

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

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

**Public Meeting: January 9, 2014
2360798-OSA
Docket R-2013-2360798**

MOTION OF CHAIRMAN ROBERT F. POWELSON

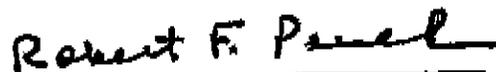
Before us today for disposition are the Exceptions and Reply Exceptions to the Recommended Decision of Administrative Law Judge (ALJ) Dennis J. Buckley in the base rate case filed by The Columbia Water Company (Columbia or the Company) on April 25, 2013.

The record shows that Columbia supported an adjustment to increase income taxes due to a double count of a deduction to taxable income related to Contributions in Aid of Construction. However, the road to considering this adjustment was not a smooth one. This adjustment was not included in the Company's filed case, but it was raised in rebuttal testimony and in Exceptions. Additionally, the Company did not include the adjustment in their adjusted position in their Brief and confused the issue further by mistakenly suggesting the ALJ misapplied effective tax rates in its Exceptions.

In the Recommended Decision, the ALJ did not use effective tax rates as is suggested by the Company. Instead, he followed the standard practice of applying statutory rates to his adjustments and recommended rate increase. Thus, this is not an issue of the misapplication of effective tax rates in developing revenue requirements, as the Company suggests, but rather the correction of an error that doubles the effect of a single reduction in taxable income and income taxes.

We agree with the Office of Consumer Advocate that Columbia's suggested correction was not computed correctly. To correct the error, income taxes in the ALJ's Recommended Decision should be increased to reflect the tax effect of increasing taxable income by \$214,095, thereby removing the double count.

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