



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

March 12, 2020

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Wellsboro Electric Company
Supplement No. 125 to Tariff Electric – Pa. PUC No. 8
Docket No. R-2019-3008208
I&E Exceptions

Dear Secretary Chiavetta,

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

Copies are being served on parties of record as identified in the attached Certificate of Service. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

John M. Coogan
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JMC/ac
Enclosure

cc: Honorable Steven K. Haas (ALJ, PUC Harrisburg)
Honorable Benjamin J. Myers (ALJ, PUC Harrisburg)
Office of Special Assistants (via E-Mail only RA-OSA@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

v.

Wellsboro Electric Company
Supplement No. 125 to Tariff Electric –
Pa. PUC No. 8

Docket No. R-2019-3008208

**EXCEPTIONS
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

John M. Coogan
Prosecutor
PA Attorney ID No. 313920

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

Dated: March 12, 2020

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I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) files the following Exceptions to the Recommended Decision of Administrative Law Judges Steven K. Haas and Benjamin J. Myers (“ALJs”) issued on February 28, 2020 in the above-captioned proceeding. I&E respectfully requests that its Exceptions be granted and that the referenced portions of the Recommended Decision be reversed or modified consistent with these Exceptions and the arguments made in I&E’s pre-served testimony and exhibits, Main Brief, and Reply Brief.

A. Procedural Background

On July 1, 2019, Wellsboro Electric Company (“Wellsboro” or “Company”), filed Supplement No. 125 to Tariff Electric Pa. P.U.C. No. 8 which proposed an annual distribution revenue increase of \$1,419,610 (27.7%), to become effective August 30, 2019. Wellsboro used the Fully Projected Future Test Year (“FPFTY”) ending December 31, 2020 as the basis for its rate increase request.¹ Also on July 1, 2019, Wellsboro filed a Petition for Waiver of Filing Requirements Under 52 Pa. Code § 53.53 (“Petition”), requesting waiver of the informational requirements for general rate increase requests in excess of \$1,000,000 as set forth in 52 Pa. Code § 53.53 of the Commission’s regulations. I&E, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) filed both a Joint Answer in opposition to Wellsboro’s Petition, as well as a Motion of the Joint Statutory Advocates to Reject the Base Rate

¹ The Company used the following test years in its filing: FPFTY ends December 31, 2020, the future test year ended December 31, 2019, and the historic test year ended December 31, 2018. Wellsboro Statement No. 1, p. 2.

Filing (“Joint Motion to Reject”) on July 22, 2019.² On July 29, 2019, Wellsboro filed its Answer to the Joint Motion to Reject. On July 31, 2019, Wellsboro filed revised schedules and tariff pages with a revised annual distribution revenue increase of \$999,967 (19.5%), without withdrawing the Petition or waiving its rights to appeal the staff determination. On August 8, 2019, the Commission denied Wellsboro’s Petition.

On August 29, 2019, pursuant to 66 Pa. C.S. § 1308(d), the Commission ordered suspension of the proposed tariff changes until March 30, 2020, unless permitted by Commission Order to become effective at an earlier date. The Commission directed that the case be assigned to the Office of Administrative Law Judge for Alternative Dispute Resolution, if possible, and scheduling of hearings as may be necessary for the Administrative Law Judge to render a Recommended Decision. On September 9, 2019, the Company filed a tariff suspension, voluntarily suspending its proposed tariff to April 29, 2020. A Prehearing Conference was held on September 13, 2019 at 10:00 a.m., before the ALJs. On October 2, 2019, the Company filed an additional tariff suspension, further voluntarily suspending its proposed tariff to May 1, 2020.

Pursuant to the procedural schedule agreed to at the Prehearing Conference, the parties exchanged direct, rebuttal, and surrebuttal testimony, as well as oral rejoinder outlines. I&E served the following testimony and exhibits:

- I&E Statement No. 1, I&E Exhibit No. 1, I&E Statement No. 1-SR, and I&E Exhibit No. 1-SR, the prepared direct and surrebuttal testimony and exhibits of I&E witness D.C. Patel, who addressed the Company’s operating and maintenance expenses, and overall revenue requirement;

² I&E and OSBA entered their appearances in this proceeding on July 19, 2019 and July 22, 2019, respectively. OCA filed a Formal Complaint on August 5, 2019.

- I&E Statement No. 2, I&E Exhibit No. 2, and I&E Statement No. 2-SR, the prepared direct and surrebuttal testimony and exhibit of I&E witness Anthony Spadaccio, who addressed the Company's rate of return request;
- I&E Statement No. 3, I&E Exhibit No. 3, and I&E Statement No. 3-SR, the prepared direct and surrebuttal testimony and exhibit of I&E witness Ethan Cline, who addressed the Company's rate base and rate structure requests.

Full evidentiary hearings were held December 16 and 17, 2019, in Harrisburg. I&E filed its Main Brief on January 8, 2020 and its Reply Brief on January 22, 2020 pursuant to the procedural schedule and ALJs' direction in this case.³ Wellsboro, OCA, and OSBA also filed their Main Briefs and Reply Briefs on January 8, 2020 and January 22, 2020, respectively. On February 28, 2020, the ALJs issued their Recommended Decision. Pursuant to the Secretarial Letter filed March 6, 2020, I&E files these timely Exceptions.⁴

B. Summary of I&E Exceptions

Regarding Wellsboro's rate filing, I&E recommended certain downward adjustments to operating and maintenance ("O&M") expenses, rejection of adjustments to return on equity ("ROE") for size and performance, and reporting on certain accounting forecasts. Although the ALJs recommended rejection of I&E's position on

³ The ALJs' original procedural schedule set January 6, 2020 as the due date for Main Briefs and January 17, 2020 as the due date for Reply Briefs. *Pa. P.U.C. v. Wellsboro Electric Company*, Docket No. R-2019-3008208, Scheduling Order, p. 4 (September 16, 2019). Due to extensive errors with the hearing transcript requiring parties' review and submission of errata, the ALJs agreed to postpone the Main Brief due date to January 8, 2020 and Reply Brief due date to January 22, 2020. E-mail from ALJs to parties, December 31, 2019.

⁴ By Secretarial Letter dated February 28, 2020, the Commission set the Exceptions due date as March 11, 2020 and the Reply Exceptions due date as March 18, 2020. On March 2, 2020, I&E filed a Petition for Extension of Time to File Exceptions and Reply Exceptions. The March 6, 2020 Secretarial Letter granted I&E's petition and extended the due date of Exceptions to March 13, 2020 and Reply Exceptions to March 23, 2020.

these issues,⁵ I&E avers the ALJs erred because Wellsboro did not meet its burden of proof by producing substantial evidence supporting certain O&M claims⁶ and an adjustment to ROE for size and performance.⁷ Additionally, the ALJs erred as a matter of law by approving certain O&M claims based on stale evidence contradicted by Wellsboro's expert testimony, for which parties were deprived due process to examine in surrebuttal testimony, hearings, and Main Brief. Finally, the ALJs erred by rejecting modest reporting requirements fully within the Commission's authority to mandate, which would provide important information the Commission has expressed in interest in obtaining and many utilities have agreed to provide. Therefore, for the reasons explained fully below, I&E respectfully requests the Commission approve the following Exceptions.

II. I&E EXCEPTIONS

A. **I&E Exception No. 1: The ALJs erred by recommending rejection of I&E's adjustment for Maintenance of Overhead Lines/Vegetation Management (Account 593)**

Recommended Decision: Pages 25-28

I&E Main Brief: Pages 22-23

I&E Reply Brief: Pages 13-14

The ALJs recommend that the Commission approve a total claim of \$616,519.33

⁵ The ALJs did accept some downward O&M adjustments recommended by I&E. These exceptions only discuss certain O&M adjustments recommended by I&E rejected by the ALJs.

⁶ I&E notes its exceptions may need to be further adjusted if the Commission accepts the ALJs rejection of the Company's inflation adjustment. However, because I&E did not challenge the Company's inflation adjustment during the proceeding, I&E does not reflect removal of the inflation adjustment herein.

⁷ To meet its burden of proof, Wellsboro must produce substantial evidence. Recommended Decision, p. 4 (citing *Lower Frederick Twp. Water Co. v. Pa. Pub. Util. Comm'n.*, 48 Pa. Cmwlth. 222, 226-227, 409 A.2d 505, 507 (1980); *Brockway Glass Co. v. Pa. Pub. Util. Comm'n.*, 63 Pa. Cmwlth. 238, 437 A.2d 1067 (1981)).

for Maintenance of Overhead Lines/Vegetation Management Expense.⁸ I&E avers the ALJs erred because substantial evidence does not exist to support an expense claim greater than \$580,364. Wellsboro has provided varying figures to support this expense throughout the proceeding, but the Commission should only find Wellsboro has met its burden of proof to support an expense claim of \$580,364. First, testimony from Wellsboro's primary O&M witness, Howard Gorman, for Account 593 – Maintenance of Overhead Lines only supports a claim of \$580,364.⁹ Second, the three year average expense for Account 593 is \$518,492.¹⁰ Even if an additional \$60,000 is added to Wellsboro's tree trimming budget for 2020,¹¹ total expense would only be \$578,492 for the FPFTY. Lastly, Wellsboro provided updated expenses of \$515,199.33 through November 30, 2019, and annualizing and escalating this amount by 3% would only produce a claim of \$578,896.70.¹² Although Wellsboro witness Byron Farnsworth also provided projections for December 2019 of \$81,320,¹³ this amount was only an estimate, and should not be summarily accepted without final proof as it nearly doubled the average monthly spending on this expense for 2019 of \$46,836.30.¹⁴ Accordingly,

⁸ Recommended Decision, p. 28. The ALJs found that the record supports a FPFTY claim of \$656,519.33. However, accepting the OCA's proposal to normalize the claimed additional \$60,000 in additional tree trimming costs over three years, the ALJs recommended a total approval of \$616,519.33. Recommended Decision, pp. 27-28.

⁹ Wellsboro Statement No. 1-R, p. 4.

¹⁰ OCA Statement No. 1-SR (Revised), p. 7.

¹¹ Wellsboro witness Farnsworth claims an additional \$60,000 will be required for the 2020 tree trimming budget. Wellsboro Statement No. 6-R.

¹² See I&E Main Brief, Appendix E (Wellsboro response to On-the-Record Data Request).

¹³ Id. Wellsboro witness Farnsworth estimated an additional \$81,320 would be spent in December 2019. Therefore, total year spending, escalated by a 3% inflation factor, would produce a FPFTY claim of \$614,415 $((\$515,199.33 + \$81,320) \times 1.03)$.

¹⁴ $\$515,199.33 / 11 = \$46,836.30$.

viewing the record as a whole, I&E maintains Wellsboro has not provided substantial evidence to support a claim greater than \$580,364.

B. I&E Exception No. 2: The ALJs erred by recommending rejection of I&E's adjustment for Operations Supervision & Maintenance Expense (Account 580)

Recommended Decision: Pages 28-29

I&E Main Brief: Page 17

I&E Reply Brief: Pages 8-9

The ALJs recommend that the Commission approve a total claim of \$106,704 for Operations Supervision and Maintenance Expense.¹⁵ I&E avers the ALJs erred as a matter of law by weighing stale Company evidence in the briefing stage. Although Wellsboro's initial claim was for \$106,704, the final amount supported by Wellsboro witness Gorman was only \$86,662.¹⁶ Therefore, Wellsboro has not met its burden of proof to support a claim of \$106,704 when its expert witness testimony only supports a claim of \$86,662. Additionally, Commission regulations and due process principles clearly disallow presentation of late-brought claims.¹⁷ Although Wellsboro here reverts to its original claim, due process principles are still implicated. Specifically, by reverting to its original claim only in Main Brief, I&E was deprived of its ability to further respond or examine Wellsboro's claim in surrebuttal testimony, during hearings, and in Main Brief. Even if such error was allowed, substantial evidence does not exist to support an expense claim of more than \$86,662. The only reason Wellsboro gave for the prudence

¹⁵ Recommended Decision, p. 29.

¹⁶ Wellsboro Statement No. 1-R, p. 4.

¹⁷ 52 Pa. Code §§ 5.243(e)(2)-(3); *Pa. P.U.C. v. City of Lancaster – Sewer Fund*, 2007 WL 517134 (Pa. P.U.C. 2007) (Commission agreed with ALJ “new claims brought in on rebuttal are improper, unfair and a violation of due process”).

of its \$106,704 claim is “the expense for this account varies due to the projects, maintenance, and repairs occurring from year to year.”¹⁸ This vague rationale does not constitute substantial evidence supporting this claim. The ALJs state the \$106,704 claim is reasonable given “escalating operational activities that the Company has undertaken and that are still ongoing, including accelerating tree-trimming cycles”.¹⁹ However, there is no record evidence tying any escalating operational activities to the specific claim of \$106,704. Although the ALJs reference increased spending for Account 593, to the extent increased spending for that account is merited, it is a separate account and no evidence connecting increased spending for that account to Account 580 has been established. Therefore, I&E recommends the Commission find the record only supports an expense claim of \$86,662.

C. I&E Exception No. 3: The ALJs erred by recommending rejection of I&E’s adjustment for Safety and Communication Expense (Account 908-913)

Recommended Decision: Pages 34-36
I&E Main Brief: Pages 21-22
I&E Reply Brief: Pages 12-13

The ALJs recommend that the Commission approve a total claim of \$8,915 for Safety and Communication Expense.²⁰ I&E avers the ALJs erred as a matter of law by weighing stale Company evidence in the briefing stage. Although Wellsboro’s initial claim was for \$19,197, updated to \$12,694 in Wellsboro’s Main Brief, the final amount

¹⁸ Wellsboro Main Brief, p. 44.

¹⁹ Recommended Decision, p. 29.

²⁰ Recommended Decision, p. 29.

supported by Wellsboro witness Gorman was only \$5,013.²¹ Therefore, Wellsboro has not met its burden of proof to support a claim of either \$19,197 or \$12,694 when its expert witness testimony only supports a claim of \$5,013. Additionally, Commission regulations and due process principles clearly disallow presentation of late-brought claims.²² Although Wellsboro here reverts to its original claim, due process principles are still implicated. Specifically, by reverting to its original claim only in Main Brief, I&E was deprived of its ability to further respond or examine Wellsboro's claim in surrebuttal testimony, during hearings, and in Main Brief. Therefore, only Wellsboro's final witness position of \$5,013 should be considered as record support for this expense.

D. I&E Exception No. 4: The ALJs erred by recommending rejection of I&E's adjustment for Office Supplies and Expenses (Account 921)

Recommended Decision: Pages 36-39
I&E Main Brief: Pages 14-16
I&E Reply Brief: Pages 23-24

The ALJs recommend that the Commission approve a total claim of \$125,467 for Office Supplies and Expenses.²³ I&E avers the ALJs erred as a matter of law by weighing stale Company evidence in the briefing stage. Although Wellsboro's initial claim was for \$140,595, the final amount supported by Wellsboro witness Gorman was only \$64,367.²⁴ Therefore, Wellsboro has not met its burden of proof to support a claim of \$140,595 when its expert witness testimony only supports a claim of \$64,367.

²¹ Wellsboro Statement No. 1-R, p. 4.

²² 52 Pa. Code §§ 5.243(e)(2)-(3); *Pa. P.U.C. v. City of Lancaster – Sewer Fund*, 2007 WL 517134 (Pa. P.U.C. 2007) (Commission agreed with ALJ “new claims brought in on rebuttal are improper, unfair and a violation of due process”).

²³ Recommended Decision, p. 39.

²⁴ Wellsboro Statement No. 1-R, p. 2.

Additionally, Commission regulations and due process principles clearly disallow presentation of late-brought claims.²⁵ Although Wellsboro here reverts to its original claim, due process principles are still implicated. Specifically, by reverting to its original claim only in Main Brief, I&E was deprived of its ability to further respond or examine Wellsboro's claim in surrebuttal testimony, during hearings, and in Main Brief. Therefore, I&E recommends the Commission find the record only supports an expense claim of \$64,367.

E. I&E Exception No. 5: The ALJs erred by recommending rejection of I&E's adjustment for Rate Case Expense

Recommended Decision: Pages 41-45

I&E Main Brief: Pages 24-27

I&E Reply Brief: Pages 17-18

The ALJs recommend that Wellsboro's request to normalize \$326,000 for Rate Case Expense over 36 months be approved.²⁶ I&E avers the ALJs erred because substantial evidence does not exist to support deviation from the Commission's practice of setting a normalization period for Rate Case Expense based on historic filing frequency. If a historic filing frequency is used, the normalization period should be set at 48 months.²⁷ Although the ALJs recognize the Commission's practice is to set a normalization period based on historic filing frequency, they believe a shorter normalization period is justified by Wellsboro's citation to limited prospects for load

²⁵ 52 Pa. Code §§ 5.243(e)(2)-(3); *Pa. P.U.C. v. City of Lancaster – Sewer Fund*, 2007 WL 517134 (Pa. P.U.C. 2007) (Commission agreed with ALJ “new claims brought in on rebuttal are improper, unfair and a violation of due process”).

²⁶ Recommended Decision, pp. 44-45.

²⁷ I&E Main Brief, pp. 24-27. The time elapsed between Wellsboro's last four rate cases is 34 months, 75 months, and 37 months.

growth; increase in solar and combined heat and power (“CHP”); change in industry generally; continuing tree trimming, capital replacements, and other reliability enhancing projects; and significance of the time period since the last rate filing.²⁸

I&E avers these factors are not supported by substantial evidence and do not merit deviating from the Commission’s endorsed practice of reviewing historical filing frequency. Tree trimming and normal capital replacements are routine operational costs, and the cost of such activities are normally forecast in the annual budget.²⁹

Additionally, the Recommended Decision provides allowance for additional tree trimming costs.³⁰ The Company’s expectation about customers’ installation of solar and CHP projects and consequent revenue losses in the years following the rate case is speculative in nature.³¹ Wellsboro’s claims of limited prospects for load growth and change in industry generally are conclusory statements that lack support. And finally, reliance on the time elapsed since the Company’s last case (i.e., 37 months) is limited and not a representative consideration of the Company’s overall recent historic filing record.³²

The ALJs cite the Commission in *Pa. P.U.C. v. UGI Utilities, Inc. – Electric Division*³³ to support a normalization period based on future expectations.³⁴ However, the record justifying deviation from historic filing frequency was much more specific in *UGI Utilities, Inc. – Electric Division* than presented here. In *UGI Utilities, Inc. – Electric Division*, the Commission specifically found reference to \$8 million in annual

²⁸ Recommended Decision, pp. 44-45.

²⁹ I&E Statement No. 1-SR, p. 12.

³⁰ Recommended Decision, pp. 25-28.

³¹ I&E Statement No. 1-SR, p. 13.

³² I&E Statement No. 1, p. 7.

³³ Docket No. R-2017-2640058, (Order Entered October 25, 2018) (“*UGI Utilities, Inc. – Electric Division*”).

³⁴ Recommended Decision, p. 45.

spending for capital projects following the FPFTY would cause a \$3 million shortfall at the end of a three-year period.³⁵ By contrast, Wellsboro has provided no quantifiable or otherwise specific bases or projections why its proposed normalization period of 36 months is appropriate. I&E therefore continues to recommend the Commission approve normalization of Wellsboro's Rate Case Expense with reference to its historical filing frequency only, i.e., a 48-month average, resulting in a \$27,167 reduction to Rate Case Expense.

F. I&E Exception No. 6: The ALJs erred by accepting a size adjustment and basing the Company's ROE on the higher end of the DCF range

Recommended Decision: Pages 67-77

I&E Main Brief: Pages 50-52

I&E Reply Brief: Pages 23-24

Although the ALJs agreed with I&E that use of the Discounted Cash Flow ("DCF") and Capital Asset Pricing Model ("CAPM") models are the appropriate methods to determine return on equity ("ROE"),³⁶ the ALJs erred by finding substantial evidence exists to merit a size adjustment and award Wellsboro an ROE at the highest point of a standard deviation range for the DCF analysis.³⁷ After review of the parties' positions, the ALJs state they cannot conclude that size is or is not a risk for utilities.³⁸ Because the ALJs did not find utility-specific evidence exists to support a size adjustment, I&E avers Wellsboro has failed to meet its burden of proof justifying a size adjustment, and the Commission should reject a size adjustment inflating the results of a DCF analysis.

³⁵ *UGI Utilities, Inc. – Electric Division*, p. 60.

³⁶ Recommended Decision, p. 54.

³⁷ Recommended Decision, p. 76.

³⁸ Recommended Decision, pp. 74-75.

Although the ALJs did not find evidence of size risk for utilities, they did state “generally, size does seem to be a risk factor for companies”.³⁹ The ALJs credit such general size risk as justification to award a higher ROE for Wellsboro.⁴⁰ However, I&E asserts any support for size risk generally should not constitute evidence for utility-specific size risk. The ALJs have already found they are unable to conclude whether size is a risk for utilities. Although the ALJs also state they cannot conclude size is not a risk for utilities, I&E avers, because Wellsboro is the party with the burden of proof, the dispositive factor is that size risk for utilities has not been established. Additionally, the Commission in *UGI Utilities, Inc. – Electric Division* rejected a size adjustment and use of technical literature not specific to the regulated utility industry to support such adjustment.⁴¹

Besides Commission precedent, there are sound reasons to reject non-utility specific size adjustment analysis in utility rate making. Monopoly utilities are not subject to the same market-based risks facing competitive companies included in a general size adjustment analysis. Most utilities have a captive customer base, and if Wellsboro faces difficulties or unforeseen risks, they may request higher rates to offset increased expenses. As demonstrated in the discussion regarding Rate Case Expenses, Wellsboro already anticipates various challenges that it claims merit its return in approximately three years. Additionally, Wellsboro’s rate filing is made on a FPFTY basis, and therefore certain forecasted expenses are already included in its request. Accordingly,

³⁹ Recommended Decision, p. 75.

⁴⁰ Recommended Decision, pp. 75-76.

⁴¹ *UGI Utilities, Inc. – Electric Division*, p. 100.

I&E maintains size adjustment analysis for companies generally does not apply to utilities. Because Wellsboro has not met its burden of proof to provide evidence a size adjustment exists for utility companies, a size adjustment to ROE should be rejected.

G. I&E Exception No. 7: The ALJs erred by awarding the Company a 25-basis point upward adjustment for management effectiveness

Recommended Decision: Pages 77-80

I&E Main Brief: Pages 52-53

I&E Reply Brief: Page 24

The ALJs recommend that Wellsboro receive a 25-basis point upward adjustment for management effectiveness.⁴² Underlying its rationale, the ALJs state 66 Pa. C.S. § 523(a) “merely requires that the Commission consider a utility’s efficiency, effectiveness and adequacy of service”, and no particular remarkable or extraordinary level of operations or service is required to award an adjustment of management effectiveness.⁴³ Although Section 523 contains no mandate to award additional points, I&E avers the ALJs erred by finding substantial evidence exists to award Wellsboro a 25 point increase to ROE. To the extent awarding ROE basis points is found appropriate, consistent with the Commission’s decision in *UGI Utilities, Inc. – Electric Division*, the Commission should award no more than five basis points.⁴⁴ Although the Commission in *UGI Utilities, Inc. – Electric Division* found substantial evidence existed to award an upward adjustment to ROE for management effectiveness, it reduced the ALJs award from 20 points to 5 points, noting such adjustment is “reasonable, appropriate, and conservative

⁴² Recommended Decision, pp. 79-80.

⁴³ Recommended Decision, pp. 79-80.

⁴⁴ See I&E Statement No. 2-SR, p. 26.

based on Section 523 of the Code and better serves the public interest”.⁴⁵ Wellsboro has provided no evidence why specifically a 25 basis point upward adjustment is appropriate. Accordingly, I&E avers the Commission should reject a 25-basis point upward adjustment for Wellsboro and, if the Commission finds evidence merits an adjustment, the same rationale in *UGI Utilities, Inc. – Electric Division* should apply here to reduce the ALJs management effectiveness award.

H. I&E Exception No. 8: The ALJs erred by denying I&E’s recommendation Wellsboro be required to provide certain accounting reports

Recommended Decision: Pages 129-130

I&E Main Brief: Pages 69-72

I&E Reply Brief: Pages 29-30

The ALJs rejected I&E’s recommendation that Wellsboro be required to provide to the Commission’s Bureaus of Technical Utility Services (“TUS”) and I&E with an update to Wellsboro Exhibit_(HSG-1), Schedule C3(W) no later than April 1, 2020, including actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2019, followed by an additional update for actuals through December 31, 2020, no later than April 1, 2021.⁴⁶ Although the Commission has accepted this reporting requirement in many other rate proceedings,⁴⁷ the ALJs distinguish the current proceeding by stating previous occasions only reflect settlements, i.e., the utility voluntarily agreeing to the reporting requirement.⁴⁸

⁴⁵ *UGI Utilities, Inc. – Electric Division*, p. 115.

⁴⁶ Recommended Decision, pp. 129-130.

⁴⁷ See I&E Main Brief, p. 71, fn. 242.

⁴⁸ Recommended Decision, p. 130.

Although Wellsboro has not agreed to this reporting requirement recommendation, I&E asserts it is within the public interest and the Commission's discretion to require such reporting. The Public Utility Code provides the Commission broad power to require informational filings from utilities.⁴⁹ The ALJs agree with Wellsboro that the Commission may include such requirements at such time it adopts comprehensive FPFTY regulations, but should not do so in this single instance.⁵⁰ I&E maintains the fact that there are no current regulations regarding the FPFTY does not preclude the Company from filing the requested updates. If anything, it demonstrates that this type of reporting is needed until such regulations are implemented.

Indeed, the Commission has indicated the need to ascertain the accuracy of the FPFTY projections, stating "Section 315(e) of the Code... authorizes a Commission audit of the FPFTY results after the fact to determine whether they were accurate...".⁵¹ I&E's recommendation will provide an apples-to-apples comparison in a form directly corresponding to a schedule provided in the rate filing of what the Company is projecting and what actually will be in plant. Therefore, by adopting I&E's recommendation, TUS and I&E will have the information and opportunity required to review the accuracy of the Company's projections. Accordingly, I&E respectfully requests the Commission find the ALJs erred and require Wellsboro provide reports as outlined in I&E's recommendation.

⁴⁹ 66 Pa. C.S. § 505.

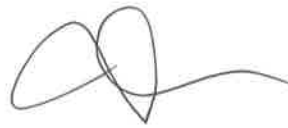
⁵⁰ Recommended Decision, p. 130.

⁵¹ *UGI Utilities, Inc. – Electric Division*, p. 26.

III. CONCLUSION

For the reasons discussed herein, and as supported by the record in this proceeding, I&E respectfully requests that the Commission grant its Exceptions to the ALJs' Recommended Decision regarding adjustments to certain O&M expenses, ROE for size and performance, and reporting on certain accounting forecasts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'John M. Coogan', with a stylized, looping initial 'J' and a horizontal line extending to the right.

John M. Coogan
Prosecutor
PA Attorney ID No. 313920

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400 North Street
Harrisburg, PA 17120

Dated: March 12, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2019-3008208
	:	
Wellsboro Electric Company	:	
Supplement No. 125 to Tariff Electric – Pa.	:	
PUC No. 8	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Exceptions** dated March 12, 2020, 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):

Served via First Class and Electronic Mail

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