



# THE PUC RATEMAKING PROCESS AND THE ROLE OF CONSUMERS



## FILING FOR A RATE INCREASE

When a regulated utility seeks a base rate increase, it must file a rate increase request with the PUC that shows the proposed new rates and effective date. The utility must prove that the increase is needed. The utility also must notify customers at least 60 days in advance to filing the request through billing notices to each and every customer. The notice must include the amount of the proposed rate increase, the proposed effective date, and how much more the consumer can expect to pay.



## HOW THE PUC SETS RATES

The ratemaking process ensures the lowest reasonable rate for consumers while maintaining the financial stability of utilities. Under the law, the utility is entitled to recovery of its reasonably incurred expenses and a fair return on its investment. The PUC evaluates each utility's request for a rate increase based on those criteria.



## HOW LONG DOES IT TAKE

By Pennsylvania law, the rate request is suspended for up to seven months if the PUC does not act before the effective date for the rate increase proposed by the electric, natural gas, steam heat, water and/or wastewater company. The PUC uses that time to investigate and determine what and if any of the requested rate increase is justified.

During the seven months, hearings are held before an Administrative Law Judge (ALJ) at which the evidence in support of the rate increase is examined and expert witnesses testify. In addition, consumers are offered several opportunities to voice their opinions and give testimony. When the record closes on all evidence given, the ALJ will issue a Recommended Decision to the Commission. Parties can file exceptions to the ALJ's decision if they do not agree with the ALJ's findings. Finally, the matter is brought before the PUC Commissioners for a vote and final decision.

Together with the 60-day notice period, the rate increase process takes nine (9) months. This is called a statutory deadline, and the PUC must act within that timeline or the rate increase automatically goes into effect.

## HEARINGS AND RECOMMENDATIONS

When the PUC investigates a rate increase, it is assigned to an ALJ, who is an attorney with experience in administrative law. The ALJ presides at public input hearings and at formal evidentiary hearings, which are open to the public and conducted like a formal court proceeding.

The presiding ALJ will set a litigation schedule with the parties at a pre-hearing conference. This sets the stage for the rate case to move forward on a timeline that meets the statutory deadline of nine months.

Pennsylvania's "Statutory Advocates" are the PUC's Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA). All three advocates represent the public and small business interests of consumers, customers, and small businesses throughout Pennsylvania. All three advocates are part of Pennsylvania's state government and are always present in rate case proceedings.

The ALJ's Recommended Decision may approve, disapprove or modify the original request. Parties may file exceptions to the Judge's decision and reply exceptions. Sometimes, rate cases are resolved after all of the parties reach a settlement on the issues. The entire matter is always then sent to the Commissioners for a vote at a public meeting of the Commission.

The Commissioners make the final decision, and may authorize rates that: (1) permit revenues that allow the utility to meet its reasonable expenses, pay interest on its debt and provide a fair return to stockholders so it will continue to attract investment; and (2) assign the proper rate for residential, commercial and industrial customers that reflects the cost of service. The Order has the weight of law unless the PUC changes it in response to a petition for reconsideration, or it is successfully challenged by appeal to the Commonwealth Court of Pennsylvania.

# HOW CAN YOU PARTICIPATE IN THE RATE CASE

The public, consumers, and utility customers can contact the PUC with their views on the rate increase in three ways:



# 1

## SUBMIT COMMENTS IN WRITING TO THE SECRETARY OF THE COMMISSION:

**BY MAIL:** Secretary of the Commission  
Pennsylvania Public Utility Commission  
400 North Street, Commonwealth Keystone Building  
Harrisburg, Pennsylvania 17120

**USE AN ONLINE FORM** that can be printed out and mailed to the Secretary – “Objection or Comment to Proposed Rate Increase Form,” at [www.puc.pa.gov](http://www.puc.pa.gov) and then Click on “Filing & Resources” at the top of the page, then click on “File Complaints.”

**BY EMAIL:** [ra-pcwebmaster@pa.gov](mailto:ra-pcwebmaster@pa.gov) - Type in your comments and email to the PUC.

*ALL comments will be placed in the “Public Comment Folder.” Although comments are not placed on the record of the docket of the rate case, they are reviewed by the statutory advocates, the ALJ, and Commission staff.*

# 2

**ATTEND A PUBLIC INPUT HEARING** and state your comments on the record to the ALJ presiding over the hearing. Your comments will be transcribed by a court reporter and become part of the record.

# 3

**FILE A FORMAL RATE COMPLAINT WITH THE SECRETARY.** You can open and use an eFiling account – free of charge – through the Commission’s website. An eFiling account gives you an additional benefit – you can sign up for “subscription” services – allowing you to track the progression of the rate case and receive an email alert any time a filing is made on the docket. You can also file a formal rate complaint by mail to the Secretary. Once filed and processed by the Secretary, your rate complaint receives a “C docket” number and becomes a part of the official record of the rate case. Your rate complaint will be served on the utility.

**FILING A FORMAL RATE COMPLAINT MEANS YOU BECOME AN ACTIVE PARTY IN THE LITIGATION OF THE RATE CASE.** You will be expected to respond to interrogatories among the parties, appear at evidentiary hearings, and provide testimony under oath regarding the issues you have raised in your rate complaint and why the rate increase proposal should be denied. You will also have the responsibility to keep your contact information updated, and accept service of all documents sent to you by the ALJ and the other parties.

# PAPUC

Pennsylvania Public Utility Commission

1-800-692-7380

For people with speech or hearing loss, dial 7-1-1 (Telecommunications Relay Service)

[www.puc.pa.gov](http://www.puc.pa.gov)

[ConsumerEd@pa.gov](mailto:ConsumerEd@pa.gov)

