

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2018-3000834
Office of Consumer Advocate	:	C-2018-3001786
Office of Small Business Advocate	:	C-2018-3002132
James and Reva Crownover	:	C-2018-3003017
	:	
v.	:	
	:	
Suez Water Pennsylvania, Inc.	:	

RECOMMENDED DECISION

Before
David A. Salapa
Administrative Law Judge

INTRODUCTION

A water utility filed a request for an increase in the rates it charges its customers. This decision recommends approval of a settlement agreement among the water utility and statutory advocates which provides for an increase in rates because the settlement will provide sufficient revenue to permit the water utility to undertake several major capital projects while addressing concerns raised by the statutory advocates. The parties have agreed to an increase in revenues of \$3.0 million as opposed to the requested increase in revenues of \$6.2 million.

HISTORY OF THE PROCEEDING

On April 30, 2018, Suez Water Pennsylvania, Inc. (Suez), filed Supplement No. 53 to Tariff Water-Pa. P.U.C. No. 7 to become effective June 29, 2018. The subject tariff would increase Suez' total annual operating revenues by approximately \$6.2 million, or 13.2% in total revenue.

The Commission's Bureau of Investigation and Enforcement (I&E) filed a notice of appearance on May 4, 2018.

On May 10, 2018, the Office of Consumer Advocate (OCA) filed a formal complaint that the Commission docketed at C-2018-3001786.

By order entered May 17, 2018, the Commission suspended the proposed Supplement No. 53 to Tariff Water-Pa. P.U.C. No. 7 until January 29, 2019 and instituted an investigation into the reasonableness of the proposed rates. By notice dated May 17, 2018, the Commission scheduled a prehearing conference for this matter on May 25, 2018 at 10:00 a.m. in Hearing Room 2, Commonwealth Keystone Building in Harrisburg and assigned the case to me. I issued a prehearing conference order, dated May 17, 2018, setting forth the procedural matters to be addressed at the prehearing conference.

On May 23, 2018, the Office of Small Business Advocate (OSBA) filed a complaint that the Commission docketed at C-2018-3002132.

I conducted the prehearing conference in this case as scheduled on May 25, 2018 at 10:00 a.m. in Harrisburg. Present were counsel for I&E, OCA, OSBA and Suez. As a result of the prehearing conference, I issued Prehearing Order #2, dated May 25, 2018. Prehearing Order #2 established a litigation and briefing schedule. By notice dated May 25, 2018, the Commission scheduled this matter for hearings on September 10-12, 2018 at 10:00 a.m. in Hearing Room 2, Commonwealth Keystone Building in Harrisburg.

On June 7, 2018, Suez filed a motion requesting that I issue a protective order in this proceeding, pursuant to 52 Pa.Code § 5.365(a). The motion stated that OCA, I&E and OSBA did not oppose the motion. By order dated June 8, 2018, I granted Suez' motion.

By notice dated June 12, 2018, the Commission scheduled this matter for public input hearings on July 11, 2018 at 1:00 p.m. and 6:00 p.m. in Hearing Room 1, Commonwealth Keystone Building in Harrisburg.

On June 25, 2018, James and Reva Crownover (Crownovers) filed a complaint opposing Suez' proposed rate increase. The Commission docketed the Crownovers' complaint at C-2018-3003017. The Crownovers' complaint contends that Suez already collects money for its system improvements through a distribution system improvement charge and that the Commission should not approve a rate increase to help fund infrastructure projects. The complaint requests that the Commission deny Suez' request for a rate increase.

On July 3, 2018, the Pennsylvania Builders Association (PBA) filed a petition to intervene in this proceeding. PBA's petition alleged that it is a professional trade association representing approximately 5,000 members, some of whom are in Suez' service territory. The members of PBA are involved in the building industry, primarily as builders, developers, remodelers, material suppliers, subcontractors and consultants.

According to the petition to intervene, the Federal Tax Cuts and Jobs Act (TCJA) requires water and sewer utilities to recognize Contributions in Aid of Construction (CIAC) as taxable income. TCJA eliminated the exemption for water and sewer utilities from recognizing CIAC as taxable income.

PBA's petition alleged that it has a substantial and direct interest in this proceeding because Suez' proposal in its rate filing would require developers to assume the entirety of the income tax consequences of CIAC. None of the parties to this proceeding filed an answer opposing PBA's petition to intervene. By order dated July 24, 2018, I granted PBA's petition.

On July 11, 2018, Administrative Law Judges (ALJs) Andrew M. Calvelli and Joel H. Cheskis conducted public input hearings in this matter at 1:00 p.m. and 6:00 p.m. respectively in Hearing Room 1 in the Commonwealth Keystone Building, Harrisburg. During the 6:00 p.m. hearing, James K. Crownover, one of the complainants at C-2018-3003017, testified. N.T. 46-48. Mr. Crownover opposed Suez' proposed rate increase. N.T. 46-48.

Also, during the 6:00 p.m. hearing, Kyle Miller testified. N.T. 52-74. Mr. Miller stated that he was a member of the Mechanicsburg Borough Council. N.T. 52. Mr. Miller indicated that the Mechanicsburg Borough Council had authorized him to testify on its behalf. N.T. 53. Mr. Miller testified that Suez was currently replacing water mains in Mechanicsburg Borough. N.T. 53. According to Mr. Miller, the Suez replacement project began in 2017 and will continue through 2018. N.T. 53.

As part of the replacement project, Suez has excavated portions of the streets and sidewalks in Mechanicsburg Borough. N.T. 53. Mr. Miller asserted that Suez has failed to adequately repave the streets or replace the sidewalks. N.T. 53-55. Mr. Miller referred to photographs depicting the condition of various streets and sidewalks located in Mechanicsburg Borough. N.T. 53-54. According to Mr. Miller, Mechanicsburg Borough has received numerous complaints about the condition of its streets and sidewalks from its residents. N.T. 55. Mr. Miller requested that Suez' rate increase request be denied. N.T. 56.

At the end of his testimony, Mr. Miller requested that the photographs and the map he referred to be moved into evidence. N.T. 63-64, 68-69. OCA and I&E joined in this request. ALJ Cheskis marked the photographs and map as Miller Exhibits A-E. N.T. 69. Suez objected to the admission of the proposed exhibits. N.T. 69. ALJ Cheskis deferred ruling on the admission of the map and photographs. N.T. 69.

In addition, ALJ Cheskis marked Mr. Miller's written statement as Miller Statement 1. N.T. 70. ALJ Cheskis deferred ruling on the admission of the written statement. N.T. 72. By order dated July 19, 2018, I admitted the exhibits and statement into the record.

On September 6, 2018, Suez, I&E, OCA, OSBA and PBA emailed me representing that those parties had reached an agreement in principle, settling all the issues in this proceeding and requesting that I suspend the litigation schedule. The parties represented that they would file a signed written settlement agreement no later than October 10, 2018. The parties also indicated that they would file a joint stipulation for the admission of evidence in order to introduce written statements and exhibits into the evidentiary record. By order dated

September 10, 2018, I suspended the litigation schedule set forth in Prehearing Order #2 and canceled the hearings scheduled for September 10-12, 2018.

On October 10, 2018, Suez filed a joint petition for settlement and attachments. Included in the attachments to the joint petition are statements in support of the joint petition by PBA, I&E, OCA, OSBA and Suez. On October 10, 2018, Suez also filed a stipulation for admission of evidence and attachment. The stipulation states that PBA, Suez, I&E, OCA and OSBA all served testimony and exhibits in this proceeding. In conjunction with the joint petition, the stipulation states that PBA, Suez, I&E, OCA and OSBA have entered into the stipulation in order to admit the testimony and exhibits of PBA, Suez, I&E, OCA and OSBA set forth in the stipulation. The stipulation requests that the Commission admit the testimony and exhibits listed in the stipulation into the evidentiary record in this proceeding.

I issued a letter, dated October 11, 2018, stating that the Crownovers should review the joint settlement petition and provide any comments or objections to the joint settlement petition to me in writing within ten days of the date of the letter. I also enclosed a signature page that the Crownovers could sign and return to me if they wished to join in the joint settlement petition.

As of the date of this decision, I have not received any written comments or objections from the Crownovers regarding the joint settlement petition. The evidentiary record closed on October 10, 2018, the date Suez filed the joint settlement petition. For the reasons set forth below, I recommend that the Commission approve and adopt the joint settlement petition.

DISCUSSION

The Commission applies certain principles in deciding any general rate increase case brought pursuant to 66 Pa.C.S. § 1308(d). A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of its property dedicated to public service. Pennsylvania Gas and Water Co. v. Pa. Pub. Util. Comm'n, 341 A.2d 239 (Pa.Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is

guided by the criteria set forth in Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia, 262 U.S. 679 (1923) and Federal Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1944). In Bluefield the United States Supreme Court stated:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia, 262 U.S. 679, 692-3 (1923).

The public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request, pursuant to 66 Pa.C.S. § 1308(d). The statute at 66 Pa.C.S. § 315(a) sets forth the standard to be met by the public utility:

Reasonableness of rates. –In any proceeding upon the motion of the Commission, involving any proposed or existing rate of any public utility, or in any proceeding upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

In a general rate increase proceeding, the burden of proof does not shift to parties challenging a requested rate increase. The utility has the burden of establishing the justness and reasonableness of every component of its rate request throughout the rate proceeding. Other parties to the proceeding do not have the burden of proof to justify an adjustment to the public

utility's filing. In this regard, the Pennsylvania Supreme Court in Berner v. Pa. Pub.Util. Comm'n, 116 A.2d 738, 744 (Pa. 1955) stated:

[T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations, and that is the burden which the utility patently failed to carry.

However, a public utility, in proving that its proposed rates are just and reasonable, does not have the burden to affirmatively defend claims it has made in its filing that no other party has questioned. In Allegheny Center Assocs. v. Pa. Pub. Util. Comm'n, 570 A.2d 149, 153 (Pa.Cmwlth. 1990), the Pennsylvania Commonwealth Court stated:

While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

In analyzing a proposed general rate increase, the Commission also determines a rate of return to be applied to a rate base, measured by the aggregate value of all the utility's property used and useful in the public service. In determining a proper rate of return, the Commission calculates the utility's capital structure and the cost of the different types of capital during the period in issue. The Commission has wide discretion, because of its administrative expertise, in determining the cost of capital. Equitable Gas Co. v. Pa. Pub. Util. Comm'n, 405 A.2d 1055 (Pa.Cmwlth. 1979).

In this general rate increase case, PBA, Suez, I&E, OCA and OSBA have reached a settlement. Commission policy promotes settlements. 52 Pa.Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve precious administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa.Code § 69.401

In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. Pa. Pub. Util. Comm'n v. York Water Co., Docket No. R-00049165 (Order entered October 4, 2004); Pa. Pub. Util. Comm'n v. C S Water and Sewer Assoc., 74 Pa. PUC 767 (1991).

In this case, the parties have reached what is referred to as a “black box” settlement where the settlement provides for an increase in the utility’s revenues but does not indicate how the parties calculated the increase. The Commission has permitted “black box” settlements as a means of promoting settlements in contentious base rate proceedings. Pa. Pub. Util. Comm'n v. Wellsboro Electric Co., Docket No. R-2010-2172662 (Order entered January 13, 2011); Pa. Pub. Util. Comm'n v. Citizens' Electric Co. of Lewisburg, Docket No. R-2010-2172665 (Order entered January 13, 2011). The Commission has observed that determining a utility’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting expenses, depreciation, rate base, taxes and the utility’s cost of capital. Reaching an agreement among the parties on each component can be difficult and impractical. As a result of this complexity, the Commission supports the use of ‘black box’ settlements. Pa. Pub. Util. Comm'n v. Peoples TWP LLC, Docket No. R-2013-2355886 (Opinion and Order entered December 19, 2013); Pa. Pub. Util. Comm'n v. Columbia Water Co., Docket No. R-2017-2598203 (Opinion and Order entered March 1, 2018). For the following reasons, I find that the settlement, which is unopposed by any party, is in the public interest.

BACKGROUND

Suez is a public utility subject to the Commission’s regulatory jurisdiction. Suez provides water service to over 60,400 customers in portions of 8 counties and 39 municipalities in Pennsylvania.

Pursuant to 66 Pa.C.S. § 1308(d), on April 30, 2018, Suez filed Supplement No. 53 to Tariff Water-Pa. P.U.C. No. 7 to become effective June 29, 2018. The subject tariff would increase Suez’ total annual operating revenues by approximately \$6.2 million. By order entered May 17, 2018, the Commission suspended the proposed Supplement No. 53 to Tariff Water-Pa.

P.U.C. No. 7 until January 29, 2019 and instituted an investigation into the reasonableness of the proposed rates.

OCA, OSBA and one residential customer filed complaints against Suez' proposed general rate increase. I&E entered its appearance. PBA intervened in the proceeding. PBA, Suez, I&E, OCA and OSBA conducted extensive formal and informal discovery throughout the proceeding. The parties have served prepared testimony on each other. PBA, Suez, I&E, OCA and OSBA held several settlement conferences. As a result of these conferences and the efforts of PBA, Suez, I&E, OCA and OSBA to examine the issues raised by the proceedings, a settlement in principle was achieved by PBA, Suez, I&E, OCA and OSBA prior to the date for the hearings in this proceeding. On September 6, 2018, PBA, Suez, I&E, OCA and OSBA advised me of the settlement in principle, and at their request, I suspended the procedural schedule.

PBA, Suez, I&E, OCA and OSBA have been able to agree to a rate increase and individual provisions that resolve all issues in the proceeding, and PBA, Suez, I&E, OCA and OSBA have agreed to a revenue allocation and rate design to recover that increase. PBA, Suez, I&E, OCA and OSBA are in full agreement that the settlement is in the best interests of Suez and its customers.

TERMS OF THE SETTLEMENT

The joint settlement petition states that Suez's claims associated with its acquisition of the water system assets of Mahoning Township, currently pending for approval by the Commission at Docket No. A-2018-3003519 (Mahoning Transaction), are removed from its claims in this proceeding.

The joint settlement petition states that Suez will be permitted to file a tariff supplement with rates to become effective on one day's notice, no earlier than February 1, 2019. The proposed tariff supplement is attached to the joint settlement petition and marked as Appendix A. The proposed tariff supplement contains new rates designed to produce \$3.0

million in additional annual operating revenue, based upon the pro forma level of residential usage of 2,273,369 thousand gallons and commercial usage of 1,394,933 thousand gallons for the test period ending December 31, 2017.

The joint settlement petition states that Suez' allowed revenue requirement shall be allocated to rates among the rate classes in the same manner as proposed in its base rate filing.

The increases proposed in the joint settlement petition to the separate customer classes shall be scaled back proportionately; with the exception that no change shall be made to proposed, as-filed rates for Public Fire Hydrant Service.

The joint settlement petition provides that all Customer Service Charges for 5/8"-3/4" meter size service shall be \$14.50.

Tariff Supplement No. 53 shall be revised to allow the Non-Residential Standby Rate to be nominated in 100 gallons per day units. The Cost per Month per Hundred Gallons of Daily Demand shall be \$14.18, and the Cost per Thousand Gallons of standby usage shall be \$2.87.

The joint settlement petition provides that there shall be no additional amortizations, beyond those previously recognized by the Commission, recognized as a result of this proceeding.

Suez shall use the proposed depreciation rates as filed in this base rate filing.

In accordance with 52 Pa. Code § 69.55, the State Tax Adjustment Surcharge (STAS) for Suez shall be established at 0% effective with the effective date of settlement rates in this proceeding.

The Distribution System Improvement Charge (DSIC) for Suez shall be established at 0% of billed revenues effective with the effective date of settlement rates. The

DSIC shall remain at 0% of billed revenues until the later of: (a) the end of the fully projected future test year (FPFTY); or, (b) the quarter following the point in time at which Suez' DSIC-eligible investment, net of plant funded with customer advances and customer contributions, exceeds \$26.79 million. The \$26.79 million is calculated to include DSIC investment made beginning January 1, 2018, the beginning of the Future Test Year, and ending December 31, 2019, the end of the FPFTY. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

For purposes of calculating its DSIC, Suez shall use the equity return rate for water utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

The joint settlement petition acknowledges that issues regarding the impact of 66 Pa. C.S. § 1301.1 on the treatment of federal and state income tax deductions in calculating DSIC charges are currently being litigated before the Commission in Petition of Metropolitan Edison Co., et al., for Approval of a DSIC, Docket Nos. P-2015-2508942, P-2015-2508936, P-2015-2508931, and P-2015-2508948 (Petition of Met-Ed). Suez will not contest the right of a party to raise issues regarding the impact of 66 Pa. C.S. § 1301.1 on the treatment of federal and state income tax deductions in calculating DSIC charges by filing a complaint against its first quarterly DSIC charge filed after the resolution of the Petition of Met-Ed or by filing a pleading to initiate a generic proceeding.

Suez will continue to employ the methods to reduce Unaccounted-For Water as set forth on page 17 of John Hollenbach's Direct Testimony, SWPA Statement No. 1, and in the currently-effective version of 52 Pa. Code § 65.20.

Suez shall prepare Section 500 forms for each of its operating systems for which it submits a Chapter 110 Report and provide them to the OCA and the Pennsylvania Public Utility Commission's Bureau of Technical Utility Services (TUS) in live Excel format at the time of its Chapter 110 Report submission. Suez will include records supporting its estimate of Located and Repaired Breaks in Mains & Services.

Suez will provide TUS, I&E, OCA and OSBA, on or before April 30, 2019, with an update to SWPA Exhibit No. JDH-1 to include actual plant additions and retirements by month for the twelve months ending December 31, 2018. On or before October 31, 2019, Suez shall update SWPA Exhibit No. JDH-1 for the twelve months ending June 30, 2019. In Suez' next base rate proceeding, Suez shall prepare and submit a comparison of its actual expenditures and rate base additions for the twelve months ending December 31, 2019, to its projections in this case.

Suez will begin amortizing the total excess accumulated deferred income taxes (ADIT) (\$10,065,851) over 38 years, estimated to be \$264,891 annually, on the effective date of new rates approved in this proceeding. In its next base rate case, Suez will true-up this amount and flow back any differences to ratepayers based on a change to the average rate assumption method (ARAM) that is currently being determined by Suez' tax consultant.

Tax savings resulting from TCJA prior to the effective date of new rates pursuant to this Settlement will be provided to ratepayers as follows:

Suez will flow back to ratepayers via a reconcilable surcharge mechanism over a one-year period, the net savings associated with the reduction in federal income tax expense from January 1, 2018 through January 31, 2019 ("Federal Tax Adjustment Credit" or "FTAC"). Suez' estimated net savings of \$2.42 million will be increased to provide for interest accrued during 2018 and 2019. The interest will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law, 41 P.S. §§ 101 *et seq*, that is in effect on the last day of the month the over-collection or under-collection occurs.

The FTAC will be based on the difference in total annual revenue requirement before and after implementing the 2018 effects of the TCJA and the calculation will reflect the reduction in required revenues plus interest for 2018 and January 2019. The reduction in required revenues will be calculated by estimating annual applicable base revenues to develop the FTAC to be applied to customers' bills for service rendered during the twelve-month period beginning on the effective date of new rates.

The parties agree that the surcharge mechanism will be added to the Company's tariff as follows:

FTAC

The FTAC will refund the difference in revenue requirement created by the TCJA plus interest. A credit value of 4.91% will apply to all charges except the DSIC during the period February 1, 2019 through January 31, 2020 to pass the January 1, 2018 through January 31, 2019 tax expense effects of the TCJA to customers.

The difference between the actual reduction in required revenue and the reduction in revenues produced by the FTAC as applied will be subject to refund or recovery in Suez' next base rate case. The actual reduction in required revenue will be calculated as the grossed-up difference between the tax expense for the period January 1, 2018 through January 31, 2019 after the TCJA and the tax expense for the same period as it would have been calculated pre-TCJA plus interest.

If, after the twelve-month refund period elapses, the calculated amount of tax expense savings to be refunded to customers is greater than the estimated refund amount of \$2.42 million or if Suez has not refunded the full tax expense savings amount, Suez will provide interest on any necessary reconciliation at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law, 41 P.S. §§ 101 *et seq.*. If the calculated amount of tax expense savings to be refunded to customers is less than the estimated refund amount of \$2.42 million or Suez has refunded more than the actual tax expense savings amount, Suez will forego interest on any necessary reconciliation.

Within 30 days of a final, unappealed Commission order on the tariff supplement filing of Pennsylvania-American Water Company at Docket No. R-2018-3002504, Suez shall file a tariff supplement consistent with the Commission's resolution in that proceeding of the

issue of cost responsibility for, and ratemaking treatment of, income taxation of CIAC. Until such time as Suez' tariff supplement becomes effective and unappealable, Suez shall require the developer to either present a letter of credit in the amount of grossed-up income tax that would be owed on the CIAC or to hold such amount in escrow; the letter of credit or escrow funds, as the case may be, shall be released to the appropriate party within 15 business days of the tariff supplement becoming effective and unappealable. The amount of grossed-up income tax owed will be calculated by multiplying the CIAC by a factor of 1.4063 and then deducting the CIAC amount from that number. Notwithstanding the foregoing, any existing CIAC agreement between Suez and a developer shall remain in full force and effect without modification.

Suez shall not file with the Commission a tariff or tariff supplement proposing a general increase in base rates earlier than April 29, 2021, provided that the foregoing provision shall not prevent Suez from filing a tariff or tariff supplement: (a) proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal tax policies affecting Suez' rates or (b) proposing a rate increase of less than \$1 million to be applied exclusively to customers in the service territory addressed in the Mahoning Transaction, in order to move such customers toward the Mahoning system's cost of service. Parties maintain their rights to participate in and contest any ratemaking item or issue relevant to such filing.

Suez shall establish and document a valve maintenance program by January 1, 2019 that will set forth a minimum number of valves to exercise annually.

Within 60 days of Commission approval of the joint settlement petition, Suez shall meet with OCA and I&E to discuss proposed modifications to Suez' social media outreach to consumers regarding quality of service events.

In Suez' next base rate proceeding, Suez shall prepare and submit a complaint log in sortable Excel format. The log will include complaints made to Suez about its service or facilities, showing the name and address of the complainant, the date and character of the complaint, and the final disposition of the complaint.

With regard to service-related issues, in response to concerns raised by OCA in its testimony in this case and by consumers at the public input hearings, Suez has taken or will take the actions set forth below:

Response to Concerns of Douglas Hassenbein

Representatives of Suez met with Mr. Hassenbein on several occasions after the public input hearing in this proceeding. Suez has investigated each of Mr. Hassenbein's previous complaints about discolored water. In some cases, Suez was able to identify the cause of the discoloration (main breaks in the area or authorized/unauthorized water use). In other cases, Suez was not able to identify the cause of the discoloration. Suez explained to Mr. Hassenbein that the apartment complex in which he lives is served by a lengthy galvanized service line, which is maintained by the owner of the apartment complex. To the extent that the discoloration is caused by this line, the owner of the apartment complex is responsible for addressing the problem. Suez continues to meet with Mr. Hassenbein to address his concerns and will update the OCA after each meeting with Mr. Hassenbein.

Response to Concerns of the Borough of Mechanicsburg

Representatives of Suez have been in contact with Roger Ciecierski, the Borough Manager of Mechanicsburg, throughout the line repair/replacement project, providing updates and addressing issues that were expressed to Suez. Nevertheless, in an effort to improve communications between Suez and the Borough, representatives of Suez met with representatives of the Borough of Mechanicsburg following the public input hearings in this case. In addition, Suez is developing a customer communication plan for future projects of an extended duration, such as the instant project. Suez will provide a draft of its communication plan to the OCA.

Response to Concerns of a Resident of the Cherrington Condo Community in Harrisburg

After the OCA brought this complaint to the attention of Suez, it investigated the resident's allegations of discolored water at the complex during July 2018. This investigation determined that the discolored water was confined to the complex and was not a system-wide problem. To the extent that the discoloration is caused by the service line from Suez' main to the various buildings in the complex, the owner of the condominium community is responsible for addressing the problem.

Response to Concerns of a Resident located on Cardinal Drive,
Harrisburg

After this customer filed a complaint against the rate case, Suez investigated the complainant's allegations of low water pressure and discolored water. Suez placed a pressure recording device on two hydrants near the customer's residence for seven days. The results indicated the pressure in the main ranged between 68 and 81 psi, which is above the 25-psi minimum required by the PUC's regulations. Suez will contact the customer to provide the pressure reading results and respond to the allegation of discolored water.

All other provisions of Suez' base rate filing as reflected in Tariff Supplement No. 53 shall be adopted without modification in Suez' base rate increase compliance tariff supplement filing.

PUBLIC INTEREST

The terms recited above are in the public interest and balance the interests of Suez' customers and the interests of Suez. The total increase in annual revenues of \$3.0 million that PBA, Suez, I&E, OCA and OSBA have agreed to in the settlement petition is approximately \$3.2 million less than Suez' original request of \$6.2 million. OCA points out that this represents an increase of 6.4% over present revenues and is less than the amount originally requested by Suez. OCA states that based on its analysis of Suez' filing, discovery responses received, and testimony by all parties, the revenue increase under the joint settlement petition represents a result that would be within the range of likely outcomes in the event of full litigation of the case. OCA states that the increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other conditions contained in the joint settlement petition. I&E supports the negotiated \$3.0 million revenue increase since it is within the levels advanced in the evidentiary record and reflect a compromise of all revenue related issues raised by the parties.

The rate increase is necessary due, in large part, to completed, ongoing and future capital investments. In particular, the Route 15 main extension to serve customers in Montour and Cooper Townships, is budgeted to cost approximately \$8.5 million and is on schedule to be

completed by December 31, 2019, the end of the FPFTY. This extension will help provide service to an area that was recently acquired by Suez. In addition, the Sixth Street Water Treatment Intake at Rockville and Bloomsburg Plant are expected to cost approximately \$3.0 million and are to be in service no later than December 31, 2019, the end of the FPFTY. Providing sufficient revenue to allow construction of these projects is in the public interest because it will allow Suez to improve service to its customers by upgrading its facilities.

Additionally, Suez has made investments and commitments to enhance service to its customers, including permitting e-billing; striving to answer all customer calls within 30 seconds or less; having an average call abandonment rate of 3% to 5%; obtaining 99% of its customer meter reads on the first attempt; maintaining its "SUEZ Cares" program to assist those genuinely impacted by challenging economic times; and waiving its existing convenience fee for credit card payment. Suez has also taken several proactive steps to improve customer outreach and education programs, as well as to receive input and feedback from customers. Providing sufficient revenue to allow Suez to continue these initiatives is in the public interest because it will allow Suez to improve service to its customers.

While acknowledging that the agreed upon increase in revenues is less than it requested, Suez acknowledges that the increase will allow it to meet the obligations outlined above, earn a fair rate of return and provide safe, reasonable and adequate service to its customers. The agreed upon increase in annual revenues is in the public interest because the additional revenue will enable Suez to maintain its quality of service and make improvements to its infrastructure.

The joint settlement petition provides for the removal of Suez' claims associated with its acquisition of the water system assets of Mahoning Township. The Mahoning Township application is currently pending before the Commission at Docket No. A-2018-3003519. OCA and I&E opposed the inclusion of the proposed Mahoning Township system in Suez' base rate proceeding. At the time of Suez' base rate filing, Suez had not yet filed an application to acquire Mahoning Township, yet Suez included projected costs associated with the acquisition in its

revenue requirement claim and proposed a rate increase for the customers that could potentially be acquired from Mahoning Township.

Both OCA and I&E argued this was premature because it was unknown whether the Commission would approve the acquisition and there had been no determination regarding the value of the system for inclusion in rate base. In addition, OCA and I&E raised questions of whether Mahoning Township costs could lawfully be included in rate base in a base rate proceeding filed prior to the disposition of an acquisition proceeding filed under Sections 1102 and 1329 of the Public Utility Code, 66 Pa. C.S. § 1102, 1329(d)(5),(g). Moreover, Mahoning Township customers had not received any notice of the potential increase to their rates or opportunity to participate in the base rate proceeding.

For the reasons identified in OCA's and I&E's testimony in this proceeding, removing the claims associated with the Mahoning Township acquisition is an appropriate compromise. If the Mahoning Township acquisition is approved by the Commission before the end of the stay-out period, the joint settlement petition provides that Suez may file a base rate proceeding for less than \$1 million to be applied only to the customers in the service area acquired in the Mahoning Transaction. This provision of the joint settlement petition is in the public interest since it will allow Suez to continue with the Mahoning Transaction but give Mahoning Township customers timely notice of any proposed rate increase.

The joint settlement petition addresses Suez' DSIC. The joint settlement petition provides that Suez' current DSIC will be reset at zero. The DSIC will remain at 0% of billed revenues until the later of: (i) the end of the FPFTY (December 31, 2019); or, (ii) the quarter following the point in time at which Suez' DSIC-eligible investment, net of plant funded with customer advances and customer contributions, exceeds \$26.79 million. The \$26.79 million is calculated to include DSIC investment made beginning January 1,2018 (i.e., the beginning of the Future Test Year) and ending December 31,2019 (i.e.,the end of the FPFTY).

OCA supports this provision. This DSIC-spend stay-out is intended to avoid any double-collection of DSIC-eligible claims that were included in Suez' base rate filing. The stay-

out amount was carefully negotiated by the parties and reflects a reduction of the originally-claimed DSIC spend. This provision is in the public interest because Suez' customers will benefit from the plant improvements through improved service and reliability but will be protected from the possibility of having to pay for the same improvement through both the DSIC and this proceeding.

OCA recommended that, pending the outcome of the Petition of Met-Ed proceeding, any necessary changes to Suez' DSIC calculation and tariff should be addressed in a future filing. Consistent with this recommendation, the joint settlement petition reserves the parties' right to challenge Suez' DSIC calculation regarding the impact of 66 Pa. C.S. § 1301.1 until after the Petition of Met-Ed has been resolved.

Because the joint settlement petition is a black box settlement, there is no fully-litigated return on equity (ROE) to be used for future DSIC calculation purposes. The parties have agreed that Suez will use the equity return rate for water utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1). The parties consider the use of the Commission Staff-calculated ROE to be a fair compromise. OCA supports this provision. This provision is in the public interest because Suez' customers will benefit from improvements to Suez' distribution system through improved service and reliability.

The joint settlement petition addresses various aspects of rate design. Suez originally proposed increasing the residential customer charge for customers with 5/8-3/4 inch meters to \$15 per month. The joint settlement petition provides for a residential customer charge of \$14.50 per month. I&E presented testimony on this issue and supports the joint settlement petition's provision. OCA states that the customer charge and residential rate design established through the joint settlement petition are reasonable and consistent with sound ratemaking principles. Combined with the lower revenue requirement increase than Suez sought, OCA

contends that these rate design changes result in rates that are significantly below the rates originally proposed by Suez and within the range of likely outcomes in the event of full litigation of the case.

Based on its review of the cost of service studies presented in this proceeding, OCA views these provisions in the joint settlement petition to be within the range of reasonable outcomes that would result from the full litigation of this case. OCA states that the joint settlement petition allocation ensures reasonable movement of all classes relative to the system average rate of return under all cost studies presented in this case. The provisions of the joint settlement petition listed above regarding rate design are in the public interest since they will reflect the actual costs of providing service, reduce or eliminate the subsidies that certain rate classes currently receive, promote gradualism and avoid rate shock.

Additionally, the joint settlement petition provides that the Non-Residential Standby Rate will be nominated in 100 gallons per day units, rather than 1,000 gallons per day units. The Cost per Month per Hundred Gallons of Daily Demand will be \$14.18, and the Cost per Hundred Gallons of standby usage will be \$0.287.

OSBA proposed an alternative to Suez' original proposal for standby rates. Its proposal was lower than Suez' original proposal. OSBA also recommended that Suez' standby tariff permit its customers to nominate daily standby capacity in 100-gallon per day units and that standby rates be subject to scale back at the conclusion of the proceeding. The joint settlement petition is consistent with OSBA's recommendations. OSBA concludes that the standby charge rate design is a fair and reasonable resolution. This provision of the joint settlement petition is in the public interest because it promotes gradualism and avoids rate shock.

The joint settlement petition addresses treatment of the tax savings resulting from the TCJA. Suez will begin amortizing the total excess ADIT (\$10,065,851) over 38 years, on the effective date of new rates. In its next base rate case, Suez will true-up this amount and flow back any differences to ratepayers based on a change to the ARAM method that is currently

being determined by its tax consultant. Tax savings resulting from the TCJA prior to the effective date of new rates will be provided to ratepayers as follows:

Suez will flow back to ratepayers via a reconcilable surcharge mechanism (FTAC) over a one-year period, the net savings associated with the reduction in federal income tax expense from January 1, 2018 through January 31, 2019. Suez' estimated net savings of \$2.42 million will be increased to provide for interest accrued during 2018 and 2019. The interest will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 et seq.) that is in effect on the last day of the month the over-collection or under-collection occurs.

The FTAC will be based on the difference in total annual revenue requirement before and after implementing the 2018 effects of the TCJA and the calculation will reflect the reduction in required revenues plus interest for 2018 and January 2019. The reduction in required revenues will be calculated by estimating annual applicable base revenues to develop the FTAC to be applied to customers' bills for service rendered during the twelve-month period beginning on the effective date of new rates.

OCA states that these provisions are consistent with the Commission's May 17, 2018 Order at M-2018-2641242 addressing the TCJA, which provided that tax savings and associated reductions in utility revenue requirements should be flowed back to consumers on a current basis. OCA asserts that the Commission's Order further provided that, with regard to utilities with pending base rate cases, the Commission expects the public utility and the parties in each such proceeding to address the effect of the federal tax rate reduction on the justness and reasonableness of the consumer rates charged during the term of the suspension period and, in particular, whether a retroactive surcharge or other measures is necessary to account for the tax rate changes. OCA also notes that the interest provision of the joint settlement petition reflects the treatment of interest directed by the Commission for other utilities in its Order. Accordingly, the OCA submits that it is appropriate that the parties to this proceeding agreed that Suez will timely refund the 2018 TCJA savings to customers via a negative surcharge.

OCA further submits that returning TCJA savings to customers as provided in the joint settlement petition is just and reasonable and in the public interest. I&E supports the terms of the joint settlement petition concerning the TCJA. This provision of the joint settlement petition is in the public interest because it is consistent with the Commission order addressing this issue and will lessen the proposed rate increase.

The joint settlement petition provides that Suez will file a tariff supplement consistent with the Commission's resolution of the issue of cost responsibility for, and ratemaking treatment of, income taxation of CIAC, in Pennsylvania-American Water Company's filing at Docket No. R-2018-3002504. Until Suez' tariff supplement becomes effective and unappealable, Suez will require the developer to either present a letter of credit in the amount of grossed-up income tax that would be owed on the CIAC or to hold such amount in escrow. Any existing CIAC agreement between Suez and a developer, however, shall remain in full force and effect without modification. Suez believes this provision is reasonable, as it avoids litigation in this case over a matter presently before the Commission in another proceeding.

I&E submitted testimony and supporting exhibits regarding the CIAC issue. I&E recommended that Suez' proposed gross-up methodology be approved because it appropriately recommends that the contributor, not existing Suez customers, pay for the income taxes associated with the contribution. In making its recommendation, I&E relied on the Commission Order in Investigation of Accounting and Ratemaking Associated with Contributions in Aid of Construction and Customer Advances, Docket No. I-880083 (Order entered June 14, 1989). However, I&E supports the proposal concerning CIAC in the joint settlement petition.

PBA opposed Suez' proposal that would require developers to be responsible for the income tax consequences of CIAC. PBA contended that Suez' proposal would place a financial burden on developers in the construction of main and service line extensions. PBA, I&E, OCA and Suez have agreed that consistent regulatory policy is critical on this issue and that the outcome of the Pennsylvania-American filing should be applied uniformly to all Pennsylvania water utilities. Promoting consistent regulatory policy is in the public interest. This provision of the joint settlement petition is in the public interest because it will avoid the

time and expense of litigating this issue on a case by case basis and will promote a consistent Commission policy concerning the water utilities' treatment of CIAC.

Suez has agreed to (i) establish a valve maintenance program; (ii) meet with the OCA and I&E to discuss modifications to Suez's social media outreach to consumers regarding quality of service events; and (iii) in its next base rate proceeding, submit a complaint log in sortable Excel format.

OCA expressed concerns regarding Suez' current valve maintenance program. In particular, OCA stated that Suez has a responsibility to properly maintain all of its water facilities, including exercising its isolation valves on a routine basis. OCA explained that it is important to exercise isolation valves to prevent the valves from seizing-up and getting stuck from corrosion or other deposits adjacent to the valve. An isolation valve that cannot be fully closed will increase the water loss during a water main break and increase the number of customers affected. OCA recommended that Suez exercise all isolation valves on its system by January 1, 2021. Through the joint settlement provision, Suez will develop a regular isolation valve maintenance schedule to address OCA's concerns regarding the importance of regular maintenance and the exercise of the isolation valves on all of Suez' systems. This provision of the joint settlement petition is in the public interest since it will potentially reduce the number of customers affected by a water main break and improve service and reliability.

OCA recommended that Suez maintain a complaint log in sortable Excel format. A complaint log will provide important information that will be necessary to investigate Suez' quality of service, including information regarding: (1) how quickly it responds to complaints; (2) whether or not an employee does an on-site inspection/evaluation and on-site tests or takes water samples for laboratory testing, when applicable; (3) how often that individual or nearby individuals have made similar complaints; and (4) how quickly Suez resolves the complaint. This provision of the joint settlement petition is in the public interest since it will lead to improved customer service.

OCA expressed concern regarding Suez' level of unaccounted for water (UFW) and the difficulty of reconciling Suez' UFW calculations between its Section 500 submissions and Chapter 110 Reports. OCA recommended that Suez prepare a separate Section 500 form for each system for which it submits a Chapter 110 Report and that Suez include records supporting its estimate of water volumes for "Located and Repaired Breaks in Mains and Services" in its Section 500 submissions. The joint settlement petition adopts OCA's recommendations. OCA contends that this provision will allow the parties to better analyze the UFW data, reconcile it with the Department of Environmental Protection Chapter 110 Report information, and to more easily identify locations where improvement is necessary. This provision of the joint settlement petition is in the public interest since it will improve the monitoring of UFW, reduce the amount of UFW and reduce the additional expenses resulting from UFW.

The joint settlement petition provides that Suez will not file for a general increase in base rates earlier than April 29, 2021, except that Suez can (i) propose a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal tax policies affecting Suez' rates or (ii) proposing a rate increase of less than \$1 million to be applied exclusively to customers in the service territory addressed in the Mahoning Transaction, in order to move such customers toward the Mahoning system's cost of service. Suez believes this provision is reasonable and in the public interest, considering that it withdrew from its rate increase request any claims associated with its acquisition of the water system assets of Mahoning Township.

New rates under the joint settlement petition will not become effective until February 1, 2019. This negotiated delay in the implementation of new rates will give customers additional time to prepare for the increase and does not materially interfere with Suez' financial planning. OCA and I&E support both the stay out provision and the effective date for the new rates.

These two provisions of the joint settlement petition listed above addressing the effective date and proposed duration of the agreed upon rates are in the public interest because

they will provide rate stability to Suez' customers, which ensures that Suez' customers will obtain a benefit from approval of the settlement petition.

Approving and adopting the joint settlement petition is also in the public interest because accepting the joint settlement petition will avoid the substantial time and expense involved in litigating the proceeding. Accepting the joint settlement petition will negate the need to examine or cross-examine witnesses, prepare main briefs, reply briefs, exceptions and reply exceptions and possibly file appeals. This is in the public interest because avoiding these expenses serves the interests of PBA, Suez, I&E, OCA, OSBA and Suez' customers.

CONDITIONS OF SETTLEMENT

The settlement outlined in the joint settlement petition is conditioned upon the Commission's approval of the terms and conditions contained in the joint settlement petition without modification. If the Commission modifies the joint settlement petition, PBA, Suez, I&E, OCA or OSBA may elect to withdraw from the joint settlement petition and may proceed with litigation and, in such event, the joint settlement petition shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within five (5) business days after the entry of an order modifying the joint settlement petition. PBA, Suez, I&E, OCA and OSBA acknowledge and agree that the joint settlement petition, if approved, shall have the same force and effect as if PBA, Suez, I&E, OCA and OSBA had fully litigated this proceeding.

The joint settlement petition is proposed by PBA, Suez, I&E, OCA and OSBA to settle all issues in the instant proceeding. If the Commission does not approve the joint settlement petition and the proceedings continue, PBA, Suez, I&E, OCA and OSBA reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The joint settlement petition is made without any admission against, or prejudice to, any position which PBA, Suez, I&E, OCA or OSBA may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

PBA, Suez, I&E, OCA and OSBA acknowledge that the joint settlement petition reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this settlement.

CONCLUSION

For the reasons set forth above, I find that the proposed settlement is in the public interest and consistent with the requirements of 66 Pa. C.S. § 1308. Accordingly, I recommend that the Commission approve the proposed settlement and that Suez file a tariff supplement reflecting the rates set forth in its proposed compliance tariff attached to the joint settlement petition as Appendix "A" to become effective on one day's notice, no earlier than February 1, 2019.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of and the parties to this proceeding. 66 Pa.C.S. § 1308.
2. Suez Water Pennsylvania, Inc. has satisfied the requirements of Section 1308 of the Public Utility Code and Section 53.52 of the Commission's regulations. 66 Pa.C.S. § 1308, 52 Pa.Code § 53.52.
3. Suez Water Pennsylvania, Inc. has met its burden of proof that it is entitled to an increase in annual revenues of \$3.0 million. 66 Pa.C.S. §§ 315 and 332.
4. No customer complainant presented evidence with respect to the claims set forth in their formal complaint; therefore, each failed to satisfy the burden of proof with respect to those claims. 66 Pa.C.S. §§ 315 and 332.

5. The settlement filed on October 10, 2018 among PBA, Suez, OCA, I&E and OSBA is in the public interest and should be approved by the Commission. Pa. Pub. Util. Comm'n v. York Water Co., Docket No. R-00049165 (Order entered October 4, 2004).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That Suez Water Pennsylvania, Inc. shall not place into effect the rates contained in Supplement No. 53 to Tariff Water-Pa. P.U.C. No. 7.

2. That the settlement petition filed on October 10, 2018 among the Pennsylvania Builders Association, Suez Water Pennsylvania, Inc., the Office of Consumer Advocate, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and the Office of Small Business Advocate in the above-captioned case is approved and adopted.

3. That Suez Water Pennsylvania, Inc. shall file a tariff supplement reflecting the rates set forth in its proposed compliance tariff attached to the settlement petition as Appendix "A" to become effective on one day's notice after entry of the Commission's Final Order, no earlier than February 1, 2019.

4. That the stipulation for admission of evidence filed on October 10, 2018 among the Pennsylvania Builders Association, Suez Water Pennsylvania, Inc., the Office of Consumer Advocate, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and the Office of Small Business Advocate in the above-captioned case is approved and adopted.

5. That the following documents are admitted into the record as set forth in the stipulation for admission of evidence filed on October 10, 2018:

A. SUEZ Water Pennsylvania Inc. Statements and Exhibits

1. Direct

a. SWPA Statement No. 1 – Direct Testimony of John D. Hollenbach and Exhibits JDH-1 and JDH-2;

b. SWPA Statement No. 2 – Direct Testimony of Constance E. Heppenstall and Exhibits CEH-1 and CEH-2;

c. SWPA Statement No. 3 – Direct Testimony of James C. Cagle and SWPA Exhibit JCC-1;

d. SWPA Statement No. 4 – Direct Testimony of Harold Walker, III and Exhibit HW-1 (including Schedules 1-27);

e. SWPA Statement No. 5 – Direct Testimony of Dylan W. D’Ascendis and SWPA Exhibit No. 5 (including Schedules DWD-1 through DWD-8);

f. SWPA Statement No. 6 – Direct Testimony of Paul R. Herbert and SWPA Exhibit No. PRH-1 and SWPA Exhibit No. PRH-2; and,

g. SWPA Statement No. 7 – Direct Testimony of John J. Spanos and Exhibits JJS-1 through JJS-3.

2. Rebuttal

a. SWPA Statement No. 1R – Rebuttal Testimony of John D. Hollenbach and Exhibit JDH-1-R;

b. SWPA Statement No. 2R – Rebuttal Testimony of Constance E. Heppenstall and Exhibits CEH-1-R through CEH-3-R;

c. SWPA Statement No. 3R – Rebuttal Testimony of James C. Cagle and Exhibits JCC-1 Rebuttal and JCC-2 Rebuttal;

d. SWPA Statement No. 4R – Rebuttal Testimony of Harold Walker III and Updated Schedule 1;

e. SWPA Statement No. 5R – Rebuttal Testimony of Dylan W. D’Ascendis and Exhibit 5;

f. SWPA Statement No. 6-R – Rebuttal Testimony of Paul R. Herbert and Exhibits 6-R-1 through 6-R-3; and,

g. SWPA Statement No. 7R – Rebuttal Testimony of John J. Spanos, and Rebuttal Exhibits JJS-1 through JJS-3.

B. Bureau of Investigation and Enforcement Statements and Exhibits

1. Direct

a. I&E Statement No. 1 – Direct Testimony of Brenton Grab and I&E Exhibit No. 1 (including Schedules 1 through 16);

b. I&E Statement No. 2 – Direct Testimony of D. C. Patel and I&E Exhibit No. 2 (including Schedules 1 through 7).

c. I&E Statement No. 3 – Direct Testimony of Ethan H. Cline and I&E Exhibit No. 3 (including Schedules 1 through 19).

2. Surrebuttal

a. I&E Statement No. 1-SR – Surrebuttal Testimony of Brenton Grab and I&E Exhibit No. 1-SR (including Schedule 1);

b. I&E Statement No. 2-SR – Surrebuttal Testimony of D. C. Patel; and,

c. I&E Statement No. 3-SR – Surrebuttal Testimony of Ethan H. Cline and I&E Exhibit No. 3-SR (including Schedules 1 through 6).

C. Office of Consumer Advocate Statements and Exhibits

1. Direct

a. OCA Statement No. 1 (Corrected) – Direct Testimony of Lafayette K. Morgan, Jr. and Schedules LKM-1 through LKM-25;

b. OCA Statement No. 2 – Direct Testimony of Aaron L. Rothschild and Schedules ALR-1 through ALR-9;

c. OCA Statement 3 – Direct Testimony of Jerome D. Mierzwa and Schedules JDM-1 and JDM-2; and,

d. OCA Statement 4 – Direct Testimony of Terry L. Fought and Exhibits TLF-1 through TLF-9.

2. Surrebuttal

a. OCA Statement 1-SR – Surrebuttal Testimony of Lafayette K. Morgan, Jr. and Surrebuttal Schedules LKM-1 through LKM-24;

b. OCA Statement No. 2-SR – Surrebuttal Testimony of Aaron L. Rothschild; and,

c. OCA Statement No. 3-SR – Surrebuttal Testimony of Jerome D. Mierzwa.

D. Office of Small Business Advocate Statements and Exhibits

OSBA Statement No. 1 – Direct Testimony of Brian Kalcic and Exhibits BK-1 and Interrogatory Response OCA-I-3.

E. Pennsylvania Builders Association

PBA St. No. 1 – Direct Testimony of Daniel E. Durden.

6. That two copies of each filing statement and exhibit listed in the stipulation for admission of evidence be filed with the Secretary of the Pennsylvania Public Utility Commission, unless previously filed.

7. That all filings designated as “confidential” be placed in the non-public folders by the Secretary of the Pennsylvania Public Utility Commission.

8. That the investigation at Docket R-2018-3000834 be terminated and marked closed.

9. That the complaint filed by the Office of Consumer Advocate in this proceeding at Docket Number C-2018-3001786 be deemed satisfied and marked closed.

10. That the complaint filed by the Office of Small Business Advocate in this proceeding at Docket Number C-2018-3002132 be deemed satisfied and marked closed.

11. That the complaint filed by James and Reva Crownover in this proceeding at Docket Number C-2018-3003017 be dismissed and marked closed.

Date: October 23, 2018

/s/
David A. Salapa
Administrative Law Judge