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April 9, 2021

By Electronic Filing

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

Re: Pike County Light & Power Company 2020 General Base Rate Increase (Gas)
Filing; Docket No. R-2020-3022134; **JOINT PETITION FOR FULL
SETTLEMENT**

Dear Secretary Chiavetta:

Enclosed you will find the Joint Petition for Full Settlement in the above-captioned proceeding. Copies have been served in accordance with the attached Certificate of Service. Should you have any questions, please feel free to contact me directly.

Very truly yours,

/s/ Thomas J. Sniscak

Thomas J. Sniscak, Esq.
Whitney E. Snyder, Esq.
Kevin J. McKeon, Esq.
Bryce R. Beard, Esq.

Counsel for Pike County Light and Power Company

BRB/das

Enclosures

cc: Honorable Mary D. Long (via email malong@pa.gov)
Marc Hoffer (via email mhoffer@pa.gov)
Marissa Boyle (via email maboyle@pa.gov)
Jordan Van Order (via email jvanorder@pa.gov)
Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the forgoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

VIA ELECTRONIC MAIL ONLY

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/s/ Thomas J. Sniscak

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Dated: April 9, 2021

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| | : | |
| v. | : | Docket No. R-2020-3022134 |
| | : | |
| Pike County Light & Power Company | : | |
| (Gas) | : | |

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

Pike County Light & Power Company ("Pike (Gas)" or "Company"), the Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA"), collectively referred to as "Joint Petitioners," by their respective counsel, respectfully request: (a) that Administrative Law Judge Mary D. Long ("ALJ Long" or "ALJ") recommend approval of this Joint Petition for Settlement of Rate Investigation ("Petition" or "Settlement"), without modification, under the terms and conditions as set forth herein; (b) that the Pennsylvania Public Utility Commission ("Commission") adopt said ALJ recommendation and approve this Settlement; and (c) that the Commission permit Pike (Gas) to file tariff supplements attached hereto at Appendix A, effective on one (1) days' notice for service rendered on and after the entrance of the Order approving the Settlement, but in any event no sooner than July 28, 2021. In support of this Settlement, the Joint Petitioners set forth the following:

I. FACTUAL AND PROCEDURAL BACKGROUND

1. On October 26, 2021, Pike (Gas) filed with the Commission Supplement No. 110 to Tariff Gas - Pa. P.U.C. No. 6 to become effective December 28, 2021. Supplement No. 110 to Tariff Gas - PA P.U.C. No. 6 contains proposed changes in Pike (Gas)'s rates, rules, and regulations and sets forth a request to adjust current gas rates in order to produce additional distribution revenues of approximately \$262,200 per year, an increase of approximately 15.9% in overall gas revenues, or 34.7% in natural gas distribution revenues, based on the twelve months ended June 30, 2021.

2. Notices of Appearance were filed by I&E on November 3, 2020; OSBA on November 13, 2020; and OCA on November 16, 2020.

3. On December 17, 2020, the Commission entered an Order suspending the effective date of the proposed tariff until July 28, 2021 and instituted an investigation into the rate filing.

4. ALJ Mary D. Long was assigned to the instant matter and presided over a Pre-Hearing Conference on January 11, 2021.

5. On January 14, 2021, the ALJ issued a Prehearing Order setting forth the litigation schedule for the proceeding, including dates for telephonic evidentiary hearings.

6. On January 19, 2021, the ALJ issued a Public Hearing Notice setting forth the schedule for telephonic hearings seeking customers' input.

7. On February 8, 2021, at 1:00 PM and 6:00 PM, Public Input Hearings were held. Multiple customers of Pike (Gas) provided testimony regarding the proposed rate increase.

8. During the course of this proceeding, I&E, OCA, and OSBA submitted and Pike (Gas) responded to more than 160 multi-part interrogatories and discovery requests. The parties

have used discovery extensively to investigate Pike (Gas)'s filing and to prepare their respective positions on the rate change request.

9. In addition, the parties have filed testimony in this proceeding. The Company filed the Direct Testimony of the following witnesses on October 26, 2020 together with its rate filing:

- a. Cost of Service / Rate Panel – Paul Normand and Debbie Gajewski
- b. Accounting Panel – Charles A. Lenns, Vice President and Chief Financial Officer, Corning Natural Gas Holding Company and Richard A. Kane; and
- c. Steven Grandinali – General Manager, Pike County Light & Power Company.

10. The Company filed Rebuttal Testimony from its Cost of Service / Rate Panel, Accounting Panel, and Steven L. Grandinali on February 8, 2021.

11. The OSBA filed the Direct, Rebuttal, and Surrebuttal Testimony along with Exhibits of Robert D. Knecht on February 2, 2021, February 22, 2021, and March 4, 2021 respectively.

12. I&E filed the Direct Testimony and Exhibits of John Zalesky, Anthony Spadaccio, Esysan A. Sakaya, and Lara M. Lapinski on February 2, 2021 and Surrebuttal Testimony and Exhibits of John Zalesky, Anthony Spadaccio, and Esysan A. Sakaya March 4, 2021.

13. The OCA filed the Direct Testimony and Exhibits of Dante Mugrace, Karl R. Pavlovic, and Marlon Griffing on February 2, 2021, Rebuttal Testimony of Karl R. Pavlovic on February 22, 2021, and Surrebuttal Testimony and Exhibits of Dante Mugrace, Karl R. Pavlovic and Marlon Griffing on March 4, 2021.

14. Following the filing of testimony and exhibits and before the date for the commencement of evidentiary hearings in this matter, the parties met and engaged in settlement negotiations resulting in this Settlement. Joint Petitioners have been able to agree to a proposed revenue increase and a rate design to recover the agreed-upon increase and a number of other settlement terms that effectively resolve all the issues raised by the participants in this proceeding.

15. While Joint Petitioners have not agreed upon specific adjustments reflective of their respective positions, except as set forth below, they are in full agreement that Commission approval of this Settlement would result in rates that are just and reasonable and therefore in the public interest.

II. TERMS AND CONDITIONS OF SETTLEMENT

16. Under the terms of the settlement. Pike (Gas) will be permitted to establish rates which will produce an overall increase in annual gas distribution operating revenues of approximately \$225,000, an increase of 11.6% in overall gas revenues, (31.5 % over current gas distribution revenues). The rate increase of \$225,000 is equivalent to a compound annual increase of 1.4% in overall revenues since rates were last changed effective October 2014 (3.0% increase in distribution revenues).

17. These rates, as determined in accordance with the attached proof of revenues (**Appendix B**) and tariff supplement (**Appendix A**), will be effective on one day's notice for service rendered no sooner than July 28, 2021.

18. The increase in overall revenues (including an estimate of purchased gas costs for full service and retail access customers) by class from present rates as proposed in this Settlement is as follows:

| Customer Class | Present Revenues (\$000) | Revenues per Settlement (\$000) | Revenue Increase (\$000) | Percent Increase |
|--------------------|--------------------------|---------------------------------|--------------------------|------------------|
| SC-1 (Residential) | \$1,511.1 | \$1,716.1 | \$205.0 | 13.6% |
| SC-2 (Commercial) | \$422.3 | \$442.3 | \$20.0 | 4.7% |
| TOTAL | \$1,933.4 | \$2,158.4 | \$225.0 | 11.6% |

19. In addition to, and in consideration of, the agreed-upon overall increase in operating revenues. Joint Petitioners agree to various terms and conditions set forth as follows:

- a. *Effective Date* - The rates reflecting the increase set forth above will become effective no sooner than July 28, 2021. Pike (Gas) agrees that it will not file for a Distribution System Improvement Charge (“DSIC”) with an effective date that is prior to July 1, 2022. Pike (Gas) is allowed to file a tariff or tariff supplement proposing changes in its State Tax Adjustment Surcharge, Gas Cost Rate, and Base Cost of Gas, and any successor charges. In addition, Pike (Gas) is allowed to file for the recovery and / or refund of costs resulting from legislative changes and / or mandates (e.g., changes to federal income tax rates). Nothing in this paragraph is intended to limit Pike (Gas) rights under Section 1308(e) (governing extraordinary rate relief).
- b. *Rate Structure/Rate Design* — Joint Petitioners agree to the distribution of revenue among customer classes in this Settlement as set forth in the attached Proof of Revenues at **Appendix B**. In addition, the Customer Charges will be set

at \$8.00 for Service Classification No. 1 (SC- 1) and \$12.23 for Service Classification No. 2 (SC-2).

- c. *Other Tariff Changes* – None.
- d. *Deferred TCJA “Protected” Balances* – The Protected TCJA credit balance of \$14,387 as of June 30, 2021 is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company will amortize the Protected TCJA balance over fifty-years as a credit to expense at the rate of \$288 per annum.
- e. *Deferred TCJA “Non-Protected” Balances* – The Non-Protected TCJA negative balance of \$42,955 as of June 30, 2021 is reflected as a rate base adjustment and the unamortized balance will continue to increase rate base in future proceedings until the balance is fully collected from ratepayers. The Company will amortize the Non-Protected TCJA balance over five-years as a charge to expense at the rate of \$8,591 per annum.
- f. *DSIC Surcharge* – LTIIP Projects approved by the PAPUC in Docket No. P-2019-30073004 will not include plant claimed in this rate case for the July 1, 2021 through December 31, 2021 period of \$89,000 and all plant placed in service prior to June 30, 2021. For purposes of calculating its DSIC, Pike (Gas) shall use the equity return rate for gas utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.

C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

- g. *Depreciation Rates* – There were no changes made to plant depreciation and amortization rates for Pike (Gas). The depreciation / amortization rates are contained in **Appendix C**.

20. The design and structure of rates for Pike (Gas) customers under this Settlement are developed based upon the customer and usage charges contained within the tariff supplement set forth in **Appendix A**. Joint Petitioners agree that rates and charges set forth in **Appendix A** are just and reasonable and are in the public interest. Joint Petitioners have agreed to undertake best efforts to provide this Petition and all supporting documentation as promptly as possible with the goal of having the rates become effective by July 28, 2021.

21. By separate Stipulation for the Admission of Testimony and Exhibits into the Evidentiary Record, the Joint Petitioners requested and stipulated to the admission of the following into the evidentiary record by order entered March 15, 2021:

Pike County Light and Power Company Testimony and Exhibits (Gas):

Direct Testimony

- A. Pike County Light & Power Company Statement No. 1 - Direct Testimony of Gas Rate Panel including Exhibits G-6, G-7 and G-8;
- B. Pike County Light & Power Company Statement No. 2 - Direct Testimony of Accounting Panel including Exhibits G-1, G-2, G-3, G-4, and G-5; and
- C. Pike County Light & Power Company Statement No. 3 - Direct Testimony of Steven L. Grandinali.

Rebuttal Testimony

- A. Pike County Light & Power Company Statement No. 1-R - Rebuttal Testimony of Gas Rate Panel including Exhibit RGRP-1;

- B. Pike County Light & Power Company Statement No. 2-R –
Update/Rebuttal Testimony of Accounting Panel including Appendix A,
Exhibit G-3 update, and Exhibit G-4 update; and
- C. Pike County Light & Power Company Statement No. 3-R – Rebuttal
Testimony of Steven L. Grandinali.

Bureau of Investigation and Enforcement Testimony and Exhibits (Gas):

Direct Testimony

- A. I&E Statement No. 1 - Direct Testimony of John Zalesky including I&E
Exhibit No. 1 (PROPRIETARY);
- B. I&E Statement No. 2 - Direct Testimony of Anthony Spadaccio including
I&E Exhibit No. 2;
- C. I&E Statement No. 3 - Direct Testimony of Esyan Sakaya including I&E
Exhibit No. 3;
- D. I&E Statement No. 4 - Direct Testimony of Lara Lapinski including I&E
Exhibit No. 4.

Surrebuttal Testimony

- A. I&E Statement No. 1-SR – Surrebuttal Testimony of John Zalesky;
- B. I&E Statement No. 2-SR - Surrebuttal Testimony of Anthony Spadaccio;
- C. I&E Statement No. 3-SR - Surrebuttal Testimony of Esyan Sakaya
including I&E Exhibit No. 3-SR

Office of Consumer Advocate Testimony and Exhibits (Gas):

Direct Testimony

- A. OCA Statement No. 1 - Direct Testimony of Dante Mugrace in both
PUBLIC and CONFIDENTIAL format and including Schedules DM-1
through DM-21;

- B. OCA Statement No. 2 - Direct Testimony of Karl Pavlovic including Exhibits KRP-1 through KRP-11; and
- C. OCA Statement No. 3 - Direct Testimony of Marlon Griffing including Exhibits MFG-1 through MFG-14.

Rebuttal Testimony

- A. OCA Statement No. 2-R – Rebuttal Testimony of Karl Pavlovic;

Surrebuttal Testimony

- A. OCA Statement No. 1-SR – Surrebuttal Testimony of Dante Mugrace and including Schedules SR DM-1 through SR DM-21;
- B. OCA Statement No. 2-SR - Surrebuttal Testimony of Karl Pavlovic; and
- C. OCA Statement No. 3-SR - Surrebuttal Testimony of Marlon Griffing including Exhibits MFG-8 Corrected and MFG-15 through MFG-19.

Office of Small Business Advocate Testimony and Exhibits (Gas):

Direct Testimony

- A. OSBA Statement No. 1 - Direct Testimony of Robert Knecht including Exhibit IEc-1 through IEc-3;

Rebuttal Testimony

- A. OSBA Statement No. 1-R – Rebuttal Testimony of Robert Knecht including Exhibit IEc-R1;

Surrebuttal Testimony

- A. OSBA Statement No. 1-S – Surrebuttal Testimony of Robert Knecht.

22. Joint Petitioners agree that adoption and approval of this Petition for Settlement by the ALJ and the Commission is in the public interest. A comparison of the total monthly bill impact for residential and commercial rate classes comparing present rates, as filed rates, and settlement rates is provided below:

| <u>Customer Charge</u> | <u>Present</u> | <u>As Filed</u> | | <u>Proposed Settlement</u> | |
|--|----------------|-----------------|-------------------|----------------------------|-------------------|
| | <u>Rates</u> | <u>Amount</u> | <u>% Increase</u> | <u>Amount</u> | <u>% Increase</u> |
| SC1 - Residential | \$7.50 | \$10.61 | 41.5% | \$8.00 | 6.7% |
| SC- Commercial | \$9.40 | \$13.31 | 41.6% | \$12.23 | 30.1% |
| <u>Average Customer Bill*</u> | | | | | |
| SC1 - Residential Heating (80 CCF) | \$109.93 | \$128.37 | 16.8% | \$124.85 | 13.6% |
| SC1 - Residential Non-Heating (50 CCF) | \$71.52 | \$84.21 | 17.7% | \$81.03 | 13.3% |
| SC2 - Commercial Gen'l Service (623 CCF) | \$753.20 | \$761.99 | 1.2% | \$786.30 | 4.4% |
| SC2 - Commercial Heating (250 CCF) | \$327.99 | \$334.28 | 1.9% | \$342.97 | 4.6% |

* Billing comparison based on Gas Cost Rate (GCR) of \$0.81406 per CCF currently in effect. Company's initial filing reflected prior GCR rate of \$0.61210 that expired October 31, 2020.

23. This Settlement provides for a sound and reasonable revenue requirement and appropriately balances the interests of Pike (Gas) and its customers. In addition, adoption and approval of this Petition for Settlement will avoid the need for the evidentiary hearings and the cross-examination of witnesses, for briefing, and for continued litigation of this proceeding, thereby eliminating substantial costs.

24. This Petition for Settlement arises from extensive discovery, testimony and discussions and reflects compromises by all sides. It is being proposed to settle the instant case. Accordingly, this Petition for Settlement is made without any admission against, or prejudice to,

any positions which any Joint Petitioner might adopt during any subsequent litigation of this proceeding (should this Petition for Settlement be rejected or modified), or in any other proceeding.

25. If the Commission withholds approval of this Petition for Settlement as to any of the terms and conditions, or alters any of the terms and conditions, any Joint Petitioner may withdraw from this settlement upon written notice of its intent to the Commission and the remaining parties within three (3) business days of the date of entry of the Commission's Order and may resume with the litigation of this proceeding within ten days of the entry of the Order making any such modifications.

26. Joint Petitioners agree that Commission approval of this Petition for Settlement without modification shall be considered to have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made rates.

27. In the event that the Commission does not approve this Petition for Settlement, the Joint Petitioners reserve their respective rights to resume litigation. If the ALJ, in her Recommended Decision, recommends that the Commission adopt this Petition for Settlement as herein proposed, Joint Petitioners agree to waive the filing of Exceptions. However, Joint Petitioners do not waive their rights to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of this Petition for Settlement recommended by the ALJ in her Recommended Decision.

28. The Joint Petitioners recognize that this Petition for Settlement does not bind formal complainants who have not joined herein.

29. Pike (Gas), I&E, OCA, and OSBA have attached to this Petition for Settlement, as **Appendices "D", "E", "F", and "G"**, respectively, Statements of Support setting forth the

bases upon which they believe the Settlement is fair, just and reasonable and is, therefore, in the public interest.

30. In compliance with the ALJ's March 10, 2021 Order at Ordering paragraph 6, the parties have attached to this Petition for Settlement **Appendix H**, the proposed finding of fact conclusions of law, and ordering paragraphs.

31. The Joint Petitioners agree that this Settlement shall not constitute or be cited as controlling precedent in this or any other jurisdiction.

WHEREFORE, Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That ALJ Long and the Commission approve this Petition for Settlement inclusive of its terms and conditions without modification;
2. That the Commission permit Pike (Gas) to file a tariff supplement (**Appendix A**) on one day's notice, so as to increase distribution revenues of Pike (Gas) by approximately \$225,000, beginning no sooner than for service rendered on and after July 28, 2021; and,
3. That the Commission terminate and mark closed its inquiry and investigation at Docket No. R-2020-3022134, including all complaint dockets associated therewith.

Respectfully submitted,

**PIKE COUNTY LIGHT & POWER
COMPANY (GAS)**

OFFICE OF CONSUMER ADVOCATE

By: /s/ Thomas J. Sniscak

By: _____

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Whitney E. Snyder, Esq.
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*Counsel for Pike County Light and Power
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**BUREAU OF INVESTIGATION
AND ENFORCEMENT**

**OFFICE OF SMALL BUSINESS
ADVOCATE**

By: _____

By: _____

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Dated: April 9, 2021

Respectfully submitted,

**PIKE COUNTY LIGHT & POWER
COMPANY (GAS)**

OFFICE OF CONSUMER ADVOCATE

By: _____

By:  _____

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Dated: April 9, 2021

Respectfully submitted,

**PIKE COUNTY LIGHT & POWER
COMPANY**

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*Counsel for
Pike County Light & Power Company*

**BUREAU OF INVESTIGATION AND
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Respectfully submitted,

**PIKE COUNTY LIGHT & POWER
COMPANY (GAS)**

OFFICE OF CONSUMER ADVOCATE

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*Counsel for Pike County Light and Power
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**BUREAU OF INVESTIGATION
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By: _____

By: /s/ Sharon E. Webb _____

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Dated: April 9, 2021

APPENDIX A

TARIFF SHEETS

**PIKE COUNTY LIGHT & POWER COMPANY
Gas Rate Case
Proposed Tariff Leaves effective July 28, 2021**

P.U.C. No. 6 Gas

101st Revised Leaf No. 2

94th Revised Leaf No. 3

94th Revised Leaf No. 4A

54th Revised Leaf No. 45

53rd Revised Leaf No. 46

PIKE COUNTY LIGHT & POWER COMPANY

RATES AND RULES

GOVERNING THE

FURNISHING OF

GAS SERVICE

IN

THE BOROUGHS OF MATAMORAS AND MILFORD

AND VICINITY,

PIKE COUNTY, PENNSYLVANIA

(See Leaf No. 5)

ISSUED: _____

EFFECTIVE: July 28, 2021

ISSUED BY: Michael German
President and CEO
Corning, New York

NOTICE

This supplement makes changes to existing rates, rules and regulations. (See Leaf No. 2).

PIKE COUNTY LIGHT & POWER COMPANY

101st REVISED LEAF NO. 2
SUPERSEDING 100th REVISED LEAF NO. 2

2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 110 makes the following changes:

- (1) Increased delivery (i.e., customer, per CCF) charges applicable to Service Classification Nos. 1 and 2.
- (2) Roll-in of the State Tax Adjustment Surcharge into delivery rates.

ISSUED: _____

EFFECTIVE: July 28, 2021

ISSUED BY: Michael German
President and CEO
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

94th REVISED LEAF NO. 3
SUPERSEDING 93rd REVISED LEAF NO. 3

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| 6.2 Permits | 9 4th Revised |
| 6.3 Temporary Service | 9A 2nd Revised |
| 6.4 Main Extensions | 9A 1st Revised, 9B Original |
| 6.5 Cash Deposits for Non-Residential Customers | 10 4th Revised |
| 6.6 Credit and Deposit Procedures for Applicants and Residential Customers | 10A 4th Revised 10B 3rd Revised 10C 1st Revised |
| 6.7 Taxes on Contributions in Aid of Construction and Customer Advances | 10C 1st Revised |
| Reserved for Future Use | 10G, 10H, 10I, 10J 1st Revised |
| 7. Service Connections | |
| 7.1 Location | 11 Original |
| 7.2 Services Installed by Company | 11 Original |
| 7.3 Services Installed by Others | 11 Original |
| 8. Piping and Equipment | |
| 8.1 Piping, Apparatus and Inspection | 12 1st Revised |
| 8.2 Increased Capacity | 12 1st Revised |

(Continued)

ISSUED: _____

EFFECTIVE: July 28, 2021

ISSUED BY: Michael German
President and CEO
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

94th REVISED LEAF NO. 4A
SUPERSEDING 93rd REVISED LEAF NO. 4A

3. TABLE OF CONTENTS (Continued)

RULES AND REGULATIONS (Continued)

| | <u>Leaf Number</u> |
|---|---|
| 13. Refusal or Discontinuance of Service to Non-Residential Customers | 37 Original |
| 14. Interruption and Discontinuance of Service to Residential Customers | |
| 14.1 Interruption of Service | 38 3rd Revised |
| 14.2 Discontinuance of Service | 38, 39 3rd Revised |
| 15. Restoration of Service | |
| 15.1 Restoration of Service | 40, 40A 5th Revised |
| 15.2 Personnel Available to Restore Service | 40A 5th Revised |
| 16. Disputes; Termination Disputes; Informal and Formal Complaints for Residential Customers | |
| 16.1 General Provisions | 40B 3rd Revised |
| 16.2 Company Dispute Procedures | 40C 5th Revised |
| Rider A - Gas Cost Rate | 41 3rd Revised 42 29th Revised 43 5th Revised 44 2nd Revised |
| Rider B - Reserved for Future Use | 44A 2nd Revised 44B 7th Revised |
| State Tax Adjustment Surcharge | 44C 37th Revised |

SERVICE CLASSIFICATIONS

| | |
|---|---------------------------------------|
| 1. Residential and Residential Space Heating Service | 45 54th Revised(C) 45A 3rd Revised |
| 2. General Service and Non-Residential Space Heating Service | 46 53rd Revised(C) 46A 3rd Revised |

ISSUED: _____

EFFECTIVE: July 28, 2021

ISSUED BY: Michael German
President and CEO
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential Service and Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge \$ 8.00 (I)

(2) Delivery Charge
All Ccf @ 64.66¢ per Ccf (I)

(3) Gas Cost Rate
All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 81.406¢ per Ccf.

(4) State Tax Adjustment Surcharge
The State Tax Adjustment Surcharge included in this Tariff is applied to charges under this rate except for charges made under the Gas Cost Rate.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than \$8.00 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

Bills are due and payable on or before twenty days from date bill is mailed to Customer. If bill is not paid within twenty days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

(I) Indicates Increase (Continued)

ISSUED: _____ EFFECTIVE: July 28, 2021
ISSUED BY: Michael German
President and CEO
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

53rd REVISED LEAF NO. 46
SUPERSEDING 52nd REVISED LEAF NO. 46

SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service and Non-Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

- (1) Service Charge \$ 12.23 (I)
- (2) Delivery Charge
 - First 300 Ccf. @ 50.89¢ per Ccf (I)
 - All Over 300 Ccf. @ 35.37¢ per Ccf (I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 81.406¢ per Ccf.

(4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this tariff is applied to charges under this rate except for charges made under the Gas Cost Rate.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than \$12.23 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

Bills are due and payable on or before fifteen days from date bill is mailed to Customer. If bill is not paid within fifteen days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

(I) Indicates Increase

(Continued)

ISSUED: _____

EFFECTIVE: July 28, 2021

ISSUED BY: Michael German
President and CEO
Corning, New York

APPENDIX B

PROOF OF REVENUES

PIKE COUNTY LIGHT AND POWER COMPANY

**Proof of Revenues
For the Twelve Months Ended June 30, 2021**

Current Rates

| Service Class 1 - Residential | | | | Service Class 2 - Commercial | | | | Total Current Revenue (\$) |
|--------------------------------------|-------------------|------------------------------|---------------------------------|-------------------------------------|-------------------|------------------------------|---------------------------------|---|
| Blocking | Bill Units | Current Rate (\$) | Current Revenue (\$) | Blocking | Bill Units | Current Rate (\$) | Current Revenue (\$) | |
| Annual Bills | 14,016 | \$7.50 | \$105,120 | Annual Bills | 960 | \$9.40 | \$9,024 | |
| ALL CCF | 1,098,097 | \$0.4663 | <u>\$512,043</u> | First 300 CCF or less | 98,643 | 0.4603 | \$45,405 | |
| | | | | Over 300 CCF | 256,961 | 0.3051 | <u>\$78,399</u> | |
| Total | 1,098,097 | | <u>\$617,163</u> | Proposed Total | 355,604 | | <u>\$132,828</u> | <u>\$749,991</u> |
| Rounded | | | <u>\$617,200</u> | | | | <u>\$132,800</u> | <u>\$750,000</u> |

Proposed Rates

| Service Class 1 - Residential | | | | Service Class 2 - Commercial | | | | Total Current Revenue (\$) |
|--------------------------------------|-------------------|------------------------------|---------------------------------|-------------------------------------|-------------------|------------------------------|---------------------------------|---|
| Blocking | Bill Units | Current Rate (\$) | Current Revenue (\$) | Blocking | Bill Units | Current Rate (\$) | Current Revenue (\$) | |
| Annual Bills | 14,016 | \$8.00 | \$112,128 | Annual Bills | 960 | \$12.23 | \$11,741 | |
| ALL CCF | 1,098,097 | \$0.6466 | <u>\$710,029</u> | First 300 CCF or less | 98,643 | 0.5089 | \$50,199 | |
| | | | | Over 300 CCF | 256,961 | 0.3537 | <u>\$90,887</u> | |
| Total | 1,098,097 | | <u>\$822,157</u> | Proposed Total | 355,604 | | <u>\$152,827</u> | <u>\$974,985</u> |
| | | | <u>\$822,200</u> | | | | <u>\$152,800</u> | <u>\$975,000</u> |

Revenue Summary

| | <u>SC1</u> | <u>SC2</u> | <u>Total</u> |
|---------------------------|-------------------|-------------------|---------------------|
| Revenue at Current Rates | \$617,163 | \$132,828 | \$749,991 |
| Revenue at Proposed Rates | <u>822,157</u> | <u>152,827</u> | <u>974,985</u> |
| Increase | \$204,995 | \$19,999 | \$224,994 |
| Target Increase | <u>205,000</u> | <u>20,000</u> | <u>225,000</u> |
| Difference | <u>-\$5</u> | <u>-\$1</u> | <u>-\$6</u> |

PIKE COUNTY LIGHT AND POWER COMPANY

**Impact of Proposed Rate Change on Total Revenue
For the Twelve Months Ended June 30, 2021**

| Service Class | Type of Service | Annual Bills | Total Sales (CCF) | Total Revenue at: | | Increase | |
|---------------|-----------------|---------------|-------------------|-----------------------|------------------------|------------------------|----------------|
| | | | | Present Rates (\$000) | Proposed Rates (\$000) | Revenue Change (\$000) | Percent Change |
| 1 | Residential | 14,016 | 1,098,097 | \$1,511,100 | \$1,716,100 | \$205,000 | 13.6% |
| 2 | Commercial | <u>960</u> | <u>355,604</u> | <u>422,300</u> | <u>442,300</u> | <u>20,000</u> | 4.7% |
| Total | | <u>14,976</u> | <u>1,453,701</u> | <u>\$1,933,400</u> | <u>\$2,158,400</u> | <u>\$225,000</u> | 11.6% |

PIKE COUNTY LIGHT AND POWER COMPANY

Present and Proposed Rates (In Brief)

| <u>Present SC-1</u> | | | <u>Proposed SC-1</u> | | |
|---------------------|-------------------|---------|----------------------|-------------------|---------|
| Customer Charge | \$7.50 | | Customer Charge | \$8.00 | |
| Delivery Rate | \$0.46630 | per CCF | Delivery Rate | \$0.64660 | per CCF |
| Gas Cost Rate | \$0.81406 | per CCF | Gas Cost Rate | \$0.81406 | per CCF |
| STAS Rate | 0.00% | | STAS Rate | 0.00% | |
| Minimum Charge | \$ 7.50 per month | | Minimum Charge | \$ 8.00 per month | |

| <u>Present SC-2</u> | | | <u>Proposed SC-2</u> | | |
|---------------------|-------------------|---------|----------------------|--------------------|---------|
| Customer Charge | \$9.40 | | Customer Charge | \$12.23 | |
| Delivery Rate: | | | Delivery Rate: | | |
| First 300 CCF | \$0.46030 | per CCF | First 300 CCF | \$0.50890 | per CCF |
| Over 300 CCF | \$0.30510 | per CCF | Over 300 CCF | \$0.35370 | per CCF |
| Gas Cost Rate | \$0.81406 | per CCF | Gas Cost Rate | \$0.81406 | per CCF |
| STAS Rate | 0.00% | | STAS Rate | 0.00% | |
| Minimum Charge | \$ 9.40 per month | | Minimum Charge | \$ 12.23 per month | |

APPENDIX C

DEPRECIATION / AMORTIZATION RATES

**PIKE COUNTY LIGHT AND POWER COMPANY
GAS DEPRECIATION / PLANT AMORTIZATION RATES**

| ACCOUNT | ACCOUNT TITLE | LIFE TABLE | AVERAGE SERVICE LIFE (years) | NET SALVAGE FACTOR (percent) | ANNUAL DEPRECIATION RATE (percent) | NET SALVAGE (A) (in dollars) |
|-------------------------------------|--|---------------|---------------------------------------|---------------------------------------|---|------------------------------------|
| <u>GAS UTILITY PLANT</u> | | | | | | |
| <u>DISTRIBUTION PLANT</u> | | | | | | |
| 374000 | LAND AND LAND RIGHTS - EASEMENTS | h3.0 | 65 | - | 1.54% | - |
| 376000 | MAINS | h3.0 | 70 | - | 1.43% | \$972.94 |
| 378000 | MEASURING AND REGULATING EQUIPMENT | h 1.5 | 30 | - | 3.33% | - |
| 380000 | SERVICES | h2.5 | 65 | - | 1.54% | \$5,156.95 |
| 381000 | METERS | h3.0 | 35 | - | 2.86% | -\$240.38 |
| 382000 | METER INSTALLATIONS | h3.0 | 45 | - | 2.22% | -\$7.63 |
| 382400 | METER BAR INSTALLS | h3.0 | 45 | - | 2.22% | - |
| 384000 | HOUSE REGULATOR INSTALLATIONS | h3.0 | 45 | - | 2.22% | - |
| 385000 | INDUSTRIAL MEASURING AND REGULATING EQUIPMENT | h4.5 | 35 | - | 2.86% | - |
| <u>GENERAL EQUIPMENT</u> | | | | | | |
| 394000 | SMALL TOOLS AND EQUIPMENT | Amortization | 5 | - | 20.00% | - |
| <u>COMMON UTILITY PLANT</u> | | | | | | |
| <u>BUILDINGS & YARDS</u> | | | | | | |
| 390000 | STRUCTURES & IMPROVEMENTS - WESTFALL | h 1.5 | 45 | - | 2.22% | - |
| 390000 | STRUCTURES & IMPROVEMENTS - MILFORD | Amortization | 5 | - | 20.00% | - |
| <u>GENERAL EQUIPMENT</u> | | | | | | |
| 391100 | OFFICE FURNITURE & EQUIPMENT | Amortization | 5 | - | 20.00% | - |
| 391200 | OFFICE FURNITURE & EQUIPMENT- MISCELLANEOUS | Amortization | 5 | - | 20.00% | - |
| 391300 | OFFICE FURNITURE & EQUIPMENT- COMPUTERS / SOFTWARE | Amortization | 10 | - | 10.00% | - |
| 392000 | VEHICLES AND TRANSPORTATION EQUIPMENT | Amortization | 5 | - | 20.00% | - |
| 397000 | COMMUNICATIONS EQUIPMENT - TELEPHONE SYSTEM | Amortization | 5 | - | 20.00% | - |
| 398000 | MISCELLANEOUS EQUIPMENT | Amortization | 5 | - | 20.00% | - |
| <u>INTANGIBLE</u> | | | | | | |
| 303000 | TRADE NAME (B) | Amortization | 15 | - | 6.67% | - |

(A) Annual net salvage allowance included in depreciation expense in lieu of recovery / passback through the annual depreciation rate.

(B) Amortization of Trade Name expense is charged "Below the Line" to FERC Account 425 - Miscellaneous Amortization Expense.

In addition to the depreciation produced by application of the above rates, the following additional amounts are being charged to depreciation expense for the recovery of a reserve deficiency:

| | <u>Total</u> | <u>Annual</u> | <u>Amortization End Date</u> |
|--|--------------|---------------|----------------------------------|
| Reserve Deficiency - Case R-2008-2046520 | \$36,347 | \$900 | March 2049 |

APPENDIX D

PIKE (GAS) STATEMENT IN SUPPORT

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| | : | |
| v. | : | Docket No. R-2020-3022134 |
| | : | |
| Pike County Light & Power Company | : | |
| (Gas Rate Case) | : | |

**STATEMENT ON BEHALF OF
PIKE COUNTY LIGHT & POWER COMPANY
IN SUPPORT OF JOINT PETITION FOR
SETTLEMENT OF RATE INVESTIGATION**

I. INTRODUCTION

On April 9, 2021, Pike County Light & Power Company ("Pike" or "Company"), the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA"), (collectively referred to as "Joint Petitioners") entered into a Joint Petition for Settlement of Rate Investigation ("Petition for Settlement") covering the Company's gas rates for the period July 28, 2021 through July 27, 2022. The Company respectfully submits this Statement in Support of the Petition for Settlement. The Petition for Settlement, if approved without modification, will permit Pike to establish rates for its customers which are designed to produce an overall increase in annual operating revenues of approximately \$225,000, in lieu of the additional \$262,200 in revenues originally requested by Pike. Under the Petition for Settlement, Pike's present revenue levels of approximately \$1,933,400 will increase to an overall total revenue level of \$2,158,400, representing an increase of approximately 11.6%.

The Settlement was achieved after extensive scrutiny of Pike's filing (and data in support thereof) and analysis of voluminous interrogatories and informal data requests answered by Pike. The Joint Petitioners engaged in meaningful settlement discussions to seek an amicable resolution of the issues in the case. The parties communicated by telephone and electronic mail to discuss their respective positions and to explore ways to reconcile any disagreements. The Petition for Settlement is the result of these discussions.

Pike respectfully requests that presiding Administrative Law Judge Mary D. Long recommend approval, without modification, of the Petition for Settlement to the Commission. The basis for recommending Commission approval of the settlement achieved by the Joint Petitioners is set forth in the Petition for Settlement and is also supported by the factors outlined below.

II. SUPPORTING FACTORS

The agreement set forth in the Petition for Settlement is the result of extensive negotiations and reflects compromises by all parties, and is in the public interest for the following reasons:

1. Pike is obligated to operate its natural gas distribution system in an efficient and economical manner, to maintain the system in good repair and working order and to make all necessary and proper additions, improvements, replacements and repairs. The Petition for Settlement is in the public interest because the agreed-upon rate and revenue levels provide for the necessary additional funds to meet Pike's obligations under the Public Utility Code to provide safe, adequate and reliable service.

2. The agreed-upon rate and revenue levels outlined in the Petition for Settlement will allow Pike to (a) produce an adequate return on the Company's invested capital that is dedicated to the service of the Company's customers, (b) provide sufficient operating revenues to meet operating expenses, taxes and other charges, (c) enable the Company to maintain its creditworthiness at a level sufficient to raise capital necessary to perform its obligations to provide safe, adequate and proper service to its customers, and (d) provide a reasonable rate of return on the Company's investment in its utility property.

3. If the Commission approves the Petition for Settlement without modification, Pike will be permitted to establish rates which are designed to produce an increase in annual base rate operating revenue of approximately \$ 225,000 to a revenue level of approximately \$ 2.2 million, representing an increase of 11.6%. Thus, Pike submits that the additional revenues provided for under the Petition for Settlement are just and reasonable and in the public interest.

4. Currently, Pike provides natural gas distribution service directly to approximately 1,250 customers in Pike County, Pennsylvania. Under this Joint Petition for Settlement, the monthly bill impact comparing present, as filed, and settlement rates as provided in paragraph 22 of the Joint Settlement shows the bill impact for Pike's customers. This is the first increase in rates that Pike has requested since 2014. The rates contained within the Petition for Settlement are just and reasonable and in the public interest.

5. Under the terms of the settlement. Pike will be permitted to establish rates which will produce an overall increase in annual operating revenues of approximately \$ 225,000. The rate design proposed by the Joint Petitioners is in the public interest and should be approved by the presiding officer and the Commission.

6. The rates proposed under this Petition for Settlement will go into effect no sooner than July 28, 2021.

7. The Joint Petitioners have agreed to Customer Charges that are lower than those proposed by the Company in its original filing. For Service Classification No. 1 (SC-1), the Customer Charge will be set at \$8.00 and for Service Classification No. 2 (SC-2); the charge will be \$12.23. Pike had proposed a Customer Charge of \$10.21 for SC-1 and \$12.81 for SC-2. The Company submits that the lower fixed customer charges are just and reasonable and should be approved by the Commission.

8. The Joint Petitioners agree that the Company will amortize deferred Tax Cuts and Jobs Act (TCJA) deferred balances associated with protected and non-protected balances over fifty-years and five-years respectively.

9. The Joint Petitioners agree that the Company will not seek to implement a Distribution System Infrastructure Charge (DSIC) for Long-Term Infrastructure Improvement Plan (LTIIP) Projects approved by the PAPUC in Docket No. P-2019-3007304 that are not included as part of Rate Base in the Joint Petition until July 1, 2022.

10. Finally, the Settlement obviates further administrative and possible appellate proceedings, thereby resulting in substantial savings to the Joint Petitioners and to Pike's customers.

III. TESTIMONY FROM THE PUBLIC INPUT HEARINGS

Pike participated in the public input hearings held in this matter on February 9, 2021. Pike recognizes that any rate increase has impacts on customers, but such increases are necessary for Pike to maintain sufficient operating revenues in order to continue to provide safe and reliable service to the public. While the majority of the public input testimony addressed the

electric rate case concerns or general concerns for a rate increase in both cases, some public testimony was provided on concepts including the company's gas operations, costs, and other issues. Notably, no customer during the public input hearings provided testimony regarding the safety or reliability of Pike's gas distribution service. Pike appreciates and considers the customer input as a valuable part of the ratemaking process. The Joint Petition reflects an exhaustive effort by the Company and the statutory advocates who represent the greater interest, and Pike believes that the Joint Settlement produces just and reasonable rates in order to support Pike's continued safe and reliable gas utility service to the public.

IV. CONCLUSION

For all of the foregoing reasons, and for the reasons set forth in the Petition for Settlement, Pike respectfully requests that Administrative Law Judge Mary D. Long recommend and that the Commission approve the Joint Petition for Settlement in this proceeding.

Respectfully submitted,

/s/ Thomas J. Sniscak

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Dated: April 9, 2021

*Counsel for Pike County Light and Power
Company*

APPENDIX E

I&E STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| | : | |
| v. | : | Docket No. R-2020-3022134 |
| | : | |
| Pike County Power and Light Company – | : | |
| Gas | : | |

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutors Carrie B. Wright and Erika L. McLain, hereby respectfully submits that the terms and conditions of the foregoing Joint Settlement Petition (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, and reasonable balance of the interests of the Pike County Power and Light – Gas (“Pike” or “Company”) and its customers:

I. INTRODUCTION

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E’s analysis of Pike’s base rate filing, acceptance of

this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

2. On October 26, 2020, Pike County filed Supplement No. 110 to Tariff Gas - Pa. P.U.C. No. 6 (“Supplement No. 110”) to be effective December 28, 2020, calculated to produce approximately \$262,200 in additional annual revenue.

3. I&E entered Notices of Appearance of Prosecutor Carrie B. Wright and Erika L. McLain in this proceeding on November 3, 2020.

4. The Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance on November 13, 2020.

5. The Office of Consumer Advocate (“OCA”) filed a Formal Complaint and Notice of Appearance on November 16, 2020.

6. By Order entered December 17, 2020 at Docket R-2018-3022134, the Commission instituted a formal investigation to determine the lawfulness, justness, and reasonableness of Pike’s existing and proposed rates, rules, and regulations.

7. Pursuant to 66 Pa. C.S. §1308 (d), Supplement No. 110 was suspended by operation of law until July 28, 2021, unless permitted by Commission Order to become effective at an earlier date.

8. Administrative Law Judge (“ALJ”) Mary D. Long was assigned to this proceeding for purposes of conducting hearings and issuing a Recommended Decision.

9. A Telephonic Prehearing Conference was scheduled for Monday, January 11, 2021 in which all Parties participated.

10. ALJ issued an Order on January 14, 2021 establishing discovery modifications, a procedural schedule, and public input hearing dates.
11. In accordance with the litigation schedule, I&E, OCA and OSBA served Direct Testimony on February 2, 2021.
12. The Parties participated in two public input hearings on February 8, 2021 at 1:00 p.m. and 6:00 p.m.
13. Rebuttal Testimony was served by the Company, OCA and OSBA on February 22, 2021.
14. I&E, OCA, and OSBA served Surrebuttal Testimony on March 4, 2021.
15. The Parties continued settlement discussions which ultimately culminated in the instant settlement.
16. Prior to agreeing to the settlement, I&E conducted a thorough review of the Pike's filing and supporting information, discovery responses and contributed to the forthright discussions amongst the Parties during settlement discussions.
17. The provisions of the settlement represent a revenue increase that I&E agrees is just, reasonable, and in the public interest.
18. In accordance with Commission policy favoring settlements at 52 Pa. Code §5.231, I&E participated in settlement discussions with Pike and other Parties to the proceeding. Following extensive settlement negotiations, the Parties reached a full and complete settlement of all issues.

II. SUPPORTING FACTORS

19. I&E represents that all issues raised in Pike's rate case filing have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all Parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all Parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

20. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest. Resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

21. I&E further submits that the acceptance of this Settlement will negate the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all Parties, and

ultimately all customers, as well as certainty on the regulatory disposition of issues. This Settlement thereby conserves time and expenses for all involved.

22. The Commission encourages settlements, which eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion.¹ Here, the Joint Petitioners successfully achieved a Settlement Agreement of all issues.

23. The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”²

24. All signatories to the Joint Petition actively participated in all settlement discussions during the course of the settlement process. As such, the issues raised by I&E have been satisfactorily resolved through discovery and discussions with the Parties and are incorporated in the Joint Petition. I&E represents that the Settlement satisfies all applicable legal standards and results in terms that are preferable to those that may have been achieved at the end of a fully litigated proceeding. Accordingly, for the reasons articulated below, I&E maintains that the proposed Settlement is in the public interest and requests that the following terms be approved by the ALJ and the Commission without modification:

A. Revenue Requirement (Joint Petition, ¶16)

The Parties agreed to a \$225,000 increase in annual distribution revenue to become effective upon initial Commission Order in this proceeding. This Settlement

¹ *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *3 (Apr. 23, 2015 ALJ Decision) (adopted by Commission via Order entered June 11, 2015); *See* 52 Pa. Code §5.231.

² *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

balances the interests of ratepayers and Pike County. Pike will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the Pike’s initial request. Mitigation of the level of the rate increase benefits ratepayers and results in “just and reasonable” rates in accordance with the Public Utility Code, regulatory standards, and governing case law.³

B. Effective Date (Joint Petition, ¶19(a.))

The Settlement reflects an effective date for new rates no sooner than July 28, 2021. Pike also agreed that it will not file for a Distribution System Improvement Charge (“DSIC”) with an effective date prior to July 1, 2022.

C. Rate Structure/Rate Design (Joint Petition, ¶19(b.))

As part of the instant Settlement, the Joint Petitioners agreed to the distribution of revenue among customer classes as set forth in Joint Petition Appendix B. Specifically, customer charges will be set at \$8.00 for residential customers and \$12.23 for small commercial customers. These customers charges reflect a compromise between the parties, are reasonable and do not pose rate shock to customers. I&E believes the customer charges as settled are within the public interest.

D. Deferred TCJA “Protected” Balances (Joint Petition, ¶19(d.))

The Settlement Petition requires Pike to amortize over fifty-years the Protected return to Tax Cuts and Jobs Act (“TCJA”) credit balance of \$14,387⁴ at the rate of \$288 per annum. The credit balance is reflected as a rate base deduction and the unamortized

³ 66 Pa. C.S. § 1301.

⁴ Balance as of June 30, 2021.

balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. I&E supports this term because reflecting the proper increases or decreases to rate base for remaining protected and unprotected balances of excess deferred income taxes allows for the reflection of accurate rate base balances until the credits are fully extinguished, as such this term is within the public interest.

E. Deferred TCJA “Non-Protected” Balances (Joint Petition ¶19(e.))

In addition to the TCJA Protected Balances, the Settlement requires Pike to amortize over five-years the Non-Protected TCJA negative balance of \$42,955⁵ as a charge to expense at the rate of \$8,591 per annum. This negative balance is reflected as a rate base adjustment and the unamortized balance will continue to increase rate base in future proceedings until the balance is fully collected from ratepayers. I&E supports this term because reflecting the proper increases or decreases to rate base for remaining protected and unprotected balances of excess deferred income taxes allows for the reflection of accurate rate base balances until the balances are fully extinguished, as such this term is within the public interest.

F. DSIC Surcharge (Joint Petition, ¶19(f.))

The Settlement accounts for the Company’s DSIC surcharge. Pike’s long term infrastructure improvement plan (“LTIIIP”) projects approved in the Company’s most recent LTIIIP proceeding will not include plant claimed in this rate case for the July 1, 2021 through December 31, 2021 period of \$89,000 and all plant placed in service prior

⁵ Balance as of June 30, 2021.

to June 30, 2021. This term ensures the DSIC only recovers the return dollars and depreciation expense of eligible plant not previously recovered in base rates.

In addition, for purposes of calculating its DSIC, Pike agreed to use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities. I&E supports this term as it is important for utilities to rely on the most current information available. The Commission's Quarterly Reports are also unique to each utility type, Pike's use of this information to calculate its DSIC is reasonable and in the public interest.

III. TESTIMONY FROM THE PUBLIC INPUT HEARINGS

I&E participated in the public input hearings held in this proceeding on February 8, 2021 at 1:00 p.m. and 6:00 p.m. During the public input hearings customers raised concerns over the potential rate increase. I&E believes that this Settlement satisfies those concerns while allowing the Company an adequate increase to maintain safe and reliable service.

IV. CONCLUSION

25. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by Pike, I&E, or any other Joint Petitioner.

26. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event

that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the Settlement.

27. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modification to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in the Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully request that Administrative Law Judge Mary D. Long recommend, and the Commission approve, the terms and conditions contained in the Settlement.

Respectfully submitted,



Erika L. McLain
Prosecutor
PA Attorney ID No. 320526

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, Pennsylvania 17120

Dated: April 9, 2021

APPENDIX F

OCA STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|---|---|---------------------------|
| Pennsylvania Public Utility Commission, | : | |
| | : | |
| v. | : | Docket No. R-2020-3022134 |
| | : | |
| Pike County Light & Power Company | : | |
| (Gas) | : | |

**OFFICE OF CONSUMER ADVOCATE’S STATEMENT IN SUPPORT
OF JOINT PETITION OF RATE INVESTIGATION**

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition of Rate Investigation (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On October 26, 2020, Pike County Light & Power Company Gas Division (Pike or Company) filed Supplement No. 110 to Tariff Gas - Pa. P.U.C. No. 6, to become effective December 28, 2020. The Company, by filing this tariff supplement, sought Commission approval to make changes to Pike’s rates, rules, and regulations.

The Company’s filing was the first general rate increase sought by the Company since its 2014 base rate proceeding. The proposed tariff contained changes in rates calculated to recover an estimated annual increase in base rate revenues of \$262,200. This represented an approximate 16% increase in the Company’s annual gas revenues.

On November 16, 2020, the OCA filed a Formal Complaint and Public Statement

against the proposed increase in rates and a Notice of Appearance. The Office of Small Business Advocate (OSBA) filed a Formal Complaint and Public Statement on November 13, 2020. The Bureau of Investigation and Enforcement (I&E) filed a notice of appearance on November 3, 2020. By Order entered on December 17, 2020, the Commission initiated an investigation into the lawfulness, justness and reasonableness of the proposed rates of Supplement No. 110 to Tariff Gas - Pa. P.U.C. No. 6, and suspended the effective date until July 28, 2021 by operation of law.

The parties had a series of discussions related to resolving the rate increase filing. As a result of the discussions, the signatory parties were able to reach an agreement in principle to resolve all issues, resulting in the settlement terms and conditions set forth herein. As discussed below, the OCA submits that the Settlement is in the best interest of Pike's ratepayers, is in the public interest and should be adopted.

II. SETTLEMENT TERMS AND CONDITIONS

A. Revenue Increase and Allocation (§16-19)

The proposed Settlement provides for an overall increase in annual revenues of approximately \$225,000, an overall increase of 11.6% in gas revenues. This compromise represents an approximately 14% reduction from Pike's original rate increase request. It is important to note that the Company's initial filing did not contain testimony from a cost of capital witness and the initial revenue request was calculated using a 9.75% return on common equity consistent with fully litigated outcomes.

Under the proposed Settlement, the bill for the typical residential customer using 80 CCF per month would increase from \$109.33 to \$124.85 per month, a 13.6% increase. This is a reduction from amount originally filed by Pike, which would have resulted in a monthly cost of

\$128.37, a 32.03% increase in April 2022, rather than the \$55.38 increase (42.58%) in April 2021 as originally proposed by the Company. Additionally, Pike will not file for a Distribution System Improvement Charge (DSIC) with an effective date that is prior to July 1, 2022.

Based on the OCA's analysis of the Company's filing, and discovery responses, the amount of the rate increase under the proposed Settlement represents a result that is within the range of likely outcomes in the event of full litigation of the case. The Settlement as a whole yields a result that is and reasonable in the public interest. This increase represents a difficult but reasonable compromise given the extraordinary circumstances resulting from the COVID-19 pandemic, in conjunction with the period since Pike's last base rate proceeding.

B. Rate Design/Structure (§19.b)

Joint Petitioners agree to the distribution of revenue among customer classes in this Settlement as set forth in the attached Proof of Revenues at Appendix B. Under this proposal, the percentage increase allocated to the residential class is consistent with the percentage recommended by OCA witness Karl Pavlovic. See, OCA St. 1 at 20. As such, the OCA submits that the allocation is reasonable and should be approved.

C. Residential Customer Charge (§22)

The Company's current residential customer charge is \$7.50. The Company proposed to increase this charge to \$10.61. OCA witness Karl Pavlovic testified that the customer charge should not be increased in this proceeding. OCA St. 2 at 20.

Under the Settlement the petitioners have agreed to a residential customer charge of \$8.00. This is a reduction of \$2.61 from Pike Gas's originally filed Customer Charge of \$10.61, which is a 24.6% reduction from the filing. The OCA submits that this is a reasonable outcome in this proceeding, and should be adopted.

D. Settlement Accounting Provisions (¶19.d-e)

In addition to the above revenue and rate design provisions, the Settlement contains accounting terms to address the future treatment of specified costs. The Protected TCJA credit balance of \$14,387 as of June 30, 2021 is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company will amortize the Protected TCJA balance over fifty-years as a credit to expense at the rate of \$288 per annum.

The Non-Protected TCJA negative balance of \$42,955 as of June 30, 2021 is reflected as a rate base adjustment and the unamortized balance will continue to increase rate base in future proceedings until the balance is fully collected from ratepayers. The Company will amortize the Non-Protected TCJA balance over five-years as a charge to expense at the rate of \$8,591 per annum. The OCA submits that the approval of these provisions is reasonable to ensure the reasonable and stable treatment of these costs in this and future proceedings.

E. DSIC Surcharge (¶ 19.f)

Under the Settlement, LTIIP Projects approved by the PAPUC in Docket No. P-2019-30073004 will not include plant claimed in this rate case for the July 1, 2021 through December 31, 2021 period of \$89,000 and all plant placed in service prior to June 30, 2021. For purposes of calculating its DSIC, Pike shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1). This provision helps ensure the appropriate calculation of any future DSIC filings.

III. CONCLUSION

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would provide for an increase of approximately \$225,000 in annual revenues. This amount is reduced from the \$262,000 annual increase proposed in Pike's filing. In addition, the Settlement provides for a modest increase in the residential customer charge of fifty cents, a 6.7% increase as compared to the initially proposed increase of 41.5%. While this increase is substantial, it is within the range of anticipated outcomes in this proceeding, the first rate case the Company has filed since 2014. Additionally, the Commission and all parties would benefit from the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the interest of Pike's ratepayers and the public interest and should be approved.

Respectfully Submitted,

/s/Aron Beatty

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Aron Beatty
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DATED: April 9, 2021
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APPENDIX G

OSBA STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PIKE COUNTY LIGHT AND
POWER COMPANY (GAS)**

:
:
:
:
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:
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DOCKET NO. R-2020-3022134

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, on November 13, 2021, the Office of Small Business Advocate (“OSBA”) filed a complaint in the above-captioned proceeding against the October 26, 2020, filing by Pike County Light & Power Company (“PCL&P” or the “Company”) of Supplement No. 110 to Tariff Gas-Pa.P.U.C. No. 6. Through Supplement No. 110, PCL&P requested an annual increase in distribution revenues of approximately \$260,000 per year, or 34.7%.¹

¹ OSBA Statement No. 1 at 2.

Subsequently, the OSBA filed the direct, rebuttal and surrebuttal testimony of its witness, Robert D. Knecht. The OSBA also actively participated in the negotiations that led to the Joint Petition for Settlement of Rate Investigation (“Settlement”) and is a signatory to the Settlement.

The OSBA submits this statement in support of the Settlement.

Settlement Issues

The Settlement sets forth a list of issues that were resolved through the negotiation process. The issues of importance to the OSBA were the following:

Cost Allocation

The Company’s submitted cost allocation was performed for the historic test year (“HTY”) ending June 2020, rather than the for the future test year (“FTY”) (or even a fully projected future test year) as is normal utility practice in Pennsylvania.² In an effort to understand the Company’s proposal, the OSBA constructed and submitted an alternative electronic version of the Company’s gas cost of service study (“GCOSS”) replicating its results for the HTY and for the adjustments to estimate FTY. Further, the OSBA developed an alternative version of the GCOSS that (a) modified the Company’s mains classification and allocation to be consistent with Commission precedent, and (b) made other modifications to the allocation methods as set forth in the testimony of Mr. Knecht.³

² OSBA Statement No. 1 at 4.

³ OSBA Statement No. 1 at 5. *See also*, RDK-WP1G, and RDK WP2G.

Regarding Commission precedent, Mr. Knecht explained that as a theoretical matter, mains costs should be allocated using both demand and customer allocation factors, which is the approach proposed by the Company. However, Mr. Knecht recognized that the Commission does not favor this approach, and he employed a methodology that was consistent with Commission precedent at the time his direct testimony was submitted. Mr. Knecht did so recognizing that the change served to increase costs assigned to small business customers. OSBA Statement No. 1 at 11. Moreover, some of the additional changes in Mr. Knecht's alternative GCOSS were also unfavorable to small business customers, most notably the correction to errors admitted by the Company for Accounts 380 and 385. OSBA Statement No. 1-R at 1. In short, OSBA offered the only GCOSS in this proceeding that respected both Commission precedent and the need for accuracy in cost allocation models. The OSBA notes that this statement applies to both this matter and the concurrent PCL&P Electric base rates case, where OSBA is again the only party respectful of Commission precedent and cost allocation accuracy.

Revenue Allocation

In testimony, OSBA witness Mr. Knecht testified that moving the Company's rates into line with the Company's version of allocated costs would require a rate decrease be assigned to the SC2 class allowing for a credible argument that the increase for the class be set at zero or

below.⁴ However, Mr. Knecht also recognized that “. . . there is virtually no chance that the Commission will accept the customer-demand method” for allocating gas mains costs in this proceeding as proposed by the Company, particularly after the Commission’s recent decision in the Columbia base rates matter. He therefore developed a revenue allocation proposal based on his alternative GCOSS, a revenue allocation proposal less favorable to small businesses than that filed by the Company.

Mr. Knecht’s comparison of the revenue allocation proposals in this proceeding was presented in his rebuttal testimony in Table IEC-R3, copied below.

| Table IEC-R3 | | | |
|---|------------|------------|--------------|
| Revenue Allocation Comparison (\$000) | | | |
| | SC1 | SC2 | Total |
| Customer-Demand GCOSSs | | | |
| PCL&P Filed (Exh. G8) | \$253.7 | \$6.3 | \$260.1 |
| RDK Customer-Demand | \$253.7 | \$6.3 | \$260.1 |
| A&E and P&A GCOSSs | | | |
| I&E Sakaya (E3S5p1) | \$254.9 | \$6.3 | \$260.3 |
| OCA GCOSS* (RDK WP1-RG) | \$248.8 | \$12.2 | \$261.0 |
| OCA Adjusted** (Table IEC-R1) | \$237.2 | \$23.8 | \$261.0 |
| RDK Alt. GCOSS (Table IEC-R1) | \$237.4 | \$23.5 | \$260.9 |
| * Reflects the cost-based increase under OCA’s proposed GCOSS. | | | |
| ** Adjusted for presentation purposes to reflect the full FTY proposed increase and exclude effects of changes in billing determinants. | | | |
| Sources: RDK WP1G, RDK WP2G Corrected, RDK WP1-RG, OCA Statement No. 2, I&E Statement No. 3 | | | |

⁴ OSBA Statement No. 1 at 16

As shown, Mr. Knecht's alternative revenue allocation which respects Commission cost allocation precedent assigns a much higher share of the increase to the SC2 commercial class than that presented by the Company, and is in fact quite similar to that offered by the OCA. Both OSBA and OCA recommend that SC2 be assigned 9.0 to 9.1 percent of the rate increase. As shown on page 2 of Appendix B to the Settlement, \$20,000 of the \$225,000 or 8.9 percent of the increase is assigned to the SC2 class, consistent with Mr. Knecht's testimony and with Commission precedent.

The OSBA believes that the Settlement revenue allocation will provide for progress toward cost-based rates as defined by the Commission. The Settlement rejects the Company's filed proposal due to its reliance on a cost allocation method that is hopelessly inconsistent with Commission precedent.

Rate Design

Regarding Rate SC2 rate design, Mr. Knecht explained that the Company's proposed increase in the customer charge from \$9.40 per month to \$13.31 was justified both based on allocated cost and the practices of other Pennsylvania natural gas distribution companies. OSBA Statement No. 1 at 18. The Settlement limits the increase in the customer charge to \$12.23, reflecting the scaleback in the overall rate increase.

Mr. Knecht also explained that the Company had not justified its proposed increase in the charge spread between the first volumetric block (first 300 ccf) and the tail block (over 300 ccf) charges, and he recommended that no increase be permitted absent cost evidence from the

Company. OSBA Statement No. 1 at 19. As the Company failed to provide such evidence, the Settlement adopts Mr. Knecht's recommendation. The charge spread between blocks remains at 15.52 cents per ccf , 46.03 to 30.51 at current rates and 50.89 to 35.37 at Settlement rates.

Settlement Appendix B, page 1.

The resolution of the foregoing issues was of special importance to the OSBA when it concluded that the Settlement was in the best interests of PCL&P's small business customers.

Conclusion

As the OSBA's issues of principal concern were resolved through the settlement process, and in consideration of the small number of business customers served by PCP&L, signing this Settlement enables the OSBA to conserve its resources and avoid the uncertainties inherent in fully litigating the case. For the reasons set forth in the Settlement, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the ALJ and the Commission approve the Settlement document in its entirety without modification.

Respectfully submitted,

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

For:

John R. Evans.
Small Business Advocate

Date: April 9, 2021

APPENDIX H

PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS

**APPENDIX H – PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW, AND
ORDERING PARAGRAPHS**

Finding of Facts

1. Pike County Light and Power Company (gas) (“Pike”) provides natural gas distribution service to approximately 1,250 residential and commercial gas customers in the Matamoras Borough and Westfall township, Pike County, Pennsylvania.¹

2. Pike is regulated by the Commission.

3. The last rate increase for Pike approved by the Commission was in 2014 at R-2013-2397353.

4. I&E is the prosecutory bureau of the Commission for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and for enforcing compliance laws and regulations.²

5. Complainant OCA is authorized to represent the interests of consumers before the Commission.³

6. Complainant OSBA is authorized and directed to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act.⁴

7. Five consumer complaints were filed by Complainants Saul at Docket No. C-2020-3022920, Yennie at Docket No. C-2020-3023031, Gillinder at Docket No. C-2020-3023038, Losee at Docket No. C-2020-3023174, and Hulse at Docket No. C-2020-3023418.

¹ See Pike Statement No. 2, Exhibit G-5, Schedule 6.

² Implementation of Act 129 of 2008 Organization of Bureau and Offices, Docket No. M-2008-2071852 (Order entered August 11, 2011).

³ Act 161 of 1976, 71 P.S. § 309-2.

⁴ Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

Each of these complainants averred they were customers of Pike, and some offered testimony at the public input hearings.

8. The parties engaged in extensive discovery.

9. In this base rate case, Pike originally sought an increase of total annual operating revenue for gas service by \$262,000 revenue increase or 15.9%, or 34.7% in natural gas distribution revenues based on the twelve months ended June 30, 2021.

10. Under the Settlement, following Commission approval and no earlier than July 28, 2021, upon one day’s notice, Pike will be permitted to implement a \$225,000 increase, an increase in 11.6% in overall gas revenues, or 31.5% over current gas distribution revenues. The rate increase of \$225,000 is equivalent to a compound annual increase of 1.4% in overall revenues since rates were last changed effective October 2014 (3.0% increase in distribution revenues).

11. Under the terms of the Joint Petition for Settlement, a comparison of the total monthly bill impact for residential and commercial rate classes comparing present rates, as filed rates, and settlement rates is provided below

| <u>Customer Charge</u> | <u>Present Rates</u> | <u>As Filed</u> | | <u>Proposed Settlement</u> | |
|------------------------------------|----------------------|-----------------|-------------------|----------------------------|-------------------|
| | | <u>Amount</u> | <u>% Increase</u> | <u>Amount</u> | <u>% Increase</u> |
| SC1 - Residential | \$7.50 | \$10.61 | 41.5% | \$8.00 | 6.7% |
| SC- Commercial | \$9.40 | \$13.31 | 41.6% | \$12.23 | 30.1% |
| <u>Average Customer Bill*</u> | | | | | |
| SC1 - Residential Heating (80 CCF) | \$109.93 | \$128.37 | 16.8% | \$124.85 | 13.6% |

| | | | | | |
|--|----------|----------|-------|----------|-------|
| SC1 - Residential Non-Heating (50 CCF) | \$71.52 | \$84.21 | 17.7% | \$81.03 | 13.3% |
| SC2 - Commercial Gen'l Service (623 CCF) | \$753.20 | \$761.99 | 1.2% | \$786.30 | 4.4% |
| SC2 - Commercial Heating (250 CCF) | \$327.99 | \$334.28 | 1.9% | \$342.97 | 4.6% |

* Billing comparison based on Gas Cost Rate (GCR) of \$0.81406 per CCF currently in effect. Company's initial filing reflected prior GCR rate of \$0.61210 that expired October 31, 2020.

12. Under the terms of the Joint Petition for Settlement, the increase in overall revenues (including an estimate of purchased gas costs for full service and retail access customers) by class from present rates as proposed in this Settlement is as follows:

| Customer Class | Present Revenues (\$000) | Revenues per Settlement (\$000) | Revenue Increase (\$000) | Percent Increase |
|--------------------|--------------------------|---------------------------------|--------------------------|------------------|
| SC-1 (Residential) | \$1,511.1 | \$1,716.1 | \$205.0 | 13.6% |
| SC-2 (Commercial) | \$422.3 | \$442.3 | \$20.0 | 4.7% |
| TOTAL | \$1,933.4 | \$2,158.4 | \$225.0 | 11.6% |

13. The Settlement increases rates to all customer classes.

Conclusions of Law

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S § 1308(d).

2. Every rate made, demanded, or received by any public utility shall be just and reasonable. 66 Pa.C.S. § 1301.

3. Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a rate case settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C S. Water & Sewer Assocs.*, 74 Pa. P.U.C. 767(1991).

4. The Commission has historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. See, *Pa. Pub. Util. Comm'n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. Pub. Util. Comm'n v. Citizens' Elec. Co. of Lewisburg*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011).

5. There must be sufficient information provided in a settlement in order for the Commission to determine that a revenue requirement calculation and accompanying tariffs are in the public interest and properly balance the interests of ratepayers and utility stockholders. See *Pa. Pub. Util. Comm'n v. Pa. Power Co.*, 55 Pa. P.U.C. 552, 579 (1982); *Pa. Pub. Util. Comm'n v. Nat'l Fuel Gas Dist. Corp.*, 73 Pa. P.U.C. 552, 603-605 (1990).

6. The burden of proof in a ratemaking proceeding is on the public utility. See 66 Pa.C.S. § 315(a); *Lower Frederick Twp. v. Pa. Pub. Util. Comm'n*, 48 Pa. Commw. 222, 226-27, 409 A.2d 505, 507 (1980) (citations omitted). See also, *Brockway Glass v. Pa. Pub. Util. Comm'n*, 63 Pa. Commw. 238, 437 A.2d 1067 (1981).

7. A party proposing an adjustment to a ratemaking claim bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. Pub. Util. Comm'n v. PECO Energy Co.*, Docket No. R-891364, 1990 Pa. PUC 34 LEXIS 155

(Order entered May 16, 1990); *Pa. Pub. Util. Comm'n v. Breezewood Tel. Co.*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (Order entered January 31, 1991).

8. The Settlement in the Joint Petition promotes the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa. PUC 1 (1985).

9. Pike County Light and Power Company (Gas) has met its burden of establishing that the rates stated in the Joint Petition for Settlement are just and reasonable.

10. The five consumer complainants Saul at Docket No. C-2020-3022920, Yennie at Docket No. C-2020-3023031, Gillinder at Docket No. C-2020-3023038, Losee at Docket No. C-2020-3023174, and Hulse at Docket No. C-2020-3023418 have not presented sufficient evidence to demonstrate the reasonableness of any proposed adjustment to the rate set forth in the Joint Petition. *Pa. Pub. Util. Comm'n v. PECO Energy Co.*, Docket No. R-891364, 1990 Pa. PUC LEXIS 155 (Order entered May 16, 1990); *Pa. Pub. Util. Comm'n v. Breezewood Tel. Co.*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (Order entered January 31, 1991).

11. The settlement rates, terms and conditions contained in the Joint Petition for Settlement of Rate Investigation at Docket No. R-2020-3022134 submitted by Pike County Light & Power, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small business Advocate are just, reasonable and in the public interest.

12. The Joint Petition for Settlement Of Rate Investigation at Docket No. R-2020-3022134 submitted by Pike County Light & Power, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate

promotes the public interest and therefore should be approved as submitted, without modification.

Ordering paragraphs

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement filed on April 9, 2021 by Pike County Power and Light Company (Gas), the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate be approved in its entirety, without modification.
2. That Pike County Light and Power Company (Gas) not place into effect the rates, rules, and regulations contained in Supplement No. 110 to Tariff Gas – Pa. P.U.C. No. 6, as filed.
3. That Pike County Light and Power Company (Gas) be permitted to increase annual operating revenues in the total amount of \$225,000 consistent with the manner described and the rates, rules and regulations set forth in Appendix B (proof of revenue) in the Joint Petition for Settlement.
4. That Pike County Light and Power Company (Gas) be authorized to file tariffs, tariff supplements and/or tariff revisions, on at least one day's notice designed to increase annual rate revenue by \$225,000 no earlier than July 28, 2021.
5. That Pike County Light and Power Company (Gas) be ordered to comply with the provisions of the Joint Petition for Settlement filed in this matter.

6. That upon acceptance and approval by the Commission of the tariff supplements filed by Pike County Light and Power Company (Gas), the investigation at Docket R-2020-3022134 be dismissed and marked closed.

7. That the Formal Complaints filed by Complainants Saul at Docket No. C-2020-3022920, Yennie at Docket No. C-2020-3023031, Gillinder at Docket No. C-2020-3023038, Losee at Docket No. C-2020-3023174, and Hulse at Docket No. C-2020-3023418 in this proceeding be dismissed and marked as closed.

8. That the Formal Complaint filed by the Office of Consumer Advocate in this proceeding at Docket No. C-2020-3022886 be closed as satisfied.

9. That the Formal Complaint filed by the Office of Small Business Advocate in this proceeding at Docket No. C-2020-3022857 be closed as satisfied.

Date: _____

Mary D. Long
Administrative Law Judge