

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission, *et al.* v. Valley Energy,
Inc.**

**Public Meeting April 16, 2020
3008209-OSA
Docket Nos. R-2019-3008209, *et al.***

POLLING SHEET NO. 19 – Fair Rate of Return: Management Effectiveness Adjustment

MOTION OF VICE CHAIRMAN DAVID W. SWEET

Before the Commission for consideration are the exceptions and reply exceptions to the Recommended Decision of Administrative Law Judges (ALJs) Steven K. Haas and Benjamin J. Myers regarding Valley Energy, Inc.’s (Valley) request to increase its annual jurisdictional distribution operating revenues. Valley included in its filing a request for a 25-basis-point adjustment to the cost of common equity for management effectiveness.

The ALJs noted that Section 523(a) of the Public Utility code requires consideration of efficiency, effectiveness and adequacy of service in determining just and reasonable rates.¹ The ALJs acknowledged the record evidence and found, among other things, that Valley “operated in a very efficient and effective manner and provides very good customer service.”² Accordingly, the ALJs recommended adopting the 25-point request.

I recognize the evidence presented by Valley regarding, among other things, its positive customer metrics (e.g., low complaints), its increased rollout of technological improvements (e.g., Smarthub) and its obtainment of a grant for its East Athens main extension project, which demonstrates its “practical commitment to extending natural gas service.”³ In considering the record evidence and the arguments before us in both the testimony and in exceptions and reply exceptions, I believe that a management effectiveness adjustment is warranted, but that a five-point adjustment is more appropriate, aligns with other management effectiveness adjustments approved by this Commission⁴ and better serves the public interest.

THEREFORE, I MOVE THAT:

1. Regarding Number 19 of the Polling Sheets, Fair Rate of Return: Management Effectiveness Adjustment, Valley Energy, Inc. be awarded a management effectiveness adjustment of five (5) basis points.
2. The Office of Special Assistants include this directive in its Opinion and Order to be prepared for this docket.

Date: April 16, 2020



David W. Sweet, Vice Chairman

¹ 66 Pa.C.S. § 523(a).

² Recommended Decision at 78.

³ Recommended Decision at 77, citing Valley Statement No. 4.

⁴ The Commission similarly approved a five-point management effectiveness adjustment to UGI Utilities, Inc. – Electric Division’s requested cost of common equity in its 2018 rate case. *See* Docket Nos. R-2017-2640058, *et al.*