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April 5, 2021

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

Re: Pennsylvania Public Utility Commission
v.
Pike County Light and Power Company -- Electric
Docket No. R-2020-3022135

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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cc: The Honorable Mary D. Long **(email only)**
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Certificate of Service

*306349

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2020-3022135
Pike County Light and Power Company	:	
-- Electric	:	

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Main Brief, 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 5th day of April 2021.

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Dated: April 5, 2021
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2020-3022135
Pike County Light and Power Company	:	
-- Electric	:	

MAIN BRIEF
OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: April 5, 2021

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I. INTRODUCTION

Pike County Light & Power Company (Pike, or the Company) is engaged in the business of furnishing electric service to approximately 4,800 residential and commercial customers in Westfall Township, Milford Borough and Township, Dingmans Township, and Matamoras Borough, in Pike County, Pennsylvania. On October 26, 2020, Pike Electric filed with the Public Utility Commission (Commission) Supplement No. 82 to Tariff Electric – Pa. P.U.C. No. 8, at Docket No. R-2020-3022135. The Office of Consumer Advocate (OCA) files this Main Brief pursuant to the procedural schedule established by Administrative Law Judge (ALJ) Mary D. Long.

In its initial filing, Pike Electric proposed to increase rates by $1,919,923 in annual operating revenues. On a distribution revenue only basis (excluding default generation sales), the proposal represented a 36.9% increase in annual revenue. On a total revenue basis, the increase represented a 24.7% increase.[1] Of the proposed increase, the Company proposed to increase residential distribution revenues by $829,658, or by 30.9%. See, Pike Exh. E-8 at 30.

On November 3, 2020, the Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. On November 16, 2020, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance. The Office of Small Business Advocate (OSBA) filed a Notice of Appearance on November 13, 2020. In addition to the statutory advocates, multiple consumers filed Formal Complaints in this proceeding. Public Input Hearings were held on February 8, 2021 at 1:00 P.M. and 6:00 P.M. A total of twenty five customers testified at the Public Input hearings.

[1] Under the Company's initial proposal, a residential customer using 674kWh would see an increase from $104.90 to $121.90 per month on a total bill basis, a 17.3% increase.

In its Order entered December 17, 2020, the Commission suspended the Company's proposed Tariff until July 28, 2021, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d), and initiated an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein. Subsequently, this matter was assigned to Administrative Law Judge (ALJ) Mary D. Long and a procedural schedule was established for the filing of testimony and the submission of briefs. Throughout the proceeding, the parties actively engaged in settlement negotiations. A settlement in principle was reached between the statutory advocates and the Company regarding all issues except the revenue allocation of increased electric distribution revenues. In accordance with the ALJ's guidance, the parties will submit the settlement materials including the proposed revenue increase on April 9, 2021. The OCA files this brief regarding the single issue of revenue allocation between rate classes.

II. SUMMARY OF ARGUMENT

In this proceeding, Pike County Light & Power, I&E, OSBA, and the OCA were able to agree and enter into a partial settlement regarding this case. The partial settlement addresses all issues, but for, revenue allocation. As discussed in the testimony of OCA witness Karl R. Pavlovic, the OCA recommends revisions to the Electric Cost of Service Study (ECOS) and recommends that the allocation methodology adopted by Mr. Pavlovic be accepted by this Commission.[2]

Based on the facts of this case, OCA witness Pavlovic recommended reasonable and appropriate modifications to the Company's ECOS for the electric operations of Pike. As modified, the OCA recommends that the electric revenue allocation of the approved increase be based on the ECOS results, which should be used as a guide for setting rates in this proceeding. Based on this ECOS as well as the principles of gradualism and basic fairness during this economically challenging period, .OCA witness Pavlovic proposed a reasonable allocation of the revenue increase that should be adopted by the Commission. Mr. Pavlovic's proposed distribution of the revenue increase is consistent with traditional rate making principles and cost causations. The OCA submits that the Commission should adopt the OCA's proposed revenue allocation proposal, proportionally adjusted to the revenue increase approved in this proceeding.

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2 Mr. Pavlovic is Managing Director of and a Senior Consultant with PCMG and Associates LLC ("PCMG"). PCMG is an association of experts in economics, accounting, finance, and utility regulation and policy, with over 75 years of collective experience providing assistance to counsel and expert testimony regarding the regulation of electric, gas, water, and wastewater utilities. Mr. Pavlovic has performed analyses and submitted testimony regarding electric, gas and water utility operations, cost of service, rate design, and matters of regulatory policy for over 35 years. Exhibit KRP-1 contains a complete list of Mr. Pavlovic's engagements as an expert and/or expert witness in matters before state and federal regulatory agencies.

III. ARGUMENT

A. Legal Standard

PCLP bears the burden of proof to establish the justness and reasonableness of every element of its requested rate increase. In this regard, Section 315(a) of the Public Utility Code, 66 Pa. C.S. § 315(a), provides as follows:

> Reasonableness of rates – In any proceeding upon the motion of the Commission, involving any proposed or existing rate of any public utility, or in any proceedings upon the 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). The Commonwealth Court has interpreted this principle in stating that:

> Section 315(a) of the Public Utility Code, 66 Pa. C.S. § 315(a), places the burden of proving the justness and reasonableness of a proposed rate hike squarely on the utility. It is well-established that the evidence adduced by a utility to meet this burden must be substantial.

Lower Frederick Twp. v. Pa. P.U.C., 226-27, 409 A.2d 505, 507 (1980) (citations omitted) (emphasis added); see also Brockway Glass v. Pa. P.U.C., 437 A.2d 1067 (1981).

The Pennsylvania Supreme Court has stated that the party with the burden of proof has a formidable task to show that the Commission may lawfully adopt its position. Even where a party has established a prima facie case, the party with the burden must establish that "the elements of that cause of action are proven with substantial evidence which enables the party asserting the cause of action to prevail, precluding all reasonable inferences to the contrary." Burleson v. Pa. P.U.C., 461 A.2d 1234, 1236 (Pa. 1983) (Burleson). Thus, a utility has an affirmative burden to establish the justness and reasonableness of every component of its rate request.

Therefore, PCLP Electric must affirmatively establish the reasonableness of every element of its claims and demonstrate that its proposed rates are just, reasonable, and in the public interest.

In this Main Brief, the OCA will show that Pike's allocation methodology is reasonable, however the cost of service study that it has used as a guide for setting rates should be modified to more accurately reflect cost causation.

B. Cost of Service Study

1. Introduction

In this proceeding, Pike County Electric is proposing to allocate the revenue increase in a manner that the Company alleges is consistent with cost causation. Pike St. 1 at 7. The Company relied on the ECOS presented by the Company Electric Rate Panel to make this determination. See, Pike St. 1 at 8-11.

OCA witness Pavlovic relied on Pikes' ECOS for analysis of the proposed revenue allocation. I&E Witness Sakaya relied on a slightly modified version of Pike's ECOS in analyzing the Company's proposed revenue allocation, an ECOSS submitted in response to I&E-RS-II-D. See, OSBA St. 1R at 1. OSBA witness Robert Knecht rejected the Company's ECOSS based on technical errors and critiques of the Company's methodology in computing the ECOS, and instead developed two alternative versions of the cost allocation study. OSBA St. 1 at 2. The ECOS relied upon by the Commission provides the guide by which rate increases are allocated and care must be taken to ensure that it is conducted properly when setting rates.

Upon conducting his review, OCA witness Pavlovic noted errors contained in the Company's Electric Rate Panel's study. Upon correcting the classification errors presented by the Company, Dr. Pavlovic presented his results for use in guiding the allocation of revenues in this case. OCA St. 2 at 21, Exh. KRP-10. Specifically, as Mr. Pavlovic testified:

> **Q. HAVE YOU EXAMINED AND ANALYZED PIKE COUNTY'S ELECTRIC CLASS COST OF SERVICE STUDY?**

> **A.** Yes. PCLP's ECOS model is an Excel spreadsheet linked to a number of ancillary Excel spreadsheets. The ECOS model itself follows the standard cost of service procedure of first functionalizing costs, second classifying the functionalized costs as directly assignable to certain classes or as demand-related, customer-related or energy-related, and third allocating to customer classes those functionalized costs that are classified as demand-, customer-, or energy-related.

OCA St. 2 at 13 (footnotes omitted). While Mr. Pavlovic did not find any errors in the ECOS' functionalization of PLCP's electric costs, he noted errors in the Company's classification of functionalized electric costs. OCA St. 2 at 13. As detailed further in the OCA's testimony and further below, Mr. Pavlovic disagrees with Pike's ECOS clarification of FERC Accounts 360-362 and 364-368; Mr. Pavlovic instead recommends that PCLP's FERC Accounts 364-368 be classified as wholly demand-related with no customer-related component, consistent with the ECOS' classification of FERC Accounts 360-362 as only demand-related. OCA St. 2 at 13-17. Essentially, the issue identified by OCA's witness Mr. Pavlovic equates to costs in Accounts 364-368 do not vary or fluctuate with the number of customers on Pike's system:

> **Q. WHAT IS THE COST CAUSATION THAT DEFINES THE CLASSIFICATION OF ELECTRIC DISTRIBUTION ACCOUNTS AS DEMAND-RELATED**?
>
> **A**. As Bonbright explains, it is theoretically impossible for the capital costs in Accounts 364-368 to vary with the number of customers connected to those facilities because the connection of a new customer (or disconnection of an existing customer) has no measurable impact on the costs in FERC Accounts 360-368. Since the cost of the distribution system in accounts 360-368 do not and cannot vary with the number of customers connected to the distribution system, for the purposes of embedded cost analysis, the costs in FERC Accounts 360-368 are properly classified as demand-related, because those costs "vary continuously (and, perhaps, even more or less directly) with the maximum demand imposed on this system as measured by peak load."

OCA St. 2 at 14-15 (footnotes omitted).

Dr. Pavlovic presented further testimony correcting these flaws with the following results for the major rate classes:

Table 1A: Residential and Commercial Comparison of PCLP ECOS Results With OCA Revised ECOS Results

ECOS Results	Residential		Small Commercial		Large Commercial	
	PCLP ECOS	OCA Revised ECOS	PCLP ECOS	OCA Revised ECOS	PCLP ECOS	OCA Revised ECOS
Operating Revenue	$2,743,586	$2,743,586	$2,103,307	$2,116,851	$362,066	$367,788
Operating Expenses	$2,098,006	$1,951,265	$1,831,201	$1,967,347	$305,710	$364,846
Operating Income	$645,577	$777,984	$272,106	$149,504	$56,356	$2,941
Rate Base	$10,840,783	$9,166,382	$8,851,285	$10,379,818	$1,351,381	$2,048,095
Rate of Return	5.96%	8.49%	3.07%	1.44%	4..17%	0.14%
Index Rate of Return	1.29	1.84	0.66	0.31	0.90	0.03

OCA St. 1 at 21; Exh. KRP-10.

The OCA submits that Dr. Pavlovic's modified ECOS, as detailed below, more closely adheres to cost causation. As a result, the OCA further submits that the Commission must consider the OCA's alternative study as a guide when setting rates in this proceeding.

2. <u>The Company's ECOS Improperly Classified FERC Accounts 364-368 as Customer-Related.</u>

The Company has classified FERC Accounts 364 (poles, towers & fixtures), 365 (overhead conductors & devices), 366 (underground conduit), 367 (underground conductors & devices) and 368 (line transformers) as both customer-related and demand-related. OCA St. 2 at 14. OCA

Witness Pavlovic established that customer-related costs are those costs that vary with the number of customers. OCA St. 2 at 14; See Also Bonbright et al, Principles of Public Utility Rates, 1988. Demand-related costs are "those costs that vary directly with maximum demand measured by peak load or demand." OCA. St. 2SR at 4. Mr. Pavlovic cites the NARUC Electric Manual in noting:

> The capital costs incurred in connecting a customer to those parts of the electric distribution system that service more than a single customer (FERC Accounts 360-368). . . are the capital costs of services (FERC Account 369), meters (FERC Account 370), installations on customer premises (FERC Account 371) and street lighting and signal systems (373).

OCA St. 2 at 14-15 Because it is theoretically impossible for the capital costs in Accounts 364-368 to vary with the number of customers connected to those facilities, these Accounts are properly classified as demand-related. OCA St. 2 at 15.

Dr. Pavlovic testified that Pike "erroneously classified as both demand-related and customer-related" the costs in FERC Accounts 364-368. OCA St. 2 at 16. Because classifying FERC Accounts 364-368 as customer-related "contradicts the fundamental basic cost-causation definitions about which there is no dispute" these accounts should not be classified as customer-related. OCA St. 2-SR at 4.

The OCA submits that FERC Accounts 364-368 are demand-related investments, and as such, the Company's classification of these costs as partially customer-related is not reasonable. Additionally, the Company's method of determining customer-related primary and secondary distribution plan costs is flawed. The Company's ACCOSS utilized a "Minimum-Size Method" approach, which hypothetically reconstructs the distribution system with the smallest size poles and conductors possible. OCA St. 2 at 14. Under this approach, the costs of the hypothetical system are deemed to be customer-related, and the remaining actual cost of the distribution system is deemed to be demand related. OCA St. 4 at 15. The Company Electric Rate Panel's minimum system approach resulted in the following customer/demand split of primary and secondary distribution plant:

Account	Primary (High Tension)	Secondary (Low Tension) Demand-Related	Secondary (Low Tension) Customer-Related	Total
360	100%			100%
361	100%			100%
361	100%			100%
362	100%			100%
364	65.50%	4.05%	30.45%	100%
365	65.50%	4.05%	30.45%	100%
366	2.72%	22.17%	75.12%	100%
367	2.72%	22.17%	75.12%	100%
368		23.70%	76.30%	100%

See, Pike St. 1 at 13-14. As the above table makes clear, the allocation of secondary distribution plant on a customer-related basis has a substantial impact on accounts 364-368.

OCA Witness Pavlovic evaluated the Company's classification of costs and found that it did not reflect actual cost causation of Pike's distribution system. Dr. Pavlovic explained:

> Since the cost of the distribution system in accounts 360-368 do not and cannot vary with the number of customers connected to the distribution system, for the purposes of embedded cost analysis, the costs in FERC Accounts 360-368 are properly classified as demand-related, because those costs vary continuously (and, perhaps, even more or less directly) with the maximum demand imposed on this system as measured by peak load.

OCA St. 2 at 15 (internal quotation marks omitted). The Company correctly classified FERC Accounts 360-362 as demand-related. Dr. Pavlovic testified, "Only the costs in FERC

Accounts 364-368 are erroneously classified as both demand-related and customer-related." OCA St. 2 at 16.

The OSBA argued in rebuttal that the classification of FERC Accounts 364-368 as exclusively demand-related is wrong because "it does not recognize (a) that the distribution system expands to new areas to service new customers; and (b) that it is less costly to service large commercial and industrial customers that are located in narrow geographic zones than to service geographically dispersed residential customers." OCA St. 2SR at 11; See Also OSBA St. 1R at 4.

Regarding distribution system expansion, OCA witness Pavlovic explained that the design and construction of an extension will vary with regard to the number of poles and the length of the lines required, however, the design capacity of the extension is determined by the expected maximum demand of the customers on the extension, irrespective of the number of customers, the length of the lines, or the number of poles and transformers. OCA St. 2SR at 11-12.

Regarding OSBA's density argument, OCA witness Pavlovic testified:

> [T]he design capacity of the joint use distribution equipment is here also determined by the maximum demand on the equipment, irrespective of the number of customers that produce that maximum demand. Again, the fact that there are variations in both the local density of and number of customers on and electric system does not demonstrate that there is a measureable customer-related component to the joint-use distribution equipment costs or that the number of customers is a basis for quantified allocation of those costs.

OCA St. 2-SR at 12. As Dr. Pavlovic explained, "the fact that electrical systems grow over time does not demonstrate that there is a measureable customer-related component to the join-use distribution equipment costs or that number of customers is a basis for quantified allocations of those costs." OCA St. 2SR as 12.

3. The Company's ECOS Should Allocate Demand-Related Costs On A Coincident Peak Basis.

In addition to concerns regarding the allocation of demand-related costs as customer-related, OCA witness Pavlovic identified errors in Pike's allocation of demand-related costs on a non-coincident peak basis. OCA St. 2 at 18. In its cost study, the Company uses non-coincident peak (NCP) demands of each rate class to determine cost responsibility. However, as OCA witness Pavlovic explained, Pikes distribution facilities consist of a single distribution substation designed to meet maximum loads. OCA St. 2 at 18. These maximum loads occur at a single Coincident Peak (CP). As Mr. Pavlovic further explained, "[NCP] class demand allocators do not measure individual class demands at the maximum demand on the facilities being allocated and, thus, do not allocate the costs to classes consistent with the principle of cost causation." OCA St. 2 at 18-19.

Pike and OSBA argued in rebuttal testimony that demand-related costs should be allocated on an NCP basis. Pike St. 1-R at 11; OSBA St. 1-R at 6-7. The main argument in favor of continuing with NCP allocations of demand-related costs is that the use of NCP allocations capture diversity of demands across an entire utility system. This argument is not supported in Pike's service territory, however, where there is a single substation system designed to meet total system peak loads. As a result, the OCA recommends that Pike's demand-related costs (FERC accounts 360-368) be allocated on the basis of coincident peak demands.

The OCA submits that the classification of FERC Accounts 364-368 as demand-related better reflects cost causation than the approach offered by OSBA, and should therefore be used to guide the allocation of the rate increase. OCA witness Pavlovic presented his ECOS results are provided in Exhibit KRP-10 and are attached to this Main Brief as Attachment A.

C. Revenue Allocation.

1. The Commission Should Adopt The OCA's Revenue Allocation.

In determining revenue allocation of the approved rate increase, it is important to recognize that cost of service studies provide a guide for setting rates, but do not establish with precision an appropriate allocation of revenue increases. On this point, the OCA agrees with the Company's witnesses, where they explain:

> Q. Do you agree that there is judgment involved in the preparation of an allocated cost study for a Local Distribution Company ("LDC")?
> A. Yes. It is necessary to apply expert judgment that reflects a number of factors including the nature of services being provided, the demographics of its customers, the design of the distribution facilities and guidance from the regulatory commission concerning class revenue targets and allocation approaches. Appropriate cost allocation methods, such as we have utilized, take into account the factors noted above and ***yield a range of results that are within reasonable bounds to be used as a guide for rate design***.

Pike St. 1-R at 7 (emphasis added). The OCA submits that the Commission must consider the reasonable bounds of increases for residential customers, particularly at the present time as the Covid-19 pandemic has impacted residential customers. See, OCA St. 2 at 2-13.

In this proceeding, OCA witness Pavlovic found PCLP's *method* of distributing the revenue increase to the tariff rate classes to be generally consistent with traditional rate making principles and cost causations, provided that the corrected cost study presented by the OCA is utilized in this proceeding. OSBA, however, proposes two class revenue allocations: one under the presumption that the Commission approves PCLP's ECOS as corrected for purported technical errors in RDK WP2, and another under the presumption that the Commission accepts all of OSBA's corrections of purported classification/allocation errors as incorporated into RDK WP3. As detailed more below, both of OSBA's revenue increase allocations are based on cost studies that incorporate Minimum-Size classification/allocation of distribution accounts, which is inconsistent with the principle of cost causation. Additionally, the OSBA alternative allocations place massive increases on Pike's residential customers, in some cases substantially more than the increases contained in the Company initial filing and public notices.

The OCA submits that the revenue allocation proposed by the OCA meets the legal requirements for determination of revenue allocation. The Commonwealth Court of Pennsylvania provided that the "polestar" for determining the level of revenue for the different rate cases should be the cost of providing service to those different rate classes. Lloyd v. Pa. PUC, 904 A.2d 1010, at 1020 (Pa. Commw. Ct. 2004) (Lloyd). "Polestar" is a literary reference meaning "directing principle" or a "guide."[3] As the Commission has found, a COSS is to serve as a guide in setting rates. Pa. PUC v. Pennsylvania Gas & Water Co., 1993 Pa. PUC LEXIS 61, *161 (1993).

The Commission has long regarded cost of service studies as more of an art form and a guide rather than as a source of actual data. Application of Metropolitan Edison Company for Approval of Restructuring Plan Under Section 2806 of the Public Utility Code, 1998 Pa. PUC LEXIS 160, *159 (1998); Pa. PUC v. Pa. Power & Light, 55 P.U.R. 4th 185, 249 (Pa. PUC 1983); Pa. PUC v. Aqua Pa, Inc., Docket No. R-00072711, Order (July 31, 2008). Similarly, the Recommended Decision from Peoples' 2010 base rate proceeding stated that "[t]he Commission has concluded further that there is no single absolutely correct method for preparing cost of service studies." Pa. PUC v. Peoples Natural Gas Company, Docket No. R-2010-220172, R.D. at 26 (Order adopting R.D. entered June 9, 2011).

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[3] The American Heritage Dictionary, Houghton Mifflin Co. (1985).

Cost of service studies are often disputed, making it an area of compromise within the decision making process. Other factors such as gradualism, rate shock, rate continuity, competitive concerns, and principles of fundamental fairness must also weigh in the determination. Lloyd at 1020-1021. Mr. Pavlovic has included these important considerations in developing his COSS and his recommendations concerning allocation. OCA St. 2 at 20.

The OCA submits that while cost of service should guide the Commission when setting rates in this proceeding, other ratemaking principles such as gradualism, avoidance of rate shock and basic fairness must not be abandoned. The Commission must consider the reasonable cost of service evidence presented in this proceeding as a guide for achieving the goal of the Lloyd settlement to move classes "at or near" cost of service while respecting principles of gradualism.

2. Summary of OSBA's Proposed Revenue Allocation.

In its direct testimony, OSBA disagreed with the Company's proposed allocation and instead suggested "an alternative revenue allocation is required." OSBA St. 1 at 25. Specifically, OSBA proposed two versions of allocation, one using PCLP's corrected Electric Class Cost of Service Study (ECOSS), and one using OSBA witness Robert D. Knecht's proposed ECOSS. OSBA St. 1 at 26. OSBA claims that its allocation proposal using PCLP's corrected ECOSS, moves rates "into line with allocated costs for all rate classes, subject to a 1.5 times system average limit on the increase for the SC4 rate class." OSBA St. 1 at 26.

Specifically regarding the Residential class, OSBA claims it developed the revenue allocation to move the combined class to a 100 percent revenue/cost ratio, and then assigned the same average increase to the two sub-classes. Alternatively, OSBA's approach using RDK ECOSS, OSBA witness Knecht assigns SC2-P class at zero "based on judgement, instead of adopting the rate reduction implied by the RDK ECOSS. OSBA St. 1 at 26. OSBA's two proposed revenue allocation tables are listed below:

Table IEc-5

RDK Revenue Allocation Using Corrected PCL&P ECOSS

	Current R/C Ratio	Increase ($000)	Increase (%)	Proposed R/C Ratio
Residential	93%	$ 938.7	44.1%	98%
Residential Heating	102%	$ 245.6	44.1%	108%
Sub-Total Residential (SC1)	95%	$1,184.3	44.1%	100%
Small C&I Secondary (SC2-S)	104%	$ 647.0	31.4%	100%
Small C&I Primary (SC2-P)	125%	$ 37.8	10.8%	100%
Municipal Lighting (SC3)	99%	$ 34.7	40.3%	100%
Private Area Lighting (SC4)	87%	$ 16.1	55.3%	97%
Total	**100%**	**$1,919.1**	**36.9%**	**100%**

Sources: RDK WP2

Table IEc-6 RDK Revenue Allocation Using RDK ECOSS				
	Current R/C Ratio	Increase ($000)	Increase (%)	Proposed R/C Ratio
Residential	85%	$1,175.6	55.3%	96%
Residential Heating	97%	$ 307.5	55.3%	109%
Sub-Total Residential (SC1)	87%	$1,483.2	55.3%	98%
Small C&I Secondary (SC2-S)	119%	$ 375.5	18.2%	104%
Small C&I Primary (SC2-P)	141%	$ 0.0	0.0%	103%
Municipal Lighting (SC3)	95%	$ 45.3	52.5%	104%
Private Area Lighting (SC4)	64%	$ 16.1	55.3%	71%
Total	**100%**	**$1,952.5**	**37.7%**	**100%**
Sources: RDK WP3				

OSBA St. 1 at 26-27.

As discussed above, OSBA's cost of service study is seriously flawed and must be disregarded. OCA witness Pavlovic explained:

Q. DO YOU HAVE PRELIMINARY COMMENTS CONCERNING OSBA'S COST ANALYSES?

> A. Yes. OSBA developed an alternative version of the PCLP ECOS that replicates PCLP's ECOS results, which it refers to as RDK WP1. OSBA then developed a second version, which it refers to as RDK WP2, that corrects purported technical errors in PCLP's ECOS. Finally, OSBA developed a third version, which it refers to as RDK WP3, that corrects purported errors in PCLP's Minimum-Size classification/allocation of FERC Accounts 364-367 and 369 and purported classification and/or allocation errors in various other plant and expense accounts. My testimony below addresses only OSBA's purported minimum-size errors in FERC Accounts 364-367 and 369 and OSBA's proposed modifications of those purported errors in RDK WP3.

OCA St. 2-R at 3 (footnotes omitted). OSBA proposes two class revenue allocations, one assuming the Commission approves PCLP's ECOS as corrected by OSBA, and another under the assumption that the Commission accepts OSBA's generated ECOS. OCA St. 2-R at 9. OCA witness Pavlovic discusses each of the OSBA's presentations in testimony:

> **Q. WHAT IS OSBA'S PROPOSAL REGARDING CLASS REVENUE ALLOCATION?**
>
> **. . .**
>
> In the RDK WP2 revenue increase allocation, OSBA adopts the procedure of allocating the revenue increase so as to move the rate classes towards cost (per RDK WP2) subject to a cap of 1.5 times the system average increase. This allocation results in a 44.1% increase to the residential class and increases to the commercial classes that range from 10.2% (SC2-P) to 55.3% (SC-4).
>
> In the RDK WP3 revenue increase allocation, OSBA adopts the procedure of allocating the revenue increase so as to move the rate classes toward cost (per RDK WP3) subject to a cap of 1.5 times the system average increase, except that the increase for the SC2-P rate class is set at zero. This allocation results in a 55.3% increase to the residential class and increases to the commercial classes that range from 0.0% (SC2-P) to 55.3% (SC-4).
>
> **Q. WHAT IS YOUR ASSESSMENT OF OSBA'S PROPOSED CLASS REVENUE ALLOCATIONS?**
>
> **A.** Both revenue increase allocations are based on cost studies that incorporate Minimum-Size classification/allocation of distribution accounts, which I demonstrated in my direct testimony is inconsistent with the principle of cost causation.
>
> In the case of the RDK WP2 revenue increase allocation, Minimum-Size classification/allocation is erroneously applied to the secondary line costs in FERC Accounts 364-367 and the line transformer costs in FERC Account 368.
>
> In the case of RDK WP3 revenue increase allocation, the Minimum-Size classification/allocation error is compounded by extending the error to the primary line costs in FERC Accounts 364-367 and the service costs in FERC Account 369.
>
> Q. **WHAT IS YOUR RECOMMENDATION REGARDING OSBA'S PROPOSED REVENUE INCREASE ALLOCATIONS?**

> **A.** Because both of the proposed revenue increase allocations are based on cost studies that incorporate significant errors in the classification/allocation of FERC Accounts 364-369 that are not consistent with the principle of cost causation, I recommend that the Commission reject both of OSBA's revenue increase allocations.

OCA St. 2-R at 9-10 (footnotes omitted). As detailed above by OCA witness Mr. Pavlovic, OSBA's proposals are flawed in that both revenue increase allocations are based on cost studies that incorporate Minimum-Size classification/allocation of distribution accounts, which demonstrated in Karl Pavlovic's direct testimony, is inconsistent with the principle of cost causation. OCA St. 2-R at 10.

In Mr. Pavlovic's direct testimony, he found PCLP's method of distributing the revenue increase to rate classes to be consistent with traditional rate making principles. OCA St. 2-SR at 15. As shown in the following table:

Table IEc-1
PCL&P Electric Proposed FTY Rate Increases

	Amount ($000)	Percent
SC1: Residential	$ 659	31.0%
SC1: Res. Space/Water Htg.	$ 171	30.7%
SC2-S: C&I Secondary	$ 931	45.2%
SC2-P: C&I Primary	$ 116	33.0%
SC3: Municipal Lighting	$ 33	37.7%
SC4: Private Area Lighting	$ 11	37.7%
Total	**$1,920**	**36.9%**

Sources: RDK WP1, "PoR FTY"

OSBA St. 1 at 2. In rebuttal, OSBA took no exception to Mr. Pavlovic's method of distributing the revenue increase but asserts that because OCA's ECOS results were not consistent with cost-causation and not consistent with recent Commission decisions, the OCA's recommended revenue allocation is not appropriate for this proceeding. OSBA St. 1-R (Electric) at 8; OCA St. 2-SR at 16. Therefore, regarding revenue allocation and distribution, OCA witness Mr. Pavlovic states:

> **Q. DOES OSBA'S REBUTTAL GIVE YOU REASON TO WITHDRAW OR MODIFY YOUR RECOMMENDED REVENUE INCREASE DISTRIBUTION?**
>
> **A.** No. As I detailed above, OSBA's rebuttal testimony has not shown my modifications to PCLP's ECOS to be inconsistent with cost causation.

OCA St. 2-SR at 16. The OCA submits that OSBA's alternative revenue allocations should not be adopted in this proceeding.

3. Conclusion

The OCA submits that Mr. Pavlovic's adoption of the revenue allocation provided by the Company, as modified to reflect Mr. Pavlovic's cost of service study, is an appropriate allocation that moves classes closer to the system average return based on the results of reasonable cost of service studies and applies principles of gradualism and avoidance of rate shock in a reasonable way. Additionally, Mr. Pavlovic's revenue allocation meets the standards set forth in Lloyd and in the prior settlement. Specifically, as required by Lloyd, the allocation proposed by Mr. Pavlovic is guided by the cost of service studies performed in this case that are more consistent with the 2004 cost of service study that gave rise to the original Lloyd appeal. Principles of gradualism and avoidance of rate shock also have been applied only to the extent necessary to alleviate major disruptions in customer service for those classes that are producing revenue substantially below the system average. As a result, the only allocation in evidence in this proceeding that recognizes PCLP's historic methodology is that proposed by PCLP and adopted by OCA witness Pavlovic.

The OCA submits that Mr. Pavlovic's revenue allocation respects cost of service principles, achieves the goals of the settlement, respects the traditional ratemaking principles of gradualism and is in accord with the Lloyd decision. Under Mr. Pavlovic's recommended revenue allocation residential classes would bear a substantial increase, but not more than 100% of the increase as contained in the OSBA proposal. The OCA's recommend allocation methodology is reasonable, based on cost causation, and should be adopted in this proceeding.

IV. CONCLUSION

For the reasons set forth in this Main Brief, the OCA respectfully submits that the Commission should adopt the OCA's position and modifications to the rate design. As detailed further above, the Office of Small Business Advocate's position on rate design will not result in a just and reasonable increase to all classes of consumers and will not reflect sound ratemaking policy or Pennsylvania law. Based on the facts of this case, OCA witness Pavlovic performed a reasonable and appropriate electric class cost of service study for the electric operations of PCLP and responded to the electric rate design proposals based on the ECOS results, which should be used as a guide for setting rates in this proceeding. Finally, based on this ECOS as well as the principles of gradualism and basic fairness during this economically challenging period, the OCA proposes Pike's method of distributing the revenue increase to the tariff rate classes, adjusted to OCA witness Pavlovic's revised ECOS, is consistent with traditional rate making principles and cost causations and therefore, should be adopted.

Respectfully Submitted,

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Dated: April 5, 2021

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Pike County Light & Power Company
Electric Class Cost of Service Study
12 Months Ended June 30, 2020

SCH NO.	LINE NO.	DESCRIPTION (a)	ALLOCATION BASIS (b)	TOTAL ELECTRIC COMPANY (c)	Total Residential (d)	Residential SC1 (e)	Residential Space/Water Htg SC1 (f)	Small Commercial & Industrial - Sec SC2-S (g)	Large Commercial & Industrial - Pri SC2-P (h)	Municipal Street Lighting SC3 (i)	Private Lighting SC4 (j)	TOTAL COMPANY INPUT BALANCES	TOTAL COMPANY PERCENTAGE INPUT
SUM	1	**SUMMARY AT PRESENT RATES**											
SUM	2												
SUM	3	**DEVELOPMENT OF RETURN**											
SUM	4												
SUM	5	**OPERATING REVENUE**											
SUM	6	Sales of Electricity - Base	CALCULATED	5,176,658	2,660,970	2,109,324	551,646	2,050,257	350,037	86,228	29,166	5,089,500	87,158
SUM	7	Other Operating Revenue	CALCULATED	152,504	68,280	52,321	15,958	66,595	17,751	(61)	(61)		
SUM	8	TOTAL OPERATING REVENUE		5,329,162	2,729,249	2,161,645	567,604	2,116,851	367,788	86,168	29,106	5,242,000	
SUM	9												
SUM	10	**OPERATING EXPENSES**											
SUM	11	Other Power Supply Exp	CALCULATED	672,207	283,875	222,743	61,131	292,659	91,973	2,303	1,397		
SUM	12	Operation and Maintenance Expense	CALCULATED	2,485,827	1,029,049	845,639	183,410	1,250,376	202,054	846	3,503		
SUM	13	Depreciation and Amortization Expense	CALCULATED	616,672	258,564	204,659	53,904	295,298	58,821	2,673	1,317		
SUM	14	Taxes Other Than Income Taxes	CALCULATED	379,800	163,847	129,710	34,137	181,436	33,388	552	578		
SUM	15	State and Federal Income Taxes	CALCULATED	170,634	215,931	162,818	53,113	(52,422)	(21,389)	22,398	6,117		
SUM	16	TOTAL OPERATING EXPENSES		4,325,141	1,951,265	1,565,569	385,696	1,967,347	364,846	28,772	12,911	4,300,000	rounded
SUM	17												
SUM	18	**OPERATING INCOME (RETURN)**		1,004,021	777,984	596,076	181,908	149,504	2,941	57,396	16,195	942,000	
SUM	19												
SUM	20	**DEVELOPMENT OF RATE BASE**											
SUM	21	Electric Utility Plant in Service	CALCULATED	22,521,353	9,509,072	7,524,249	1,984,823	10,761,521	2,122,895	84,642	43,222		
SUM	22	Less: Electric Utility Accumulated Depreciation	CALCULATED	2,084,440	872,219	690,581	181,638	998,792	202,669	7,149	3,611		
SUM	23	Plus: Rate Base Additions	CALCULATED	2,115,278	892,181	709,399	182,782	1,017,835	194,930	6,529	3,803		
SUM	24	Less: Rate Base Deductions	CALCULATED	834,499	362,652	273,527	89,125	400,747	67,061	2,674	1,365		
SUM	25	**TOTAL RATE BASE**	CALCULATED	21,717,692	9,166,382	7,269,540	1,896,842	10,379,818	2,048,095	81,348	42,049	21,717,600	rounded
SUM	26												
SUM	27	**RATE OF RETURN (PRESENT)**		4.62%	8.49%	8.20%	9.59%	1.44%	0.14%	70.56%	38.51%	4.34%	
SUM	28	**DISTRIBUTION INDEX RATE OF RETURN (PRESENT)**		1.00	1.84	1.77	2.07	0.31	0.03	15.26	8.33		
SUM	29												
SUM	30												
SUM	31												
SUM	32												
SUM	33												
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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
61						Pike County Light & Power Company								
62						Electric Class Cost of Service Study								
63						12 Months Ended June 30, 2020								
64														
65									Small	Large	Municipal			
66					TOTAL			Residential	Commercial &	Commercial &	Street	Private	TOTAL COMPANY	TOTAL COMPANY
67	SCH	LINE		ALLOCATION	ELECTRIC	Total	Residential	Space/Water Htg	Industrial - Sec	Industrial - Pri	Lighting	Lighting	INPUT	PERCENTAGE
68	NO.	NO.	DESCRIPTION	BASIS	COMPANY	Residential	SC1	SC1	SC2-S	SC2-P	SC3	SC4	BALANCES	INPUT
69			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
70														
121	SUM	1	HISTORICAL AND FUTURE YEAR DIFFERENCE ADJUSTMENTS:											
122	SUM	2	(For Future Test Year 12 Months Ended June 30 2021)											
123	SUM	3												
124	SUM	4	OPERATING INCOME (RETURN) @ PRESENT RATES		1,004,021	777,984	596,076	181,908	149,504	2,941	57,396	16,195		
125	SUM	5	LESS Historical and Future Year Differences:											
126	SUM	6	Retail Sales Revenue	CLAIMREV	118,700	51,553	40,847	10,906	56,071	10,722	177	178	118,700	
127	SUM	7	450-Late Payment Charges	EXP_904	730	707	440	267	23	0	0	0	730	
128	SUM	8	454-Rent from Electric Property	PLT_364	(45,787)	(19,399)	(15,222)	(4,178)	(21,103)	(5,285)	0	0	(45,787)	
129	SUM	9	456-Other Electric Revenues (Prov for FIT Refund)	CLAIMREV	61,072	26,524	20,913	5,611	28,849	5,516	91	91	61,072	
130	SUM	10	PLUS Historical and Future Year Differences:											
131	SUM	11	Other Power Supply Expenses (Base Rate)	ENERGY1	22,400	9,460	7,422	2,037	9,752	3,065	77	47	22,400	
132	SUM	12	O&M Expense - Labor Related	LABOR	174,900	72,090	59,016	13,074	90,976	11,533	26	274	174,900	
133	SUM	13	O&M Expense - Distribution Plant Related	DISTPLT	112,400	47,683	37,478	10,205	52,763	11,228	503	224	112,400	
134	SUM	14	O&M Expense - 904-Uncollectible Accounts	EXP_904	189,000	182,920	113,722	69,198	6,080	0	0	0	189,000	
135	SUM	15	O&M Expense - 928-Regulatory Commission	CLAIMREV	59,000	25,624	20,204	5,421	27,870	5,329	88	88	59,000	
136	SUM	16	Depreciation Expense	TOTPLT	283,800	119,828	94,816	25,012	135,608	26,753	1,067	545	283,800	
137	SUM	17	TOIT - Base Payroll Taxes	LABOR	5,916	2,439	1,996	442	3,077	390	1	9	5,916	
138	SUM	18	TOIT - PA Property Tax	DGPLT	52	22	17	5	25	5	0	0	52	
139	SUM	19	TOIT - Gross Receipt Tax	CLAIMREV	(4,859)	(2,110)	(1,664)	(446)	(2,295)	(439)	(7)	(7)	(4,859)	
140	SUM	20	` State and Federal Income Taxes	CLAIMREV	(236,700)	(102,801)	(81,054)	(21,747)	(111,811)	(21,380)	(353)	(354)	(236,700)	
141	SUM	21	OPERATING INCOME @ PRESENT RATES WITH DIFFERENCES		532,827	482,215	390,901	91,314	1,299	(22,589)	56,263	15,639		
142	SUM	22												
143	SUM	23	RATE BASE	CALCULATED	21,717,692	9,166,382	7,269,540	1,896,842	10,379,818	2,048,095	81,348	42,049		
144	SUM	24	Historical and Future Year Difference Adjustments:											
145	SUM	25	Gas Utility Plant & Reserves Adjustments	TOTPLT	2,901,600	1,225,132	969,406	255,727	1,386,469	273,523	10,907	5,569	2,901,600	
146	SUM	26	Additions:											
147	SUM	27	Cash Working Capital	OMXPP	121,000	49,785	40,913	8,872	61,168	9,852	37	158	121,000	
148	SUM	28	Materials and Supplies	TOTPLT	37,700	15,918	12,595	3,323	18,014	3,554	142	72	37,700	
149	SUM	29	Prepayments	TOTPLT	(5,400)	(2,280)	(1,804)	(476)	(2,580)	(509)	(20)	(10)	(5,400)	
150	SUM	30	Deferred Debits (Net of Tax)	TOTPLT	(12,300)	(5,193)	(4,109)	(1,084)	(5,877)	(1,159)	(46)	(24)	(12,300)	
151	SUM	31	Deductions:											
152	SUM	32	Deferred Credits (Net of Tax)	TOTPLT	16,700	7,051	5,579	1,472	7,980	1,574	63	32	16,700	
153	SUM	33	Customer Deposits	CUSTDEP	3,900	1,973	1,136	837	1,927	0	0	0	3,900	
154	SUM	34	Deferred Income Taxes and Credits	CLAIMREV	199,100	86,471	68,178	18,292	94,050	17,984	297	298	199,100	
155	SUM	35	RATE BASE WITH ADJUSTMENTS		24,540,592	10,354,249	8,211,647	2,142,602	11,733,055	2,313,798	92,007	47,484	24,540,500	
156	SUM	36												
157	SUM	37	EQUALIZED RETURN AT PROPOSED ROR OF 6.86%											
158	SUM	38	DEVELOPMENT OF RETURN (RATE BASE * 6.86% ROR)		1,683,485	710,301	563,319	146,982	804,888	158,727	6,312	3,257	1,739,900	
159	SUM	39	PLUS OPERATING EXPENSES											
160	SUM	40	Other Power Supply Exp		694,607	293,334	230,166	63,169	302,411	95,038	2,380	1,443		
161	SUM	41	Operation and Maintenance Expense		3,047,873	1,362,668	1,080,066	282,601	1,446,744	234,359	302	3,801		
162	SUM	42	Depreciation and Amortization Expense		900,472	378,392	299,475	78,917	430,906	85,573	3,740	1,862		
163	SUM	43	Taxes Other Than Income Taxes		484,045	184,641	145,514	39,127	254,270	49,595	(3,932)	(529)		
164	SUM	44	State and Federal Income Taxes		401,478	205,808	151,822	53,986	162,287	30,904	1,748	732		
165	SUM	45	TOTAL OPERATING EXPENSES		5,528,475	2,131,508	1,907,042	517,799	2,596,618	495,470	4,237	7,308		
166	SUM	46	EQUALS TOTAL COST OF SERVICE		7,211,960	3,135,143	2,470,361	664,782	3,401,506	654,197	10,549	10,565		16.2089%
167	SUM	47	LESS: Other Operating Revenues		168,519	76,112	58,452	17,659	74,364	17,982	31	31	168,500	5.1145%
168	SUM	48	BASE RATE SALES @ EQUALIZED ROR 6.86%		7,043,441	3,059,032	2,411,909	647,123	3,327,142	636,214	10,518	10,534	7,136,200	68.4003%
169	SUM	49	BASE RATE SALES REVENUE INCREASE		1,866,783	398,062	302,585	95,477	1,276,886	286,178	(75,710)	(18,632)		15.3300%
170	SUM	50				Percent Calc	16.2089%	5.1145%	68.4003%	15.3300%	-4.0556%	-0.9981%		-4.0556%
171	RBP	1	DEVELOPMENT OF RATE BASE			Percent Value	16.2089%	5.1145%	68.4003%	15.3300%	-4.0556%	-0.9981%	transpose =>	-0.9981%

Pike County Light & Power Company
Electric Class Cost of Service Study
12 Months Ended June 30, 2020

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
67-68	SCH NO.	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL ELECTRIC COMPANY	Total Residential	Residential SC1	Residential Space/Water Htg SC1	Small Commercial & Industrial - Sec SC2-S	Large Commercial & Industrial - Pri SC2-P	Municipal Street Lighting SC3	Private Lighting SC4	TOTAL COMPANY INPUT BALANCES	TOTAL COMPANY PERCENTAGE INPUT
69			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
172	RBP	2	**ELECTRIC PLANT IN SERVICE**											
173	RBP	3	INTANGIBLE PLANT											
174	RBP	4	301 - Organization	DISTPLT	0	0	0	0	0	0	0	0	0	
175	RBP	5	303-Miscellaneous Intangible Plant 85%	DISTPLT	264,350	112,143	88,143	24,001	124,091	26,407	1,183	526	264,350	
176	RBP	6	TOTAL INTANGIBLE PLANT		264,350	112,143	88,143	24,001	124,091	26,407	1,183	526	264,350	
177	RBP	7												
178	RBP	8	DISTRIBUTION PLANT											
179	RBP	9	360-Land & Land Rights - HT	DDISPHT	1,090,252	461,917	362,444	99,472	502,492	125,843	0	0	1,090,252	
180	RBP	10	361-Structures & Improvements - HT	DDISPHT	2,832	1,200	941	258	1,305	327	0	0	2,832	
181	RBP	11	362-Station Equipment - HT	DDISPHT	1,193,670	505,733	396,825	108,908	550,157	137,780	0	0	1,193,670	
182	RBP	12	364-Poles,Towers & Fixtures											
183	RBP	13	Primary HT	DDISPHT	3,672,421	1,555,927	1,220,863	335,064	1,692,602	423,893	0	0	3,672,421	
184	RBP	14	Secondary Demand	DDISTPOL	227,057	96,199	75,483	20,716	104,649	26,208	0	0	227,057	
185	RBP	15	Secondary Customer	CDISTSOLC	1,707,560	723,457	567,663	155,794	787,007	197,097	0	0	1,707,560	
186	RBP	16	Total Account 364		5,607,038	2,375,583	1,864,008	511,574	2,584,258	647,198	0	0	5,607,038	5,607,038
187	RBP	17	365-Overhead Conductors & Devices											
188	RBP	18	Primary HT	DDISPHT	3,043,347	1,289,401	1,011,733	277,668	1,402,664	351,281	0	0	3,043,347	
189	RBP	19	Secondary Demand	DDISTPOL	188,163	79,721	62,553	17,168	86,723	21,719	0	0	188,163	
190	RBP	20	Secondary Customer	CDISTSOLC	1,415,060	599,531	470,424	129,107	652,195	163,335	0	0	1,415,060	
191	RBP	21	Total Account 365		4,646,570	1,968,653	1,544,709	423,943	2,141,582	536,335	0	0	4,646,570	4,646,570
192	RBP	22	366-Underground Conduit											
193	RBP	23	Primary HT	DDISPHT	3,051	1,293	1,014	278	1,406	352	0	0	3,051	
194	RBP	24	Secondary Demand	DDISTPUL	24,883	10,542	8,272	2,270	11,468	2,872	0	0	24,883	
195	RBP	25	Secondary Customer	CDISTSULC	84,326	35,727	28,033	7,694	38,865	9,733	0	0	84,326	
196	RBP	26	Total Account 366		112,260	47,562	37,320	10,242	51,740	12,958	0	0	112,260	112,260
197	RBP	27	367-Underground Conductors & Devices											
198	RBP	28	Primary HT	DDISPHT	11,693	4,954	3,887	1,067	5,389	1,350	0	0	11,693	
199	RBP	29	Secondary Demand	DDISTPUL	95,362	40,403	31,702	8,701	43,952	11,007	0	0	95,362	
200	RBP	30	Secondary Customer	CDISTSULC	323,175	136,922	107,436	29,486	148,950	37,303	0	0	323,175	
201	RBP	31	Total Account 367		430,230	182,279	143,026	39,253	198,291	49,660	0	0	430,230	430,230
202	RBP	32	368-Line Transformers											
203	RBP	33	Secondary Demand	DDISTSLT	398,084	168,660	132,339	36,320	183,475	45,949	0	0	398,084	
204	RBP	34	Secondary Customer	CDISTSLT	1,281,506	542,947	426,025	116,922	590,640	147,919	0	0	1,281,506	
205	RBP	35	Total Account 368		1,679,590	711,606	558,364	153,242	774,115	193,868	0	0	1,679,590	
206	RBP	36	369-Services	CUSTSERV	1,884,508	899,821	706,047	193,774	984,687	0	0	0	1,884,508	
207	RBP	37	370-Meters	CUSTMTR	522,506	176,711	148,405	28,306	323,495	22,299	0	0	522,506	
208	RBP	38	373-Street Lighting & Signal Systems	CUSTLTG	111,732	0	0	0	0	0	77,356	34,376	111,732	
209	RBP	39	TOTAL DISTRIBUTION PLANT		17,281,187	7,331,064	5,762,091	1,568,973	8,112,123	1,726,268	77,356	34,376	17,281,187	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
61						Pike County Light & Power Company								
62						Electric Class Cost of Service Study								
63						12 Months Ended June 30, 2020								
64														
65									Small	Large	Municipal			
66					TOTAL			Residential	Commercial &	Commercial &	Street	Private	TOTAL COMPANY	TOTAL COMPANY
67	SCH	LINE		ALLOCATION	ELECTRIC	Total	Residential	Space/Water Htg	Industrial - Sec	Industrial - Pri	Lighting	Lighting	INPUT	PERCENTAGE
68	NO.	NO.	DESCRIPTION	BASIS	COMPANY	Residential	SC1	SC1	SC2-S	SC2-P	SC3	SC4	BALANCES	INPUT
69			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
70														
721	AF	1	**ALLOCATION FACTOR TABLE**											
722	AF	2	**EXTERNALLY DEVELOPED ALLOCATION FACTORS**											
723	AF	3												
724	AF	4	**DEMAND**											
725	AF	5	Demand Transmission (1 CP)	DTRAN	16,546	7,010	5,500	1,510	7,626	1,910	0	0		
726	AF	6					33.2441%	9.1238%	46.0895%	11.5426%	0.0000%	0.0000%		
727	AF	7												
728	AF	8												
729	AF	9												
730	AF	10												
731	AF	11												
732	AF	12												
733	AF	13	DEMAND - DISTRIBUTION RELATED (Non-Coincident Peak Demand)											
734	AF	14	Demand Distribution Primary High Tension	DDISPHT	17,134	7,205	5,654	1,552	7,885	1,947	60	37		
735	AF	15	Demand Distribution Primary Overhead Lines	DDISTPOL	17,134	7,205	5,654	1,552	7,885	1,947	60	37		
736	AF	16	Demand Distribution Primary Underground Lines	DDISTPUL	17,134	7,205	5,654	1,552	7,885	1,947	60	37		
737	AF	17												
738	AF	18												
739	AF	19												
740	AF	20	Demand Distribution Line Transformers	DDISTSLT	16,864	8,795	6,901	1,894	7,972	0	60	37		
741	AF	21												
742	AF	22												
743	AF	23												
744	AF	24												
745	AF	25	**ENERGY**											
746	AF	26	Energy @ Delivery kWh	ENERGY1	77,688,030	32,807,837	25,742,774	7,065,063	33,823,086	10,629,502	266,206	161,400		
747	AF	27	Energy @ Meter kWh Sales	ENERGY2	72,613,775	30,570,105	23,986,930	6,583,175	31,516,107	10,129,123	248,049	150,391		
748	AF	28												
749	AF	29												
750	AF	30												