COMPANY – WATER (R-2022-3031672)**
REQUESTED RATE INCREASE – \$154,420,781 (21.6%)
APPROVED RATE INCREASE – Pending
PRIMARY REASON – To earn a reasonable return on the fair value of its property used and useful in the public service and to maintain the integrity of its existing capital. Includes an allocation of up to \$72,946,653 of Pennsylvania American Water Company’s revenue requirements for wastewater service, pursuant to Act 11 of 2012.
- ◆ **PENNSYLVANIA AMERICAN WATER COMPANY – WASTEWATER (R-2022-3031673)**
REQUESTED RATE INCREASE – \$18,725,170 (16.1%)
APPROVED RATE INCREASE – Pending
PRIMARY REASON – To earn a reasonable return on the fair value of its property used and useful in the public service, and to maintain the integrity of its existing capital.
- ◆ **THE YORK WATER COMPANY – WATER (R-2022-3031340)**
REQUESTED RATE INCREASE – \$18,853,738 (33.8%)
REQUEST PENDING
PRIMARY REASON – To provide sufficient revenues to recover the cost of providing water service, to allow it to continue to furnish an adequate, safe and reliable level of service, to maintain facilities properly, and to earn a more reasonable rate of return. Includes an allocation of up to \$2,670,856 of The York Water Company’s revenue requirements for wastewater service, pursuant to Act 11 of 2012.
- ◆ **THE YORK WATER COMPANY – WASTEWATER (R-2022-3032806)**
REQUESTED RATE INCREASE – \$1,456,792 (35%)
REQUEST PENDING
PRIMARY REASON – To provide sufficient revenues to recover the cost of providing wastewater service, to allow it to continue to furnish an adequate, safe and reliable level of service, to maintain facilities properly, and to earn a more reasonable rate of return.

TELECOMMUNICATIONS

The Chapter 30 companies filed their Annual Price Stability Index/Service Price Index filings for 2022. During the fiscal year, the companies were authorized to implement a total of \$5.0 million in annual revenue increases under their respective price cap filings. The Commission approved \$1.59 million in actual rate increases.

The Commission lowered the end-user Telecommunications Relay Service (TRS) Surcharge rate from \$0.04/month to \$0.00/month.

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 2022.

2021-22 MERGERS



◆ **SUEZ/VEOLIA MERGER**

The transaction had a purchase price of approximately \$15 billion and was approved on Dec. 2, 2021. The approved settlement included commitments regarding service quality and capital spending, operational stability/employment levels, rate protections, \$300,000 for future low-income customer programs, COVID-19 relief for terminations and arrearages, community benefits (additional \$50,000 per year), and financial governance.

◆ **TELECOMMUNICATIONS TRANSFERS OF CONTROL**

The Commission considered 13 applications that comprised a total of 19 dockets and an extensive number of certificated carriers during the prior fiscal year.

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