

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

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

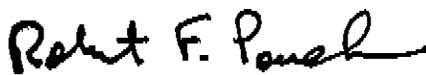
Public Meeting January 9, 2014
2360798-OSA
Docket No. R-2013-2360798

STATEMENT 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.

The Company claimed a *pro forma* capital structure of 35.6% long-term debt and 64.4% common equity. This capital structure is virtually identical to the capital structure approved by the Pennsylvania Public Utility Commission (Commission) in Columbia's 2008 rate case.¹ In that proceeding, the issue of the appropriate capital structure was fully litigated and the Commission adopted the Company's proposal, concluding the capital structure was not disproportionately weighted on the equity side and there was no evidence of an abuse of managerial discretion. The circumstances in this case are virtually identical and support maintaining the same capital structure.

While the evidence in this case supports a capital structure of 35.6% long-term debt and 64.4% common equity, that ratio is at the high end of the range of reasonableness. Should facts and circumstances change, such an equity-heavy capital structure may not be warranted. As such, I would encourage the company to monitor this issue and make adjustments to its capital structure as appropriate.



Robert F. Powelson
Chairman

DATE: January 9, 2014

¹ See, *Pa. Pub. Util. Comm'n v. The Columbia Water Co.*, Docket No. R-2008-2045157 (Final Order entered June 10, 2009).