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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 - Gas; Docket No. R-2024-3052357; **JOINT PETITION FOR NON-UNANIMOUS FULL SETTLEMENT OF GAS BASE RATE PROCEEDINGS**

Dear Secretary Homsher:

Enclosed for filing is Joint Petition for Non-Unanimous Full Settlement of Gas 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. Pike County Light & Power Company – Gas	:	Docket No. R-2024-3052357
Pennsylvania Public Utility Commission v. Pike County Light & Power Company – Electric	:	Docket No. R-2024-3052359

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

DATED: June 9, 2025

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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 Gas 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 Petition[2] 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 45%[3] in Phase I compared to as-filed rates, (4) establishes a phase-in of rates to avoid potential rate shock and allow time for customers to adapt to increased rates, (5) establishes rates that are just and reasonable and are based upon principles of gradualism, (6) places most of the rate increase into the volumetric charge instead of the fixed customer charge, allowing

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[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] ($905,900-$495,000)/$905,900. The Company originally sought an increase of $905,900 in annual operating revenues. The Settlement provides of an annual increase of $495,000 in Phase I and $330,000 in Phase II.

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 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

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[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.").

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 and Phase In

4. Upon the Commission's approval of this Settlement, Pike will be permitted to establish rates which will produce an overall increase in annual gas distribution operating revenues of approximately $825,000 in two phases. Phase I increase of $495,000 in year 1, effective October 15, 2025, and Phase II increase of $330,000 in year 2, effective October 15, 2026, 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 gas service as set forth in the proposed pro forma Gas Tariff Supplement attached hereto as **Appendix B** ("Gas Settlement Rates"), to become effective upon one day's notice. Instead of the $905,900 increase requested in the filing, the Gas Settlement Rates are designed to produce an increase of annual natural gas distribution revenue of $825,000 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 Gas Settlement Rates on October 15, 2025 (Phase I) and October 15, 2026 (Phase II).

B. Rate Design

7. 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**).

8. The table below reflects the increase in delivery revenues by class from present rates as proposed by the Joint Petitioners in Phases 1 and 2:

Phase 1 Monthly Bill Impacts – Delivery Revenues

Customer Charge	Present Rates	As Filed Amount	As Filed % Increase	Phase 1 Proposed Settlement Amount	Phase 1 Proposed Settlement % Increase
SC1 - Residential	$8.00	$9.50	18.8%	$8.75	9.4%
SC- Commercial	$12.23	$14.25	16.5%	$14.25	16.5%

Average Customer Bill Delivery Revenues – Phase 1*	Present Rates	As Filed Amount	As Filed % Increase	Phase 1 Proposed Settlement Amount	Phase 1 Proposed Settlement % Increase
SC1 - Residential Heating (80 CCF)	$65.94	$126.24	91.4%	$91.85	39.3%
SC1 - Residential Non-Heating (50 CCF)	$44.21	$82.47	86.5%	$60.69	37.3%
SC2 - Commercial Gen'l Service (623 CCF)	$327.53	$390.48	19.2%	$445.82	36.1%
SC2 - Commercial Heating (250 CCF)	$158.87	$187.70	18.1%	$213.23	34.2%

* Bill comparison Present Rate revenues include the DSIC charge of $0.07767 per CCF. The revenues as filed and proposed have the DSIC charge rolled into base rates.

Phase 2 Monthly Bill Impacts – Delivery Revenues

Customer Charge	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential	$8.75	$9.50	18.8%	$8.75	0%
SC- Commercial	$14.25	$14.25	16.5%	$14.25	0%

Average Customer Bill Delivery Revenues – Phase 2*					
SC1 - Residential Heating (80 CCF)	$91.85	$126.24	91.4%	$111.29	21.2%
SC1 - Residential Non-Heating (50 CCF)	$60.69	$82.47	86.5%	$72.84	20.0%
SC2 - Commercial Gen'l Service (623 CCF)	$445.82	$390.48	19.2%	$540.73	21.3%
SC2 - Commercial Heating (250 CCF)	$213.23	$187.70	18.1%	$256.98	20.5%

* The revenues for Phase 1, as filed and proposed have the DSIC charge rolled into base rates.

9. 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:

Phase 1 Monthly Bill Impacts – Total Bill

Customer Charge	Present Rates	As Filed Amount	As Filed % Increase	Phase 1 Proposed Settlement Amount	Phase 1 Proposed Settlement % Increase
SC1 - Residential	$8.00	$9.50	18.8%	$8.75	9.4%
SC- Commercial	$12.23	$14.25	16.5%	$14.25	16.5%

Average Customer Bill

<u>Total Revenues – Phase 1</u>*

SC1 - Residential Heating (80 CCF)	$127.00	$196.08	44.4%	$152.91	20.4%
SC1 - Residential Non-Heating (50 CCF)	$82.37	$126.11	43.5%	$98.85	20.0%
SC2 - Commercial Gen'l Service (623 CCF)	$803.02	$934.34	7.2%	$921.30	14.7%
SC2 - Commercial Heating (250 CCF)	$349.68	$405.94	7.6%	$404.03	15.5%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

Phase 2 Monthly Bill Impacts – Total Bill

Customer Charge	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential	$8.75	$9.50	18.8%	$8.75	0%
SC- Commercial	$14.25	$14.25	16.5%	$14.25	0%

Average Customer Bill

Total Revenues – Phase 2*

SC1 - Residential Heating (80 CCF)	$152.91	$196.08	44.4%	$172.35	12.7%
SC1 - Residential Non-Heating (50 CCF)	$98.85	$126.11	43.5%	$111.00	12.3%
SC2 - Commercial Gen'l Service (623 CCF)	$921.30	$934.34	7.2%	$1,016.21	10.3%
SC2 - Commercial Heating (250 CCF)	$404.03	$405.94	7.6%	$447.78	10.8%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

10. 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 a black box revenue requirement of $1,911,334.

C. Weather Normalization Adjustment (“WNA”) Withdrawn

11. The WNA is withdrawn in this proceeding; however, nothing shall preclude Pike from making a similar request in any future proceedings.

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 Gas’ net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Pike Gas as of September 30, 2025 (i.e., the end of the FTY) per Company Exhibit G-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 a FTY filing.

13. For purposes of calculating its DSIC, Pike Gas shall use the equity return rate for gas utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

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 $13,188 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 fifty 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 $288 per annum.

15. Deferred TCJA Deferred Income Tax "Non-Protected" Balance. The remaining Non-Protected TCJA credit balance of $7,159 as of September 30, 2025, is reflected as a rate base adjustment and the unamortized balance will continue to increase rate base in future proceedings until the balance is fully 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 charge to expense at the rate of $8,591 per annum.

F. Next Base Rate Proceeding

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

17. 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.

G. Standard Terms

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

III. <u>THE SETTLEMENT IS IN THE PUBLIC INTEREST</u>

25. 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.

26. 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.

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

28. 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 45%[5] less than the as-filed increase request in Phase I.

29. 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. The phase-in of rates is also a substantial benefit to customers, allowing customers an additional year to adjust to increased rates. A phase-in of rates 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.

30. 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.

31. 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.

32. 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**.

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[5] ($905,900-$495,000)/$905,900. The Company originally sought an increase of $905,900 in annual operating revenues. The Settlement provides of an annual increase of $495,000 in Phase I and $330,000 in Phase II.

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 (*Dated:* 6/9/25

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APPENDICES

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APPENDIX A

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

PROCEDURAL HISTORY

1. On December 30, 2024, PCLP filed Supplement No. 127 to Tariff Gas – Pa. P.U.C. No. 6 (Tariff No. 6) to become effective February 28, 2025, and docketed at R-2024-3052357 (Gas Filing). Tariff No. 6 contains proposed changes to rates, rules and regulations calculated to produce an increase of $905,900 (35.8%) in additional revenues.

2. PCLP provided notice to customers of Supplement No. 127 and the rate increase proposed therein consistent with the Commission's regulations by mailing notice directly to customer 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 10, 2025, the Office of Small Business Advocate and the Bureau of Investigation and Enforcement filed Notices of Appearances.

7. On January 16, 2025, the Office of Small Business Advocate filed a Formal Complaint.

8. On January 17, 2025, Pike County Light & Power Company filed Supplement No. 128 to Gas PA PUC No. 6 voluntarily suspending the effective date of the rate increase to March 15, 2025.

9. On January 23, 2025, the Commission pursuant to the Public Utility Code, 66 Pa. C.S. § 1308(d), suspended the filing of Tariff No. 127 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. 127.

10. Also on January 23, 2025, the Commission assigned the Gas 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. 129 to Gas PA PUC No. 6 postponing 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.

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 (gas) ("Pike") is a certificated Pennsylvania public utility providing natural gas distribution service to approximately 1,366 residential and commercial gas customers in the Matamoras Borough and Westfall township, Pike County, Pennsylvania. Data Responses to 52 Pa. Code Section 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 ("Gas Base Rate Filing") requested an increase in gas rates of 905,900 or 95.7% over present rates. Pike proposed an increase of $1.50 to the residential customer charge and $2.00 to the commercial customer charge. Exh. G-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.

7. The bill impacts of Pike's Gas Base Rate Filing on monthly bills are set forth in Exh. G-8.

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

9. Pike proposed implementing a Weather Normalization Adjustment as part of its initial filing.

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. The OCA and I&E opposed Pike's proposed Weather Normalization Adjustment.

12. 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.

13. 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

("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.").

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 $1.50 and $2.00 increases Pike proposed.

16. The Settlement withdraws Pike's proposal to implement a Weather Normalization Adjustment.

17. 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.

18. The Settlement was achieved only after a comprehensive investigation of Pike's proposals set forth in its Gas 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.

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

20. 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.

21. 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 gas distribution service. Pike St. No. 2 at 4-6.

22. 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 Pikes's overall requested increase, and more than I&E and OCA's final litigation positions, respectively.

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

24. 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. G-6, G-7, G-8.

25. Pike, I&E, OCA, and OSBA took differing position on revenue allocation. Pike St. No. 1; Exhs. G-6, G-7, G-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.

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

27. The Settlement increases rates "across the board" to all customers, meaning each rate class is receiving an equal percentage increase.

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 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).

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.

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*)).

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).

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 Gas 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 filings of December 30, 2024, at Docket No. R-2024-3052357 (gas), as modified by the Joint Petition for Non-Unanimous Full Settlement of Gas Base Rate Proceedings, are, until changed on a going-forward basis as provided in the Public Utility Code, Commission-made, supported by substantial evidence, just and reasonable, and in the public interest.

PROPOSED ORDERING PARAGRAPHS

THEREFORE, IT IS ORDERED:

1. That the Joint Petition for Non-Unanimous Full Settlement of Gas 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 Gas Base Rate Proceedings, to produce a total increase of $825,000 in annual operating revenues consistent with the rates, rules and regulations set forth in the Phase I and Phase II tariff supplements included in the Joint Petition for Non-Unanimous Full Settlement of Gas 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 Appendices B to the Joint Petition for Non-Unanimous Full Settlement of Gas Base Rate Proceedings, to become effective upon at least one day's notice, for service rendered on and after October 15, 2025 for Phase I and October 15, 2026 for Phase II, 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 Gas Base Rate Proceeding submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

5. That the complaint of the Office of Consumer Advocate at Docket No. C-2025-3052853 is deemed satisfied and marked closed.

6. That the complaints of the Office of Small Business Advocate Docket No. C-2025-3052972 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-2025-305296
Charles Gillinder	C-2025-3053398
James Romeo	C-2025-3053399
Allison Millstein	C-2025-3053776

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-2024-3052357 shall be terminated and these dockets shall be marked closed.

APPENDIX B

PRO FORMA TARIFF SUPPLEMENTS

2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 128 makes the following changes:

1) Increased delivery (i.e., customer, per CCF) charges applicable to Service Classification Nos. 1 and 2 consistent with the Commission’s final order at R-2024-3052357.

3. TABLE OF CONTENTS

(Continued)

3. TABLE OF CONTENTS (Continued)

RULES AND REGULATIONS (Continued)

(C) Indicates Change

(RESERVED FOR FUTURE USE) **(C)**

(C) Indicates Change

SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential Service and Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge . . . . $ 8.75 (I)

(2) Delivery Charge

All Ccf . . . . @ 103.88¢ per Ccf (I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 76.322¢per Ccf.

(4) State Tax Adjustment Surcharge

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

(5) 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).

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than $8.75 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

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

(D) Indicates Decrease (Continued)

SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service and Non-Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge . . . . $ 14.25 (I)

(2) Delivery Charge

First	300	Ccf. . . . . @	79.59¢ per Ccf	(I)
All Over	300	Ccf. . . . . @	59.69¢ per Ccf	(I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 76.322¢ per Ccf.

(4) State Tax Adjustment Surcharge

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

(5) 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).

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than $14.25 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

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

(D) Indicates Decrease

(Continued)

Phase II

2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. __ makes the following changes:

1) Increased delivery (i.e., customer, per CCF) charges applicable to Service Classification Nos. 1 and 2 consistent with the Commission’s final order at Docket No. R-2024-3052357.

3. TABLE OF CONTENTS

(Continued)

3. TABLE OF CONTENTS (Continued)

(C) Indicates Change

SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential Service and Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge . . . . $ 8.75

(2) Delivery Charge

All Ccf . . . . @ 128.18¢ per Ccf (I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 76.322¢ per Ccf.

(4) State Tax Adjustment Surcharge

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

(5) 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).

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than $8.75 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

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

(D) Indicates Decrease

(Continued)

SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service and Non-Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge . . . . $ 14.25

(2) Delivery Charge

First	300	Ccf. . . . . @	97.09¢ per Ccf	(I)
All Over	300	Ccf. . . . . @	72.82¢ per Ccf	(I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 76.322¢ per Ccf.

(4) State Tax Adjustment Surcharge

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

(5) 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).

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than $14.25 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

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

(D) Indicates Decrease

(Continued)

APPENDIX C

PRO FORMA TARIFF SUPPLEMENTS

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

Rate Class	Base Rate Revenue Per Books	Base Rate Revenue Rev Proof	Difference		Weather Adjustment	Weather Normalized Revenue	Settlement 5-28-25 Rate Year Base Rate Rev Rate Year 1
SC-1 Residential Space Heating	$710,666	$710,266	-$399		$77,345	$787,612	$1,257,011
SC-1 Residential Domestic	$22,019	$22,013	-$6		$2,107	$24,120	$37,747
SC-1 Residential Other	$2,942	$2,942	$0		$323	$3,265	$5,214
Total SC-1 Residential	$735,626	$735,221	-$405		$79,776	$814,997	$1,299,972
SC-2 General Service Commercial	$68,771	$68,771	$0		$3,321	$72,092	$121,127
SC-2 Commercial Space Heating	$88,854	$88,843	-$11		$8,447	$97,289	$160,246
Total SC-2 Comm & Indust	$157,625	$157,614	-$11		$11,768	$169,381	$281,374
Total Gas Delivery Revenues	$893,251	$892,835	-$416	-0.05%	$91,543	$984,378	$1,581,345
		$893,251					
		-$416			$91,543		$1,581,334
		$892,835					

Pike County Light & Power
Revenue Proof 9-30-25
CCF Sales Summary

Rate Class	CCF Sales Per Books	CCF Sales Per Rev Proof	Weather Adjustment	Weather Normalized CCF Sales	Rate Year CCF Sales 9-30-25
SC-1 Residential Space Heating	917,034	917,034	119,619	1,036,653	1,081,232
SC-1 Residential Domestic	26,324	26,324	3,259	29,583	30,855
SC-1 Residential Other	3,807	3,807	500	4,307	4,492
Total SC-1 Residential	947,165	947,165	123,377	1,070,543	1,116,578
SC-2 General Service Commercial	167,509	167,509	9,389	176,898	182,559
SC-2 Commercial Space Heating	197,991	197,991	21,937	219,929	226,966
Total SC-2 Comm & Indust	365,500	365,501	31,326	396,827	409,525
Total Gas CCF Sales	1,312,666	1,312,666	154,703	1,467,369	1,526,104
		1,312,666			
			154,703	1,467,369	

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

Rate Class	Customers Per Rev Proof	Rate Year Customers 9-30-25
SC-1 Residential Space Heating	14,664	15,295
SC-1 Residential Domestic	624	651
SC-1 Residential Other	60	63
Total SC-1 Residential	15,348	16,008
SC-2 General Service Commercial	300	310
SC-2 Commercial Space Heating	700	722
Total SC-2 Comm & Indust	1,000	1,032
Total Gas Customers	16,348	17,040
	1,362	1,420
	16,348	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Space Heating 231 Weather Adjustment

	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	1,266	1,270	1,271	1,271	1,274	1,276	1,275	1,277	1,278	1,278	1,281	1,279	15,295	1.043002346
Volumes CCF														
Actual CCF	40,468	118,169	129,072	183,365	153,988	101,763	87,169	32,136	17,872	18,052	16,975	18,004	917,034	
Weather Adjustment CCF	5,661	2,723	15,182	23,519	22,516	29,042	8,545	11,458	634	0	0	339	119,619	
Total CCF	48,112	126,090	150,457	215,781	184,094	136,431	99,830	45,468	19,302	18,828	17,705	19,132	1,081,232	1.043002346
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880		
Total Base Rate Revenues														
Customer Charge	$11,079	$11,116	$11,125	$11,125	$11,143	$11,161	$11,152	$11,171	$11,180	$11,180	$11,207	$11,189	$133,828	
Delivery Charge All CCF	$49,979	$130,983	$156,295	$224,153	$191,237	$141,724	$103,704	$47,232	$20,051	$19,559	$18,392	$19,875	$1,123,183	
Total Base Rate Revenues	$61,058	$142,099	$167,420	$235,278	$202,380	$152,885	$114,856	$58,403	$31,231	$30,738	$29,599	$31,063	$1,257,011	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Domestic 631 Weather Adjustment

	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	54	54	54	54	54	54	54	54	54	54	54	54	651	1.043002
Volumes CCF														
Actual CCF	1,307	3,349	3,609	5,048	4,180	2,841	2,537	1,034	600	629	568	622	26,324	
Weather Adjustment CCF	211	24	449	647	592	749	204	363	3	0	0	17	3,259	
Total CCF	1,583	3,518	4,233	5,940	4,977	3,744	2,859	1,457	628	656	592	666	30,855	1.043002
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880		
Total Base Rate Revenues														
Customer Charge	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$5,695	
Delivery Charge All CCF	$1,645	$3,655	$4,397	$6,170	$5,170	$3,890	$2,970	$1,513	$653	$682	$615	$692	$32,052	
Total Base Rate Revenues	$2,119	$4,130	$4,871	$6,645	$5,645	$4,364	$3,445	$1,988	$1,127	$1,156	$1,090	$1,167	$37,747	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Other 531 & 731 Weather Adjustment

	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	5	5	5	5	5	5	5	5	5	5	5	5	63	1.043002
Volumes CCF														
Actual CCF	194	516	541	750	640	417	345	129	65	74	63	73	3,807	
Weather Adjustment CCF	32	10	65	92	97	121	34	47	0	0	0	3	500	
Total CCF	236	549	632	878	768	561	395	183	68	77	66	79	4,492	1.043002
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880	$1.03880		
Total Base Rate Revenues														
Customer Charge	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$548	
Delivery Charge All CCF	$245	$570	$656	$912	$798	$583	$410	$190	$70	$80	$68	$82	$4,666	
Total Base Rate Revenues	$291	$615	$702	$958	$844	$629	$456	$236	$116	$126	$114	$128	$5,214	

Pike County Light & Power
Revenue Proof 9-30-25
SC-2 General Service Commercial 162 Weather Adjustment

	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	26	26	26	26	26	26	26	26	26	26	26	26	310	1.032
Volumes CCF														
First 300 CCF	2,742	3,900	4,152	4,359	4,351	3,750	3,573	2,675	2,415	2,105	2,388	2,516	38,926	1.032
First 300 CCF Weather Adj													0	
All Over 300 CCF	8,965	13,749	14,243	20,266	17,424	10,730	10,926	8,459	6,674	7,547	7,348	7,612	133,943	1.032
All Over 300 CCF Weather Adj	498	210	1,201	2,048	2,047	1,665	593	1,119	0	0	0	308	9,689	1.032
Total CCF	12,205	17,859	19,596	26,673	23,822	16,145	15,092	12,253	9,089	9,652	9,736	10,437	182,559	
Rate														
Customer Charge	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25		
Volumes CCF														
First 300 CCF	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590		
All Over 300 CCF	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690		
Total Base Rate Revenues														
Customer Charge	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$4,412	
Delivery Charge Revenues														
First 300 CCF	$2,182	$3,104	$3,304	$3,469	$3,463	$2,985	$2,844	$2,129	$1,922	$1,676	$1,901	$2,002	$30,981	
All Over 300 CCF	$5,648	$8,332	$9,218	$13,319	$11,623	$7,398	$6,876	$5,717	$3,984	$4,505	$4,386	$4,728	$85,734	
Total Delivery Charge Rev	$7,831	$11,436	$12,523	$16,789	$15,085	$10,383	$9,719	$7,846	$5,906	$6,180	$6,287	$6,730	$116,716	
Total Base Rate Revenues	$8,198	$11,804	$12,890	$17,156	$15,453	$10,751	$10,087	$8,214	$6,273	$6,548	$6,654	$7,098	$121,127	

Corning Natural Gas
Revenue Proof 9-30-25
SC-2 Commercial Space Heating 331 Weather Adjustment

	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	61	61	61	61	60	60	60	60	60	60	60	60	722	1.032
Volumes CCF														
First 300 CCF	4,094	7,697	8,826	11,134	9,956	7,418	6,327	3,364	2,380	2,436	2,163	2,377	68,172	1.032
First 300 CCF Weather Adj	2,121							2,401	0	0	0	49	4,572	1.032
All Over 300 CCF	7,678	16,951	17,469	25,514	20,697	13,832	14,744	5,030	3,363	3,831	3,429	3,618	136,155	1.032
All Over 300 CCF Weather Adj		-219	3,170	4,555	3,989	5,004	1,569						18,068	1.032
Total CCF	13,893	24,429	29,464	41,204	34,641	26,253	22,641	10,796	5,743	6,267	5,592	6,044	226,966	
Rate														
Customer Charge	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25		
Volumes CCF														
First 300 CCF	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590	$0.79590		
All Over 300 CCF	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690	$0.59690		
Total Base Rate Revenues														
Customer Charge	$868	$868	$868	$868	$853	$853	$853	$853	$853	$853	$853	$853	$10,294	
Delivery Charge Revenues														
First 300 CCF	$4,946	$6,126	$7,024	$8,862	$7,924	$5,904	$5,036	$4,589	$1,894	$1,939	$1,721	$1,931	$57,896	
All Over 300 CCF	$4,583	$9,987	$12,319	$17,948	$14,735	$11,243	$9,738	$3,003	$2,007	$2,287	$2,047	$2,159	$92,056	
Total Delivery Charge Rev	$9,530	$16,113	$19,343	$26,810	$22,659	$17,147	$14,773	$7,591	$3,902	$4,225	$3,768	$4,090	$149,952	
Total Base Rate Revenues	$10,397	$16,981	$20,211	$27,678	$23,512	$18,000	$15,626	$8,444	$4,755	$5,078	$4,621	$4,943	$160,246	

Phase II

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

Rate Class	Base Rate Revenue Per Books	Base Rate Revenue Rev Proof	Difference		Weather Adjustment	Weather Normalized Revenue	Settlement 5-28-25 Rate Year Base Rate Rev Rate Year 2
SC-1 Residential Space Heating	$710,666	$710,266	-$399		$77,345	$787,612	$1,519,750
SC-1 Residential Domestic	$22,019	$22,013	-$6		$2,107	$24,120	$45,244
SC-1 Residential Other	$2,942	$2,942	$0		$323	$3,265	$6,306
Total SC-1 Residential	$735,626	$735,221	-$405		$79,776	$814,997	$1,571,300
SC-2 General Service Commercial	$68,771	$68,771	$0		$3,321	$72,092	$146,798
SC-2 Commercial Space Heating	$88,854	$88,843	-$11		$8,447	$97,289	$193,226
Total SC-2 Comm & Indust	$157,625	$157,614	-$11		$11,768	$169,381	$340,024
Total Gas Delivery Revenues	$893,251	$892,835	-$416	-0.05%	$91,543	$984,378	$1,911,325
		$893,251					
		-$416			$91,543		$1,911,334
		$892,835					

Pike County Light & Power
Revenue Proof 9-30-25
CCF Sales Summary

Rate Class	CCF Sales Per Books	CCF Sales Per Rev Proof	Weather Adjustment	Weather Normalized CCF Sales	Rate Year CCF Sales 9-30-25
SC-1 Residential Space Heating	917,034	917,034	119,619	1,036,653	1,081,232
SC-1 Residential Domestic	26,324	26,324	3,259	29,583	30,855
SC-1 Residential Other	3,807	3,807	500	4,307	4,492
Total SC-1 Residential	947,165	947,165	123,377	1,070,543	1,116,578
SC-2 General Service Commercial	167,509	167,509	9,389	176,898	182,559
SC-2 Commercial Space Heating	197,991	197,991	21,937	219,929	226,966
Total SC-2 Comm & Indust	365,500	365,501	31,326	396,827	409,525
Total Gas CCF Sales	1,312,666	1,312,666	154,703	1,467,369	1,526,104
		1,312,666			
			154,703	1,467,369	

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

Rate Class	Customers Per Rev Proof	Rate Year Customers 9-30-25
SC-1 Residential Space Heating	14,664	15,295
SC-1 Residential Domestic	624	651
SC-1 Residential Other	60	63
Total SC-1 Residential	15,348	16,008
SC-2 General Service Commercial	300	310
SC-2 Commercial Space Heating	700	722
Total SC-2 Comm & Indust	1,000	1,032
Total Gas Customers	16,348	17,040
	1,362	1,420
	16,348	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Space Heating 231 Weather Adjustment

	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	1,266	1,270	1,271	1,271	1,274	1,276	1,275	1,277	1,278	1,278	1,281	1,279	15,295	1.043002346
Volumes CCF														
Actual CCF	40,468	118,169	129,072	183,365	153,988	101,763	87,169	32,136	17,872	18,052	16,975	18,004	917,034	
Weather Adjustment CCF	5,661	2,723	15,182	23,519	22,516	29,042	8,545	11,458	634	0	0	339	119,619	
Total CCF	48,112	126,090	150,457	215,781	184,094	136,431	99,830	45,468	19,302	18,828	17,705	19,132	1,081,232	1.043002346
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180		
Total Base Rate Revenues														
Customer Charge	$11,079	$11,116	$11,125	$11,125	$11,143	$11,161	$11,152	$11,171	$11,180	$11,180	$11,207	$11,189	$133,828	
Delivery Charge All CCF	$61,671	$161,623	$192,856	$276,588	$235,971	$174,877	$127,963	$58,281	$24,741	$24,134	$22,694	$24,524	$1,385,923	
Total Base Rate Revenues	$72,750	$172,739	$203,981	$287,713	$247,115	$186,038	$139,115	$69,452	$35,921	$35,314	$33,901	$35,712	$1,519,750	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Domestic 631 Weather Adjustment

	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	54	54	54	54	54	54	54	54	54	54	54	54	651	1.043002
Volumes CCF														
Actual CCF	1,307	3,349	3,609	5,048	4,180	2,841	2,537	1,034	600	629	568	622	26,324	
Weather Adjustment CCF	211	24	449	647	592	749	204	363	3	0	0	17	3,259	
Total CCF	1,583	3,518	4,233	5,940	4,977	3,744	2,859	1,457	628	656	592	666	30,855	1.043002
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180		
Total Base Rate Revenues														
Customer Charge	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$475	$5,695	
Delivery Charge All CCF	$2,029	$4,510	$5,425	$7,614	$6,380	$4,800	$3,665	$1,867	$806	$841	$759	$854	$39,550	
Total Base Rate Revenues	$2,504	$4,985	$5,900	$8,088	$6,854	$5,274	$4,140	$2,342	$1,280	$1,315	$1,234	$1,329	$45,244	

Pike County Light & Power
Revenue Proof 9-30-25
SC-1 Residential Other 531 & 731 Weather Adjustment

	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	5	5	5	5	5	5	5	5	5	5	5	5	63	1.043002
Volumes CCF														
Actual CCF	194	516	541	750	640	417	345	129	65	74	63	73	3,807	
Weather Adjustment CCF	32	10	65	92	97	121	34	47	0	0	0	3	500	
Total CCF	236	549	632	878	768	561	395	183	68	77	66	79	4,492	1.043002
Rate														
Customer Charge	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75	$8.75		
Volumes CCF														
All Volumes	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180	$1.28180		
Total Base Rate Revenues														
Customer Charge	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$46	$548	
Delivery Charge All CCF	$303	$703	$810	$1,125	$985	$719	$506	$235	$87	$99	$84	$102	$5,758	
Total Base Rate Revenues	$348	$749	$855	$1,171	$1,030	$765	$552	$280	$133	$145	$130	$147	$6,306	

Pike County Light & Power
Revenue Proof 9-30-25
SC-2 General Service Commercial 162 Weather Adjustment

	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	26	26	26	26	26	26	26	26	26	26	26	26	310	1.032
Volumes CCF														
First 300 CCF	2,742	3,900	4,152	4,359	4,351	3,750	3,573	2,675	2,415	2,105	2,388	2,516	38,926	1.032
First 300 CCF Weather Adj													0	
All Over 300 CCF	8,965	13,749	14,243	20,266	17,424	10,730	10,926	8,459	6,674	7,547	7,348	7,612	133,943	1.032
All Over 300 CCF Weather Adj	498	210	1,201	2,048	2,047	1,665	593	1,119	0	0	0	308	9,689	1.032
Total CCF	12,205	17,859	19,596	26,673	23,822	16,145	15,092	12,253	9,089	9,652	9,736	10,437	182,559	
Rate														
Customer Charge	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25		
Volumes CCF														
First 300 CCF	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090		
All Over 300 CCF	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820		
Total Base Rate Revenues														
Customer Charge	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$368	$4,412	
Delivery Charge Revenues														
First 300 CCF	$2,662	$3,786	$4,031	$4,232	$4,224	$3,641	$3,469	$2,597	$2,345	$2,044	$2,319	$2,443	$37,793	
All Over 300 CCF	$6,891	$10,165	$11,246	$16,249	$14,179	$9,026	$8,388	$6,975	$4,860	$5,496	$5,351	$5,768	$104,593	
Total Delivery Charge Rev	$9,553	$13,952	$15,277	$20,481	$18,403	$12,667	$11,857	$9,572	$7,205	$7,540	$7,669	$8,210	$142,387	
Total Base Rate Revenues	$9,921	$14,319	$15,645	$20,849	$18,771	$13,035	$12,224	$9,940	$7,572	$7,907	$8,037	$8,578	$146,798	

Corning Natural Gas
Revenue Proof 9-30-25
SC-2 Commercial Space Heating 331 Weather Adjustment

	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	61	61	61	61	60	60	60	60	60	60	60	60	722	1.032
Volumes CCF														
First 300 CCF	4,094	7,697	8,826	11,134	9,956	7,418	6,327	3,364	2,380	2,436	2,163	2,377	68,172	1.032
First 300 CCF Weather Adj	2,121							2,401	0	0	0	49	4,572	1.032
All Over 300 CCF	7,678	16,951	17,469	25,514	20,697	13,832	14,744	5,030	3,363	3,831	3,429	3,618	136,155	1.032
All Over 300 CCF Weather Adj		-219	3,170	4,555	3,989	5,004	1,569						18,068	1.032
Total CCF	13,893	24,429	29,464	41,204	34,641	26,253	22,641	10,796	5,743	6,267	5,592	6,044	226,966	
Rate														
Customer Charge	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25	$14.25		
Volumes CCF														
First 300 CCF	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090	$0.97090		
All Over 300 CCF	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820	$0.72820		
Total Base Rate Revenues														
Customer Charge	$868	$868	$868	$868	$853	$853	$853	$853	$853	$853	$853	$853	$10,294	
Delivery Charge Revenues														
First 300 CCF	$6,034	$7,473	$8,569	$10,810	$9,666	$7,202	$6,143	$5,598	$2,311	$2,365	$2,100	$2,355	$70,626	
All Over 300 CCF	$5,591	$12,184	$15,029	$21,897	$17,976	$13,716	$11,879	$3,663	$2,449	$2,790	$2,497	$2,634	$112,305	
Total Delivery Charge Rev	$11,625	$19,657	$23,598	$32,707	$27,642	$20,918	$18,023	$9,261	$4,760	$5,155	$4,597	$4,990	$182,932	
Total Base Rate Revenues	$12,493	$20,525	$24,465	$33,574	$28,495	$21,771	$18,875	$10,114	$5,613	$6,008	$5,450	$5,843	$193,226	

APPENDIX D

CUSTOMER BILL IMPACTS

Phase 1 Monthly Bill Impacts – Delivery Revenues

Customer Charge	Present Rates	As Filed Amount	As Filed % Increase	Phase 1 Proposed Settlement Amount	Phase 1 Proposed Settlement % Increase
SC1 - Residential	$8.00	$9.50	18.8%	$8.75	9.4%
SC- Commercial	$12.23	$14.25	16.5%	$14.25	16.5%
Average Customer Bill Delivery Revenues – Phase 1*					
SC1 - Residential Heating (80 CCF)	$65.94	$126.24	91.4%	$91.85	39.3%
SC1 - Residential Non-Heating (50 CCF)	$44.21	$82.47	86.5%	$60.69	37.3%
SC2 - Commercial Gen'l Service (623 CCF)	$327.53	$390.48	19.2%	$445.82	36.1%
SC2 - Commercial Heating (250 CCF)	$158.87	$187.70	18.1%	$213.23	34.2%

* Bill comparison Present Rate revenues include the DSIC charge of $0.07767 per CCF. The revenues as filed and proposed have the DSIC charge rolled into base rates.

Phase 2 Monthly Bill Impacts – Delivery Revenues

Customer Charge	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential	$8.75	$9.50	18.8%	$8.75	0%
SC- Commercial	$14.25	$14.25	16.5%	$14.25	0%

Average Customer Bill Delivery Revenues – Phase 2*	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential Heating (80 CCF)	$91.85	$126.24	91.4%	$111.29	21.2%
SC1 - Residential Non-Heating (50 CCF)	$60.69	$82.47	86.5%	$72.84	20.0%
SC2 - Commercial Gen'l Service (623 CCF)	$445.82	$390.48	19.2%	$540.73	21.3%
SC2 - Commercial Heating (250 CCF)	$213.23	$187.70	18.1%	$256.98	20.5%

* The revenues for Phase 1, as filed and proposed have the DSIC charge rolled into base rates.

Phase 1 Monthly Bill Impacts – Total Bill

Customer Charge	Present Rates	As Filed Amount	As Filed % Increase	Phase 1 Proposed Settlement Amount	Phase 1 Proposed Settlement % Increase
SC1 - Residential	$8.00	$9.50	18.8%	$8.75	9.4%
SC- Commercial	$12.23	$14.25	16.5%	$14.25	16.5%
Average Customer Bill Total Revenues – Phase 1*					
SC1 - Residential Heating (80 CCF)	$127.00	$196.08	44.4%	$152.91	20.4%
SC1 - Residential Non-Heating (50 CCF)	$82.37	$126.11	43.5%	$98.85	20.0%
SC2 - Commercial Gen'l Service (623 CCF)	$803.02	$934.34	7.2%	$921.30	14.7%
SC2 - Commercial Heating (250 CCF)	$349.68	$405.94	7.6%	$404.03	15.5%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

Phase 2 Monthly Bill Impacts – Total Bill

Customer Charge	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential	$8.75	$9.50	18.8%	$8.75	0%
SC- Commercial	$14.25	$14.25	16.5%	$14.25	0%
Average Customer Bill Total Revenues – Phase 2*					
SC1 - Residential Heating (80 CCF)	$152.91	$196.08	44.4%	$172.35	12.7%
SC1 - Residential Non-Heating (50 CCF)	$98.85	$126.11	43.5%	$111.00	12.3%
SC2 - Commercial Gen'l Service (623 CCF)	$921.30	$934.34	7.2%	$1,016.21	10.3%
SC2 - Commercial Heating (250 CCF)	$404.03	$405.94	7.6%	$447.78	10.8%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

APPENDIX E

PIKE STATEMENT IN SUPPORT

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

PIKE COUNTY LIGHT & POWER COMPANY STATEMENT IN SUPPORT OF JOINT PETITION FOR NON-UNANIMOUS FULL SETTLEMENT OF GAS 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 Gas 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 Petitions 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 45% in Phase I compared to as-filed rates, (4) establishes a phase-in of rates to avoid potential rate shock and allow time for customers to adapt to increased rates, (5) establishes rates that are just and reasonable and are based upon principles of gradualism, (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 and Phase-In

The Settlement provides for rates to be designed to produce an increase in annual operating revenues of $825,000 over current base rates based upon a Future Test Year ending September 2025. The Settlement increase will be phased-in over two years. Phase I increase of $495,000 in year 1 will be effective October 15, 2025, and Phase II increase of $330,000 in year 2 will be effective October 15, 2026. The Company originally requested an increase of $905,900.

Regarding the phase-in, this is a significant benefit to customers that can only be achieved through settlement. Section 1308(d) of the Public Utility Code does not provide for the Commission to only allow a utility to increase rates by 60% of what is just and reasonable in one year and then implement the other 40% increase in the next year. But a utility can agree to do this though settlement. Here, Pike has agreed to a 60%/40% phase-in of its rate increase because it understands the percentage increase it proposed raised concerns by some parties and customers regarding the magnitude of the rate increase. Pike believes the phase in of the rate increase addresses concerns regarding the magnitude of the rate increase and rate shock.

The reduced revenue requirement and phase in will allow the Company sufficient funds to provide safe, efficient, and reasonable natural gas 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 fees currently charged to customers on an individual basis into base rates. *Id.* at 6-7. The rate increase will also assist the Company with its efforts to improve cybersecurity. *Id.* at 8-9. The rate increase will also support the Company's continuation of its aggressive Long-Term Infrastructure Improvement Plan to ensure the safety of its pipeline system. *Id.* at 5-6; Pike St. No. 3 at 4-5.

In this proceeding, Pike, I&E, and OCA presented testimony on Pike's overall revenue requirement and related issues. The Settlement revenue increase of $825,000 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. 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 result class increases, as compared to the Company's as-filed increases, are as follows:

Phase 1 Monthly Bill Impacts – Total Bill

	Present	As Filed		Phase 1 Proposed Settlement	
Customer Charge	Rates	Amount	% Increase	Amount	% Increase
SC1 - Residential	$8.00	$9.50	18.8%	$8.75	9.4%
SC- Commercial	$12.23	$14.25	16.5%	$14.25	16.5%

Average Customer Bill Total Revenues – Phase 1*					
SC1 - Residential Heating (80 CCF)	$127.00	$196.08	44.4%	$152.91	20.4%
SC1 - Residential Non-Heating (50 CCF)	$82.37	$126.11	43.5%	$98.85	20.0%
SC2 - Commercial Gen'l Service (623 CCF)	$803.02	$934.34	7.2%	$921.30	14.7%
SC2 - Commercial Heating (250 CCF)	$349.68	$405.94	7.6%	$404.03	15.5%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

Phase 2 Monthly Bill Impacts – Total Bill

Customer Charge	Phase 1 Rates	As Filed Amount	As Filed % Increase	Phase 2 Proposed Settlement Amount	Phase 2 Proposed Settlement % Increase
SC1 - Residential	$8.75	$9.50	18.8%	$8.75	0%
SC- Commercial	$14.25	$14.25	16.5%	$14.25	0%
Average Customer Bill Total Revenues – Phase 2*					
SC1 - Residential Heating (80 CCF)	$152.91	$196.08	44.4%	$172.35	12.7%
SC1 - Residential Non-Heating (50 CCF)	$98.85	$126.11	43.5%	$111.00	12.3%
SC2 - Commercial Gen'l Service (623 CCF)	$921.30	$934.34	7.2%	$1,016.21	10.3%
SC2 - Commercial Heating (250 CCF)	$404.03	$405.94	7.6%	$447.78	10.8%

* Bill comparison based on Gas Cost Rate (GCR) of $0.76322 per CCF currently in effect. Company's initial filing reflected prior GCR rate of $0.87297 that expired October 31, 2024.

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 $1.50. 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.

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

APPENDIX F

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2024-3052357
v.	:	
Pike County Light & Power Company (Gas)	:	

STATEMENT IN SUPPORT OF SETTEMENT
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 Honorable 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 December 30, 2024, Pike County Light & Power Company (Pike or the Company) filed Supplement No. 127 to Tariff Gas – Pa. P.U.C. No. 6, with the Commission, to become effective on February 28, 2025. On January 17, 2025, Pike filed Supplement No. 128 to Tariff Gas – Pa. P.U.C. No. 6 with the Commission to voluntarily postpone the effective date of the tariff filing to March 15, 2025. Pike filed the suspension postponement so the gas tariff case could run concurrently with a request for increase in rates from the Company's electricity customers (see Docket No. R-2024-3052359).

The Company is engaged in the business of furnishing natural gas service to approximately 1,420 customers, of which 1,334 are residential customers, in Westfall Township and Matamoras Borough in Pike County, Pennsylvania. The Company proposed to increase rates to produce additional annual operating revenues of $905,900 per year or an overall increase of 35.8% in total gas distribution revenues 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 $60.30, or by approximately 43.5%, from $135.78 to $196.08 per month at a usage level of 80 CCF per month, inclusive of the cost of natural gas.[1] The Company's as-filed proposal would result in an overall increase to gas distribution rates for residential customers of 99.8%, including an increase to the residential customer charge of $1.50, or 18.8%, from $8.00 to $9.50.The Company's proposed rate increase, if approved, would produce an 8.59% overall rate

[1] Excluding the cost of purchased gas, under the Company's proposed increase, a customer using 80 CCF would see the delivery portion of their monthly bill increase from $65.94 to $126.24, or by 91.4%.

of return on its rate base. Additionally, the filing requested approval of a new Weather Normalization Adjustment (WNA) to be applied to bills for residential customers.

On January 8, 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 10, 2025, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance. On January 16, 2025, the OSBA filed a Formal Complaint. On January 10, 2025, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance.

On January 23, 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 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 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 a 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 gas 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" <u>*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*</u> 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)[2] (*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. 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

[2] Available at https://www.puc.pa.gov/pcdocs/1693880.docx.

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. Ct. 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 gas operations for its jurisdictional customers by approximately $905,900 or 35.8%, over the amount of annual revenues at present rates. Under the Settlement, Pike will be permitted a total annual revenue of $825,000. Settlement ¶¶ 4-5. The new rates to collect the settlement level of gas revenues from each class are shown in Appendix C of the Joint Petition for Settlement. *See* Appendix C. Importantly, under the Settlement, residential customers will not be made to absorb this increase all at once. As discussed below, a portion of this rate increase will be deferred by one year. 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 will be phased in to mitigate the effects of rate shock, 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 $762,400. OCA St. 2 at 3. I&E recommended a revenue requirement increase of no more than $838,677. I&E St. 1 at 3.

OCA witness Reno provided testimony and evidence supporting her recommended cost of long-term debt of 6.00%, short-term debt of 7.50%, and cost of equity of 9.30% for ratemaking purposes. OCA St. 2 at 7. 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 7.80%, or 79 basis points lower than Pike's claimed cost of capital of 8.59%. OCA St. 2 at 8. I&E similarly recommended a lower cost of equity for Pike at 9.66%, resulting in an overall recommended cost of capital of 8.32%. I&E St. 2 at 7.

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 more than $75,000 less than the Company's proposal and only 8.2% 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. Phase-In (Settlement ¶¶ 4, 6)

Under the Settlement, Pike will not implement this rate increase all at once. At the October 15, 2025, effective date of new rates, 60% of the requested increase in revenue will be implemented. Settlement ¶¶ 4, 6. The remaining 40% of the requested increase in revenue will be implemented one year later. *Id*. This phase-in will allow Pike's customers to absorb the increase gradually and mitigate the effects of rate shock from the significant rate increase authorized in the Settlement. I&E supported a similar phase-in of rates over a two-year period. I&E St. 3 at 34. During the in-person and telephonic Public Input Hearings, several customers testified that they struggle to afford their gas bill at current rates and an increase in rates would mean a heavier financial burden. Tr. 55, 130, and 224-225. Accordingly, the Joint Petitioners have agreed to defer a portion of the increase to become effective October 15, 2026. Notably, Pike's customers may not have had the benefits of a gradual phase-in of rates over two years had the proceeding been fully litigated. The OCA believes this provision will help alleviate some of the financial burden faced by customers while balancing the interests of Pike and, therefore, believes it to be in the public interest and should be approved without modification.

C. Revenue Allocation and Rate Design (Settlement ¶¶ 7-10)

Under the terms of the Settlement, the total bill for a residential customer using 80 Ccf would increase by $45.35 per month, or 33.4%, from $135.78 to $181.13, or $14.95 less than the increase which Pike proposed in its rate filing, inclusive of the cost of purchased gas.[3] On a

[3] The rate increase figures provided are at the level of the overall rate increase, after the second phase-in of the rate increase occurring on October 15, 2026, and not after the first phase-in of the rate increase on October 15, 2025. For the first phase-in of the rate increase, the total bill for a residential customer using 80 Ccf would increase by $25.91, or 20.4%, from $127.00 to $152.91, inclusive of the cost of natural gas.

distribution-only basis, the delivery portion of the monthly bill for a residential customer using 80 Ccf would increase by 64.8%, from $65.94 to $111.29, exclusive of the cost of natural gas.[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 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 53.93% of the costs associated with distribution mains as customer-related and the remainder as demand-related. Pike St. 1 at 10. Both the OCA and I&E presented significant evidence regarding how the classification of the costs associated with distribution mains as customer-related is inconsistent with the Commission's precedent, the design and operation of Pike's distribution system, and fundamental principles of cost causation. OCA St. 3 at 6-20; OCA St. 3R at 3-9; OCA St. 3SR at 2-11; I&E St. 3 at 25-33; I&E St. 3SR at 10-15. Pike disagreed with the positions of the OCA and I&E. Pike St. 1-R at 8-10.

In the interest of compromise, the Settling Parties agreed to an across-the-board revenue allocation, whereby each of Pike's customer classes receives the system average increase. Settlement ¶7. The revenue allocation provided in the Settlement is, as a result, much more similar to the results of the revenue allocation methods advanced by the OCA and I&E in litigation – which exclude the erroneous classification of a portion of the costs of distribution mains as customer-related – than the revenue allocation proposed by Pike in its initial filing. This can be seen in the following table:

[4] For the first phase-in of the rate increase, the delivery portion of the bill for a residential customer using 80 Ccf would increase by 39.3%, from $65.94 to $91.85, exclusive of the cost of natural gas.

Comparison of Class Percent Distribution of Revenue Requirement Increase					
Customer Class	**Pike**[1]	**OSBA**[2]	**I&E**[3]	**OCA**[4]	**Settlement**[5]
SC1 Residential Space Heating	91.26%	84.80%	83.59%	76.50%	79.45%
SC1 Residential Domestic	2.64%	3.37%	3.72%	2.00%	2.43%
SC1 Residential Other	0.38%	0.35%	0.34%	0.30%	0.33%
SC2 General Service Commercial	2.47%	4.13%	2.89%	9.10%	7.63%
SC2 Commercial Space Heating	3.25%	7.35%	9.46%	12.00%	10.16%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
[1] Pike Exh. G-8 at 1-2 [2] OCA St. 3R at 6 [3] I&E St. 3 at 32 [4] OCA St. 3 at 19 [5] Petition at App’x C					

As can be seen from this table, the Settlement revenue allocation is more in line with a COSS which includes no customer component to mains and more accurately reflects cost causation among Pike’s rate classes than the minimum-size method study supplied by Pike in its initial filing or OSBA’s proposed revenue allocation. Therefore, the OCA supports the Settlement revenue allocation as a reasonable compromise which incorporates the positions of the OCA and I&E that the costs associated with distribution mains should not be classified as customer-related. As a result, the Settlement revenue allocation is more consistent with cost of service principles than the revenue allocation proposals of Pike or OSBA. *See Lloyd v. Pa. PUC*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006).

Rather than litigate the merits of each of these proposals 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. Furthermore, the revenue allocation and rate design provisions contained in the Settlement are in the public interest and result in just and reasonable rates. The Settlement represents a reasonable compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate design.

D. Residential Rate Design: Fixed Customer Charge (Settlement ¶ 8)

In its filing, Pike proposed increasing the monthly customer charge for its residential classes from $8.00 to $9.50, an 18.8% increase. OCA St. 3 at 21. The OCA recommended that the customer charge remain unchanged. *Id*. OCA witness Pavlovic reasoned that by placing all of Pike's increase in volumetric gas 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 22. Under the Settlement, the Joint Petitioners agreed to a monthly residential customer charge of $8.75 for rates Residential classes. Settlement at ¶ 8.

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 a 9.37% increase over the Company's existing charge, or nearly half of the 18.8% 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 provisions as to Rate Design are reasonable, in the public interest, and should be approved without modification.

E. Return on Equity Witness (Settlement ¶ 16)

In its filing, Pike's panel accounting witnesses Charles Lenns and Matthew Lenns proposed return on equity of 10.20% 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."[5] Pike St. 2 at 23. 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. In particular to the latter, Ms. Reno states that the Company's witnesses did not develop its ROE using industry-standard ROE models and that it does not align with market trends and the ROE investors expect to earn from similar gas 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 ¶ 16.

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). It is a typical and best practice before the Commission for the parties to a general rate increase request 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

[5] 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.

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 rate increase request. As such, this provision should be approved as in the public interest.

F. WNA Withdrawal (Settlement ¶ 11)

In his Direct Testimony, OCA witness Pavlovic recommended that Pike's proposal to implement a Weather Normalization Adjustment (WNA) mechanism be rejected. OCA St. 3 at 30. In particular, Mr. Pavlovic asserted that, as a form of alternative ratemaking, Pike has failed to provide sufficient evidence as to why the WNA is needed or how the WNA would provide any benefits to consumers. *Id*. at 23-30. Further, Mr. Pavlovic testified that had the WNA been in effect October 2023 through May 2024, residential customers would have paid for approximately 14% more gas than they actually used. *Id*. at 28. Mr. Pavlovic also testified that the WNA is harmful to consumers, disincentivizes conservation, and is generally against the Commission's policy factor considerations for alternative ratemaking mechanisms. OCA Exh. KRP-4. I&E also submitted testimony which provided that Pike's request for a WNA should be denied. I&E St. 3 at 3-13.

As a compromise, in settlement, Pike agreed to rescind its proposal to implement a WNA as a component of its current rate increase request. The Settlement provides that "[t]he WNA is withdrawn in this proceeding; however, nothing shall preclude Pike from making a similar request in any future proceedings." Settlement ¶ 11.

This Settlement provision aligns with the OCA's and I&E's positions on Pike's proposed WNA. Withdrawing the WNA in this proceeding is a benefit for Pike's customers, as the WNA proposed by Pike would not result in just and reasonable rates. Therefore, the withdrawal of the WNA 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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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

TO ADMINISTRATIVE LAW JUDGE MARTA GUHL AND ADMINISTRATIVE LAW JUDGE ALPHONSO ARNOLD III:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through Prosecutor Michael A. Podskoch, Jr., hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement ("Joint Petition" or "Settlement") are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Pike County Light & Power Company – Gas ("Pike Gas" or "Company") and its customers. The parties to this settlement are Pike Gas, I&E, and the Office of Consumer Advocate ("OCA") (collectively the "Joint Petitioners" or "Parties").[1] Following extensive review of the Company's filing and discovery responses, and participation in numerous settlement discussions, I&E is of the opinion that the terms and conditions of the Joint Petition are in the public interest. Accordingly, I&E recommends that Administrative Law Judges ("ALJs") Marta Guhl and Alphonso Arnold III and the Commission approve the Settlement in its entirety.

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[1] The Office of Small Business Advocate ("OSBA") opposes the Settlement.

I. INTRODUCTION

On December 30, 2024, Pike Gas filed proposed Supplement No. 127 to Tariff Gas – Pa. P.U.C. No. 6 ("Supplement No. 127") with a proposed effective date of February 28, 2025. Supplement No. 127 contained changes in gas rates, rules, and regulations with a proposed revenue increase of $905,900, or 35.8%.

On January 8, 2025, the Office of Consumer Advocate ("OCA") filed a Formal Complaint and Public Statement. On January 10, 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 16, 2025, OSBA filed a Formal Complaint and Public Statement.

On January 17, 2025, Pike Gas filed Supplement No. 128 to Tariff Gas – Pa. P.U.C. No. 6 ("Supplement No. 128") voluntarily postponing the effective date of the rate increase until March 15, 2025. On February 7, 2025, Pike Gas filed Supplement No. 129 to Tariff Gas – Pa. P.U.C. No. 6 ("Supplement No. 129") voluntarily postponing the effective date of the rate increase until October 15, 2025.

On January 23, 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 Zachari Walker
- I&E Exhibit No. 1
- I&E Statement No. 2 – Direct Testimony of Christopher Keller
- I&E Exhibit No. 2
- I&E Statement No. 3 – Direct Testimony of Ethan H. Cline
- I&E Exhibit No. 3
- I&E Statement No. 4 – Direct Testimony of Andrew W. Hiorth
- I&E Exhibit No. 4
- I&E Statement No. 3-SR – Surrebuttal Testimony of Ethan H. Cline

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.

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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.

"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 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 and Phase In (Joint Petition ¶¶ II.2; II.A.4-6)

The Settlement provides that Pike Gas shall be permitted to establish rates designed to produce additional annual operating revenue of $825,000 as opposed to the Company's requested $905,900 increase. Pike Gas' allowed revenue requirement will be recovered based upon the tariff supplement attached as Appendix B to the Joint Petition.

I&E witness Zachari Walker recommended in direct testimony a rate increase of $838,677 based on adjustments made to Pike Gas' operating and maintenance ("O&M") expense, cash working capital, rate base, and rate of return claims.[7] The $825,000 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

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

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 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 Gas will receive sufficient operating funds in order to provide safe and adequate service to ratepayers. Further, in this specific Settlement, the Joint Petitioners have agreed to a phase in of rates which will help mitigate rate shock that may result from the rate increase. Additionally, 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.

Pursuant to the terms of the Settlement, Pike Gas' overall increase shall be implemented in two phases: (1) a Phase I increase of $495,000 (60% of total increase) effective October 15, 2025; and (2) a Phase II increase of $330,000 (40% of total increase) effective October 15, 2026.

I&E witness Ethan Cline recommended in direct and surrebuttal testimony that Pike Gas' overall rate increase of 83% be phased in over two years, with two increases of 41.5% spaced

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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).

one year apart, in order to lessen the rate shock experienced by ratepayers.[9] The phase in agreed upon in the Settlement supports the concept of gradualism and will lessen rate shock and is in the public interest.

B. Rate Design (Joint Petition ¶¶ II.B.7-10)

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

I&E witness Cline stated in direct testimony that the Company's proposals to increase the residential customer charge by $1.50 from $8.00 per month to $9.50 per month and increase the commercial customer charge by $2.02 from $12.23 per month to $14.25 per month were reasonable.[10] The agreed upon rate structure and rate design represents a compromise among the Joint Petitioners' proposals and is therefore in the public interest.

C. Weather Normalization Adjustment ("WNA") Withdrawn (Joint Petition ¶ II.C.11)

Pursuant to the terms of the Settlement, the WNA is withdrawn in this proceeding; however, nothing shall preclude Pike Gas from making a similar request in any future proceedings.

I&E witness Cline recommended in direct and surrebuttal testimony that the Commission reject the Company's WNA proposal.[11] Pike Gas' agreement to withdraw its WNA proposal is in the public interest, and the Company has the opportunity to propose similar alternative rate mechanisms in future proceedings.

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[9] I&E Statement No. 3, pp. 32-35; I&E Statement No. 3-SR, pp. 14-15.
[10] I&E Statement No. 3, p. 38.
[11] I&E Statement No. 3, pp. 4-12; I&E Statement No. 3-SR, p. 7.

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

In accordance with the Settlement, Pike Gas' DSIC shall remain at 0% of billed revenues until the quarter following the point in time at which Pike Gas' net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Pike Gas as of September 30, 2025 per Company Exhibit G-3. I&E maintains that this is in the public interest and benefits both Pike Gas and its ratepayers. First, Pike Gas benefits because it will have access to DSIC funding for necessary infrastructure improvements which will help 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 Gas' net plant in service exceeds the levels projected by Pike 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.

E. Deferred Tax Cuts and Jobs Act ("TCJA") Deferred Income Tax Balances (Joint Petition ¶¶ II.E.14-15)

Pursuant to the terms of the Settlement, the remaining Protected TCJA credit balance of $13,188 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 fifty 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 $288 per annum.

I&E witness Walker 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.[12] Mr. Walker based his recommendation on the Recommended Decision in Pike Gas' last base rate case, which was adopted by the Commission in its June 2021 Order.[13]

Also pursuant to the terms of the Settlement, the remaining Non-Protected TCJA credit balance of $7,159 as of September 30, 2025, is reflected as a rate base adjustment and the unamortized balance will continue to increase rate base in future proceedings until the balance is fully 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 charge to expense at the rate of $8,591 per annum.

I&E witness Walker 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.[14] Mr. Walker based his recommendation on the Recommended Decision in Pike Gas' last base rate case, which was adopted by the Commission in its June 2021 Order.[15]

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.

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12 I&E Statement No. 1, p. 24.

13 *Id.* (citing *Pa. PUC v. Pike County Light & Power Company – Gas*, Docket No. R-2020-3022134, ALJ Recommended Decision, p. 8 (Dated May 5, 2021) and Final Order, p. 2 (Order Entered June 23, 2021).

14 *Id.*

15 *Id.* (citing *Pa. PUC v. Pike County Light & Power Company – Gas*, Docket No. R-2020-3022134, ALJ Recommended Decision, p. 8 (Dated May 5, 2021) and Final Order, p. 2 (Order Entered June 23, 2021).

F. Next Base Rate Proceeding (Joint Petition ¶¶ II.F.16-17)

Pursuant to the terms of the Settlement, in its next base rate proceeding, Pike Gas will present expert witness direct testimony regarding its cost of equity claim.

I&E witness Christopher Keller 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. Keller 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.[17] Pike Gas' agreement to conduct a 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 Gas' future base rate cases, the cost of service study ("COSS") 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 Cline noted in direct testimony that the Company showed different increases under proposed rates in various parts of the filing and in response to discovery as a result of inconsistency in the data provided in the income statement and the original COSS.[18] Mr. Cline 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.[19] Pike Gas' agreement to ensure the accuracy of its proposed increase in its next base rate case is in the public interest.

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16 I&E Statement No. 2, p. 32.
17 *Id.* at pp. 32-33.
18 I&E Statement No. 3, pp. 29-30.
19 *Id.* at p. 31.

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 recommend 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,

Michael Podskoch

Michael A. Podskoch, Jr.
Prosecutor
PA Attorney ID No. 330132

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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).

VIA ELECTRONIC MAIL ONLY

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