



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

September 21, 2023

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Columbia Water Company
Docket No. R-2023-3040258
I&E Reply Brief

Dear Secretary Chiavetta,

Enclosed for electronic filing please find the **Reply Brief of the Bureau of Investigation and Enforcement (I&E)** for the above-captioned proceeding.

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

Respectfully,

A handwritten signature in black ink that reads 'Carrie B. Wright' with a stylized flourish at the end.

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CBW/ac
Enclosures

cc: Honorable Mary D. Long, Administrative Law Judge (*via email & First-Class Mail*)
Honorable Charece Z. Collins, Administrative Law Judge (*via email only*)
Per Certificate of Service

TABLE OF CONTENTS

I.	INTRODUCTION	1
	A. History of the Proceeding.....	1
	B. Burden of Proof.....	1
II.	SUMMARY OF ARGUMENT	1
III.	RATE BASE.....	1
IV.	REVENUES	2
V.	EXPENSES	2
	A. Rate Case Expense	2
	B. Conclusion.....	5
VI.	FAIR RATE OF RETURN.....	5
	A. Introduction	5
	B. Capital Structure.....	6
	C. Return on Common Equity	9
	1. Proxy Group	9
	2. Equity Adjustments	10
	3. Reliance on Various ROR Methodologies.....	11
	D. Conclusion.....	13
VII.	TAXES.....	14
VIII.	CUSTOMER RATE STRUCTURE	14
	A. Allocated Cost of Service Study	14
	B. Customer Charge and Scale Back	16
	C. Conclusion.....	16
IX.	MISCELLANEOUS ISSUES	16
X.	CONCLUSION	17

TABLE OF CITATIONS

Cases

<i>Pa. P.U.C. v. City of Lancaster – Bureau of Water,</i> Docket No. R-2010-2179103 (Order Entered July 14, 2011), Slip Opinion at 54.....	7
<i>Pa. P.U.C. v. City of Lancaster (Water),</i> 197 P.U.R. 4 th 156 (1999).....	6
<i>Pa. P.U.C. v. Columbia Gas of Pennsylvania Inc.,</i> Docket No. R-2020-3018835 (Order Entered February 19, 2021).....	11, 12
<i>Pa. P.U.C. v. Columbia Water Company,</i> Docket No. R-2008-2045157 (Order Entered June 10, 2009).....	7
<i>Pa. P.U.C. v. Columbia Water Company,</i> Docket No. R-2013-2360798 (Order Entered January 23, 2014).....	7, 9
<i>Pa. P.U.C. v. Emporium Water Company,</i> 2001 Pa. PUC LEXIS 7, 208 P.U.R. 4 th 502	6
<i>Pa. P.U.C. v. PPL Electric Utilities Corporation,</i> Docket No. R-2012-2290597 (Order Entered December 28, 2012).....	3, 4
<i>Pa. P.U.C. v. UGI Utilities, Inc. – Electric Division,</i> Docket No. R-2017-2640058 (Order Entered October 25, 2018).....	10, 12
<i>Pa. P.U.C. v. Wellsboro Electric Company,</i> Docket No. R-2019-3008208 (Order Entered April 16, 2020).....	4
<i>Pa. P.U.C. v. West Penn Power Company,</i> 69 P.U.R. 4 th 470, 521 (1985).....	15
<i>Pa. P.U.C. v. Western Utilities, Inc.,</i> 88 Pa. PUC 124 (1998).....	6
<i>Pa. P.U.C., et. al v. City of Dubois-Bureau of Water,</i> Docket No. R-2016-2554150, <i>et. al.</i> (Order Entered March 28, 2017).....	12
<i>Re: Lake Latonka Water Company,</i> 74 Pa. PUC 647 (1991).....	6
<i>Riverton Consolidated Water Company v. Pa. P.U.C.,</i> 140 A.2d 114 (Pa. Super. 1958).....	7

I. INTRODUCTION

A. History of the Proceeding

On September 12, 2023, the Bureau of Investigation and Enforcement (“I&E”) filed a Main Brief in this proceeding. The history of the proceeding was addressed in I&E’s Main Brief.¹ On January 8, 2020, Columbia Water Company (“Columbia”, “CWC” or “Company”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) also filed Main Briefs. The issues addressed in this I&E Reply Brief are limited to matters raised in the Company, OCA, and OSBA Main Briefs that relate to recommendations made in the I&E Main Brief.

B. Burden of Proof

I&E fully addressed the Burden of Proof in its Main Brief.²

II. SUMMARY OF ARGUMENT

Columbia maintains it should be awarded a rate increase of \$999,990. However, the Company’s Main Brief fails to demonstrate its rate increase proposal is just and reasonable. Specifically, Columbia’s claim continues to include an inappropriate rate case expense normalization period; an excessive rate of return with a flawed capital structure; and a flawed customer charge. Therefore, I&E maintains Columbia’s proposal should be adjusted so it only receives a rate increase of no more than \$703,712 and its customer charge be adjusted as explained below and fully in I&E’s Main Brief.

III. RATE BASE

As explained in the Main Brief, I&E the Company’s initial rate base claim for the

¹ I&E Main Brief, pp. 1-2.

² I&E Main Brief, p. 2.

Future Test Year (“FTY”) was \$18,753,197³ which was later revised to \$18,750,106.⁴ I&E witness Sakaya did not recommend any revisions to the Company’s claim⁵ and the cash working capital adjustment made by I&E is simply a flow through of I&E’s O&M adjustment.⁶ Cash working capital covers the lag between the payment of operating expenses and the receipt of revenues from ratepayers. Because I&E made an expense adjustment for rate case expense that impacts the CWC allowance. I&E recommended that Columbia’s O&M expense claims be reduced by \$50,981 as a result of I&E’s adjustment to rate case expense which is explained in detail in the I&E Main Brief and below. This will reduce the Company’s cash working capital allowance by \$6,373.⁷ Because I&E’s recommended expense adjustments are prudent for the reasons discussed herein and in the I&E testimony and Main Brief, the cash working capital reduction is appropriate.

IV. REVENUES

I&E made no specific revenue adjustments.

V. EXPENSES

A. Rate Case Expense

I&E recommends a 59-month normalization period for Rate Case Expense, resulting in an annual rate case expense allowance of \$79,796 ($(\$392,330 \div 59 \text{ months}) \times 12 \text{ months}$), which is a reduction of \$50,981 ($\$130,777 - \$79,796$) to the Company’s

³ Columbia Statement No. 2, p. 12 and GDS Ex. No. 1 (Errata) p. 1-19 (Revised).

⁴ Columbia Exhibit GDS 1-R, p. 1-9.

⁵ I&E Statement No. 2-SR, p. 3.

⁶ I&E Main Brief, pp. 6-7.

⁷ I&E Statement No. 1-SR, p. 4.

claim.⁸ In its Main Brief, Columbia states that while filing history should be considered, there are other factors the Commission must look at; namely, in this instance the Company's need to address the East Donegal Township Municipal Authority rates, the Company's second Long-Term Infrastructure Improvement Plan, and the Lead Service Line Replacement Program.⁹ The Company declares that all these factors will require it to file a rate case within a three year period. However, while the topics might differ, these are the same types of arguments all utilities make when requesting a normalization period that is different than their historical filing frequency demonstrates.

Here, no substantial evidence exists to support deviation from the Commission's common practice of setting a normalization period for rate case expense based only on historic filing frequency. And I&E would posit that most often, deviation from this practice is unwarranted given the infrequency with which after the Commission grants a normalization period that is not based on historic filing frequency, the utility actually files a rate case in that time frame. For instance, in 2012, the Commission granted PPL Electric Utilities Corporation ("PPL") permission to normalize its rate case expense over a 24-month period based on the expected timing of future base rate case filings.¹⁰ That particular base rate case was filed on March 30, 2012; however, PPL did not file its next base rate case until March 31, 2015, which was 36 months after the 2012 rate case filing. The 12-month discrepancy between PPL's projection in 2012 when it would next file and its actual filing date of the subsequent rate case shows that future projections are

⁸ I&E Main Brief, pp. 8-11.

⁹ Columbia Main Brief, pp. 35-36.

¹⁰ *Pa. P.U.C. v. PPL Electric Utilities Corporation*, Docket No. R-2012-2290597, pp. 47-48 (Order Entered December 28, 2012).

unreliable when determining an appropriate normalization period for the rate case expense. I&E's recommended normalization period in the 2012 PPL proceeding was a 32-month interval based on the Company's historic filing frequency. The I&E recommendation in that instance produced a much more accurate result than PPL's stated future intention to file a rate case. Similarly, in 2019, Wellsboro filed a base rate case requesting a normalization of its rate case expense over a period of three years due to its intent to file a base rate case within that time frame.¹¹ The Commission found that there was substantial evidence that warranted a deviation from the traditional practice of relying on historical filing frequency. In that proceeding, based on historical filing frequency, I&E had recommended a 48-month normalization period.¹² To date, Wellsboro has not filed a base rate case; thereby demonstrating there was no actual need to deviate from historic practices and that projections related to when a base rate case will be filed are largely inaccurate.

Columbia has provided no quantifiable or otherwise reliable bases or projections related to why its proposed normalization period is appropriate. There are a multitude of factors that can influence when a utility files a base rate case. It is, therefore, most reliable to look at the utilities historic filing frequency to determine when it is most likely that a utility will file its next base rate case. This is the least speculative way to make this determination. Therefore, I&E continues to recommend the Commission approve

¹¹ *Pa. P.U.C. v. Wellsboro Electric Company*, Docket No. R-2019-3008208, pp. 70-73 (Order Entered April 16, 2020).

¹² *Id.* at 70.

normalization of Columbia's Rate Case Expense based on its 59-month historical filing frequency, resulting in a \$50,981 reduction to Rate Case Expense.

B. Conclusion

The Commission should adopt I&E rate case expense normalization period, as the historical filing frequency is the most accurate way to determine when a utility will file its next base rate case and is less speculative than relying on the Company's stated future intentions. This results in an annual rate case expense allowance of \$79,796 which is a reduction of \$50,981 to the Company's claim.

VI. FAIR RATE OF RETURN

A. Introduction

As explained in the I&E Main Brief, a rate of return allows payment to a utility's debt holders with interest and fair compensation for its equity shareholders. Utilities are entitled to a rate of return that is similar to that of other enterprises with similar risk, sufficient to ensure financial soundness, can support the utility's credit and allow it to raise capital, and the rate of return can change as economic conditions change.¹³

The major disputes in the instant proceeding revolve around the appropriate capital structure to employ, and the appropriate return on equity.

Unlike I&E, which primarily used the Discounted Cash Flow ("DCF") model, Columbia analyzed multiple ROE models to develop its inflated ROE recommendation of 11.25%. Based on the appropriate methodology and appropriate capital structure, I&E

¹³ I&E Main Brief, pp. 12-14.

recommends the Commission adopt a return on equity of 7.84% and an overall rate of return of 5.50%.

B. Capital Structure

A fundamental building block in determining the Company's overall cost of capital in this proceeding hinges upon a determination of the appropriate capital structure to be utilized. A capital structure used for ratemaking purposes must balance the interests of both ratepayers and investors. In evaluating the use of an actual versus hypothetical capital structure, the Commission has previously noted a preference to utilize a company's actual capital structure where the adoption of a hypothetical capital structure would fail to achieve a fair balance of interests.¹⁴

In the I&E Main Brief, I&E explains that because Columbia's actual capital structure is so dissimilar from the capital structures of other similar utilities, I&E recommended the use of a hypothetical capital structure consisting of 50% debt and 50% equity.¹⁵ The Company disagrees and continues to request the Commission utilize Columbia's actual capital structure consisting of 36.66% debt and 63.34% equity.¹⁶

The Company seems wed to the notion that to impose a hypothetical capital structure would be tantamount to requiring the Company to achieve that capital structure. The Company continues to state they are extremely concerned because adopting a 50/50

¹⁴ *Pennsylvania Public Utility Commission v. Emporium Water Company*, 2001 Pa. PUC LEXIS 7, 208 P.U.R. 4th 502; *Pennsylvania Public Utility Commission v. City of Lancaster (Water)*, 197 P.U.R. 4th 156 (1999); *Pennsylvania Public Utility Commission v. Western Utilities, Inc.*, 88 Pa. PUC 124 (1998); *Re: Lake Latonka Water Company*, 74 Pa. PUC 647 (1991).

¹⁵ I&E Main Brief, pp. 14-18.

¹⁶ Columbia Main Brief, p. 50.

capital structure will require them to reduce equity.¹⁷ As noted in the I&E Main Brief, this argument is nonsensical and illogical. I&E can find no instances in which the Commission has employed a hypothetical capital structure and ordered a utility to go out and acquire more debt. The hypothetical capital structure is simply a rate making tool which smooths out potential anomalies associated with a single company and satisfies the ratemaking principle that utilities should be afforded to earn a return equal to similar risk enterprises. To imply that it means more than that is simply untrue.

Ultimately, the Commission must decide upon a capital structure that is “fair and reasonable to both the utility and the ratepayers in the computation of the cost of capital.”¹⁸ The 50/50 capital structure used by I&E satisfies this requirement, while the Company’s actual capital structure produces results that are not fair and reasonable.

The Company references the 2008¹⁹ and 2009²⁰ Columbia Water proceedings in which the Commission adopted Columbia’s actual capital structure. Columbia states that I&E and OCA have not presented evidence to show that circumstances materially differ necessitating the use of a hypothetical capital structure in this proceeding.²¹ However, in those proceedings no witness actually calculated the value of utilizing and actual capital structure. In this proceeding, I&E witness Keller did a calculation which demonstrates the unreasonableness of using the Company’s actual capital structure. The table below

¹⁷ Columbia Main Brief, p. 50.

¹⁸ *City of Lancaster – 2011*, Slip Opinion at 54, citing *Riverton Consolidated Water Company v. Pa. P.U.C.*, 140 A.2d 114, 121-22 (Pa. Super. 1958).

¹⁹ *Pa. P.U.C. v. Columbia Water Company*, Docket No. R-2008-2045157 (Order Entered June 10, 2009).

²⁰ *Pa. P.U.C. v. Columbia Water Company*, Docket No. R-2013-2360798 (Order Entered January 23, 2014).

²¹ Columbia Main Brief, p. 54.

shows the cost savings to rate payers if the Commission were to adopt a 50/50 capital structure and maintain the Company's claimed return on equity and rate base.

Columbia Water Company²²			
As Filed Capital Structure			
Type of Capital	Ratio	Cost Rate	Weighted Cost Rate
Long-Term Debt	36.66%	3.15%	1.15%
Common Equity	<u>63.34%</u>	11.25%	<u>7.13%</u>
Total	<u>100.00%</u>		<u>8.28%</u>
50/50 Hypothetical Capital Structure			
Type of Capital	Ratio	Cost Rate	Weighted Cost Rate
Long-Term Debt	50.00%	3.15%	1.58%
Common Equity	<u>50.00%</u>	11.25%	<u>5.63%</u>
Total	<u>100.00%</u>		<u>7.21%</u>
Difference in the Overall Rate of Return 8.28% - 7.21% = 1.07%			1.07%
Claimed Rate Base*			\$18,753,197
Impact Prior to Gross Revenue Conversion Factor (0.0107 x \$18,753,197)			\$200,659
Gross Revenue Conversion Factor**			1.39281177
Total Impact 1.39281177 x \$200,659			\$279,480
*(Columbia GDS Exhibit 1 – Errata Accounting Schedules, p. 1-19 (Revised))			
**(I&E Exhibit No. 1, Schedule 6)			

As demonstrated above, even with the Company's return on common equity recommendation (which I&E believes is much higher than necessary), the cost savings to ratepayers would be \$279,480. Given the Company has requested a \$999,990 increase,

²² I&E Statement No. 1, p. 29.

this has a significant impact on ratepayers. Further, the *2013 Columbia Order* seems to be premised on the notion that that “... adopting a hypothetical 50/50 capital structure...would fail to recognize the benefits to ratepayers of the Company having ready access to capital markets due to its strong capital structure.”²³ However, this notion fails to recognize that the 50/50 capital structure is only imposed for ratemaking purposes and does nothing to change Columbia’s actual capital structure. Furthermore, as I&E’s proxy group demonstrates, a 50/50 capital structure is in line with the capital structures of other similar utilities, and it does not appear that any of these utilities have problems accessing the capital markets.

Therefore, it is appropriate to utilize for rate making purposes a capital structure consisting of 50% debt and 50% common equity.

C. Return on Common Equity

1. Proxy Group

As noted in the I&E Main Brief, I&E’s proxy group differed from Columbia’s because I&E witness Keller excluded Essential Utilities.²⁴ Essential did not meet the I&E criteria that 50% of revenues must be attributable to regulated water operations.²⁵ In its Main Brief, Columbia disagrees with I&E exclusion of Essential Utilities stating that 63.12% of Essential’s net operating income is attributed to regulated water operations and this is the correct measure to use.²⁶ However, I&E witness Keller explains that

²³ *Columbia 2013 Order*, p. 38.

²⁴ I&E Main Brief, pp. 18-19.

²⁵ I&E Main Brief, p. 19.

²⁶ *Columbia Main Brief*, p. 61.

Columbia is incorrect in its reliance on this measure:

Calculating the percentage of utility net operating income that makes up the total net operating income of a company is not always a reliable way of determining if a business is primarily a regulated utility. For example, net operating income includes items such as depreciation, where it is possible for the regulated utility segment of a company to predominately have assets that are fully depreciated resulting in higher net operating income. Although a utility may have assets that are significantly depreciated, it does not always indicate the level of business a company does. A parent company can have most of its utility assets depreciated but still do less business as a utility than it does in another business segment. It is also worth noting that Mr. D'Ascendis did not provide the percentage of operating income from water operations for the other companies in his proxy group. Therefore, comparing the net operating income of a water utility segment to the total net operating income of a company is not an appropriate criterion.²⁷

The I&E proxy group is most similar to Columbia and therefore, represents the best approximation upon which to base the Columbia rate of return. I&E submits the Commission should accept the I&E proxy group as the appropriate proxy group to use when establishing the appropriate rate of return for Columbia.

2. Equity Adjustments

Columbia maintains that a 1.00% size adjustment is necessary to reflect the increase in business risk the Company faces due to its small size.²⁸ As explained in I&E's Main Brief, in *UGI Utilities, Inc. – Electric Division* the Commission recently rejected use of technical literature not specific to the regulated utility industry to support a size

²⁷ I&E Statement No. 1-SR, pp. 11-12.

²⁸ Columbia Main Brief, p. 69.

adjustment.²⁹ Additionally, I&E presented technical literature demonstrating a size effect for utilities does not exist,³⁰ and Columbia did not provided sufficient evidence to the contrary. The Company’s proposed size adjustment is unnecessary and unsupported because none of the technical literature the Company cited in support of investment adjustments related to the size of a company is specific to the utility industry nor is it relevant in this proceeding.³¹ Absent any credible article to refute the relevant literature cited by I&E, the Company’s proposed size adjustment to its CAPM results should be rejected.

Therefore, for the reasons stated herein and in I&E’s Main Brief, the Commission should find Columbia has not justified its claim for a size adjustment to its return on equity.

3. Reliance on Various ROR Methodologies

I&E continues to recommend using the Discounted Cash Flow (“DCF”) method as the primary method to determine the cost of common equity.³² I&E also continues to recommend using the results of the Capital Asset Pricing Model (“CAPM”) as a comparison to the DCF results.³³ I&E reiterates that its recommendation is consistent with the methodology historically used by the Commission in base rate proceedings, Further, considering the most recent *Columbia Gas*³⁴ proceeding, this “issue” can now be relegated to the “well settled” category. Although the Company disagrees and continues

²⁹ I&E Main Brief, p. 33.

³⁰ I&E Main Brief, p. 34.

³¹ I&E Main Brief, pp. 33-34.

³² I&E Main Brief, p. 20.

³³ I&E Main Brief, p. 20.

³⁴ *Pa. P.U.C. v. Columbia Gas of Pennsylvania Inc.*, Docket No. R-2020-3018835 (Order Entered February 19, 2021) (*Columbia Gas*).

to rely on other methods to determine an appropriate cost of equity, doing so is in error as the Commission recently noted, in *Columbia*:

we shall adopt the position of I&E and shall base our determination of the appropriate cost of equity on the results of the DCF method and shall use the CAPM results as a comparison thereto. As I&E noted, the use of the DCF model has historically been our preferred methodology and was recently affirmed in *UGI Electric*. Like the ALJ, we find no reason to deviate from the use of this method in the instant case.³⁵

The Commission also recently affirmed its primary reliance on the DCF and rejected giving equal weight to the other methodologies in *UGI Utilities, Inc. - Electric Division (UGI Electric)*, stating:

The ALJs adopted the positions of I&E and the OCA that the DCF method should be the primary method used to determine the cost of common equity, and that the results of the CAPM should be used as a comparison to the DCF results. The ALJs found no reason to deviate from these preferred methods in this proceeding. Therefore, the ALJs recommended against the use of the RP and CE methods proffered by UGI. Further, the ALJs noted that the companies analyzed under the CE model are too dissimilar to a regulated public utility company. R.D. at 60, 76, 81-82 ...[W]e shall adopt the positions of I&E and the OCA and shall base our determination of the appropriate cost of equity on the results of the DCF method and shall use the CAPM results as a comparison thereto. As both Parties noted, the use of the DCF model has historically been our preferred methodology. This was recently affirmed in *Pa. P.U.C., et. al v. City of Dubois-Bureau of Water*, Docket No. R-2016-2554150, *et. al.* (Order Entered March 28, 2017). Like the ALJs, we find no reason to deviate from the use of this method in the instant case. Accordingly, we shall deny UGI's Exceptions on this issue.³⁶

³⁵ *Id.*, p. 46, citing *Columbia Gas*, p. 131.

³⁶ *UGI Utilities, Inc. – Electric Division*, Docket No. R-2017-2640058, pp. 103-106.

Columbia criticizes I&E in its Main Brief for omitting the consideration of other models and using the CAPM as a comparison even though the results of I&E's CAPM and DCF models are 325 basis points apart.³⁷ In response, I&E would note that the DCF results are sufficient to determine the appropriate return on equity. No evidence exists in this proceeding to suggest that the DCF results are so far out of line as to require another methodology to come to an accurate assessment of what the rate of return and return on equity should be. Further, regarding the criticism of I&E for not considering other models, I&E witness Keller thoroughly explained why these other models are not useful in determining a utility's rate of return.³⁸ After demonstrating why the results of these methods would not be useful, it would make little sense for I&E witness Keller to include them in his rate of return analysis. Simply put, the DCF results should be the primary determinant of a utility's rate of return. The CAPM result are presented by I&E because this is least egregious "other methodology" and the one that the Commission has most often relied on as a comparison to the DCF results. Therefore, the I&E reliance primarily upon the DCF is appropriate.

D. Conclusion

As demonstrated by above and by the I&E testimony and Main Brief, it is appropriate for a 50/50 hypothetical capital structure to be used for ratemaking purposes in this proceeding. In addition, the I&E DCF results which are based on the appropriate proxy group result in a return on equity of 7.84% and an overall rate of return of 5.50%. As the evidence demonstrates, the results of the I&E rate of return analysis are

³⁷ Columbia Main Brief, p. 21.

³⁸ I&E Statement No. 1, pp. 51-53.

appropriate and should be adopted by the Commission. The I&E rate of return allows for the Company to earn a return on its investment while not unduly burdening ratepayers with a higher than necessary return.

VII. TAXES

As explained in I&E's Main Brief, I&E's various recommendations have a flow-through impact on the Company's taxes.

VIII. CUSTOMER RATE STRUCTURE

A. Allocated Cost of Service Study

As explained in the I&E Main Brief, I&E witness Sakaya excluded the following items from his customer cost analysis: \$860,298 of O&M expense related to Transmission and Distribution under plant in service; these include \$366,160 of Franchise, \$15,280 of General Land, \$577,536 of General Structures and Improvements, \$747,565 of Transportation Equipment, \$8,856 of Stores Equipment, \$297,850 of Tools, Shop and General Equipment, \$47,353 of Laboratory Equipment, \$548,850 of Power Operated Equipment, \$194,639 of Communications Equipment, \$187,685 of Miscellaneous Equipment, and \$75,699 of Other Tangible Equipment. In addition, I&E witness Sakaya also made corresponding reductions to annual depreciation expense and increased accrued depreciation expense for the plant items that need to be removed.³⁹

In its Main Brief, Columbia simply reiterates that it believes these functions do not need to be removed because they are critical to providing safe and reliable service to

³⁹ I&E Main Brief, pp. 37-38.

customers.⁴⁰ This is now, however, the correct standard to apply. As explained in the I&E Main Brief:

...only direct costs and some indirect costs should be included in the customer cost analysis. For example, the Company's inclusion of land and buildings is misplaced because these amounts do not change with the gain or loss of a customer. As for maintenance and related expenses, since the Company does not incur maintenance expense on each individual customer's meter each month (unlike depreciation expense that is incurred on each meter each month), the inclusion of meter and related "meter maintenance" expense should be excluded. As for transmission and distribution expense, since transmission expense would be related to mains, then 100% of transmission related expense should be excluded. For the remaining distribution expense, the Company failed to show what percentage of total distribution and maintenance expense is distribution expense and how it determined that 30% of such a large expense is directly related to an individual customer.⁴¹

Further, in a 1985 West Penn Power case, the Commission adopted the Commission Staff proposal that "basic customer cost" be defined as:

...those expenses for items the company must have in place each month for each customer. This includes costs for the meter and service drop, meter reading and billings. It excludes consideration of assertedly "customer-related" costs of transformation and distribution plant. [Staff] testified that these latter costs are better recovered through energy charges to avoid subsidies from low usage customers to high usage customers.⁴²

With the correct standard applied, it is apparent that I&E has appropriately allocated costs. With those costs forming the basis for I&E's recommended customer charges, it is clear that the I&E proposed customer charges should be adopted.

⁴⁰ Columbia Main Brief, p. 101.

⁴¹ I&E Main Brief, pp. 38-39.

⁴² *Pa. P.U.C. v. West Penn Power Company*, 69 P.U.R. 4th 470, 521 (1985) ("1985 West Penn Power").

B. Customer Charge and Scale Back

I&E recommends if the Commission approves a revenue requirement less than requested but also adopts I&E's customer charges, only the usage portion of rates should be scaled back. However, if the Commission adopts customer charges that differ from those recommended by I&E, customer charges and usage rates should both be scaled back proportionately.

In Main Brief, Columbia notes that the Company disagrees with I&E regarding the items I&E witness Sakaya reallocated to the volumetric function. Because this formed the basis for witness Sakaya's customer charges, the Company also disagrees with those customer charges.⁴³ However, as demonstrated in the I&E's testimony and Main Brief, the I&E customer cost analysis allocated the appropriate costs to the appropriate functions.⁴⁴ Therefore, the I&E customer charges should be adopted.

C. Conclusion

As explained in Main Brief, I&E's customer cost allocation, customer charge, and scale back proposals are based on sound Commission ratemaking policies and precedent and should be adopted.

IX. MISCELLANEOUS ISSUES

As noted in the I&E Main Brief, I&E has no other miscellaneous issues. All I&E issues are addressed above.

⁴³ Columbia Main Brief, p. 106.

⁴⁴ I&E Main Brief, pp. 36-39.

X. CONCLUSION

For the reasons explained herein and in I&E's Main Brief, Columbia has failed to bear its burden of proof with respect to each and every element of its proposed rate increase. The Company's proposal must be amended to reflect the necessary and appropriate adjustments proposed by the Bureau of Investigation & Enforcement fixed utility financial analyst and engineer witnesses. Therefore, the Bureau of Investigation & Enforcement respectfully requests the Administrative Law Judges and the Commission to adopt its recommendations in this proceeding, which include adjustments and modifications as supported herein and in I&E's Main Brief, and as reflected in I&E's tables attached to I&E's Main Brief and award the Columbia Water Company a base rate increase of no more than \$703,712.

Respectfully submitted,



Carrie B. Wright
Prosecutor
PA Attorney ID No. 208185

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

Dated: September 21, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2023-3040258
 :
 Columbia Water Company :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **I&E Reply Brief** dated September 21, 2023, in the manner and upon the persons listed below:

Served via Electronic Mail Only

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