

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

**Public Meeting held February 9, 2023
3032764-ALJ**

**Pa. PUC, et al., v. Leatherstocking Gas
Company, LLC**

Docket No. R-2022-3032764, et al.

STATEMENT OF COMMISSIONER KATHRYN L. ZERFUSS

Before the Commission is the Unanimous Joint Petition for Full Settlement of the Rate Proceeding of Leatherstocking Gas, LLC (Leatherstocking or the Company). Leatherstocking originally proposed an annual revenue increase of \$701,200. In the Settlement agreed upon by the Company, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate (OCA), and the Office of Small Business Advocate (OSBA), annual operating revenues will increase approximately \$520,000 in the first year, effective April 1, 2023, and \$125,000, in the second year, effective April 1, 2024. The total revenue increase will be \$645,000, once fully phased-in, which is a lesser amount than originally requested.

The Settlement maintains the existing fixed monthly charge for residential customers at \$20 which is a positive. However, residential customers will experience a significant increase in their monthly bills in the first year of the phase-in. Commencing in Year 1, the monthly bill of a residential customer using 79 CCF per month is expected to increase from \$95.21 to \$141.80 per month, or by 48.9%, excluding estimated gas costs; and commencing in Year 2, the expected increase is from \$141.80 to \$153.01 per month, or by 7.9%, excluding estimated gas costs.

The Company serves approximately 450 customers in Susquehanna and Bradford Counties and its rate increase filing is its first since beginning operations in Pennsylvania in 2013. Thus, when the new rates go in effect, nearly ten years will have elapsed since its initial request and approval by the Commission. I am concerned about this gap in filing because it will be a significant contributing factor to the expected bill increases. In its testimony, the Company explained that since its initial filing it has invested significant capital for infrastructure to serve new customers. According to Leatherstocking, the new customers added each year did not offset all of the carrying costs of its additional infrastructure investments and the increases in operational costs. Specifically, the Company contended that it took time to build its distribution network and secure gas supply and to market its product to customers using propane and gas.¹

The proposed two-year phase-in appears to be an attempt to help alleviate some of the rate impact of the proposed increase. Nonetheless, the anticipated monthly bill increases will

¹ Leatherstocking St. 1 at 8-9.

likely be a shock and a hardship for many customers in Susquehanna and Bradford Counties where the median income, according to 2021 Census data is \$59,391 and \$54,383, respectively.

I fully understand the need for the Company to be able to recover costs associated with providing safe and reliable services to its customers and I recognize that the Company fulfilled what was required of it by statute and regulation. I also appreciate that before the Commission is an uncontested settlement agreement, and when a public input hearing was held in September of 2022, no customers provided testimony.² However, given rising costs of everything from food to energy, a 48% rate increase on working families and seniors in one year alone is a difficult outcome to reconcile. In this settlement agreement, I would have preferred to have seen either a longer phase-in of increased rates given the long gap between rate case filings, or the percentage impact to customers more evenly divided between the two years. Overall, however, the Settlement helps to minimize the heavy rate case expense that would be borne by ratepayers in full-blown litigation.

Thus, I will be voting to approve the Settlement without modification.

DATE: February 9, 2023



Kathryn L. Zarfuss, Commissioner

² I take this opportunity to encourage customers concerned about proposed utility rate increases to participate in the Commission's public input hearing process or to provide their concerns directly to the consumer advocates such as the OCA and the OSBA.