



VIA E-FILING

November 15, 2022

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

**RE: Comments of Aqua Pennsylvania, Inc.
Use of Fully Projected Future Test Year, 52 Pa. Code Chapter 53.51-53.56a
Docket No. L-2012-2317273**

Dear Secretary Chiavetta:

Enclosed please find the Comments of Aqua Pennsylvania, Inc. to the Pennsylvania Public Utility Commission's ("PUC" or the "Commission") June 17, 2021 Notice of Proposed Rulemaking Order, May 12, 2022 Ordering Clarifying the Notice of Proposed Rulemaking Order, and the August 24, 2022 Clarified Notice of Proposed Rulemaking Order concerning the Fully Projected Future Test Year of the Commission's regulations, 52 Pa. Code Chapter 53.51-53.56a.

If you have any questions regarding this filing, please contact me at 610-645-1130.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Stahl".

Alexander R. Stahl
Regulatory Counsel

Enclosure

cc: Louise Fink Smith, Law Bureau (via email)
Melanie J. El Atieh, Law Bureau (via email)
Erin Laudenslager, Bureau of Technical Utility Services (via email)
Karen Thorne, Law Bureau (via email)
RA-PC-FPPTY2317273E@pa.gov (via email)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Use of Fully Projected Future Test Year, :
52 Pa. Code Chapter 53.51-53.56a : Docket No. L-2012-2317273

Comments of
Aqua Pennsylvania, Inc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Use of Fully Projected Future Test Year, :
52 Pa. Code Chapter 53.51-53.56a : Docket No. L-2012-2317273

**COMMENTS OF AQUA PENNSYLVANIA, INC.
TO THE
NOTICE OF PROPOSED RULEMAKING ORDER**

I. INTRODUCTION

Aqua Pennsylvania, Inc. (“Aqua” or the “Company”) appreciates the opportunity to comment on the Pennsylvania Public Utility Commission’s (“PUC” or the “Commission”) Notice of Proposed Rulemaking (“NOPR”) entered August 24, 2022, regarding the use of Fully Projected Future Test Year by eligible utilities in base rate cases. Aqua serves approximately 448,000 water customers in Pennsylvania. Aqua’s water system includes over 6,000 miles of main. Aqua’s wastewater subsidiary, Aqua Pennsylvania Wastewater, Inc., serves approximately 60,000 connections in Pennsylvania. Aqua’s water and wastewater systems serve both rural and urban areas.

On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 (the “Act” or “Act 11”), which amended several sections of the Pennsylvania Public Utility Code (“Code”) including Section 315(e). The amendment to Section 315(e) permits public utilities to employ data for a “fully projected future test year” to support an increase in base rates under Section 1308(d).

Public utilities have been employing data for a “future test year” to support proposed base rate increases since October 7, 1977, when extensive amendments were made to the Code that included authorizing the use of a future test year and mandating that a tariff setting forth proposed base rates that would constitute a “general rate increase” could not be suspended for more than seven months following a 60-day notice period. See Act 215 of 1976, P.L. 1057 (Oct. 7, 1976)

(hereafter, the “1976 Amendments”). Filing requirements setting forth the information and data to support a proposed general rate increase did not exist prior to the enactment of the 1976 Amendments. Before the 1976 Amendments limited the suspension period to seven months, proposed rate increases could be suspended for much longer periods (and interim rate increases, subject to refund, were permitted). After the 1976 Amendments, the Commission determined that, because of the foreshortened review period, a public utility proposing a general rate increase should present “its entire case, to the fullest extent possible, . . . at the time of its initial application,” including “specific data bearing on valuation, rate of return, balance sheet and operating expenses, and rate structure.” *Data To Be Filed In Major Rate Cases*, Special Order Docket No. 77-5, 7 Pa. Bull. 2527-2528 (Sept. 3, 1977) (“Special Order 77-5”).

By Special Order 77-5, the Commission adopted filing requirements at 52 Pa. Code § 53.53 for proposed general rate increases exceeding \$1 million (the “1977 Filing Requirements”). Special Order 77-5 also acknowledged that the 1976 Amendments authorized the use of a future test year and directed the Commission to “promptly adopt rules and regulations” regarding the information and data to be filed by a utility that relied upon a future test year. *7 Pa. Bull. At 2528*. Accordingly, Special Order 77-5 provided that “the regulations promulgated hereby and attached hereto as Annex A will serve to implement the above statutory directive.” *Id.*

Aqua would like to point out that, notably, in Special Order 77-5, the Commission did not develop separate filing requirements for historic test years and future test years. Instead, it developed a single set of filing requirements and used the term “test year” to refer to a historic test year, a future test year, or both. That same approach carried over to subsequent revisions of the 1977 Filing Requirements. The concept embodied in the Commission’s existing filing requirements has been used successfully in literally hundreds of base rate cases since 1977 without

any indication that separate filing requirements are necessary based on the test year being employed.

As originally adopted, the 1977 Filing Requirements were designed to be a single set of filing requirements that applied to all utilities subject to specifically-identified additions, within the body of the text, for information unique to a specific industry. See *7 Pa. Bull.* At 2527-2528. Thus, a roman numeral designated a specific information area (e.g., “I. Valuation”). Within Section I (and similarly for subsequent sections introduced by a roman numeral), the capital letter “A” set forth data requirements that applied to “All Utilities,” while subsections “B,” “C,” “D” and “E” set forth exceptions or additions for electric utilities, gas utilities, telephone utilities and water utilities.

The 1977 Filing Requirements’ approach of creating generic filing requirements interspersed with industry-specific additions was ultimately abandoned and replaced by a new concept. Specifically, separate, self-contained, industry-specific filing requirements were developed for electric, telephone and water/wastewater utilities. See *24 Pa. Bull.* 5425. The self-contained, industry-specific filing requirements were set out in the regulations as separate Exhibits B (telephone utilities), C (electric utilities) and D (water and wastewater utilities). Exhibit A, which had been the generic all-utility framework, remained in place and kept the specific provisions related only to gas utilities. Therefore, Exhibit A, while not specifically identified as such, applies only to gas utilities. See 52 Pa. Code § 53.53(a)(1) – (4).

Aqua commends the Commission for their continued initiatives to make improvements to its regulations and the filing requirements for utilities. It is with this background that Aqua provides the following suggestions for the Commission’s consideration regarding the proposal of a new Exhibit E specifically for the use of a fully projected future test year.

II. GENERAL COMMENTS

Over the ten years since Section 315(e) was amended by Act 11, no less than thirty-four base rate cases for water, natural gas and electric utilities employing a fully projected future test year were filed and concluded. In the approximately thirty-four base rate cases, the filing utilities followed the filing requirements for their respective industry group and, just as the term “test year” had been interpreted to apply to historic and future test years, that term was applied to encompass fully projected test years.

Over ten years and through these rate cases, a substantial body of experience in the use of a fully projected test year has accumulated. Throughout this timeframe and the applicable base rate proceedings contained therein, there has been no indication that the existing industry-specific filing requirements caused any problems with the presentation, review, analysis, litigation or ultimate resolution of base rate cases supported by fully projected future test year data. To the contrary, the existing filing requirements proved to be well adapted to the presentation of fully projected future test year data. In fact, the existing filing requirements facilitated the transition to the use of fully projected future test years because utilities were able to present supporting data and information in a form and progression that is familiar to the parties that regularly file base rate proceedings before the Commission. Significantly, Aqua notes these issues have not posed any problems for Aqua filing a rate case and Aqua is not aware of issues of other participants reviewing and analyzing utility rate filings within the existing substantial experience of utilizing the fully projected future test year.

There are some elements of the existing filing requirements that could be updated and there is some overlap in the proposed data requests. However, this has not impacted the review and analysis of utility rate filings using the fully projected future test year.

The stated purpose of the proposed regulations and regulatory changes contained in the NOPR is to “standardize and streamline the required filing information and data related to various ratemaking components of a public utility’s rates as based on the public utility’s claimed cost of service and proposed cost allocations to customer classes.” NOPR at 10. For public utilities, the Commission expects the “standardized and streamlined filing requirements ... to **reduce the regulatory burden and costs associated with preparing and litigating general rate increase cases.**” *Id*, emphasis added. Aqua encourages the elimination of filing requirements which are not used or relevant.

In considering the proposed Annex A and Annex B and other parties’ comments in this proceeding, the Commission should bear in mind the underlying purpose of standard rate case filing requirements, and recognize that standard filing requirements are neither designed nor intended to replace other aspects of a contested rate case proceeding which are designed and intended to allow the Commission and other parties to question, study, and contest the substance of the relief requested in a rate case application, such as discovery, testimony, and evidentiary hearings.

Included in the Company’s comments as Aqua Attachment A and Aqua Attachment B are suggested changes and edits to the Commission’s proposed Annex A and Annex B. In cases where the Commission has specifically asked for or anticipated stakeholder feedback, Aqua has addressed those issues either in the comments below or in the attached redlined version of the Annexes to the NOPR. Additionally, Aqua reserves the right to address any issue in reply comments as provided for in the NOPR.

III. COMMENTS

A. RESPONSE TO SPECIFIC PROPOSALS CONTAINED IN THE NOPR

1. Annex A

Aqua proposes clarifying changes to the definitions in 53.51.a. Aqua's redline offers a streamlined language change to the proposal contained in Section 53.53(a.1) as well as a deletion of § 53.53(c)(2) and encompassing it instead in 53.53(c)(1).

The Commission offers additional changes to Section 53.56 regarding required supporting data for using a FTY. Aqua's proposal strikes the first sentence of the revised 53.56(a.1), as there is no such regulatory or statutory definition of "fully substantiated" estimates. This is subjective language and estimates contained in rate case filings are inherently backed up by data (both historical and projection) that go to the utility's requirement to meet the burden of proof. A similar deletion is made in the Aqua redline of 53.56a(b) regarding required supporting data for using a FPFTY.

The final amendment Aqua suggests to this section is a recommendation the Commission change the proposed 30-day reporting requirement to 90 days. This applies to sections 53.56(c) and 53.56a(c). Further, Aqua asks the Commission to consider rescinding this as a regulatory requirement altogether, as the regulation is requiring data after the conclusion and resolution of a rate case based on the information provided therein.

2. Annex B

"Annex B" of the Commission's NOPR addresses its suggested revisions to Section 53.53 which governs the information and data to be provided by a public utility when it files a general rate increase under 66 Pa. C.S. § 1308(d). Aqua provides a redlined version of "Annex B" for the

Commission's consideration. The redline encompasses and illustrates the suggestions contained herein.

i. Subsection E.II. Definitions

Aqua makes proposed suggestions to clarify the language of “affiliated company”, “customer class”, “customer charge,” “pro forma,” “public utility,” “rate schedule,” and “tariff” as shown in its attached redline to Annex B.

Aqua would note that as for the definition of “USoA - Uniform System of Accounts,” water, wastewater, and telecommunications utilities are not subject to FERC jurisdiction and therefore may not have the same accounting systems.

ii. Subsection E.III. General filing requirements that delineate the following:

a. General

Section III.A.5: Aqua has proposed to strike this subsection as this information would not only be burdensome to compile but also would not add significant value to the rate case analysis. The consolidation of systems presents additional difficulties for Aqua to present this information over time. Furthermore, often rate cases cannot be compared as many are settled between the parties. Any specific, relevant information to the rate case being filed can always be provided by the utility to the parties via discovery questions.

Section III.A.6: Aqua respectfully requests that the Commission reevaluate this item and provide clarifying language. This new requirement is very broad, and the frequency of expected updates is unclear.

Section III.A.8: The language of proposed A.8 requires the utility to file all schedules with formulas and links intact, contrary to current and past practice. Additionally, providing all schedules with links intact can be difficult as often there are many large source files that include

voluminous supporting information which may be linked to a proprietary software system. Utilities have frequently provided requested schedules in Excel but may be hesitant to provide all schedules upfront given the sensitivity of such information. Each utility's revenue requirement model is proprietary and should be adequately protected. Maintaining prior protocol of utilities providing schedules as necessary would be more prudent. However, if the Commission requires the filing of schedules in electronic format at the outset, the Commission and the statutory advocates served with the material should treat material designated as confidential or proprietary as confidential until a later protective order is in place.¹ Aqua has not provided specific revised language in its redline but instead asks the Commission to reevaluate this item.

b. Summary of Filing

Section III.B.3: Aqua notes that this requirement is a new proposal from the Commission's existing filing requirements. Aqua proposes adding language that indicates that the information need only be filed if applicable. Further, Aqua proposes eliminating III.B.3.d. subsections (i) through (vi). The majority of this information is provided elsewhere in the filing and is not appropriate for the summary filing. Aqua has also removed this in Subsection III.B.4.d for similar reasons.

Section III.B.5: Aqua has made clarifying language edits to Requirement 5 to remain consistent with the definitions in Section II.

Section III.B.7: Aqua has proposed striking this requirement, noting that this requirement is a new proposal from the Commission's existing filing requirements. Aqua notes that this information is already on file with the Commission. Additionally, this requirement is overly broad and may not relate to any claims being made in a base rate proceeding. To the extent other parties

¹ See 52 Pa. Code § 5.365(c)(4).

believe such information (not already publicly available via docketed proceedings) is relevant, they retain the right to request such information through discovery.

Section III.B.10: Aqua asks the Commission to consider adding language that clarifies the time period of for the data being requested in Requirement B.10. Aqua assumes the Commission means for utilities to identify the plant or facilities for the future test year and fully projected future test year. Further, Aqua asks the Commission to consider adding a threshold to clarify language of what is a “major” addition for the purposes of the summary of the filing, otherwise plant additions are addressed in Section III.D Rate Base. Additionally, Aqua has proposed to strike the last sentence of this requirement as these items are included in other areas of the filing requirements.

c. Description of Public Utility Operations

Section III.C.2: Aqua proposes to remove “by customer class” from subsection C.2. Aqua submits that the Company already provides the service territory information in its tariff and provides detailed customer information in Sections H and M. Aqua does not believe a further count by county or by customer class is necessary for a rate case filing.

d. Rate Base

Aqua has made clarifying language changes to Requirements 4, 13, 14, 15, and 17. Additionally, Aqua has stricken Section III.D.2.d. as DSIC issues are handled in separate proceedings.

Section III.D.11: Aqua respectfully submits that the Commission should establish a dollar threshold as well as a percentage threshold for this requirement as the requested information would encompass every meter, valve, and hydrant along with major plant additions. Aqua has proposed language consistent with the threshold set in the current regulations of Exhibit D for water companies such that it is limited “[f]or each non-blanket or projected plant addition to cost the

greater of \$100,000 or 0.5% of current rate base”. This recommendation goes to the overall goal of reducing data requests and limiting what is required to only what is most necessary and relevant.

e. Rate of Return

Aqua proposes edits to Requirements 1, 8, and 17 of this section to request a two-year look back on data preceding the HTY, in lieu of the Commission’s suggested five-year. Aqua submits that limiting the requirement to a two-year history is adequate to address this requirement and is consistent with the goal of reducing data requests and limiting what is required to only what is most necessary and relevant. It also maintains consistency with later sections which only request data from the HTY and the preceding two prior years (Subsection H).

Aqua offers clarifying edits in this section to Requirements 4, 8, 11, 12, 19, 27, 29

Section III.E.5: Aqua has stricken the requirement for the two years immediately following the FPFTY and questions the relevancy of providing information beyond the FPFTY as those periods are not a part of the utility’s claim.

Section III.E.14: Aqua asks the Commission to clarify the new request in Requirement 14(b), it is not clear how companies would calculate “operations under pro forma proposed rates”.

Section III.E.17: Aqua asks the Commission to consider adding language that clarifies the time period of the data being requested in Requirement 17. Aqua assumes the Commission means for the historic test and the two years preceding the historic test year.

Section III.E.25 and Section III.E.26: Aqua has stricken the requirement for the two years immediately following the FPFTY and questions the relevancy of providing information beyond the FPFTY as those periods are not a part of the utility’s claim.

Section III.E.30: Aqua has stricken this requirement as it asks for information for the three years beyond the test year and questions the relevancy of providing information beyond the FPFTY as those periods are not a part of the utility's claim.

f. Balance Sheet

Aqua offers minor editing in this section to Requirements 8 and 10.

Section III.F.1: The Company proposes to strike requirements regarding the utility's parent company and consolidated group in Requirement 1.

g. Income Statement and Cash Flow Statement

Section III.G.1: The Company proposes to strike requirements regarding the utility's parent company and consolidated group in Requirement 1.

h. Operating Revenue

Section III.H.5: Aqua has proposed striking the last two sentences of Requirement 5. Aqua believes such detailed monthly information for miscellaneous revenue is of no value in determining rates or meeting the burden of proof. Moreover, explanations for variances in this section is duplicative information previously provided in subsection G.4.

Section III.H.6: Aqua proposes to change the requirement for the FTY and FPFTY to provide customer counts and usage on an annual basis. Aqua cannot project customer counts and customer usage by month for the FTY or the FPFTY.

Section III.H.7: Aqua proposes to strike this new requirement as the data requested is duplicative of information in the requirements. Moreover, explanations for variances in this section is duplicative information previously provided in subsection III.H.1 and in subsection III.M.

Section III.H.11: Aqua proposes striking Requirement 11, as late payments and penalties are addressed in a utility's tariff filing.

Section III.H.12: Aqua proposes striking Requirement 12, as it is duplicative of the annualization adjustments addressed in Section III.H.1.g.

Section III.H.13: Aqua proposes eliminating Requirement 13, as it is duplicative of the information in Requirement 6.

Section III.H.14: With respect to proposed Requirement 14, Aqua has proposed edits to this requirement to provide the requested information by customer class rather than by rate schedule. The consolidation of rate zones presents difficulties for Aqua to present this information by rate zones over time. Furthermore, this is duplicative of the information in Requirement III.M.1.

Additionally, Aqua proposes edits to this section to request a two-year look back on data preceding the HTY, in lieu of the Commission’s suggested five-year; and to request this information on an annual basis, in lieu of the Commission’s suggested monthly basis. Aqua submits that limiting the requirement to a three-year history is adequate to address this requirement and is consistent with the goal of reducing data requests and limiting what is required to only what is most necessary and relevant. It also maintains consistency throughout the regulations.

Section III.H.18: Aqua suggests striking Requirement 18 as the items being requested are addressed in other Subsections.

i. Operating Expenses

Aqua has made clarifying language edits to Requirements 1, 10 and 11.

Section III.I.2: Aqua has proposed striking “fully supported (including explanations, documentation and calculations)” of Requirement 2, as it is addressed in the last sentence of Requirement 1.

Section III.I.4: Aqua has proposed to strike the second sentence of part (c), as this information is not only confidential, but often not available at the time of filing. Aqua could, however, provide an update for the FTY with year-to-date data at the time of filing.

Section III.I.5: Aqua has proposed a modification to part (d) of this requirement to be consistent with the current requirement in Exhibit D, Part III.6 of the existing filing requirements. Further, this requirement is asking for information related to charges that are not being claimed in this base rate proceeding. If a party would like this information, it may be requested through discovery.

Section III.I.6: Aqua has proposed eliminating the request to provide copies of contracts for lease agreements. As written, the newly requested data would suggest inclusion of every invoice or contract, which would be voluminous and may not be relevant.

Section III.I.9: Aqua has stricken Requirement 9.c, as the language of Requirement 9 indicates it is related to information “other than employee benefits”.

Section III.I.10: This requirement has been updated to mirror the language as it currently is in Exhibit D.III.11 of the existing requirements.

j. Employee Costs, including Related Costs such as Benefits and Retiree Costs

Section III.J.1: Aqua proposes to change the requirement for employee counts for the HTY to provide on a quarterly basis. Aqua reports on headcount quarterly and does not project customer headcount by month for the FTY or the FPFTY.

Section III.J.2.f: The Company would like the Commission to clarify in this section that it is asking for verification of estimated payroll claimed in the supporting data in the FTY and FPFTY are consistent with the requirements in Requirement III.J.2.e. Aqua does not agree that

utilities should be required to file a post rate case reconciliation regarding differences between projected and actual payroll expense.

k. Depreciation

Aqua has made clarifying language edits to Requirement 2.

Section III.K.1: Aqua has eliminated the portion of Requirement 1 regarding impact of added DSIC projects on service lives. Utilities do not track this separately once the property is in service and Aqua is unsure how companies would calculate and/or provide this information. Aqua notes a similar issue with the request in Requirement 4 for “calculations for plant in service,” as once these are in service the data are combined and not all companies will have vintages or separate information by account.

Section III.K.7: Aqua again has stricken reference to DSIC data in Requirement 7 as DSIC issues are handled in separate proceedings.

Section III.K.8: The Company would note that the information requested in this Requirement is typically provided by NARUC account instead of by asset type.

Section III.K.9: Aqua proposes edits to this section to request a two-year look back on data preceding the HTY to maintain consistency throughout the regulation.

l. Taxes

Aqua has made clarifying language edits to Requirements 1, 16, 23, 24, and 30.

Section III.L.12: Aqua respectfully asks to Commission to reevaluate whether the federal Tax Cuts and Jobs Act of 2017 (“TCJA”) should be codified in regulation, as tax rates could change again before these regulations become final. Aqua suggests similar or related information could be handled via data request during the course of the case, rather than required by regulation.

Section III.L.18: The Company proposes striking this section because it is no longer relevant after the passage of the TCJA.

Section III.L.22: Aqua has proposed to eliminate Requirement 22, as this information was addressed in Requirement 10 above. Aqua also notes there was no normalization requirement before 1970.

Section III.L.29: Aqua has proposed to eliminate Requirement 29 because this information was addressed in Requirement 10 above.

Section III.L.33: Aqua has stricken Requirement 33, as the information is provided elsewhere in this section.

Section III.L.34: The Company proposes to eliminate Requirement 34 because this information is not needed since the passage of Act 40 of 2016.

m. Rate Structure, Cost or Service Allocation Study, Bill Frequency Analysis, and Special Rate Contracts

Section III.M.1.: Aqua proposes clarifying language to Requirement 1.

Section III.M.2.d.: Aqua proposes to replace “fair and equitable” with “just and reasonable” when a utility is supporting the rate structure.

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

As with DSIC issues discussed above, Aqua has stricken the Commission’s proposed Requirement 3, as these specific issues are dealt with in separate Commission proceedings.

iii. Subsection E.IV. Industry Specific Filing Requirements

Section IV.A.1.: The Company is unclear in Requirement IV.A.1.b. as to why municipal buildings are being separately identified. The Company proposes striking Requirement IV.A.1.b. as reporting on private fire services in total under IV.A.1.a should be adequate.

Section IV.A.2.: Aqua respectfully asks the Commission to reevaluate such a detailed request for a complete list of all public fire hydrants by customer by size. Aqua believes such detailed information is not needed in determining rates or meeting the burden of proof, and such data in particular for routine operations would be both burdensome for utilities to produce and not needed in the initial rate case filing. Alternatively, Aqua could provide this information at a summary level state-wide.

Section IV.A.3.: The Company is unclear what the Commission is seeking in this requirement. Information related to a utility's cost of service is addressed in the cost of service section of these regulations. As such, the Company would propose to strike this Requirement.

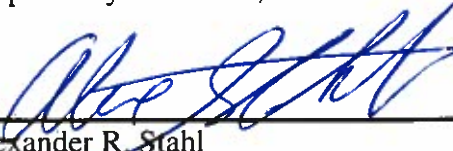
Section IV.A.8.: The Company would note that the Commission is currently reviewing the regulations regarding unaccounted for water and water audit methodologies at Docket No. L-2020-3021932. Any regulations here should be consistent with the requirements determined in Commission's water audit methodology rulemaking. Moreover, the Company notes that information on a company wide basis is provided in Schedule 500 of the utility's Annual Report on file with the Commission. The Company also proposes to strike subsection d. as this would be difficult and burdensome to quantify for every system.

Section IV.A.9.: The Company notes that this is a new requirement. The Company has concerns of the detail required in this Requirement for every wastewater system. Some systems are not metered, and this information may not be available. The Company also proposes to strike subsection d. as this would be difficult and burdensome to quantify for every system.

IV. CONCLUSION

Aqua appreciates the opportunity to comment on the Notice of Proposed Rulemaking and asks that the Commission consider its comments. Aqua looks forward to continuing to work with the Commission on these issues. Please direct any questions with regard to these comments to the undersigned.

Respectfully submitted,



Alexander R. Stahl
Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Phone: 610-645-1130
AStahl@AquaAmerica.com

Dated: November 15, 2022

ATTACHMENT A

Clarified Annex A

TITLE 52
PUBLIC UTILITIES
PART I. PUBLIC UTILTIY COMMISSION

Subpart C. Fixed Services Public Utilities

Chapter 53. Tariffs for Non-Common Carriers Filing Regulations

INFORMATION FURNISHED WITH THE FILING OF RATE CHANGES

§ 53.51. General.

(a) In order that the Commission may be concurrently advised of the net effect of a proposed change in rates upon the customers and the revenues of a public utility, as well as the *prima facie* reasonableness of the proposed rate changes, the data called for in § 53.51—53.56a, as appropriate, shall accompany the filing of the proposed rates.

(a.1) Each of the following jurisdictional entities listed in §§ 53.51(a.1)(1)—(a.1)(4) are subject to §§ 53.51—53.56a. For purposes of providing the data called for in §§ 53.51—53.56a to accompany the filing of proposed rates, each of the entities described in (a.1)(2)—(a.1)(4) are subject to the same filing requirements as a public utility, as such term is used in the singular or plural throughout §§ 53.51—53.56a.

(1) A public utility, as such term is defined in 66 Pa.C.S. § 102 (relating to definitions), that owns or operates in this Commonwealth equipment or facilities for at least one of the following activities:

(i) Producing, generating, transmitting, distributing or furnishing natural or artificial gas, electricity or steam for the production of light, heat or power to or for the public for compensation.

(ii) Diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

(iii) Wastewater collection, treatment or disposal for the public for compensation.

(iv) Conveying or transmitting messages or telecommunications, except as a canal, turnpike, tunnel, bridge, wharf company and the like, by telephone or telegraph or domestic public land mobile radio service including,

but not limited to, point-to-point microwave radio service for the public for compensation.

(2) A city natural gas distribution operation, as such term is defined in 66 Pa.C.S. § 102 and used in the provision of 66 Pa.C.S. § 2212 (relating to definitions).

(3) An Authority, as such term is defined in 66 Pa.C.S. § 3201 (relating to definitions) and used in the provisions of 66 Pa.C.S. §§ 3202—3209.

(4) A municipal corporation furnishing or rendering public utility services or facilities beyond its corporate limits, but only to the extent of its services or facilities furnished, rendered, or extended beyond its corporate limits, consistent with the jurisdiction conveyed to the Commission in 66 Pa.C.S. § 1501 (relating to character of service and facilities).

(b) [Utilities] **Public utilities** shall file with the Commission Secretary an original of the proposed rate changes and of the data required under this chapter. If necessary or appropriate, the Secretary shall request additional copies.

(c) No tariff or tariff supplement will be deemed perfected for filing purposes until all data required by this chapter to accompany the tariff or tariff supplement **[is] are** filed with the Commission. A tariff or tariff supplement not accompanied by the data and required to be so accompanied is not perfected for filing purposes and will be rejected unless the Commission, by order and for good cause shown, allows the tariff or tariff supplement to be filed[; **however, the submission of data regarding trended original cost referred to by this chapter shall be at the option of the public utility**]. **[In the event that] If** a tariff or tariff supplement filing is deemed not perfected and is rejected **[for the reason that] because** it is not in compliance with this chapter, the Secretary will notify the sender, within 30 days after the filing, that the filing is not perfected, and will, in the notice, set forth specifically the deficiencies in the filing.

(1) Whenever a tariff or tariff supplement filing is rejected in accordance with this subsection, the sender, in submitting an amended filing, shall submit a new proposed effective date, not earlier than 60 days after the amended filing is perfected, for the tariff or tariff supplement.

(2) Notwithstanding this subsection, if the Secretary fails to notify the sender within 30 days that a tariff or tariff supplement is not perfected because it is not accompanied by the required data, with deficiencies specifically set forth in the notice, the tariff or tariff supplement will be deemed perfected for filing purposes and will be filed as of the date it was first filed with the Commission.

(d) Each **public** utility filing a proposed rate change with the Commission shall serve a copy of the proposed rate change and supporting data required by this chapter upon the Office of Consumer Advocate, **the Office of the Small Business Advocate, the low-income advocates for the service territory, the Commission's Bureau of Investigation and Enforcement and the Commission's Bureau of Technical Utility Services.** [Verification of service of this information upon the Office of Consumer Advocate shall be filed with the Commission.] **Additionally, the public utility shall file a certificate of service of this information with the Commission.**

§ 53.51a. Definitions.

The following words and terms, when used in this subchapter (relating to information furnished with the filing of rate changes), have the following meanings, unless the context clearly indicates otherwise:

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

EMOF—*Emergency maintenance and operation fund*—An expense claim, by a small water public utility or a small wastewater public utility, in lieu of a cash working capital claim which may be allowable in anticipation of emergencies as a restricted reserve account.

FPFTY—*Fully projected future test year*—A 12-consecutive-month period beginning with the first **full** month that the new rates will be in effect after the application of the full suspension period permitted under § 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308 (relating to voluntary changes in rates) ~~and reflecting estimated results of operations of the public utility.~~

FTY—*Future test year*—A 12-consecutive-month period beginning the day after the end of the HTY ~~and reflecting in part estimated results of operations of the public utility based on adjustments to HTY amounts for known and measurable changes or other adjustments as supported by data.~~

HTY—*Historic test year*—The experienced 12-consecutive-month period that reflects actual results of operations of a public utility based on book values, corresponding to one of the following time frames:

(1) For a small water or small wastewater public utility, the experienced 12-consecutive month period ending no later than 180 days prior to the rate filing.

(2) For a public utility not subject to (1), either of the following:

(A) The public utility’s most recent experienced 12-consecutive month fiscal period ending prior to the rate filing.

(B) The experienced 12-consecutive month period ending no later than 120 days prior to the rate filing.

Reserve account—A segregated account of a small water or a small wastewater public utility, to be funded by customer contributions collected by a small water or a small wastewater public utility through base rates for the purpose of making capital improvements to utility plant pursuant to a long-range plan developed in conjunction with the Commission or the Department of Environmental Protection or as required to assure compliance with State or Federal safe drinking water statutes or regulations.

Small wastewater public utility—A jurisdictional wastewater public utility with average gross annual revenue of less than \$250,000 (in all cases, annual revenue excludes contributions in aid of construction and advances for construction). The term also includes a municipal corporation providing jurisdictional wastewater service outside of its corporate limits with average gross annual revenue for such service of less than \$250,000 (in all cases, annual revenue excludes contributions in aid of construction, advances for construction, and non-jurisdictional operating revenue). Average gross annual revenue is calculated as an average of gross annual operating revenue for the last three calendar years.

Small water public utility—A jurisdictional water public utility with average gross annual revenue of less than \$250,000 (in all cases, annual revenue excludes contributions in aid of construction and advances for construction). The term also includes a municipal corporation providing jurisdictional water service outside of its corporate limits with average gross annual revenue for such service of less than \$250,000 (in all cases, annual revenue excludes contributions in aid of construction, advances for construction, and non-jurisdictional operating revenue). Average gross annual revenue is calculated as an average of gross annual operating revenue for the last three calendar years.

Test year— When used in lieu of “HTY,” “FTY,” or “FPFTY,” test year shall refer to the test year upon which a public utility principally relies as the basis to support its proposed change in base rates.12-consecutive-month period used by the public utility in discharging its burden of proof under 66 Pa.C.S. § 315(a) (relating to burden of proof).

§ 53.52. Applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies.

(a) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company, files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall **[submit to] file with** the Commission, **[with the tariff, revision or supplement,]** statements showing all of the following:

- (1) The specific reasons for each change.
- (2) The total number of customers served by the **public** utility.
- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.
- (4) The effect of the change on the **public** utility's customers.
- (5) The direct or indirect effect of the proposed change on the **public** utility's revenue and expenses.
- (6) The effect of the change on the service rendered by the **public** utility.
- (7) A list of factors considered by the **public** utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This **[subsection] paragraph** does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).
- (8) Studies undertaken by the **public** utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308.
- (9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.
- (10) Plans the **public** utility has for introducing or implementing the changes with respect to its ratepayers.
- (11) FCC, FERC or Commission orders or rulings applicable to the filing.

(b) **[Whenever] When** a public utility other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement which will increase or decrease the bills to its customers, it shall **[submit] file with the Commission** in addition to the

requirements of subsection (a) [**, to the Commission, with the tariff, revision or supplement,**] statements showing **all of** the following:

- (1) The specific reasons for each increase or decrease.
- (2) The operating income statement of the **public** utility for [**a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing**] **the HTY**.
- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.
- (4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.
- (5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.
- (6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

(c) If a public utility files a tariff, revision or supplement which it is calculated will increase the bills of a customer or a group of customers by an amount, when projected to an annual basis, exceeding 3% of the operating revenues of the **public** utility—**[subsection] § 53.52(b)(4)** divided by the operating revenues of the **public** utility for [**a 12-month period as defined in subsection (b)(2)**] **the HTY**—or which it is calculated will increase the bills of 5% or more of the number of customers served by the **public** utility—**[subsection] § 53.52(b)(3)** divided by **[subsection] § 53.52 (a)(2)**—it shall submit to the Commission with the tariff, revision or supplement, in addition to the statements required by **[subsection] §§ 53.52(a)** and (b), all of the following information:

- (1) A statement showing the **public** utility's calculation of the rate of return or operating ratio (if the **public** utility qualifies to use an operating ratio under § 53.54 (relating to small water and wastewater [**utilities**] **public utilities**)) earned in the [**12-month period referred to in subsection (b)(2)**,] **HTY** and the anticipated rate of return or operating ratio to be earned when the tariff, revision or supplement becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation. When an operating ratio is used in this calculation, it shall be supported by studies of margin above operation and maintenance expense plus depreciation as referred to in § 53.54(b)(2)(B).

(2) A detailed balance sheet of the **public** utility as of the ~~close-end~~ of the [period referred to in subsection (b)(2)] **HTY**.

(3) A summary, by detailed plant accounts, of the book value of the property of the **public** utility [at the date of the balance sheet required by paragraph (2)] **as of the ~~close-end~~ of the HTY**.

(4) A statement showing the amount of the depreciation reserve, at the [date of the balance sheet required by paragraph (2)] ~~close-end of the HTY~~, applicable to the property, summarized as required by paragraph (c)(3).

(5) A statement of operating income, setting forth the operating revenues and expenses by detailed accounts [for the 12-month period ending on the date of the balance sheet required by paragraph (2)] **at the ~~close-end~~ of the HTY**.

(6) A brief description of a major change in the operating or financial condition of the **public** utility occurring between the [date of the balance sheet required by paragraph (2)] **close of the HTY** and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the **public** utility [from that] **as** reflected in paragraphs (1)—(5).

(d) If a **public** utility renders more than one type of public service, such as electric and **natural or artificial** gas, information required by §§ 53.51—53.53 (relating to information furnished with the filing of rate changes), except **§ 53.52(c)(2)**, relates solely to the kind of service to which the tariff or tariff supplement is applicable. In **§ 53.52(c)(2)**, the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.

§ 53.53. Information to be furnished with proposed general rate increase filings in excess of \$1 million.

(a) When a public utility, other than a canal, turnpike, tunnel, bridge or wharf company, files a tariff or tariff supplement seeking a general rate increase within the meaning of 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates), and the general rate increase exceeds \$1 million in gross annual revenues, in addition to the data required by other provisions of this chapter, the tariff or tariff supplement shall be accompanied by responses to the data requests contained in the following exhibits which apply to the **public** utility types, **as** indicated.

(1) Exhibit A—[Utilities except communications, electric, water and wastewater utilities.] **Reserved**.

- (2) Exhibit B—[Communications] Telecommunications public utilities.
- (3) Exhibit C—[Electric utilities.] Reserved.
- (4) Exhibit D—[Water and wastewater utilities.] Reserved.

(5) Exhibit E— Filing Requirements For Public Utilities Seeking A General Rate Increase Above \$1 Million In Annual Gross Revenues

(a.1) In answering the data requests contained in Exhibit E, the public utility shall indicate the test year it has elected to use in discharging its burden of proof. If a public utility elects to use a FTY in discharging its burden of proof, it must provide the data and information requested for the HTY and the FTY but not for the FPFTY. If a public utility elects to use a FPFTY in discharging its burden of proof, it must provide the data and information requested for the HTY, the FTY and the FPFTY. In all cases, the public utility must also provide the data and information for any specified years preceding or following the applicable test year. If a public utility elects to use a FTY and a question in Exhibit E requests information for the year(s) immediately following the FPFTY, the public utility shall provide the information for the years immediately following the FTY. A public utility's answers to data requests contained in Exhibit E may vary depending upon the test year selected by the public utility. If a public utility elects to use a FTY, it must provide the data and information requested for the HTY and the FTY but not for the FPFTY. If a public utility elects to use a FPFTY, it must provide the data and information requested for the HTY, the FTY and the FPFTY.

(b) In providing responses to these data requests, if the requested data have been previously filed with the Commission, they may be incorporated by reference. [Also, the term “historic test year” as used in these exhibits refers to the test year chosen by the utility to support its filing, that is, presumably future test year data would be supplied in most cases. “Historic test year,” as referred to in Exhibit D, is defined as book figures for the base test year. The term “future test year,” as used in Exhibit D, refers to the adjusted historic test year for known and measurable changes 12 months beyond the book figures for the base year, or the utility’s final claimed supporting data.]

(c) [Initial utility direct testimony of a witness who shall testify in support of the utility’s position shall be provided as part of the filing materials. The testimony of the filing utility shall include a complete explanation and justification of claims which depart from the unadjusted test year results of operations, including the methodology and rationale. The testimony shall be accompanied by supporting worksheets, if necessary, and shall refer to supporting exhibits to which the

testimony relates. The explanation and documentation of the proposed adjustments shall enable a reasonably informed party to determine how the amount was calculated and to understand why the amount is being claimed.] Testimony.

(1) Filed materials shall include the direct testimony of each public utility witness who is testifying in support of the public utility's position. The public utility's witness testimony shall be accompanied by supporting worksheets, if necessary, and shall refer to supporting exhibits to which the testimony relates. The testimony of the filing utility shall include a complete explanation and justification of utility claims that shall enable a reasonably informed party to determine how those claims were calculated and to understand why the amounts are being claimed.

~~(2) If adjustments from the test year are proposed, the public utility's witness testimony shall also include a complete explanation and justification of any claims which depart from the unadjusted test year results of operations, including the methodology and rationale. The public utility's witness testimony, explanation and documentation of the proposed adjustments shall enable a reasonably informed party to determine how the amount was calculated and to understand why the amount is being claimed.~~

EDITOR'S NOTE: THE COMMISSION IS PROPOSING TO AMEND 52 PA. CODE § 53.53 BY DELETING EXHIBITS A, C AND D, WHICH APPEAR AT 52 PA. CODE PAGES XXX TO XXX, SERIAL PAGES (000000) TO (000000), AND IS INQUIRING WHETHER THE PUBLIC UTILITIES IN EXHIBIT B SHOULD BE INCLUDED IN EXHIBIT E, AND IS PROPOSING TO ADD EXHIBIT E AS FOLLOWS:

- EXHIBIT A IS PROPOSED FOR DELETION BUT WILL NOT BE FORMATTED WITH BRACKETS AND RE-PRINTED TO BE SHOWN AS PROPOSED FOR DELETION.
- FOR EXHIBIT B, NO CHANGES ARE BEING PROPOSED AND ACCORDINGLY EXHIBIT B WILL NOT BE FORMATTED AND RE-PRINTED HERE.
- EXHIBIT C IS PROPOSED FOR DELETION BUT WILL NOT BE FORMATTED WITH BRACKETS AND RE-PRINTED TO BE SHOWN AS PROPOSED FOR DELETION.

- EXHIBIT D IS PROPOSED FOR DELETION BUT WILL NOT BE FORMATTED WITH BRACKETS AND RE-PRINTED TO BE SHOWN AS PROPOSED FOR DELETION.
- FOR THE NEWLY PROPOSED EXHIBIT E, SEE ANNEX B.

§ 53.54. **Applicability; [Small] small water and small wastewater public utilities.**

(a) *Procedures.*

(1) [Whenever] **When** a small water or **small** wastewater **public** utility desires to file a change in its tariff which increases annual revenues, it may **advise the Commission of its intention in letter form and request the necessary Commission obtain copies of the applicable rate forms from the Commission’s website.** [When filing, the] **The small water or small wastewater public** utility shall set forth its proposed tariff changes and reasons for the changes, together with the [necessary] completed [Commission] forms. **[If the utility is unable to fully complete the necessary forms, it may request assistance from the Commission staff.]**

(2) **[The small water utility or wastewater utility is required to fully cooperate with the Commission staff in providing the necessary information to complete these forms if the utility is unable to do so on its own.] Reserved.**

(3) **[Upon completion of the Commission forms in a manner satisfactory to the Commission staff, the] The small water or small wastewater public utility shall file a tariff or tariff supplement, [along with] including the completed forms if used, incorporating the proposed changes. The effective date of the proposed increase contained in the tariff or tariff supplements [may] shall not be less than 61 days after the filing, and customers shall be notified in accordance with § [53.45(a)(2)] 53.45(b)(2) (relating to notice of new tariffs and tariff changes).**

(4) On the basis of the tariff **or tariff supplement** filing, the accompanying data and completed forms **if used**, the **Commission** staff **[shall determine] may prepare a report that includes staff-determined** tentative allowable revenues **[and submit a report to the Commission].** **If this report forms the basis of any action by the Commission, the report shall be made public as an attachment to the Commission order described in § 53.54(a)(5).**

(5) If the proposed revenues exceed the tentative allowable revenues, the Commission will **[suspend] enter an order suspending** the supplement but with a “condition subsequent” added, to the effect that if the **small water or small wastewater public** utility within a specified number of days files a superseding **tariff or tariff**

supplement which produces the allowable revenues found by the staff and which has a rate structure satisfactory to the Commission, the suspension and investigation orders of the Commission shall be deemed inoperative and terminated. However, if the **small water or small wastewater public** utility fails to meet the “condition subsequent,” or if a customer files a formal complaint, the **small water or small wastewater public** utility may present the supporting data and the additional facts referred to in this section in formal proceedings. Additionally, in these formal proceedings, the **small water or small wastewater public** utility may agree to accept the most recent rate of return or operating ratio allowed a water or wastewater **public** utility by the Commission in a fully-litigated water or wastewater **public** utility rate case, but the agreement will not be binding on the Commission or any formal complainant.

(6) [A water or wastewater utility with a gross revenue of less than \$250,000 annually shall be considered a small water or wastewater utility for purposes of short-form rate filings.] **Reserved.**

(7) **When a small water or small wastewater public utility’s operating revenues increase in such amounts that the public utility no longer meets the criteria of the definition of a small water or small wastewater utility at § 53.51a. (relating to definitions), the public utility shall continue to use previously Commission-approved EMOF, reserve account, and rates and reporting as required under this § 53.54 until the public utility is permitted by the Commission to change its EMOF or rates as a result of a base rate case filed with the Commission.**

(b) *Operating ratio methodology.*

(1) This ratemaking method develops a revenue requirement where little or no rate base exists. The operating ratio at present rates shall be calculated as a ratio of operating expenses to operating revenues, where the numerator shall include operations and maintenance expense, annual depreciation on non-contributed facilities, amortization of multiyear expenses and applicable taxes and the denominator shall consist of the **small water or small wastewater public** utility’s operating revenues at present rates.

(2) The appropriate target operating ratio in a particular case shall be determined by considering at least **all of** the following factors:

(i) The operating ratios of comparable water or wastewater **public** utilities.

(ii) Coverage of actual hypothetical, or both, interest expense.

(iii) A comparison of the cost of service with the cost of service of similar companies which do not employ an operating ratio rate methodology.

(iv) Current market conditions, including price inflation.

(v) The quality of service and efficiency of operations.

(vi) The rate case history.

(vii) Whether there is any rate base and, if so, whether any depreciation expense is being claimed in the filing.

(viii) An acquisition adjustment, if any.

(ix) Financial resources.

(x) The fairness of the resulting return.

(3) An increase or decrease in operating revenues shall be determined by dividing the **small water or small wastewater public** utility's reasonable and legitimate operating expenses by the target operating ratio determined in paragraph (2)[,] and subtracting that amount from the test period operating revenues.

(4) The operating ratio methodology shall be available to **small** water [**and**] **or small** wastewater **public** utilities [**with annual gross revenues (excluding current year Contributions In Aid of Construction (CIAC)) of less than \$250,000**]. If a **small** water or **small** wastewater **public** utility [**wishes**] **chooses** to employ an operating ratio methodology in calculating its rates, it shall make this request in the context of a rate case[,], and shall bear the burden of proving all necessary elements thereof.

*(c) **Purchased water cost adjustment or purchased wastewater conveyance and/or treatment cost adjustment**—sliding scale of rates.*

(1) A **small** water or **small wastewater public** utility [**with annual gross revenues of less than \$250,000,**] may establish a sliding scale of rates under 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments) upon 60 days' notice to customers[,], to recover the cost of purchased water **or purchased wastewater conveyance and/or treatment** obtained from municipal authorities or entities which are not affiliated interests as defined in 66 Pa.C.S. § 2101 (relating to the definition of affiliated interest). The purchased water cost adjustment **or purchased wastewater conveyance and/or treatment cost adjustment** filing shall be accompanied **[with a] by all of the following:**

(i) **A** tariff or tariff supplement which establishes the new rates to be placed into effect[.].

(ii) A calculation showing the application of the new rate schedule to the [company's] **small water or small wastewater public utility's** average level of customer usage[.].

(iii) An income statement demonstrating the effect of the tariff or tariff supplement upon the **small water or small wastewater public** utility's revenues for the period in which the proposed tariffs would be in effect[.].

(iv) A copy of the notice provided to customers [and].

(v) A verification that all customers have received notice of the proposed rate change.

(2) A purchased water cost adjustment **or purchased wastewater conveyance and/or treatment cost adjustment** shall be revised and refiled within 60 days of a decrease in purchased water costs **or purchased wastewater conveyance and/or treatment costs** [,] and shall be designed to pass through to customers the entire reduction in purchased water costs **or purchased wastewater conveyance and/or treatment costs** from the date the reduction becomes effective. A purchased water adjustment may be revised and refiled at any time after an increase in purchased water costs **or purchased wastewater conveyance and/or treatment costs** [,] and shall be designed to recover cost increases prospectively from the date of filing only.

(3) Within 30 days following the end of the calendar year, [every] **a small water or small wastewater** public utility utilizing a purchased water cost adjustment shall file the report prescribed by 66 Pa.C.S. § 1307(e) for the preceding 1-year period ending December 31st. These reports shall be reviewed by the Commission's Bureau of Audits, and, if no complaint or objection is raised within 45 days after filing, either by the Commission's Bureau of Audits or another person, the reports shall be deemed approved.

(d) *Emergency Maintenance and Operation Fund (EMOF).*

(1) *EMOF burden of proof.* [An expense claim in lieu of a cash working capital claim which may be allowable] A **small water or a small wastewater public utility** may submit a claim for an **EMOF** in anticipation of emergencies such as extraordinary repairs and maintenance, drought conditions, extraordinary environmental and physical damages to sources of supply, floods, storms, freeze-ups, or other health and welfare-threatening situations. The burden of demonstrating that actual or proposed disbursements from the **[fund] EMOF** are reasonable and in the public interest shall be borne by the **small water or small wastewater public** utility.

(2) *Methodology.* The **[Fund] EMOF** expense may not exceed 45 days of average operating expenses, excluding taxes and **[depreciation] non-cash operating**

expenses (for example, depreciation, amortization and bad debt expenses). If a claim for [Fund] **EMOF** expense is made, no additional claim for cash working capital shall be made or considered.

(3) *Procedures.* The amounts allocated for an EMOF shall be kept in a separate cash account, and disbursements shall be restricted to the uses in paragraph (1). The **small water or small wastewater public** utility shall report all disbursements from the [Fund] **EMOF** to the Commission within 10 days and shall provide a summary of each year's disbursements on its Annual Report. Disbursements from the [Fund] **EMOF** which are found by the Commission to have been made improperly, or in violation of a statute, regulation or order of the Commission or other Commonwealth agency shall be returned to the account or be refunded to ratepayers as the Commission may direct. A person or individual who makes, authorizes or directs disbursement from [a Fund] **an EMOF** which is improper or in violation of any statute, regulation or order of the Commission shall be subject to 66 Pa.C.S. § 3301 **(relating to civil penalties for violations) [or § 3301 (relating to civil penalties for violations); and criminal penalties for violations)] and 66 Pa.C.S. § 3302 (relating to criminal penalties for violations).**

(4) *Availability.* The Commission may authorize funding a [Fund] **EMOF** for **a small water [and] or wastewater [utilities] public utility. [with annual gross revenues (excluding current year CIAC) of less than \$250,000.]**

(e) *Reserve account.*

(1) *Reserve account burden of proof.* [A segregated account to be funded by **customer contributions collected through base rates for the purpose of making capital improvements to utility plant pursuant to a long-range plan developed in conjunction with the Commission or the Department of Environmental Protection, or as required to assure compliance with State or Federal safe drinking water statutes or regulations.**] The burden of demonstrating that actual or proposed expenditures are reasonable and in the public interest shall be borne by the **small water or small wastewater public** utility.

(2) *Procedures.* The amounts to be allocated to the reserve account will be determined by the Commission after review of the **small water or small wastewater public** utility's proposed capital budget and the justification for that budget. Funds in the reserve account shall be kept in a separate interest[]-bearing cash account. Interest accrued shall be credited to the reserve account and shall become part of the corpus of the reserve account. Funds from the **reserve** account shall not be employed for a purpose other than those permitted under this section. Disbursements from the [fund] **reserve account** shall not be made without written authorization by the Commission upon petition, shall be restricted to the uses in subsection (d)(1), and shall be made in

accordance with a capital budget submitted with the initial rate filing or as modified with the consent of the Commission. In proposing any modifications of the capital budget, the Commission or a party may solicit the advice or testimony of the Department of Environmental Protection. The **small water or small wastewater public** utility shall report all disbursements from the reserve account by written notice to the Commission and to other persons as the Commission may direct. Disbursements from the reserve account which are found by the Commission to have been made improperly[,] or in violation of any statute, regulation or order of the Commission or other Commonwealth agency shall be returned to the **reserve** account or be refunded to ratepayers as the Commission may direct. A person who makes, authorizes or directs a disbursement from a reserve account without authorization by the Commission in accordance with these rules shall be subject to 66 Pa.C.S. § 3301 **[or] and** § 3302.

(3) *Accounting.* Plant capitalized by means of the reserve account shall be accounted for as a contribution in aid of construction.

(4) *Availability.* The Commission may authorize funding of a reserve account for **a small** water [and sewage utilities] **or small wastewater public utility.** [with annual gross revenues (excluding current year CIAC) of less than \$250,000.]

**§ 53.55. [Applicability; canal, turnpike, tunnel, bridge and wharf companies.]
Reserved.**

[(a) Whenever a canal, turnpike, tunnel, bridge or wharf company public utility files a tariff or tariff supplement which will increase or decrease the rates to any of its patrons, it shall submit to the Commission, with the tariff or tariff supplement, statements showing all of the following:

(1) The specific reasons for each such increase or decrease.

(2) The operating revenues of the utility for the latest 12-month period, the end of which shall not be more than 60 days prior to such filing.

(3) The estimated effect of each rate increase or decrease on the annual revenues of the utility.

(b) Whenever such a public utility files a tariff or tariff supplement which will increase its operating revenues for the latest 12-month period by more than 3% (subsection (a)(3) divided by subsection (a)(2)), it shall submit to the Commission with the tariff or tariff supplement, in addition to the statements required by subsection (a), all of the following information:

(1) A detailed balance sheet of the public utility as of the close of the period referred to in subsection (a)(2).

(2) A summary, by detailed plant accounts, of the book value of the property of the utility devoted to public service, as applicable, at the date of the balance sheet required by paragraph (1).

(3) A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (1), applicable to the property referred to in paragraph (2).

(4) A statement of operating income derived from public service, setting forth the operating revenues and expenses by detailed accounts, for the 12-month period covered by subsection (a)(2).] Reserved.

§ 53.56. Supporting data [for future test year] required if using a FTY.

(a) In discharging its burden of proof under [section] 66 Pa.C.S. § 315[of the act] (relating to burden of proof), a public utility may submit and use data for a [future test year] FTY. The submission of information and data using a FTY shall be in addition to, and not in lieu of, other data or material required under this title, including the [submission] filing requirements for [an experienced 12-month test period] the HTY. [If a future test year is used, it shall be based on estimates for a period of 12 consecutive months, which begins on the day following the end of the required experienced 12-month period. The estimate for a future test year shall be of the same or similar type, quantum and nature as required to be submitted for an experienced test year and include the methodology, data and material used as the basis for the estimates.] Specifically for a general rate increase in excess of \$ 1 million in gross annual revenues, the public utility shall provide the information and data required under § 53.53 Exhibit E for the HTY. In all other cases, the public utility shall provide the information and data required for the HTY under § 53.52.

~~(a.1) If a FTY is used, it shall be based on fully substantiated estimates.—The estimates supporting information for a FTY shall be of the same or similar type, quantum and nature as required to be submitted for a HTY and shall describe the methodology, data and material used as the basis for the estimates employed in developing its supporting information.~~

(b) If a public utility submits and uses data for a [future test year] FTY, it shall, during the course of the proceeding, [submit for] file and serve on the parties of record the [results of its] actual results [experience] experienced in the [future test year] FTY for each quarter starting with the day following the end of the [required experienced 12-month period] HTY. The results shall be submitted within ~~30~~90 days of the end of the

quarter. [or] If the results are not then available, the public utility shall file a status report indicating when the results will be available and file the results as soon thereafter as available.

(c) Following the completion of the rate proceeding, if the public utility's FTY data forms a substantive basis for the Commission's final rate determination, the public utility shall file with the Commission and serve on the parties of record in the same docketed proceeding in which the final rate determination was entered, the public utility's actual results experienced in the FTY. ~~In this filing, the public utility shall provide appropriate data evidencing the accuracy of its estimates contained in the FTY.~~ This filing shall be submitted within 3090 days of the end of the last quarter of the FTY. If the results are not then available, the public utility shall file and serve on the parties of record a status report indicating when the results will be available and file the results as soon thereafter as available.

§ 53.56a. Supporting data required if using a FPFTY.

(a) In discharging its burden of proof under 66 Pa.C.S. § 315 (relating to burden of proof), a public utility may submit and use data for a FPFTY. The submission of information and data using a FPFTY shall be in addition to, and not in lieu of, other data or material required under this title, including the filing requirements for a HTY and a FTY. Specifically for a general rate increase in excess of \$ 1 million in gross annual revenues, the public utility shall provide the information and data required under § 53.53 Exhibit E for the HTY and FTY. In all other cases, the public utility shall provide the information and data required for the HTY under § 53.52 ~~and for the FTY and the FPFTY if the public utility chooses to rely upon supporting data for a FPFTY.~~ ~~and the information and data required for the FTY under § 53.56.~~

(b) ~~If a FPFTY is used, it shall be based on fully substantiated estimates.~~ The ~~estimates supporting information~~ for a FPFTY shall be of the same or similar type, quantum and nature as required to be submitted for a HTY and a FTY and describe the methodology, data and material used as the basis for the estimates ~~employed in developing its supporting information.~~

(c) Following the completion of the rate proceeding, if the public utility's FPFTY data forms a substantive basis for the Commission's final rate determination, the public utility shall file with the Commission and serve on the parties of record in the same docketed proceeding in which the final rate determination was entered, the public utility's actual results experienced in the FPFTY. ~~In this filing, the public utility shall provide appropriate data evidencing the accuracy of its estimates contained in the FPFTY.~~ This filing shall be submitted within 3090 days of the end of the last quarter of the FPFTY. If the results are not then available, the public

utility shall file a status report indicating when the results will be available and file the results as soon thereafter as available.

ATTACHMENT B

Clarified Annex B

53.53

* * * * *

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.~~ that constitutes an affiliated interest of the public utility as defined in 66 Pa. C.S. 2101.

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 fixed~~ 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. Financial statements that employ assumptions about conditions that occurred in the past or may occur in the future, which are used to project the most likely outcome for purposes of depicting the results of operations.~~

Public utility—~~For purposes of this Exhibit E, a filing entity seeking a general rate increase greater than \$1 million in gross annual revenues.~~ A public utility, as defined in 66 Pa.C.S. § 102 (relating to definitions)

Rate schedule—~~A specific rate group within a customer class defined in the public utility's tariff.~~ A designation of rates, charges, and terms of service that applies to utility

service furnished to customers to whom the schedule applies as specified by the terms of such rate schedule.

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. A tariff as defined in 66 Pa. C.S. § 102 (relating to definitions).~~

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. If applicable, ~~P~~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~~pro forma 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. If applicable, Pprovide 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~~pro forma 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. Customer class~~Tariff subdivision~~, whose bills will be increased; and
- b. Customer class~~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 monthly balances of materials and supplies for each of the 13 months ending with the last month of the HTY. ~~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. For each nonblanket or projected plant addition to cost the greater of \$100,000 or 0.5% of current rate base, 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. If a claim is made for assets included in plant in service that are not used exclusively for jurisdictional service, 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. ~~If the public utility furnishes more than one type of Pennsylvania jurisdictional service and has included in rate base plant in service that is used for more than one type of service, identify such plant, including the applicable plant account numbers, and provide the estimated percentages and amounts of such assets used for each type of jurisdictional service. 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 two years preceding the HTY 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 for the public utility and for its parent company the most recent: (a) four 10-Qs filed with the SEC;~~quarterly financial reports within the last year (for the public utility and for its parent company);~~ (b) annual report to stockholders's reports (for the public utility and for its parent company) and (c) 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; and 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 or dividend rate, as applicable;
- i. Discount or premium at issuance;
- j. Issuance expenses;
- k. Net proceeds;
- l. Sinking fund requirements;
- m. Effective interest rate; and
- ~~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, if publicly traded, for the ~~past five two~~ years preceding the HTY and 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~~a 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 rates ~~were~~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 during the HTY and two years preceding the HTY 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 ~~FTY and FPFTY 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 ~~FTY and FPFTY 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 effective cost rate~~ 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 ~~payment of dividends on common stock 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 the 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 a 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 monthly 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 for the HTY; ~~and~~
- b. Monthly customer usage for the HTY;-
- c. Annual customer counts for the FTY and the FPFTY; and
- d. Annual customer usage for the FTY and the FPFTY.

~~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~~ customer class 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. An ~~annual~~ monthly history of the average usage per rate schedule that the public utility is projecting will change covering at least ~~5~~ 3 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 ~~by~~ 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 expenses;
- 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; and
- 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 organizations included in the cost of service along with a description of each payee organization. ~~or professional organizations expenses. Include a description of each payee organization and purpose.~~

11. ~~Submit~~ Identify 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~~ quarter-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; and

~~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. For those property accounts for which an amortization method is employed, 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 USoA 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 ~~two~~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 for which returns have been filed.

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~~ the amortization of any adjustment made by the utility pursuant to Internal Revenue Code Section 481(a) due to a change in accounting method to reflect expenditures that are capitalized per books and treated as deductible repair expenses for federal income tax purposes. ~~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 ~~effects savings~~ due to the use of accelerated depreciation for tax purposes on property installed prior to 1970 have been flowed-through ~~passed~~ through to income. If not, explain why not.

24. Explain whether how the public utility made an accounting method change to treat certain expenditures that are capitalized per books as deductible repair expenses and, if so, the first taxable year to which such change applied. Identify the amounts of per book capital expenditures that are being deducted as repair expenses in calculating tax expense included in the revenue requirement for the HTY and, as applicable, the FTY and the FPFTY. ~~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 FPPTY 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 FPPTY. 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 ~~the~~ 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 tariff and proposed tariffs or tariff supplements.

b. Provide a redlined document showing the changes ~~to a tariff~~ between the present tariff and the proposed tariff or tariff supplement.

c. Provide a schedule showing, summary schedule of the individual rate effects of the proposed rates. ~~For~~ 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 annualized at the rates in effect as of the end of 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 FPFTY.

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~~ and the resulting percentage change;
- (c) ~~Estimated tax surcharge revenues based on the assumption that the base rate changes proposed were in place~~ Annualized tax surcharge revenues under present rates and amount rolled in to base rates;
- (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. ~~Provide a Supplement the revenue~~ summary of total revenues that shows utility revenue from all sources, including utility operating revenue (separately for sales and other operating revenue), revenue from non-jurisdictional sales, and non-utility revenue. 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 ~~customer class~~ 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~~ just and reasonable 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 allocation method used in 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 LTIIIP approved by the Commission as well as any pending LTIIIP filed by the public utility.

2. Provide docket numbers for AAO Plan(s) approved since the most recent approved LTIIIP 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 LTIIIPs 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~~ Summarize 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:** [*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 [**as follows**] **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**). [**and**]

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. [**Plans**] **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. Natural gas production expenses: To the extent applicable, provide the annual recorded 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 _____