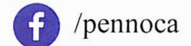
COMMONWEALTH OF PENNSYLVANIA

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

@pa_oca


/pennoca

FAX (717) 783-7152
consumer@paoca.org

March 23, 2020

Rosemary Chiavetta, Secretary
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. P.U.C. No. 8
Docket No. R-2019-3008208

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Exceptions in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Enclosures:
cc: The Honorable Steve K. Haas, ALJ **(Via electronic mail only)**
The Honorable Benjamin J. Myers, ALJ **(Via electronic mail only)**
Office of Special Assistants (**e-mail only:** ra-OSA@pa.gov)
Certificate of Service

*285404

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of March 2020.

SERVICE BY E-MAIL ONLY

John M. Coogan, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Adeolu A. Bakare, Esquire
Pamela C. Polacek, Esquire
Matthew L. Garber, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Sharon E. Webb, Esquire
Daniel G. Asmus, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923

Brian Kalcic
Excel Consulting
225 South Meramec Avenue
Suite 720
St. Louis, MO 63105

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Santo G. Spataro
Assistant Consumer Advocate
PA Attorney I.D. # 327494
E-Mail: SSpataro@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: March 23, 2020
*285424

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2019-3008208
	:	
Wellsboro Electric Company	:	

REPLY EXCEPTIONS
OF THE
OFFICE OF CONSUMER ADVOCATE

Santo G. Spataro
Assistant Consumer Advocate
PA Attorney I.D. # 327494
E-Mail: SSpataro@paoca.org

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: March 23, 2020

TABLE OF CONTENTS

I. INTRODUCTION 1

II. REPLY EXCEPTIONS..1

OCA Reply to Wellsboro Exception No. 1: The ALJs Correctly Denied The Company's Across-The-Board Three Percent Inflation Factor 1

OCA Reply to Wellsboro Exception No. 2: The ALJs' R.D. Correctly Excluded The Company's Proposed Nine-Month Annualization Plus 3 Percent Inflation Factor In The Company's FPFTY Operation And Maintenance Expense. 6

OCA Reply to Wellsboro Exception No. 3: The ALJ Correctly Normalized $60,000 of FPFTY Maintenance Of Overhead Lines Expense As A "One Time" Expense (Account 593)……………………………………………………………………………………...7

OCA Reply to Wellsboro Exception No. 4: The ALJ Correctly Rejected The Company's 3% Adjustment for Operations Supervision and Maintenance Expense (Account 580). 8

OCA Reply to Wellsboro Exception No. 5: The ALJ Correctly Denied The Company's Claim To Miscellaneous Distribution Expense (Account 588)...8

OCA Reply to Wellsboro Exception No. 6: The ALJs' Correctly Excluded The Company's Proposed 3 Percent Inflation Factor In The Company's Claim For Maintenance Supervision and Engineering Expense (Account 590)..10

OCA Reply to Wellsboro Exception No. 7: The ALJ Correctly Rejected The Company's Deviation From The Preferred Methods In Determining The Cost of Common Equity. 11

OCA Reply to Wellsboro Exception No. 8: The ALJ Correctly Denied The Company's 100 Basis Point Size Adjustment – Any Size Adjustment Is Improper...............................14

OCA Reply to Wellsboro Exception No. 9: The ALJs' R.D. Correctly Denied The Company's Proposed Revenue Allocation To Include a Rate Decrease For The POL Rate Class……………………………………………………………………………………..
117

OCA Reply to Wellsboro Exception No. 10: The ALJs Correctly Rejected Wellsboro's Proposal to Include a Demand Component In The Customer Charge.................................18

III. CONCLUSION 22

TABLE OF AUTHORITIES

Page(s)

Cases

Nat'l Fuel Gas Distrib. Corp. v. Pa. P.U.C.,
677 A.2d 861 (Pa. Commw. 1996) 3

Popowsky v. Pa. P.U.C.,
868 A.2d 606 (Pa. Commw. 2004) 11, 12

Administrative Decisions

Fixed Utility Distribution Rates Policy Statement Order,
Docket No. M-2015-2518883 (Order entered July 18, 2019) 20

Pa. P.U.C. v. Aqua Pa, Inc.,
99 Pa. P.U.C. 204 (2004)..12

Pa. PUC v. Nat'l Fuel Gas Distrib. Corp., Docket No. R-942991, (Tentative Order
entered March 2, 1998)...3

Pa. PUC v. Nat'l Fuel Gas Distrib. Corp., Docket No. R-942991, (Order entered
April 29, 1998)...4

Pa. PUC v. Pennsylvania-American Water Co., *et al.*, Docket No. R-880916
(Order entered Oct. 21, 1988)..3, 4

Pa. P.U.C. v. Pennsylvania-American Water Co., *et al.*,
71 Pa. P.U.C. 210 (1989)..4

Pa. P.U.C. v. Pennsylvania American Water Company,
99 Pa. P.U.C. 38 (2004)...11, 13

Pa. P.U.C. v. Pennsylvania Power Co.,
55 Pa. P.U.C. 552 (1982)..12

Pa. P.U.C. v. Philadelphia Electric Co.,
1990 Pa PUC LEXIS 155 (May 16, 1990) 5

Pa. P.U.C. v. Philadelphia Electric. Co.,
58 Pa. P.U.C. 7 (1983)...5

Pa. P.U.C. v. Philadelphia Gas Works,
2007 Pa. PUC LEXIS 45 (Sept. 28, 2007) 4, 5, 11

Pa. P.U.C. v. PPL Electric Utilities Corp.,
237 P.U.R. 4th 419, 2004 Pa. PUC LEXIS 40 (December 2, 2004)...................................12

Pa. P.U.C. v. PPL Electric Utilities Corp.,
Docket No. R-2012-2290597 (Order entered December 28, 2012).....................................12

Pa. P.U.C. v. UGI Utilities, Inc. – Electric Division,
Docket No. R-2017-2640058 (Order entered Oct. 25, 2018)...12

Regulations

52 Pa. Code § 69.3302 20

Other Authorities

J. Bonbright, A. Danielsen & D. Kamerschen, Principles of Public Utility Rates, (2d ed. 1988)…………………………………………………………………………………............13

I. INTRODUCTION

Administrative Law Judges Steven K. Haas and Benjamin Myers issued a Recommended Decision setting forth their conclusions in the Wellsboro Electric Company (Wellsboro or Company) base rate case on February 28, 2020. The Office of Consumer Advocate filed Exceptions addressing various aspects of the ALJs' R.D. on March 13, 2020. Wellsboro and the Bureau of Investigation and Enforcement (I&E) also filed Exceptions on that date. In these Reply Exceptions, the OCA addresses Wellsboro's Exceptions.

For the reasons set forth above and in the OCA's Exceptions, the Office of Consumer Advocate respectfully requests that the Commission deny Wellsboro's Exceptions and grant the OCA's Exceptions and Reply Exceptions.

II. REPLY EXCEPTIONS

OCA Reply to Wellsboro Exception No. 1: The ALJs Correctly Denied The Company's Across-The-Board Three Percent Inflation Factor (R.D. at 21-23; OCA M.B. at 20-25; OCA R.B. at 10-15)

In its Exceptions, the Company claims that its across-the-board 3% inflation factor should be approved. Wellsboro Exc. at 2-9. In the R.D., the ALJs correctly understood that the Company's claim for a 3% across-the-board inflation adjustment lacked evidentiary support and concluded:

> We agree with the OCA's argument that inflation adjustments are not actually known and measurable because they do not reflect the true cost of expenses in that the adjustments are blanket adjustments which do not directly relate to the actual costs expected to be incurred. As discussed more below, we reject the Company's position that the Commission should accept the Company's total expense claim without consideration of individual expense adjustments. The assumption that all expenses will increase by 3% is not supported in the record. Given the Company's burden of proof in this proceeding, if the Company alleges that an individual expense will increase in the FPFTY, then such a claim must be supported in the record. Claiming that an individual expense will increase by a blanket percentage does not meet the requisite burden of proof.

R.D. at 22.

The Company included in its FPFTY Operations & Maintenance (O&M) expenses a 3% inflation adjustment to recognize a general level of rising costs. OCA St. 2 at 8.[1] In its Exceptions, the Company argues that its 3.0% across-the-board inflation factor is supported in the record. Wellsboro Exc. at 4-6. The OCA submits that this is an incorrect characterization of the support presented by the Company. The Company identified in response to a discovery request that the 3.0% was determined based on judgment rather than a quantitative method and referenced the use of the Producer Price Index (PPI) data sourced from the Bureau of Labor Statistics (BLS) that suggest an historical PPI inflation rate higher than the 3.0 percent. OCA St. 2 at 8; OCA M.B. at 20-21. The ALJs' R.D. agreed with the OCA's argument that this was not appropriate stating:

> Furthermore, we accept OCA's argument that an inflation adjustment of 3% was based on judgment and not a real quantitative approach. Wellsboro argues that a 3% inflation adjustment is appropriate due to historical O&M expense increases of greater than 3%; however, as we noted, we do recommend the Company's FPFTY projections that the Company has sufficiency [sic] proven in the record. It is not known how the Company specifically came to its 3% inflation adjustment figure. It is a speculative figure that should not be used to set rates.

R.D. at 22.

In further support of its argument, the Company cites to the example raised in Rejoinder Testimony that such expenses as healthcare and employee salaries would increase by more than 3%. Wellsboro Exc. at 5-6, citing Tr. 78-79. The OCA submits, however, that the individual expenses do not support an across-the-board inflation adjustment. The Company has not limited its proposed inflation adjustment to expenses that it reasonably anticipates will increase. The Company inflation adjustment simply assumes that all expenses will increase by a 3.0% inflation

---

[1] As the R.D. notes, the Company did amend its proposal for the FPFTY to annualize 9 months of actual data and then apply the 3% inflation factor across-the-board to the annualization. Wellsboro St. 1-R at 4; see, OCA St. 1-SR (Revised) at 5-8.

factor without providing evidentiary support for those proposed increases. As OCA witness Morgan explained, "[I]n this proceeding the Company is attempting to use an inflation escalation as the sole determinant of virtually all of the FPFTY expenses." OCA St. 2-SR at 5-6. Mr. Morgan concluded:

> It is not possible for the Company's FPFTY expense projection to be accurate when it uses a blanket inflation rate that was determined based upon judgement and without regard to the planned activities during the FPFTY.
>
> ***
>
> To be clear, in my recommendation, I am not claiming that the use of an inflation escalation has not been accepted by the Commission. Neither am I claiming that an inflation escalation cannot be used to project certain future year expenses. Instead, I am recommending that the Company's use of an inflation escalation as the sole basis for determining the FPFTY expenses is not appropriate. Therefore, it should be rejected by the Commission.

OCA St. 2-SR at 6.

In support of its position, the Company relies upon the Commonwealth Court's decision in Nat'l Fuel Gas Distrib. Corp. v. Pa. PUC, 677 A.2d 861, 865 (Pa. Commw. 1996)(NFGD). Wellsboro Exc. at 3. In the NFGD case, the Commonwealth Court remanded an issue related to an inflation adjustment for expenses because the Commission's underlying decision lacked foundation. In response to the claim for an inflation adjustment for expenses, the Commission simply stated "we agree that the Company's Exception regarding this issue is unsubstantiated." NFGD at 865. The Court stated "this is the extent of the PUC's analysis." Id. The Court's decision does not support the Company's claim for an inflation adjustment, but rather states that the Commission ultimately failed to provide support for its decision to deny the inflation adjustment. The Court remanded the issue for further findings. On remand, the Commission reversed its decision and stated "[u]pon review of this issue, we find that NFG did bring its claim within the parameters of *PAWC I* and *PAWC II*." Pa. PUC v. Nat'l Fuel Gas Distrib. Corp., Docket No. R-942991, Tentative Order at 7 (March 2, 1998), citing Pa. PUC v. Pennsylvania-American Water

Co., *et al.*, Docket No. R-880916, (Order entered Oct. 21, 1988)(PAWC I); Pa. PUC v. Pennsylvania-American Water Co., *et al.*,71 Pa. PUC 210 (1989)(PAWC II).[2]

In the case below, the Company relied upon PAWC I. As OCA witness Morgan testified PAWC I is not applicable to the instant case:

> First, it is important to recognize that the cases cited by Mr. Gorman pre-date Act 11. In other words, those cases were not based upon Fully Projected Future Test years (FPFTY). The cases cited by Mr. Gorman were filed at a time when utilities were limited to the use of either a historical (HTY) or the partially projected future test year (FTY). When developing the FTY or the adjusted HTY, the cost of service was based upon costs that were known, measurable and certain. Act 11 amended Chapter 3 of the public utility code to allow jurisdictional utilities to make rate case claims based on a FPFTY. However, utilities are not restricted or required to use the FPFTY. The partially projected future test year (FTY) can still be used.
>
> Under the HTY and FTY approach, utilities are required to adjust their actual historical cost of service using the known and measurable principle. When the HTY and FTY approach is used, companies do not base their entire cost increases on an inflation escalation. Thus, in Pennsylvania-American Water Company (PAWC) rate cases, that company would typically adjust the various cost elements based on known and measurable cost increases, and only adjust residual expenses using an inflation factor. The residual expense adjustment generally turned out to be minor relative to the adjustments made and the total cost of service.
>
> I disagree with the Company's approach to developing the cost of service because it is extremely improper since the Company's projections are not based upon planned activities or normal operations. The Company's very simplified blanket inflation approach is not a projection as envisioned by Act 11.

OCA St. 2-SR at 3 (footnote omitted). The OCA submits that in this case, the ALJs have correctly concluded that the Company has failed to substantiate its claims for an-across-the-board inflation factor and has failed to substantiate the inflation factor that it has used. R.D. at 21-23.

The Commission has also found that across-the-board inflation factors, or attrition adjustments, should not be used to establish rates because they are speculative in nature. See, Pa.

---

[2] Based upon Comments made by the OCA, the Commission subsequently amended the amount of the inflation adjustment expense recoupment in its Final Order. Pa. PUC v. Nat'l Fuel Gas Distrib. Corp., Docket No. R-942991, (Order entered April 29, 1998).

PUC v. Philadelphia Gas Works, 2007 Pa. PUC LEXIS 45 (Sept. 28, 2007)(PGW); Pa. PUC v. Philadelphia Electric Co., 1990 Pa PUC LEXIS 155 (May 16, 1990)(rejection of attrition adjustment to Limerick 2); Pa. PUC v. Philadelphia Electric. Co., 58 Pa. PUC 7, 11-12 (1983)(PECO 1983).

In its Exceptions, the Company argues that that PGW and PECO 1983 cases are not applicable to the Company's proposal. Wellsboro Exc. at 3-4 Contrary to the Company's arguments in Exceptions, there is a strong similarity between the instant case and the PGW case. The Company attempts to distinguish PGW because PGW proposed to use a 2% inflation factor adjustment over a five year budget period instead of only across the FPFTY. Wellsboro Exc. at 4. The OCA submits, however, the length of the adjustment is inapposite. It is the speculative and unsupported nature of an across-the-board inflation adjustment that is relevant. PGW at *26-*28.

The Company argues that the PECO 1983 case is inapplicable because PECO proposed an overall increase of 2% to expense, revenue, and rate base. Wellsboro Exc. at 3. The fact that PECO applied the inflation factor as an attrition adjustment to expenses, revenues, and rate base does not change the Commission's conclusion that the "proposed attrition adjustment must be rejected as speculative in nature." PECO 1983 at 12. The concern here is the same. The proposed across-the-board inflation factor is speculative and not a known and measurable change.

The Company also argues that the OCA's position undercuts the purpose of the FPFTY authorized by Act 11. Wellsboro Exc. at 6-7. The Company claims that the known and measurable standard does not preclude well-founded projections. Wellsboro Exc. at 6. The OCA submits, however, that the Company's across-the-board inflation adjustment is not a well-founded projection. The purpose of Act 11 was not simply to increase rates but to provide an opportunity

to mitigate regulatory lag for known and supported changes in the FPFTY. The ALJs agreed and concluded:

> Although Act 11 allowed for utilities to use the FPFTY to project expenses for the FPFTY, it did not eliminate the "known and measurable" standard. We believe that if a company claims that an expense will increase in the FPFTY, then such a claim must be supported through some known and measurable change in the FPFTY, in order for the company to meet its burden of proof under 66 Pa. C.S. § 315(a).

R.D. at 21-22.

In the alternative, the Company requests that the 3% inflation factor be applied to its Operations Supervision and Maintenance Expense (Account 580), Miscellaneous Distribution Expense (Account 588), and Maintenance Supervision and Engineering (Account 590). Wellsboro Exc. at 7-8. The OCA submits that the Company's proposed alternative should also be denied. For the reasons set forth above, the Company has failed to substantiate its claim for a 3% inflation factor for any of the proposed expenses and has failed to meet its burden of proof to demonstrate that the inflation factor is appropriate for any of the claimed expenses.[3]

The OCA respectfully requests that the Commission deny Wellsboro's Exception No. 1 and adopt the ALJs' determination to deny an across-the-board 3 percent inflation factor.

OCA Reply to Wellsboro Exception No. 2: The ALJs' R.D. Correctly Excluded The Company's Proposed Nine-Month Annualization Plus 3 Percent Inflation Factor In The Company's FPFTY Operation And Maintenance Expense. (R.D. at 24).

In its Exceptions, Wellsboro argues that the ALJs inappropriately denied its proposal to use a 9-month annualization of its FPFTY plus 3% inflation factor. Wellsboro Exc. at 9-10. The Company challenged the OCA and I&E's individual adjustments to Wellsboro's expense claims and argued that the OCA and I&E "penalize" the Company for managing its budget. See,

[33] As the OCA discusses in its Main and Reply Briefs, the OCA also opposes the calculation of the proposed 3.0% inflation factor. If an inflation factor is applied, a better measure for ratemaking purposes would be the forecasted Gross Domestic Product Price Index (GDP-PI) of 2.1% for calendar year 2020). See, OCA M.B. at 24; OCA R.B. at 14-15.

Wellsboro Exc. at 9-10; R.D. at 24. The Company has an obligation under the law to demonstrate each and every element of its claim is supported under the law. The ALJs correctly rejected the Company's claims and correctly stated the law. The ALJs' R.D. stated:

> Wellsboro's argument here will be rejected. A public utility has the burden of proof to establish the justness and reasonableness of every element of its rate increase request in all proceedings under 66 Pa. C.S.§ 1308(d). The standard to be met is set forth at 66 Pa. C.S.A. § 315(a), which states "In any proceeding upon the motion of the commission, involving proposed or existing rate of any public utility, or in any proceedings 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." 66 Pa. C.S. § 315(a). As a result, individual expense claim [sic] will be analyzed below, to determine the justness and reasonableness of each claim."

R.D. at 24.[4]

The OCA respectfully requests that the Commission deny Wellsboro's Exception No. 2 and adopt the ALJs' determination.

OCA Reply to Wellsboro Exception No. 3: The ALJ Correctly Normalized $60,000 of FPFTY Maintenance Of Overhead Lines Expense As A "One Time" Expense (Account 593). (R.D. at 27-28; OCA M.B. at 27-28; OCA R.B. at 17-18).

In the R.D., following OCA's position, the ALJs recommended that $60,000 presented by the Company in tree trimming costs for 2020, be normalized as the costs are not likely to continue past 2020. R.D. at 27-28. The Company objects to the ALJs stating "the Company excepts to the normalization of the FPFTY adjustment." Wellsboro Exception at 10.

The Company forecasted an additional $60,000 in tree trimming costs in 2020 due to accelerated efforts to address outages on the Middlebury circuit and the confirmation of the costs associated with transmission lines in the Mid-Atlantic Interstate Transmission project. R.D. at 27-

[4] The OCA did not address the Company's Operations and Maintenance Expense in its briefs below. As the OCA discussed at pages 11 to 12 of its Exceptions regarding Maintenance of General Property (Account 932), however, the OCA does not believe that a 9-month annualization is appropriate. See, OCA Exc. at 11-12, OCA St. 1-SR (Revised) at 5-6.

28. The ALJs note that the parties agree to Wellsboro's recovery of these additional costs, with OCA arguing that the costs should be normalized because they will not continue past 2020. R.D. at 27-28; OCA Stmt. No. 1-SR. The ALJs' agreed with the OCA's recommendation, stating "Wellsboro did not present any evidence to counter OCA's assertion. Normalization is a ratemaking concept that transforms an operating expense that recurs at irregular intervals into a 'normal' annual test year expense allowance. The normalization concept prevents over recovery of an expense that might recur sporadically." R.D. at 28.[5]

The OCA respectfully requests that the Commission deny Wellsboro's Exception No. 3 and adopt the OCA's recommendation regarding Account 593.

OCA Reply to Wellsboro Exception No. 4: The ALJ Correctly Rejected The Company's 3% Adjustment for Operations Supervision and Maintenance Expense (Account 580). (R.D. at 29; OCA M.B. at 20; OCA R.B. at 10).

In the R.D., the ALJs recommended the "Commission approve Wellsboro's original FPFTY expense claim for operations supervision & maintenance expense, subtracting the 3% factor. . ." R.D. at 29. The Company disagrees with ALJs' determination, proposing a "3% adjustment should be added to the final amount . . ." Wellsboro Exceptions at 12. For the reasons set forth in OCA Reply to Wellsboro Exception No. 1 above, the OCA respectfully requests that the Commission deny the Company's Exception No. 4 and adopt the ALJs' determination regarding the 3% across-the-board inflation factor.

OCA Reply to Wellsboro Exception No. 5: The ALJ Correctly Denied The Company's Claim To Miscellaneous Distribution Expense (Account 588). (R.D. at 31-32; OCA M.B. at 25-27; OCA R.B. at 15-17).

In the R.D., the ALJs approved an allowance of $204,925 for Miscellaneous Distribution Expense, while the Company proposed an amount of $219,007. Wellsboro Exception at 12-13.

---

[5] As set forth in OCA Exception 4, due to the substantial fluctuation demonstrated in previous years by this account the ALJs erred in rejecting the OCA's proposal to reduce the entire expense account.

The Company contends new employee training and expected retirements are the reasons for the increased costs in this account. R.D. at 31. The ALJs found "the Company's presumption that its training expenses for training new employees will increase at an elevated pace is speculative in nature." R.D. at 32. While the Company claims that approximately 50% of its workforce has the potential of retiring within ten years, the ALJs state "[t]his is a speculative assumption that, if Wellsboro's' original claim is accepted, could result in over recovery if the employees that Wellsboro believes may retire do not in fact retire." R.D. at 32. The ALJs further note that the Company did not provide sufficient evidence to show that it would be experiencing employee turnover at a "recurring, accelerated rate." R.D. at 32. Further, the ALJs state "Expenses that are not normal should not be allowed as part of the overall rate computation." R.D. at 32.

The Company's Exception to the ALJs' determination contends that the ALJs failed to recognize the "preponderance of the evidence" for their determination regarding employee retirements. Wellsboro Exceptions at 12-13. Specifically the ALJs held the Company's position to be a "speculative assumption" that "could result in over recovery. . ." R.D. at 32. Despite this clear language the Company argues that the ALJs are asking for a "guarantee" from the Company, "[i]n other words, the R.D. suggests there is no guarantee that the anticipated retirements will take place. The Company should not be held to a standard of guaranteeing that retirements will occur. Rather, the Company has a burden to show by a preponderance of the evidence that retirements will occur." Wellsboro Exceptions at 13. The Company's position is a gross mischaracterization of the ALJs' determination, indeed, the Company took the ALJs' actual language – "speculative assumption" – to equate a guarantee, which isn't mentioned at all in the Recommended Decision. R.D. at 32; Wellsboro Exceptions at 12-13. As the ALJs plainly state, expenses that are not normal should not be allowed as part of the overall rate computation. <u>See</u>, <u>Pa. Pub. Util. Comm'n v.</u>

Philadelphia Gas Works, 2007 Pa. PUC LEXIS 45, *26-27. ("The object of using a test year is to reflect typical conditions.").

Furthermore, as explained in more detail in OCA's Main Brief and OCA Exception 3, OCA recommends an adjustment of $88,147 to the Company's claim based on a three-year average (2015-2017) expense for the Account, due to the variance of expenses in the Account over the years. OCA M.B. at 25.

Additionally, the Company excepts to the fact that the ALJs "did not apply an FPFTY adjustment to its . . . allowance." Wellsboro Exceptions at 13-14. For the reasons set forth in OCA Reply to Wellsboro Exception No. 1 above, the OCA respectfully requests that the Commission deny the Company's Exception No. 5 and adopt the ALJs' determination regarding the 3% across-the-board inflation factor.

OCA Reply to Wellsboro Exception No. 6: The ALJs' Correctly Excluded The Company's Proposed 3 Percent Inflation Factor In The Company's Claim For Maintenance Supervision and Engineering Expense (Account 590). (R.D. at 33-34; OCA M.B. 20; OCA R.B. at 10).

The ALJs adopted I&E's proposed adjustment to the Maintenance Supervision and Engineering Expense, Account 590, but rejected the Company's proposed 3% inflation factor. In Wellsboro Exception No. 4, Wellsboro claims that the ALJs erred by denying the Company's 3% inflation adjustment for its 9-month annualization of the FPFTY. Wellsboro Exc. at 14-15. Wellsboro argues that because the expense is primarily labor and overhead expense that it is reasonable to apply the 3% inflation adjustment. Wellsboro Exc. at 14-15. For the reasons set forth in OCA Reply to Wellsboro Exception No. 1 above, the OCA respectfully requests the proposed blanket 3% inflation factor is not appropriate, and the ALJs' R.D. appropriately denies the claim.

OCA Reply to Wellsboro Exception No. 7: The ALJ Correctly Rejected The Company's Deviation From The Preferred Methods In Determining The Cost of Common Equity. (R.D. at 54; OCA M.B. at 40; OCA R.B. at 26).

The ALJs adopted OCA's and I&E's recommendation that the DCF and CAPM models are the appropriate methods to determine the cost of common equity for the Company. R.D. at 54. The ALJs stated "[w]e agree with I&E and OCA in the use of the DCF and CAPM models as the preferred methods to determine an appropriate cost of common equity and see no reason to deviate from these preferred methods in this proceeding." R.D. at 54. In its Exception No. 7, the Company states "[b]y developing a recommended ROE based solely on the Company's DCF analysis, the R.D. erred in declining to consider multiple methods to determine the appropriate ROE for the Company." Wellsboro Exceptions at 15.

As explained more fully in OCA's Main Brief, in January 2004 in its Opinion and Order in Pa. PUC v. Pennsylvania American Water Company, the Commission wrote:

> Historically, we have primarily relied on the DCF methodology in arriving at our determination of the proper cost of common equity. We have, in many recent decisions, determined the cost of common equity primarily based upon the DCF method and informed judgment. *See Pennsylvania Public Utility Commission v. Philadelphia Suburban Water Company*, 71 Pa. PUC 593, 623-632 (1989); *Pennsylvania Public Utility Commission v. Western Pennsylvania Water Company*, 67 Pa. PUC 529, 559-570 (1988); *Pennsylvania Public Utility Commission v. Roaring Creek Water Company*, 150 PUR4th 449, 483-488 (1994); *Pennsylvania Public Utility Commission v. York Water Company,* 75 Pa. PUC 134, 153-167 (1991); *Pennsylvania Public Utility Commission v. Equitable Company*, 73 Pa. PUC 345-346 (1990). We determine that the DCF method is the preferred method of analysis to determine a market based common equity cost rate.

Pa. PUC v. Pennsylvania American Water Company, 99 Pa. PUC 38, 42 (2004) (PAWC 2004), aff'd on other grounds, Popowsky v. Pa. PUC, 868 A.2d 606 (Pa. Commw. Ct. 2004); accord Pa. PUC v. Aqua Pa, Inc., 99 Pa. PUC 204, 233 (2004).

Further, in its recent UGI-Electric decision, the Commission affirmed its primary reliance on the DCF method, stating that it has "found no reason to deviate from the use of this method in the instant case." Pa PUC v. UGI Utilities, Inc. – Electric Division, Docket No. R-2017-2640058, et al, slip op. at 106 (Order entered October 25, 2018) (UGI-E). This Commission has stated that determining a fair rate of return is an exercise of informed judgment, based upon the facts of each case. Pa. PUC v. Pennsylvania Power Co., 55 Pa. PUC 552, 579 (1982). "The interests of the Company and its investors are to be considered along with those of the customer, all to the end of assuring adequate service to the public at the least cost, while at the same time maintaining the financial integrity of the utility involved." Pa. PUC v. Pennsylvania Power Co., 55 Pa. PUC at 579.

In coming to this informed judgment, the Commission has stated on numerous occasions its preference to rely upon the DCF methodology over other methods such as the Risk Premium (RP) and Capital Asset Pricing Model (CAPM) in determining the rate of return. In PPL's 2012 and 2004 base rate cases, the Commission reaffirmed its reliance upon the DCF method. Pa. PUC v. PPL Electric Utilities Corp., Docket No. R-2012-2290597 (Order entered December 28, 2012) (PPL 2012); Pa. PUC v. PPL Electric Utilities Corp., 237 P.U.R. 4th 419, 2004 Pa. PUC LEXIS 40 (December 2, 2004) (PPL 2004). The Commission additionally noted, however, that while it is not required, other methodologies can be used to check DCF results. PPL 2012 at 80.

The Company recommends a deviation from sound and consistent Commission precedent. The Company contends that relying on the DCF solely in this case would "understate the appropriate rate of return for the Company." Wellsboro Exceptions at 16. However, this statement disregards the use of the CAPM as check on the DCF results. As the ALJs state "the Commission has traditionally utilized the DCF method, with use of the CAPM method as a check." R.D. at 65.

In the PAWC 2004 case, the ALJ quoted the following description of the DCF model from a leading treatise on public utility rate making:

> The DCF method is derived from valuation theory, and rests on the premise that the market price of a stock is the present value of the future benefits of holding a stock. Those benefits are the future cash flows provided by holding the stock. They are, quite simply, the dividends paid and the proceeds from the ultimate sale of the stock. Since dollars to be received in the future are not worth as much as dollars received today, the cash flows must be discounted back to the present at the investor's required rate of return. The most basic form of this model assumes that dividends grow at a constant rate each year (g), and that the stock is held "forever". Since the stock is not sold, the only relevant contribution to its value is the dividends to be received. The basic theoretic difficulties are the assumption of a constant or fixed retention or payout rate and the assumption that dividends will grow at a constant "g" rate in perpetuity.
>
> The first point to remember in evaluating the growth rate is that it is not what a witness thinks the growth rate should be that matters. What matters is what investors expect the growth rate to be. The rate of return analyst is really trying to (or should be trying to) replicate the thinking of investors in developing their expectations regarding the growth in dividends. In all, the DCF method takes into account several factors important in the determination of the fair rate of return: (1) preferences of investors; (2) equity financing; (3) risk, and (4) inflation.

PAWC 2004, Docket No. R-00038304, R.D. at 65 (Nov. 26, 2003) quoting J. Bonbright, A. Danielsen & D. Kamerschen, Principles of Public Utility Rates 318 - 319 (2d ed. 1988).

Lastly, the Company suggests that the R.D. "partially addresses the shortcomings of the I&E and OCA ROE recommendations by establishing the recommended ROE at the high end of a standard deviation range based on the average of Wellsboro's mean and median constant growth DCF results . . ." Wellsboro Exceptions at 18. This is wholly inaccurate considering the ALJs clearly accept the DCF and CAPM methods. The use of the high-end standard deviation that the Company wrongly references, is actually the ALJs' attempt to acknowledge "the risk of a smaller utility", not because they found the DCF results inadequate as the Company suggests. R.D. at 76.

("More recently, the Commission affirmed reliance primarily on the DCF and rejected giving equal weight to the other methodologies." R.D. at 53.) As explained in more detail in OCA's Main Brief, Dr. Habr's analysis of the cost of common equity for similar risk utility operations persuasively supports a cost of equity of 8.38%.

OCA Reply to Wellsboro Exception No. 8: The ALJ Correctly Denied The Company's 100 Basis Point Size Adjustment – Any Size Adjustment Is Improper. (R.D. at 76; OCA M.B. at 57-59; OCA R.B. at 30.)

In its Exception 8, the Company states that the ALJs' decision to reject the Company's size adjustments was improper. Wellsboro Exceptions at 19. The Company disagrees with the ALJs' decision to deny the 100 basis point adder and instead, utilize the top range of the Company's DCF results. R.D. at 76.

Regarding the 100-basis point size adjustment made by Mr. D'Ascendis, both OCA and I&E witnesses explained why the Company should not be awarded a size premium. Dr. Habr testified:

> **Q: TURNING TO MR. D'ASCENDIS' TESTIMONY, DO YOU AGREE WITH HIS 100 BASIS POINT SIZE ADJUSTMENT ADDITION TO HIS RECOMMENDED RETURN ON COMMON EQUITY FOR CITIZENS' ELECTRIC, WELLSBORO ELECTRIC, AND VALLEY ENERGY?**
>
> A: No, I do not. The size premiums on Schedule DWD-8, page 1 do not tell the whole story. Duff & Phelps also provides the OLS (ordinary least squares) betas associated with each of the size deciles shown on this page. Table -6 below shows the size premium and OLS beta for each size decile from an earlier Duff & Phelps study.

Table -- 6 Duff & Phelps Size Premium and Associated OLS Betas

	Market Capitalization ($Mil)			
Decile	Low	High	Size Premium	OLS Beta
1	$24,361.659	$609,163.498	-0.35%	0.92
2	$10,784.101	$24,233.747	0.61%	1.04

3	$5,683.991	$10,711.194	0.89%	1.11
4	$3,520.556	$5,676.716	0.98%	1.13
5	$2,392.689	$3,512.913	1.51%	1.17
6	$1,571.193	$2,390.899	1.66%	1.17
7	$1,033.341	$1,569.984	1.72%	1.25
8	$569.279	$1,030.426	2.08%	1.30
9	$263.715	$567.843	2.68%	1.34
10	$2.516	$262.891	5.59%	1.39

Source: Duff & Phelps, Valuation Handbook, 2017, p. 7-11 and Appendix 3.

> When the OLS betas and size premiums for all ten deciles are taken into account, it is clear that regulated utility companies have more in common with the first decile.
>
> What this table shows is that positive size premiums are associated with OLS betas that are greater than one. All of the utility holding companies in the proxy groups in this proceeding have betas that were calculated using ordinary least squares and have values less than one. This suggests that if any adjustment is made for size, it should be negative rather than positive.

OCA St 3 at 29-30 (footnote omitted).

Dr. Habr further commented on the proposed size adjustment with an additional basis for rejecting such an adjustment:

> Yes. Utility customers should not be required to pay higher costs associated with inefficient utility operations. If a utility company chooses to operate at such a small scale that its cost of common equity is truly increased, there is no reason for the utility's captive customers to pay any increased costs resulting from the utility's inefficient size.

OCA St. 3 at 29-30.

I&E opposes the unnecessary size adjustment as well. I&E witness Spadaccio testified that the Company's size adjustment is unnecessary because none of the technical literature the Company cites to in support is specific to the utility industry. I&E Stmt. No. 2 at 41-42. Furthermore, I&E cites an article stating a size adjustment for risk is not applicable to utility companies. I&E Stmt. No. 2 at 41-42.

Nonetheless, the ALJs were persuaded by the Company that "there is a general inverse relationship between size and risk . . ." R.D. at 74. The ALJs further stated "we are unable to conclude whether size is or is not a risk for utilities although, generally, size does seem to be a risk factor for companies. Ultimately, we must conclude that smaller companies face size risk and Wellsboro is a smaller company." R.D. at 74. The OCA disagrees with the ALJs' reasoning here, essentially claiming that because size is a risk factor for companies in general, it is equally a risk factor to utilities. Such a proposition conflicts with solid ratemaking principals, especially considering the fact that utilities are natural monopolies and are to be treated as such.

While the ALJs agree to the principle presented by the Company, they hesitated to assign a specific number to the size adjustment, instead suggesting, "that the Company's ROE be based upon the higher end of the DCF range. This ensures that we utilize a market-based result while acknowledging the risk of a small utility." R.D. 76. Further the ALJs state:

> We recommend use of a one standard deviation range of 7.05% to 9.49% based on the average of Wellsboro mean and median constant growth DCF results. We note that the top of Wellsboro range falls below the top of the range for both I&E and OCA. Accordingly, we shall utilize a 9.49% to represent our DCF results. The charts below summarize the results of the DCF range.

R.D. at 76.

The ALJs' adoption of the higher end of the DCF range violates the OCA's CAPM limits. As explained more fully in OCA's Main Brief, Dr. Habr states:

> [T]he CAPM/Risk Premium model yields maximum common equity estimates when it is applied assuming the bond betas equal zero as done in this case. Thus, the combined CAPM/Risk Premium median 8.76% and 8.92% average provide an upper limit for common equity cost rates. All of the measures of central tendency (medians and averages) for my DCF analysis fall below these values.

OCA M.B. at 53.[6]

The ALJs found the Company's DCF range of 7.05-9.49% to be reasonable. The average for that range equals 8.27%. Additionally, OCA's DCF results, which the ALJs also found to be reasonable, equaled 8.38% and I&E's equaled 8.10%. OCA M.B. at 39. It is the position of the OCA that a recommendation based on a DCF result of 9.49% is unreasonable given the DCF range presented by the parties in this proceeding and is particularly unreasonable to reflect a size adjustment for the Company.

OCA Reply to Wellsboro Exception No. 9: The ALJs' R.D. Correctly Denied The Company's Proposed Revenue Allocation To Include a Rate Decrease For The POL Rate Class. (R.D. at 92-105; OCA M.B. at 77-84; OCA R.B. at 38-42).

In its Exceptions, Wellsboro argues that the ALJs erred in denying the Company's proposed revenue allocation. Wellsboro Exc. at 22-23. Company witness Gorman's revenue allocation would provide for a rate decrease of 19.9 percent for the POL rate class and only a 1.2 percent increase for the MSL rate class when other rate classes are experiencing significant rate increases. OCA St. 4 at 18. In their R.D., the ALJs denied the Company's revenue allocation, including a rate decrease for the POL rate class and adopted I&E's proposed revenue allocation. R.D. at 103-105

The Company argues that the revenue allocation recommended by the ALJs fails to adequately move the POL rate class closer to the cost of service. Wellsboro Exc. at 22-23. As OCA witness Mierzwa testified, the OCA's proposed revenue allocation would move customers closer to the cost of service. Mr. Mierzwa testified:

> As indicated earlier, movement toward the cost of service for a particular rate class can be evaluated by comparing the percentage cost of service contribution of that rate class under present versus proposed rates. That is, for a rate class whose

---

[6] As set forth in OCA Exception 7, the Company's CAPM is unreasonable and should not be used for any purpose in this proceeding.

> revenues currently exceed the cost of service and the percentage contribution is decreasing, the class is moving closer to the cost of service, and if the percentage contribution is increasing, the class is moving away from the cost of service. Revenues from the POL rate class currently exceed the indicated cost of service. In this proceeding, the cost of service at proposed rates is likely to be higher than the cost of service at present rates. Under my proposed revenue distribution, POL rate class revenues would remain unchanged. Since the cost of service under proposed rates would be higher than at present rates, the percentage contribution of the POL rate class would decrease, resulting in movement toward the cost of service.

OCA St. 4-SR at 7.

The OCA also submits that a rate decrease for the POL rate class is not appropriate. OCA witness Mierzwa explained

> [No] class should receive a rate decrease at a time when rates are increasing…While I generally find Mr. Gorman's proposed revenue distribution to be reasonable, I disagree with Mr. Gorman's proposed rate decrease for the POL rate class.

OCA St. 4 at 18.

The OCA respectfully requests that the Company's Exception No. 9 be denied.

OCA Reply to Wellsboro Exception No. 10: The ALJs Correctly Rejected Wellsboro's Proposal to Include a Demand Component In The Customer Charge. (R.D. at 106-125; OCA M.B. at 83-92; OCA R.B. at 42-44).

In the R.D., the ALJs correctly rejected the Company's proposal to include a demand charge as a part of the customer charge. R.D. at 123-125. The Company proposed to include $1.48 of demand-related costs in its proposed $13.40 residential customer charge. R.D. at 106. In their Recommended Decision, the ALJs adopted the recommendations of OCA witness Mierzwa and I&E witness Cline that the demand charge should not be included in the residential customer charge. The ALJs' R.D. determined:

> We agree with that demand charges should not be included in the residential customer charge. Therefore, we reject Wellsboro's proposal to include such charges within the customer charge. I&E is correct that customer charges have historically been limited to the direct costs associated with billing an individual customer because those costs are typically unavoidable on an individual basis.

> OCA is correct that the goals enumerated in the Fixed Utility Distribution Rates Policy Statement and Final Policy Statement Order implementing the Policy statement states that the purpose of the Policy Statement is to encourage the efficient use of electricity. *See, Final Policy Statement Order* at 1; 52 Pa. Code § 69.3301. We agree that the inclusion of demand charges as a part of the customer charge would pose the opposite effect. The inclusion of demand charges in the fixed customer charge prevents customers from seeing price signals that would otherwise encourage conservation and the efficient use of electricity.
>
> We also agree with I&E that customer charges should be limited to what can be supported by Wellsboro's customer cost analysis- as well as OSBA's position that Wellsboro's proposed customer charges are not supported by the customer cost analysis. This analysis shows that the RS and RSAE class customer charges should only be increased to $12.00 and there is no cost basis for increasing the NRS, NRH, CS, and CSH classes from their existing customer charges. I&E Stmt. No. 3 at 37. We also disagree that Wellsboro's proposed adjustment to the customer charge constitutes "alternative ratemaking" which should be accepted by the Commission. Wellsboro Stmt. No. 1 at 31-32. Wellsboro did address each of the 14 factors which the Commission may consider in reviewing proposed alternative ratemaking mechanisms. However, we share some of the same concerns expressed by I&E regarding those factors and Wellsboro's proposal.

R.D. at 123-124.

In its Exceptions, Wellsboro argues that the R.D. errs in its conclusion that the proposal should be denied as contrary to cost-of-service principles and consumer protections. Wellsboro Exc. at 24. Wellsboro claims that the R.D.'s analysis misstates the Commission's discretion to approve exceptions to its traditional ratemaking policies and the flexibility offered by the Policy Statement. Wellsboro Exc. at 23. Wellsboro's Exceptions also attempt to diminish the need for an energy efficiency benefit and the impact on customer price signals. Wellsboro Exc. 26-28.

The OCA submits that the Company's proposal does not align with the goals enumerated in the <u>Fixed Utility Distribution Rates Policy Statement</u> and <u>Final Policy Statement Order</u> implementing the Policy Statement, does not retain price signals, and is not consistent with cost-causation principles. Wellsboro arguments that energy efficiency is not a goal of the <u>Fixed Utility Distribution Rates Policy Statement</u> and <u>Final Policy Statement Order</u> is contrary to the language

of the Policy Statement. Wellsboro Exc. at 26-27. As the ALJs correctly understood, the Commission's Policy Statement and Order clearly encourage the efficient use of electricity and the Company's proposal does not meet the stated goals of the Commission's Policy Statement and Order. See, Fixed Utility Distribution Rates Policy Statement Order, Docket No. M-2015-2518883 (Order entered July 18, 2019)(Final Policy Statement Order); R.D. at 123-125; OCA M.B. at 83-92; OCA R.B. at 42-44. The Final Policy Statement Order states:

> On May 23, 2018, the Pennsylvania Public Utility Commission (Commission) issued for comment a Proposed Policy Statement that identifies factors the Commission will consider in determining just and reasonable distribution rates that promote the efficient use of electricity, natural gas or water, and the use of distributed energy resources, as well as reduce disincentives for such efficient use and resources and ensure adequate revenue to maintain the safe and reliable operation of fixed utility distribution systems.

Final Policy Statement Order at 1 (emphasis added).

Section 69.3302 identifies 14 factors to be considered in support of the proposed alternative ratemaking mechanisms, and as the ALJs correctly determined, the Company's proposal does not meet the necessary criteria to be approved. See, 52 Pa. Code § 69.3302; R.D. at 124-125. Specifically, the ALJs agreed that the goals of the Final Policy Statement and Final Policy Statement Order are to "encourage the efficient use of electricity." R.D. at 123. As OCA witness Mierzwa testified:

> The efficient use of a resource such as electricity requires that the resource be priced to discourage wasteful consumption. As indicated previously, the cost structures of Wellsboro and Citizens' largely reflect costs that vary with changes in demand. The proposal of Wellsboro and Citizens' to include demand costs in the fixed monthly charge will not provide price signals that are particularly relevant to the cost structure. The volumetric energy charge is the primary source of price signals. Therefore, inclusion of demand charges as proposed by Wellsboro and Citizens' will not promote the efficient use of energy.

OCA St. 4 at 27.

In its Exceptions, Wellsboro also argues that the R.D.'s conclusion that the proposal would prevent customers from seeing price signals is "inconceivable." Wellsboro Exc. at 27. The OCA submits that this is not "inconceivable." The proposal would mute the Company's price signals by including demand charges as part of the customer charge. The proposal would unduly prejudice low usage customers and would not provide a price signal to encourage customer conservation. Mr. Mierzwa explained that the Company's approach, taken to its logical conclusion, would result in all of the distribution system costs being recovered in the customer charge. OCA witness Mierzwa testified:

> This would send customers inappropriate price signals, significantly reduce the incentive for customers to conserve energy and reduce consumption, and increase total costs in the long term. The Commission should not embrace a policy that will ultimately lead to these results.

OCA St. 4 at 26. The Company's arguments cannot overcome the fact that its proposal would not allow customers to receive price signals and would be contrary to the objectives identified in the Commission's Final Policy Statement.

The OCA respectfully requests that the Company's Exception No. 10 to include demand charges in the customer charge be denied and the ALJs' Recommended Decision denying the proposal be adopted.

III. CONCLUSION

For the reasons set forth above and in the OCA's Exceptions, the Office of Consumer Advocate respectfully requests that the Commission deny Wellsboro's Exceptions and grant the OCA's Exceptions and Reply Exceptions.

Respectfully Submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Santo G. Spataro
Assistant Consumer Advocate
PA Attorney I.D. # 327494
E-Mail: SSpataro@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: March 23, 2020
285522.doc