

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission, *et al.* v. The Columbia
Water Company**

**Public Meeting January 9, 2014
2360798-OSA
Docket No. R-2013-2360798**

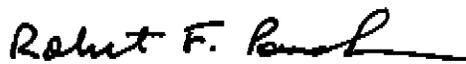
MOTION OF CHAIRMAN ROBERT F. POWELSON

Before us today for disposition are the Exceptions and Reply Exceptions to the Recommended Decision of Administrative Law Judge Dennis J. Buckley in the base rate case filed by The Columbia Water Company (Columbia or the Company) on April 25, 2013.

Rate of return on common equity (ROE) is frequently the most material and most contested item in a base rate case proceeding. This case is no different, and the setting of ROE is even more critical as our Pennsylvania utilities implement plans to accelerate the much-needed replacement of aging infrastructure. Attracting capital to Pennsylvania at reasonable rates has never been more important to Columbia, its customers, and our state.

In this case, the range of ROE recommendations presented by the parties based on the Discounted Cash Flow (DCF) methodology is 8.25% to 11.35%. Based on my review of the testimony, data, and cost models presented, I believe that the evidence in this case supports an ROE finding in the reasonable range of 9.25% to 10.25% using the DCF method as the foundation. The equity-heavy capital structure of this Company indicates that a slightly lower ROE is appropriate. However, the small size of the Company, its management effectiveness, and the results of ROE models other than DCF are all reasons to set a higher ROE. Therefore, the ROE in this case should be 9.75%.

THEREFORE, I move that the Office of Special Assistants prepare an Opinion and Order consistent with this Motion.



**Robert F. Powelson
Chairman**

DATE: January 9, 2014