



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

September 13, 2018

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, Second Floor
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v.
UGI Utilities Inc. - Electric Division
Docket No. R-2017-2640058

Dear Secretary Chiavetta:

Enclosed for filing please find the Bureau of Investigation and Enforcement's (I&E) **Exceptions** for the above-captioned proceeding

Copies are being served on all active parties of record. If you have any questions, please contact me at (717) 425-7593.

Sincerely,

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. No. 63641

SBG/snc
Enclosure

cc: Certificate of Service
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ALJ Andrew M. Calvelli
Gladys M. Brown, Chairman
Andrew G. Place, Vice Chairman
John F. Coleman, Jr., Commissioner
David W. Sweet, Commissioner
Norman J. Kennard, Commissioner
OSA

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2017-2640058
 :
 UGI Utilities Inc. – Electric Division :
 :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Exceptions** dated September 13, 2018, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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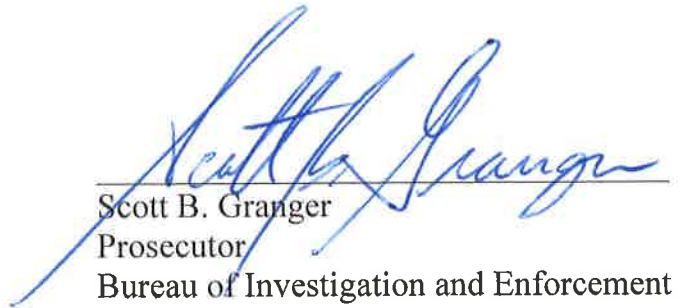
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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
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v.	:	Docket No. R-2017-2640058
	:	
UGI Utilities, Inc. – Electric Division	:	

**EXCEPTIONS
OF THE
BUREAU OF INVESTIGATION & ENFORCEMENT**

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Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
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Dated: September 13, 2018

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IV. WHEREFORE33

I. INTRODUCTION

I&E files, pursuant to 66 Pa. C.S. § 335(b) and 52 Pa. Code § 5.533, the following I&E Exceptions to the Recommended Decision of Administrative Law Judges Steven K. Haas and Andrew M. Calvelli (“RD”) issued on August 24, 2018 in the above captioned proceeding. I&E respectfully requests that its Exceptions be granted and that the referenced portions of the RD be reversed or modified consistent with these I&E Exceptions and the arguments made in I&E’s Main Brief (“I&E MB”) and Reply Brief (“I&E RB”).

Briefly, on January 26, 2017, UGI Utilities, Inc. – Electric Division (“UGI Electric” or “Company”) filed its proposed Tariff - Electric - PA. P.U.C. Nos. 6 and 2S (“Tariffs 6 and 2S”) with a proposed effective date of March 27, 2018. UGI Electric stated that it is requesting an increase in its annual jurisdictional distribution operating revenues by \$9.254 million. UGI Elec. Statement of Reasons at 1. UGI Electric’s January 26th filing, however, did not address the impact of the Tax Cut and Jobs Act of 2017 (“TCJA”) signed into law on December 22, 2017, which significantly reduced the corporate Federal Income Tax rate from 35% to 21%. Later, on March 12, 2018, UGI Electric filed supplemental direct testimony after its analysis of the TCJA was complete. The Company, in its supplemental direct testimony, revised its filing in consideration of the effects of the TCJA. UGI Elec. St. No. 2-SD at 1. As a result of the Company’s revisions, the Company reduced its revenue increase request from \$9,254,354 to \$8,491,187. UGI Elec. St. No. 2-SD at 3.

The parties actively participating in this proceeding are I&E; the Office of Consumer Advocate (“OCA”); and the Office of Small Business Advocate (“OSBA”).

The proceeding was assigned to Administrative Law Judges Steven K. Haas and Andrew M. Calvelli (“ALJs”). Pursuant to the established litigation schedule, I&E filed the following pieces of direct testimony on April 26, 2018; and, I&E filed the following pieces of surrebuttal testimony on June 7, 2018:

Christine Wilson	I&E Statement No. 1 – Non-Proprietary I&E Exhibit No. 1 – Non-Proprietary I&E Statement No. 1 – Proprietary I&E Exhibit No. 1 – Proprietary I&E Statement No. 1-SR Errata Sheet to I&E Statement No. 1-SR I&E Exhibit No. 1-SR – Non-Proprietary I&E Exhibit No. 1-SR – Proprietary
Anthony Spadaccio	I&E Statement No. 2; I&E Exhibit No. 2 I&E Statement No. 2-SR
Ethan Cline	I&E Statement No. 3; I&E Exhibit No. 3 Errata Sheet to I&E Statement No. 3 I&E Statement No. 3-SR; I&E Exhibit No. 3-SR
Brenton Grab	I&E Statement No. 4; I&E Exhibit No. 4 I&E Statement No. 4-SR
Joseph Kubas	I&E Statement No. 5; I&E Exhibit No. 5 I&E Statement No. 5-SR.

On June 11-12, 2018, at the time and place set for the evidentiary hearing, the parties appeared before ALJs Haas and Calvelli. The parties presented witnesses and preserved written testimony. A court reporter was present, and Hearing Transcripts (“Tr.”) for June 11, 2018, pages 72 through 154, and for June 12, 2018, pages 155 through 169, were prepared and distributed to the parties.

I&E submitted its Main Brief on July 2, 2018, as did UGI Electric (“UGI MB”), OCA (“OCA MB”), and OSBA (“OSBA MB”). Further, I&E submitted its Reply Brief on July 17, 2018, as did UGI Electric (“UGI RB”), OCA (“OCA RB”), and OSBA (“OSBA RB”). And finally, the record in this proceeding closed on June 12, 2018.

As noted *supra*, the ALJs issued their Recommended Decision on August 24, 2018. The RD, among other things, recommended that UGI Electric be permitted to file tariffs containing proposed rates, rules and regulations to increase annual revenues in the total amount of not more than \$2,789,000.00. I&E now respectfully files these I&E Exceptions to the August 24, 2018 RD

II. I&E EXCEPTIONS

A. I&E Exception No. 1: The RD’s conclusion to give little weight to I&E witness Mr. Kubas’ testimony and the finding that there are more appropriate remedies for the determination of the appropriate calculation of the quarterly earnings reports is erroneous as a matter of law, is contrary to the weight of the evidence, and against the public interest. RD at 133-134.

After a review of the entire record, the ALJs concluded that they would give little weight to the testimony of I&E witness Joseph Kubas regarding UGI Electric’s Quarterly Earnings Reports (“QERs”). RD at 133. The ALJ’s ultimately recommended that Commission any decision on I&E’s recommendation that no projected plant additions should be included in future QERs would have no impact on either the amount of increase granted in this proceeding, or on the allocation or rate design of that increase. *Id.* the ALJs added that base rate cases and QER filings are separate proceedings with distinct filing requirements. RD at 133 – 134.

The ALJ's reasoned that there are more appropriate remedies for a determination on the appropriate calculation of the QER. RD at 134. Opining further, the ALJs stated that I&E may file a complaint following the filing of the UGI Electric QER. Or alternatively, I&E may petition the Commission to initiate an industrywide rulemaking proceeding which would allow all interested participants to provide the Commission with comments on the impact of adopting I&E's recommendations for QER reporting in base rate proceedings. RD at 134. I&E excepts to the ALJs' conclusion that there are more appropriate remedies for a determination on the appropriate calculation of the QER.

I&E reiterates its argument that there is no need for an industrywide rulemaking proceeding when all of the relevant facts regarding the UGI Electric QERs are on the record in this proceeding. I&E MB at 81-93. I&E asserts that this issue is ripe for a decision. I&E MB at 93; I&E RB at 68. UGI Electric submitted comprehensive testimony into the record and made full and complete arguments in their main and reply briefs (as did I&E). No other interested party could add additional relevant information to the record other than to agree with either I&E or UGI Electric.

This issue is vital, and needs adjudicated because the QERs provide valuable information to the Commission and ultimately comprise the Commission's summary of the industry wide QERs. I&E MB at 87. The purpose of the QERs is to provide the Commission with a snapshot of a utility's current financial performance and earnings and should be based on verifiable current data. I&E MB at 85, 92; I&E RB at 65-67. The Commission cannot monitor the financial performance and earnings of a utility if future plant and depreciation are included in the QER as they dramatically under-state the return

on equity and the overall rate of return in the reported period. I&E MB at 85; I&E RB at 65. For example, in the Company's inclusion of \$44,453,000 of projected plant and \$1,600,000 of annual depreciation expense for the quarter ending September 30, 2017 decreased its return on equity from 14.9% to 5.22% and its overall rate of return from 10.17% to 4.94%. I&E MB at 85-86. The purpose of the QER cannot be achieved if the utilities are allowed to include projected plant from a fully projected future test year ("FPFTY") in a QER covering a period of time in the past. *Id.* I&E recommends that the Commission clarify and/or establish uniform and industrywide financial reporting requirements for the quarterly earnings reports designed so the Commission can monitor the financial performance and earnings of the electric, gas, telephone, water and wastewater public utilities that are subject to Commission jurisdiction. *See* I&E St. No. 5 at 1-15; I&E St. No. 5-SR at 1-30. And finally, I&E recommends that the Commission issue a Secretarial Letter pursuant to 52 Pa. Code Section 71.6(d) ("Chapter 71") specifically precluding the use of fully projected future test year rate base, and the related annual depreciation expense, in Chapter 71 QERs. I&E RB at 74.

Also related to this issue is the ALJs statement that any Commission decision on I&E's recommendation that no projected plant additions should be included in future QERs would have no impact on either the amount of increase granted in this proceeding, or on the allocation or rate design of that increase. RD at 133. While this issue may not ultimately impact the amount of any increase granted or the allocation or rate design, I&E argues, however, that it was an integral part of the Company's argument in their attempt to justify a higher return on equity and overall rate of return, and therefore, the

Commission should consider I&E's arguments on this issue when determining a fair return on equity. I&E MB at 81-93; I&E RB at 65-74. UGI Electric's arguments on return on equity alone place this issue squarely within this base rate proceeding.

Additionally, I&E reiterates there is no support for the Company's position that Act 11 of 2012 modified Chapter 71. I&E MB at 82-85; I&E RB at 70. There is no pronouncement in the plain language of Act 11 that it modified Chapter 71, nor is there any language in Act 11 that can be perceived as intent to modify Chapter 71. I&E MB at 84-85; I&E RB at 70. The language of both Act 11 and Chapter 71 are unambiguous and their meaning and intent is clear. I&E RB at 70-71. I&E recommends the Commission confirm that Act 11 did not modify Chapter 71.

B. I&E Exception No. 2: The RD's recommendation to use the end-of-year rate base for the fully projected future test year is erroneous as a matter of law, is contrary to the weight of the substantial evidence of record and is against the public interest. RD at 19-22.

In the RD the ALJs found that the plain language and policy of Act 11 supports UGI Electric's position that its claim for original cost of utility plant in service may be based on projected plant in service at the end of the fully projected future test year. RD at 19. The ALJs found that Act 11 fundamentally altered ratemaking in Pennsylvania by adopting the FPFTY to reduce the risks associated with regulatory lag. RD at 19. The ALJs also found persuasive that 66 Pa. C.S. Section 315(e) ("Section 315(e)") specifically exempts the "used and useful" provision of 66 P. C.S. Section 1315, which requires projects to be used and useful before being made part of the rate base. Further, the ALJs found that, through the use of the FPFTY, a utility is allowed, in essence, to

require ratepayers to prepay a return on its projected investment in future facilities. RD at 20.

The ALJs also noted that the legislature addressed the issue of companies overstating plant in the projected FPFTY in Section 315(e), which also provides that the Commission may audit FPFTY results after the fact to determine whether they were accurate and authorizes the Commission to adjust rates to reflect material differences. RD at 19-22. I&E excepts to the conclusions of the ALJs regarding end-of-year versus average rate base methodology for the FPFTY.

I&E argued, in the absence of clear guidance regarding the application of the FPFTY to base rate proceedings in Pennsylvania, I&E recommends that the Company use an average rate base methodology to calculate UGI Electric's FPFTY utility plant-in-service amount. I&E MB at 15. I&E recommended the use of an average rate base methodology rather than the year-end rate base methodology used by the Company. *Id.* I&E believes that using the average rate base methodology results in rates that are more just and reasonable because ratepayers are not paying for approximately a year of plant that is only proposed and is not subject to any guarantee of being completed and placed into service. *Id.*

Under the FPFTY, the traditional interpretation of the "used and useful" requirement for rate base inclusion of investments is unclear because when a company employs the use of a FPFTY in a base rate case, the new rates go into effect before the end of the Company's FPFTY. I&E MB at 16. The inclusion of rate base added in a FPFTY necessarily means that customers will be paying a return on and a return of a

utility's plant investment that has not yet been placed in service. *Id.* By using an average of the rate base that is projected to be in service by the end of the FPFTY, rather than the full year-end amount, the impact of the necessary customer overpayment at the beginning of the year is mitigated. *Id.* This results in rates that are more just and reasonable because ratepayers are not paying for approximately a year of plant that is not yet in service. *Id.*

Furthermore, as I&E notes, an average rate base would yield an average annual return on rate base throughout the FPFTY equal to the authorized ROR. I&E MB at 18. Whereas, under the Company's proposed methodology, as illustrated in I&E witness Cline's direct testimony, only the end-of-year point at Day 365 would coincide with the authorized ROR, which would shift the entire graph upwards with the entire ROR line shifted above the authorized rate of return for every point. *Id.*

I&E also notes, the Company's proposed use of the FPFTY year-end methodology has additional negative effects. *Id.* As I&E witness Cline points out, the return of investment, or depreciation expense, which is recovered on a dollar for dollar basis, will also be overstated to reflect an amount greater than the Company's actual recorded depreciation expense in the FPFTY. *Id.* Because the plant is added at different dates throughout the year, the Company will not record a full-year of depreciation expense for plant that is added variably throughout the year, which results in a greater revenue requirement result than necessary when the full end-of-year depreciation expense is included in the Company's FPFTY claim. *Id.*

And, while the reduction in revenue requirement associated with using the average rate base methodology may impact rate case frequency, Companies should file rate cases on the frequency demanded by revenue needs and should not unnecessarily inflate customer rates beyond what is just and reasonable for the sole purpose of decreasing rate case frequency. I&E MB at 19. Imposing rates on customers that are excessive and unreasonable to alleviate a single issue does not comport with a utility's obligation to provide service at just and reasonable rates. *Id.*

Further, I&E asserts, while the language of Act 11 as provided by UGI Electric does permit inclusion of plant proposed to be placed into service throughout the FPFTY to be included in rates, it does not indicate a specific or preferred methodology for recovery in rates. I&E MB at 22. I&E's recommendation does not preclude the Company from projecting plant additions throughout the FPFTY. *Id.* In fact, the average is based upon the full proposed FPFTY level of plant additions and the level of plant additions projected in the FTY. *Id.* Instead, I&E's recommendation lowers the amount of return on and of the Company's investment that customers are required to pay for through rates on plant that is merely proposed but is not yet and may never be used and useful in the provision of service. *Id.* Additionally, the ratemaking treatment of plant-in-service prior to and after the passage of Act 11 are not logically comparable. *Id.*

Finally, the Company did not provide an in-service date for any of the projects it has projected to be in service during the FPFTY. I&E MB at 22. The use of the average rate base methodology that both I&E and OCA recommend mitigates the risk to customers that the vague "planned" projects proposed by the Company in the FPFTY,

which will be included in customer rates at the beginning of the FPFTY, will not be placed into service, as proposed, by the end of the FPFTY. I&E MB at 23.

C. I&E Exception No. 3: The RD's conclusion that there is insufficient evidence to reduce UGI Electric's Cash Working Capital meter read lag from 2.70 days to 1.50 days is contrary to the weight of the evidence, and against the public interest. RD at 26.

The ALJ found that there was insufficient evidence to conclude that the new software, which was alleged by UGI Electric implemented for other purposes, should, or should be expected to, reduce the meter lag from 2.70 days to 1.50 days. RD at 26. The ALJ noted that UGI Electric argued that there is no evidence in the record to support the conclusion that it's new software system has or will reduce meter read lag by the 44% claimed by I&E. Further, the ALJ noted that UGI Electric argued that meter read timing was not within the scope of the Company's new software program, and therefore, no adjustment in meter read lag was expected or shown. RD at 26. I&E excepts to the conclusions of the ALJs regarding meter lag as set forth in the RD.

I&E did not agree with the Company's claimed meter read lag day factor of 2.70 days, and instead, I&E recommended a meter read lag day factor of 1.50 days. I&E MB at 27. I&E noted that the Company made a major investment in a software installation in its UNITE Phase I (customer information system) software implementation. I&E St. No. 1 PROPRIETARY at 44-46; I&E St. No. 1-SR at 46-47. More specifically, I&E noted that the Company claimed on most days it takes two days to load billing data; however, on Fridays an additional two days are added to cover a delay for the weekend; and for holiday weekends, one day or more is added for each holiday (two days are added

for Thanksgiving). I&E St. No. 1 at 44. Additionally, I&E pointed to the Company's specific proprietary claims regarding the results of the implementation of the UNITE Phase I software. *See* I&E St. No. 1 PROPRIETARY at 45. And finally, as noted by I&E witness Christine Wilson, while the Company may not have identified a specific scope or expectation for the reduction in meter read lag days, assuming that a significant reduction in meter read lag days will not occur is unrealistic based on the recent UNITE Phase I (customer information system) software installation. I&E St. No. 1-SR at 46. Furthermore, Ms. Wilson's recommendation of 1.5 days is based on her review of numerous filings during the past 10 years of her employment with I&E during which she has witnessed regulated utilities experiencing declines in meter read lag days because of new software installations consistent with her recommendation in this proceeding. I&E St. No. 1-SR at 47. Finally, the ALJs erred in accepting UGI Electric's unsupported argument that meter read timing was not within the scope of the Company's new software program and that there was insufficient evidence to conclude that the new software should have allowed the Company to reduce the meter read lag days down to 1.5 days. RD at 26. I&E argues to the contrary, that the burden is on UGI Electric to provide substantial record evidence to support the Company's proposal to not reduce the meter read lag days.

D. I&E Exception No. 4: The RD's recommendation of an overall revenue requirement of \$91,881,000 is erroneous as a matter of law, is contrary to the weight of the evidence of record and is against the public interest. RD at 29.

In the RD, the ALJ's recommended, in consideration of the various adjustments adopted in the RD, an overall revenue requirement of \$91,881,000. RD at 29. The ALJs reviewed the testimony and the exhibits presented by UGI Electric witnesses. RD at 28. They reviewed the testimony and exhibits presented by the OCA. RD at 28. And, the ALJs noted that they rejected the I&E's recommendation of the use of the average rate base methodology in Section III of the RD. RD at 29. I&E excepts to the revenue requirement recommendation set forth in the RD.

I&E reiterates its proposed revenue requirement of \$89,850,000. I&E RB at 22. Further, I&E continues to recommend the application of an average rate base methodology to calculate the Company's rate base and depreciation claims regarding the FPFTY, and therefore, it is also necessary to calculate the Company's revenue requirement in the FPFTY using a consistent average rate base methodology. I&E MB at 36. Finally, I&E incorporates the arguments regarding the use of the average rate base methodology set forth in I&E's Exception No. 2, *supra*.

E. I&E Exception No. 5: The RD's recommendation to accept UGI Electric's \$2,118,501 claim for vegetation management expenses is erroneous as a matter of law, is contrary to the weight of the evidence of record and is against the public interest. RD at 31.

In the RD, the ALJs recommended that the Commission accept UGI Electric's \$2,118,501 claim for vegetation management expenses. RD at 31. The ALJs recognized that the Company made a claim for vegetation management expenses for the FPFTY that

included a level of increased costs related to the existence of the Emerald Ash Borer. RD at 30. The Borer is an insect that causes damage and death to ash trees including those included in UGI Electric's service territory. UGI also claimed that it anticipates that the claimed increased costs will continue for the next seven to ten years. RD at 30. I&E excepts to the treatment of the claimed increased costs related to the existence of the Emerald Ash Borer as an annual base rate expense.

I&E, on the other hand, recommended an allowance of \$1,912,266 for vegetation management for the FPFTY. I&E based its recommended allowance for vegetation management expense on an average increase between fiscal years ended September 30, 2015, 2016, and 2017 for the non-payroll/other component. I&E RB at 23. I&E's methodology minimized the Company's claimed 14.8% increase to its future test year claim while allowing for a trended reasonable year-to-year increase in the vegetation management expense. *Id.* The Company claimed that the 14.8% increase was due to the relatively new issue in Pennsylvania regarding the Emerald Ash Borer. *Id.* I&E continually expressed concerns that UGI Electric had not adequately supported the requested claimed increase throughout its case in chief. It was only in rejoinder testimony that the Company claimed that it would be adding one additional vegetation maintenance crew in an attempt to bolster its argument that the claimed increase in this expense was quantifiable and reasonable. I&E RB at 23-24.

The Company's claimed increase based on a claimed extraordinary event should be rejected. As I&E noted, the Company always has the ability to file for a deferral and recovery of an extraordinary event such as the current Emerald Ash Borer issue, and

therefore, I&E asserts that it is not appropriate, under the Public Utility Code and Commission regulations, to memorialize the added extraordinary expense into the Company's base rates. I&E RB at 24. I&E correctly noted that it expects that year-to-year changes in vegetation management issues would be captured in an overall historic average of the expense, which supports the I&E recommended yearly inflation of the historic test year actual expenses. *Id.* Accordingly, the Public Utility Code and the Commission regulations provide for the ability for the deferral and recovery of extraordinary events such as the damage and additional expenses caused by the Emerald Ash Borer.

F. I&E Exception No. 6: The RD's Recommendation that the Commission accept UGI Electric's \$454,418 company owned services program expenses claim, under the stated conditions, is erroneous as a matter of law, is not supported by the evidence of record and is against the public interest. RD at 34.

The ALJs recommended that the Commission accept UGI Electric's \$454,418 Company Owned Services ("COS") expenses claim under three conditions. RD at 34. The conditions are that UGI Electric is (1) prohibited from earning a profit from the program, (2) prohibited from terminating service in conjunction with the program, and (3) required to coordinate with BCS and the OCA in implementing and executing the program. RD at 34.

To summarize, the Company currently owns and maintains nearly 5,000 COS facilities (mainly residential) including service entrance cables, meter sockets, panel boxes, main breakers and 240-volt breakers. RD at 31.

I&E recommended an allowance of \$140,000 for the COS transition program. I&E RB at 24. I&E noted that even though I&E argues against the COS program expense, I&E is not advocating to eliminate it entirely. *Id.* I&E is recommending that the inspections be made voluntary while trying to balance the claimed expense against the inherent unknowns and the speculative nature of the claimed expense. I&E RB at 24-25. I&E rejected the Company's arguments that mandatory inspection is a must and the Company's optimistic proposal to inspect 500 services per year over a ten-year period. I&E RB at 25. The Company's claim that it must now inspect 5,000 company-owned services that it apparently it did not inspect over the last 50 years does not ring true. The Company's proposal to inspect these 5,000 company-owned services to coincide with the filing of this base rate case casts a shadow of doubt over this unmeasurable expense claim. I&E RB at 25. I&E's recommended allowance of \$140,000 per year is more than reasonable given the speculative nature of this claimed expense and should be accepted by the Commission. I&E RB at 25-27.

G. I&E Exception No. 7: The RD's recommendation that the Commission accept UGI Electric's storm damage expense claim of \$301,000 based on the five-year average from 2014 to 2018 is contrary to the weight of the evidence of record and is against the public interest. RD at 38.

In the RD, the ALJ's recommended that the Commission accept UGI Electric's storm damage expense claim of \$301,000 based on a normalization of the five-year period from 2014 to 2018. RD at 38. The ALJs recognized that, in its direct case, UGI Electric used the five-year average of storm expense reflecting the years 2013 through 2017. RD at 36. Further, the ALJs noted that the Company then updated its claim in

rebuttal testimony to eliminate 2013 and add 2018 to the five-year period on which to base the Company's storm damage expense claim. RD at 36-37. This update increased the Company's claim by \$26,000 per year. RD at 37. I&E excepts to the ALJ's recommendation to accept the Company's \$301,000 storm damage expense claim.

I&E reiterates its recommendation of an allowance of \$253,229 for the Company's storm damage expense claim. I&E RB at 29. I&E rejects the Company's replacement of the year 2013 with the year 2018 in its five-year historic average. I&E MB at 43. I&E asserts that the Company has not provided relevant substantial record evidence to support its claim, and further, the expense claim for the year 2018 is based on estimates rather than a full-year of actual historic data (2013). I&E MB at 43.

H. I&E Exception No. 8: The RD's recommendation that the Commission accept UGI electric's claim of expenses for the salaries and wages net of employee additions in the amount of \$4,993,000 is erroneous as a matter of law, not supported by the evidence of record and is against the public interest. RD at 41-42.

In the RD, the ALJs recommended that the Commission accept UGI Electric's claim of expenses for the salaries and wages, net of employee additions, in the amount of \$4,993,000. RD at 41-42. The ALJs noted that the Company's claim for salaries and wages expenses, net of employee additions, included, among other things, a \$34,000 annualization adjustment to reflect end of test year conditions. RD at 41. UGI Electric supported this claim by using budgeted salaries and wages for the FPFTY with an adjustment for annualization of anticipated wage increases. RD at 41. I&E excepts to the ALJ's recommendation to accept the Company's full claim based on "budgeted" numbers and annualization of end-of-year anticipated wage increases.

I&E recommended an allowance for salaries and wages, net of employee additions, of \$4,959,000, or a reduction of \$34,000 from the Company's full claim. I&E MB at 46; I&E RB at 32. I&E reiterates that I&E's argument for a salaries and wages expense, net of employee additions, based on disallowance of the annualization of anticipated FPFTY end-of-year pay increases is appropriate. I&E RB at 32. I&E's recommendation more accurately represents the salaries and wages that the Company will pay across the 12 months that make up the FPFTY. Annualization of the end of year salaries and wages, that include all increases throughout the year, should not be allowed. *Id.* The annualization of end of year salaries and wages will allow the Company to recover in rates more than it will incur, is required, or is supported by the weight of the record evidence for the test year utilized. *Id.*

I. I&E Exception No. 9: The RD's recommendation to accept UGI Electric's claim of expenses for employee additions in the amount of \$382,000 is erroneous as a matter of law, is not supported by the evidence of record and is against the public interest. RD at 43.

In the RD, the ALJs recommended that the Commission accept UGI Electric's claim of expenses for employee additions in the amount of \$382,000. RD at 43. The RD recognized that the Company's claim includes salaries, wages, and benefits for three new positions: a general manager, a new business engineer, and a business support engineer. RD at 42. The claim includes annualization of the newly added positions in the FPFTY reflecting the end of year conditions. *Id.* I&E excepts to the ALJ's recommendation regarding employee additions.

I&E recommended an expense allowance of \$318,000 for employee additions, or a reduction of \$64,000 to the Company's claim. I&E MB at 47; I&E RB at 33. I&E's recommendation for employee additions is based on the removal of the annualization of compensation for the three positions in the FPFTY, reflecting the actual amount anticipated to be incurred during the test year. I&E RB at 33. I&E reiterates its argument that the FPFTY expense allowance should be based on the actual amounts incurred across the FPFTY period and not an annualization of the end-of-year inflated projections. I&E RB at 34.

J. I&E Exception No. 10: The RD's Recommendation to allow UGI electric to recover \$75,000 of the claimed \$166,000 in outside services employed expenses is contrary to the weight of the evidence of record and is against the public interest. RD at 44.

In the RD, the ALJs noted that they believed the Company has supported, through substantial record evidence, \$75,000 of its \$166,000 claim and therefore recommended that the Commission allow UGI Electric to recover \$75,000 in outside services employed expenses. RD at 44. Even though the Commission recognized that I&E continued to argue that the breakdown provided by UGI Electric to justify the \$166,000 claim was insufficient, the ALJs felt \$75,000 of the claim was supported. RD at 44. I&E excepts to the ALJs conclusion that \$75,000 of the Company's claim is supported by substantial record evidence.

I&E recommended an allowance of \$21,000 based on a three-year historic average of this expense from 2015 through 2017. I&E MB at 49; I&E RB at 34. I&E reiterates its argument that the most recent breakdown of this expense provided by the Company is

still insufficient and does not rise to the level of substantial evidence to support this claimed expense. I&E does, however, agree with the ALJ's recommendation to disallow the \$91,000 claim for "other professional services." RD at 44; I&E RB at 34. Finally, regarding this I&E Exception No. 10, I&E recommends the outside services employed expense be reduced to \$21,000. I&E RB at 34-35.

K. I&E Exception No. 11: The RD's Recommendation to allow UGI electric to recover \$11,848 for the cost of its employee activities is erroneous as a matter of law, is not supported by the weight of the evidence of record and is against the public interest. RD at 46.

In the RD the ALJs recommended that the Commission allow UGI Electric to recover \$11,848 for the cost of its employee activities, the primary source of which is the Company's annual picnic. RD at 44-46. The ALJs noted that the Company claims the special events are to recognize the employees hard work and dedication, as well as to boost employee engagement and the morale of the overall workforce. RD at 44. Additionally, the RD cites to several Commission opinions and orders in an attempt to draw a distinction between an employee activity, picnic, or annual dinner based on whether they provide an opportunity to give recognition to its employees for service to the company and its customers. RD at 45-46. The RD then reaches the tortured conclusion that if a company claims that its employee activity is for recognizing employee milestones and service, then the ratepayers, rather than the shareholders, should foot the bill for the employee activity. RD at 46. I&E excepts to the ALJs tortured conclusion.

I&E recommended disallowance of the Company's total claim of \$11,848 for employee activity costs. I&E MB at 49; I&E RB at 35. I&E reiterates its argument that these Company-sponsored employee events are not necessary for the provision of safe and reliable service to UGI Electric ratepayers and should be denied. *Id.* I&E notes that of the three opinion and orders cited in the RD, the two most recent, Citizens Utilities Water (1996) and Columbia Water Company (2014) both disallowed employee recognition expenses. RD at 45-46. It was only the York Water (1986) opinion and order, that referred all away back to a 1972 opinion to draw a distinction between a picnic and a banquet and whether they involved any element of company claimed employee recognition, that allowed the expense based on the cited distinction. RD at 46. I&E reiterates that the underlying principle that the shareholders of the company, rather than the ratepayers, should bear the burden of employee activity expenses, regardless of whether the company labels the activity as for employee recognition, is the controlling principle. I&E RB at 35-36. Therefore, shareholders should bear the burden of funding employee activities. I&E RB at 36. I&E urges the Commission to draw a bright line distinction and place the burden on the shareholders rather than applying a gray area analysis to determine whether the company applied a distinctive "employee recognition" label on the employee activity. Arguably, allowing the companies to draw a distinction related to employee recognition will encourage companies to increase the size and the scope of employee activities to ensure they can meet the burden of rising to the level of creating the element of "employee recognition" which will result in escalating the costs to the ratepayers for the sole purpose of creating the "employee recognition" distinction.

I&E recommends the Commission not allow this issue to head down that road. I&E recommends the Commission draw a bright line by stating that shareholders, not ratepayers, will pay for employee activities.

L. I&E Exception No. 12: The RD's recommendation to adopt UGI Electric's claim for annual depreciation expense is erroneous as a matter of law and is contrary to the weight evidence of record and is against the public interest. RD at 52.

In the RD, the ALJ's recommended that the Commission adopt UGI Electric's claim for depreciation expense. RD at 52. UGI Electric's claim for annual depreciation expense for the FTY is \$4,265,854 and for the Rebuttal FPFTY the claimed amount is \$5,333,752. RD at 51. The ALJs noted the depreciation rates have been established pursuant to the Joint Stipulation which the parties believed to be a reasonable compromise that is in the public interest. RD at 51. However, the RD also notes that both I&E and the OCA recommended adjustments to the Company's depreciation expense that aligns with the average rate base methodology for calculating the FPFTY. *Id.* The ALJ's, having accepted UGI Electric's end of year methodology, and to stay consistent throughout the RD, recommended the depreciation expenses reflect UGI Electric's end-of-year conditions. RD at 51-52. I&E excepts to the application of the end-of-year methodology as opposed to I&E's recommended FPFTY average rate base methodology.

I&E recommended an annual depreciation expense of \$5,290,062 based on the FPFTY average rate base methodology. I&E MB at 52; I&E RB at 39. I&E continues to recommend the application of the average rate base methodology and I&E incorporates

herein the arguments regarding the use of the average rate base methodology set forth in I&E's Exception No. 2, *supra*.

M. I&E Exception No. 13: The RD's recommendation to accept UGI Electric's claim for power supply expense in the amount of \$1,933,000 is erroneous as a matter of law and is not supported by the evidence of record and is against the public interest. RD at 53.

In the RD, the ALJs recommended that the Commission accept UGI Electric's claim for power supply expense in the amount of \$1,933,000. RD at 53. The ALJs based their recommendation on their acceptance of UGI Electric's end-of-year methodology and their rejection of I&E's recommended use of the FPFTY average rate base methodology. *Id.* I&E excepts to the ALJ's recommendation and rejection of the FPFTY average rate base methodology.

I&E recommended the Company's claimed power supply expense be increased by approximately \$19,500 up to \$1,952,500 as a result of I&E's use of the average rate base methodology adjustment. I&E MB at 54; I&E RB at 40. I&E continues to recommend the application of the average rate base methodology and I&E incorporates herein the arguments regarding the use of the average rate base methodology set forth in I&E's Exception No. 2, *supra*.

N. I&E Exception No. 14: The RD's recommendation to use the 5.85% average growth rate of UGI Electric, using the Altered Proxy Group, is erroneous as a matter of law, is contrary to the weight of the substantial evidence of record and is against the public interest. RD at 73.

In the RD, the ALJs recommended using the 5.85% average growth rate of UGI Electric, using the Altered Proxy Group. RD at 73. The ALJs relied on the Company's

criticism that I&E allegedly arbitrarily included low growth rates for companies that should have been excluded from his electric group. RD at 71. The ALJs also noted UGI Electric's argument that as the spread between the cost of debt and the cost of common equity in this market environment was demonstrated to be 6.5%, the returns of these five companies are unreasonable and should have been excluded from I&E's barometer group. RD at 71-72. I&E excepts to the ALJs conclusions regarding the I&E proxy group.

The ALJs erred in relying on Mr. Moul's criticism of Mr. Spadaccio and I&E reiterates the arguments proffered by I&E witness Mr. Spadaccio in I&E St. Nos. 2 and 2-SR. Mr. Spadaccio rebuts the Company's argument that he should have excluded companies with allegedly low growth rates as UGI Electric's attempt to manipulate the proxy group to drive up the ultimate DCF results. I&E St. No. 2-SR at 9. There is absolutely no reason, as noted by Mr. Spadaccio, to remove the referenced companies as they were legitimately included in the proxy group based on the relevant criteria. I&E St. No. 2-SR at 6-8. *See also*, I&E St, No. 2 at 7-11, 29. The RD's reliance on UGI Electric's criticism is misplaced and erroneous. The only language referenced by the RD is from UGI Electric witness Mr. Moul where Mr. Moul pontificates that Mr. Spadaccio failed to exclude companies with "arbitrarily low" growth rates and that a fundamental tenet of finance is that the cost of equity must be higher than the cost of debt by a "meaningful margin." RD at 71.

Mr. Moul's reference to a "meaningful margin," is pulled from Mr. Moul's risk premium analysis and it is clear that the only purpose served by Mr. Moul's attempt to

remove the subject companies from the proxy group is to arbitrarily drive up the DCF analysis results. It is improper to corrupt the DCF analysis with elements of a risk premium analysis as Mr. Moul has attempted to do in his criticism of Mr. Spadaccio. Mr. Moul cites to no authority to give a quantifiable definition to “meaningful margin.” And Mr. Moul’s borrowing of the “meaningful margin” of 6.5% equity risk premium from his risk premium method is evidence of his attempt to corrupt Mr. Spadaccio’s DCF analysis. *See* UGI Elec. St. No. 5 at 33. Further, the Commission generally does not advocate giving great weight to the risk premium method as it is considered too arbitrary. In fact, RD granted UGI Electric a 5.85% growth rate (RD at 70) when Mr. Moul himself uses an already inflated 5.75% for his growth rate in his DCF analysis as pointed out by I&E witness Mr. Spadaccio. *See* I&E St. No. 2 at 37-39; I&E St. No. 2-SR at 9. The ALJs erred in relying on Mr. Moul’s vague and unquantifiable criteria for excluding companies from the I&E proxy group and accepting the UGI Electric’s altered proxy group.

Finally, Mr. Spadaccio’s DCF analysis results in a spread of almost 4% between the cost of long-term debt and the cost of common equity, which, by any standard, qualifies as a reasonable margin. I&E St. No. 2 at 7. Further, Mr. Spadaccio’s almost 4% spread represents giving almost double weight to the cost of equity over the debt. Further, UGI Electric’s 54.02% equity in its rate structure (which was accepted by the parties) far outweighs the most recent averages of 48.90% in 2017, 48.91% in 2016 and 49.54% in 2015 (*See* S&P Global Return on Capital, Return on Equity) evidencing that UGI Electric has far less risk than the average electric utility. Highlighting further that the ALJs acceptance of Mr. Moul’s suggestion to use a 6.50% risk premium is

unreasonable. The attacks by Mr. Moul on Mr. Spadaccio's proxy group and DCF analysis are misguided, unsupported, and should be rejected. Therefore, I&E recommends that the Commission find that the subject companies were correctly included in the I&E proxy group and the ALJs erred in relying on UGI Electric's altered proxy group. Further, I&E recommends that the Commission adjust the ALJs' recommended growth rate down from 5.85% to 4.88%.

O. I&E Exception No. 15: The RD's acceptance of UGI Electric's recommendation to use the arithmetic mean for the CAPM historical calculation is erroneous as a matter of law, not supported by the weight of the evidence of record, not generally accepted and is against the public interest. RD at 80.

In the RD, the ALJs state that they are persuaded by UGI Electric's testimony regarding the use of the arithmetic mean to perform the CAPM historical calculation. RD at 80. I&E excepts to the ALJs recommendation to use the arithmetic mean to perform the CAPM historical calculation.

I&E has consistently recommended using the geometric mean for the CAPM historical calculation. I&E St. No. 2 at 26. (Note: I&E performed both a historic and forecasted CAPM analysis). I&E argues, using the geometric mean to calculate the CAPM historical calculation is the generally accepted method and should be reaffirmed by the Commission in this proceeding. The geometric mean is appropriate in calculating the historic CAPM as it normalizes the returns or yields, and thus, measures the change over more than one period. *See* I&E St. No. 2-SR at 16-19. The arithmetic average is more susceptible to being influenced by outliers, and therefore is not as good at representing the central tendency of a set of numbers. *Id.* Finally, for the historical

performance of the market to be a valid representation of the future, a geometric mean should be calculated to minimize the effect of any individual years that deviated from the normal years. *Id.*

P. I&E Exception No. 16: The RD's recommendation to give UGI Electric a 20-basis point addition to its cost of common equity due to management effectiveness is not supported by the weight of the evidence of record and is against the public interest. RD at 86.

In the RD, the ALJs recommended that UGI Electric be given a 20-basis point addition to its cost of common equity due to management effectiveness. RD at 86. The ALJs noted that, in addition to the various initiatives identified by UGI Electric, they were particularly persuaded by evidence presented by the Company that it is consistently recognized for high customer satisfaction. *Id.* The ALJs recognized further that the Company noted its internal programs and initiatives have caused it to exceed Commission benchmark levels for service reliability. In fact, UGI Electric noted it has outperformed the vast majority of all Pennsylvania EDC's in each category used to measure system reliability. RD at 86, *citing* UGI MB at 105. I&E excepts to the ALJ's recommendation to award UGI Electric a 20-basis point addition to its cost of common equity for management effectiveness.

I&E reiterates the arguments made in I&E's Main Brief and I&E's Reply Brief. I&E MB at 73-74; I&E RB at 56-57. I&E notes that if management points are awarded, if at all, it should be done on a case-by-case basis. I&E MB at 73. Further, the Commission affords utilities the opportunity to earn a rate of return and the that rate of return is affected by the utility's management performance allowing the utilities to earn

their reward. Also, I&E does not believe that UGI Electric, or any utility company for that matter, should reap additional rewards for programs designed by the Company to simply meet its obligations to provide safe and reliable service *Id.* Further, I&E argues, as did the Company, that Section 523(a) allows the Commission to consider additional (ALL) relevant and material evidence. I&E RB at 56. In this case, that evidence should include the following (none of which are mentioned in the RD). That UGI Electric management chose to file this base rate proceeding before ever even completing its full analysis of the impact of the TCJA. UGI Elec, St. No. 9, p. 2. Further, UGI Electric management chose to make the statutory parties wait for over 35 days (while the litigation schedule was running) before it filed its supplemental direct testimony regarding the Company's analysis of the TCJA impact. I&E MB at 1. Even after completing the full TCJA analysis, the Company still chose not to implement a reconcilable surcharge mechanism to return the substantial tax savings back to the ratepayers. I&E MB at 59; I&E St. No. 1 at 31-34. And finally, I&E's investigation uncovered the Company's attempts to manipulate the Company's Quarterly Earnings Reports to reflect a substantially lower return on equity than the Company was actually earning. I&E MB at 56-59; I&E St. No. 1 at 31-34; I&E St. No. 5 at 1-15; I&E St. No. 5-SR at 1-30. In fact, the substantial evidence uncovered by I&E regarding the QERs revealed that the Company was actually earning a full five percentage points (14.9%) above the 2017 national average return on equity of 9.75%. *Id.*; I&E RB at 57. Therefore, in consideration of ALL the decisions made by UGI Electric management,

UGI Electric's claim for an additional 20-basis points to be added to its cost of common equity should be denied.

Q. I&E Exception No. 17: The RD's recommendation to grant UGI Electric a 10.00% cost of equity and, as a result, an overall rate of return of 7.56% is contrary to the weight of the substantial evidence of record and is against the public interest. RD at 89.

In the RD, the ALJs concluded, after examining the testimony, that although agreement could not be reached regarding the cost of equity, the ALJs determined a 10.00% cost rate of common equity to be appropriate. RD at 89. Further, based on the evidence presented, the ALJs recommended the appropriate overall rate of return that will result in just and reasonable rates is 7.56%. *Id.* I&E excepts to both the ALJs recommendation regarding cost of common equity and ALJs' recommendation regarding the overall rate of return.

I&E recommends that the Company should be afforded the opportunity to earn an overall rate of return of 6.82%, which is comprised of a weighted average of an 8.62% return on equity and a 4.69% return on long-term debt. I&E MB at 74. I&E's recommendation regarding its recommended rate of return on equity and overall rate of return is based on I&E's direct and surrebuttal testimony and the accompanying exhibits, as well as the arguments contained in I&E's Main Brief and Reply Brief as well as these I&E Exceptions.

R. I&E Exception No. 18: The RD's recommendation to approve an increase in the monthly residential customer charge from \$5.50 to \$14.00 and the effect that will have on individual rates and rate structure is erroneous as a matter of law, is contrary to the weight of the evidence of record and is against the public interest. RD at 124-128.

In the RD, the ALJs recommend that UGI Electric be allowed to increase the monthly residential customer charge from the \$5.50 to \$14.00. RD at 126. The ALJs noted that this increase is not insignificant however, they do not believe, in light of the results of the Company's allocated class cost of service study ("ACOSS") and the length of time since the Company's last rate increase, that it is unreasonable. RD at 126. The ALJs also note that cost of service is the "polestar" of utility ratemaking and the primary purpose of cost of service studies and corresponding rate allocation and design is to move rates assigned to the various customer classes toward the system average and their respective costs of service. RD at 125-126. The ALJs conclude by stating that they do not believe the Company's proposed increase of the residential customer charge to \$14.00 is so significant as to justify the elevation of gradualism considerations over the cost of service considerations. RD at 126. However, the RD fails to note that it has been 22 years since UGI Electric has come in for a base rate increase. Therefore, I&E excepts to the ALJs recommendation to allow UGI Electric to increase the monthly residential customer charge to \$14.00 and the effect that will have on individual rates and rate structure.

As noted by the ALJs, I&E requested that the Commission consider the concept of gradualism when making a final determination regarding customer charges and their effect on individual rates and rate structure. I&E St. No. 3-SR at 24-27. *See also* I&E

MB at 76-79. Gradualism is a well-established ratemaking concept that seeks to limit the immediate increases customers receive when rates are increased and instead seeks to implement significant rate changes on a more gradual basis over time. I&E MB at 76; I&E RB at 59-61. The application of gradualism is especially important in base rate increase proceedings, such as the one before the Commission, where the company has not come in for a base rate increase in an unusually long period of time. In this case, UGI Electric has not come in for a base rate increase in the last 22 years. And while the ALJs recommendation to make progress moving rate classes toward the system average relative rate of return is reasonable on its face, the Company's own management decision to stay out for 22 years is the complicating factor affecting the application of the ALJs recommendation. If, for instance, UGI Electric had been coming in for a base rate increase every five years, the progress towards moving rate classes towards the system average relative rate of return could have been done gradually over time; effectively implementing the concept of gradualism in real time. The Commission, however, does not have that luxury when a company such as UGI electric chooses to stay out for 22 years. UGI Electric now expects the Commission to ignore gradualism and impose an unreasonable and unfair base rate increase on the UGI Electric ratepayers and against the public interest. I&E argues that this unreasonable request by UGI Electric management should not be rewarded.

Further, I&E reiterates the arguments made in I&E's Main Brief and Reply Brief in that an increase in the residential customer charge to \$14.00 represents an increase of 155% from the present charge of \$5.50. I&E MB at 78; I&E RB at 59-62. I&E asserts

that a 155% increase in the residential customer charge is unreasonable and clearly against the public interest and the ALJs erred to conclude otherwise. Even I&E's recommended residential customer charge of \$10.00 per month represents an increase of 81.8%, which reasonable people could argue is also unreasonable and against the public interest. Gradualism concerns from the standpoint of rate design must be handled differently than those of the overall rate class. I&E St. No. 3-SR at 24. Rate design determines how individual customers will generate the revenue allocated to each rate class. *Id.* However, when a customer looks at their bill, they will only care about how much their own rate has increased and not how much revenue their rate class is generating. I&E St. No. 3-SR at 25. This is particularly true for the customer charge component of rate design, which is a defined, constant amount on the customer's bill that the customer cannot control through usage. *Id.* In this case, every customer pays a customer charge and the large, 155% increase in the residential customer charge recommended by the ALJs will disproportionately negatively impact low usage customers. *Id.* Therefore, gradualism and rate shock must be considered for individual components of a customer's bill, particularly the customer charge. *Id.*

I&E applied the concept of gradualism to the residential customer charge in an attempt to find a balance between what is reasonable and what is in the public interest while also giving some weight to the cost of service. But, because the UGI Electric management chose to stay out for 22 years before coming in for a base rate increase, finding a reasonable residential customer charge while balancing the public interest and the cost of service is not an easy task in this proceeding. And finally, the residential

customer charges charged by other Pennsylvania EDC's and Pennsylvania electric cooperatives are irrelevant to this proceeding. To give any weight to the residential customer charges charged by the other Pennsylvania EDC's would fly in the face of the ALJs reliance on the "polestar" cost of service, and would also inject an irrelevant element into determining the reasonableness and justness of the customer charges.

Therefore, in this case, the consideration of the concept of gradualism should be given more weight than the unit cost per customer and I&E's recommended \$10.00 customer charge is more reasonable than the ALJs' recommended \$14.00 customer charge. I&E St. No. 3-SR at 26. I&E recommends that the Commission reject the ALJs' recommendation of a \$14.00 per month customer charge and instead implement I&E's recommended \$10.00 per month customer charge.

S. I&E Exception No. 19: The RD's recommendation to reduce the customer charges and usage rates proportionally to the percent increase originally requested with a scale back based on the company's proposed rates and not the reduced customer charges as proposed by I&E and OCA is erroneous as a matter of law, is not supported by the evidence of record and is against the public interest. RD at 131.

In the RD, the ALJs noted that they are recommending a lesser increase than sought by the Company, and they are also recommending adoption of UGI Electric's AC OSS and proposed revenue allocation and rate design, the Commission should reduce the customer charges and usage rates proportionally to the percent increase originally requested. RD at 131. I&E excepts to the ALJs recommendation as stated above.

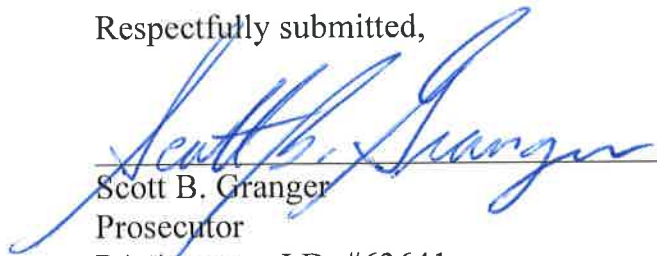
I&E reiterates its arguments regarding scale back of the rate increases, if any, granted by the Commission that are less than the Company's proposed requested revenue

increase as set forth in I&E's Main Brief and Reply Brief. I&E MB at 79-80; I&E RB at 63-64. I&E's scale back methodology is based first upon the fact that the recommended decrease to the Company's requested customer charge has the effect of increasing the usage rates at the fully requested revenue increase. I&E RB at 63-64. Therefore, I&E recommends that usage rates should be scaled back prior to any scale back of the customer charge. I&E RB at 64. Finally, any scale back methodology used should be based upon the customer charges ultimately granted by the Commission, noting that I&E recommends a residential customer charge of \$10.00 per month. I&E RB at 64.

IV. WHEREFORE

I&E respectfully requests that the Commission grant the I&E Exceptions and that the Administrative Law Judges' Recommended Decision be reversed or modified consistent with these I&E Exceptions.

Respectfully submitted,



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PA Attorney I.D. #63641

Dated: September 13, 2018