

Clarified Annex B

53.53

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Exhibit E

FILING REQUIREMENTS FOR PUBLIC UTILITIES SEEKING A GENERAL RATE INCREASE ABOVE \$1 MILLION IN ANNUAL GROSS REVENUES

(Note: The following sections are proposed to be added and are shown in regular type to enhance readability.)

I. Applicability.

Exhibit E applies to a public utility filing for general rate increase pursuant to 66 Pa.C.S. § 1308(d) (relating to general rate increases) in excess of \$1 million in annual gross revenues. Subsection E.II provides definitions. Subsections E.III.A—E.III.N provide common filing requirements. Subsections E.IV.A—E.IV.D provide further filing requirements specific to a particular public utility industry.

II. Definitions.

The following words and terms, when used in this Exhibit E, have the following meanings, unless the context clearly indicates otherwise:

AAO Plan—Annual asset optimization plan—The term has the meaning prescribed in 66 Pa.C.S. § 1356 (relating to asset optimization plans).

AFUDC—Allowance for funds used during construction—The capitalized cost of debt and equity funds used to finance an addition of public utility plant to rate base while the plant is under construction.

Affiliated company—A company in any chain of successive ownership of stock or membership interest, regardless of the tier, under the parent company.

Artificial gas—A manufactured gaseous fuel created from coal, oil and the like, as differentiated from natural gas.

Billing determinant—The detailed customer usage data per unit of consumption by rate schedule needed to bill customers at present rates, for example, kWh for electric utilities, Mcf for gas utilities, or other unit of consumption for water or wastewater, as specified by a public utility in its tariff.

CWIP—Construction work in progress—A holding account for capitalizing construction costs of public utility plant not yet ready to be placed in service.

Commission—The Pennsylvania Public Utility Commission.

Consolidated group—A public utility and its parent company and affiliated companies.

Customer class—A broad rate group that is used to allocate costs for rate design, such as residential, commercial and industrial classifications.

Customer charge—A flat monthly charge to cover fixed costs incurred to provide public utility service to a customer.

DSIC—Distribution system improvement charge—The term has the meaning prescribed in 66 Pa.C.S. § 1351 (relating to distribution systems definitions).

FERC—The Federal Energy Regulatory Commission.

LTIP—Long-term infrastructure improvement plan—The term has the meaning prescribed in 66 Pa.C.S. § 1352 (relating to long-term infrastructure improvement plan).

Parent company—The beneficial holder of the largest voting interest in a public utility or the company listed at the top of a corporate hierarchy structure with ultimate controlling interest in the public utility. Includes the municipality if the public utility is a municipal utility subject to Commission regulation.

Pro forma—Calculations of financial results using certain projections or assumptions as delineated by the public utility which provide information about the public utility's potential financial performance in a test year.

Public utility—For purposes of this Exhibit E, a filing entity seeking a general rate increase greater than \$1 million in gross annual revenues.

Rate schedule—A specific rate group within a customer class defined in the public utility's tariff.

Subsidiary company—A company in which the public utility is the beneficial holder of the largest voting interest.

Tariff—A document, on file with and approved by the Commission, establishing the types of rates charged for specific public utility services and the general terms and

conditions under which such services will be provided. Prior to approval, the document filed by a public utility in a rate case is a proposed tariff.

USoA—Uniform System of Accounts—An accounting system prescribed by FERC and adopted by the Commission specifying the manner in which a public utility regulated by the Commission shall maintain its public utility accounts.

III. General Filing Requirements.

A. General.

1. Provide a statement indicating that the public utility is subject to the Commission's jurisdiction.
2. Provide a statement of the total amount and percentage of the base rate increase being sought for recovery in rates under 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates).
3. Provide a statement indicating the test year the public utility is using in discharging its burden of proof under 66 Pa.C.S. § 315.
4. To the extent the public utility claims information required by this Exhibit E is confidential or proprietary, provide a summary statement indicating, with specificity, which Filing Requirement(s) have responses designated to be confidential or proprietary. A claim of confidentiality shall be subject to review by the presiding officer pursuant to 52 Pa. Code § 5.365 (relating to orders to limit availability of proprietary information).
5. Provide the following supplemental information when providing the information required by this regulation and in response to each discovery request relative to the current base rate case proceeding, as applicable:
 - a. Provide the data for the HTY and the first year that new rates were in effect from the immediately preceding base rate case if the time periods for the data requested relative to the current base rate case do not include the HTY and first year under new rates from the immediately preceding base rate case.
 - b. Explain the difference in projections and adjustments made for the immediately preceding base rate case as compared to the projections and assumptions made relative to the current base rate case.
 - c. Provide details of any reconciliations and adjustments made relative to the immediately preceding base rate case and explain whether (and how) they would be expected to be rolled into base rates in the current base rate case or

whether they are expected to arise relative to rates as may be established in the current base rate case.

6. Supplement the filing with the most recent information if more recent year-end information becomes available during the course of the current base rate case.

7. If a requirement calls for information for an immediately preceding year(s) or immediately following year(s) to a test year, provide information for the twelve (12) consecutive month period conforming to the test year dates (for example, January 1 through December 31 or October 1 through September 30).

8. Provide a working electronic copy of filing schedules in Microsoft Excel or similar electronic spreadsheet format with all formulas intact including existing links, for the HTY, the FTY and the FPFTY, that support the proposed revenue requirement, rate structure and cost allocation, including, but not limited to, all schedules provided in response to these Filing Requirements.

B. Summary of Filing.

1. Provide a summary discussion of the rate change request, including the total requested increase in dollars, and specific reasons for each adjustment. Provide a breakdown which identifies the revenue requirement value of the major items generating the requested rate change.

2. Identify the specific witnesses for each statement and schedule of revenues, expenses, taxes, cash flow, debt, debt coverage, property, valuation and the like and provide direct testimony supporting each element of the rate increase.

3. Provide the following schedules at present rates. In each schedule, provide references in the pro forma adjustments column for each adjustment which ties to corresponding supporting schedule detailing and explaining each operating budget adjustment.

- a. Income Statement;
- b. Cash Flow Statement;
- c. Debt-Service Coverage Ratio schedule; and
- d. Balance Sheet, showing individual columns for the following:
 - i. Actual amounts for each of the two years immediately preceding the HTY;
 - ii. HTY actual amounts;

- iii. Pro forma adjustments between HTY and FTY, including the adjusted HTY for known and measurable changes between the HTY and FTY;
- iv. FTY claimed amounts;
- v. Pro forma adjustments between FTY and FPFTY, including twelve consecutive month period beginning with the first full month that new rates will be in effect after the application of the full suspension period permitted under Section 1308(d) amounts; and
- vi. FPFTY claimed amounts.

4. Provide the following schedules at proposed rates. In each schedule, provide references in the pro forma adjustments column for each adjustment which ties to corresponding supporting schedule detailing and explaining each operating budget adjustment.

- a. Income Statement;
- b. Cash Flow Statement;
- c. Debt-Service Coverage Ratio schedule; and
- d. Balance Sheet, showing individual columns for the following:
 - i. Actual amounts for each of the two years immediately preceding the HTY;
 - ii. HTY actual amounts;
 - iii. Pro forma adjustments between FTY and FPFTY claimed amounts; and
 - iv. FPFTY claimed amounts.

5. Provide a schedule showing the number of customers by:

- a. Tariff subdivision, whose bills will be increased; and
- b. Tariff subdivision, whose bills will be decreased.

6. Provide reference and citations to FERC and Commission orders or rulings directly applicable to the filing.

7. Provide a list of reports, data or statements requested by and submitted to the Commission during the year immediately preceding the HTY through the current date.

8. Provide a statement of past and anticipated changes since the immediately preceding base rate case in major accounting procedures.

9. Provide an explanation of differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current base rate case and the basis or procedure that was used in the immediately preceding base rate case.

10. Identify each major addition to plant or facilities to be placed in operating service or removed from operating service. The supporting documentation shall indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement.

11. Provide revenues and expenses by the account classifications for the applicable industry's USoA.

C. Description of Public Utility Operations.

1. Provide a corporate history including the date of original incorporation and any subsequent merger or acquisition.

2. Indicate all counties, cities and other governmental subdivisions in which service is provided (including service areas outside this Commonwealth) and the total number of customers by customer class or billed units in each state and county, estimated if not known.

3. Provide an organizational chart explaining the public utility's corporate relationship to affiliated companies showing the consolidated group structure and indicating whether each affiliated company is a regulated public utility under the Commission's jurisdiction or under the jurisdiction of another state public utility commission or both.

4. Provide a list and brief description of the two most recent Commission-conducted audits with related docket numbers.

5. Provide a list and brief description of internal audit reports and independent audit reports for the most recent two-year period.

D. Rate Base

1. Provide a schedule showing the HTY rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Cross-reference claims made on this schedule to appropriate supporting schedules. Show pro forma adjustments for the FTY and the FPFTY.

2. If a claim is made for CWIP, provide the following:

- a. An exhibit with a description of each project;
 - b. A summary of all work orders;
 - c. Amount expended at the end of the HTY, the FTY, the FPFTY and at the completion of the project;
 - d. Whether each project will be funded by the DSIC;
 - e. Anticipated in-service dates; and
 - f. If the project is revenue producing or expense reducing, identify the revenue or expense associated with the project.
3. If a claim is made for plant held for future use, provide the following:
- a. A brief description of the plant or land site and its original cost;
 - b. Expected date of use for each item claimed;
 - c. Explanation why it is necessary to acquire each item in advance of its date of use;
 - d. Date when each item was acquired; and
 - e. Date when each item was placed in the plant held for future use account.
4. If a claim is made for materials and supplies or fuel inventory, provide the following:
- a. A description of the methodology used to value material and supplies;
 - b. The actual 13-month balances of the inventory of materials and supplies for the HTY.
 - c. The 13-month average for materials and supplies as of the end of the HTY; and
 - d. The type of fuel, and location, as in station, and the quantity and price claimed.
5. If a claim is made for cash working capital, provide a supporting schedule setting forth the method and data used to determine the cash working capital requirement. Include a lead-lag study of working capital completed no more than 6 months prior to the rate increase filing.
6. Indicate if amortized expenses have been removed from the lead-lag study. If so, provide documentation showing such removal. If not, provide a list of such amortization expenses included.
7. In the cash working capital computation, either include sales for resale and related expenses in revenues and in expenses or exclude them from revenues and expenses. Explain procedures followed.
8. Provide schedules and data in support of the following working capital items:
- a. Prepayments—list and identify all items;
 - b. Federal Excise Tax accrued or prepaid;

- c. Federal Income Tax accrued or prepaid;
- d. Pennsylvania State Income Tax accrued or prepaid;
- e. Pennsylvania Gross Receipts Tax accrued or prepaid;
- f. Pennsylvania Public Utility Realty Tax accrued or prepaid;
- g. State sales tax accrued or prepaid;
- h. Payroll taxes accrued or prepaid and
- i. Any adjustments related to the above items for ratemaking purposes.

9. Identify fund availability arrangements or terms which the public utility has with its banks with respect to deposits of customer checks.

10. If a claim is made for an additional item in rate base not otherwise addressed in these Filing Requirements, identify such claim and provide a statement, exhibit, or both, explaining in detail the appropriateness of such claim.

11. Provide a schedule that shows a breakdown of plant additions and retirements by plant account for the FTY and the FPFTY, showing the following:

- a. Account number;
- b. Project number of each addition and each retirement;
- c. Completion date of each addition and each retirement;
- d. Description of the addition;
- e. Addition amount of each addition;
- f. Description of retirement;
- g. Retirement amount of each retirement; and
- h. Totals of additions and retirements.

12. Explain how the plant balances for the FTY and the FPFTY were projected. Provide supporting workpapers and documentation.

13. Provide the estimated percentage of assets used for non-jurisdictional service. Include any asset included in the plant in service claim not used exclusively for jurisdictional service.

14. Identify plant that will not be providing jurisdictional service and prepare a schedule listing those plant items identified by account. Explain why such plant is not being used and the anticipated future disposition of the plant. Indicate if plant is used to provide more than one mode of jurisdictional service.

15. Provide all workpapers and supporting documentation showing the derivation of the projected balances for the FTY and the FPFTY of:

- a. Contributions in aid of construction;

- b. Customer and developer advances for construction and public utility service line; and
- c. Customer deposits.

16. Provide schedules supporting claimed amounts for plant in service by function and by account for the HTY, the FTY and the FPFTY.

17. Provide supporting schedules which indicate the procedures and calculations employed to develop the original cost plant and applicable reserves to the HTY, the FTY and the FPFTY as submitted in the current proceeding.

18. Provide a schedule showing details of plant in service and accumulated depreciation adjustments for the HTY, the FTY and the FPFTY.

E. Rate of Return

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the FTY and the FPFTY (with short-term debt and without short-term debt) for the public utility, the parent company and the consolidated group.

2. Provide the most recent year-end interest coverage before and after taxes for the last three years and at the most current, including indenture and Securities and Exchange Commission (SEC) basis, for the public utility, the parent company and the consolidated group.

3. Provide the year-end preferred stock dividend coverages for the last three years and at most current date, including charter and SEC basis.

4. Provide the most recent quarterly financial reports within the last year (for the public utility and for its parent company), stockholder's reports (for the public utility and for its parent company) and prospectuses (for the public utility and for its parent company).

5. Provide actual and projected capital requirements and sources of capital for the public utility, the parent company, and the consolidated group for the HTY, the FTY, the FPFTY and the two years immediately following the FPFTY.

6. Provide a nominal cost schedule of debt and preferred stock of the public utility, the parent company and the consolidated group as of the HTY year-end and most current date. Note projected new issues, retirements, and other major changes from the comparable historical data. Include the following details:

- a. Date of issue;

- b. Date of maturity;
- c. Amount issued;
- d. Amount outstanding;
- d. Amount retired;
- f. Amount reacquired;
- g. Gain or loss on reacquisition;
- h. Coupon rate;
- i. Discount or premium at issuance;
- j. Issuance expenses;
- k. Net proceeds;
- l. Sinking fund requirements;
- m. Effective interest rate;
- n. Dividend rate;
- o. Effective cost rate; and
- p. Total average weighted effective cost rate.

7. If a claim is made for a cost of debt that exceeds the cost of debt shown in the nominal cost schedule under E.6 because of, for example, convertible features, sale with warrants or other reason, provide a full statement of the basis for such claim.

8. Provide details on available common stock offerings of the public utility if publicly traded and of the parent company for the past five years to present including details of any planned issuance in the FTY and the FPFTY, as follows:

- a. Date of prospectus;
- b. Date of offering;
- c. Record date;
- d. Offering period including dates and number of days;
- e. Amount and number of shares of offering;
- f. Offering ratio, if rights offering;
- g. Percent subscribed;
- h. Offering price;
- i. Gross proceeds per share;
- j. Expenses per share;
- k. Net proceeds per share in (8.i) and (8.j) above;
- l. Market price per share:
 - i. At record date;
 - ii. At offering date; and
 - iii. One month after close of offering;
- m. Average market price during offering;
 - i. Price per share; and
 - ii. Rights per share-average value of rights;
- n. Most current reported earnings per share at time of offering; and

o. Most current reported dividends at time of offering.

9. Provide complete support for the claimed rate of return on common equity. Provide the actual earned return on common equity for the HTY and the two years immediately preceding the HTY.

10. Provide schedules of comparative financial data and ratios for the public utility for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY. Note changes in ratings by all applicable rating agencies covering the entity on the schedules. Include the rating agencies' write-ups of such changes if available. Provide the financial data and ratio schedules and ratings change information for the parent company if the data, schedules or information are not available for the public utility. Show the following:

- a. Earnings-price ratio (average);
- b. Times interest earned ratio on a pre-tax basis and a post-tax basis;
- c. Preferred stock dividend coverage ratio on a post-tax basis;
- d. Times fixed charges earned ratio on a pre-tax basis;
- e. Dividend payout ratio;
- f. AFUDC as a percent of earnings available for common equity;
- g. CWIP as a percent of net public utility plant;
- h. Effective income tax rate;
- i. Internal cash generation as a percent of total capital requirements;
- j. Times fixed charges earned ratio on a post-tax basis;
- k. Earnings per share;
- l. Dividend per share;
- m. Average dividend yield (52-week high/low common stock price);
- n. Average book value per share;
- o. Average market price per share;
- p. Market price-book value ratio;
- q. Earnings-book value ratio (per-share basis, average book value); and
- r. Debt-Service Coverage Ratio.

11. Provide an AFUDC schedule that includes the following:

- a. AFUDC rate charged by the public utility at the end of the HTY, the FTY and the FPFTY;
- b. How the AFUDC rate was calculated;
- c. Explanation of the method used to calculate the AFUDC amounts; and
- d. Cross-reference to where each of the items in 11.a—11.c above is reflected in the current base rate case filing.

12. Provide the following information concerning bank notes payable for the HTY (per book):

- a. Line of credit at each bank;
- b. Average daily balances of notes payable to each bank, by name of bank;
- c. Interest rate charged on each bank note (prime rate, formula);
- d. Purpose of each bank note (for example, construction, fuel storage, working capital, debt retirement and the like); and
- e. Prospective need in the next 5 years for this type of financing.

13. If a claim is made for compensating bank balances, provide the following information:

- a. Name and address of each bank;
- b. Types of accounts with each bank such as checking, savings, escrow, other services, and the like;
- c. Average daily balance in each account from the start of the HTY through the date of filing;
- d. Amount and percentage requirements for compensating bank balances at each bank;
- e. Average daily compensating bank balance at each bank;
- f. Documents from each bank explaining compensating bank balance requirements;
- g. Interest earned on each type of account; and
- h. A calculation showing the average daily float for each bank.

14. If a claim is made for compensating bank balances, provide the amount of compensating bank balances required under each of the following:

- a. Annualized test year operations at pro forma present rates; and
- b. Operations under pro forma proposed rates.

15. Provide the charter and indentures provisions, if applicable, for the public utility and the parent company that describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

16. Provide copies of the summaries of the public utility's projected revenues, expenses and capital budgets for the FTY and the FPFTY.

17. Describe long-term debt reacquisition by issue by the public utility and the parent company as follows:

- a. Reacquisition by issue by year;

- b. Total gain or loss on reacquisitions by issue by year;
- c. Accounting for gain or loss for income tax and book purposes; and
- d. Proposed treatment of gain or loss on such reacquisition for ratemaking purposes.

18. Provide a schedule showing the major components of claimed capitalization and the derivation of the weighted costs of capital to support the claim. Include a descriptive statement concerning the major elements of changes in claimed capitalization, cost rates and overall return from comparable historical data.

19. Provide a schedule in the same format as the schedule provided in Filing Requirement E.18 above, except for the omission of the descriptive statement, for the most immediate comparable annual historical period prior to the HTY and the two calendar years most immediately preceding the rate of return claim period. Include reflect capital ratios with and without short-term debt regardless of whether the capitalization claimed on the schedule provided in Filing Requirement E.18 above, includes short-term debt.

20. Provide the capitalization data requested in Filing Requirements E.18 and E.19 above, for the parent company and the consolidated group.

21. Provide the bond rating history for the public utility from the major credit rating agencies for the most recent five years.

22. Provide the bond rating history for the parent company from the major credit rating agencies for the most recent five years if applicable.

23. Provide copies of each presentation and report made by management and securities analysts on the public utility's behalf, including presentations of financial projections, in the past two years.

24. Provide copies of each presentation and report made by management and securities analysts on the parent company's behalf, including presentations of financial projections, in the past two years if applicable.

25. Provide a listing of all securities issuances for the public utility projected for the next two years following the end of the test year. Identify for each projected issuance:

- a. Date;
- b. Dollar amount;
- c. Type of security; and
- d. Effective cost rate.

26. Provide a listing of all securities issuances for the parent company projected for the next two years following the end of the test year if applicable. The response shall identify for each projected issuance:

- a. Date;
- b. Dollar amount;
- c. Type of security; and
- d. Effective cost rate.

27. Provide the actual cost of long-term debt for the HTY and the two years immediately preceding the HTY. Identify any plan by the public utility to refinance high-cost long-term debt or preferred stock.

28. Provide a listing of common equity infusions from the parent company to the public utility during the HTY if applicable. Indicate any common equity infusions made or anticipated in the FTY and anticipated in the FPFTY calculations. Identify date, dollar amount and intended use of the funds for each infusion.

29. Identify the public utility's common dividend payments to the parent company for the HTY and the two years immediately preceding the HTY if applicable.

30. Provide year-by-year financial projections for the public utility for the next three years beyond the end of the test year.

31. Identify the public utility's capital structure targets (percentages of capital types) for the FTY and the FPFTY. Explain the basis for the capital structure targets. Provide a schedule showing targets and actuals for the HTY and the two years immediately preceding the HTY.

32. Identify the parent company's capital structure targets (percentages of capital types) for the FTY and the FPFTY if applicable. Explain the basis for the capital structure targets. Provide a schedule showing targets and actuals for the HTY and the two years immediately preceding the HTY.

33. For each month of the most recent 24 months, provide the public utility's:

- a. Short-term debt balance;
- b. Short-term debt interest rate;
- c. Balance of CWIP; and
- d. Balance of CWIP which is eligible for AFUDC accrual.

34. Identify debt, other than instruments traded in public markets, owed to shareholders, corporate officers, members of the board of directors, affiliated companies, parent company or subsidiary companies.

35. Provide a summary statement of all stock dividends, splits or par value changes during the two-year calendar period immediately preceding the current base rate case filing.

36. Provide a schedule of purchases or retirements of stock of the public utility or its parent company during the two-year calendar period immediately preceding the current base rate case filing. Provide the details of any planned purchases or retirements of stock of the public utility or its parent company in the FTY and the FPFTY.

37. If the rate of return claim is based on the use of the capital structure or capital costs of the parent company or the consolidated group, state and support the reasons for such a claim. If applicable, explain why a hypothetical or non-actual capital structure is being employed.

F. Balance Sheet

1. Provide the most current available balance sheet for the public utility, the parent company and the consolidated group.

2. Provide a comparative balance sheet for the HTY and the year immediately preceding the HTY.

3. Provide a detail of other physical property, investments in affiliated companies, and other investments for the HTY. Provide a schedule showing any anticipated changes for the FTY and the FPFTY, if applicable.

4. Supply the amounts and purpose of special cash accounts of all types, such as:

- a. Interest and dividend special deposits;
- b. Working funds other than general operating cash accounts; and
- c. Other special cash accounts and amounts (*e.g.*, temporary cash investments).

5. Describe the nature, origin and amounts of notes receivable, accounts receivable and accounts payable to and from affiliates, and any other receivables or payables, other than customer accounts, which appear on the HTY balance sheet. Identify amounts that are greater than 15% of total receivables and payables respectively. Do not net receivables and payables unless there is a master agreement between the

public utility and the third party that permits the netting of accounts receivable and accounts payable.

6. Provide the amount of accumulated reserve, method and rate of accrual, amounts accrued, and amounts written-off for uncollectible accounts in the HTY and the two years immediately preceding the HTY.

7. Provide a list of prepayments not otherwise identified elsewhere in response to the reporting requirement in connection with rate base.

8. Provide the following detail for each deferred asset and deferred liability on the HTY balance sheet:

- a. Description of each deferral;
- b. Date of origin for each deferral;
- c. Account name and number;
- d. Reference to Commission or other regulatory authority approval, including docket number(s);
- e. Amount contained on the balance sheet for each individual deferral and corresponding amount charged to operations for the HTY;
- f. Disposition policy (for example, method of determining yearly amortization); and
- g. Anticipated changes to each account through end of the FPFTY.

9. If the public utility is not publicly traded, supply the basis for injury and damages reserve and amortization shown on the HTY balance sheet. If the public utility is publicly traded, provide the independent audit report that includes an analysis of the reserve for injuries and damages.

10. Provide brief description and amount for any reserves outside the ordinary course of business appearing on the HTY balance sheet.

11. Provide an analysis of unappropriated retained earnings for the HTY and the two years immediately preceding the HTY.

12. Describe the purpose of each advance made by the public utility to the parent company and describe the terms and conditions associated with such advance for the HTY and the two years immediately preceding the HTY. Provide an estimate of future advances or repayments by the public utility to the parent company that are expected to occur in the FTY or the FPFTY or both.

G. Income Statement and Cash Flow Statement

1. Provide most current available income statement for the public utility, the parent company, and the consolidated group. If a claim is made for separate operating divisions of the public utility, an income statement must be shown for each operating division.

2. Provide copies of the summaries of the public utility's projected revenues, expenses, and capital budgets for the FTY and the FPFTY.

3. Provide a summary income statement showing the following:

- a. Per book income statement for the HTY;
- b. FTY adjustments to annualize and normalize revenue and expenses under present rates;
- c. Pro forma FTY income statement at present rates;
- d. FPFTY adjustments to revenues and expenses at present rates;
- e. Pro forma FPFTY income statement at present rates;
- f. Requested increase and corresponding iterative changes (*e.g.*, uncollectible accounts, assessments and income taxes) with increase;
- g. Pro forma FPFTY income statement at proposed rates; and
- h. References to schedules that contain supporting details for corresponding adjustments.

4. Provide comparative income statements for the HTY and the two years immediately preceding the HTY showing increases and decreases between the three periods. Provide explanations for variances that are greater than 15% of the summary level account type.

5. Provide operating income claims and rate of return on rate base for the HTY, the FTY and the FPFTY under:

- a. Present rates;
- b. Pro forma present rates; and
- c. Pro forma proposed rates.

6. If a cash flow analysis is provided with the filing, provide a cash flow statement under present rates showing:

- a. All cash inflows from customer rates;
- b. Depreciation;
- c. Deferred taxes;
- d. External financing;
- e. Investment income;
- f. All other sources of cash;

- g. All cash outflows used to pay for public utility operations, administrative and general expenses, taxes, capital investments and dividends; and
- h. All other cash outflows identifying the uses of funds.

7. If a cash flow analysis is provided with the filing, provide a cash flow statement under the FPFTY proposed rates showing:

- a. All cash inflows from customer rates;
- b. Depreciation;
- c. Deferred taxes;
- d. External financing;
- e. Investment income;
- f. All other sources of cash;
- g. All cash outflows to pay for public utility operations, administrative and general expenses, taxes capital investments, and dividends; and
- h. All other cash outflows identifying the uses of funds.

H. Operating Revenues

1. Provide for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY the following by customer class:

- a. Customer count;
- b. Sales by unit;
- c. Revenues;
- d. Change in revenue expressed as a percentage and a dollar amount;
- e. Forfeited discounts;
- f. Detailed breakdown of miscellaneous revenues;
- g. Annualizing and normalizing adjustments, showing all calculations;
- h. Surcharge revenues from recorded revenues itemized by appropriate revenue category.

2. State the manner in which revenues are being presented for ratemaking purposes, and provide details, using one of the following methods:

- a. Unbilled Revenues;
- b. Billed Revenues; or
- c. Cash Revenues.

3. If unbilled revenue is recorded at the end of the public utility's fiscal period, provide unbilled revenue at the end of the HTY, at the year-end immediately preceding the HTY and at the beginning of the FTY. State whether recovery is reversed for

ratemaking purposes and the impact on the FPFTY. Provide a detailed explanation of the procedures and methods used in developing unbilled revenues and the impact on the FTY and the FPFTY.

4. Provide a schedule of present rates and proposed rates showing dollar change and percent of change by customer class. Prepare a comparative schedule of monthly (or quarterly where applicable) billings at present rates and at proposed rates to demonstrate the impact of proposed rates over a range of usages. Identify any changes in rate design or any rate re-structure and provide supporting explanations. Provide a copy of the proposed tariff or tariff supplement on a red line basis to identify any proposed changes.

5. Provide a detailed breakdown of miscellaneous revenues for the HTY and the two years immediately preceding the HTY. For the HTY, provide a monthly breakdown and an explanation of monthly variances greater than 15%. Detail any anticipated variances in the FTY and the FPFTY.

6. Provide for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY the following by customer class:

- a. Monthly customer counts; and
- b. Monthly customer usage.

7. Provide growth patterns of usage and customer numbers by customer class, using historical and projected data.

8. If the public utility is affiliated with another public utility within a consolidated group, explain the effects, if any, upon allocation factors used in the current base rate case or in any recent rate increases allowed to the other public utility segment (or segments) of the consolidated group.

9. If the public utility has a curtailment rate in its current or proposed tariff, provide supporting data detailing curtailment adjustments, procedures, and policies.

10. Provide details of the public utility's attempts, since the immediately preceding rate case filing, to recover uncollectible and delinquent accounts.

11. Describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.

12. Provide annualization of revenues as a result of rate changes occurring during the test year, at the level of operations as of the end of the test year.

13. Provide a schedule showing sales from all customer classes by unit per month for the HTY and for each of the three years immediately preceding the HTY. Provide the projections for the FTY and the FPFTY.

14. Provide an analysis showing the average usage per customer by rate schedule in the operating revenue detailed in 13 above. If the public utility is projecting a change in the average usage per customer, provide the following for each rate schedule listed in the tariff:

- a. A monthly history of the average usage per rate schedule that the public utility is projecting will change covering at least 5 years; indicate if data are weather normalized;
- b. A detailed description, analysis and rationale for historical or projected, or both, changes in usage per customer and support for such change by rate schedule;
- c. The proposed year-end usage per rate schedule that the public utility is projecting for the FPFTY;
- d. The change in volume in the HTY, the FTY and the FPFTY; and
- e. The dollar impact in the HTY, the FTY and the FPFTY.

15. If the public utility uses an alternative ratemaking mechanism, provide an analysis showing the alternative ratemaking mechanism's proposed impact on revenues in the FTY and the FPFTY. If the public utility is projecting an increase or decrease in the average usage per customer as a result of the alternative ratemaking mechanism, provide the following for each rate schedule listed on the tariff:

- a. The non-adjusted sales used in the calculation;
- b. The alternative ratemaking mechanism used;
- c. The proposed average usage per rate schedule that the public utility is projecting for the FPFTY;
- d. The change in volume in the HTY, the FTY and the FPFTY; and
- e. The dollar impact in the HTY, the FTY and the FPFTY.

16. If the public utility uses an alternative ratemaking mechanism adjustment in the tariff, provide the most recent three-year calculation of the alternative ratemaking calculation used to adjust rates, summarizing the revenue received by the public utility or credited to the customers by rate schedule each year.

17. If the public utility's present tariff uses an alternative ratemaking adjustment, describe how the revenue received by the public utility or credited to customers was reflected in the filing.

18. Provide a schedule that shows the actual monthly amount received from each source below for the HTY and the two years immediately preceding the HTY. State how revenues are presented for ratemaking purposes. Provide a breakdown of the amount projected to be received from each of the following sources that supports the amount reflected on the FTY and the FPFTY Income Statements:

- a. Forfeited discounts;
- b. Late payment fees;
- c. Miscellaneous revenues;
- d. Other revenues;
- e. Interest and Dividend Income;
- f. Other public utility Operating Income;
- g. Revenues from merchandising, jobbing and contract work;
- h. Revenues from non-public utility operations;
- i. Rental income;
- j. Equity in earnings of subsidiary companies;
- k. Interest and dividend income;
- l. AFUDC;
- m. Miscellaneous nonoperating income;
- n. Gain on disposition of property;
- o. Rent from public utility property; and
- p. Revenues from transporting water, gas or electricity for others.

I. Operating Expenses

1. Provide a list of operating expenses for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY. Include explanations and calculations of adjustments made for ratemaking.

2. Provide a summary of claimed operating expenses for the HTY (with similar account breakdown to H.1 above), including annualizing and normalizing adjustments fully supported (including explanations, documentation and calculations) to arrive at adjusted future operating expenses for ratemaking, including supporting data for the FTY and the FPFTY.

3. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization (not included in cost of service when the gain or loss on this property has occurred or is likely to occur in the FTY or the FPFTY). Provide the proposed ratemaking treatment of extraordinary gains and losses. Provide supporting data including an explanation and breakdown of costs.

4. For the base rate case expense claim, provide the following:

- a. Detailed calculations of normalized base rate case expense, including supporting data for outside services rendered;
- b. Justification for the proposed normalization period for the current base rate case;
- c. Details and related dollar amounts by category of the base rate case expense claim. Include the actual billings or invoices and the applicable contracts in support of each category of base rate case expense;
- d. Docket numbers and filing dates, indicating fully litigated or settled, for the immediately preceding three base rate cases filed with the Commission; and
- e. Details and related dollar amounts by category of the actual expenses of the immediately preceding three base rate cases.

5. Provide a list by applicable industry's USoA of charges by affiliates (service corporations, and the like) to the public utility, grouped by the claimed operating expenses and capitalized amounts for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY. Include the following:

- a. Copy of contract(s) governing the services provided and charges, if any;
- b. Explanation of the nature of the services provided;
- c. Explanation of the basis on which charges are made; and
- d. If charges are allocated to the public utility, identify the affiliate provider of the charges, allocation factors, and dollar amounts used for all affiliated companies not receiving allocation and explain why there is no allocation.

6. For the HTY, the FTY and the FPFTY, describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease (including but not limited to, beginning and end date(s) of lease(s), monthly or annual dollar amount of payment(s)) and copies of contracts for each. Explain the method of calculating monthly or annual payments. If allocated from the parent company or an affiliated company, provide an explanation and supporting documentation for the method of allocation.

7. For the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY, provide detailed calculations of the cost by year resulting from storm damage. Explain the method and basis for estimates.

8. For the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY, submit schedules showing, by applicable industry's USoA, the claimed expenses incurred in the following expense categories:

- a. Miscellaneous general expenses;

- b. Outside service expense;
- c. Regulatory commission expenses;
- d. Advertising expenses broken down by category for claimed amounts, including but not limited to advertising engaged in by trade associations whenever the public utility has claimed a contribution to the trade association as a ratemaking claim. Explain the basis for recovery;
- e. Research and development expenses, showing a list of major projects;
- f. Charitable and civic contributions, by recipient and amount, showing types of social and service organization memberships paid for, the cost thereof, the accounting and tax treatment, and whether included in above-the-line claimed expenses. Explain the basis for recovery; and
- g. Lobbying expenses, including but not limited to amounts that are a portion of membership dues. Explain the basis for recovery.

9. For the HTY, the FTY and the FPFTY, provide a schedule showing insurance expense (other than employee benefits) for each type of insurance coverage. Include:

- a. A statement as to whether the public utility is self-insured or third-party insured;
- b. Amounts of any reserves for claims;
- c. Explanation of the extent to which employees contribute to such coverage; and
- d. Explanation of how insurance expense claims in the FPFTY are calculated.

10. For the HTY, the FTY and the FPFTY, show the amounts paid or claimed for industry or professional organizations expenses. Include a description of each payee organization and purpose.

11. Submit costs claimed for recovery in the FPFTY associated with cancelled construction projects or obsolete inventory. Separately identify:

- a. Projects (including employee costs broken down by payroll and benefits) or inventory;
- b. All other expense categories; and
- c. Related amounts and explain the reason for the cancellation or obsolescence.

J. Payroll, Employee Benefits and Retiree Costs

1. Provide the following information for employee counts for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY:

- a. Actual and projected month-end employee counts by union, nonunion and temporary employee categories; and
- b. Explanation of any material changes in employee counts.

2. Provide the following payroll expense information, by union, nonunion and temporary employee categories:

- a. Total annual payroll and overtime for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY;
- b. Percentage and annual amount of payroll expense increases for the HTY, the FTY and the FPFTY. For increases not attributable to routine cost of living wage rate increases (1-3% increases) or union contracts, provide the percentage and annual amount of payroll expense increases for the two years immediately preceding the HTY;
- c. Percentage and annual amount of payroll expense increases attributable to incentive plans or bonuses for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY;
- d. Dates and percentages of pay increases for the two years immediately preceding the HTY in the same format for test year data provided in response to J.2.c above;
- e. Document(s) or statement(s) verifying that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses) for the HTY;
- f. Document(s) or statement(s) showing that the verification shown in J.2.e will be conducted for the FTY and the FPFTY. Indicating the procedures for addressing any material differences between estimated expenses and actual expenses for the FTY and the FPFTY; and
- g. Copy of incentive compensation and bonus compensation plan documents.

3. Provide the following employee benefit information by union, nonunion and temporary employee categories:

- a. Actual and projected expenses, by benefit type, for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY, separately identifying specific benefits and costs for executives and officers;

- b. Total annual insurance premiums for each type of employee insurance coverage for the HTY, the FTY and the FPFTY, indicating whether the public utility is self-insured or third-party-insured;
 - c. Explanation of any projected increases in employee insurance expenses for the FTY and the FPFTY; and
 - d. Actual and projected total annual contributions by employees for insurance coverage for the HTY, the FTY and the FPFTY.
 4. Provide capitalized percentages and amounts of payroll and employee benefit expense for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY.
 5. If deferred compensation is a part of the payroll and employee benefit expense claim, provide the actual and projected annual total of any deferred income paid to employees in the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY.
 6. Provide the following pension information for the HTY, the FTY and the FPFTY:
 - a. Total annual pension expense claimed;
 - b. Method used to develop the pension plan claim;
 - c. Breakdown between capitalized and expensed pension amounts;
 - d. Actual cash pension contribution amounts for the HTY and two years immediately preceding the HTY, and projected cash pension contributions for the FTY and the FPFTY;
 - e. Most recent actuarial studies for the pension plan;
 - f. Actuarial support, if any, for actual and projected pension cash contribution amounts for the FTY, the FPFTY and any additional future periods;
 - g. Credit balance in the test year used to make the base rate claim. If not reflected in the claim, state why not;
 - h. Copy of the pension funding policy;
 - i. Copy of retirement plan documents; and
 - j. If the pension cost figures include any unfunded pension costs, state the unfunded portion.
 7. Provide for other post-employment benefits expense (OPEB) the following:
 - a. Actual and projected OPEB expenses for the HTY, the FTY and the FPFTY;

- b. Explanation of the basis for the claim, for example, accrual, pay-as-you-go, some other method, or combination of bases;
- c. Most recent actuarial studies for OPEBs; and
- d. Documentation necessary to support the claimed amounts.

8. List and explain all non-recurring abnormal or extraordinary expenses related to employee costs incurred in the HTY which will not be present in the FTY or the FPFTY. List and explain all non-recurring abnormal or extraordinary expenses related to employee costs expected to be incurred in the FTY or FPFTY which were not present in the HTY.

9. List and explain expenses related to employee costs included in the HTY, the FTY and the FPFTY which do not occur yearly but are of a nature that they do occur within an extended period of years.

K. Depreciation

1. Provide a description of the depreciation methods used to calculate annual depreciation amounts and depreciation reserves, together with a discussion of the factors which were considered in arriving at estimates of service life and dispersion by account. Provide a comprehensive statement of any changes made in the method of depreciation since the immediately preceding base rate case and explain the impact of added DSIC projects on service lives.

2. Provide a description of the amortization methods used to calculate annual amortization amounts and amortization reserves. Provide a comprehensive statement of any changes made in the method of amortization since the immediately preceding base rate case.

3. Provide an exhibit and charts depicting the original and estimated survivor curves and a table presenting the original life table plotted on the chart for each account where the retirement rate method of analysis is used.

4. Provide the surviving original cost at the HTY year-end by vintage by account and include applicable depreciation reserves and accruals. Provide these calculations for plant in service as well as other categories of plant, including contributions in aid of construction and customers' advances for construction, and anticipated retirements associated with any CWIP claims if applicable.

5. Provide a comparison of the calculated depreciation reserve used for ratemaking purposes compared to the book reserve by account at the end of the HTY, the FTY and the FPFTY.

6. Provide a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate and changes in annual accrual rates by account or by depreciable group:

- a. For the purposes of this current filing; and
- b. For the purposes of the immediately preceding rate increase filing prior to the current proceeding.

7. Provide a comprehensive statement of any changes made in method of depreciation and in the selection of average service lives and dispersion as a result of implementing the DSIC.

8. Provide a table showing the cumulative depreciated original cost by year of installation for public utility plant by asset type in service at the end of the HTY, the FTY and the FPFTY (depreciable plant only) as claimed in the measures of value. Formulate the table as follows:

- a. Column 1: Year installed;
- b. Column 2: Original cost;
- c. Column 3: Accrued depreciation;
- d. Column 4: Depreciated original cost (which is original cost minus accrued depreciation); total this column;
- e. Column 5: Cumulative depreciated original cost, increased year by year; and
- f. Column 6: Cumulative depreciated original cost, year by year, divided by the total of column 4, shown as a percent.

9. Provide an exhibit showing, by account, the gross salvage, cost of removal, and net salvage for the HTY and the four years immediately preceding the HTY.

L. Taxes

1. Provide a copy of the Federal Tax Returns and State Tax Returns and amended returns, including supporting schedules, for the most recent 3 tax years for the public utility.

2. Provide a schedule of Federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per book, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. Social Security;
- b. Unemployment;
- c. Public Utility Realty;
- d. Commission assessment;

- e. Other property;
- f. Sales and use tax; and
- g. Other taxes.

3. Provide the three most recently filed Pennsylvania Corporate Tax reports and any associated Pennsylvania Corporate Tax Determinations.

4. Submit a schedule showing the Gross Receipts Tax base used in computing Pennsylvania Gross Receipts Tax adjustment if applicable.

5. Submit details of calculations for taxes, other than income, where a public utility is assessed taxes for doing business in another state or on its property located in another state.

6. State amount of the debt interest used for income tax calculations and details of debt interest computations for each of the following:

- a. Actual HTY;
- b. Annualized HTY year-end;
- c. Claimed FTY year-end, using present rates and proposed rates; and
- d. Claimed FPFTY year-end, using present rates and proposed rates.

7. State amount of debt interest used for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, for each of the following:

- a. Actual HTY;
- b. Annualized HTY year-end;
- c. Claimed FTY year-end, using present rates and proposed rates; and
- d. Claimed FPFTY year-end, using present rates and proposed rates.

8. Provide the following income tax data:

- a. Consolidated income tax adjustments, if applicable; and
- b. Interest for tax purposes (tax basis).

9. Provide a schedule showing for the last three years' income tax refunds, plus interest, net of taxes, received from the federal government due to prior year claims.

10. To account for the difference between tax depreciation and ratemaking depreciation:

- a. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 public utility property that increases productive capacity, and accelerated depreciation rates (ADR) on property, separating between state and federal and rate used. Justify if based on the HTY.
- b. State whether tax depreciation is based on all rate base items claimed as of the end of the FTY, and whether it is the annual tax depreciation at the end of the FTY.
- c. Reconcile any difference between the deferred tax balance as shown as a reduction to measures of value (rate base) and the deferred tax balance as shown on the balance sheet.
- d. Make appropriate adjustment and projections for the FPFTY.

11. Provide a schedule showing a breakdown of the deferred income taxes by federal and state per book, pro forma, present rates, and under proposed rates.

12. Regarding Public Law No. 115-97, short title the Tax Cuts and Jobs Act of 2017 (TCJA), which became effective January 1, 2018, provide the following:

- a. Explanation of the method used to return excess accumulated deferred income tax (ADIT) to ratepayers as a result of the TCJA and the resulting reduced federal income tax rate;
- b. Verification that the remaining excess ADIT balance is being subtracted from rate base in the FPFTY claim;
- c. Breakdown between ADIT and excess ADIT (broken down by protected and unprotected) and explain how many years remain on the amortization; and
- d. Amount of excess ADIT being flowed back to ratepayers in the HTY, the FTY and the FPFTY, indicating where this is accomplished in the base rate case filing schedules.

13. Submit a schedule showing a breakdown of accumulated investment tax credits (3%, 4%, 7%, 10%, and 11%), together with details of methods used to write-off the unamortized balances.

14. Submit a schedule showing the adjustments for taxable net income per book, including below-the-line items, and pro forma under present rates, together with an

explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for ratemaking purposes.

15. Submit detailed calculations supporting taxable net income before federal and state income taxes where the income tax is subject to allocation due to the operations in another state, or due to operation of other taxable utilities or non-public utility businesses, or by operating divisions or areas.

16. Submit detailed calculations showing the derivation of deferred income taxes for amortization of the repair allowance if such policy is followed. Submit schedules for each accounting area if the public utility has more than one accounting area.

17. State the public utility's policy and practice on capitalization of repairs maintenance. If the public utility has opted out of Treasury Regulations 1.162—1.263, submit a depreciation/amortization schedule to reflect depreciation as taken over the useful life of the asset(s).

18. Provide details of the Federal Surtax Credit allocated to the Pennsylvania jurisdictional area if applicable.

19. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

20. Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

21. Submit the following data applicable to Pennsylvania Corporate Income Tax deferment:

- a. Amounts of straight-line depreciation and accelerated tax depreciation, indicating the difference between these categories, and explaining which category gave rise to the normalizing tax charged back to the HTY operating statement;
- b. Normalization for both federal and state income taxes; and
- c. Tax rates used to calculate tax deferment amount.

22. Provide the accelerated tax depreciation and the book depreciation used to calculate the HTY deferrals in amounts segregated as follows:

- a. Property installed prior to 1970; and
- b. Property installed subsequent to 1969. Indicate increasing capacity additions and non-increasing capacity additions.

23. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. If not, explain why not.

24. Explain how the public utility handled the reduction in tax caused by the 2008 change in method for accounting for repairs in the HTY. Explain the future impact of the change in accounting method on taxable income relative to the FTY and the FPFTY.

25. Show any income tax loss/gain carryovers from previous years that may affect the HTY income taxes, the FTY income taxes or the FPFTY Income Taxes. Show loss or gain carryovers by years of origin and amounts remaining by years at the end of the HTY.

26. State whether the public utility eliminates tax savings by the payment of actual interest on CWIP not in the rate base claim. If so, provide the following:

- a. Amount of construction claimed in this tax savings reduction. Explain the basis for this amount;
- b. Explanation of the manner in which the debt portion of this construction is determined for purposes of the deferral calculations;
- c. Interest rate used to calculate interest on this construction debt portion and the manner in which it is derived; and
- d. Details of calculation to determine tax savings reduction. State whether state taxes are increased to reflect the construction interest elimination.

27. Provide a detailed analysis of taxes accrued per books as of year-end for the HTY and as anticipated for the FTY and the FPFTY. Provide the basis for the accrual and the amount of taxes accrued monthly.

28. For the HTY as recorded on the HTY's operating statement, supply the following:

- a. Amount of federal income taxes actually paid;
- b. Amount of the federal income tax normalizing charge to tax expense due to excess of accelerated tax depreciation over book depreciation;
- c. Normalizing tax charge to federal income taxes for the 10% Job Development Credit during the test year;
- d. Amount of the credit of federal income taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit; and
- e. Amount of the credit to federal income taxes for the normalizing of any 3% Investment Tax Credit Reserve that may remain on the public utility's books.

29. Provide the debit and credit in the HTY to the deferred taxes due to accelerated depreciation for federal income taxes.

30. Provide the debit and credit for that Job Development Credits for the HTY.

31. Regarding responses to these filing requirements on income taxes paid on the HTY operating statement, reconcile data from both federal and state income taxes showing effects due to normalization, yearly write-offs of past years, income tax deferrals and normalization of investment tax and development credits.

32. With respect to determination of federal and state income taxes, provide the following:

- a. Income tax results of the annualizing and normalizing adjustments to the HTY and the FTY before any rate increase;
- b. Income taxes, annualized and normalized, for the HTY and the FTY;
- c. Income tax effect of the requested rate increase;
- d. Income taxes for the normalized and annualized test year after application of the full requested rate increase; and
- e. Projections for the FPFTY.

33. In adjusting the HTY to an annualized year under present rates, explain any changes that may be due to book or tax depreciation changes and to debits and credits to income tax expense due to accelerated depreciation, deferred taxes, job development credits, tax refunds, or other items.

34. State whether Section 1552 of the Internal Revenue Code (IRC) (26 U.S.C. § 1552) or 26 CFR 1.1552-1 (1983) apply to the public utility or the parent company or both. If these provisions are not applicable, state why they are not applicable. State whether the parent company has filed a consolidated income tax return for the consolidated group. Provide the following as applicable:

- a. Statement on what option has been chosen by the consolidated group;
- b. Amount of tax liability, in summary form, that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent three years for which data is available;
- c. Schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return;

- d. Total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members in the consolidated income tax return;
- e. Most recent annual income tax return for the group;
- f. Details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the most recent years for which data is available, together with a summary of the actual tax payments for those years;
- g. Details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return on each of the members of the consolidated group for the three most recent years for which data is available, together with a summary of the actual tax payments for those years; and
- h. Explanation of any changes in accounting method under IRC Sections 446 and 448 and the effects of such changes on the public utility's federal taxable income for the HTY, FTY and FPFTY.

M. Rate Structure, Cost of Service Allocation Study, Bill Frequency Analysis, and Special Rate Contracts

1. Rate Structure

- a. Provide copies of all present and proposed tariffs.
- b. Provide a redlined document showing the changes to a tariff between the present tariff and the proposed tariff.
- c. Provide a summary schedule of the individual rate effects of the proposed rates. For each tariffed rate, show the following information for the FPFTY:
 - i. Rate schedule designation.
 - ii. At present rates:
 - (a) Customers served as of end of FPFTY;
 - (b) Annual sales per billing determinant;
 - (c) Base rate revenues adjusted for any changes in base rate application that may have occurred during the FPFTY;

- (d) Tax surcharge revenues;
- (e) Revenues received from other clauses or riders separately accounted for; and
- (f) Total of all revenues for FPPTY.

iii. At proposed rates:

- (a) Estimated number of customers whose charges for service will be increased or decreased as a result of this filing;
- (b) The increase or decrease in base rate revenues shown in annual dollar amount and percentage change;
- (c) Estimated tax surcharge revenues based on the assumption that the base rate changes proposed were in place;
- (d) Revenues received from other clauses or riders separately accounted for; and
- (e) The increase or decrease in total of all revenues shown in annual dollar amount change and percentage change.

iv. Supplement the revenue summary to show a complete revenue statement of the public utility's business, that is, show delayed payments, other revenues, non-jurisdictional sales and revenues and all other claimed revenue items and adjustments.

v. Provide the grand total revenue requirement showing both total sales and revenues, as adjusted, and the various increases and decreases in rates, including percentage effects, at present and proposed rates.

2. *Cost of Service Allocation Study.*

a. Provide a cost study allocating the claimed total cost of service, or revenue requirement, to each proposed tariff rate schedule. Tariff rate schedules may be combined for this purpose provided they are of a similar supply or end use nature. Provide a statement describing which rates were combined and the supporting explanations.

b. Provide a comparative schedule showing the rate of return for each tariff rate schedule, customer class, and service area, if applicable, at both present rates and proposed rates. If the study considers revenue sources other than base rate revenues, provide an explanation of other revenue sources included and reasons therefor.

- c. Provide a description of the complete methodologies used in the cost of service allocation study.
- d. Provide a statement along with the necessary data showing how the rate structure is fair and equitable to all customer classes.
- e. Provide a complete description and back-up calculations for each allocation factor. Provide a description of the allocation method used, such as, peak responsibility, average and excess, or any other method.
- f. Provide a schedule of the allocated revenue requirement by customer class, and service area, if applicable, at both present rates and proposed rates.
- g. Indicate if the allocation method used for the current rate case is consistent with the immediately preceding base rate case study. Explain the impact of any changes.
- h. Provide a detailed cost analysis supporting the customer charges, showing all direct and indirect costs included.
- i. Supply the average day, the maximum day and the maximum hour deliveries to the system, adjusted for storage, for the HTY and the two years immediately preceding the HTY.
- j. Provide workpapers, analyses, comparative data or other documentation supporting the estimated maximum day and peak hour demands by customer class for the HTY, the FTY and the FPFTY.
- k. Explain the methodology used to distinguish between transmission and distribution or collection mains if applicable.
- l. Provide a detailed explanation of how storage is used to meet base maximum day and maximum hour demands if applicable.

3. *Bill Frequency Analysis.*

- a. Submit a bill frequency analysis for each tariffed rate schedule. The billing analysis may consist of the use of bill frequency distributions or individual customer billing records for the most recent annual periods available. Display all billing determinants. Apply the blocking and corresponding prices of the present rates and the proposed rates to the determinants to derive the base rate revenues under both present rates and

proposed rates. Use the derived base rate revenues as the basis for measuring the annual base rate effect of the rates in question for the test year.

b. Supply a chart or tabulation of base rate bills for each rate schedule comparing the present rates to proposed rates. Show the dollar difference and the per cent increase or decrease.

4. *Special Rate Contracts.*

a. State whether the public utility has negotiated special rates not specified in the currently effective tariff.

b. Provide a listing of negotiated special rate contracts. Include a comparison of revenues for special rate contracts and under tariff rates.

N. Long Term Infrastructure Improvement Plan and Annual Asset Optimization Plan

1. Provide docket numbers for the most recent LTIIP approved by the Commission as well as any pending LTIIP filed by the public utility.

2. Provide docket numbers for AAO Plan(s) approved since the most recent approved LTIIP and a copy of pending AAO Plan(s) filed by the public utility.

3. Provide a schedule comparing the anticipated and experienced impact on service reliability, safety enhancements, and operational savings resulting from LTIIPs and AAO Plans, such as, for example, reduced equipment-failure-related expenses, fewer field investigations for outages, fewer complaints.

IV. Industry-Specific Filing Requirements

A. WATER, WASTEWATER AND STORMWATER PUBLIC UTILITIES ONLY

1. *Private Fire Service.*

a. Provide a breakdown of the number and size of private fire services according to the general service class of customers; and

b. Provide a breakdown of the number and size of sprinkler systems serving municipal buildings.

2. *Public Hydrants.* List all public fire customers showing the number of public hydrants by size for each customer for the end of the HTY and projected for the FTY and the FPFTY.

3. *Base Cost per Billing Unit.* Provide a calculation of the public utility's base cost per billing unit of:

- a. Water,
- b. Wastewater, and
- c. Stormwater.

4. *Purchased water or purchased conveyance.* Furnish the name of each supplier, gallonage (estimated if not known) and expense for water purchased or wastewater or stormwater conveyance, treatment and/or disposal services purchased for the HTY and two preceding years. Provide projections for the FTY and the FPFTY.

5. *Resale.* Provide details of sales for resale, based on periods five years before and projections for five years after the FPFTY. List resale customers, units sold or projected to be sold, revenues received or projected to be received, source of units sold, contracted or spot sales, whether sales are to affiliated companies, and any other pertinent information.

6. *Quality of Service.*

a. List violations since the completion of the immediately preceding base rate case of any provision of the Pennsylvania Safe Drinking Water Act (SDWA), 35 P.S. §§ 721.1—721.17, and 25 Pa. Code §§ 109.1—109.1413 (relating to safe drinking water); the Pennsylvania Sewage Facilities Act, 35 P.S. §§ 750.1—750.20a, and 25 Pa. Code §§ 71.1—71.83 (relating to administration of sewage facilities planning program); the Pennsylvania Clean Streams Law, 35 P.S. §§ 691.1—691.8, and 25 Pa. Code §§ 102.1—102.8 (relating to erosion and sediment control); or any rule, regulation or order, or any condition of any permit variance or exemption granted by the Pennsylvania Department of Environmental Protection (PA DEP), or its predecessor or successor.

i. Provide a copy of each public notification given regarding such violation.

ii. Provide a detailed explanation of actions taken to remedy such violation and to comply with the requirements prescribed by a variance or exemption.

- iii. State whether any fines or penalties were assessed and indicate the amounts paid by the public utility.
- b. List any violation since the completion of the immediately preceding base rate case of federal statutes or regulations implemented by the U.S. Environmental Protection Agency or otherwise relating to quality of service.
 - i. Provide a copy of each public notification given regarding such violation.
 - ii. Provide a detailed explanation of actions taken to remedy such violation and to comply with the requirements prescribed by a variance or exemption.
 - iii. State whether any fines or penalties were assessed and indicate the amounts paid by the public utility.
- c. Provide information indicating whether the public utility is in compliance with SDWA provisions at 25 Pa. Code § 109.407 regarding general public notification requirements:
 - i. Provide a copy of each public notification given in accordance with Section 109.407 since the immediately preceding rate proceeding.
 - ii. Provide a detailed explanation of all actions taken to remedy an acute violation and to comply with the requirements prescribed by a variance or exemption.
 - iii. State whether any fines or penalties were assessed by PA DEP and indicate the amounts paid by the public utility.
- d. Provide the most recent copies of all annual consumer confidence reports issued pursuant to SDWA Amendments of 1996 since the last rate proceeding.
 - i. Provide any annual consumer confidence reports which reflect violations of State and Federal safe drinking water requirements.
 - ii. Explain how these violations were resolved.

- e. Indicate whether the public utility is in compliance with 52 Pa. Code § 65.6(d) regarding pressure surveys at regular intervals. Provide details of any non-compliance and actions to bring the public utility into compliance.
- f. Provide details on any water pressure problems lasting longer than 5 days which have occurred since the last rate proceeding in any part of the water transmission and distribution system and actions to prevent recurrences.
- g. Describe any action taken on a temporary basis and the long-term solutions developed to address any water pressure problems.
- h. Provide support to demonstrate that water or wastewater or stormwater service is being furnished on a continuous basis by supplying a summary of the public utility's records of each service interruption greater than 24 hours since the last rate proceeding.
- i. Indicate whether the public utility is in compliance with 52 Pa. Code § 65.4(b) regarding complete and current mapping of its entire distribution or collection system(s). If not in compliance, indicate what needs to be done to get into compliance and the docket numbers for any proceedings addressing non-compliance.
- j. Provide a summary report demonstrating the public utility's efforts in water conservation, since the last rate proceeding, pursuant to 52 Pa. Code § 65.20.
- k. Provide a discussion of the public utility's policy on tracking and responding to customer complaints. Include a copy of the policy if in written form.
- l. Provide a summary report demonstrating the public utility's compliance with 52 Pa. Code § 65.3 regarding the full and prompt investigation of service or facility complaints and the recordkeeping requirements of such complaints.
- m. Provide a discussion of the public utility's policy regarding meter requirements, replacements and testing. State if the public utility's procedures are in compliance with 52 Pa. Code § 65.8(b).
 - i. Provide meter test records as required in 52 Pa. Code § 65.8(c) for the 50 meters most recently removed from service.

ii. Provide a discussion on the public utility's policy and history of compliance with 52 Pa. Code § 65.9 regarding adjustments of bills for meter error within the last year.

iii. If not in compliance, indicate what needs to be done to get into compliance and the docket numbers for any proceedings addressing non-compliance.

7. *Cost of Service Allocation.* Provide all workpapers and supporting documentation for the fire flow requirement and duration used in the cost of service allocation study.

8. *Unaccounted-for Water.*

a. Provide a schedule that shows the amount and percentage of unaccounted-for water for each water distribution system for the HTY, the experienced portion of the FTY and two years immediately preceding the HTY.

b. Describe how the amount and percentage reported in IV.A.8.a were determined and explain any steps taken to reduce unaccounted-for water.

c. Explain the basis for the non-revenue water reductions used in the calculation in 8.a—8.b above if applicable.

d. Explain the impact on proposed rates.

9. *Wastewater Inflow and Infiltration.*

a. Provide a schedule that shows the amount and percentage of inflow and infiltration for each wastewater or stormwater collection and conveyance system for the HTY, the experienced portion of the FTY and the two years immediately preceding the HTY.

b. Describe how the amount and percentage reported in IV.A.9.b were determined and explain any steps taken to reduce inflow and infiltration.

c. Explain the basis for the calculation in 9.a—9.b above if applicable.

d. Explain the impact on proposed rates.

B. NATURAL GAS PUBLIC UTILITIES

1. Address lost and unaccounted-for gas:
 - a. Provide a schedule that shows the percentage of lost and unaccounted-for gas for the natural gas distribution system for the HTY and two years immediately preceding the HTY.
 - b. Describe how the amount in B.1. above was determined and explain any steps taken to reduce lost and unaccounted-for gas.
2. Supply an exhibit showing the gas deliveries to each customer class for the most recent 24-month period. Identify the source of the gas, such as “purchased” (pipeline), “production” (includes purchases from local producers), “storage withdrawal,” “propane/air,” and “unaccounted for.”
3. Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system’s operation, and plans for significant future expansion, modification or other alteration of facilities. Include the following and the like:
 - a. If the public utility has multiple natural gas service areas, indicate if the service areas are integrated such that the gas supply is available to all customers.
 - b. Provide pertinent data regarding policy related to the addition of new consumers in the public utility’s service area.
4. Explain how the public utility obtains its gas supply for each of the following:
 - a. Explain how it stores or manufactures gas if applicable.
 - b. State whether it has peak shaving facilities.
 - c. Provide details of coal-gasification programs if any.
 - d. Describe the potential and process for emergency purchases of gas.
 - e. Provide the amount of gas in MCF supplied by various suppliers in the test year. (Include a copy of all contracts).
 - f. Provide the amount of gas in MCF supplied from public utility-owned wells during the HTY and projected for the FTY and FPFTY.
5. Address plans for future gas supply:
 - a. Supply details of anticipated gas supply from its near-term development of gas wells, if any; and

b. Provide gas supply agreements and well development ventures and identify the parties thereto.

6. Indicate curtailments in the HTY and anticipated curtailments in the FTY and the FPFTY. Explain the reasons for the curtailments and the basis for projected the anticipated curtailments.

7. Provide current data on any FERC action or programs that may affect or tend to affect the natural gas supply to the public utility.

8. To the extent applicable, provide the annual recorded expenses by USoA for the HTY and as projected for the FTY and FPFTY by account. Identify all accounts used but not specifically listed in B.9 below.

9. To the extent applicable, provide the annual recorded natural gas production expenses by USoA for the HTY and as projected for the FTY and FPFTY by the following accounts:

***Natural Gas Production and Gathering
Operation***

- 750 Operation supervision and engineering
- 751 Production maps and records
- 752 Gas wells expenses
- 753 Field lines expenses
- 754 Field compressor station expenses
- 755 Field compressor station fuel and power
- 756 Field measuring and regulating station expenses
- 757 Purification expenses
- 758 Gas well royalties
- 759 Other expenses
- 760 Rents
- Total _____

Maintenance

- 761 Maintenance supervision and engineering
- 762 Maintenance of structures and improvements
- 763 Maintenance of producing gas wells
- 764 Maintenance of field lines
- 765 Maintenance of field compressor station equipment
- 766 Maintenance of field measuring and regulating station equipment
- 767 Maintenance of purification equipment
- 768 Maintenance of drilling and cleaning equipment
- 769 Maintenance of other equipment

Total _____

Total Natural Gas Production and Gathering _____

Products Extraction

Operation

770 Operation supervision and engineering
771 Operation labor
772 Gas shrinkage
773 Fuel
774 Power
775 Materials
776 Operation supplies and expenses
777 Gas processed by others
778 Royalties on products extracted
779 Marketing expenses
780 Products purchased for resale
781 Variation in products inventory
782 Extracted products used by the utility—Credit
783 Rents
Total _____

Maintenance

784 Maintenance supervision and engineering
785 Maintenance of structures and improvements
786 Maintenance of extraction and refining equipment
787 Maintenance of pipelines
788 Maintenance of extracted products storage equipment
789 Maintenance of compressor equipment
790 Maintenance of gas measuring and regulating equipment
791 Maintenance of other equipment
Total _____

Total Products Extraction _____

Exploration and Development Expenses

Operation

795 Delay rentals
796 Nonproductive well drilling
797 Abandoned leases
798 Other exploration

Total Exploration and Development _____

Other Gas Supply Expenses

Operation

- 800 Natural gas well head purchases
- 801 Natural gas field line purchases
- 802 Natural gas gasoline plant outlet purchases
- 803 Natural gas transmission line purchases
- 804 Natural gas city gate purchases
- 805 Other gas purchases
- 806 Exchange gas
- 807 Purchased gas expenses
- 808 Gas withdrawn from storage—Debit
- 809 Gas delivered to storage—Credit
- 810 Gas used for compressor station fuel—Credit
- 811 Gas used for other products extraction—Credit
- 812 Gas used for other utility operations—Credit
- 813 Other gas supply expenses
- Total _____

Total Other Gas Supply Expenses _____

Total Production Expenses _____

Underground Storage Expenses

Operation

- 814 Operation supervision and engineering
- 815 Maps and records
- 816 Wells expenses
- 817 Lines expenses
- 818 Compressor station expenses
- 819 Compressor station fuel and power
- 820 Measuring and regulating station expenses
- 821 Purification expenses
- 822 Exploration and development
- 823 Gas losses
- 824 Other expenses
- 825 Storage wells royalties
- 826 Rents
- Total _____

Maintenance

- 830 Maintenance supervision and engineering
- 831 Maintenance of structures and improvements

832 Maintenance of reservoirs and wells
833 Maintenance of lines
834 Maintenance of compressor station equipment
835 Maintenance of measuring and regulating station equipment
836 Maintenance of purification equipment
837 Maintenance of other equipment
Total _____

Total Underground Storage Expenses _____

Other Storage Expenses

Operation

840 Operation supervision and engineering
841 Operation labor and expenses
842 Rents
842.1 Fuel
842.2 Power
842.3 Gas Losses
Total _____

Maintenance

843 Maintenance supervision and engineering
844 Maintenance of structures and improvements
845 Maintenance of gas holders
846 Maintenance of purification equipment
847 Maintenance of liquefaction equipment
848 Maintenance of vaporizing equipment
848.1 Maintenance of compressor equipment
848.2 Maintenance of measuring and regulating equipment
848.3 Maintenance of other equipment
Total _____
Total Other Storage Expenses _____

Transmission Expenses

Operation

850 Operation supervision and engineering
851 System control and load dispatching
852 Communications system expenses
853 Compressor station labor and expenses
854 Gas for compressor station fuel
855 Other fuel and power for compressor stations
856 Mains expenses
857 Measuring and regulating station expenses

858 Transmission and compression of gas by others
859 Other expenses
860 Rents
Total _____

Maintenance

861 Maintenance supervision and engineering
862 Maintenance of structures and improvements
863 Maintenance of mains
864 Maintenance of compressor station equipment
865 Maintenance of measuring and regulating station equipment
866 Maintenance of communication equipment
867 Maintenance of other equipment
Total _____

Total Transmission Expenses _____

C. MANUFACTURED GAS PUBLIC UTILITIES

Provide the annual recorded expense by accounts. Identify all accounts used but not specifically listed below.

PRODUCTION EXPENSES—MANUFACTURED GAS PRODUCTION

Operation

710 Operation supervision and engineering

Production Labor and Expenses

711 Steam expenses
712 Other power expenses
713 Coke oven expenses
714 Producer gas expenses
715 Water gas generating expenses
716 Oil gas generating expenses
717 Liquefied petroleum gas expenses
718 Other process production expenses
Total _____

Gas Fuels

719 Fuel under coke ovens
720 Producer gas fuel
721 Water gas generator fuel
722 Fuel for oil gas

723 Fuel for liquefied petroleum gas process
724 Other gas fuels
Total _____

Gas Raw Materials

725 Coal carbonized in coke ovens
726 Oil for water gas
727 Oil for oil gas
728 Liquefied petroleum gas
729 Raw materials for other gas processes
730 Residuals expenses
731 Residuals produced--Credit
732 Purification expenses
733 Gas mixing expenses
734 Duplicate charges--Credit
735 Miscellaneous production expenses
736 Rents
Total _____

Maintenance

740 Maintenance supervision and engineering
741 Maintenance of structures and improvements
742 Maintenance of production equipment
Total _____

Total Manufactured Gas Production _____

D. STEAM PUBLIC UTILITIES

Provide the annual recorded expense by accounts. Identify all accounts used but not specifically listed below.

PRODUCTION EXPENSES—STEAM PRODUCTION

Operation

700 Operation supervision and engineering
701 Operation labor
702 Boiler fuel
703 Miscellaneous steam expenses
704 Steam transferred--Credit
Total _____

Maintenance

705 Operation supervision and engineering
706 Maintenance of structures and improvements
707 Maintenance of boiler plant equipment
708 Maintenance of other steam production Plant
Total _____

Total Steam Production _____