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June 9, 2025

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Filing Room
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v. Pike County Light & Power Company
- Electric; Docket No. R-2024-3052359; **JOINT PETITION FOR NON-
UNANIMOUS FULL SETTLEMENT OF ELECTRIC BASE RATE
PROCEEDINGS**

Dear Secretary Homsher:

Enclosed for filing is Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings of the above-referenced proceeding.

Pike certifies that a copy of the attached filing has been served on complainants as indicated on the attached certificate of service.

If you have any questions, please contact me.

Very truly yours,

/s/ Whitney E. Snyder

Whitney E. Snyder
Erich W. Struble

Counsel for Pike County Light & Power Company

WES/das
Enclosures

cc: Administrative Law Judge Marta Guhl (mguhl@pa.gov)
Administrative Law Judge Alphonso Arnold III (alphonarno@pa.gov)
Pamela McNeal, Legal Assistant (pmcneal@pa.gov)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3052359
	:	
Pike County Light & Power Company – Electric	:	
	:	
Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3052357
	:	
Pike County Light & Power Company – Gas	:	
	:	

**JOINT PETITION FOR NON-UNANIMOUS FULL SETTLEMENT OF ELECTRIC
BASE RATE PROCEEDINGS**

DATED: June 9, 2025

TABLE OF CONTENTS

I. INTRODUCTION 1

II. TERMS AND CONDITIONS OF SETTLEMENT..... 2

A. Revenue Requirement Increase..... 3

B. Stay Out 3

C. Rate Design..... 4

D. Distribution System Improvement Charge (“DSIC”) Recovery..... 6

E. Deferred Tax Cuts and Jobs Act (“TCJA”) Deferred Income Tax Balances 7

F. Storm Cost Amortization 7

G. Next Base Rate Proceeding..... 8

H. Reliability Reporting Improvement 8

I. Smart Meter Relocation 8

J. Standard Terms 8

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST 10

IV. CONCLUSION 13

PROCEDURAL HISTORY..... 1

PROPOSED FINDINGS OF FACT..... 4

PROPOSED CONCLUSIONS OF LAW 9

PROPOSED ORDERING PARAGRAPHS..... 13

APPENDICES

APPENDIX A PROCEDURAL HISTORY, PROPOSED FINDINGS OF FACT, PROPOSED CONCLUSIONS OF LAW, AND PROPOSED ORDERING PARAGRAPHS

APPENDIX B PRO FORMA TARIFF SUPPLEMENTS

APPENDIX C PROOF OF REVENUES

APPENDIX D CUSTOMER BILL IMPACTS

APPENDIX E PIKE STATEMENT IN SUPPORT

APPENDIX F OCA STATEMENT IN SUPPORT

APPENDIX G I&E STATEMENT IN SUPPORT

I. INTRODUCTION

Pike County Light and Power Company (“Pike” or the “Company”), the Bureau of Investigation & Enforcement (“I&E”), and the Office of Consumer Advocate (“OCA”), by their attorneys and collectively referred to as “Joint Petitioners,”¹ submit and join in this Joint Petition for Non-Unanimous Full Settlement of Electric Rate Proceedings (“Joint Petition” or “Settlement”) in the above-captioned proceeding. The Joint Petitioners respectfully request that Administrative Law Judges Marta Guhl (“ALJ Guhl”) and Alphonso Arnold III (“ALJ Arnold”) (collectively, the “Presiding Officers”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”) approve the proposed Settlement and all of its terms and conditions without modification and find that the terms of the Settlement are in accordance with the law and are in the public interest.

The Joint Petition² is organized into various sections. **Section II** contains the terms and conditions of the proposed Settlement. **Section III** explains that the proposed Settlement is in the public interest.

Ultimately, the Settlement is in the public interest because, *inter alia*, it: (1) provides a reasonable resolution after the Joint Petitioners completed an extensive investigation of Pike’s base rate increase request, (2) is consistent with Commission policies promoting negotiated settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, (3) reduces the Company’s total annual revenue increase by approximately 18%³ compared to as-filed rates, (4) establishes rates that are just and reasonable and are based upon principles of gradualism, (5) allows for implementation of smart-meters with tariff provisions allowing customers flexibility on placement of meters while keeping

¹ The Office of Small Business Advocate opposes the Settlement. No other party has actively engaged in litigation in this proceeding.

² **Appendix A** hereto contains the procedural history, proposed findings of fact, proposed conclusions of law, and proposed ordering paragraphs.

³ $(\$1,874,600 - \$1,590,000) / \$1,874,600$. The Company originally sought an increase of \$ 1,874,600 in annual operating revenues. The Settlement provides of an annual increase of \$1,590,000.

cost causation with customers requesting special treatment regarding smart meters, (6) places most of the rate increase into the volumetric charge instead of the fixed customer charge, allowing customers greater control over their bills; (7) avoids the necessity of further litigation and the substantial cost to the Joint Petitioners and Pike’s customers that such litigation would entail, and (8) is supported by substantial evidence.

Accordingly, the Commission should approve the Settlement and all its terms and conditions without modification and find that the terms of the Settlement are in accordance with the law and are in the public interest.

II. TERMS AND CONDITIONS OF SETTLEMENT

1. The Joint Petitioners engaged in a series of detailed and productive communications and negotiations to determine if, consistent with the Commission’s policy to “encourage settlements,” stated at 52 Pa. Code § 5.231(a), a settlement was possible. The Settlement is the product of those comprehensive negotiations, representing give-and-take by all Joint Petitioners, which resulted in a settlement that is in the public interest. The Settlement balances the need for significant investment to promote pipeline safety and the need for cost-based rates and measures to further enhance service and future performance with the principle of gradualism in rate changes and recognition of potential financial hardships for some customers.

2. The Settlement is a typical “black box” settlement;⁴ that is, without admission on any particular issue. The terms agreed to are enforceable upon approval by the Commission. The

⁴ *Pennsylvania Public Utility Commission et al v. Peoples TWP LLC*, 2013 WL 6835105, at *16 (Order entered Dec. 19, 2013) (“We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. See, *Pa. PUC v. Wellsboro Electric Co.*, Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. PUC v. Citizens' Electric Co. of Lewisburg, PA*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011). Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a “black box” settlement in this proceeding and, accordingly, deny this Exception.”).

Joint Petitioners agree that this Settlement is a reasonable resolution of competing positions and interests in a way that meets and promotes the public interest. It also avoids additional significant time and expense of all involved and avoids further expense including expensive briefing, exceptions, replies, and potential appeals, which costs, under prevailing Pennsylvania law, would have ultimately been borne by the ratepayers.

3. The Joint Petitioners support approving Pike’s base rate filing at the above-captioned dockets as modified by the terms and conditions that follow:

A. Revenue Requirement Increase

4. Upon the Commission’s approval of this Settlement, Pike will be permitted to establish rates which will produce an overall increase in annual electric distribution operating revenues of approximately \$1,590,000, effective October 15, 2025, as set forth in the proposed pro forma Tariff Supplement attached hereto as **Appendix B** (“Settlement Rates”), to become effective upon one day’s notice.

5. Upon Commission approval of this Settlement, the Company will be permitted to charge rates for electric service as set forth in the proposed pro forma Electric Tariff Supplement attached hereto as **Appendix B** (“Electric Settlement Rates”), to become effective upon one day’s notice. Instead of the \$1,874,600 increase requested in the filing, the Electric Settlement Rates are designed to produce an increase of annual electric distribution revenue of \$1,590,000 as shown in greater detail on the Proof of Revenues attached hereto as **Appendix C**.

6. The Joint Petitioners agree to the implementation of the Electric Settlement Rates on October 15, 2025.

B. Stay Out

7. The Company will not file another general base rate increase prior to October 31, 2027.

C. Rate Design

8. The Joint Petitioners agree to the distribution of revenue among customer classes and the rate design reflected in the attached proof of revenues (**Appendix C**) and tariff supplement (**Appendix B**).

9. The table below reflects the increase in delivery revenues by class from present rates as proposed by the Joint Petitioners:

Service Class	Type of Service	Annual Bills	Total Sales (kWh)	Delivery Revenue at:		Increase:	
				Present Rates	Proposed Rates	Rev Change	Percent Change
1	Residential Service	53,714	35,464,237	\$3,616,719	\$4,391,833	\$775,114	21.4%
2	General Secondary - Demand	9,020	35,298,187	2,913,127	3,551,492	638,365	21.9%
2	General Secondary - Non-Demand	2,675	894,992	127,775	155,777	28,002	21.9%
2	General Primary Service	108	12,289,759	541,308	653,088	111,780	20.6%
3	Municipal Street Lighting	144	328,097	112,628	137,909	25,281	22.4%
4	Private Area Lighting	935	152,075	49,527	60,975	11,448	23.1%
Total		66,596	84,427,347	\$7,361,084	\$8,951,074	\$1,589,990	21.6%

Pike County Light & Power Company

Electric Rate Case Filing

Docket No. R-2024-3052359

Customer Charge	Present Rates	As Filed Amount	% Increase	Proposed Settlement Amount	% Increase
SC1 - Residential Heating & Non-Heating	\$8.80	\$10.80	22.7%	\$9.55	8.5%
SC2- Small Commercial & Industrial (Secondary)	\$17.26	\$21.50	24.6%	\$21.50	24.6%
SC- Large Commercial					

& Industrial (Primary)	\$140.00	\$175.00	25.0%	\$175.00	25.0%
<u>Average Customer Bill – Delivery Revenues*</u>					
SC1 - Residential (674 kWh)	\$75.03	\$90.55	20.7%	\$83.31	11.0%
SC2 - Secondary - Demand (3,308 kWh) (10kW)	\$305.27	\$352.09	15.3%	\$340.81	11.6%
SC2 Secondary - Non-Demand (532 kWh)	\$74.98	\$86.45	15.3%	\$84.48	12.7%
SC2 - Primary (105,514 kWh) (256 kW)	\$5,029.75	\$5,810.42	15.5%	\$5,545.17	10.2%
SC3 - Muni Street Lighting (All Rates)	\$118,259	\$148,711	25.8%	\$137,909	16.6%
SC4 - Private Lighting (All Rates)	\$52,003	\$65,395	25.8%	\$60,975	17.2%

* Bill Comparison Present Rate revenues include the DSIC charge of 5% of delivery revenues. The revenues as filed and proposed have the DSIC charge rolled into base rates.

10. A comparison of the total monthly bill impact for residential and commercial rate classes, comparing present rates, as filed rates, and settlement rates is provided below:

Electric Rate Case Filing
Docket No. R-2024-3052359

Average Customer Bill – Total Bill*	Present Rates	As Filed		Proposed Settlement	
		Amount	% Increase	Amount	% Increase
SC1 - Residential (674 kWh)	\$146.31	\$161.83	10.6%	\$154.59	5.7%
SC2 - Secondary - Demand (3,308 kWh) (10kW)	\$682.18	\$729.00	6.9%	\$717.72	5.2%
SC2 Secondary - Non-Demand (532 kWh)	\$135.60	\$147.06	8.5%	\$145.09	7.0%
SC2 - Primary (105,514 kWh) (256 kW)	\$16,879.37	\$17,660.05	4.6%	\$17,394.80	3.1%

SC3 - Muni Street Lighting (All Rates)	\$154,665	\$185,117	19.7%	\$17,4315	12.7%
SC4 - Private Lighting (All Rates)	\$68,877	\$82,269	19.4%	\$77,849	13.0%

* Billing Comparison based on Electric Supply Charge and Electric Supply Adjustment Charge currently in effect as of December 1, 2024. Company’s initial filing reflected prior Electric Supply Charge and an Electric Supply Adjustment charge that expired November 30, 2024.

11. The Settlement rate structure and design provides for a sound and reasonable rate structure and rate design within the range of positions within the testimony and evidence of the parties to this proceeding. The Settlement rate structure and rate design is within the range of the varying positions of the parties in this proceeding to create a rate structure under black box revenue requirement of \$8,951,074.

D. Distribution System Improvement Charge (“DSIC”) Recovery

12. The DSIC shall be established at 0% of billed revenues effective with the effective date of settlement rates. The DSIC shall remain at 0% of billed revenues until the quarter following the point in time at which Pike Electric’s net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Pike Electric as of September 30, 2025 (i.e., the end of the FTY) per Company Exhibit E-3. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in an FTY filing.

13. For purposes of calculating its DSIC, Pike Electric shall use the equity return rate for electric utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with

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

E. Deferred Tax Cuts and Jobs Act (“TCJA”) Deferred Income Tax Balances

14. Deferred TCJA Deferred Income Tax “Protected” Balance. The remaining Protected TCJA credit balance of \$99,120 as of September 30, 2025, is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company started amortizing the total over forty years as of July 28, 2021 (the effective rate for the prior rate proceeding) and will continue to amortize the Protected TCJA balance until fully extinguished as a credit to expense at the rate of \$2,766 per annum.

15. Deferred TCJA Deferred Income Tax “Non-Protected” Balance. The remaining Non-Protected TCJA credit balance of \$12,212 as of September 30, 2025, is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company started amortizing the total over five years as of July 28, 2021, and will continue to amortize the Non-Protected TCJA balance until fully extinguished as a credit to expense at the rate of \$14,654 per annum.

16. Deferred TCJA Deferred Income Tax Write-Off. The remaining credit balance in Account 186150 of \$15,133 will be written off upon the effective date of rates in this proceeding of October 15, 2025.

F. Storm Cost Amortization

17. The remaining balance of \$346,393 as of September 30, 2025, associated with the Hurricane Riley costs approved for deferral at Docket No. P-2018-3001395 shall be amortized over the next 5 years starting with the effective date of new rates of October 15, 2025, with no remaining unamortized balance in rate base.

G. Next Base Rate Proceeding

18. In its next base rate proceeding, Pike will present expert witness direct testimony regarding its cost of equity claim.

19. In Pike’s future base rate cases, the cost of service study will be performed such that the revenue requirement under proposed rates is equal to those shown in the income statement at proposed rates and the proof of revenue.

H. Reliability Reporting Improvement

20. Pike will reduce the number of outage incidents and customer-minutes interrupted (CMI) reported as caused by “Unknown-Other.” Pike agrees to meet the following benchmarks:

Metric	2023 Reliability Report	By April 30, 2026	By April 30, 2027	By April 30, 2028, and on an ongoing basis
CMI	32%	20%	14%	10%
Outages	20%	15%	12%	10%

I. Smart Meter Relocation

21. Tariff Rule 6.7 applies to requests by customers to relocate a smart meter away from their home instead of maintaining an analog meter and paying a monthly meter reading fee. Customers will have the option to have the Nighthawk AMI smart meter installed at a location of their choosing which complies with the requirements of the Company’s tariff and the requirements of Tariff Rule 6.7.

J. Standard Terms

22. The Commission’s approval of the Settlement Terms shall not be construed as approval of any Joint Petitioner’s position on any issue but rather as an agreed-to compromise of the Joint Petitioners’ competing positions. It is understood and agreed among the Joint Petitioners that the Settlement Terms are the result of compromise and do not necessarily represent the position(s) that would be advanced by any Joint Petitioner in this or any other proceeding, if it were fully litigated. Accordingly, the Settlement Terms may not be cited as precedent in any future proceeding, except to the extent required to implement or enforce any Settlement Term herein.

23. This Settlement is presented without prejudice to the position any of the Joint Petitioners may advance in future proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to by the Joint Petitioners in this Settlement.

24. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. In reaching this Settlement, the Joint Petitioners thoroughly considered all issues and give and take of positions. As a result of that consideration, the Joint Petitioners believe that the settlement agreement meaningfully addresses all such issues raised and therefore should be approved without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw the Settlement as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

25. If the ALJs, in the Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions. However, to the extent any terms and conditions of the Settlement are modified, or additional matters are proposed by the ALJ in the Recommended Decision, the Joint Petitioners do not waive their rights to file Exceptions in support of the Settlement. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed provided such Replies support the Settlement.

26. The Joint Petitioners recognize that this Joint Petition is a settlement of, and binding upon, only the parties signing this document. Pike will, on the date of the signing of this settlement

petition, send a letter providing instructions concerning the Complainants' opportunity to address the proposed Settlement. The letter will explain that the Complainant has until June 23, 2025 file comments statements in support or statements in opposition to the settlement and provide contact information for the Presiding Officers and the OCA.

27. The Joint Petitioners agree that this document may be signed or executed in separate counterparts or signature pages that shall be binding upon the Joint Petitioners and such counterparts shall be considered as one document.

28. The Joint Petitioners agree and request that if the Settlement is approved, the OCA's Formal Complaint in this matter should be marked satisfied and closed due to the Settlement.

29. The Joint Petitioners agree and request that if the Settlement is approved, the OSBA's Formal Complaint in this matter should be marked satisfied and closed due to the Settlement.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

30. The proposed Settlement provides a reasonable resolution of this proceeding. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Pike's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by the Joint Petitioners, and exhaustive settlement negotiations. The Joint Petitioners in this proceeding had substantially different views on many issues in this proceeding, including rate design principles. The Joint Petitioners were able to reach a balanced compromise on the issues addressed by the Settlement. Further, the Settlement addresses certain recommendations by the I&E and OCA that will provide additional information to the parties in the Company's next base rate filing.

31. The Settlement is consistent with Commission policies promoting negotiated settlements. The Joint Petitioners arrived at the Settlement, after conducting extensive discovery

and numerous in-depth discussions. The Settlement constitutes reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission's rules and practices encouraging settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by a substantial record.

32. The Settlement produces just and reasonable rates that demonstrate gradualism, while still allowing Pike adequate revenue to continue to provide reasonable and adequate service.

33. Moreover, Pike, having made significant investment and planning additional investments through the FTY to upgrade, improve, replace, and modernize its facilities and infrastructure and the provision of service, is receiving approximately 18%⁵ less than the as-filed increase request.

34. The Settlement also mitigates impacts to customers in various ways. By virtue of the reduced revenue requirement, rates are lower than originally proposed. Moreover, a larger amount of the increase has been assigned to the volumetric charges than Pike's litigation position, rather than the fixed customer charge, thus providing customers increased opportunity to reduce their bills through conservation measures.

35. The Company's agreement not to file another base rate increase prior to October 31, 2027 is also a substantial benefit to customers. A rate case stay-out is not something the Public Utility Code allows the Commission to Order as relief under Section 1308(d) and is thus a substantial benefit that only a settlement can achieve.

36. The Smart Meter Relocation settlement term is also a substantial benefit to customers. The use of and location of smart meters has caused litigation expense for some utilities due to some customers not wanting smart meters in or attached to their homes, which expense is socialized among all ratepayers. The Settlement provides customers with the opportunity

⁵ $(\$1,874,600 - \$1,590,000) / \$1,874,600$. The Company originally sought an increase of \$ 1,874,600 in annual operating revenues. The Settlement provides of an annual increase of \$1,590,000.

consistent with Pike's Tariff Rule 6.7 to have the smart meter installed at a location of their choosing, at the customer's cost. This will allow flexibility for those customers who may take issue with the location of a smart meter while requiring those customers to pay for relocation costs without socializing these costs to other customers or requiring the customer to pay a monthly manual meter reading fee in perpetuity if they opt out of having a smart meter installed for their account.

37. Acceptance of the Settlement will also avoid the necessity of further administrative, and possibly appellate, proceedings, regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and Pike's customers.

38. The Settlement is the result of extensive direct, rebuttal, and surrebuttal testimony that was admitted into the record. In total, the terms and provisions of the Settlement represent reasonable compromises on the issues supported by that substantial testimony and evidence.

39. The Joint Petitioners have submitted, along with this Settlement, their respective Statements in Support setting forth the basis upon which each believes the Settlement to be fair, just, and reasonable and, therefore, in the public interest. The Joint Petitioners' Statements in Support are attached hereto as **Appendix E – Appendix G**.

IV. CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the Presiding Officers approve the Settlement as set forth herein, including all terms and conditions, without modification, and find that the terms of the Settlement are in accordance with the law and are in the public interest.

Respectfully submitted,

/s/ Whitney E. Snyder

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(Dated: 6/9/25)

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(Dated: 6/9/25)

Counsel for the Office of Consumer Advocate

/s/ Michael A. Podskoch, Jr.

(Dated: 6/9/25

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APPENDICES

APPENDIX A	PROCEDURAL HISTORY, PROPOSED FINDINGS OF FACT, PROPOSED CONCLUSIONS OF LAW, AND PROPOSED ORDERING PARAGRAPHS
APPENDIX B	PRO FORMA TARIFF SUPPLEMENTS
APPENDIX C	PROOF OF REVENUES
APPENDIX D	CUSTOMER BILL IMPACTS
APPENDIX E	PIKE STATEMENT IN SUPPORT
APPENDIX F	OCA STATEMENT IN SUPPORT
APPENDIX G	I&E STATEMENT IN SUPPORT

APPENDIX A

**PROCEDURAL HISTORY
PROPOSED FINDINGS OF FACT
PROPOSED CONCLUSIONS OF LAW
PROPOSED ORDERING PARAGRAPHS**

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

PROCEDURAL HISTORY

1. On January 14, 2025, PCLP filed Supplement No. 105 to Tariff Electric – Pa. P.U.C. No. 8 (Tariff No. 8) to become effective March 15, 2025, and docketed at R-2024-3052359 (Electric Filing). Tariff No. 8 contains proposed changes to rates, rules and regulations calculated to produce an increase of \$1,874,600 (11.5%) in additional revenues.

2. PCLP provided notice to customers of Supplement No. 105 and the rate increase proposed therein consistent with the Commission’s regulations by mailing notice directly to customers and by publication in newspapers of local circulation in Pike’s service territory.

3. PCLP’s Tariff Supplement filing contained the information required by the Commission’s regulations, including direct testimony and exhibits.

4. On January 8, 2025, the Office of Consumer Advocate filed a Notice of Appearance.

5. Also on January 8, 2025, OCA filed a Formal Complaint against PCLP regarding its Gas Filing, asserting, inter alia, that it is contrary to sound ratemaking principles and public policy.

6. On January 17, 2025, the Office of Small Business Advocate and the Bureau of Investigation & Enforcement filed Notices of Appearance.

7. On January 24, 2025, the Office of Consumer Advocate filed a Notice of Appearance.

8. Also on January 24, 2025, OCA and OSBA filed Formal Complaints against PCLP regarding its Electric Filing, asserting, inter alia, that it is contrary to sound ratemaking principles and public policy.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

9. On February 6, 2025, the Commission pursuant to the Public Utility Code, 66 Pa. C.S. § 1308(d), suspended the filing of Tariff No. 105 by operation of law until October 15, 2025, unless permitted by Commission Order to become effective on an earlier date. The Commission also ordered an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in Tariff No. 105.

10. Also on February 6, 2025, the Commission assigned the Electric Filing to ALJ Guhl and ALJ Arnold and scheduled the instant matters for a prehearing conference on February 14, 2025.

11. On February 5, 2025, the Presiding Officers issued a Prehearing Conference Order.

12. On February 7, 2025, PCLP filed Supplement No. 106 to Electric PA PUC No. 8 voluntarily suspending the effective date of the rate increase to October 15, 2025.

13. At the Prehearing Conference, the following parties were present and represented by the following counsel: Whitney E. Snyder, Esquire, and Erich W. Struble, Esquire for PCLP, Jacob D. Guthrie, Esquire, and Ryan Morden, Esquire for OCA, Michael A. Podskoch, Jr., Esquire, for I&E, and Steven Gray, Esquire, for OSBA.

14. Deborah Rutt, a consumer complaint, was also present at the Prehearing Conference.

15. On February 26, 2025, a Notice of Public Input Hearings was issued scheduling In-Person Hearings for March 18, 2025, and Telephonic Hearings for March 19, 2025. Also on February 26, 2025, ALJ Guhl and ALJ Arnold issued a Prehearing Order setting the litigation schedule, dates for evidentiary hearings, and discovery deadlines.

16. The February 26, 2025, Order consolidated the gas and electric dockets as well as all complaint dockets for the purposes of the procedural schedule and any hearings.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

17. On March 6, 2025, the Commission issued a Secretarial Letter regarding ex parte communication from Senator Baker and Representative Olsommer.
18. On March 18 and 19, 2025, Public Input Hearings were held.
19. Also on March 26, 2025, the Commission issued a Telephonic Evidentiary Hearings Notice scheduling these matters for Call-In Hearings on May 21-23, 2025.
20. On April 3, 2025, the Bureau of Investigation & Enforcement, the Office of Small Business Advocate and the Office of Consumer Advocate served their respective Direct Testimony and Exhibits.
21. On May 1, 2025, the Office of Small Business Advocate, the Office of Consumer Advocate and PCLP served their respective Rebuttal Testimony and Exhibits.
22. On May 15, 2025, the Office of Consumer Advocate and Bureau of Investigation & Enforcement served their respective Surrebuttal Testimony and Exhibits.
23. On May 19, 2025, PCLP served Rejoinder Testimony.
24. On May 19, 2025, the Joint Petitioners notified the Presiding Officers that a non-unanimous full settlement of rate proceeding had been reached, each Joint Petitioner had waived cross examination, and the Joint Petitioners sought to enter the pre-served testimony and evidence into the record via written stipulation and requested the hearings be cancelled.
25. On May 20, 2025, the Presiding Officers issued a hearing cancellation notice cancelling the evidentiary hearings.
26. On May 23, 2025, a Joint Stipulation was filed seeking admission of all pre-served testimony and exhibits into the evidentiary record.
27. On May 29, 2025, the Presiding Officers issued an Order admitting the pre-served testimony and exhibits into the evidentiary record.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

PROPOSED FINDINGS OF FACT

1. Pike County Light and Power Company (electric) (“Pike”) is a certificated Pennsylvania public utility providing electricity distribution service to approximately 5,348 Pike County, Pennsylvania which include Matamoras Borough, Westfall Township, Milford Borough, Milford Township and Dingmans Township. Data Responses to 52 Pa. Code Sections 53.52.

2. I&E was created by the Commission pursuant to 66 Pa. C.S. § 308.2(a)(7) as the prosecutory bureau for purposes of, *inter alia*, representing the public interest in ratemaking matters before the Office of Administrative Law Judge. *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011), at 4-5.

3. The OCA is empowered to represent the interests of Pennsylvania consumers before the Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. C.S. §§ 3-901 et seq.

4. OSBA is authorized by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50, to represent the interests of small business consumers of utility services in matters before the Commission.

5. Pike’s original base rate filing (“Electric Base Rate Filing”) requested an increase in electric rates of \$1,874,600 or 29.1% over present rates. Pike proposed an increase of \$2.00 to the residential customer charge, approximately \$4.00 for SC-2 small commercial customers, and approximately \$2.40 for SC-2 large commercial customers. Exh. E-8.

6. The last rate increase for Pike approved by the Commission went into effect on July 28, 2021. Pike St. No. 2 at 4.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

7. The bill impacts of Pike’s Electric Base Rate Filing on monthly bills are set forth in Exh. E-8.

8. Pike’s Electric Base Rate Filing was based on a Future Test Year (FTY) ending September 30, 2025.

9. Pike proposed implementing smart meters as part of its infrastructure to be installed in the FTY.

10. The OCA, I&E, and OSBA each made different proposals regarding, among other things, the Company’s proposed revenue increase, and the proposed rate design. The OCA and I&E proposed various adjustments to Pike’s operating expenses. The OCA and I&E also proposed lower rates of return than what Pike proposed.

11. At the public input hearings, some customers expressed concerns regarding ability to pay bills and afford increased rates. Pike reached out to customers that raised specific concerns to assist these customers with their accounts including offering budget billing. Pike St. No. 5-R.

12. At the public input hearings, various customers testified in support of the Company’s service to customers. N.T. 118:21-25 (“[PCLP] has done a very good job in system improvements. Reliability has seemed to improve and I think we all appreciate that.”); 137:19-23 (“since our last round of rate increases, we have had shorter outages with better response times and better - more timely outage communications. We do appreciate that.”); 143:18-21 (“PCLP has done a stellar job in trying to improve the infrastructure that they acquire, and I commend them for that.”); 151:16-21(“And I want to reiterate, the previous owner of Pike County Light and Power, the difference with the new company ownership is night and day. So I'm happy with the ownership”); 152:19-20 (“We now have new ownership, very happy with that.”); 199:21-24

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

(“And it's just, you know, I have no problem with Pike County Light and Power. I think they're great, their customer services, we've never had any issues with them.”). Several customers also raised concerns regarding the reliability of Pike’s electric distribution system. Tr. 45-46, 86-89, 185-91.

13. In the *2023 Pennsylvania Electric Reliability Report*, Pike reported that the second highest cause of electrical outages and customer minutes interrupted (CMI) on its distribution system was classified as “Unknown-Other,” at 20% and 32%, respectively. *2023 Pennsylvania Electric Reliability Report* (Published Sept. 3, 2024)⁶ at 62. In response, the Commission stated that Pike should direct more management attention “at reducing the number of causes attributed to Unknown-Other as that categorization does not lend itself to providing substantive analysis of those events from a reliability perspective.” *Id.*

14. The customer bill impacts resulting from the Settlement are attached as Appendix D.

15. The Settlement rates include only a \$0.75 increase to the customer charge, as opposed to the \$2.00-\$4.00 increases Pike proposed.

16. The Settlement includes a term that will require the Company to improve its reporting for the causes of outages and customer minutes interrupted by directing management attention to reporting fewer of the same as “Unknown-Other.”

17. The Settlement includes a term that will allow customers to request that their smart meter be installed at a location away from their home instead of maintaining an analog meter and paying a monthly meter reading fee. Customers will have the option to have the

⁶ Available at: https://www.puc.pa.gov/media/3123/draft-2024-electric-reliability-report-8-2024_final.pdf.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

Nighthawk AMI smart meter installed at a location of their choosing which complies with the requirements of the Company's tariff and the requirements of Tariff Rule 6.7.

18. The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners, who represent a broad array of residential, commercial, and low-income customer interests.

19. The Settlement was achieved only after a comprehensive investigation of Pike's proposals set forth in its Electric Base Rate Filing. In addition to formal and informal discovery, the active parties submitted several rounds of testimony, including the Company's direct testimony, other parties' direct testimony, rebuttal testimony, and surrebuttal testimony.

20. The Joint Petitions agree that the Settlement is in the public interest.

21. The agreed upon revenue requirement is a "black box" settlement, under which the parties do not specifically identify or resolve all of the individual rate base, revenue, expenses, and rate of return issues.

22. The Company claimed that its current rates do not provide it with a reasonable opportunity to earn a fair rate of return on its investments made to serve the public in the provision of safe and reliable electric distribution service. Pike St. No. 2 at 4-6.

23. Through negotiations, the Joint Petitioners were able to compromise their competing litigation positions and arrive at the Settlement increase. The Settlement revenue increase is less than Pike's overall requested increase, and more than I&E and OCA's final litigation positions, respectively.

24. The increase under the Settlement is within the range proposed by the parties, is in the public interest, and should be adopted without modification.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

25. Pike relied upon a cost of service study to allocate its proposed total revenue and costs to each of the customer classes. Pike St. No. 1; Exhs. E-6, E-7, E-8.

26. Pike, I&E, OCA, and OSBA took differing position on revenue allocation. Pike St. No. 1; Exhs. E-6, E-7, E-8; Pike St. No. 1-R; I&E St. No. 3; Exh. 3; OCA St. No 3; Exhs. KRP-2, KRP-3; OSBA St. No 1.

27. Appendix C to the Settlement sets forth the proof of revenues, which reflects the agreed-upon revenue allocation.

28. The revenue allocation is within the range proposed by the parties, is in the public interest, and should be adopted without further modification.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§ 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa. C.S. § 1301.

3. The Commission possesses a great deal of flexibility in its ratemaking function. *See Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id.*

4. "It is the Commission's duty to determine the public interest and to protect the rights of the public." *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).

5. Consistent with the Commission's other statutory responsibilities, the Commission must determine the public interest with "due consideration to the interests of consumers." 71 P.S. § 309-5.

6. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formula; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. PUC v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980), *cert. denied*, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

7. The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231, 69.401.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

8. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources.

9. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

10. The Commission permits black box settlements. *Pa. PUC v. Aqua Pa., Inc.*, Docket No. R-2011-2267958, pp. 26-27 (Order entered June 7, 2012); *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 27 (Order entered Dec. 19, 2013); Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

11. To accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438, *et al.* (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

12. The Joint Petitioners have the burden to prove that the Settlement is in the public interest. 66 Pa. C.S. § 332(a); *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, *et al.* (Order entered Sept. 11, 2014).

13. In reviewing proposed settlements, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)).

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

14. The proposed Settlement is non-unanimous. “The Commission’s standards for reviewing a non-unanimous settlement . . . are the same as those for deciding a fully contested proceeding.” *Joint App. of West Penn Power Co. d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp.*, Docket Nos. A 2010 2176520 and A-2010-2176732 (Order entered March 8, 2011) at 17.

15. Overall, the standard for approval of a non-unanimous settlement in a rate case is the same as an adjudication of full litigation – it must be supported by substantial evidence and in accordance with law. 2 Pa. C.S. § 704; *ARIPPA v. Pa. PUC*, 792 A.2d 636, 659-660 (Pa. Cmwlth. 2002) (*ARIPPA*).

16. Because Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.

17. The decision of the Commission must be supported by substantial evidence. 2 Pa. C.S. § 704.

18. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

19. For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).

20. The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602.

21. The Commission must make findings “in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence.” 66 Pa.C.S. § 703(e); *ARIPPA*, 792 A.2d at 668-669.

22. The Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings is in the public interest.

23. The rates, terms, and conditions contained in Pike County Light & Power Company’s base rate increase filing of January 14, 2025, at Docket No. R-2024-3052359 (electric), as modified by the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings, are, until changed on a going-forward basis as provided in the Public Utility Code, Commission-made, just and reasonable, and in the public interest.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS
PROPOSED ORDERING PARAGRAPHS**

THEREFORE, IT IS ORDERED:

1. That the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings filed June 9, 2025, by Pike County Light & Power Company, the Bureau of Investigation and Enforcement, and the Office of Consumer Advocate is granted, and the Settlement is thereby adopted, in full, without modification or correction.

2. That Pike County Light & Power Company is authorized to file tariffs, tariff supplements or tariff revisions containing rates, rules and regulations, consistent with the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings, to produce a total increase of \$1,590,000 in annual operating revenues consistent with the rates, rules and regulations set forth in the tariff supplement included in the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings as Appendix B.

3. That Pike County Light & Power Company shall be permitted to file a tariff supplement in the form set forth in Appendix B to the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceedings, to become effective upon at least one day's notice, for service rendered on and after October 15, 2025 so as to produce an annual increase in revenues consistent with this Order.

4. That Pike County Light & Power Company, the Bureau of Investigation and Enforcement, and the Office of Consumer Advocate shall comply with the terms of the Joint Petition for Non-Unanimous Full Settlement of Electric Base Rate Proceeding submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

**APPENDIX A PROCEDURAL HISTORY, PROPOSED CONCLUSIONS OF LAW,
PROPOSED ORDERING PARAGRAPHS**

5. That the complaint of the Office of Consumer Advocate at Docket No. C-2025-3053076 is deemed satisfied and marked closed.

6. That the complaint of the Office of Small Business Advocate Docket No. C-2025-3053075 is dismissed and marked closed.

7. That the following customer formal complaints at the respective docket numbers be dismissed and marked closed by the Commission’s Secretary’s Bureau:

Complainant	Docket Number
Deborah Rutt	C-2025-3052967
Charles Gillinder	C-2025-3053396
James Romeo	C-2025-3053400

8. That upon acceptance and approval by the Commission of the tariffs and allocation of proposed settlement rate increase filed by Pike County Light & Power Company consistent with this Order, the Commission's investigation at Docket No. R-2024-3052359 shall be terminated and these dockets shall be marked closed.

APPENDIX B

PRO FORMA TARIFF SUPPLEMENTS

2. CHANGES MADE BY THIS SUPPLEMENT

Tariff Supplement No. 106 makes the following changes consistent with the Commission's final order at Docket No. R-2024-3052359:

- 1) Increased delivery (i.e., customer, per kWh, and per kW) charges applicable to Service Classification Nos. 1, 2 - Primary, 2 - Non-Demand Billed, 3, and 4.
- 2) Implements rules regarding use and placement of smart meters.

ISSUED: _____, 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

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

3. TABLE OF CONTENTS

	Leaf Number	Revision	
1. Title Page	1		Supp. No. 106 (c)
2. Changes Made by This Tariff	2		98
3. Table of Contents	3		94 (c)
	4		9
	5		18
	6		87 (c)
4. Territory to Which Tariff Applies	7		4
5. Abbreviations and Definitions			
5.1 Abbreviations	7		4
5.2 Definitions	7		4
	8		5
	9		6
	10		6
	11		6
	11A		4
RULES & REGULATIONS			
6. How to Obtain Service			
6.1 Applications	12		2
6.2 Permits	12		2
6.3 Temporary Service	12		2
6.4 Extensions of Lines and Facilities	13		Original
6.5 Cash Deposits for Non-Residential Customers.....	13		Original
	14		3
6.6 Credit and Deposit Procedures For Applicants and Residential Customers.....	14		3
	15		3
	16		3
6.7 Relocation or Removal of Facilities.....	16		3
	17		1
6.8 Taxes on Contributions in Aid of Construction and Customer Advances	17		1
	18		1
	19		1
	20		1
	21		1
	22		1
	23		1
	24		1
7. Characteristics of Service			
7.1 General	25		Original
7.2 Secondary Service	25		Original
7.3 Primary Service	26		Original
8. Service Connections			
8.1 General	27		Original
8.2 Location of Service Wires, Meter, Etc.	27		Original
8.3 Outdoor Metering	27		Original

(Continued)

ISSUED: , 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

87th REVISED LEAF NO. 6
SUPERSEDING 86th REVISED LEAF NO. 6

3. TABLE OF CONTENTS (CONTINUED)

	<u>Leaf Number</u>	<u>Revision</u>
RULES AND REGULATIONS (Continued)		
25. System Benefits Charge	74	2
26 Standards of Competitive Conduct	75	Original
	76	Original
	77	Original
	78	Original
	79	Original
	80	Original
Rider A- Company Purchases From Qualifying Facilities	81	Original
	82	Original
	83	Original
Rider B-Net Metering	83A	1
	83B	1
	83C	1
	83D	1
State Tax Adjustment Surcharge	84	36
Tax Indemnification	84	33
Distribution System Improvement Charge	84A	3
	84B	Original
	84C	Original
	84D	Original
	84E	Original
SERVICE CLASSIFICATIONS		
1. Residential and Residential	85	44 (I)
	86	23
	87	1
2. General Service	88	22 (I)
	89	23 (I)
	90	Original
	91	27 (c)
	92	3
3. Municipal Street Lighting	93	22 (I)
	94	18 (I)
	95	15
	96	Original
	97	Original
	98	Original
4. Private Outdoor Lighting	99	25 (I)
	100	15
	101	6 (I)
5. Supplementary, Back-up and/or Maintenance Service	102	1
	103	Original
	104	Original
6. Interruptible Service	105	1
	106	Original
	107	Original

(Continued)

ISSUED: , 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

3rd REVISED LEAF NO. 72
SUPERSEDING 2nd REVISED LEAF NO. 72

RULES AND REGULATIONS

24.1 MANUAL READING CHARGE (C)

For those customers who refuse installation of advanced metering infrastructure ("AMI"), beginning the next month after AMI is installed in the community proximate to the customer, the customer will begin paying a monthly charge of \$41.98 per month for manual meter reads. For example, if Pike completes installation of AMI in a community on December 15, 2025, beginning January 2025 customers in that community who refused AMI will begin paying the monthly meter reading charge. Customers will be notified when AMI is to be installed in their community and that opting out of AMI will result in monthly meter read charges. Pursuant to Tariff Rule 6.7, upon notification of AMI installation, a customer may request a smart meter be located away from their home instead of maintaining an analog meter and paying a monthly meter reading fee. Customers will have the option to have the Nighthawk AMI smart meter installed at a location of their choosing which complies with the requirements of the Company's tariff and the requirements of Tariff Rule 6.7.

(C) Indicates Change

(Continued)

ISSUED: , 2025 EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential service, including Space Heating.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., from any one of the following systems as designated by the Company:

- (a) Single phase approximately 120, 120/208 or 120/240 Volts,
- (b) Three phase four wire at approximately 208 Volts in limited areas.

RATE - FOUR PART - MONTHLY:

- (1) Customer Charge \$9.55 per month
- (2) Energy Charge (¢ per kWh)

	<u>Delivery Charge</u>	<u>System Benefits Charge</u>
All kWh	10.9374	.0369 (D)

- (3) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

- (4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of The State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to Default Service Charges

- (D) Indicates Decrease

(Continued)

ISSUED: _____, 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service, secondary or primary. All service at each location shall be taken through one meter.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., single or three phase secondary at approximately 120/208, 120/240 Volts, and 277/480 Volts where available; or single or three phase primary at approximately 2400 Volts Delta where available.

RATE - FIVE PART - MONTHLY:

(1)	<u>Customer Charge (\$/month)</u>		
	(a) Non-Demand Billed Customers		
	Unmetered Service	21.50	(I)
	Metered Service	21.50	(I)
	(b) Secondary Service (Demand Billed)	21.50	(I)
	(c) Primary Service	175.00	(I)
(2)	<u>Demand Charge (\$/kW)</u>		
	(a) <u>Secondary Service (Demand Metered)</u>		
	First 5 kW	1.47	(I)
	Over 5 kW	5.71	(I)
	(b) <u>Primary Service</u>		
	All kW	13.00	(I)
(3)	<u>Energy Charge (¢ per kWh)</u>		
	(a) <u>Non-Demand Billed Customers (Includes Unmetered)</u>		
	All kWh	10.9794	(I)

(I) Indicates Increase

(Continued)

ISSUED: , 2025

EFFECTIVE: October 15, 2025

ISSUED BY: Michael German
President and CEO
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

23rd REVISED LEAF NO. 89
SUPERSEDING 22nd REVISED LEAF NO. 89

SERVICE CLASSIFICATION NO. 2 (Continued)

RATE - FIVE PART - MONTHLY: (Continued)

(3) Energy Charge (¢ per kWh) (Continued)

(b) Secondary Demand Billed Service

First 100 Hours Use of Billing Demand	9.1665	(I)
Next 100 Hours Use of Billing Demand	7.5904	(I)
Over 200 Hours Use of Billing Demand	7.4484	(I)

(c) Primary Service

All kWh	1.6514	(I)
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(4) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

(5) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of the State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to the Default Service Charges.

(6) Distribution System Improvement Charge (DSIC)

The Distribution System Improvement Charge included in this Tariff is applied to charges under this rate excluding amounts billed for the State Adjustment Surcharge (STAS).

(I) Indicates Increase

(Continued)

ISSUED: _____, 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

22nd REVISED LEAF NO. 93
SUPERSEDING 21st REVISED LEAF NO. 93

SERVICE CLASSIFICATION NO. 3

APPLICABLE TO USE OF SERVICE FOR:

Municipal Street Lighting, where the Company furnishes all equipment, except as provided for below, and maintains and operates the system.

CHARACTER OF SERVICE - MULTIPLE:

Continuous, alternating current, 60 cycles, 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year, and mounted on wood poles for Overhead Services.

RATE - THREE PART - MONTHLY:

(1) Luminaire Charge (\$/month)

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Nominal Wattage</u>	<u>Total Wattage</u>	<u>Delivery Charge</u> (I)
<u>Street Lighting Luminaires</u>				
5,800	Sodium Vapor	70	108	\$ 32.65
9,500	Sodium Vapor	100	142	35.77
16,000	Sodium Vapor	150	199	40.61
27,500	Sodium Vapor	250	311	52.14
46,000	Sodium Vapor	400	488	68.59
3,900	LED	28	28	37.83
5,000	LED	36	36	37.95
6,500	LED	50	50	38.50
12,000	LED	102	102	47.26
16,000	LED	140	140	40.30
22,000	LED	177	177	41.08

Flood Lighting Luminaires

14,500	LED	96	96	38.17
20,000	LED	140	140	39.61
28,700	LED	218	218	41.41

The following luminaires will no longer be installed. Charges are for existing installations only:

46,000*	Sodium Vapor	400	488	57.57
27,500*	Sodium Vapor	250	311	52.10
4,000*	Mercury Vapor	100	127	23.16
7,900*	Mercury Vapor	175	211	28.06
12,000*	Mercury Vapor	250	296	36.55

* Indicates those luminaires that no longer will be repaired.
See Special Provision B.

(I) Indicates Increase

(Continued)

ISSUED: _____, 2025 EFFECTIVE: _____ October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

18th REVISED LEAF NO. 94
SUPERSEDING 17th REVISED LEAF NO. 94

SERVICE CLASSIFICATION NO. 3

RATE - THREE PART - MONTHLY: (Continued)

(1) Luminaire Charge (\$/month) (Continued)

Types of Service and Additional Charges:

1. Overhead Service - Pole Mounted, 8' Upsweep 1-1/4" and 2"
Aluminum Brackets for side mounted Units. For 15' Upsweep Brackets
add \$9.48 per year. (I)
2. Underground Service - Aluminum Standards, where the Company owns and
maintains the underground duct system, with a 120' maximum distance
between light centers installed on one side of street, the above
prices are increased by \$362.68 per year. Where a customer owns and
maintains an underground duct system, including the cable, which is
adequate in the opinion of the Company's engineers, the above prices
are increased by \$87.78 per year.

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the following manner:

$$\text{kWh} = (\text{Total Wattage} \div 1,000) \text{ Times Monthly Burn Hours}^*$$

* See Monthly Burn Hours Table.

(I) Indicates Increase

(Continued)

ISSUED: , 2025

EFFECTIVE: October 15, 2025

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

PIKE COUNTY LIGHT & POWER COMPANY

25th REVISED LEAF NO. 99
SUPERSEDING 24th REVISED LEAF NO. 99

SERVICE CLASSIFICATION NO. 4 (c)

APPLICABLE TO USE OF SERVICE FOR:

Private overhead street, yard or flood Mercury Vapor and Sodium Vapor lighting. (c)

CHARACTER OF SERVICE - MULTIPLE:

Continuous, 60 cycles, A. C., 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year.

RATE - THREE PART - MONTHLY

(1) Luminaire Charge (\$/month)

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Nominal Wattage</u>	<u>Total Wattage</u> (c)	<u>Delivery Charge</u> (I)
<u>Private Lighting Luminaires</u>				
5,800	Sodium Vapor	70	108	32.65
16,000	Sodium Vapor	150	199	40.61
3,900	LED	28	28	42.87
5,000	LED	36	36	42.99
7,250	LED	50	50	43.53
9,365	LED	102	102	44.44
<u>Flood Lighting Luminaires</u>				
14,500	LED	96	96	35.31
20,000	LED	140	140	36.40
28,700	LED	195	195	37.76

The following luminaires will no longer be installed. Charges are for existing installations only:

4,000	Mercury Vapor	100	127	18.04
4,000	Mercury Vapor	100	127	16.19
7,900	Mercury Vapor	175	211	21.85
7,900	Mercury Vapor	175	211	19.94
12,000	Mercury Vapor	250	296	28.47
22,500	Mercury Vapor	400	459	37.00
27,500	Sodium Vapor	250	311	52.10
46,000	Sodium Vapor	400	488	57.57

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the following manner:

$$\text{kWh} = (\text{Total Wattage} \div 1,000) \text{ Times Monthly Burn Hours}^*$$

* See Monthly Burn Hours Table.

(I) Indicates Increase

(c) Indicate Change

(Continued)

ISSUED: [REDACTED], 2025

EFFECTIVE: October 15, 2025

BY: Michael German
President and CEO
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

6th REVISED LEAF NO. 101
SUPERSEDING 5th REVISED LEAF NO. 101

SERVICE CLASSIFICATION NO. 4 (Continued)

TERM:

Contracts are made for an initial period of one year and continue in force thereafter, until terminated by seven days' written notice.

SPECIAL PROVISIONS:

- A. Complete lighting units, installed according to Company standards, will be pole mounted for private road, yard or flood lighting service at the monthly charge per lamp hereinabove set forth. The Company will construct any required extension of service on private property and the customer shall reimburse the Company for the actual cost of such construction. The Company will furnish and install the complete lighting unit, make the necessary lamp renewals, and maintain the installation.
- B. Short Term Service will be furnished only upon prepayment of the cost of installation and removal of equipment, less salvage value. For Recurring Seasonal Service the charges for the 12 months' period are due and payable in advance each year on the anniversary date of the contract.
- C. Service for existing incandescent 92 Watt units will be billed at a monthly charge of \$9.89 until the contract is terminated by mutual agreement. (I)
- D. Fifteen foot brackets are available at an additional cost of \$9.48 per year.
(I)

(I) Indicates Increase

ISSUED: , 2025

EFFECTIVE: October 15, 2025

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

APPENDIX C

PROOF OF REVENUES

Pike County Light & Power
Revenue Proof 9-30-25
Delivery Revenue Summary Rate Year

Rate Class	Base Rate	Base Rate	Difference	Settlement 5-25-25	
	Revenue Per Books	Revenue Rev Proof		Rate Year Base Rate Rev	
SC-1 Residential	\$2,948,448	\$2,951,615	\$3,167	\$3,582,246	21.37%
SC-1 Residential Space & Water Htg	\$665,189	\$665,104	-\$86	\$809,588	21.72%
Total SC-1 Residential	\$3,613,638	\$3,616,719	\$3,081	\$4,391,833	21.43%
SC-2 Small Comm & Ind Secondary	\$3,059,373	\$3,040,902	-\$18,471	\$3,707,269	21.91%
SC-2 Large Comm & Ind Primary	\$541,308	\$541,308	\$0	\$653,088	20.65%
Total SC-2 Comm & Indust	\$3,600,681	\$3,582,210	-\$18,471	\$4,360,357	
SC-3 Municipal Street Lighting	\$112,628	\$112,628	\$0	\$137,909	22.45%
SC-4 Private Lighting	\$49,527	\$49,527	\$0	\$60,975	23.11%
Total SC-3 & 4 Lighting	\$162,155	\$162,155	\$0	\$198,884	22.65%
Total Electric Delivery Revenues	\$7,376,474	\$7,361,084	-\$15,389	\$8,951,074	-0.21%
	\$7,376,474			8,951,082	

Pike County Light & Power
Revenue Proof 9-30-25
KWH Sales Summary Rate Year

<u>Rate Class</u>	<u>KWH Sales</u>	<u>KWH Sales Per</u>	<u>Difference</u>	<u>Rate Year</u>	<u>Rate Year</u>	
	<u>Per Books</u>	<u>Rev Proof</u>		<u>KWH Sales</u>	<u>Billing Demands</u>	
				<u>9-30-25</u>	<u>9-30-25</u>	
SC-1 Residential	27,582,094	27,615,505	33,411	28,720,125		4.00%
SC-1 Residential Space & Water Htg	6,484,723	6,484,723	0	6,744,112		4.00%
Total SC-1 Residential	34,066,817	34,100,228	33,411	35,464,237	0	4.00%
SC-2 Small Comm & Ind Secondary	34,834,545	34,801,134	-33,411	36,193,179	112,368	4.00%
SC-2 Large Comm & Ind Primary	11,804,030	11,804,030	0	12,289,759	33,172	4.11%
Total SC-2 Comm & Indust	46,638,575	46,605,164	-33,411	48,482,938	145,539	
SC-3 Municipal Street Lighting	315,478	315,478	0	328,097	0	4.00%
SC-4 Private Lighting	146,226	146,226	0	152,075	0	4.00%
Total SC-3 & 4 Lighting	461,704	461,704	0	480,172	0	
Total Electric KWH Sales	81,167,096	81,167,096	0	84,427,347	145,539	4.02%
	81,363,102					

Pike County Light & Power
Revenue Proof 9-30-25
Customer Summary Rate Year

<u>Rate Class</u>	Annual	Annual	Rate Year	Rate Year		
	Customers	Luminaires	Customers	Luminaires		
	<u>Rev Proof</u>	<u>Rev Proof</u>	<u>9-30-25</u>	<u>9-30-25</u>		
SC-1 Residential	44,403		46,179		4.00%	
SC-1 Residential Space & Water Htg	7,245		7,535		4.00%	
Total SC-1 Residential	<u>51,648</u>	<u>0</u>	<u>53,714</u>		4.00%	
SC-2 Small Comm & Ind Secondary	11,245		11,695		4.00%	
SC-2 Large Comm & Ind Primary	108		108		0.00%	
Total SC-2 Comm & Indust	<u>11,353</u>	<u>0</u>	<u>11,803</u>			
SC-3 Municipal Street Lighting	144	4,484	144	4,664	0.00%	4.00%
SC-4 Private Lighting	899	1,912	935	1,989	4.00%	4.00%
Total SC-3 & 4 Lighting	<u>1,043</u>	<u>6,396</u>	<u>1,079</u>	<u>6,652</u>		
Total Electric Customers & Lights	<u>64,044</u>	<u>6,396</u>	<u>66,596</u>	<u>6,652</u>	3.98%	
	64,044					

**Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential 301 & X3E**

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Total 12 Months
Customers													
Total Customers	3,831	3,838	3,844	3,843	3,845	3,847	3,851	3,852	3,857	3,852	3,857	3,862	46,179
Volumes KWH													
Total KWH	1,949,372	2,355,674	2,352,396	2,950,052	2,440,992	1,956,426	2,078,042	2,086,043	2,407,990	3,452,809	2,655,200	2,035,129	28,720,125
Rate													
Customer Charge	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55
Energy Charge All KWH	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374
Total Base Rate Revenues													
Customer Charge	\$36,589	\$36,649	\$36,709	\$36,699	\$36,719	\$36,738	\$36,778	\$36,788	\$36,838	\$36,788	\$36,838	\$36,878	\$441,011
Energy Charge All KWH	\$213,211	\$257,649	\$257,291	\$322,659	\$266,981	\$213,982	\$227,284	\$228,159	\$263,371	\$377,648	\$290,410	\$222,590	\$3,141,235
Total Base Rate Revenues	\$249,800	\$294,299	\$294,000	\$359,358	\$303,700	\$250,721	\$264,062	\$264,947	\$300,209	\$414,436	\$327,248	\$259,468	\$3,582,246
102 & X1D Cust w No Dem Meter and reclassified to 301 & X3E													
KWH Usage	2,222	3,460	3,390	4,667	3,777	2,883	2,854	1,838	1,766	2,314	2,116	2,124	33,411
Total Customers Reclass to Resid	9	9	9	9	9	9	9	9	9	9	9	9	108

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Space & Water Heating 601,701,801,X6E,X7E,X8E

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Total 12 Months
<u>Customers</u>													
Total Customers	628	629	628	627	629	629	629	626	626	628	628	626	7,535
<u>Volumes KWH</u>													
Total KWH	452,235	616,607	637,305	812,900	676,375	532,171	529,078	439,790	472,791	652,354	505,491	417,015	6,744,112
<u>Rate</u>													
Customer Charge	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55	\$9.55
Energy Charge All KWH	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374	\$0.109374
<u>Total Base Rate Revenues</u>													
Customer Charge	\$5,999	\$6,009	\$5,999	\$5,989	\$6,009	\$6,009	\$6,009	\$5,979	\$5,979	\$5,999	\$5,999	\$5,979	\$71,957
Energy Charge All KWH	\$49,463	\$67,441	\$69,705	\$88,910	\$73,978	\$58,206	\$57,867	\$48,102	\$51,711	\$71,351	\$55,288	\$45,611	\$737,630
Total Base Rate Revenues	\$55,462	\$73,450	\$75,703	\$94,899	\$79,987	\$64,215	\$63,876	\$54,081	\$57,690	\$77,349	\$61,286	\$51,590	\$809,588

Pike County Light & Power
Revenue Proof 9-30-25
SC-2 Small Comm & Ind Secondary 102,402,802,902,X1D,X4D,X8D,X9D

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Total 12 Months
Customers													
Total Customers excl 402 & X4D	965	966	963	965	963	960	961	963	961	963	963	964	11,558
Total Customers 402 & X4D	11	11	11	11	11	11	11	11	11	11	11	11	137
Total Number of Customers	977	978	974	977	974	971	972	974	972	974	974	976	11,695
Volumes KWH													
Tot KWH Demand Meter 102, X1D													
First 100 Hours Use	902,320	856,287	810,288	835,934	801,188	799,680	819,654	952,842	1,024,111	1,098,852	1,019,389	949,184	10,869,729
Next 100 Hours Use	727,481	696,376	664,550	707,022	666,429	649,111	663,900	772,760	850,396	926,062	841,689	753,259	8,919,034
Over 200 Hours Use	1,130,625	1,175,355	979,578	1,480,115	1,157,362	879,148	1,237,436	1,293,187	1,123,110	1,903,295	1,444,877	1,158,926	14,963,014
Total Hours Use KWH	2,760,426	2,728,018	2,454,417	3,023,071	2,624,979	2,327,938	2,720,990	3,018,788	2,997,617	3,928,209	3,305,955	2,861,370	34,751,778
Ener Spc Htg KWH 402 & X4D	31,028	51,914	59,177	59,104	67,783	48,958	45,639	35,154	37,076	44,001	39,042	27,533	546,410
Ener No Demand or Unmetered													
Rate Code 802,902,X8D,X9D	68,104	75,744	74,354	85,170	77,769	71,948	73,295	72,651	71,196	81,155	74,264	69,340	894,992
Total Volumes KWH	2,859,559	2,855,676	2,587,947	3,167,345	2,770,531	2,448,844	2,839,925	3,126,594	3,105,889	4,053,366	3,419,261	2,958,243	36,193,179
Billing Demands KW													
First 5 KW	2,234	2,210	2,181	2,263	2,213	2,202	2,208	2,281	2,256	2,338	2,290	2,255	26,930
Over 5 KW	7,383	6,743	6,072	6,128	5,987	5,919	6,206	7,720	8,299	9,007	8,297	7,678	85,438
Total Billing Demands	9,617	8,952	8,253	8,391	8,200	8,120	8,414	10,001	10,555	11,345	10,587	9,933	112,368
Rate													
Customer Charge excl 402 & X4D	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50
Minumum Chrg Rate 402 & X4D	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50
Ener Chrg Dem Metered KWH													
First 100 Hours Use	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665	\$0.091665
Next 100 Hours Use	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904	\$0.075904
Over 200 Hours Use	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484	\$0.074484
Ener Spc Htg KWH 402 & X4D	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353	\$0.077353
Ener No Demand or Unmetered													
Rate Code 802,902,X8D,X9D	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794	\$0.109794
Demand Charge All KW													
First 5 KW	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47
Over 5 KW	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71
Total Base Rate Revenues													
Customer Charge excl 402 & X4D	\$20,750	\$20,772	\$20,705	\$20,750	\$20,705	\$20,638	\$20,661	\$20,705	\$20,661	\$20,705	\$20,705	\$20,728	\$248,487

Pike County Light & Power
Revenue Proof 9-30-25
SC-2 Large Comm & Ind Primary 502,702,X5D,X7D

No Customers on Rate 702 & X7D

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Total 12 Months
<u>Customers</u>													
Total Number of Customers	9	9	9	9	9	9	9	9	9	9	9	9	108
Total Volumes KWH	976,853	1,003,892	881,161	1,059,609	908,382	837,652	962,678	1,098,126	996,932	1,317,533	1,187,951	1,058,989	12,289,759
Total Billing Demands	3,325	2,480	2,128	2,276	2,232	2,362	2,499	3,038	3,088	3,053	3,216	3,475	33,172

APPENDIX D

CUSTOMER BILL IMPACTS

Service Class	Type of Service	Annual Bills	Total Sales (kWh)	Delivery Revenue at:		Increase:	
				Present Rates	Proposed Rates	Rev Change	Percent Change
1	Residential Service	53,714	35,464,237	\$3,616,719	\$4,391,833	\$775,114	21.4%
2	General Secondary - Demand	9,020	35,298,187	2,913,127	3,551,492	638,365	21.9%
2	General Secondary - Non-Demand	2,675	894,992	127,775	155,777	28,002	21.9%
2	General Primary Service	108	12,289,759	541,308	653,088	111,780	20.6%
3	Municipal Street Lighting	144	328,097	112,628	137,909	25,281	22.4%
4	Private Area Lighting	<u>935</u>	<u>152,075</u>	<u>49,527</u>	<u>60,975</u>	<u>11,448</u>	<u>23.1%</u>
Total		66,596	84,427,347	\$7,361,084	\$8,951,074	\$1,589,990	21.6%

Pike County Light & Power Company

Electric Rate Case Filing

Docket No. R-2024-3052359

Customer Charge	Present	As Filed		Proposed Settlement	
	Rates	Amount	% Increase	Amount	% Increase
SC1 - Residential Heating & Non-Heating	\$8.80	\$10.80	22.7%	\$9.55	8.5%
SC2- Small Commercial & Industrial (Secondary)	\$17.26	\$21.50	24.6%	\$21.50	24.6%
SC- Large Commercial & Industrial (Primary)	\$140.00	\$175.00	25.0%	\$175.00	25.0%
<u>Average Customer Bill – Delivery Revenues*</u>					
SC1 - Residential (674 kWh)	\$75.03	\$90.55	20.7%	\$83.31	11.0%
SC2 - Secondary - Demand (3,308 kWh) (10kW)	\$305.27	\$352.09	15.3%	\$340.81	11.6%
SC2 Secondary - Non-Demand (532 kWh)	\$74.98	\$86.45	15.3%	\$84.48	12.7%
SC2 - Primary (105,514 kWh) (256 kW)	\$5,029.75	\$5,810.42	15.5%	\$5,545.17	10.2%
SC3 - Muni Street Lighting (All Rates)	\$118,259	\$148,711	25.8%	\$137,909	16.6%
SC4 - Private Lighting (All Rates)	\$52,003	\$65,395	25.8%	\$60,975	17.2%

* Bill Comparison Present Rate revenues include the DSIC charge of 5% of delivery revenues. The revenues as filed and proposed have the DSIC charge rolled into base rates.

Pike County Light & Power Company

Electric Rate Case Filing

Docket No. R-2024-3052359

Average Customer Bill – Total Bill*	Present Rates	As Filed Amount	% Increase	Proposed Settlement Amount	% Increase
SC1 - Residential (674 kWh)	\$146.31	\$161.83	10.6%	\$154.59	5.7%
SC2 - Secondary - Demand (3,308 kWh) (10kW)	\$682.18	\$729.00	6.9%	\$717.72	5.2%
SC2 Secondary - Non-Demand (532 kWh)	\$135.60	\$147.06	8.5%	\$145.09	7.0%
SC2 - Primary (105,514 kWh) (256 kW)	\$16,879.37	\$17,660.05	4.6%	\$17,394.80	3.1%
SC3 - Muni Street Lighting (All Rates)	\$154,665	\$185,117	19.7%	\$17,4315	12.7%
SC4 - Private Lighting (All Rates)	\$68,877	\$82,269	19.4%	\$77,849	13.0%

* Billing Comparison based on Electric Supply Charge and Electric Supply Adjustment Charge currently in effect as of December 1, 2024. Company's initial filing reflected prior Electric Supply Charge and an Electric Supply Adjustment charge that expired November 30, 2024.

APPENDIX E

PIKE STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3052359
	:	
Pike County Light & Power Company – Electric	:	
	:	
Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2024-3052357
	:	
Pike County Light & Power Company – Gas	:	
	:	

**PIKE COUNTY LIGHT & POWER COMPANY STATEMENT IN SUPPORT OF JOINT
PETITION FOR NON-UNANIMOUS FULL SETTLEMENT OF ELECTRIC BASE
RATE PROCEEDINGS**

Pike County Light and Power Company (“Pike” or the “Company”) hereby submits this Statement in Support of the Joint Petition For Non-Unanimous Full Settlement of Electric Base Rate Proceedings (“Settlement”) entered into by Pike, the Office of Consumer Advocate (“OCA”) and the Commission’s Bureau of Investigation and Enforcement (“I&E”) (collectively “Joint Petitioners”). Pike respectfully requests the Administrative Law Judges and the Commission approve the Settlement without modification.

I. Introduction

The Settlement, if approved, will resolve all issues raised by the Joint Petitioners in this proceeding. The settled issues include revenue requirement, rate structure, rate design, and other issues. The Settlement is in the best interest of Pike, its customers, and the Joint Petitioners and is in the public interest. The Settlement should be approved.

The Settlement was achieved only after a comprehensive investigation of Pike's claims and operations. In addition to informal discovery, Pike responded to hundreds of formal discovery requests. The Joint Petitioners filed multiple rounds of testimony and accompanying exhibits, including direct, rebuttal, surrebuttal, and rejoinder testimony. Moreover, the Joint Petitioners participated in settlement discussion and negotiation, which ultimately led to the Settlement. The Settlement reflects a carefully balanced compromise of the interest of the Joint Petitioners to this proceeding, which represent a broad array of the public interest.

The Settlement is in the public interest because, inter alia, it: (1) provides a reasonable resolution after the Joint Petitioners completed an extensive investigation of Pike's base rate increase request, (2) is consistent with Commission policies promoting negotiated settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, (3) reduces the Company's total annual revenue increase by approximately 18% compared to as-filed rates, (4) establishes rates that are just and reasonable and are based upon principles of gradualism, (5) allows for implementation of smart-meters with tariff provisions allowing customers flexibility on placement of meters while keeping cost causation with customers requesting special treatment regarding smart meters, (6) places most of the rate increase into the volumetric charge instead of the fixed customer charge, allowing customers greater control over their bills; (7) avoids the necessity of further litigation and the substantial cost to the Joint Petitioners and Pike's customers that such litigation would entail, and (8) is supported by substantial evidence..

II. Standards for Approval of Settlement

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources. The Commission has indicated that settlement results

are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789 (Opinion and Order entered Dec. 5, 2013).

“It is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted). Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5. The term “just and reasonable” is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulate; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. PUC v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

The Commission permits black box settlements. *Pa. PUC v. Aqua Pa., Inc.*, Docket No. R-2011-2267958, pp. 26-27 (Order entered June 7, 2012); *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 27 (Order entered Dec. 19, 2013); Statement of Chairman Robert F. Powelson, Implementation of Act 11 of 2012, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

To accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438, et al. (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

The Joint Petitioners have the burden to prove that the Settlement is in the public interest. 66 Pa. C.S. § 332(a); *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, et al. (Order entered Sept. 11, 2014).

In reviewing proposed settlements, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (City of Bethlehem) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R 00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)). The proposed Settlement is non-unanimous. “The Commission’s standards for reviewing a non-unanimous settlement . . . are the same as those for deciding a fully contested proceeding.” *Joint App. of West Penn Power Co. d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp.*, Docket Nos. A 2010 2176520 and A-2010-2176732 (Order entered March 8, 2011) at 17.

Overall, the standard for approval of a non-unanimous settlement in a rate case is the same as an adjudication of full litigation – it must be supported by substantial evidence and in accordance with law. 2 Pa. C.S. § 704; *ARIPPA v. Pa. PUC*, 792 A.2d 636, 659-660 (Pa. Cmwlth. 2002) (*ARIPPA*).

Because Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.

The decision of the Commission must be supported by substantial evidence. 2 Pa. C.S. § 704.

“Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).

The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602.

The Commission must make findings “in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence.” 66 Pa.C.S. § 703(e); *ARIPPA*, 792 A.2d at 668-669.

III. The Settlement Terms are In the Public Interest

A. Revenue Requirement

The Settlement provides for rates to be designed to produce an increase in annual operating revenues of \$ \$1,590,000 over current base rates based upon a Future Test Year ending September 2025. The Company originally requested an increase of \$1,874,600.

The reduced revenue requirement will allow the Company sufficient funds to provide safe, efficient, and reasonable electricity distribution service while avoiding any rate shock to customers. As explained by the Company, the main drivers of the rate increase are to earn a

return on past capital investments and continue financing future capital investments. Pike St. No. 2 at 5-6. The rate increase also rolls credit card fees currently charged to customers on an individual basis into base rates. *Id.* at 6-8. The rate increase will also assist the Company with its efforts to improve cybersecurity. *Id.* at 8-9. The rate increase will help the Company fulfill its LTIP commitments. Pike St. No. 3 at 4-6. The rate increase will support the Company's vegetation management program. *Id.* at 8-10. The rate increase will also help support the initial roll out of smart meters in the Company's territory. *Id.* at 7-8.

In this proceeding, Pike, I&E, and OCA presented testimony on Pike's overall revenue requirement and related issues. The Settlement revenue increase of \$1,590,000 is a reasonable compromise of Joint Petitioners' positions in this proceeding. The Joint Petitioners while supporting their revenue requirement positions for litigation purposes, recognize that the Commission likely would have accepted certain adjustments proposed by Joint Petitioners, but would not have accepted all positions set forth by an individual party.

The Settlement revenue requirement is a "black box" amount. Under a "black box" settlement, parties do not specifically identify revenues, expenses and return that are allowed or disallowed. Pike believes that "black box" settlements facilitate agreements, as parties are not required to identify a specific return on equity or identify specific revenues and/or expenses that are allowed or disallowed.

Considering the Settlement in its entirety, Pike believes that the revenue requirement is reasonable and will provide the Company with additional revenues necessary to provide reliable, safe, and reasonable service to customers. Pike also believes the Settlement appropriately balances the need of the Company to earn a reasonable rate of return with the customers' interest in reasonable rates.

B. Stay-Out

No provision of the Public Utility Code allows the Commission to unilaterally order a utility not to ask for and receive a rate increase where substantial evidence shows a rate increase is just and reasonable. However, a utility can agree as part of a settlement not to ask the Commission for a rate increase for a certain period of time. This “stay-out” is a benefit to customers in that there is a known period of time in which rates will not further increase. Here, Pike has agreed not to file another general base rate increase prior to October 31, 2027. This is a substantial benefit to customers.

C. Revenue Allocation and Rate Design

Appendices B and C set forth the agreed to revenue allocation and rate design to the classes. Appendix D shows customer bill impacts. As described below, the issues were the subject of extensive litigation and negotiation and reflect a compromise of the position of all of the Joint Petitioners. The Settlement strikes a balance that is in the best interest of all of Pike’s customers, and the revenue allocation and rate design Settlement terms should be approved.

The revenue allocation issues in this proceeding were contentious. Joint Petitioners proposed varying class cost of service studies and cost allocation methodologies. Although Joint Petitioners did not agree on any specific class “cost of service” in the Settlement, they were able to agree to a revenue allocation that is within the range of revenue allocations proposed by all parties to this proceeding. Pike submits this revenue allocation meets the cost of service standards the courts and the Commission must apply.

Pike, OCA, and I&E supported their respective cost of service studies for litigation purposes. However, these parties were willing to compromise in order to achieve a settlement of

the revenue allocation issues. The resulting class increases, as compared to the Company’s as-filed increases, are as follows:

Electric Rate Case Filing Docket No. R-2024-3052359					
Average Customer Bill – Total Bill*	Present Rates	As Filed Amount	% Increase	Proposed Settlement Amount	% Increase
SC1 - Residential (674 kWh)	\$146.31	\$161.83	10.6%	\$154.59	5.7%
SC2 - Secondary - Demand (3,308 kWh) (10kW)	\$682.18	\$729.00	6.9%	\$717.72	5.2%
SC2 Secondary - Non-Demand (532 kWh)	\$135.60	\$147.06	8.5%	\$145.09	7.0%
SC2 - Primary (105,514 kWh) (256 kW)	\$16,879.37	\$17,660.05	4.6%	\$17,394.80	3.1%
SC3 - Muni Street Lighting (All Rates)	\$154,665	\$185,117	19.7%	\$17,4315	12.7%
SC4 - Private Lighting (All Rates)	\$68,877	\$82,269	19.4%	\$77,849	13.0%

The revenue allocation under the Settlement represents a compromise and falls within the litigation positions and range of results presented by the Joint Petitioners. Thus, the Settlement revenue allocation is just and reasonable. Pike notes that because of the disagreement over cost allocation studies and the “black box” nature of the Settlement, it is not possible to precisely calculate the extent to which the Settlement moves rates closer to cost of service for all Joint Petitioners.

The rate design is also a benefit to customers because the Company compromised on the amount of the increase it would place into volumetric versus the fixed customer charge. The Company originally proposed increasing the customer charge by \$2.00. Under the Settlement,

the customer charge is only increasing \$.75. Placing more of the increase into volumetric rates allows customers greater control over their bills.

D. Smart Meter Location

The Settlement is also in the public interest because it provides greater flexibility to customers regarding smart meter placement. While smart meters have not been shown to present any danger or concern for public health or safety, Pike is aware that some customers of other electric distribution utilities have engaged in significant and costly litigation regarding smart meters before the Commission and the courts. The Settlement provides for a term whereby a customer may request an alternate location for their smart meter consistent with Pike's Tariff Rule 6.7. This Rule allows for an alternate meter location where possible and at the expense of the customer making the request. This Settlement term is in the public interest because it provides customers with greater flexibility regarding smart meter location, should prevent future litigation regarding smart meter location, and keeps cost causation with those customers who raise concerns with smart meter location.

IV. Conclusion

The Settlement is the result of a detailed examination of Pike's proposals, hundreds of responses to discovery, multiple rounds of testimony, and compromise by Joint Petitioners. Pike submits that fair and reasonable compromises have been made and have achieved a Settlement that is in the public interest. Pike fully supports this Settlement.

WHEREFORE, Pike respectfully requests the ALJ and the Commission approve the Settlement in its entirety and without modification.

Respectfully submitted,

/s/ Whitney E. Snyder

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APPENDIX F

OCA STATEMENT IN SUPPORT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	R-2024-3052359
v.	:	
	:	
Pike County Light & Power Company	:	
(Electric)	:	

**STATEMENT IN SUPPORT OF SETTLEMENT
OF THE
OFFICE OF CONSUMER ADVOCATE**

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Approval of Non-Unanimous Settlement of all Issues (Joint Petition or Settlement), hereby files this Statement in Support of the Settlement before the Honorable Administrative Law Judge Marta Guhl and Administrative Law Judge Alphonso Arnold III (ALJs) and the Pennsylvania Public Utility Commission (Commission). The OCA requests that the Commission approve the terms and conditions of the Settlement as being in the public interest for the reasons stated further below.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The OCA’s interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying enough, but no more than is necessary, to ensure that public

utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On January 14, 2025, Pike County Light & Power Company (Pike or the Company) filed Supplement No. 105 to Tariff Electric – Pa. P.U.C. No. 8, with the Commission, to become effective on March 15, 2025.

The Company is engaged in the business of furnishing electricity service to approximately 5,350 customers, of which 4,210 are residential customers, in Townships of Westfall, Milford, Dingman (in part), Millrift, and Pond Eddy and Boroughs of Milford and Matamoras in Pike County, Pennsylvania. The Company filed to increase rates to produce additional operating revenues of \$1,874,600 per year above existing rates. Pike additionally proposed to roll into distribution rates its Distribution System Improvement Charge (DSIC) balance of \$269,300. The actual distribution revenue increase in this case as proposed by Pike is \$2,143,900 or 13.2% based upon a future test year ending September 30, 2025.

If the Company's proposed increase were granted as requested, residential customer would have seen a rate increase of \$15.52, or by approximately 11.6%, from \$134.29 to \$149.81¹ per month at a usage level of 674 kWh per month on a total bill basis, meaning that the cost of electric supply is included in the estimated bill impact.² The Company's proposed rate increase, if approved, would produce an 8.37% overall rate of return on its rate base. Additionally, the filing requested approval to charge customers a monthly meter reading fee if they opt-out of having an

¹ These amounts reflect the notices provided by the Company with its filing. As stated in the Settlement, the Electric Supply Charge and Electric Supply Adjustment Charge included in the Company's filing expired on November 30, 2024. Settlement at ¶ 10. At the current Electric Supply Charge and Electric Supply Adjustment Charge, the Company calculated that the estimated total bill impact of the Company's filing for a residential customer using 674 kWh would increase their monthly bill from \$146.31 to 161.83, or 10.6%.

² Excluding the cost of electric supply, under the Company's proposed increase, a customer using 674 kWh would see the delivery portion of their monthly bill increase from \$75.03 to \$90.55, or by 20.7%.

Advanced Metering Infrastructure (AMI) electronic meter device installed on their property. The new AMI system would allow the company to collect meter data remotely. Pike intends to roll out the new system over an 18-month period and plans to allow customers to opt out of installation of the AMI system. Pike proposed a \$41.98 monthly charge to cover the cost of an employee performing manual meter reading if the customer declined installation of the AMI device. Pike also proposed to implement new disconnection and reconnection fees for its customers. Specifically, Pike proposed to charge customers \$50 for those who wish to voluntarily discontinue service and \$50 to those who wish to reconnect service if it was disconnected voluntarily.

On January 24, 2025, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance in this proceeding to protect the interests of consumers in the Company's service territory and to ensure that the Company is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles.

On January 17, 2025, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance. On January 24, 2025, the OSBA filed a Formal Complaint. On January 17, 2025, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance.

On February 6, 2025, the Commission issued an Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing in addition to the Company's existing rates, rules, and regulations, assigned this matter to the OALJ for further proceedings as appropriate, and suspended the effective date of the tariff until October 15, 2025. The ALJs assigned to the case, the Honorable Marta Guhl and the Honorable Alphonso Arnold III, scheduled a Prehearing Conference for Friday, February 14, 2025. On February 26, 2025, the ALJs issued a Prehearing Order that consolidated the gas and electric dockets as well as all complaint dockets for the purposes of the procedural schedule and any hearings.

There were four Public Input Hearings held in this proceeding, in conjunction with the electric rate proceeding, at which 26 individuals testified under oath, an overwhelming majority of them in opposition to the Company's rate relief request. Tr. 96-228. Two Public Input Hearings were held in Milford, PA and two were held telephonically.

Consistent with the procedural schedule issued by ALJs Arnold and Guhl, the OCA served on the ALJs and the parties its written Direct, Rebuttal, and Surrebuttal Testimonies on April 3, 2025, May 1, 2025, and May 15, 2025, respectively, in which the OCA opposed and/or recommended adjustments to the Company's requests and opposed the recommendations of the OSBA.

On May 19, 2025, Counsel for the Company notified the ALJs through email correspondence that the Company, the OCA, and I&E (Settling Parties) reached full settlement of all issues. Counsel for Pike also notified the ALJs that the OSBA opposes the Settlement and is the only party which opposes the Settlement.

On May 27, 2025, the ALJs issued an Interim Order Regarding Settlement Documents (Interim Order) that instructed the Joint Petition for Settlement and Statements in Support to be submitted no later than June 9, 2025, and that Comments and Statements in Opposition to the Settlement, are due on or before June 23, 2025. Pursuant to the May 13, 2025, Briefing Order, these dates are the same as the deadlines for the parties' Main Briefs and Reply Briefs, respectively.

On May 29, 2025, the Honorable ALJs issued an Order granting the parties' Joint Stipulation for the Admission of Evidence, admitting the pre-served written testimony of the Company, OCA, I&E, and OSBA to the evidentiary record.

In accordance with the May 27, 2025 Interim Order, the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is

supported by substantial evidence, is in the public interest, results in just and reasonable rates and should be approved without modification.

II. STANDARDS FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231, 69.401.

In order to be approved, the proposed rates, rules, and regulations in Pike’s electric tariff must be lawful, just and reasonable, in conformity with regulations and orders of the Commission, and consistent with sound ratemaking principles and public policy. 66 Pa. C.S. § 1301(a). A public utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).

The Commission “has broad discretion in determining whether rates are reasonable” and “is vested with discretion to decide what factors it will consider in setting or evaluating a utility’s rates.” *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky 1996*) (emphasis added). The Commission’s discretion to determine if a requested rate is just and reasonable includes the “power to make and apply policy” concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors. *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).

There is ample authority for the proposition that the power to fix “just and reasonable” rates imports a flexibility in the exercise of a complicated regulatory function by a specialized decision-making body and that the term “just and reasonable” *was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy* concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.

Id. (citations omitted) (emphasis added).

Additionally, rates must not be unduly discriminatory among customer groups. 66 Pa. C.S. § 1304. The Commission has discretion to determine reasonable classification of service of rates as may be justified “by a variety of considerations including the quantity of service used, the nature of the use, the time of the use, the pattern of the use, differences of conditions of service or cost of service.” *Zucker v. Pa. PUC*, 402 A.2d 1377, 1382 (Pa. Cmwlth. 1979) (*Zucker*).

A utility’s cost of providing service guides the ratemaking process. *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Cmwlth. 2006) (*Lloyd*). Additional important ratemaking concerns include quality of service, rate gradualism, and rate affordability. *Pa. PUC v. Columbia Gas of Pa, Inc.*, R-2020-3018835 (Order Feb. 19, 2021)³ (*Columbia 2021*), at 46-47 (citing 66 Pa. C.S. §§ 523, 526(a)) (citing also *Lloyd* at 1020 and *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (Order Mar. 26, 2020)). In reaching a decision on whether to grant Pike’s rate increase as well as its various rule and tariff changes, the Commission must give “due consideration to the interests of consumers.” 71 P.S. § 309-5 (2).

The Commission’s policy promotes settlements. 52 Pa. Code §§ 5.231, 69.401. In order to approve a Settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. P.U.C. 1, 22 (1985); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)). “It is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa.

³ Available at <https://www.puc.pa.gov/pcdocs/1693880.docx>.

Cmwlth. Ct. 1998) (citations omitted). The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” *CS Water and Sewer*, 74 Pa. P.U.C. at 771. Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5 (2).

While the Commission has adopted a policy which encourages settlements at 52 Pa. Code Section 5.231(a), a non-unanimous settlement is not entitled to deference under the Commission’s policy of supporting settlements because, a previously adopted “policy cannot be made a substitute for evidence in a proceeding before” the Commission and “[t]he [C]ommission must remain free at all times in order to carry out the objectives of the utility law.” *Aizen v. Pa. PUC*, 60 A.2d 443, 449 (Pa. Super. 1948). The Commission’s policy that encourages settlements does so only to the extent that the results achieved from a negotiated settlement are preferable to those secured at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

Proponents of an order bear the burden of proof. 66 Pa.C.S. § 332(a). Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.

It is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.” *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*). For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v.*

Pa. PUC, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*). The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

In this Statement in Support, the OCA addresses those areas of the Settlement that specifically relate to issues that the OCA raised in this case. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions in the Settlement that are not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. For these reasons, and those that are discussed in greater detail below, the OCA submits that the Settlement is in the public interest, in the interest of Pike’s consumers, results in just and reasonable rates, and should be approved by the Commission without modification.

A. Revenue Requirement (Settlement ¶¶ 4-5)

Pike initially proposed to increase its annual operating revenues for its electric operations for its jurisdictional customers by approximately \$1,874,600 or 11.6%, over the amount of annual revenues at present rates. Pike additionally proposed to roll into distribution rates its Distribution System Improvement Charge (DSIC) balance of \$269,300. The actual distribution revenue increase in this case as proposed by Pike was \$2,143,900 or 13.2%. Under the Settlement, Pike will be permitted a total annual revenue of \$1,590,000. Settlement ¶ 4. The new rates to collect the settlement level of electric revenues from each class are shown on Appendix C of the Joint Petition for Settlement. *See* Appendix C. Because the agreed-upon revenue requirement increase in the Settlement is within the range of reasonable results which may have been achieved through litigation, and the rate increase includes a stay out provision providing customers known and stable

electric distribution costs for the next several years, the revenue requirement increase authorized in the Settlement is in the public interest and results in just and reasonable rates.

The Settlement represents a “black box” approach to the revenue requirement including, among other things, cost of capital issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue requirement adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on each of the disputed accounting and ratemaking issues in this matter, as policy and legal positions can differ. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach agreement regarding each adjustment in this proceeding would have likely prevented any settlement from being reached.

In this case, OCA witness Jennifer Rogers, together with cost of capital adjustments from OCA witness Maureen Reno, recommended a revenue requirement increase of no more than \$1,334,200. OCA St. 1 at 3.

OCA witness Reno provided testimony and evidence supporter her recommended cost of long-term debt of 6.00%, short-term debt of 7.50%, and cost of equity of 9.40% for ratemaking purposes. OCA St. 2 at 9. Though Ms. Reno accepted the Company’s hypothetical, projected capital structure, Ms. Reno’s adjustments resulted in a lower cost of capital for Pike of 7.85%, or 52 basis points lower than Pike’s claimed cost of capital of 8.37%. *Id.*

Based on the OCA’s analysis of Pike’s filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The OCA also supports this Settlement as the agreed upon revenue requirement is \$284,600 less than the Company’s proposal and only 19.2% greater than the OCA’s revenue requirement recommendation in testimony. The

Settlement includes several terms designed to protect consumers that might not otherwise be achieved through litigation of this proceeding. The increase is reasonable, permits Pike to recover all costs necessary to provide safe, adequate, and reliable service while mitigating the impact to consumers of the full revenue requirement increase requested and, when combined with other important conditions in the Settlement, yields a result that is in the public interest. Therefore, it should be accepted by the Commission without modification.

B. Stay Out Provision (Settlement ¶ 7)

The Settlement provides that Pike will not file a proposed general increase in distribution rates under Section 1308(d) of the Public Utility Code prior to October 31, 2027, which is approximately two years after the effective date of new rates in this proceeding. This is an important provision as it ensures some level of rate stability for Pike’s customers, as any potential new rates would not go into effect before July 30, 2028. This stay out guarantee would not have been able to be achieved in a fully litigated proceeding and was a considerable factor in the OCA’s decision to enter into the Settlement.

C. Revenue Allocation and Rate Design (Settlement ¶¶ 8-11)

Under the terms of the Settlement, the total bill for a residential customer using 674 kWh would increase by \$8.28 per month, or 5.7%, from \$146.31 to \$154.59 – inclusive of the cost of electric supply – or \$7.24 less than the increase which Pike proposed in its rate filing.⁴ The OCA submits that the Settlement reflects an adequate balance of the OCA’s interest in protecting consumers from affordable customer charges and rate shock with the Company’s aim in earning additional revenue to continue funding investment in plant. The settled upon increases will reduce rate shock among customers and provides better parity between Pike’s customer classes than what

⁴ Excluding the cost of electric supply, under the rates proposed in the Settlement, a customer using 674 kWh would see the delivery portion of their monthly bill increase from \$75.03 to \$83.31, or by 11.0%.

was proposed in the Company's initial rate filing.

In its initial filing, the Company included a cost-of-service study (COSS) based on the minimum-size method, which classified a portion of the costs associated with Pike's secondary distribution plant, or the plant recorded in Federal Energy Regulatory Commission accounts 364-368, as customer-related and the remainder as demand-related. Pike St. 1 at 12. The OCA presented significant evidence regarding its position that costs associated with secondary distribution plant should not be classified as customer-related, based on the design and operation of Pike's distribution system. *See generally* OCA St. 3; OCA St. 3R; OCA St. 3SR. Pike disagreed with the position of the OCA. Pike St. 1-R at 7-8. In the interest of compromise, the Settling Parties agreed to the following revenue allocation on a black box basis:

Customer Class	Current	Recommended	Percent Increase	Class Percent Distribution
SC-1 Residential	2,951,615	3,583,958	21.42%	39.77%
SC-1 Residential Space/Water Heating	665,104	807,886	21.47%	8.98%
SC-2 Secondary	3,040,902	3,707,271	21.91%	41.91%
SC-2 Primary	541,306	653,083	20.65%	7.03%
SC-3 Municipal Lighting	112,628	137,909	22.45%	1.59%
SC-4 Private Area Lighting	49,527	60,975	23.11%	0.72%
Total	7,361,082	8,951,082	21.60%	100.00%

Settlement ¶ 9.

Rather than litigate the merits of the arguments presented by the OCA and Pike in this proceeding, the Settling Parties have all agreed that the proposed revenue allocation reasonably allocates the agreed upon revenue increase among customer classes, and designs rates to recover the amounts allocated to the customer classes. The Settlement represents a compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate

design, and falls within the range of expected outcomes from litigation. *See Pa. PUC v. Pike Cty. Light & Power Co.*, R-2020-3022135 (Order entered July 21, 2021)⁵ at 35 (approving the revenue allocation and rate design in a non-unanimous settlement where “the revenue allocation and rate design provided for under the Rate Design Settlement is an appropriate resolution of the issue, falling within a range of the Parties’ positions, as presented by their respective experts”). As a result, the OCA requests that the Commission accept the revenue allocation and rate design included in the Settlement as just and reasonable.

D. Residential Rate Design: Fixed Customer Charge (Settlement ¶ 9)

In its filing, Pike proposed increasing the monthly customer charge for its residential classes from \$8.80 to \$10.80, a 22.7% increase. OCA St. 3 at 25. The OCA recommended that the customer charge remain unchanged. *Id.* OCA witness Pavlovic reasoned that by placing all of Pike’s increase in volumetric electric distribution rates, the customer has an increased incentive to engage in conservation and the ability to exercise control over a larger portion of their monthly bill. *Id.* at. 26. Under the Settlement, the Joint Petitioners agreed to a monthly residential customer charge of \$9.55 for the residential classes. Settlement at ¶ 9.

The compromise contained in the Settlement is reasonable, and within the results that might have been obtained through litigation considering the various positions of the Company, the OCA, and other parties. Increasing the residential customer charge by \$0.75 represents an 8.5% increase over the Company’s existing charge, or nearly a third of the 22.7% increase proposed by Pike in its initial filing. This increase, at a reduced rate from the Company’s original request, will continue to promote conservation efforts by customers and provide them the opportunity have more control over their bill through their volumetric usage. Accordingly, the OCA submits the Settlement

⁵ Available at: <https://www.puc.pa.gov/pdocs/1712221.docx/>.

provisions as to Rate Design are reasonable, in the public interest, and should be approved without modification.

E. Storm Cost Amortization (Settlement ¶ 17)

OCA Witness Jennifer Rogers found that the Company had included \$109,660 in rate base deferred debits associated with Hurricane Riley, rounded value after tax. OCA St. 1 at 9. Ms. Rogers recommended that this expense be excluded from rate base absent specific authorization by the Commission, which Pike does not have. *Id.* The Company's accounting panel agreed and testified in Rebuttal that this cost should be removed from rate base. Pike St. No. 2-R at 8. To address the Company's remaining balance associated with Hurricane Riley, the Settlement provides as follows:

The remaining balance of \$346,393 as of September 30, 2025, associated with the Hurricane Riley costs approved for deferral at Docket No. P-2018-3001395 shall be amortized over the next 5 years starting with the effective date of new rates of October 15, 2025, with no remaining unamortized balance in rate base.

Settlement at ¶ 17.

The OCA submits that this provision is a positive resolution because it builds upon the Parties' agreement that these storm related costs should not be included in rate base, ensures that the Company will be able to recover these costs without enabling the Company to improperly earn a return "on" these costs. As I&E witness Getachew Bedasa testified that, "[i]ncluding storm cost deferral balances in rate base allows the Company to earn a return on and a return of storm cost expenses, which is not an acceptable ratemaking practice for an operating expense." I&E St. 1 at 26. This provision strikes a balance by allowing the Company to recover its storm costs while protecting ratepayers by ensuring that investors are not earning a return on equity from operating expenses. As such, the OCA believes this provision to be in the public interest and should be approved.

F. Distribution System Improvement Charge Recovery (Settlement ¶¶ 12-13)

Regarding the Distribution System Improvement Charge (DSIC), the Settlement provides that:

The DSIC shall remain at 0% of billed revenues until the quarter following the point in time at which Pike Electric's net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Pike Electric as of September 30, 2025 (i.e., the end of the FTY) per Company Exhibit E-3. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in an FTY filing.

Settlement ¶ 12.

The OCA submits that this provision provides clarity with regard to the timing and implementation of a DSIC and affords protections for ratepayers that the DSIC will not be charged until after the plant investment included in Settlement rates has been reached.

Furthermore, the Settlement is a "black box" and does not otherwise identify a specific return on equity number which is necessary for the calculation of the DSIC. The Settlement provides that for purposes of calculating the DSIC, the Company will use the equity return rate for electric in the most recent Bureau of Technical Utility Services Quarterly Earnings of Jurisdictional Utilities Report as released by the Commission and shall update it each quarter consistent with any changes for electric until such time as the DSIC is reset pursuant to Section 1358(b)(1). Settlement ¶ 13.

The OCA submits that such a provision is common among utilities that have reached a black box settlement and have not designated a specific rate of return in the Settlement. *See Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Tentative Implementation Order at 14-15 (May 11, 2012).

The proposed terms provide clarity, are just and reasonable, and should be approved as in the public interest.

G. Return on Equity Witness (Settlement ¶ 18)

In its filing, Pike’s panel accounting witnesses Charles Lennox and Matthew Lennox proposed return on equity of 9.75% and supported this ROE by explaining that, “[f]or revenue requirement purposes, we rounded the [ROE] from the Gas Distribution System Improvement Charge (DSIC) Eligible Utilities Return on Equity Summary, as published for September 18, 2024. The Company is willing to accept the generic ROE return made by the [C]ommission in order to minimize rate case costs to its customers.”⁶ Pike St. 2 at 20-21. OCA witness Maureen Reno recommended that the Commission reject the proposed ROE based on amount and methodology used to arrive at that amount. OCA St. 2 at 5-6. In particular to the latter, Ms. Reno stated that the Company’s witnesses did not develop its ROE using industry-standard ROE models, and that the ROE does not align with market trends and investor expectations on earnings from similar electric utilities. *Id.* According to the Settlement, “[i]n its next base rate proceeding, Pike will present expert witness direct testimony regarding its cost of equity claim.” Settlement ¶ 18.

The OCA supports the inclusion of this provision in the Settlement given that the Commission recently reiterated its long-standing position that the authorized ROE for DSIC purposes is not relevant to determining an appropriate ROE for ratemaking purposes during a Section 1308(d) rate increase request proceeding. *See Pa. PUC v. Pike County Light & Power Co.*, Docket Nos. R-2024-3052357 *et al* (Order granting TUS Petition for Interlocutory Review and Answer to Material Question entered May 9, 2025). as it is a best practice for a regulated electric distribution company to conduct an independent analysis to support an ROE request that will formulate a just and reasonable rate of return for ratemaking purposes. Moreover, it is a typical and best practice before the Commission for the parties to a general rate increase request

⁶ The report referenced is the Quarterly Earnings of Jurisdictional Utilities for the Year Ended June 30, 2024 issued by the Commission’s Bureau of Technical Utility Services.

proceeding to present market-based analyses to support a company-specific return on equity recommendation for ratemaking purposes, and the comparison between different analyses and methodologies creates a more fulsome evidentiary record from which the Commission can determine the appropriate ROE to authorize. Consumers will benefit from greater evidentiary support for a Commission-authorized ROE, as presented by a cost of capital expert who makes a recommendation based on Pike’s attributes, specifically, in Pike’s next increase request. As such, this provision should be approved as in the public interest.

H. Reliability Reporting Improvement (Settlement ¶ 20)

In the *2023 Pennsylvania Electric Reliability Report*, Pike reported that the second highest cause of electrical outages and customer minutes interrupted (CMI) on its distribution system was classified as “Unknown-Other,” at 20% and 32%, respectively. *2023 Pennsylvania Electric Reliability Report* (Published Sept. 3, 2024)⁷ (*2023 Reliability Report*) at 62. In response, the Commission stated that Pike should direct more management attention “at reducing the number of causes attributed to Unknown-Other as that categorization does not lend itself to providing substantive analysis of those events from a reliability perspective.” *Id.* The OCA agrees, and the Settlement provides for Pike to meet specific benchmarks to improve the quality of its electric reliability reporting, as follows:

Pike will reduce the number of outage incidents and customer-minutes interrupted (CMI) reported as caused by “Unknown-Other.” Pike agrees to meet the following benchmarks:

Metric	2023 Reliability Report	By April 30, 2026	By April 30, 2027	By April 30, 2028, and on an ongoing basis
CMI	32%	20%	14%	10%
Outages	20%	15%	12%	10%

Settlement at ¶ 20.

⁷ Available at: https://www.puc.pa.gov/media/3123/draft-2024-electric-reliability-report-8-2024_final.pdf.

Pike’s customers at the Public Input Hearings mentioned that there are a significant number of outages on Pike’s electric distribution system. Tr. 45-46, 86-89, 185-91. Ms. Christina Pfaeffle of Milford, PA testified that she has been living in Pike’s electric service territory since 2008 “and in that time [she] experienced an excessive amount [sic] of outages. That includes momentary and brief outages and full blow outages that have sometimes lasted upwards of 12 hours.” Tr. 185. According to the *2023 Reliability Report*, Pike’s reliability performance has been erratic over a significant historical period and, while Pike’s near-term performance is stabilizing, improving the quality of reporting for the causes of Pike’s outages and CMI may help Pike to continue improving into the future. *2023 Reliability Report* at 62-65. Pike has a statutory obligation to provide safe and reliable service, and Pike’s commitment to improve the quality of its reporting is likely to also improve its system reliability over the coming years by better identifying the causes of outages and CMI. *See* 66 Pa. C.S. § 1501. As a result, this term serves consumer interests in reliable service, is in the public interest, and should be approved without modification.

I. Smart Meter Relocation (Settlement ¶ 21)

As part of its rate filing, Pike proposed to replace its aging handheld meter reading system with Advanced Metering Infrastructure (AMI) smart meters, which will enable remote reading of Pike’s gas and electric meters. Pike St. 3 at 7-8. As part of this proposal, Pike requested Commission authorization to implement a \$41.98 per month manual meter reading fee for customers who opt-out of having a smart meter installed for their account. *Id.* at 8. However, consistent with consumer reactions to other electric distribution companies’ implementation of smart meters, several of Pike’s customers expressed concern in informal complaints regarding Pike’s smart meter proposals, including the monthly manual meter reading fees. As a result, in the Settlement, Pike confirmed that customers – under Rule 6.7 of its tariff – will be able to request

an accommodation whereby the smart meter can be relocated away from a customer's home for a one-time cost instead of monthly manual meter reading fees in perpetuity. Settlement at ¶21.

Pike's Tariff Rule 6.7 currently reads as follows:

The Company shall, upon request of an applicant and after receipt of payment by the applicant as provided for below, relocate or remove its distribution facilities where possible. Applicant shall pay to the Company the total estimated cost of the relocation or removal except that the payment required of a residential property owner who is not entitled to receive condemnation damages to cover the cost of the requested relocation or removal shall be limited to the estimated Contractor Costs, Direct Labor Costs and/or Direct Material Costs less an amount equal to maintenance expenses avoided as a result of the relocation.

The following definitions shall apply only to this rule:

Contractor Costs - The amount paid by the Company to a contractor for work performed on the requested relocation or removal.

Direct Labor Costs - The pay and expenses of the Company's employees directly attributable to work performed on the requested relocation or removal but not to include construction overheads, payroll taxes, workmen's compensation expenses or similar expenses.

Direct Material Costs - The purchase price of materials used in performing the requested relocation or removal but not to include related stores expense. In computing these costs, proper allowance shall be made for unused materials, materials recovered from temporary structures and for discounts allowed and realized in the purchase of materials.

Notably, several electric distribution companies have a similar provision in its Commission-approved tariff which permits customers to request relocation of their smart meter. *See, e.g.*, FirstEnergy PA., Electric Pa P.U.C. No. 1 – Supp. No. 23, Original Page 40; PECO Energy Co., Tariff Electric Pa. P.U.C. No. 8 – Supp. No. 7, Original Page 11; Duquesne Light Co., Tariff Electric Pa. P.U.C. No. 25 – Supp. No. 94, Original Page 19. Under this tariff rule, customers bear the expense of meter relocation, eliminating the possibility of unreasonable cross-subsidization with other customers, but are all still given a reasonable accommodation if they do not want a

smart meter and do not want to pay a monthly meter reading fee. Therefore, this term in the Settlement is in the public interest and should be accepted by the Commission.

IV. CONCLUSION AND REQUEST FOR RELIEF

The OCA submits that the terms and conditions of the proposed Settlement of these investigations, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA respectfully requests that the Settlement be approved by the Commission without modification as being in the public interest, in the interest of Pike's ratepayers, and because the Settlement authorizes just and reasonable rates.

Respectfully Submitted,

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Dated: June 9, 2025

APPENDIX G

I&E STATEMENT IN SUPPORT

approve the Settlement in its entirety.

I. INTRODUCTION

On January 14, 2025, Pike Electric filed proposed Supplement No. 105 to Tariff Electric – Pa. P.U.C. No. 8 (“Supplement No. 105”) with a proposed effective date of March 15, 2025. Supplement No. 105 contained changes in electric rates, rules, and regulations with a proposed revenue increase of \$1,874,600, or 11.6%.

On January 17, 2025, the Office of Small Business Advocate (“OSBA”) filed its Notice of Appearance. That same day, I&E filed its Notice of Appearance. On January 24, 2025, the Office of Consumer Advocate (“OCA”) filed its Notice of Appearance. That same day, OCA and OSBA filed Formal Complaints and Public Statements.

On February 7, 2025, Pike Electric filed Supplement No. 106 to Tariff Electric – Pa. P.U.C. No. 8 (“Supplement No. 106”) voluntarily postponing the effective date of the rate increase until October 15, 2025.

On February 6, 2025, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates until October 15, 2025, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

A telephonic Prehearing Conference was held on February 14, 2025 before ALJs Guhl and Arnold during which a procedural schedule was established and evidentiary hearings were scheduled on May 21-23, 2025. In-person and telephonic public input hearings were held on March 18-19, 2025.

The hearings on May 21-23, 2025 were cancelled upon notification that the Joint Petitioners had reached a full settlement of all issues as set forth in the Joint Petition. A Joint Stipulation for Admission of Testimony and Exhibits was filed on May 23, 2025. On May 29, 2025, an Order was entered granting the Joint Stipulation wherein the parties' written testimonies and exhibits were entered into the record. I&E submitted the following:

- I&E Statement No. 1 – Direct Testimony of Getachew Bedasa
- I&E Exhibit No. 1
- I&E Statement No. 2 – Direct Testimony of D. C. Patel
- I&E Exhibit No. 2
- I&E Statement No. 3 – Direct Testimony of Esyan Sakaya
- I&E Exhibit No. 3
- I&E Statement No. 3-SR – Surrebuttal Testimony of Esyan Sakaya

II. LEGAL STANDARD

I&E serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge.² By representing the public interest in rate proceedings before the Commission, I&E works to balance the interests of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.³ In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

“The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”⁴ The Commission has recognized that a settlement “reflects

² *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order Entered August 11, 2011).

³ See 66 Pa.C.S. §§ 1301(a), 1304.

⁴ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁵

Commission policy encourages settlements because, in the Commission’s judgment, the results achieved from a negotiated settlement are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁶

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Revenue Requirement Increase (Joint Petition ¶¶ II.2; II.A.4-6)

The Settlement provides that Pike Electric shall be permitted to establish rates designed to produce additional annual operating revenue of \$1,590,000 as opposed to the Company’s requested \$1,874,600 increase. Pike Electric’s allowed revenue requirement will be recovered based upon the tariff supplement attached as Appendix B to the Joint Petition.

I&E witness Getachew Bedasa recommended in direct testimony accepting the Company’s overall requested increase of \$1,874,600, in end result only, as I&E’s combined adjustments did not produce a downward adjustment to the Company’s requested increase after factoring in the correction to an error shown in the filing for interest expense.⁷ The \$1,590,000 rate increase represents a compromise among the Joint Petitioners’ proposals and is therefore in the public interest.

The parties have agreed upon the additional annual revenues as a “black box” settlement. A “black box” settlement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A “black box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant

⁵ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

⁶ See 52 Pa. Code §§ 5.231(a), 69.401.

⁷ I&E Statement No. 1, p. 3.

additional expenses. A previous Chairman of the Commission has commented on “black box” settlements and stated that:

Determination of a company’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company’s cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.⁸

This “black box” revenue increase balances the interests of ratepayers and the Company. Pike Electric will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. Further, a black box settlement negates the need for the parties in a rate case to come to an agreement on each and every element of the Company’s filing; an undertaking that would likely not be possible. Black box settlements are an efficient and appropriate way to resolve base rate cases. As such, I&E supports the “black box” revenue increase as being in the public interest.

B. Stay Out (Joint Petition ¶ II.B.7)

Pursuant to the terms of the Settlement, Pike Electric shall not file a general rate increase prior to October 31, 2027. This stay-out term is in the public interest as it provides a period of rate stability for the Company’s customers.

C. Rate Design (Joint Petition ¶¶ II.C.8-11)

Pursuant to the terms of the Settlement, the parties agree to the distribution of revenue among customer classes and the rate design reflected in the tariff supplement attached as

⁸ See Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662 (Order Entered January 13, 2011); See also Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens’ Electric Company of Lewisburg, Pennsylvania*, Docket No. R-2010-2172665 (Order Entered January 13, 2011).

Appendix B to the Joint Petition and the proof of revenues attached as Appendix C to the Joint Petition.

I&E witness Esyan Sakaya stated in direct testimony that the Company's proposed customer charges excluding the Customer Distribution Secondary Component were supported by the Company's Customers Cost analysis.⁹ The agreed upon rate structure and rate design represents a compromise among the Joint Petitioners' proposals and is therefore in the public interest.

D. Distribution System Improvement Charge (“DSIC”) Recovery (Joint Petition ¶¶ II.D.12-13)

In accordance with the Settlement, Pike Electric's DSIC shall remain at 0% of billed revenues until the quarter following the point in time at which Pike Electric's net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Pike Electric as of September 30, 2025 (i.e., the end of the FTY) per Company Exhibit E-3. I&E maintains that this is in the public interest and benefits both Pike and its ratepayers. First, Pike Electric benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure it is able to meet its obligation to provide its customers with safe and reliable service. Second, customers will benefit because they will not need to fund the DSIC any earlier than the point in time at which Pike Electric's net plant in service exceeds the levels projected by Pike Electric as of September 30, 2025. In sum, ratepayers will have a defined period of time during which they will be relieved from paying any DSIC costs; however, even when the DSIC charge becomes effective, the customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.

⁹ I&E Statement No. 3, p. 22.

E. Deferred Tax Cuts and Jobs Act (“TCJA”) Deferred Income Tax Balances (Joint Petition ¶¶ II.E.14-16)

Pursuant to the terms of the Settlement, the remaining Protected TCJA credit balance of \$99,120 as of September 30, 2025, is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company started amortizing the total over forty years as of July 28, 2021 (the effective rate for the prior rate proceeding) and will continue to amortize the Protected TCJA balance until fully extinguished as a credit to expense at the rate of \$2,766 per annum.

I&E witness Bedasa recommended in direct testimony that the net total Protected TCJA balance, not the amount net of tax, should be reflected in rate base similar to the treatment of routine accumulated deferred income taxes.¹⁰ Mr. Bedasa based his recommendation on the Commission’s July 2021 Order which approved the settlement in Pike Electric’s last rate case.¹¹

Also pursuant to the terms of the Settlement, the remaining Non-Protected TCJA credit balance of \$12,212 as of September 30, 2025, is reflected as a rate base deduction and the unamortized balance will continue to reduce rate base in future proceedings until the balance is fully returned to ratepayers. The Company started amortizing the total over five years as of July 28, 2021, and will continue to amortize the Non-Protected TCJA balance until fully extinguished as a credit to expense at the rate of \$14,654 per annum.

I&E witness Bedasa recommended in direct testimony that the net total Non-Protected TCJA balance, not the amount net of tax, should be reflected in rate base similar to the treatment of routine accumulated deferred income taxes.¹² Mr. Bedasa based his recommendation on the

¹⁰ I&E Statement No. 1, p. 29.

¹¹ *Id.* (citing *Pa. PUC v. Pike County Light & Power Company – Electric*, Docket No. R-2020-3022135, Opinion and Order, pp. 17-18, 38 (Order Entered July 21, 2021)).

¹² *Id.*

Commission's July 2021 Order which approved the settlement in Pike Electric's last rate case.¹³

Additionally, the remaining credit balance in Account 186150 of \$15,133 will be written off upon the effective date of rates in this proceeding of October 15, 2025.

The terms reflecting the proper increases or decreases to rate base for remaining protected and unprotected balances of excess deferred income taxes allow for the reflection of accurate rate base balances until the credits are fully extinguished and are therefore in the public interest.

F. Storm Cost Amortization (Joint Petition ¶¶ II.F.17)

Pursuant to the terms of the Settlement, the remaining balance of \$346,393 as of September 30, 2025, associated with the Hurricane Riley costs approved for deferral at Docket No. P-2018-3001395 shall be amortized over the next five years starting with the effective date of new rates of October 15, 2025, with no remaining unamortized balance in rate base.

I&E witness Bedasa recommended in direct testimony amortization of the remaining storm expense balance of \$346,393 over five years in line with his rate case normalization period consistent with the Company's filing frequency.¹⁴ Mr. Bedasa also recommended disallowance of the Company's entire \$302,100 claim for deferred debits in rate base for the unamortized storm expense balance.¹⁵ Pike Gas' agreement to amortize the remaining storm expense balance over five years and ensure that no unamortized balance remain in rate base is in the public interest.

G. Next Base Rate Proceeding (Joint Petition ¶¶ II.G.18-19)

Pursuant to the terms of the Settlement, in its next base rate proceeding, Pike will present

¹³ *Id.* (citing *Pa. PUC v. Pike County Light & Power Company – Electric*, Docket No. R-2020-3022135, Opinion and Order, pp. 17-18, 38 (Order Entered July 21, 2021)).

¹⁴ I&E Statement No. 1, pp. 23-24.

¹⁵ *Id.* at p. 26.

expert witness direct testimony regarding its cost of equity claim.

I&E witness D.C. Patel noted in direct testimony that the Company did not perform a detailed cost of equity analysis specific to the Company or to reflect current market conditions but instead relied on the approved return on equity (“ROE”) for DSIC purposes found in the second quarter of 2024 of the Commission’s Quarterly Earnings Summary Report.¹⁶ Mr. Patel recommended that the Commission accept the Company’s 9.75% cost of common equity claim, but also recommended that the Commission require Pike Electric to present a detailed market-based cost of equity analysis in future base rate filings.¹⁷ Mr. Patel discussed why the DSIC rate does not serve as a proper measurement of a subject utility’s cost of equity in a rate case proceeding.¹⁸ Pike Electric’s agreement to conduct a detailed cost of equity analysis in its next base rate case is in the public interest.

Also pursuant to the terms of the Settlement, in Pike Electric’s future base rate cases, the cost of service (“COSS”) study will be performed such that the revenue requirement under proposed rates is equal to those shown in the income statement at proposed rates and the proof of revenue.

I&E witness Eryan Sakaya noted in direct testimony that the Company showed different increases under proposed rates in various parts of the filing as a result of inconsistency in the data provided in the income statement and the original COSS.¹⁹ Mr. Sakaya discussed why it is necessary for the Commission to be aware of the actual increase the Company is expected to receive when making its determination of the appropriate revenue requirement.²⁰ Pike Electric’s

¹⁶ I&E Statement No. 2, p. 11.

¹⁷ *Id.* at p. 12.

¹⁸ *Id.* at pp. 12-13.

¹⁹ I&E Statement No. 3, p. 15.

²⁰ *Id.* at p. 16.

agreement to ensure the accuracy of its proposed increase in its next base rate case is in the public interest.

H. Reliability Reporting Improvement (Joint Petition ¶ II.H.20)

I&E has no specific comments on the settlement provisions regarding reliability reporting improvement but supports the Settlement in its entirety as being in the public interest.

I. Smart Meter Relocation (Joint Petition ¶ II.I.21)

I&E has no specific comments on the settlement provisions regarding smart meter relocation but supports the Settlement in its entirety as being in the public interest.

IV. CONCLUSION

I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJs recommends that the Commission adopt the Settlement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJs in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding.

The Settlement is also conditioned upon the Commission's approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

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

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Marta Guhl and Alphonso Arnold III recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,



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Dated: June 9, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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DATED: June 9, 2025