

July 18, 2025

VIA ELECTRONIC FILING

David P. Zambito
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Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: **ENERGY CENTER HARRISBURG LLC (GENERAL RATE INCREASE FILED
PURSUANT TO 66 PA. C.S. § 1308, INCLUDING RESPONSES TO 52 PA. CODE
§ 53.52)**

SUPPLEMENT NO. 66 TO TARIFF STEAM - PA PUC NO. 4

DOCKET NO. R-2025-3055959

Dear Secretary Homsher:

Enclosed on behalf of Energy Center Harrisburg LLC (“ECH”) are the following tariff supplement, supporting information, statements, and exhibits for filing with the Pennsylvania Public Utility Commission in connection with proposed changes to ECH’s tariffed rates for steam service:

- Supplement No. 66 to Tariff Steam – PA PUC No. 4
- Supporting Information Required by 52 Pa. Code § 53.52(a) **(INCLUDING FOUR CONFIDENTIAL APPENDICES, FILED SEPARATELY VIA COMMISSION SHAREPOINT SITE)**
- ECH Statement No. 1, Direct Testimony of Mark Schneider, President, East Region - Cordia, ECH General Manager (includes ECH Exhibit Nos. MS-1); per the direction of the Pennsylvania Public Utility Commission, the confidential status of the prior MS-2 exhibit has been changed to be **CONFIDENTIAL – CRITICAL INFRASTRUCTURE INFORMATION (CII)**, and MS-3 **(CONFIDENTIAL, FILED SEPARATELY VIA COMMISSION SHAREPOINT SITE)**.
- ECH Statement No. 2, Direct Testimony of Keith L. Li, ECH Consultant (including ECH Exhibit Nos. KLL-1 **(INCLUDING THREE CONFIDENTIAL**

Matthew L. Homsher, Secretary

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APPENDICES FILED SEPARATELY VIA COMMISSION SHAREPOINT SITE), KLL-2, and KLL-3 (CONFIDENTIAL, FILED SEPARATELY VIA COMMISSION SHAREPOINT SITE))

- Customer Notice
- News Release

If you have any questions regarding this filing, please direct them to the undersigned counsel. Copies of this filing have been served in accordance with the enclosed Certificate of Service. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito
Counsel for *Energy Center Harrisburg LLC*

DPZ/kmg

cc: Per Certificate of Service
Paul T. Diskin, Director, Bureau of Technical Utility Services

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

ENERGY CENTER HARRISBURG LLC :
(GENERAL RATE INCREASE FILED : Docket No. R-2025-3055959
PURSUANT TO 66 PA. C.S. § 1308, :
INCLUDING RESPONSES TO 52 PA. :
CODE § 53.52) :

CERTIFICATE OF SERVICE

I hereby certify that I have this day, **July 18, 2025**, served a true copy of the foregoing **General Base Rate Filing of Energy Center Harrisburg**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL

Allison Kaster, Esq.
Director and Chief Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
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David P. Zambito
Counsel for
Energy Center Harrisburg LLC

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

ENERGY CENTER HARRISBURG LLC :
(GENERAL RATE INCREASE FILED : Docket No. R-2025-3055959
PURSUANT TO 66 PA. C.S. § 1308, :
INCLUDING RESPONSES TO 52 PA. :
CODE § 53.52) :

**ENERGY CENTER HARRISBURG LLC (GENERAL RATE INCREASE
FILED PURSUANT TO 66 PA. C.S. § 1308, INCLUDING RESPONSES TO
52 PA. CODE § 53.52)**

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Date: July 18, 2025

Energy Center Harrisburg LLC

**STEAM TARIFF
SUPPLEMENT NO. 66 TO
STEAM – PA PUC NO. 4**

**(Issued: July 18, 2025;
Effective: September 16, 2025)**

Steam Tariff

SUPPLEMENT NO. 66 TO
STEAM – PA PUC NO. 4

ENERGY CENTER HARRISBURG LLC
RULES AND REGULATIONS AND RATE SCHEDULES
FOR STEAM SERVICE

In the City of Harrisburg, Dauphin County, Pennsylvania

Issued by:

Mark Schneider, Cordia, President – East Region
Energy Center Harrisburg LLC
Harrisburg Energy Center
900 Walnut Street, Harrisburg, PA 17101

NOTICE

Filed to increase steam distribution rates for Rate 1 (“General Service”) and Rate 2 (“High Pressure Commercial and Industrial Service”).

ISSUED: July 18, 2025

EFFECTIVE: September 16, 2025

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

This Tariff Supplement No. 66 increases steam distribution rates for Rate 1 (“General Service”) and Rate 2 (“High Pressure Commercial and Industrial Service”).

**RATE 1
GENERAL SERVICE**

APPLICATION OF SCHEDULE

This schedule is applicable to seasonable steam heating service from low pressure mains and, at the option of Company, to seasonal steam heating service from high pressure mains. It is also applicable to continuous 12 months of steam service from high and low pressure mains when, in Company's opinion, it can be satisfactorily supplied.

NET MONTHLY RATE

Application
\$0.00 per Mlb

(D)

STEAM COST RATE

The net bill as determined by the above schedule shall be adjusted by multiplying all Mlbs. of steam billed by the steam cost rate determined in Rider A. Minimum bills shall not be reduced by reason of the adjustment, nor shall charges under this adjustment be a part of the monthly minimums in the above schedule.

NET MONTHLY CAPACITY CHARGE

When both seasonal steam heating service and continuous 12 month service are rendered, the capacity charge is the sum of the capacity charge for each type of service as specified in the following paragraphs; otherwise, the capacity charge is the one applicable to the service rendered.

(C)

CONTINUOUS 12 MONTHS SERVICE CAPACITY CHARGE (other than seasonal steam heating)

The monthly capacity charge, chargeable each and every month of the year, shall be based on the equivalent max hour pounds of steam (EMP):

Application

- \$2,000.00 Charge for the first 500 EMP. (I)
- \$ 3.00 Per EMP for all additional EMPs. (I)

The EMP for each Customer has been defined as part of the 2025 Rate Case. The EMP for newly-added Customers shall be calculated in a similar manner. (C)

SEASONAL STEAM HEATING SERVICE CAPACITY CHARGE

The monthly capacity, chargeable only during the months of October to May inclusive, for each seasonal steam heat Customer shall be based upon equivalent cubic feet (ECF) as follows:

Application

- \$70.00 For the first 50,000 ECF. (I)
- \$ 0.50 Per 1,000 ECF for all ECF over 50,000 ECF. (I)

The ECF for each Customer has been defined as part of the 2025 Rate Case. The ECF for newly-added Customers shall be calculated in a similar manner. (C)

PAYMENT

When general service bills are paid within 15 days from the date thereof, and when residential bills are paid within 20 days from the date thereof, the above net rate applies. When bills are not so paid, the gross rate applies, which includes a 2% per month late payment charge, except that for residential Customers the applicable late payment charge is 1.25% per month.

CONTRACT PERIOD: Not less than one year. (C)

**RATE 2
HIGH PRESSURE COMMERCIAL
AND INDUSTRIAL SERVICE**

APPLICATION OF SCHEDULE

This schedule is applicable to high pressure steam service under contract for commercial and industrial Customers which own and maintain a private system of distribution mains, provided that the Company shall not be obligated hereunder to supply steam in excess of 100,000 pounds during the maximum hour of use in the months of October to May, inclusive.

New services will be rendered hereunder only when the Company determines that it has adequate facilities to render such service on an economic basis.

NET MONTHLY RATE

\$6,325.63	For the first 25,000 pounds of demand	(I)
\$25.30	Per 100 pounds for all additional pounds of demand	(I)
\$10.57	Per Mlb. for all steam used	(I)

STEAM COST RATE

The net bill as determined by the above schedule shall be adjusted by multiplying all Mlbs. of steam billed by the steam cost rate factor as determined in Rider A. Minimum bills shall not be reduced by reason of this adjustment, nor shall charges under this adjustment be a part of the monthly minimums in the above schedule.

DEMAND

The demand shall be the pounds of steam supplied during the one hour period of maximum use during the current month or any preceding 11 months. In no case shall the monthly bill be based

Energy Center Harrisburg LLC

ANSWERS OF ENERGY CENTER HARRISBURG LLC TO MINIMUM FILING REQUIREMENTS AT 52 PA CODE § 53.52(a)

**ANSWERS OF ENERGY CENTER HAARISBURG LLC
TO MINIMUM FILING REQUIREMENTS AT 52 PA CODE § 53.52(a)
Docket No. A-2025-3055959**

SECTION 53.52(a)

(a)(1) STATEMENT OF REASONS

Energy Center Harrisburg LLC (“ECH”) is a certificated public utility providing steam service in a one-square-mile area in the central business district of the City of Harrisburg, Dauphin County, Pennsylvania. It serves approximately 100 downtown buildings.

The instant ECH filing proposes to increase base revenues for steam service in the amount of \$894,300 per year effective September 16, 2025, based upon future test year operations ended March 31, 2025. Customers will see an increase of approximately 11.6% on a total bill (fuel and non-fuel) basis.

Residential customers using 8 Mlbs. of steam per month would pay \$243 per month (fuel and non-fuel), up \$28 or about 13%. Commercial customers using 40 Mlbs. per month would pay \$1217 per month (fuel and non-fuel), up \$143 or about 13%. Large customers using 500 Mlbs. per month would pay \$15,215 (fuel and non-fuel), up \$1790 or about 13%. ECH is also proposing to move from a metered usage based steam distribution charge to a fixed monthly capacity charge based on the equivalent cubic feet of a customer’s building. The Steam Cost Rate (SCR) for variable fuel charges will continue to be based on a customer’s metered usage level.

The primary reason for the filing is to recover part of the revenue lost due to warming winters and customer conservation. Since ECH’s last base rate relief in 2013, ECH has experienced an approximate loss of 26,000 Mlbs. of sales, representing 10% of base load and resulting in over \$400,000 in lost revenue. Furthermore, in the twelve years since the last base rate relief, there has been escalation of fixed operating expenses. Despite internal cost savings measures (including reduction in workforce through regionalization), and suspension of corporate service charges by ECH’s corporate parent, ECH needs to restore income to an acceptable level in light of the reduced steam sales.

**ANSWERS OF ENERGY CENTER HAARISBURG LLC
TO MINIMUM FILING REQUIREMENTS AT 52 PA CODE § 53.52(a)
Docket No. A-2025-3055959**

ECH's claim is adjusted for customer sales, known changes in rate base, and escalation in both labor costs and other expenses.

Although ECH can support a revenue increase of \$1,775,157 that produces an overall rate of return of 9.45% based on all measures of value, the lower rate increase claim is requested in order to preserve competitive pricing as much as possible. The claimed annual increase of \$894,300 would result in an overall rate of return of approximately 3.28% for ECH.

(a)(2) CUSTOMER SERVED BY ECH

ECH provides steam service for heating and domestic hot water production to a total of 101 customer accounts in downtown Harrisburg.

(a)(3) CUSTOMERS AFFECTED BY THE TARIFF CHANGE

ECH's current 101 customer accounts are served under Rate 1 (General Service) and Rate 4 (Economic Development and Load Stabilization, Post 12/31/88) rate schedules. Except for seven accounts, all customers will be affected by the rate increase. The seven accounts not affected are currently served by contract not tied to the base rate.

(a)(4) EFFECT OF TARIFF CHANGE ON ECH CUSTOMERS

This rate filing will increase customer total rates (i.e. with fuel costs included) by approximately 11.6% for all customers except the seven defined above.

(a)(5) EFFECT OF PROPOSED TARIFF CHANGE ON ECH REVENUE AND EXPENSES

The proposed tariff change will increase total annual normalized revenues by approximately \$894,300 or 11.6%.

**ANSWERS OF ENERGY CENTER HAARISBURG LLC
TO MINIMUM FILING REQUIREMENTS AT 52 PA CODE § 53.52(a)
Docket No. A-2025-3055959**

(a)(6) EFFECT OF CHANGE ON SERVICE PROVIDED BY ECH

The new rates will enable ECH to cover its operating expenses, provide a healthier return on common equity, and provide a revenue stream that will allow ECH to fund new investment that enhances system reliability and efficiency.

(a)(7) FACTORS CONSIDERED IN MAKING A CHANGE IN RATES

Other sections of this filing discuss the factors which motivated the filing. The primary factors considered in making the change is approximately a 10% reduction in sales volume and twelve years of escalation since the last base rate relief in 2013.

(a)(8) UTILITY STUDIES

No formal studies have been conducted.

(a)(9) ECH CUSTOMER POLLS

ECH has not conducted customer polls, but it has had ongoing informal communication with major customers about the proposed rate increase.

(a)(10) ECH PLANS FOR IMPLEMENTING THE TARIFF CHANGE

ECH will implement the new rates when they are approved by the Commission, presumably on one day's notice.

(a)(11) FERC OR COMMISSION ORDERS APPLICABLE TO THE FILING

There are no FERC orders relevant to this filing.

The following Commission Orders/Secretarial Letters are relevant to this filing (copies of which are included with the minimum filing requirements):

Pa. Public Util. Comm'n v. NRG Energy Center Harrisburg LLC, Docket No. R-2013-2350265 et. al. (Order entered Dec. 5, 2013)

**ANSWERS OF ENERGY CENTER HAARISBURG LLC
TO MINIMUM FILING REQUIREMENTS AT 52 PA CODE § 53.52(a)
Docket No. A-2025-3055959**

Joint Application of Energy Center Harrisburg LLC and Energy Center Pittsburgh LLC for Approval of an Indirect Transfer of Control, Docket No. A-2021-3029619 et. al. (Order entered Feb. 24, 2022)

Re: Affiliated Interest Agreement between NRG Energy Center Harrisburg LLC and NRG Harrisburg Cooling LLC, Docket No. G-2010-2212422 (Secretarial Letter issued Aug. 25, 2011)(copy of Commission-approved agreement included)(amendment to monthly charge currently pending before Commission for affiliated interest approval)

Re: Affiliated Interest Agreement between NRG Energy Center Harrisburg and NRG Center Paxton, Docket No. G-2010-2212424 (Secretarial Letter issued Aug. 25, 2011) (copy of Commission-approved agreement included)(amendment to monthly charge currently pending before Commission for affiliated interest approval)

Re: Affiliated Interest Agreement and First Amendment to Services Agreement between Energy Center Pittsburgh, Energy Center Harrisburg LLC and Community Energy Operating Company LLC, Docket No. G-2022-3032856 (Secretarial Letter issued Oct. 25, 2022)(copy of Commission-approved agreement included)

Re: Affiliated Interest Agreement – Energy Center Harrisburg LLC and Cordia Energy Services LLC, Docket No. G-2025-3053576 (Secretarial Letter issued Mar. 27, 2025)(copy of Commission-approved agreement included)

SUBSECTIONS (b) AND (c) OF SECTION 53.52

See Section 1 of ECH Exhibit KLL-1 for responses to 52 Pa. Code §§ 53.52 (b) and (c).

Pennsylvania Public Utility Commission

v.

NRG Energy Center Harrisburg LLC

Docket Nos. R-2013-235065

C-2013-2366273

C-2013-2367232

Order

(December 5, 2013)

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held December 5, 2013

Commissioners Present:

Robert F. Powelson, Chairman
John F. Coleman, Jr., Vice Chairman
James H. Cawley
Pamela A. Witmer
Gladys M. Brown

Pennsylvania Public Utility Commission, et al.	:	R-2013-2350265
	:	C-2013-2366273
v.	:	C-2013-2367232
	:	
NRG Energy Center Harrisburg LLC	:	

ORDER

BY THE COMMISSION:

We adopt as our action the Recommended Decision of Administrative Law Judge Dennis J. Buckley, dated October 29, 2013;

THEREFORE,

IT IS ORDERED:

1. That the rates filed by NRG Energy Center Harrisburg LLC in Supplement No. 48 to Tariff Steam-PA PUC No. 4 (Supplement No. 48), proposing to increase the Company's base rate for its steam service by \$875,000, be approved as just, fair and reasonable, consistent with the Joint Petition for Approval of Unanimous Settlement.

2. That the Joint Petition For Unanimous Settlement of Rate Investigation at Docket No. R-2013-2350265, and its Attachments and Statements In Support of the Settlement among NRG Energy Center Harrisburg LLC, the Bureau of Investigation & Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate, filed on August 2, 2013, are hereby admitted into the record and approved without modification.

3. That upon receipt of the Commission's Order approving the Joint Petition For Unanimous Settlement, NRG Energy Center Harrisburg LLC shall file a tariff supplement on one day's notice allowing an increase in its annual base rate revenues of \$875,000 in accordance with the Settlement terms.

4. That Commission approval of the Settlement shall not be construed to represent approval of any party's position on any issue herein.

5. That, upon acceptance of the compliance filing, the Commission's investigation of the proposed rates of NRG Energy Center Harrisburg LLC at Docket No. R-2013-2350265 shall be terminated and the case at Docket No. R--2013-2350265 shall be marked closed.

6. That the Complaint of the Office of Consumer Advocate at Docket No. C-2013-2366273, and the Complaint filed by the Office of Small Business Advocate at Docket No. C-2013-2367232 are dismissed and marked closed.

BY THE COMMISSION


Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: December 5, 2013

ORDER ENTERED: December 5, 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al.	:	
	:	
	:	
v.	:	R-2013-2350265
	:	C-2013-2366273
	:	C-2013-2367232
NRG Energy Center Harrisburg LLC	:	

RECOMMENDED DECISION

Before
Dennis J. Buckley
Administrative Law Judge

This Recommended Decision considers and recommends the adoption by the Commission of the Joint Petition for Approval of Unanimous Settlement of All Issues submitted by NRG Energy Center Harrisburg LLC (NRG or Company), the Commission’s Bureau of Investigation & Enforcement (I&E), the Office of Consumer Advocate (OCA), and the Office of Small Business Advocate (OSBA) at this docket. A Commission decision in this matter is due no later than January 14, 2014. The Settlement is recommended for approval because it is in the public interest. I note that the parties have waived their right to file Exceptions as this Recommended Decision recommends adoption of the Settlement without modification.

I. HISTORY

On April 12, 2013, NRG filed Supplement No. 48 to Tariff Steam-PA PUC No. 4 (Supplement No. 48), proposing to increase the Company’s base rate for its steam service by

\$875,000, an increase of 11.46% on a total bill basis for NRG's 142 Rate 1 customers. NRG's one Rate 2 customer would see a proportionate increase in rates.¹

On May 22, 2013, I&E entered its appearance in this case.

On May 31, 2013, the OCA filed a formal Complaint and Public Statement in this proceeding.²

On June 5, 2013, the OSBA filed a formal Complaint and Public Statement in this proceeding.³

At its public meeting on June 13, 2013, the Commission suspended the proposed tariff Supplement by operation of law until January 14, 2014, and assigned this case to the Office of Administrative Law Judge (OALJ).

On June 18, 2013, a Prehearing Conference and Mediation Notice was issued by the OALJ, setting July 18, 2013 as the date for the Prehearing and Mediation Conferences in this matter.

On June 25, 2013, NRG voluntarily extended the effective date of the proposed base rates an additional sixty days to March 15, 2014 so that the Parties could pursue settlement discussions.⁴

On July 16, 2013, I issued a *pro forma* Prehearing Order.

¹ NRG filed notice for an increase of \$875,000 in annual base rate revenues, but included in its filing information that NRG claimed supported a \$1,387,400 increase.

² Docket No. Pa. PUC No. C-2013-2366273.

³ Docket No. Pa. PUC No. C-2013-2367232.

⁴ With the successful conclusion of negotiations and submission of a comprehensive proposed Settlement, NRG informally asked that this case be considered by the Commission as soon as practicable.

On July 18, 2013, a Prehearing Conference, which continued immediately into a mediation session with Mediator Cynthia Lehman, took place at the Commission's office in Harrisburg, Pennsylvania. David P. Zambito, Esquire appeared on behalf of NRG. Richard A. Kanaskie, Esquire, appeared on behalf of the Commission's I&E. Christy M. Appleby, Esquire, appeared on behalf of the OCA. Steven C. Gray, Esquire, appeared on behalf of the OSBA. As the Parties had elected to pursue mediation and were already far advanced in their negotiations, it was not necessary to establish a formal procedural schedule. Likewise, it was not necessary to address any proposed modifications to the Commission's procedural rules as is usually the case in fully litigated proceedings.

On July 22, 2013, I was advised by the Parties that they had reached a unanimous settlement in principle of all issues in this case and that they were therefore requesting a suspension of the procedural schedule. The procedural schedule was suspended by Order issued July 26, 2013.

On August 2, 2013, the parties filed a Joint Petition for Approval of Unanimous Settlement of All Issues.

On October 25, 2013, NRG filed a Motion for Admission of Evidence referencing the Joint Stipulation for Admission of Evidence filed August 2, 2013.

On October 25, 2013, I issued an Order granting the Motion for Admission of Evidence and closing the record in this case. For the reasons set forth below, the Settlement is recommended for approval without modification.

II. TERMS OF THE SETTLEMENT

The Terms of Settlement begin on page four of the Settlement and are encompassed within Paragraph 13, which is quoted verbatim, below:

13. The Joint Petitioners agree as follows:
 - (a) The Settlement rates are designed to produce \$875,000 in additional annual operating revenue based upon a fully projected future test year ending January 11, 2015.
 - (b) NRG will be permitted to file a tariff supplement in the form attached hereto as **Appendix A** to become effective on one day's notice.
 - (c) The Settlement shall be "black box" in nature and there shall be no specification of allowed or disallowed claims; provided however that the following expenses shall be deemed to have been included in and fully recovered through the allowed revenue increase: (i) Repair/Painting of South Stack; and, (ii) Repair of Plant Roof. Upon completion of the Repair/Painting of the South Stack and the Repair of the Plant Roof, NRG Harrisburg shall file at this docket, with copies to OCA, I&E and OSBA, a letter stating that the projects have been completed. NRG Harrisburg will inform the statutory advocates upon completion of the projects. The Company cannot claim these projects in any future base rate proceeding.
 - (d) The 2013 base rate case expense shall be normalized.
 - (e) On or before April 1, 2014, the Company will provide to the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA, and OSBA an update to the Schedules included in NRGH Exhibit No. KLL-1, Answers to 52 Pa.Code § 53.52(c)(1), Sheet 1b, "Statement of Operating Expenses For the Twelve Months Ended December 31, 2012 and December 31, 2013" and to 52 Pa.Code § 53.52(c)(3), "Original Cost of Utility Plant in Service at December 31, 2012 and December 31, 2013" filed in this proceeding -- which will include all going-level adjustments, actual capital expenditures, plant additions, and retirements for the twelve months ending December 31, 2013. On or before April 1, 2015, the Company will update the Schedules included in NRGH Exhibit No. KLL-1, Answers to 52 Pa.Code § 53.52(c)(1), Sheet 1b "Statement of Operating Expenses For the Twelve

Months Ended December 31, 2012 and December 31, 2013” and to 52 Pa.Code § 53.52(c)(3), “Original Cost of Utility Plant in Service at December 31, 2012 and December 31, 2013” filed in this proceeding -- which will include all going-level adjustments, actual capital expenditures, plant additions, and retirements for the twelve months ending December 31, 2014. In the Company’s next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions to its projections in this case.

- (f) The allowed increase in revenues is shown in the proof of revenues attached hereto as **Appendix B**.
- (g) Other miscellaneous tariff changes proposed by NRG are approved, as set forth in the form of tariff supplement attached hereto as **Appendix A**.

The Settlement is conditioned upon the usual terms, including the Commission’s approval of the terms and conditions of the Settlement without modification. If the Commission does not approve the Settlement and the proceeding continues, the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement reflects a compromise of competing positions and does not necessarily reflect any Party’s position with respect to any issues raised in this proceeding. The Joint Petitioners agree that the Settlement shall not constitute or be cited as precedent in any other proceeding, except to the extent required to implement the Settlement. A Joint Petitioner’s support of the Settlement does not indicate the Joint Petitioner’s agreement to the methodologies, calculations, and claims as used or submitted by NRG in its filing. If a Recommended Decision adopts the Settlement without modification, the Parties waive their rights to file exceptions.

III. DISCUSSION

A comprehensive settlement has been proposed to resolve the issues in this rate case. The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a “burden of proof” standard, as is utilized for contested matters. *Pa. Pub. Util. Comm’n., et al. v. City of Lancaster – Bureau of Water*, Docket Nos.

R-2010-2179103, *et al.*, (Opinion and Order entered July 14, 2011). Instead, the benchmark for determining the acceptability of the proposed Settlement is whether the proposed terms and conditions are in the public interest. *Id.*, citing, *Warner v. GTE North, Inc.*, Docket No. C-00902815, (Opinion and Order entered April 1, 1996); *see also*, *Pa. Pub. Util. Comm'n. v. CS Water and Sewer Associates*, 74 Pa. PUC 767 (1991).

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 hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa.Code § 69.401. Many proceedings are expensive to litigate and the cost of such litigation at a reasonable level is an operating expense recovered in the rates approved by the Commission. This means that a settlement, which allows the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yields significant expense savings for the company's customers. That is one reason why settlements are encouraged by long-standing Commission policy.

In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. CS Water and Sewer Assoc.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Philadelphia Electric Co.*, 60 Pa. PUC 1 (1985).

Applying this principle, the Settlement should be approved by the Commission.

First, the proposed Settlement itself is in compliance with all applicable regulatory requirements and is clearly reasonable.

The Settlement in this case was not opposed by any party. Consequently, this case is no longer a contested matter and does not require a hearing be held. *See, Lehigh Valley*

Power Committee v. Pa. Pub. Util. Comm'n., 128 Pa. Cmwlth 276, 563 A.2d 557 (1989) (a hearing is only required to resolve disputed questions of fact and is not required to decide questions of law, policy or discretion); *see also, Dee-Dee Cab, Inc. v. Pa. Pub. Util. Comm'n.*, 817 A.2d 593 (Pa. Cmwlth 2003), *alloc. denied*, 575 Pa. 698, 836 A.2d 123 (2003).

Therefore, the analysis required is to determine whether the Settlement is in the public interest. To that end, each of the Parties filed Statements in Support of the proposed Settlement.

A. I&E Statement in Support

I&E fully supports the Settlement and maintains that all issues have been satisfactorily resolved through discovery and discussions with NRG and are incorporated into the "Black Box" resolution of the revenue requirement in this proceeding. Line by line identification of the ultimate resolution of every averment is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. Each signatory acknowledges the ultimate revenue allowance but makes no representation as to how this addition to base rate revenue was achieved. Because of the characteristics of "Black Box" settlements, no representation of the resolution of any issue not specifically identified is possible in future proceedings. I&E is satisfied that no further action is necessary in this case. I&E Statement in Support at 6, ¶ 11.

I&E states that the Settlement provides for allowance of the requested increase of \$875,000 to NRG's annual overall revenue. The additional revenue in this proceeding is base rate revenue and has been agreed to in the context of a "Black Box" settlement with very limited exceptions. I&E asserts that the Settlement adequately balances the interests of ratepayers and NRG. NRG will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected from exorbitant rates and are somewhat assured of continued service at a high level of reliability. Mitigation of the level of the rate increase occurred prior to the filing of the base rate increase request. I&E represents that based on its analysis the requested base rate revenue increase of \$875,000 is adequately supported. The agreed to revenue

requirement supports the standard for approval of a settlement as the resulting rates are just and reasonable and in accordance with the Public Utility Code and all pertinent case law. I&E Statement in Support at 4-5, ¶ 9.

I&E notes that the Settlement requires NRG to provide updated schedules on or before April 1, 2014 and April 1, 2015 showing all going-level adjustments, actual capital expenditures, plant additions and retirements for the twelve months ending December 31, 2013 and December 31, 2014 respectively. Also, in NRG's next base rate case proceeding, NRG will prepare a comparison of its actual expenses and rate base additions to the projections provided in this case. In light of the extended time allowed for the projection of rate base investment by recent legislation, I&E states that interim reporting requirements are in the public interest as they allow for the timely review of the accuracy of the estimates provided by the Company in its projected test year. This interim report will allow for the verification that projected plant investments are being incurred. This review will allow for a more informed analysis in the Company's next rate filing. Accurate projections are necessary to ensure that ratepayers are not providing a return on an investment that is not used in the provision of public service. I&E points out that NRG will have current information as to the status of its planned investment to assist in maintaining the reliability of its system. Projections, by their very nature, are estimates. Additional information that allows for a prudent review in subsequent proceedings is in the best interests of all parties. I&E Statement in Support at 5, ¶ 10.

B. The OCA Statement in Support

In addition to conditions already referenced in the I&E Statement, the OCA comments:

Although the Settlement is a black box settlement, the parties have specifically identified that the rate increase includes and fully recovers the costs of Repair/Painting of the Company's South Stack and Repair of the Plant Roof. The Company specifically agrees that it will not include these projects in any future base rate proceeding. NRG also agrees that it will file a letter and inform all parties upon completion of the project. The OCA submits that this

will ensure that both of these projects are completed to the benefit of ratepayers and that these costs will not be claimed again.

OCA Statement in Support at 4.

The OCA concludes that the terms and conditions of the proposed Settlement are in the public interest and in the interest of NRG's customers and should be approved by the ALJ and the Commission. OCA Statement in Support at 5.

C. The OSBA Statement in Support

The OSBA states that it focused its efforts in this case on evaluating the propriety of the cost of service study (COSS) and rate design proposals submitted by NRG in its original filing. After reviewing the Company's COSS and rate design proposals, the OSBA concluded that there were no issues to be raised with respect to rate design. This is mainly because virtually all remaining customers (many former smaller customers were given incentives to leave the system) are now on the same rate. Therefore, because NRG's COSS appears to have been reasonably and accurately performed, and because NRG's filing presents no current rate design issues, the OSBA submits that the Joint Petition's proposal to adopt the Company's originally filed rate design is just and reasonable. OSBA Statement in Support at 2.

D. NRG Statement in Support

NRG filed a comprehensive Statement in Support of the proposed Settlement. NRG points out that the fact that the proposed Settlement is unopposed in this base rate proceeding is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest, particularly given the diverse interests of the parties and the active role that they have taken in this proceeding. Further, because NRG is a relatively small steam utility, it was important to reach an early settlement in order to mitigate rate case expense. The Settlement reflects a carefully-balanced compromise of the interests of the Joint Petitioners to this proceeding. NRG Statement in Support at 2.

NRG explains that there were five main issues raised by the Parties during the course of the instant proceeding: (1) revenue requirement; (2) treatment of expenses associated with the Repair/Painting of the South Stack and the Repair of the Plant Roof; (3) treatment of current rate case expense; (4) reporting associated with the use of a fully projected future test year (FPFTY); and, (5) cost of service and rate structure. NRG Statement in Support at 3.

1. Revenue Requirement

NRG maintains that since its last base rate case in 2008, NRG has experienced an unanticipated loss of 100,000 Mlbs.⁵ of sales, representing 24% of NRG's base load and resulting in over \$1,000,000 in lost revenue. Despite internal cost savings measures including reduction of workforce by two employees, increased charges to NRG's affiliates, suspension of corporate service charges by NRG's ultimate parent, and deferred maintenance projects, NRG argues that it needs to restore income to an acceptable level in light of the reduced consumption. The claimed annual increase of \$875,000 will result in an overall rate of return of approximately 3.3 percent for NRG. NRG Statement in Support at 3-4.

NRG states that it proposed a mitigated claim because, while NRG is a rate-regulated public utility, it is in a competitive business. NRG's customers have options for their heating needs, including natural gas and electric. NRG states that its management talks with its customers on a regular basis, particularly its 17 largest customers who represent 75 percent of its load. Based on these conversations, NRG believes that a \$3.00 per Mlb. increase is fair and will not lead to a steam price which is no longer competitive to the alternatives. NRG Statement in Support at 4. NRG concludes that the increase is necessary in order for NRG to maintain safe, adequate, and reliable steam service in the City of Harrisburg and is, therefore, in the public interest. NRG Statement in Support at 5.

⁵ 1,000 pounds; the unit of steam volumes.

2. Repair/Painting of South Stack and Repair of Plant Roof

NRG's original filing included claims for two major maintenance projects to its plant on Market Street in Harrisburg, Pennsylvania: (a) the Repair/Painting of the South Stack (\$225,000); and, (b) the Repair of the Plant Roof (\$100,000). In order to ensure that these projects are completed and in order to avoid any future confusion regarding amortization of the project expenses, the Joint Petitioners have agreed that the expenses are included in and fully recovered through the Settlement's allowed revenue increase. This provision prevents NRG from claiming any portion of the expenses in a future base rate proceeding. NRG has also agreed to provide notice to the Commission and the public advocates upon completion of the projects. NRG concludes that these projects are necessary for NRG's continued provision of safe, adequate, and reliable steam service; accordingly, these provisions of the Settlement are in the public interest. NRG Statement in Support at 5.

3. Current Rate Case Expense

In sum, NRG contends that its rate case expense in this proceeding has been mitigated by NRG's claim of an annual revenue increase of less than what it could otherwise support, resulting in a quick settlement. NRG states that it also controlled rate case expense by using in-house management as its primary witnesses. The Joint Petitioners have agreed that the rate case expense (projected in the filing to be approximately \$200,000 for legal and consulting services, see NRGH Exhibit No. KLL-I, p. 1-16) will be normalized instead of amortized. See Settlement, 1T 13(d). Normalization of the rate case expense will prevent NRG from claiming any portion of current rate case expense in a future base rate filing. NRG Statement in Support at 5-6.

4. Fully Projected Future Test Year Reporting

NRG used a FPFTY ending January 11, 2015 for purposes of this base rate filing. Act 11 requires a utility company that uses a FPFTY to submit appropriate data evidencing the accuracy of the estimates contained in the FPFTY. In order to satisfy this reporting requirement,

the Joint Petitioners have agreed that NRG will update certain schedules contained in its filing (relating to Statement of Operating Expenses and Original Cost of Utility Plant in Service) for the twelve months ending December 31, 2013 and the twelve months ending December 31, 2014. The updates will be provided to the Commission's Bureau of Technical Utility Services and also served on the public advocates. Additionally, in NRG's next base rate filing, it will provide a comparison of its actual expenses and rate base additions to its projections in this case. NRG Statement in Support at 6.

5. Cost of Service and Rate Structure

NRG states that the proposed Settlement proposes no changes to rate structure, and that the current structure is fair to all customers and recognizes the competitive nature of steam service in the City of Harrisburg. NRG Statement in Support at 7-8.

IV. CONCLUSION

All the parties should be commended for reaching a comprehensive agreement. The Settlement addresses the essential points raised by the public advocates in their initial complaints and position statements and provides a reasonable resolution of those issues as reflected in the Statements of Support provided by the Parties. The Settlement is in the public interest and it is recommended that it be approved without modification.

V. CONCLUSIONS OF LAW

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

2. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pennsylvania Gas and Water Co. v. Pa. Pub. Util. Comm'n*, 341 A.2d 239 (Pa. Cmwlth. 1975).

3. To determine whether the Settlement should be approved, the Commission must decide whether the Settlement promotes the public interest. *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Associates*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Philadelphia Electric Company*, 60 Pa. PUC 1 (1985).

4. The rates, terms and conditions contained in the Joint Petition for Approval of Unanimous Settlement of the Rate Investigation at Docket No. R-2013-2350265 submitted by NRG Energy Center Harrisburg LLC, the Bureau of Investigation & Enforcement, the Office of the Consumer Advocate, and the Office of Small Business Advocate are just, reasonable and in the public interest.

VI. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the rates filed by NRG Energy Center Harrisburg LLC in Supplement No. 48 to Tariff Steam-PA PUC No. 4 (Supplement No. 48), proposing to increase the Company's base rate for its steam service by \$875,000, be approved as just, fair and reasonable, consistent with the Joint Petition for Approval of Unanimous Settlement.

2. That the Joint Petition For Unanimous Settlement of Rate Investigation at Docket No. R-2013-2350265, and its Attachments and Statements In Support of the Settlement among NRG Energy Center Harrisburg LLC, the Bureau of Investigation & Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate, filed on August 2, 2013, are hereby admitted into the record and approved without modification.

3. That upon receipt of the Commission's Order approving the Joint Petition For Unanimous Settlement, NRG Energy Center Harrisburg LLC shall file a tariff supplement on

one day's notice allowing an increase in its annual base rate revenues of \$875,000 in accordance with the Settlement terms.

4. That Commission approval of the Settlement shall not be construed to represent approval of any party's position on any issue herein.

5. That, upon acceptance of the compliance filing, the Commission's investigation of the proposed rates of NRG Energy Center Harrisburg LLC at Docket No. R-2013-2350265 shall be terminated and the case at Docket No. R--2013-2350265 shall be marked closed.

6. That the Complaint of the Office of Consumer Advocate at Docket No. C-2013-2366273, and the Complaint filed by the Office of Small Business Advocate at Docket No. C-2013-2367232 are dismissed and marked closed.

DATED: October 29, 2013

/s/
Dennis J. Buckley
Administrative Law Judge

**Joint Application of
Energy Center Harrisburg LLC and
Energy Center Pittsburgh LLC for
Approval of Indirect Transfer of Control**

**Docket Nos. A-2021-3029619
and A-2021-3029620**

Order

(February 24, 2022)

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

Public Meeting held February 24, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
John F. Coleman, Jr., Vice Chairman
Ralph V. Yanora

Joint Application of Energy Center Harrisburg LLC
and Energy Center Pittsburgh LLC for Approval of
an Indirect Transfer of Control

Docket Nos.
A-2021-3029619
A-2021-3029620

ORDER

BY THE COMMISSION:

On November 15, 2021, pursuant to Chapter 11 of the Public Utility Code, 66 Pa. C.S. §§ 1101–1103, Energy Center Harrisburg LLC (ECH) and Energy Center Pittsburgh LLC (ECP) (collectively, “Joint Applicants”) filed a joint application seeking approval of an indirect transfer of control that will result in the change of the largest controlling interest in the Joint Applicants from GIP III Zephyr Acquisition Partners, L.P. (GIP Zephyr) to KKR Thor Bidco, LLC (Bidco) (the “Transaction”).

Pursuant to 52 Pa. Code § 5.14, relating to applications requiring notice, the Joint Applicants provided proof of compliance with our regulations. Copies of the joint application were served upon the Office of Consumer Advocate, the Office of Small Business Advocate, and the Commission’s Bureau of Investigation and Enforcement. On December 4, 2021, notice of the Transaction was published in Volume 51 of the *Pennsylvania Bulletin* (51 Pa.B. 7605), with a protest period ending December 20, 2021.

The Joint Applicants also published a notice in *The Patriot News* and the *Pittsburgh Post-Gazette*, newspapers of general circulation in the Harrisburg and Pittsburgh metro areas, on November 30, 2021 and December 2, 2021, respectively. No protests or comments were filed, and no hearings were requested.

Background

ECH, utility code 130175, is a Delaware limited liability company and regulated public utility with principal offices located at 100 North Tenth Street, Harrisburg, Pennsylvania 17101. In Pennsylvania, ECH provides steam service for use in space heating, domestic hot water heating, humidification, and industrial processes pursuant to certificates of public convenience granted by the Commission at Docket Nos. A-130175, A-130175F0002, A-130175F5000, A-130175F5001, A-130175F0003, A-130175F2001, A-2009-2093059, A-2011-2239521, A-2013-2350006, and A-2018-3000406. ECH serves approximately 115 customers, totaling 10 million square feet of space, in a one-square-mile area in the downtown business district of the City of Harrisburg, Dauphin County, Pennsylvania.

ECP, utility code 130001, is a Delaware limited liability company and regulated public utility with principal offices located at 111 South Commons, Pittsburgh, Pennsylvania 15212. In Pennsylvania, ECP provides steam, hot water, and chilled water service pursuant to certificates of public convenience granted by the Commission at Docket Nos. A-130001, A-130001F002, A-2009-2093058, A-2013-2350007, A-2016-2570927, and A-2018-3000407. ECP serves approximately 35 customers, totaling seven million square feet within 45 buildings, in the City of Pittsburgh, Allegheny County, Pennsylvania. Additionally, ECP recently received Commission approval to expand its service territory into a portion of the Golden Triangle in the City of Pittsburgh, and for the acquisition of certain assets, properties, and rights related to the

steam system of Pittsburgh Allegheny County Thermal, LTD (PACT).¹ PACT is an unregulated *bona fide* cooperative association currently providing steam service in a portion of the Golden Triangle region but it intends to dissolve and cease providing service to the public on or about the second half of 2023.

The Joint Applicants are wholly-owned subsidiaries of Clearway Thermal LLC (CT). CT is wholly-owned by Clearway Energy Operating LLC (CEO), which, in turn, is wholly-owned by Clearway Energy LLC (CE). CE's sole managing member, and the owner of an aggregate 58% economic interest in CE, is Clearway Energy, Inc. (CEI). An aggregate 45% voting interest in CEI is owned by public stockholders, with the remaining 55% voting interest in CEI, together with an aggregate 42% economic interest in CE, being owned by Clearway Energy Group LLC (CEG). CEG is a wholly-owned subsidiary of GIP Zephyr.²

CEI (NYSE: CWEN), a Delaware corporation with principal offices located at 300 Carnegie Center, Suite 300, Princeton, NJ 08540, is an energy infrastructure investor in and owner of modern, sustainable and long-term contracted assets across North America. CEI is one of the largest renewable energy owners in the United States, with over 4,700 net MW of installed wind and solar generation projects and 2,500 net MW of natural gas generation facilities.

GIP Zephyr is a Delaware limited partnership with principal offices located at 12 East 49th Street, 38th Floor, New York, New York 10017. GIP Zephyr is controlled by Global Infrastructure GP, III, LP, its general partner, which, in turn, is controlled by its general partner, Global Infrastructure Investors III, LLC (GII). The sole member of GII is GIM Participation Funding Holding, L.P., which is owned by individuals.

¹ See Application of Energy Center Pittsburgh LLC at Docket No. A-2021-3027258, Order entered October 7, 2021.

² See Appendix A of the joint application for an organizational chart showing the current ownership structure of the Joint Applicants.

Bidco is a Delaware limited liability company formed as a vehicle to facilitate the Transaction. Bidco is controlled by KKR & Co. Inc. (KKR), a global investment firm that is publicly traded on the New York Stock Exchange (NYSE: KKR). KKR invests in and manages a range of asset classes, including private equity, infrastructure, real estate, and credit. KKR currently oversees approximately \$28 billion in infrastructure assets and has made more than 45 infrastructure investments across a range of sub-sectors and geographies throughout the United States and around the world. KKR continues to expand its energy operations through development of renewable and carbon-neutral alternatives and also has full or partial ownership of numerous public utilities subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC).

Transaction

The Transaction stems from a Membership Interest Purchase Agreement (Purchase Agreement) dated October 22, 2021 by and between CEO (as the Seller), Bidco (as the Buyer), and CEI (for a limited purpose), whereby Bidco will purchase 100% of the membership interests in various limited liability corporations currently controlled by CEO (the “Top Tier Subsidiaries”). Shortly before closing on the Transaction, CEO will form a direct wholly-owned Delaware limited liability company (the “Company”). CEO will then contribute 100% of the membership interests in the Top Tier Subsidiaries to the Company in return for 100% of the membership interests in the Company. At closing, CEO will sell 100% of the membership interests in the Company to Bidco for a purchase price of \$1.9 billion. Upon completion of the Transaction, Bidco will acquire CT’s hot water, steam, chilled water and thermal power business, and the Joint Applicants’ ultimate controlling interest will change from GIP Zephyr to Bidco.³

³ See Joint Applicants’ letter filed on January 20, 2022 for a simplified post-Transaction organizational chart. This letter served to provide notice to the Commission of an administrative development in the Transaction, whereby a new intermediate entity called KKR Thor Intermediate, LLC would be created and inserted into the ownership chain

The Transaction will have no immediate impact on rates. Following the Transaction and for a reasonable period thereafter, there will be no change in the employees, property, plant, equipment or other contract rights and obligations of the Joint Applicants. It is expected that all the current employees of CT will continue to provide services directly and indirectly to the Joint Applicants.

The Joint Applicants will continue to operate as Pennsylvania public utilities subject to the continuing jurisdiction and oversight of the Commission. The Transaction will not impact the day-to-day operations of these utilities, which will continue to serve their existing customers in the manner that they are served today. The Joint Applicants aver they will continue to furnish and maintain adequate, efficient, safe, and reasonable service and facilities, as required by Section 1501 of the Code, 66 Pa. C.S. § 1501.

Affiliated Interest Agreements

The Joint Applicants currently each have a Commission-approved Plant Operation and Maintenance Services Agreement (O&M Agreements) with CEI. The O&M Agreements and first addendums thereto for ECH and ECP were approved by the Commission at Docket Nos. G-2014-2446752 and G-2014-2446758, respectively.⁴ The Commission approved the assignment of the O&M Agreements from NRG Energy, Inc. to NRG Yield Inc.,⁵ which subsequently changed its name to CEI. Under the O&M Agreements, the Joint Applicants receive the following services: plant-level management services; operations and maintenance services, including specifically providing dedicated personnel for the operation of the facilities; personnel support and payroll services; services related to environmental, regulatory, safety, and other operation compliance in connection with the facilities; services necessary to enter into agreements with third-party

between Bidco and KKR. The Joint Applicants aver that the creation of this new entity does not in any way change the Purchase Agreement, nor does it change any representations in the joint application or alter any relief sought.

⁴ A second addendum for ECP was approved by the Commission at Docket No. G-2016-2574807.

⁵ See Joint Application at Docket Nos. G-2018-3000417 and G-2018-3000418, Order entered July 12, 2018.

contractors who support the operation and maintenance of the facilities, supply or transport fuel, and provide other operating services or supplies; services related to providing services to the Joint Applicants' customers; plant level budgeting, bookkeeping, accounting and auditing services, services related to capital projects, services related to plant communication systems and services related to the assessment and payment of taxes.

The Joint Applicants state that, pursuant to the Purchase Agreement, the O&M Agreements will be terminated, and request that the Commission allow the termination because there is no need for them in light of the Transition Services Agreement (TSA) and Bidco's commitment to offer continuing employment to all personnel currently involved in operation of the Joint Applicants' businesses. Pursuant to the TSA, CEO will provide the following services to the Joint Applicants: information technology, finance and accounting, human relations, and other corporate services. The TSA will terminate no later than twelve months after it takes effect upon closing of the Transaction,⁶ during which time Bidco will fully develop the capability to perform all of these functions for the Joint Applicants, allowing them to be stand-alone entities. The Purchase Agreement provides that Bidco will offer employment to the Joint Applicants' employees, and as such, Bidco has affirmed continuity of employment and ensured that the Joint Applicants will continue to operate as utilities providing high-quality service at reasonable rates.

Public Interest

The Joint Applicants submit that Bidco has the requisite technical, financial, and legal fitness. Additionally, the Joint Applicants aver that the Transaction is in the public interest and that affirmative public benefits will accrue as a result of the Transaction for a number of reasons, as discussed below.

⁶ Bidco has the ability to extend the TSA for an additional six months if needed.

The Joint Applicants aver that Bidco is financially fit to own the Joint Applicants. The Transaction will enhance the Joint Applicants' access to capital markets through the assistance of Bidco and KKR, thereby expanding their ability to maintain critical infrastructure and improve service to customers. The Joint Applicants note that capital funding will be more readily available to support ongoing operations and to implement changes where improvements are appropriate. Moreover, the enhanced access to capital afforded by Bidco may mitigate the frequency and amount of future base rate increases, while also improving the Joint Applicants' ability to negotiate favorable natural gas, fuel oil, and electric generation supply agreements. For all the foregoing, the Transaction will have a long-term net benefit to ratepayers, so claim the Joint Applicants.

The Joint Applicants aver that Bidco is legally fit to own the Joint Applicants, in that Bidco is in compliance with all federal and state laws and has never been prosecuted, indicted, or investigated for criminal activity in this country or any other country. Bidco has engaged outside law firms to handle various specialized matters, including on-going compliance with government regulations, rules, and orders. Bidco also has access to an internal team of experts and legal counsel responsible for ensuring compliance with all applicable laws, all of which would be afforded to the Joint Applicants.

The Joint Applicants aver that Bidco is technically fit to own and operate the Joint Applicants. As Bidco's owner, KKR has vast experience as an owner and operator of energy providers. KKR oversees roughly \$28 billion in infrastructure assets, has made over 45 infrastructure investments, and upholds a track record of responsible investment in a portfolio of FERC-jurisdictional public utilities. KKR maintains a deep and knowledgeable investment and management team, the backgrounds of whom are diverse and include extensive experience overseeing investments in all parts of the energy chain and a wide array of public utilities.⁷

⁷ See Appendix D of the joint application for biographies of KKR members who will have oversight of the Joint Applicants.

In addition to the expertise and experience that Bidco will bring to the Joint Applicants, it is expected that all current employees of CT will remain employees of CT under Bidco control, and will continue to provide services to the Joint Applicants in the same manner as currently provided.⁸ Moreover, the management and employees of the Joint Applicants will not change as a result of the Transaction, and the Joint Applicants will continue their long record of providing adequate, efficient, and safe service to their customers at just and reasonable rates.⁹

In addition to the public benefit test, the Joint Applicants note that the Commission may also consider the following ten public interest factors in cases involving investment fund control of a Pennsylvania public utility: (a) capital to be allocated to ongoing operating and maintenance expenses; (b) corporate governance/Sarbanes-Oxley compliance; (c) expected term of ownership; (d) experience as an owner and operator of utilities; (e) community presence; (f) nature and objectives of the various affiliated relationships involved; (g) fees paid to and services performed by affiliates; (h) limits on use of leverage and other capital structure protections; (i) transparency on corporate structure issues; and (j) creditworthiness. *Application of Penn Estates Utilities, Inc.*, Docket Nos. A-210072F0003 *et al* (Order entered October 2, 2006). As such, the Joint Applicants have satisfactorily addressed each of these additional public interest factors in the current joint application.

Conclusion

We find that the record sufficiently supports the Joint Applicant's claim that the Transaction will benefit customers by improving the financial resources available to the Joint Applicants and will not adversely impact the Joint Applicants' operations. Bidco

⁸ See Appendix E of the joint application for biographies of CT management personnel who will continue with CT under Bidco control.

⁹ See Appendix F of the joint application for biographies of the Joint Applicants' General Managers.

appears financially, legally, and technically fit to own and operate the Joint Applicants. For the reasons advanced by the Joint Applicants, we conclude that the record provides substantial evidence of affirmative public benefits sufficient to warrant approval of the proposed transaction under *City of York v. Pa. PUC*, 295 A.2d 825 (Pa. 1972) and *Irwin A. Popowsky v. Pa. PUC*, 937 A.2d 1040 (Pa. 2007).

We also find that the Joint Applicants' claim that the current O&M Agreements are no longer necessary – due to the presence of the TSA and the continuity of employment being ensured by Bidco – is fair and reasonable, and as such, we approve their request to terminate the O&M Agreements upon closing of the Transaction and pursuant to the Purchase Agreement.

The Commission has determined that the Joint Applicants are current with their annual financial and Security Planning and Readiness report filing requirements, and that there are no outstanding Commission fines, fees, or assessments due.

Having reviewed the instant joint application, we have determined that the proposed change of the largest controlling interest in the Joint Applicants from GIP Zephyr to Bidco is necessary or proper for the service, accommodation, convenience, or safety of the public, and that the joint application should be approved. We also find that the Joint Applicants' request to terminate the existing O&M Agreements, upon closing, is reasonable and should be approved; **THEREFORE,**

IT IS ORDERED:

1. That the joint application of Energy Center Harrisburg LLC and Energy Center Pittsburgh LLC for approval of an indirect transfer of control resulting in the change of the largest controlling interest in the Joint Applicants from GIP III Zephyr Acquisition Partners, L.P. to KKR Thor Bidco, LLC is hereby approved and that

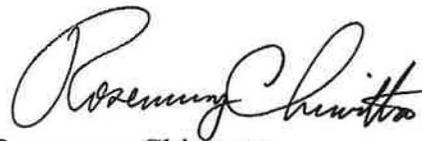
certificates of public convenience be issued to Energy Center Harrisburg LLC and Energy Center Pittsburgh LLC evidencing our approval.

2. That within 30 days of the consummation of the transaction described in Ordering Paragraph No. 1, above, Energy Center Harrisburg LLC and Energy Center Pittsburgh LLC shall notify this Commission of the effective date of the transfer. If the Joint Applicants determine that the proposed transaction will not take place; they shall promptly so notify this Commission.

3. That upon consummation of the transaction described in Ordering Paragraph No. 1, above, the Plant Operation and Maintenance Services Agreements between the Joint Applicants and Clearway Energy, Inc. and all addendums thereto, as approved by the Commission at Docket Nos. G-2014-2446752, G-2014-2446758 and G-2016-2574807, pursuant to 66 Pa. C.S. §§ 2101-2102, are hereby terminated.

4. That upon submission of final notice under Ordering Paragraph No. 2, above, this case shall be marked closed.

BY THE COMMISSION,



Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: February 24, 2022

ORDER ENTERED: February 24, 2022

**Affiliated Interest Agreement between
NRG Energy Center Harrisburg LLC and
NRG Harrisburg Cooling LLC**

Docket No. G-2010-2212422

**PA PUC Secretarial Letter
Approving Affiliated Interest
Agreement**

(August 25, 2011)



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 25, 2011

G-2010-2212422

DAVID P. ZAMBITO
POST & SCHELL
17 NORTH SECOND STREET
12TH FLOOR
HARRISBURG, PA 17101-1601

Re: Affiliated Interest Agreement between NRG Energy Center Harrisburg LLC and
NRG Harrisburg Cooling LLC

Dear Mr. Zambito:

On November 24, 2010, NRG Energy Center Harrisburg LLC (Energy) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, et seq., the above-captioned Affiliated Interest Agreement. By Secretarial letter dated December 15, 2010, the Commission extended the statutory consideration period for this Agreement until further action of the Commission.

The Agreement was entered into between Energy and its affiliate NRG Harrisburg Cooling LLC (Cooling). The Agreement authorizes Energy to provide Cooling with operation, maintenance, and administrative services.

Upon review of the filing, it does not appear that this Agreement is unreasonable or contrary to the public interest. Therefore, this filing is approved. However, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, et seq.

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding as well as under any associated and previously filed filings.

Sincerely,

Rosemary Chiavetta
Secretary

Attachment
cc: Jeannine Snyder

CONFIDENTIAL

**Operating, Maintenance and
Improvements Agreement**

Between

NRG Energy Center Harrisburg LLC

and

NRG Harrisburg Cooling LLC

(effective January 1, 2011)

**Affiliated Interest Agreement between
NRG Energy Center Harrisburg LLC and
NRG Center Paxton LLC**

Docket No. G-2010-2212424

**PA PUC Secretarial Letter
Approving Affiliated Interest
Agreement**

(August 25, 2011)



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

August 25, 2011

G-2010-2212424

DAVID P. ZAMBITO
POST & SCHELL
17 NORTH SECOND STREET
12TH FLOOR
HARRISBURG, PA 17101-1601

Re: Affiliated Interest Agreement between NRG Energy Center Harrisburg LLC and
NRG Center Paxton

Dear Mr. Zambito:

On November 24, 2010, NRG Energy Center Harrisburg LLC (Energy) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, et seq., the above-captioned Affiliated Interest Agreement. By Secretarial letter dated December 15, 2010, the Commission extended the statutory consideration period for this Agreement until further action of the Commission.

The Agreement was entered into between Energy and its affiliate NRG Energy Center Paxton LLC (Paxton). The Agreement authorizes Energy to provide Paxton with operation, maintenance, and administrative services.

Upon review of the filing, it does not appear that this Agreement is unreasonable or contrary to the public interest. Therefore, this filing is approved. However, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, et seq.

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding as well as under any associated and previously filed filings.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary Chiavetta".

Rosemary Chiavetta
Secretary

Attachment
cc: Jeannine Snyder

CONFIDENTIAL

**Operating, Maintenance and
Improvements Agreement**

Between

NRG Energy Center Harrisburg LLC

and

NRG Energy Center Paxton LLC

(effective January 1, 2011)

**Affiliated Interest Agreement and
First Amendment to Services Agreement
between Energy Center Pittsburgh LLC,
Energy Center Harrisburg LLC
and Community Energy Operating
Company LLC**

**Docket Nos. G-2022-3032856 and
G-2022-3032858**

**PA PUC Secretarial Letter
Approving Affiliated Interest
Agreement**

(October 25, 2022)



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120
October 25, 2022

Docket Nos. G-2022-3032856
G-2022-3032858

EMAIL

DAVID P ZAMBITO ESQ
COZEN O CONNOR
17 N 2ND ST SUITE 1410
HARRISBURGH PA 17101
dzambito@cozen.com

Re: Affiliated Interest Agreement and First Amendment to Services Agreement
between Energy Center Pittsburgh LLC, Energy Center Harrisburg LLC and
Community Energy Operating Company LLC

Dear Mr. Zambito:

On June 6, 2022, Energy Center Pittsburgh LLC (ECP) and Energy Center Harrisburg LLC (ECH) filed with the Pennsylvania Public Utility Commission (Commission), pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above-referenced Affiliated Interest Agreements (AIAs or Agreements) and the First Amendment to Services Agreement. By Secretarial Letter dated June 9, 2022, the Commission extended the statutory consideration period for these Agreements until further action of the Commission.

ECP is a certificated utility providing steam and hot water and chilled water service to the public in the City of Pittsburgh. ECH is a certificated utility providing steam service to the public in the City of Harrisburg. ECP and ECH are both subsidiaries of the service provider, Community Energy Operating LLC (Community Energy).

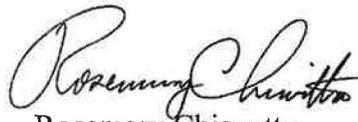
ECP and ECH (collectively, the Companies) filed the proposed Agreements as replacements to the Transition Services Agreement approved by Commission Orders on February 24, 2022, at Docket Nos. A-2021-3029619 and A-2021-3029620. The Agreements propose that Community Energy will provide certain services to the Companies including: management services; personnel support and payroll services; environmental services; regulatory and other compliance matters services; services necessary or appropriate to enter into agreements with third-party contractors; customer services; bookkeeping, accounting and auditing services; services necessary or appropriate with respect to capital projects; communications and information systems services; and services related to the assessment and payment of taxes. The First Amendment proposes that the Companies pay Community Energy the lower of the service provider's cost to provide the service or the cost that the Companies would pay for that service in the market.

The Agreements will become effective upon approval from the Commission. The initial term of the Services Agreements will continue until the end of the Companies' next fiscal year. At that time, the Services Agreements will automatically renew for a period of one year, unless terminated by one of the parties in writing.

Upon review of the filings, it does not appear that the Services Agreements and the First Amendment are unreasonable or contrary to the public interest. Therefore, these AIAs and the First Amendment are hereby approved. However, approval of these filings does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreements, services, matters, and parties specifically and clearly defined under this instant proceeding as well as under any associated and previously filed filings.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosemary Chiavetta".

Rosemary Chiavetta
Secretary

Cc: JONATHAN P NASE ESQ
COZEN O CONNOR
17 N 2ND ST SUITE 1410
HARRISBURG PA 17101
jnase@cozen.com

CONFIDENTIAL

**Services Agreement
(CEOC)**

Between

**Community Energy Operating
Company LLC**

and

Community Energy Consolidated LLC

(effective May 1, 2022)

**Affiliated Interest Agreement –
Energy Center Harrisburg LLC and
Cordia Energy Services LLC**

Docket No. G-2025-3053576

**PA PUC Secretarial Letter
Approving Affiliated Interest
Agreement**

(March 27, 2025)



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120

March 27, 2025

Docket No. G-2025-3053576
Utility Code: 130175

DAVID P ZAMBITO ESQ
COZEN O CONNOR
17 N 2ND ST SUITE 1410
HARRISBURG PA 17101

Re: Affiliated Interest Agreement – Energy Center Harrisburg LLC and Cordia Energy Services LLC

Dear Mr. Zambito:

On February 25, 2025, Energy Center Harrisburg LLC (ECH) filed with the Pennsylvania Public Utility Commission (Commission), pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above-referenced Affiliated Interest Agreement (AIA or Agreement). By Secretarial Letter dated February 25, 2025, the Commission extended the statutory consideration period for this Agreement until further action of the Commission.

The proposed Agreement with Cordia Energy Services LLC (Cordia Energy) seeks approval for the sharing of resources in connection with the operation and maintenance of certain facilities.

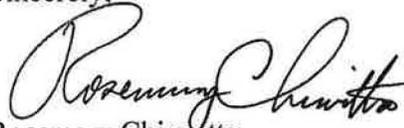
ECH is a certificated public utility. Cordia Energy is a non-regulated entity. ECH and Cordia Energy are affiliated entities, as defined by the Pennsylvania Public Utility Code, because ECH and Cordia Energy are both indirect, wholly owned subsidiaries of Cordia Holdings, LLC. 66 Pa. C.S. § 2101.

ECH and Cordia Energy have entered into a Resource Sharing Agreement dated February 24, 2025, effective upon Commission approval. The Agreement provides that the parties may share personnel, equipment, materials and other resources on terms and conditions that are mutually satisfactory. The Agreement stipulates that any such transactions shall be in the ordinary course of business and no less favorable to either party than obtainable in a comparable arm's-length transaction with an unaffiliated person or entity terms and conditions; provided, further, that any amounts payable by ECH shall be at the lower of Cordia Energy's fully loaded cost or market and when ECH provides equipment, materials and other resources to Cordia Energy, it will be provided at the higher of cost or market. Personnel will be the primary shared resource and will perform operations, plant maintenance, distribution maintenance, and engineering support.

The Agreement will be effective upon Commission approval, with an initial term of five years. At the end of the initial term, and each subsequent renewal term, the Agreement shall be automatically renewed for a period of one year, unless either party delivers a written termination notice to the other party at least 60 days prior to the end of the initial term or any renewal term. The Agreement may be terminated by either party, for any reason, by giving 30 days written notice of termination.

Upon review of the filing, it does not appear that the Agreement is unreasonable or contrary to the public interest. Therefore, this AIA is hereby approved. This approval will apply only to this agreement, services, matters, and parties specifically and clearly defined under this instant proceeding as well as under any associated and previously filed filings. However, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purpose of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

Sincerely,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta
Secretary

Cc: WILLIAM A LESSER ESQ
COZEN O CONNOR
17 N 2ND ST SUITE 1410
HARRISBURG PA 17101

CONFIDENTIAL

Resource Sharing Agreement

Between

Energy Center Harrisburg LLC

and

Cordia Energy Services LLC

(effective February 24, 2025)

Energy Center Harrisburg LLC

**PREPARED DIRECT TESTIMONY OF
MARK SCHNEIDER
NORTHEAST GENERAL MANAGER
ENERGY CENTER HARRISBURG LLC
(July 18, 2025)**

Docket No. R-2025-30595959

**PREPARED DIRECT TESTIMONY
OF MARK SCHNEIDER**

1 **Q. PLEASE STATE YOUR NAME AND GIVE YOUR BUSINESS ADDRESS.**

2 A. My name is Mark Schneider. My business address is 111 South Commons Avenue,
3 Pittsburgh, PA 15212.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Cordia . My title is President, East Region. In this capacity, I have
7 oversight responsibility for Energy Center Harrisburg LLC (“ECH”). ECH is a certificated
8 public utility providing steam service in a one-square-mile area in the central business
9 district of the City of Harrisburg, Dauphin County, Pennsylvania. It serves approximately
10 100 downtown buildings. Its steam is used in space heating, domestic hot water heating,
11 and humidification. Its customers include: the Capitol Complex; federal, state and
12 municipal office buildings and court houses; commercial office buildings; a hospital
13 complex; a museum; hotels; an educational institution; residential high- and low-rise
14 buildings; churches; retail businesses; and industrial facilities. ECH is located at 900
15 Walnut Street, Harrisburg, PA 17101.

16
17 **Q. HOW LONG HAVE YOU BEEN THE REGIONAL PRESIDENT?**

18 A. I have been the Regional President for Cordia’s East Region with General Management
19 responsibilities of ECH for approximately three years but I have been with the Company,
20 and its predecessors, for 6 years in the positions of Regional President, General Manager
21 of Energy Center Pittsburgh, and Manager of Thermal Engineering.

1 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
2 **BACKGROUND.**

3 A. I graduated from Penn State University with a Bachelor of Science in Mechanical
4 Engineering and a Bachelor of Science in Nuclear Engineering. I also earned a Master of
5 Business Administration from Carnegie Mellon University. I began my career working at
6 Bechtel Marnie Propulsion Corporation as a power plant engineer and held engineering
7 and project management roles with several companies including IMG Midstream and DTE
8 Energy, prior to joining Cordia's predecessor Clearway Energy.

9

10 **Q. DESCRIBE YOUR DUTIES AS REGIONAL PRESIDENT.**

11 A. I am responsible for all aspects of the business of making, distributing and selling steam
12 via ECH's system. These responsibilities include procuring the necessary fuels at the
13 lowest prices, overseeing the operational management of the facilities, maintaining and,
14 hopefully, enhancing customer relations, and directing regulatory affairs.

15

16 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17 A. The purpose of my direct testimony is, first, to describe ECH's physical assets, its service
18 territory, customer base, methods of providing service to customers, and corporate
19 organization and governance. Second, I will explain how a significant decrease in
20 consumption has necessitated the instant base rate filing. Third, I will explain how ECH
21 has reduced its costs of operation and otherwise attempted to mitigate the need for base
22 rate relief. Fourth, I will explain the competitive nature of the steam services business and
23 why such competition requires the Company to claim a base rate increase which is

1 significantly less than what the Company could support. Finally, I will explain the reason
2 for ECH's proposal to move from a usage-based charge to a fixed monthly capacity charge
3 for steam distribution service.
4

5 **DESCRIPTION OF ECH**

6 **Q. DESCRIBE THE ECH STEAM SYSTEM.**

7 A. ECH's steam system consists primarily of a steam generation plant located at 10th and
8 Walnut streets and six miles of high pressure and lower pressure distribution lines located
9 in the streets of Harrisburg. The generating unit is a dual fuel facility, using natural gas
10 and No. 6 fuel oil. Attached hereto as **ECH Exhibit No. MS-1** are photographs of the
11 major components of ECH's steam generation plant.

12 ECH's service territory may be characterized as primarily downtown Harrisburg.
13 Attached hereto as **ECH Exhibit No. MS-2 (CONFIDENTIAL – CRITICAL**
14 **INFRASTRUCTURE INFORMATION)** is a street piping map which shows where the
15 Company is currently providing steam service.
16

17 **Q. DESCRIBE ECH'S CUSTOMER BASE.**

18 A. ECH has approximately 100 customer accounts in Harrisburg. Of those, about 17 large
19 customers represent approximately 75% of the Company's steam output. The
20 Pennsylvania Department of General Services is the Company's largest customer. The
21 Capitol Complex represents approximately 45% of the Company's load.

22 The steam business is very competitive. Although ECH is the sole provider of
23 steam in its service area, steam is only a means to the end of producing heating for

1 buildings. Heating can also be provided through on-site facilities, for example, on-site
2 boilers. The potential exists for building owners to install their own boilers, or work with
3 heating equipment contractors, or UGI Utilities or PPL Electric to meet the building's
4 heating requirements. Therefore, ECH must work constantly to maintain relationships with
5 existing customers by demonstrating that ECH's services are efficient and cost-effective.

6 Meeting competition is a way of life for all district heating companies as is
7 evidenced by the fact that only three regulated steam utilities still operate in the
8 Commonwealth. A fourth system in Scranton, Community General Energy Corporation,
9 closed its operations in 2007 after losing several key customers.

10 The competitive nature of the steam business is also demonstrated by the fact that
11 many states do not even regulate district energy systems. ECH's parent, Cordia, owns and
12 operates district energy systems in Harrisburg, Pittsburgh, Minneapolis, San Francisco, San
13 Diego, Omaha, and Phoenix. The systems in Minneapolis, San Diego, and Phoenix are not
14 rate-regulated.

15
16 **Q. DESCRIBE ECH'S CORPORATE OWNERSHIP AND CORPORATE**
17 **GOVERNANCE.**

18 A. ECH is owned by Cordia, a sustainable energy solutions provider that owns various district
19 heating systems and other energy facilities nationwide. ECH complies with all corporate
20 policies established by Cordia, including safety, human resources, financial, and other
21 regulatory activities. Consistent with Commission-approved affiliated interest agreements,
22 Cordia provides support to ECH with regard to financing, banking, cash management,
23 insurance, employee benefits, operations, budgeting, payroll, training, environmental,

1 safety, and management practices. However, along with this corporate administrative
2 support, ECH is responsible for all day-to-day operations and customer relations.

3 Attached hereto as **ECH Exhibit No. MS-3** is a diagram of the relevant Cordia
4 companies' organizational relationships.

5
6 **ECH NEED FOR BASE RATE RELIEF**

7 **Q. WHY IS ECH FOR BASE RATE RELIEF?**

8 A. ECH's last base rate relief was in 2013 at Docket No. R-2013-2350265. Over the past 12
9 years, the Company has experienced further loss in sales and a decade of escalation of
10 operating expenses – including recent dramatic increases in costs due to high inflation.

11
12 **Q. WHAT ARE THE CAUSES OF THE REDUCED CONSUMPTION?**

13 A. Climate warming and customer conservation. Customers are finding creative ways to
14 reduce consumption, including restricting steam heating to only portions of their buildings.

15
16 **Q. DO YOU ANTICIPATE THESE SIGNIFICANT CONSERVATION EFFORTS TO
17 CONTINUE TO REDUCE THE COMPANY'S LOAD?**

18 A. Yes. Customer will most certainly will continue to try to find ways to reduce their
19 expenses. Aside from distribution rates, customers pay the Steam Cost Rate which is tied
20 directly to fuel costs on a dollar-for-dollar passthrough basis. Increases to fuel costs have
21 caused customers to look at other ways to conserve.

1 **Q. WHAT ARE THE OTHER CAUSES OF ECH'S REDUCED CONSUMPTION?**

2 A. There has been some customer-driven attrition. The customer driven attrition is typically
3 the result of building renovations and changes in use which do not lend themselves to a
4 steam heating infrastructure and tenant billing. Most of our customers are sophisticated
5 customers who recognize that it is simply not economic to incur the capital costs associated
6 with the installation of an on-site boiler. Some examples of recent customer attrition
7 include buildings at 305 Market Street, Harrisburg, PA 17101 (Mamas Pizza); 108 North
8 2nd Street, Harrisburg, PA 17101 (Second & Locust Investors); and, 400 Market Street,
9 Harrisburg, PA 17101 (Rachel Carson Building – DEP Offices).

10

11 **ATTEMPTS TO MITIGATE THE NEED FOR BASE RATE RELIEF**

12 **Q. HOW HAS ECH'S MANAGEMENT ATTEMPTED TO MITIGATE THE NEED**
13 **FOR BASE RATE RELIEF?**

14 A. ECH's management has attempted to mitigate the need for base rate relief in several ways.
15 First, we have reduced our workforce by two full-time employees since 2013. The
16 Controller and General Manager functions have been transferred to regional (Pittsburgh)
17 management. Second, Cordia agreed, on a temporary basis beginning in 2022, to suspend
18 its charges to ECH for corporate services in order to help maintain ECH's financial
19 viability.

20

21

22

1 **Q. PLEASE EXPLAIN THE CORPORATE SERVICE CHARGES BY CORDIA TO**
2 **ECH.**

3 A. ECH receives corporate services from Cordia, including the following: financing; banking;
4 cash management; insurance; employee benefits; operations; budgeting; payroll; training;
5 environmental; safety; and, management practices. Charges for these services were most-
6 recently approved by the Commission in 2022 at Docket No. G-2022-3032856. The
7 charges in 2013 were approximately \$350,000 per year. However, because of the dramatic
8 reduction in customer consumption and the resulting reduction to ECH's earnings, Cordia
9 agreed to suspend the charges with the understanding that such charges would again be
10 reinstated when ECH was capable of making a reasonable income and return on
11 investment.

12
13 **Q. HAVE THE COSTS OF CORPORATE SERVICES FROM CORDIA REMAINED**
14 **STABLE AT \$350,000 PER YEAR?**

15 A. No, costs have obviously increased since 2013. While Cordia has not re-calculated the
16 exact costs in detail, it is estimated that the charge to Cordia should now be charged in
17 excess of the \$350,000. However, Cordia has agreed, in recognition that ECH can only
18 bear a limited base rate increase in order to remain competitive with alternative service
19 providers, to limit its charge to no more than \$350,000 per year at least through the end of
20 2026. Accordingly, the instant filing reflects a \$350,000 per year affiliate charge by
21 Cordia.

22

1 **Q. PLEASE EXPLAIN ECH'S CHARGES TO ITS LOCAL AFFILIATES, ENERGY**
2 **CENTER PAXTON AND HARRISBURG COOLING.**

3 A. Energy Center Paxton is a cogeneration facility that is located on property owned by ECH
4 adjacent to the steam plant. It does not have any employees; rather it is managed, operated,
5 and maintained by ECH pursuant to a Commission-approved affiliated interest agreement.
6 As previously mentioned, ECH has mitigated the need for a rate increase by not replacing
7 two key management positions, and instead, managing ECH from the regional Pittsburgh
8 Office. However, the affiliate charges were not reduced by a commensurate amount. As
9 a result, the affiliates have overpaid for management services. ECH is not proposing to
10 refund these overcharges, but instead to adjust the charges going forward. In conjunction
11 with the instant base rate filing, ECH is filing an affiliated interest agreement amendment
12 with the Commission reflecting the reduced charges.

13 Harrisburg Cooling provides chilled water service to a limited class of customers
14 pursuant to contract. Similar to Energy Center Paxton, Harrisburg Cooling has no
15 employees. Again, ECH has overcharged Harrisburg Cooling because of not reducing
16 affiliated charges for the reduction of management services. The proposed affiliate charge
17 reflects this reduced service. In conjunction with the instant base rate filing, ECH is filing
18 an affiliated interest agreement amendment with the Commission reflecting the reduced
19 charges.

20
21 **Q. DOES ECH RECEIVE REVENUE FROM ANY OTHER CORDIA AFFILIATES?**

22 A. Yes. ECH also receives a very small amount of revenue from Cordia's unregulated
23 affiliates at F&M College in Lancaster, PA and at Princeton Health System in Plainsboro,

1 NJ. ECH provides services to those entities through Cordia's shared services company,
2 Cordia Energy Services ("CES"), and receives the payments from CES. The Commission
3 approved the affiliated interest agreement between ECH and CES at Docket No. G-2025-
4 3053576. The revenue amounts from affiliates can be found in ECH witness Keith Li's
5 Supporting Schedule No. 3a.

6
7 **FILED CLAIM LOWER THAN SUPPORTABLE CLAIM**

8 **Q. WHAT IS THE AMOUNT OF THE ANNUAL BASE RATE INCREASE BEING**
9 **CLAIMED BY ECH?**

10 A. Approximately \$894,300. We are requesting an increase of only 11.6%, which is a very
11 modest request after no increases in non-fuel rates for 12 years.

12
13 **Q. DOES THE CLAIMED AMOUNT REPRESENT THE AMOUNT THAT ECH**
14 **COULD SUPPORT?**

15 A. No, it does not. We could support an annual increase of approximately \$1,775,157, which
16 is a 23.3% increase for all customers. The responses to the minimum filing requirements
17 reflect the supportable amount and not the claimed amount.

18
19 **Q. WHY HAS ECH MITIGATED ITS CLAIMED INCREASE?**

20 A. First and foremost, we are very attuned to the fact that, while we are rate-regulated as a
21 public utility, we are in a competitive business. Our customers have options for their
22 heating needs, including natural gas and electric. We talk with our customers on a regular
23 basis, particularly our 17 largest customers who represent 75% of our load. We believe

1 that an 11.6% increase after twelve years is fair and will not lead to a steam price which is
2 no longer competitive to alternatives.

3 Second, we are a very small company. In this regard, we are very similar to small
4 water companies that enjoy abbreviated rate-making processes. We are sensitive to the
5 fact that rate case expense can easily overshadow any increase that we may receive.
6 Accordingly, we have claimed an amount for which we hope to be able to reach a quick
7 settlement.

8
9 **Q. IF YOUR WERE GRANTED RATE RELIEF FOR THE FULL AMOUNT OF**
10 **YOUR CLAIM, WHAT OVERALL RATE OF RETURN WOULD ECH EARN?**

11 A. We estimate that, if we receive full rate relief, we would earn an overall rate of return of
12 3.28%. We recognize that this would be far below what a typical regulated utility could
13 earn in Pennsylvania of around 10%; however, ECH is willing to accept it because of
14 competitive concerns and because the continued viability of ECH steam service is essential
15 to Cordia's overall businesses in Harrisburg. The Harrisburg district energy system is
16 viewed as a whole to include steam service (ECH), chilled water service (Harrisburg
17 Cooling), and co-generation (Energy Center Paxton). These operations also provide other
18 potential business opportunities, such as combined heat and power projects, central utility
19 plant projects and other energy related projects which may be forthcoming throughout
20 central Pennsylvania.

1 **FIXED CAPACITY CHARGE**

2 **Q. IS ECH PROPOSING ANY CHANGE TO HOW IT CHARGES ITS CUSTOMERS?**

3 A. Yes. As more fully explained by ECH witness Keith Li, ECH is proposing to move from
4 a distribution rate that is a combination of a minimum monthly bill and a usage charge to
5 a fixed monthly capacity charge. Mr. Li explains how the fixed monthly capacity charge
6 has been calculated in a fair manner.

7
8 **Q. WHY IS THE MOVE TO A FIXED MONTHLY CAPACITY CHARGE**
9 **IMPORTANT?**

10 A. ECH is not a typical public utility. It has a very small customer base and, as I explained
11 earlier, operates in a very competitive environment. We cannot lose any major customers
12 without jeopardizing our financial viability and our ability to continue to provide safe and
13 reliable service to our customers. We are not like a large utility that is able to spread costs
14 over a large customer base and we do not have the ability to absorb large revenue swings
15 from year to year. The consistency of our annual revenue is imperative.

16 A fixed capacity charge reflects the fact that our small customer base is sharing
17 very limited and defined assets that are being used for the mutual benefit of all customers.
18 Customers are essentially sharing a boiler. Likewise, there is very little difference in the
19 distances that steam is transported through our distribution system to the various customers
20 because they are all located within a one square mile area. Moreover, while consumption
21 is reducing overall, the relative usage levels between customer does not change very much.
22 The usage is predictable based on the cubic square footage of the buildings. As such, the
23 cost of service attributed to each customer is very predictable.

1 The use of a fixed monthly capacity charge will be good for both the Company and
2 its customers. One of the most frequent complaints we get from customers is the wide
3 variations from year to year in steam charges. While we cannot control fuel charges
4 associated with the Steam Cost Rate passthrough (other than to negotiate the best deals that
5 we can for our customers), our proposed fixed monthly capacity charge will provide
6 customers with certainty on the distribution rate which will enable them to budget better.
7 In this regard, I note that many of our customers have also had financial difficulties in
8 recent years because of the economic conditions in the City of Harrisburg and the residual
9 effects of COVID-19 shutdowns.

10 The certainty of distribution rate revenue every year will also help to provide
11 financial stability for ECH. Our revenues would not wildly swing from year to year based
12 on whether there is a warm winter or a cold winter. Our costs of operation largely remain
13 the same regardless of whether it is a warm or cold winter. The plant is run in the same
14 manner and requires the same number of employees to run. For a company of our very
15 small size, consistency of revenue is essential. A fixed monthly capacity charge will help
16 to ensure the financial viability of the Company for the benefit of all of its customers.

17
18 **Q. WILL CUSTOMERS STILL BE ABLE TO SAVE MONEY THROUGH**
19 **CONSERVATION IF A FIXED MONTHLY CAPACITY CHARGE IS ADOPTED**
20 **FOR DISTRIBUTION SERVICE?**

21 **A.** Yes. Customers will still be able to conserve and reduce their charges because the Steam
22 Cost Rate is a dollar-for-dollar pass through of the Company's fuel costs. The Steam Cost
23 Rate would still be charged on a usage basis measured in Mlbs. of steam. On the total bill

1 of an average customer during the winter of 2024-25, the Steam Cost Rate represented
2 about 34% of the bill and distribution charges represented only about 64% of the bill.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A. Yes, it does. I reserve the right to supplement my testimony as additional issues arise
6 during the course of this proceeding. Thank you.

VERIFICATION

I, Mark Schneider, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: July 18, 2025

Mark Schneider

PRINTED NAME Mark Schneider

TITLE Vice President

COMPANY Energy Center Harrisburg LLC

Energy Center Harrisburg LLC

Exhibit No. MS-1

**Steam Generation Plant
(Photographs)**

Exhibit No. MS-1



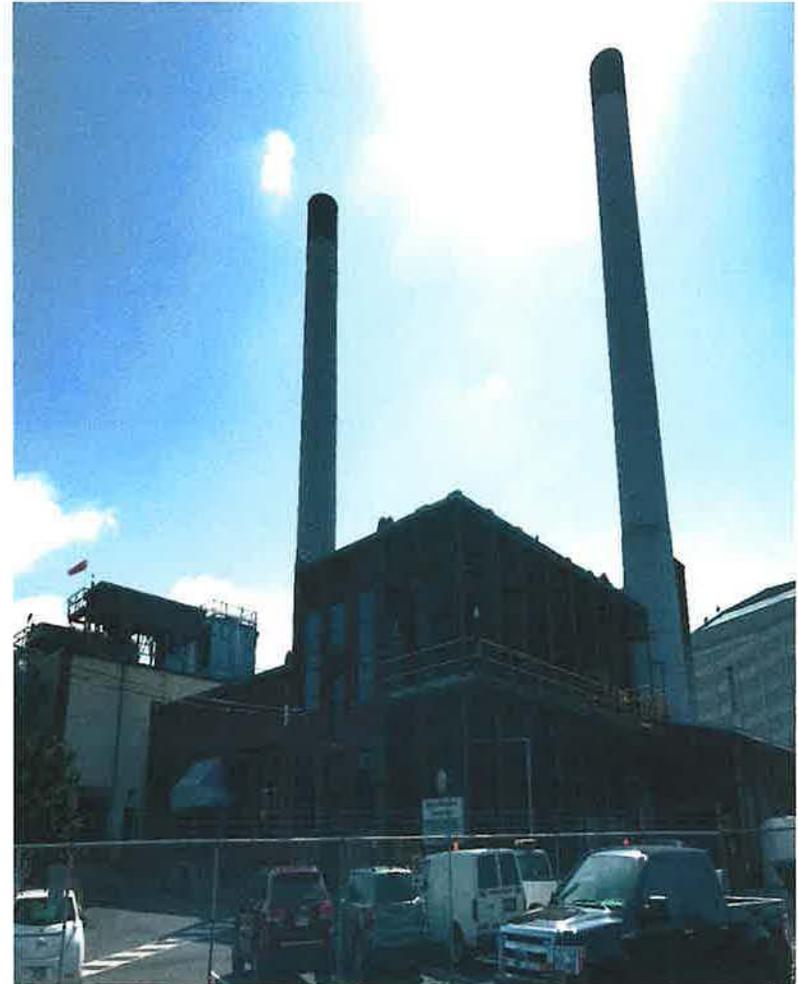
Burner Front



Boiler Control Room



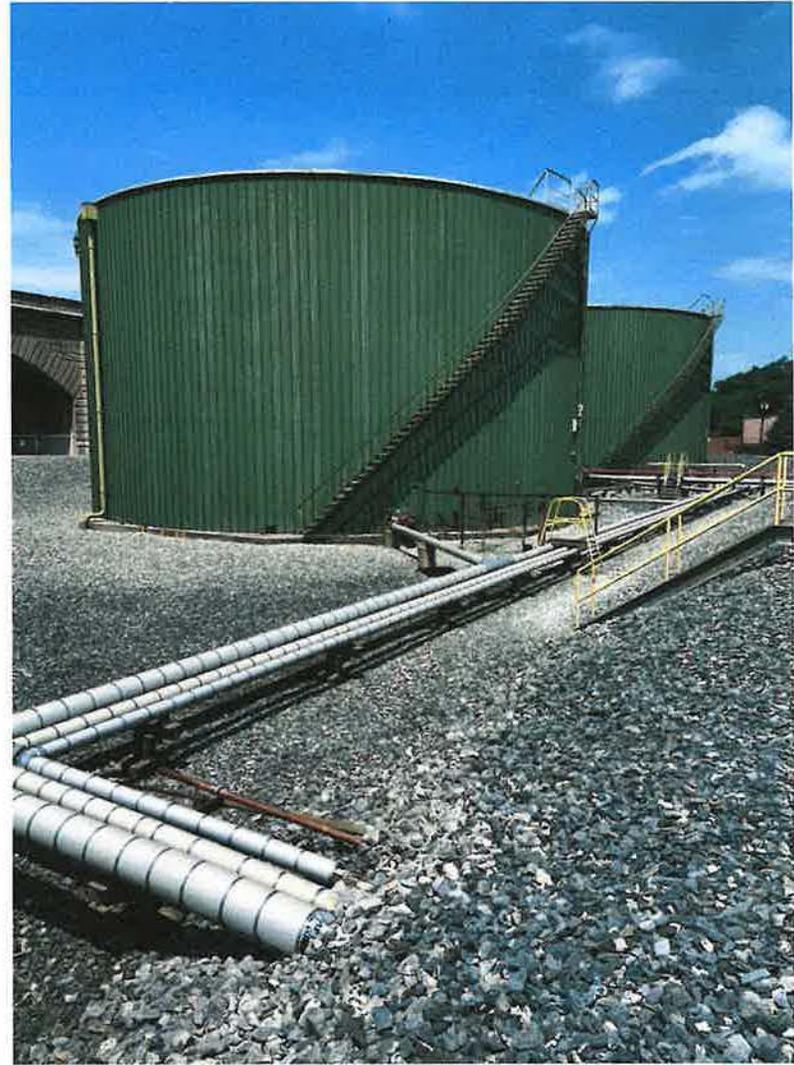
Boiler Exterior West View



HBG Site (8)



Water Softeners



(1) Tank Farm



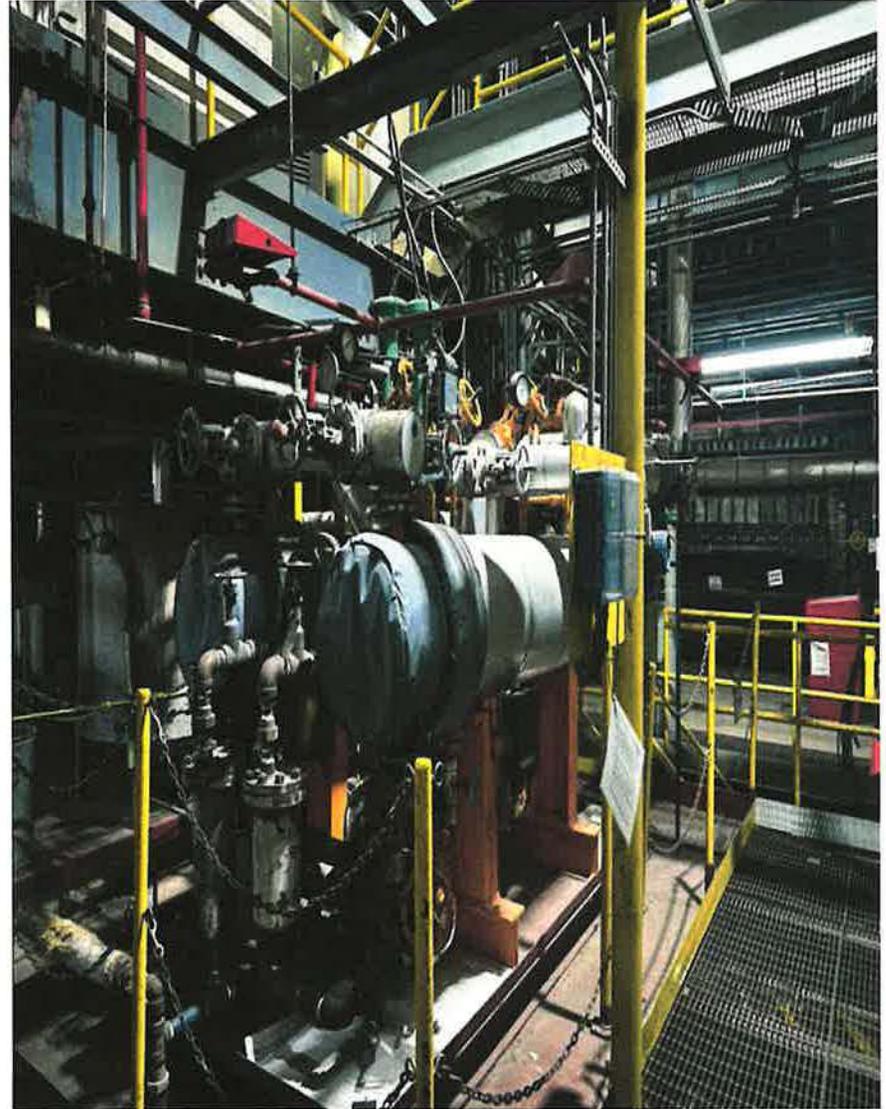
16 and 20 Inch Main



Dearator



#2A, B & C Boiler Feed Pumps



#6 Oil Heater Set

CONFIDENTIAL

Energy Center Harrisburg LLC

Exhibit No. MS-2

CONFIDENTIAL

Energy Center Harrisburg LLC

Exhibit No. MS-3

Energy Center Harrisburg LLC

**PREPARED DIRECT TESTIMONY OF
KEITH L. LI, CONSULTANT
ENERGY CENTER HARRISBURG LLC
(July 18, 2025)**

Docket No. R-2025-30595959

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,

Complainant

v.

Energy Center Harrisburg LLC,

Respondent

:
:
:
:
:
:
:
:
:
:
:

Docket No. R-2025-3055959

**PREPARED DIRECT TESTIMONY OF
KEITH L. LI, CONSULTANT
ENERGY CENTER HARRISBURG LLC**

Filed: July 18, 2025

Admitted: _____

ECH Statement No. 2

**PREPARED DIRECT TESTIMONY
OF KEITH L. LI**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

2 A. My name is Keith L. Li. I am a Consultant for Energy Center Harrisburg LLC (“ECH” or
3 “Company”). The Company is a certificated public utility providing steam service in a one
4 square mile area of the City of Harrisburg, Dauphin County, Pennsylvania. It serves
5 approximately 100 downtown customer accounts. The Company is located at 900 Walnut
6 Street, Harrisburg PA 17101. My business address is 2710 Chadsworth Lane, Southport,
7 NC 28461.

8 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS**

9 A. I graduated from Cornell University with a Bachelor of Science in Mechanical Engineering
10 and a Master of Engineering (Mechanical). I also earned a Master of Business
11 Administration from the Pennsylvania State University.

12 I was an employee of the ECH and its predecessors from 1987, when it transitioned
13 from PPL, until 2017 when I retired from full time employment. At the time of my
14 retirement, ECH was owned by NRG Energy. For most of this 30-year period, I served as
15 the Controller of ECH, and the last three years as the General Manager. I am very familiar
16 with its operations, finances, and challenges and was retained by Cordia to provide rate
17 consulting services for the instant base rate filing.

18

19

1 **Q. WHAT IS YOUR EXPERIENCE IN MATTERS BEFORE THE PENNSYLVANIA**
2 **PUBLIC UTILITY COMMISSION (“PUC” or “COMMISSION”)?**

3 A. Since 1987, I was the primary Company representative in multiple regulatory matters
4 before the PUC. These responsibilities covered the areas of fuel cost reconciliation, rate
5 case support, and special filings.

6 Annually, I prepared the Company Steam Cost Rate (“SCR”) and Section 1307e
7 filings that reconcile fuel over and under collection to establish Rider A tariff rates for the
8 upcoming fuel year. In addition, I provided support to the PUC Bureau of Audits in their
9 review of Company fuel filings.

10 In 2013, I prepared all original exhibits for ECH’s base rate case filing as well as
11 responses to the PUC interrogatories. I served as the Company’s primary rates witness in
12 that proceeding.

13 Noteworthy special projects included the service abandonment program tariff and
14 application proceedings in 2012 where the Company negotiated with customers through
15 the Office of Customer Advocate and the PUC to establish a conversion contribution
16 formula to assist customers in securing a replacement heat source and terminate steam
17 service. The program was necessary to shrink the Company’s distribution system and
18 eliminate uneconomic low-pressure lines on the outskirts of the Company’s service
19 territory.

20 Another example of working with the PUC was representing Energy Center
21 Pittsburgh LLC, another steam public utility subsidiary of Cordia, in developing its Steam
22 Cost Rate and Chilled Water Cost Rate allocation formulae required to calculate steam and
23 chilled water fuel/electric cost recovery.

1 **Q. WHAT IS THE NATURE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. I prepared the revenue, expense, rate base, and rate of return claims by the Company. The
3 supporting exhibits and schedules accompany my direct testimony and are marked as **ECH**
4 **Exhibits KLL-1, KLL-2, and KLL-3**. I worked with ECH staff to gather the necessary
5 information to prepare the filing. ECH is using the Commission’s “short form” rate filing
6 requirements because the total claimed annual revenue increase is below \$1 million.

7 **Q. GENERALLY DESCRIBE THE CONTENTS OF THE EXHIBITS.**

8 A. In order to mitigate rate case expense, the filing has been limited to two basic components.
9 First, I have provided evidence necessary to justify the claimed annual revenue increase.
10 Second, I have presented evidence necessary to support the proposed rate structure which
11 moves from a distribution rate based on a minimum monthly charge plus a monthly usage
12 charge to a fixed monthly capacity charge based on the Equivalent Cubic Footage (“ECF”)
13 of a customer’s building for seasonal customers and the Equivalent Maximum Pounds
14 (“EMP”) for continuous customers. No other changes are being proposed to ECH’s tariff.
15 The various rules and regulations contained in the tariff have been working well. Likewise,
16 the SCR formula is working well and requires no changes. We have attempted to keep this
17 filing very basic in hopes of getting the needed rate relief without protracted litigation and
18 unnecessary rate case expense.

19 **ECH Exhibit KLL-1** is divided into two (2) sections. Section 1 contains general
20 information as to revenues, expenses, and rate base in response to the Commission’s
21 regulations 52 Pa. Code § 53.52. In addition to Historic Test Year (“HTY”) information
22 (for the 12 months ended March 31, 2025), the supporting data also sets forth, based upon
23 known and measurable changes to the operating revenue and expenses, Future Test Year

1 (“FTY”) information (for the 12 months ending March 31, 2026). I used a Fully Projected
2 Future Test Year (“FPFTY”) for the very limited purpose of capturing certain major
3 expenses and capital investments that are anticipated to occur by the end of the FPFTY
4 (April 18, 2027). Given the infrequent nature of ECH’s base rate filings, I wanted to ensure
5 that those items were captured. I did not use the FPFTY to its fullest extent because ECH
6 is already requesting an annual revenue requirement that is far below what it can justify,
7 and disputes over the use of the FPFTY would have the potential of unnecessarily
8 increasing rate case expense.

9 Section 2 contains Supporting Schedules Nos. 1 through 12, which provide further
10 detailed information from which the Company’s various claims, shown in Section 1 were
11 derived. Section 1 has been appropriately cross-referenced to the Supporting Schedules
12 contained in Section 2. It should be noted that Section 2 contains a proof of revenue
13 (Supporting Schedule No. 8) at proposed rates.

14 **ECH Exhibit KLL-2** contains the 2024 ECH Annual Report to the PUC.

15 **ECH Exhibit KLL-3** sets forth the Methodology used to develop customer-by-
16 customer ECFs or EMPs for purposed of calculating the Fixed Monthly Capacity Charge.

17 **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE FPFTY.**

18 A. Counsel advises me that Act 11 of 2012 permits utility companies to use a FPFTY, which
19 is the 12-month period beginning with the first month that the new rates will be placed in
20 effect after the application of the full suspension period permitted under Section 1308(d)
21 of the Public Utility Code. In essence, Act 11 permits utilities to claim expenses that are
22 expected to be incurred during, and facilities that are projected to be in service during, the
23 FPFTY.

1 **Q. WHAT FPFTY WAS USED FOR PURPOSES OF THIS FILING?**

2 A. Our filing was made on July 18, 2025, and the full nine-month suspension period for our
3 filing ends on April 18, 2026. Accordingly, the FPFTY for purposes of this filing ends on
4 April 18, 2027.

5 **Q. PLEASE DESCRIBE ANY MAJOR ADJUSTMENTS OR CLAIMS THAT ARE**
6 **MADE IN THE FILING AS A RESULT OF USE OF THE FPFTY.**

7 A. The Company plans one major maintenance project and several capital investments before
8 the end of the FPFTY. The major maintenance project is inspection and recoating the
9 South Stack with a planned cost of approximately \$320,000. Although there are several
10 planned capital projects, this filing only includes the three over \$75,000; which are a new
11 dump truck (\$75,000), Boiler #13 steam stop valve replacement (\$80,000), and the rebuild
12 of Manhole #378 (\$150,000).

13 Additionally, O&M expenses reflect two years of escalation as a going-level
14 adjustment in determining the FPFTY Net Income.

15 **Q. WHAT METHOD WAS UTILIZED TO DETERMINE THE ACCURACY OF FTY**
16 **OPERATING REVENUE?**

17 A. The primary reason for filing this rate case is declining steam sales. When the Company
18 first began operations in 1987, there were 400 customers and approximately 400,000 Mlbs
19 of annual sales. Today, the customer count is down to 100, and the expected sales level is
20 below 300,000 Mlbs. Furthermore, many customers have invested in energy savings
21 projects resulting in lower annual steam sales.

22 Therefore, I decided to use the average of the past three years (2022, 2023, and
23 2024) for each individual customer. These three years represent a cold year, a warm year,

1 and a normal year. The total sales in Mlbs. for these three years were 315114, 273854, and
2 291516. Averaging the three years by customer and accounting for customer losses
3 resulted in a normalized test year value of 281,945 Mlbs. Refer to **ECH Exhibit KLL-1**,
4 Supporting Schedule No. 2 on pages 2-6 to 2-8.

5 **Q. WERE THERE ANY “PER BOOK” ADJUSTMENTS MADE TO THE**
6 **OPERATING REVENUE?**

7 A. No.

8 **Q. ARE THERE ANY GOING-LEVEL ADJUSTMENTS AT PRESENT RATES**
9 **THAT WERE MADE TO THE OPERATING REVENUES?**

10 A. Yes.

11 **Q. WHAT WAS THE NATURE OF THE GOING-LEVEL ADJUSTMENTS AT**
12 **PRESENT RATES TO THE OPERATING REVENUES?**

13 A. Going-Level Adjustment No.1 was made to remove the revenues associated with the SCR
14 rate components. The SCR is the passthrough rate mechanism for variable costs (namely
15 fuel) and is a separate charge from distribution rates. It is reconciled on an annual basis
16 and subject to Commission review. Going-Level Adjustment No. 2 reflects changes related
17 to weather normalization. Going-Level Adjustment No. 3 is related to projected loss in
18 revenues associated with customers that terminated service during the year ended on March
19 31, 2025 (*i.e.*, the HTY). Going-Level Adjustment No. 4 is related to projected loss of
20 revenue associated with customers that are projected to terminate service during the year
21 ending March 31, 2026 (*i.e.*, the FTY). Going-Level Adjustment No. 5 is related to
22 intercompany revenue for work performed on behalf of affiliates (Energy Center Paxton

1 LLC and Harrisburg Cooling LLC). As explained by ECH witness Mark Schneider, the
2 basis for this monthly charge decreased significantly over the years because two senior
3 employees who retired were never replaced, and yet the affiliates continued to reimburse
4 ECH for their services. Refer to calculations presented in **ECH Exhibit KLL-1**,
5 Supporting Schedule 3a on page 2-10.

6 **Q. ARE THERE OTHER NON-OPERATING REVENUES THAT ARE NOT**
7 **INCLUDED IN THE FILED SCHEDULES?**

8 A. Yes. There are two other sources of revenue related to unregulated activities that are not
9 included in the filed schedules. First, Company mechanics perform occasional service
10 work for customer building steam systems. This is a relatively small activity that
11 contributes about \$25,000 to \$50,000 per year in Net Income. Second, the Company bills
12 the Commonwealth of Pennsylvania approximately \$90,000 per year for a condensate
13 collection system investment that is not included in the revenue calculations.

14 **Q. WHAT IS THE PROPOSED INCREASE IN ANNUAL OPERATING REVENUES?**

15 A. The Company has proposed an annual increase of \$894,300 in the going-level revenue
16 (\$4,974,109) at present rates.

17 **Q WAS THIS PROPOSED INCREASE DETERMINED BY REVENUE**
18 **REQUIREMENTS FOR SUPPORTED OPERATING EXPENSES AND A**
19 **REASONABLE RATE OF RETURN ON RATE BASE?**

20 A No. The actual supportable annual revenue increase is \$1,775,157, but as explained in the
21 testimony of ECH witness Mark Schneider, market forces require the Company to keep
22 steam rates as competitive as possible, which is why a lower increase is claimed. Put

1 simply, increasing rates too high could drive customers to competitive alternatives and that
2 result would be detrimental not only to the Company but also to the remaining customers.

3 It should be noted that all of the exhibits presented in my testimony include the
4 “supportable” increase as opposed to the “claimed” increase. The Company’s non-fuel
5 operating income at supportable rates is only \$1,343,123.

6 **Q. PLEASE EXPLAIN THE COMPANY’S CLAIM FOR OPERATING EXPENSES.**

7 A. I analyzed the historical level of operating expenses for the twelve months ended March
8 31, 2025 (*i.e.*, the HTY). No per book adjustments to the operating expenses were required
9 as a result of this analysis.

10 The per book operating expenses of \$7,837,836 (page 1-14) were subsequently
11 adjusted for known and measurable changes. The adjustments are set forth by operating
12 account in Section 1 of **ECH Exhibit KLL-1**, page 14, in the columns headed “Going-
13 Level Adjustments.” Further detail as to each FPPTY adjustment is shown, by reference
14 number, on pages 1-15 and 1-16, and on the noted Supporting Schedules. The *pro forma*
15 operating going-level expense is \$4,970,825, which is \$2,867,010 lower than the book level
16 expenses.

17 **Q. PLEASE EXPLAIN THE GOING-LEVEL ADJUSTMENTS SHOWN ON PAGE 1-
18 14 OF ECH EXHIBIT KLL-1.**

19 A. There are nine going-level adjustments that produce a net decrease in operating expenses
20 of \$2,867,010 compared to the “Per Book” level of expense at March 31, 2025:

21 Adjustment No. 1 decreases operating expenses by \$3,280,771 to reflect removal of the
22 expenses related to the SCR.

1 Adjustment No. 2 increases operating expenses by \$152,349 to reflect two years of 2.5%
2 escalation which is expected through the FPFTY.

3 Adjustment No. 3 increases operating expenses by \$30,964 to average normal maintenance
4 and administrative items. Refer to **ECH Exhibit KLL-1**, Section 2, Schedule No.11, page
5 2-30 for detailed support.

6 Adjustment No. 4 decreases operating expenses by \$63,000 to reflect lower contractor
7 expenses.

8 Adjustment No. 5 decreases operating expenses by \$287,813 to reflect the five-year
9 amortization of the planned \$320,000 project compared to the actual per book major
10 maintenance charge of \$351,813.

11 Adjustment No. 6 increases operating expenses by \$12,000 to reflect a monthly charge of
12 \$1,000 for bad debt.

13 Adjustment No. 7 increases operating expenses by \$8,408 to reflect two years escalation
14 at 2.5% per year for insurance costs.

15 Adjustment No. 8 increases operating expenses by \$350,817 to reflect projected parent
16 company affiliated charges. These charges are explained in the direct testimony of ECH
17 witness Mark Schneider.

18 Adjustment No. 9 increases operating expenses by \$50,000, which is the five-year
19 amortization of anticipated rate case expense.

20

1 **Q. WHAT IS THE COMPANY'S CLAIMED ANNUAL DEPRECIATION EXPENSE?**

2 A. The Company's claimed annual depreciation expense is \$370,220 associated with utility
3 plant in service as of March 31, 2025. Details of the annual depreciation expense
4 calculations are contained in **ECH Exhibit KLL-1**, Supporting Schedule No.4. on page 2-
5 11.

6 **Q. DOES ECH EXHIBIT KLL-1 CONTAIN AN INCOME STATEMENT**
7 **SUMMARIZING THE COMPANY'S CLAIMS FOR REVENUES, EXPENSES,**
8 **ANNUAL DEPRECIATION, AND NET INCOME?**

9 A. Yes, that information is provided on page 1-13 of **ECH Exhibit KLL-1**. As shown, the
10 Company's supportable rates would produce total *pro forma* non-fuel revenue of
11 \$6,749,266. Supportable operating and maintenance expenses and annual accrual for
12 depreciation \$4,970,825 and \$369,736, respectively. Various taxes and assessments
13 amount to \$65,582. Net operating income, under supportable rates, is \$1,343,123.

14 **Q. WHAT IS THE COMPANY'S RATE BASE CLAIM IN THIS PROCEEDING?**

15 A. As shown in detail on page 1-17 of **ECH Exhibit KLL-1**, the Company's rate base as of
16 March 31, 2025 is \$14,215,191.

17 **Q. WHAT ARE THE ELEMENTS OF THE COMPANY'S BASE RATE CLAIM?**

18 A. Rate base consists of several elements. The first and largest element is the depreciated
19 original cost of plant in service. To this amount are added its claims for cash working
20 capital and materials and supplies requirements.

21

1 **Q. PLEASE EXPLAIN HOW THE DEPRECIATED ORIGINAL COST OF PLANT IN**
2 **SERVICE AT MARCH 31, 2025 WAS DETERMINED.**

3 A. The Company's depreciated original cost of plant is total plant in service less the accrued
4 depreciation at March 31, 2025. The original cost of plant in service and the accrued
5 depreciation, shown by detailed plant account are set forth in Supporting Schedule No.4 of
6 **ECH Exhibit KLL-1, Section 2.**

7 **Q. PLEASE EXPLAIN HOW THE COMPANY'S ACCRUED DEPRECIATION AT**
8 **MARCH 31, 2025 WAS DEVELOPED.**

9 A. The Company's book depreciation reserve as of March 31, 2025 is \$13,043,635. This
10 shows that 52% of the plant in service is depreciated. The methodology established in the
11 2013 Rate Case Filing was used to develop current year values. Refer to **ECH Exhibit**
12 **KLL-1, Supporting Schedule No.4** for details of the accrued depreciation.

13 **Q. EXPLAIN THE COMPANY'S CLAIM FOR CASH WORKING CAPITAL.**

14 A. The cash working capital claim is based on an assumed net lag (*i.e.*, revenue lag less
15 expense lag) of one-eighth (1/8) of operating and maintenance expenses. The one-eighth
16 (1/8) of expense method has been approved by the Commission numerous times as a
17 reasonable, cost effective approach to calculating cash working capital. The Company's
18 *pro forma* claim at March 31, 2025 is \$910,352.

19 **Q. EXPLAIN THE ADDITION TO RATE BASE FOR MATERIALS AND SUPPLIES**

20 A. The Company's claim of \$1,333,473 is based on the most recent thirteen (13) month
21 average balance for materials and supplies. Refer to Supporting Schedule No. 9 of **ECH**
22 **Exhibit KLL-1, Section 2.**

1 **Q. WHAT IS THE COMPANY'S SUPPORTABLE RATE OF RETURN?**

2 A. The supportable revenue increase produces a Net Income of \$1,343,123 which is a 9.45%
3 return on the \$14,215,191 Total Measure of Value shown on Page 17 of **ECH Exhibit**
4 **KLL-1**.

5 Supporting Schedule No.10 on page 2-10 is the Commission's Quarterly Earnings
6 Report dated May 8, 2025 at Docket No. M-2025-3054401. In the report, the fair Return
7 on Equity ("ROE") for water companies is determined to be 9.75% for distribution system
8 improvement system charges. Thus, a claimed ROE of 9.45% should be presumed to be
9 reasonable.

10 Moreover, it would not have been prudent for ECH to incur the costs of preparing
11 a ROE study for this proceeding where ECH is claiming a mitigated annual revenue
12 increase that is well below the annual revenue increase that can be justified using a 9.45%
13 ROE. The effective ROE for ECH's annual revenue increase claim of \$894,300 is only
14 3.28%.

15 **Q. DOES THE COMPANY PROPOSE ANY CHANGES TO THE RATE**
16 **STRUCTURE?**

17 A. Yes. The Company proposes to change the minimum bill and per Mlb. usage charge to a
18 fixed monthly capacity charge based on the customer's ECF (seasonal customers) or EMP
19 (continuous customers). Each individual customer's ECF or EMP will be back calculated
20 to match exactly the per Mlb. increase that would have been charged under the existing
21 rate structure to allow the Company to recover its allowed revenue requirement in this case.

22 As also explained in the direct testimony of ECH witness Mark Schneider, the
23 reason for proposing this change is to lock in fixed revenues so that non-fuel revenue does

1 not fluctuate with weather and customer conservation efforts. Most of the non-fuel expense
2 (primarily labor) does not vary with weather or sales volumes, so it is reasonable to set
3 non-fuel revenues accordingly. The change in rate structure also provides greater rate
4 certainty for customers.

5 The SCR or fuel revenue will continue to be a variable component subject to
6 weather and customer conservation investments. This is consistent with a customer that
7 invests in an in-house boiler. The capital cost of the boiler is not subject to weather, but
8 the fuel consumption is.

9 **Q. PLEASE EXPLAIN HOW YOU DETERMINED THE ECF, THE EMP AND FIXED**
10 **MONTHLY CAPACITY CHARGE FORMULA, AS SHOWN IN THE PROPOSED**
11 **TARIFF SUPPLEMENT.**

12 A. The existing tariff contains a Minimum Bill component, which was modified to represent
13 a Fixed Monthly Capacity Charge. Refer to **ECH Exhibit KLL-3** for the Methodology
14 used to develop customer-by-customer ECFs or EMPs.

15 **Q. WILL THE PROPOSED RATE STRUCTURE RESULT IN SIGNIFICANT**
16 **VARIANCES TO THE AMOUNTS THAT CUSTOMERS HAVE HISTORICALLY**
17 **PAID FOR STEAM DISTRIBUTION SERVICE UNDER THE EXISTING**
18 **CONSUMPTION-BASED RATES?**

19 A. No. In fact, under the Fixed Capacity Rate, there will be less variance because the steam
20 charges will not be subject to weather fluctuations. For example, during polar vortex
21 months, customers with the existing Mlb. rate receive very high bills due to higher fuel
22 costs compounded with higher non-fuel costs.

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?**

2 A. Yes, it does. I reserve the right to supplement my testimony as additional issues arise on
3 this proceeding. Thank you.

VERIFICATION

I, KEITH L. LI, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: JULY 18, 2025

KEITH LI, CONSULTANT
PRINTED NAME
TITLE
COMPANY

Energy Center Harrisburg LLC

EXHIBIT NO. KLL-1

**Answer to 52 Pa. Code § 53.52(b)(1)
Statement of Reasons for Rate Increase**

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

Energy Center Harrisburg, LLC ("ECH" or "Company") is filing Supplement No. 66 to Tariff Steam – PA PUC No. 4 on July 18, 2025 with a requested effective date of September 16, 2025 for the purpose of increasing revenues by \$894,300 per annum based upon future test year operations ended March 31, 2026. Although the claimed revenue increase is \$894,300, this filing presents documentation that supports an annual increase of \$1,775,157.

For the twelve months ended March 31, 2025 (the "Historic Test Year") and March 31, 2026, (the "Future Test Year") in this filing, utility operations produced net operating losses as follows:

<u>Operations</u>	<u>Net Operating Gain</u>	<u>Reference</u>
Per books (3/31/25)	\$676,155	Section 1, Page1-13
Per books (3/31/26) (Going Level at Present Rates)	(\$427,294)	Section 1, Page 1-13

The current rate filing is necessary to realize a reasonable rate of return on the Company's fixed capital investment and to recover increased operating expenses. Numerous factors were given consideration in establishing the proposed increase, which are categorized and set forth in the following narrative.

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

Operating Revenues

The operating revenues per books for the year ended March 31, 2025 amounted to \$9,015,851 based on 102 customers. The projected customer count by classification for the year ended 3/31/2026 is as follows:

<u>Classification</u>	<u>Count</u>
Seasonal	68
Continuous	22
Contract	11
Total Customers	101

Several adjustments were required to reflect the proper level of annual revenue projected for the Future Test Year. Specific adjustments include removal of the Steam Cost Rate ("SCR") Revenues, weather normalization of revenue, terminated customers, and reimbursements from affiliated companies.

A major adjustment is required for the affiliated company reimbursement. Over the past decade, the Company has reorganized its local management staff by eliminating the general manager and controller positions. However, the affiliated interest payments continued to collect intercompany revenues to cover these positions. A new staff allocation review was performed and the annual reimbursement is being reduced by \$379,440, subject to Commission affiliated interest approval.

These adjustments result in an overall decrease of \$4,041,742 in operating revenue producing a going-level operating revenue at present rates of \$4,974,109.

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

Operating Expenses

An extensive review of the Company's current and projected operating expenses was performed. For the twelve months ended March 31, 2025 and March 31, 2026, pro forma utility operations produced operating expense levels as follows:

<u>Operating Expenses</u>	<u>Amount</u>	<u>Reference</u>
Per books (3/31/2025)	\$7,837,836	Section 1, Page 1-14
Per books (3/31/2026)	\$4,970,825	Section 1, Page 1-14
(Going level at present rates)		

The Company has projected operating costs as reflected in the going-level adjustments contained in response to 52 Pa. Code § 53.52(c)(1), Sheets No. 1b and 1c.

Original Cost – Plant in Service

The original cost of the plant in service at March 31, 2025 was obtained through Pa. P.U.C. Annual Reports and Company records. The total plant in service per books at March 31, 2025 is \$25,080,221.

The original cost of the utility plant in service at March 31, 2026 will be \$25,385,221 as contained in response to 52 Pa. Code § 53.52(c)(3) by fixed capital account.

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

Accrued Depreciation

The calculations of annual and accrued depreciation in this report are based upon the Straight Line/Average Service Life Method and applied to the original costs at March 31, 2026. The accrued depreciation at March 31, 2026 amounts to \$13,413,855.

Annual Depreciation Expense

The annual depreciation expense of \$370,220 shown on Supporting Schedule No. 4 is based upon the projected depreciable original cost base at March 31, 2026. The book annual depreciation expense as of March 31, 2025 amounted to \$338,962.

Measures of Value

Three elements of rate base were utilized to determine a fair measure of value of the Company for the purpose of base rate revenue as follows:

- I. Depreciated Original Cost
- II. Cash Working Capital
- III. Materials and Supplies

I. **Depreciated Original Cost**

The depreciated original cost at March 31, 2026 was determined by deducting calculated accrued depreciation from the original adjusted cost of the plant in service at March 31, 2026 as follows:

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

	<u>Original Cost</u>	<u>Reference</u>
Utility Plant in Service	\$25,385,221	Response to 52 Pa. Code § 53.52(c)3
Accrued Depreciation	\$13,413,854	Supporting Schedule No. 4
Depreciated Orig Cost	\$11,971,367	

II. Cash Working Capital

The amount included in the measure of value for cash working capital was based upon one-eighth (1/8) of pro forma operating and maintenance expenses and amounts to \$910,352.

III. Materials and Supplies

The Company has materials and supplies inventoried for normal operations. The Company has claimed \$1,333,473 for materials and supplies. This level was based on a thirteen (13) month average.

A detailed compilation of the total measures of value and rates of return at March 31, 2026 is contained in response to 52 Pa. Code § 53.52(c)(1) – Sheet No. 2.

Rate of Return

Supporting Schedule No. 10 is a copy of the Commission's Quarterly Earnings Report adopted at the May 8, 2025 Public Meeting at Docket No. M-2025-3054401. In this report, the water company ROE for Distribution System Improvement Charge ("DSIC") purposes is 9.75%.

Energy Center Harrisburg LLC

Statement of Reasons for Rate Increase
Answer to 52 Pa. Code § 53.52(b)(1)

General Comments

The supportable level of annual non-fuel operating revenues of \$6,749,266 will allow the Company to recover the increased operating cost of the Company and will also provide a fair rate of return of \$1,295,504, which is 9.11% and below the 9.75% level stipulated in Supporting Schedule No.10. However, the Company recognizes that customers have alternative sources of heating, so a smaller claimed increase is requested that will generate annual non-fuel operating revenues of \$894,300, producing an effective return on equity of only 3.28%.

Energy Center Harrisburg LLC

Answer to 52 Pa. Code § 53.52(b)(2)

Operating Revenues

Operating Revenue for the Twelve Months Ended
 March 31, 2025 and March 31, 2026 Under Present Rates
 Answer to 52 Pa. Code § 53.52 b(2) - Sheet 1a

Operating Revenues	Year Ended 3/31/2025 (per books)	Year Ended 3/31/2026 (present rates)
<u>Steam Service</u>		
Seasonal	547,175	271,246
Continuous	6,798,206	3,472,697
Special Contract	1,061,287	569,662
	-----	-----
Subtotal	8,406,668	4,313,605 (1)
Unbilled Revenue	(430,761)	0
	-----	-----
Total Steam Service	7,975,907	4,313,605
Penalties	0	0
Other Operating Revenue	1,039,944	660,504
	-----	-----
Total Operating Revenue	9,015,851	4,974,109

Note:

(1) Normalized revenue excluding SCR Components

Energy Center Harrisburg LLC

Answer to 52 Pa. Code § 53.52(b)(3)

**Number of Customers Served at
March 31, 2025 and
March 31, 2026**

Number of Customers Served at
March 31, 2025 and March 31, 2026
Answers to 52 Pa. Code § 53.52b(3)

<u>Customer Classification</u>	<u>3/31/25</u>	<u>3/31/26</u>
Seasonal	69	68
Continuous	22	22
Special Contract	11	11
Total Customers	102	101

Energy Center Harrisburg LLC

Answer to 52 Pa. Code § 53.52(b)(4)

Statement of Operating Revenues Under Existing Rates

Statement of Operating Revenues under Existing Rates for the Twelve (12) months
 Ended March 31, 2025 and March 31, 2026, and Under Supportable Rates
 Answer to 52 Pa. Code § 53.52b(4) - Sheet 1a

Operating Revenues	Sched No.	Year Ended 3/31/2025 (per books)	Anticipated Revenue at Present Rates		Anticipated Revenue at Supportable Rates	
			Year Ended 3/31/2026 Adjustments	Amount	Year Ended 3/31/2026 Adjustments	Amount
Steam Service						
Seasonal	b(2)	547,175	(275,928)	271,246	132,998	404,244
Continuous	b(2)	6,798,206	(3,325,510)	3,472,697	1,642,159	5,114,856
Special Contract	b(2)	1,061,287	(491,625)	569,662	0	569,662
Subtotal		8,406,668	(4,093,063)	4,313,605	1,775,157	6,088,762
Unbilled Revenue	b(2)	(430,761)	430,761	0	0	0
Total Steam Service		7,975,907	(3,662,302)	4,313,605	1,775,157	6,088,762
Penalties	b(2)	0	0	0	0	0
Other Operating Revenue	b(2)	1,039,944	(379,440)	660,504	0	660,504
Total Operating Revenue		9,015,851	(4,041,742)	4,974,109	1,775,157	6,749,266

Going-Level Adjustment

1) Adjustment to reflect removal of SCR revenues						
Seasonal		(227,033)				
Continuous		(2,942,171)				
Special Contract		(475,865)				
Going Level Adjustment			(3,645,068)			
Refer to Supporting Schedule No.1						
2) Adjustment to reflect normalized usage levels						
Seasonal		(43,224)				
Continuous		(352,248)				
Special Contract		(15,761)				
Going Level Adjustment			(411,233)			
Refer to Supporting Schedule No.1						
3) Adjustment to reflect customer EOY 3/31/2025						
Seasonal		(3,903)				
Continuous		(31,091)				
Going Level Adjustment			(34,995)			
Refer to (b)(4) Sheet No.1b						
4) Adjustment to reflect customer EOY 3/31/2026						
Seasonal		(1,767)				
Going Level Adjustment			(1,767)			
Refer to (b)(4) Sheet No.1c						
5) Adjustment to reflect change in Affiliated Interest Pmts						
Intercompany charges		(379,440)				
Going Level Adjustment			(379,440)			
Refer to Supporting Schedule 3a						

Summary of Customers Lost During the Year Ended March 31, 2025
 Answer to 52 Pa. Code § 53.52b(4) - Sheet 1b

CUSTOMER TYPE	Actual Use			Normalized Use		
	Total Bill	SCR Amt	Net Bill	Total Bill	SCR Amt	Net Bill
<u>Seasonal Customers</u>						
APSCUF Inc. (svc 091)	587.61	1.13	586.48	587.61	1.13	586.48
Darlene Jackson (svc 347)	180.44	88.21	92.23	180.44	88.21	92.23
Darlene Jackson (svc 380)	77.21	0.00	77.21	77.21	0.00	77.21
UPMC Hburg Hosp Lab (svc 477)	6,274.40	3,127.08	3,147.32	6,274.40	3,127.08	3,147.32
Total Seasonal Customers Lost	7,119.66	3,216.42	3,903.24	7,119.66	3,216.42	3,903.24
<u>Continuous Customers</u>						
Federal Bldg (svc 015)	52,738.50	21,647.19	31,091.31	52,738.50	21,647.19	31,091.31
Total Continuous Customers Lost	52,738.50	21,647.19	31,091.31	52,738.50	21,647.19	31,091.31
<u>Contract Customers</u>						
NONE						
Total Customers Lost EOY Mar 31, 2025	59,858.16	24,863.61	34,994.55	59,858.16	24,863.61	34,994.55

Summary of Customers Lost During the Year Ended March 31, 2026
 Answer to 52 Pa. Code § 53.52b(4) - Sheet 1c

CUSTOMER TYPE	Actual Use			Normalized Use		
	Total Bill	SCR Amt	Net Bill	Total Bill	SCR Amt	Net Bill
<u>Seasonal Customers</u>						
Pine St Bldg Ptnership (svc 084)	2,661.83	894.50	1,767.33	2,661.83	894.50	1,767.33
Total Seasonal Customers Lost	2,661.83	894.50	1,767.33	2,661.83	894.50	1,767.33
<u>Continuous Customers</u>						
NONE						
<u>Contract Customers</u>						
NONE						
Total Customers Lost EOY Mar 31, 2026	2,661.83	894.50	1,767.33	2,661.83	894.50	1,767.33

Energy Center Harrisburg LLC

**Answer to 52 Pa. Code § 53.52(b)(5) &
b(6)**

**Calculation of Number of
Customers Served at March 31,
2025 Whose Bills will be
Decreased Under the Claimed
Tariff**

**Calculation of Number of Customers Served at March 31, 2025
Whose Bills will be Decreased Under the Claimed Tariff
Answer to 52 Pa. Code §§ 53.52b(5) & b(6)**

Proposed Supplement No. 66 to Steam PA PUC No. 4 will not decrease rates by any classification of service. No customers will have decreased bills for similar service or use under the claimed rates.

Energy Center Harrisburg LLC

Answers to 52 Pa. Code § 53.52(c)

Statement of Net Operating Revenue under Existing Rates for the Twelve months
 Ended March 31, 2025 and March 31, 2026, and Under Supportable Rates
 Answer to 52 Pa. Code § 53.52c(1) Sheet 1a

Account Description	Sched. No.	Year Ended 3/31/2025 (per books)	Anticipated Revenue At Present Rates		Anticipated Revenue At Supportable Rates	
			Year Ended 3/31/2026 Adjustment	Amount	Year Ended 3/31/2026 Adjustment	Amount
Operating Revenues	b(4)-1a	\$9,015,851	(\$4,041,742)	\$4,974,109	\$1,775,157	\$6,749,266
Operating Revenue Deductions						
Operating Expenses	c(1)-1b	\$7,837,836	(\$2,867,010)	\$4,970,825		\$4,970,825
Depreciation	Sup Sch 4	\$338,962	\$30,774	\$369,736		\$369,736
Acq Adj (book vs OC depr)		\$102,056	(\$102,056)	\$0		
Income Taxes						
Federal						
State						
Regulatory Assessments	Sup Sch No.6&7	\$23,014		\$23,014		\$27,754
PURTA		\$29,202		\$29,202		\$29,202
Franchise Tax		\$0		\$0		\$0
Property Taxes		\$8,069		\$8,069		\$8,069
Sales & Use Tax		\$557		\$557		\$557
Mercantile Tax		\$0		\$0		\$0
Total Operating Revenue Deductions		\$8,339,696		\$5,401,403		\$5,406,143
Net Operating Revenues		\$676,155		(\$427,294)		\$1,343,123

Statement of Operating Expenses for the Twelve Months
 Ended March 31, 2025 and March 31, 2026
 Answer to 52 Pa. Code § 53.52c(1) Sheet 1b

Account Description	Year Ended 3/31/2025 (per books)	Going Level Adjustment No.	Amount	Future Test Year Ended 3/31/2026
<u>SCR Expenses</u>				
Fuel Oil	\$333,299	1	(\$333,299)	0
Natural Gas	\$2,489,565	1	(\$2,489,565)	0
Water/Sewer	\$457,908	1	(\$457,908)	0
Total SCR	\$3,280,771		(\$3,280,771)	0
<u>O&M Expenses</u>				
Payroll & Benefits	\$3,046,989	2	\$152,349	\$3,199,338
Contract Employees	\$200,985	4	(\$63,000)	\$137,985
M&S - Land and Bldgs	\$75,739	3	(\$42,177)	\$33,562
M&S - BOP	\$17,348	3	\$130,030	\$147,378
M&S - Boiler	\$926	3	\$58,075	\$59,001
M&S - Facilities	\$34,159	3	(\$5,120)	\$29,039
M&S - Rolling Stock	\$0	3	\$0	\$0
M&S - Steamlines	\$44,602	3	(\$491)	\$44,110
M&S - Conversions	\$0		\$0	\$0
M&S - Vehicles	\$22,911	3	\$1,463	\$24,374
M&S - Consumables	\$112,508	3	(\$21,301)	\$91,208
M&S - Chemicals	\$51,808	3	(\$9,428)	\$42,380
Major Maintenance	\$351,813	5	(\$287,813)	\$64,000
Permits and Fees	\$26,113	3	\$2,148	\$28,260
Hazardous Materials	\$0	3	\$0	\$0
Safety and Protection	\$23,102	3	(\$6,396)	\$16,706
Other Maintenance	(\$198)	3	\$102,383	\$102,185
Utilities - Elec and Wtr	\$78,515		\$0	\$78,515
Rent	\$0		\$0	\$0
Total O&M Expense	\$4,087,319		\$10,722	\$4,098,041
<u>Gen & Adm Expenses</u>				
Employee	\$8,546	3	\$707	\$9,253
Legal/Consulting	\$88,315			\$88,315
Travel & Meals	\$16,220	3	\$586	\$16,807
Office	\$28,416	3	\$7,048	\$35,464
Insurance	\$168,164	7	\$4,204	\$172,368
Other Admin	\$152,123	3	(\$21,282)	\$130,841
Charity	\$0	3	\$0	\$0
Advertising	\$7,962	3	(\$1,042)	\$6,921
Bad Debt	\$0	6	\$12,000	\$12,000
Corp Alloc	\$0	8	\$350,817	\$350,817
Rate Case Amort	\$0	9	\$50,000	\$50,000
Total G&A	\$469,745		\$403,039	\$872,784
TOTAL EXPENSES	\$7,837,836		(\$2,867,010)	\$4,970,825

Answer to 52. Pa. Code § 53.52c(1) Sheet 1c

Going-Level Adjustments

- (1) Adjustment required to remove Steam Cost Rate expenses. The associated revenue has been previously removed

Fuel Oil	(\$333,299)	
Natural Gas	(\$2,489,565)	
Water/Sewer	(\$457,908)	

Going-level adjustment		(\$3,280,771)
		=====

- (2) Actual payroll for EOY 3/25 reflects full employment. Pro forma payroll increased by two years of escalation at 2.5% per year.

Payroll & Benefits (per books)	(\$3,046,989)	
Payroll & Benefits (EOY 3/25)	\$3,199,338	

Going-level adjustment		\$152,349
		=====

- (3) Operations, maintenance, and general expenses were estimated based on taking a three-year average (EOY March - 2025,2024,2023). Refer to supporting schedule No. 11.

O&M and A&G Exp accts (pro forma)	\$821,413	
O&M and A&G Exp accts (per books)	(\$790,448)	

Going-level adjustment		\$30,964
		=====

- (4) Contract employees

O&M and A&G Exp accts (pro forma)	\$137,985	
O&M and A&G Exp accts (per books)	(\$200,985)	

Going-level adjustment		(\$63,000)
		=====

- (5) Major Maintenance - during the fully forecasted year the Company will incur one major maintenance expense that will be amortized over a five year period.

South Stack Inspection and Recoating	\$320,000	
Amortization Period (years)	5	

Major Maintenance (pro forma)	\$64,000	
Major Maintenance (per books)	(\$351,813)	

Going-level adjustment		(\$287,813)
		=====

Answer to 52. Pa. Code § 53.52c(1) Sheet 1c

Going-Level Adjustments

- (6) Allowance for Bad debt is estimated at \$1000 per month

Allowance for bad debt (pro forma)	\$12,000	
Allowance for bad debt (per books)	\$0	
	-----	\$12,000
		=====

- (7) Pro forma insurance expense reflects two years escalation at 2.5%.

Insurance (pro forma)	\$176,572	
Insurance (per books)	(\$168,164)	

Going-level adjustment		\$8,408
		=====

- (8) The Company incurs affiliated support from Cordia Corporate. Although this expense has not been directly charged in the annual P&L, if the support were not there, other direct expenses would be incurred.

Affiliated Charges (pro forma)	\$350,817	
Supporting Schedule No.3		
Affiliated Charges (per books)	\$0	

Going-level adjustment		\$350,817
		=====

- (9) The Company estimates rate filing expenses to be approximately \$250,000, which will be amortized over a 5-year period.

Rate Case Expenses	\$250,000	
Amortization Period (years)	5	

Rate Case Amortization (pro forma)	50,000	
		\$50,000
		=====

Statement of Calculation of Rate of Return Under Existing Rates
 For the Twelve Months Ended March 31, 2026 and Under Supportable Rates
 Answer to 52 Pa. Code § 53.52c(1) - Sheet 2

Description	Supporting Sched No.	Original Cost 3/31/2026
Total Utility Plant in Service	4	25,385,221
Less:		
Reserve for Depreciation	4	(13,413,854)
Subtotal		11,971,367
Add:		
Cash Working Capital		910,352 (1)
Material & Supplies	9	1,333,473
Total Measure of Value		14,215,191
<u>Pro Forma Return</u>		
Present:		
Dollars		(476,477)
Percent		-3.35%
Supportable:		
Dollars		1,343,123
Percent	10	9.45%

Notes:

(1) Based on 1/8 of EOY 3/31/2025 operating expenses.

O&M Expense + SCR Costs - Bad Debt = 910352

Assets for Twelve Months Ended
 March 31, 2025 and March 31, 2026
 Answer to 52 Pa. Code § 53.52c(2) - Sheet 1

ASSETS

<u>Account Description</u>	<u>Per Books 3/31/2025</u>	<u>Pro Forma 3/31/2026</u>
<u>Property, Plant & Equipment</u>		
Utility Plant in Service	25,080,221	25,385,221
Accumulated Depreciation	(13,043,635)	(13,413,855)
Acquisition Adjustment	(1,669,008)	(1,668,524)
Construction Work in Progress	549	0
	-----	-----
Total Property Plant & Equipment	10,368,127	10,302,842
<u>Current Assets</u>		
Cash		
Accounts Receivable	1,301,561	1,301,561
Reserve for Bad Debt	0	0
Inventory - Fuel Oil	953,938	953,938
Inventory - Spare Parts	382,852	382,852
Prepayments	18,492	18,492
Other Current Assets	103,217	103,217
	-----	-----
Total Current Assets	2,760,059	2,760,059
Misc Deferred Debits	199,251	199,251
TOTAL ASSETS	13,327,437	13,262,152

Liabilities for Twelve Months Ended
 March 31, 2025 and March 31, 2026 Answer
 to 52 Pa. Code § 53.52c(2) - Sheet 1

LIABILITIES

<u>Account Description</u>	<u>Per Books 3/31/2025</u>	<u>Pro Forma 3/31/2026</u>
<u>Equity</u>		
Common Stock	1,000	1,000
Retained Earnings	10,654,252	10,588,967
	-----	-----
Total Equity	10,655,252	10,589,967
<u>Current & Accrued Liabilities</u>		
Accounts Payable	2,097,262	2,097,262
Accrued Other Taxes	13,189	13,189
Accrued Payroll	343,416	343,416
Deferred Revenue	0	0
Other Current & Accrued Liabilities	218,317	218,317
	-----	-----
Total Current & Accrued Liabilities	2,672,184	2,672,184
TOTAL LIABILITIES	13,327,436	13,262,151

Original Cost of Utility Plant in Service at
 March 31, 2025 and March 31, 2026
 Answer to 52 Pa. Code § 53.52c(3)

Acct	Description	Per Books 3/31/25	Additions	Retirements	Pro Forma 3/31/26
<u>Steam Plant</u>					
200	Organization	264			264
201	Franchises	641			641
206	Production Land	58,568			58,568
210	Production Structures	1,382,047			1,382,047
213	Fuel Storage Structures	422,759			422,759
216	Boiler Plant Equipment	12,700,657	80,000		12,780,657
217	Electrical Equipment	635,481			635,481
225	Steam Mains	8,149,525	150,000		8,299,525
226	Services	814,942			814,942
227	Meters	97,817			97,817
	Total Steam Plant	24,262,701	230,000	0	24,492,701
<u>General Plant</u>					
234	General Office Equipment	230,582			230,582
235	General Garage Equipment	579,518	75,000		654,518
239	General Lab Equipment	7,420			7,420
	Total General Plant	817,520	75,000	0	892,520
	Total Plant in Service	25,080,221	305,000	0	25,385,221

**Reserve for Depreciation of Utility Plant as of
March 31, 2025 and March 31, 2026
Answer to 52 Pa. Code § 53.52c(4)**

Account Title	Per Books 3/31/25	Pro Forma 3/31/26
Reserve for Depreciation	13,043,635	13,413,855

Statement of Operating Income Setting Forth the Operating Revenue
and Expenses at Present Rates by Detail Accounts for Twelve Months

Ended March 31, 2025 and March 31, 2026

Answer to 52 Pa. Code § 53.52c(5) - Sheet 1

	Per Books 3/31/2025	Anticipated at Present Rate 3/31/2026
Operating Revenue	9,094,761	4,974,109
<u>Operating Revenue Deductions</u>		
Operating Expenses	7,837,836	5,020,008
Depreciation Expense	337,630	370,220
Acq Adj change	103,388	
Taxes & Assessments	60,842	60,842
Total Operating Revenue Deductions	8,339,696	5,451,070
Net Operating Income	755,065	(476,961)
<u>Non-Operating Income & Expenses</u>		
Non-operating Revenue	77,697	77,697
Non-Operating Expense	0	0
Total Non-Operating Income	77,697	77,697
Net Income	832,762	(399,264)

**Statement Detailing Major Changes in the Operating or Financial
Condition Occurring Between March 31, 2025 and March 31, 2026**

Answer to 52 Pa. Code § 53.52c(6)

There were no major accounting changes between March 31, 2025 and March 31, 2026 which would affect the operating or financial condition of Energy Center Harrisburg.

Energy Center Harrisburg LLC

Supporting Schedules

Revenue Comparison - All Customers
Present Rates - Actual and Normalized Use

<u>Customer Group</u>	<u>Actual Use</u>			<u>Normalized Use</u>		
	Total Bill	SCR Amt	Net w/o SCR	Total Bill	SCR Amt	Net w/o SCR
Seasonal Customer Totals	547,175	227,033	320,141	487,943	211,026	276,917
Continuous Customer Totals	6,798,206	2,942,171	3,856,036	6,173,877	2,670,089	3,503,788
Special Contract Customer Totals	1,061,287	475,865	585,422	1,020,176	450,514	569,662
Grand Total All Customers	8,406,668	3,645,068	4,761,600	7,681,996	3,331,629	4,350,367
Condensate	78,910					
Overcollected Revenue	(423,685)	to be returned to customer in future months				
Total	8,061,893					
P&L Revenue (per books)	8,054,817					
Difference	7,076					

<u>Going-Level Adjustment No.1</u>	Per Books	Actual Use	<u>Adjustment</u>
	<u>3/31/2025</u>	<u>w/o SCR</u>	
Seasonal	547,175	320,141	(227,033)
Continuous	6,798,206	3,856,036	(2,942,171)
Special Contract	1,061,287	585,422	(475,865)
Totals	8,406,668	4,761,600	(3,645,068)

<u>Going-Level Adjustment No.2</u>	Per Books	Actual Use	<u>Adjustment</u>
	<u>3/31/2025</u>	<u>w/o SCR</u>	
Seasonal	320,141	276,917	(43,224)
Continuous	3,856,036	3,503,788	(352,248)
Special Contract	585,422	569,662	(15,761)
Totals	4,761,600	4,350,367	(411,233)

**Energy Center Harrisburg
Revenue Comparison
Present Rates - Actual and Normalized Use
Continuous Customers**

SVC	Actual Use			Normalized Use		
	Total Bill	SCR Amount	Net Bill	Total Bill	SCR Amount	Net Bill
002	1,540,328	664,816	875,512	1,413,320	611,235	802,085
003	672,200	280,180	392,020	691,795	299,189	392,606
004	1,288,392	560,301	728,090	967,905	418,601	549,304
005	123,663	53,915	69,748	462,896	200,194	262,702
006	420,738	182,052	238,686	411,795	178,094	233,701
007	300,544	131,004	169,540	276,000	119,365	156,635
009	244,595	106,761	137,834	214,816	92,904	121,912
010	122,868	54,635	68,233	117,628	50,872	66,756
014	270,687	116,749	153,937	246,655	106,674	139,981
015	48,888	21,647	27,241	0	0	0
017	98,793	38,659	60,134	91,708	39,662	52,046
018	140,445	61,663	78,782	106,148	45,907	60,241
028	60,385	27,035	33,350	56,553	24,458	32,095
032	66,854	28,648	38,206	68,965	29,826	39,139
036	109,650	48,130	61,520	92,584	40,041	52,543
038	58,319	25,888	32,431	50,663	21,911	28,752
105	67,270	31,062	36,208	75,788	32,777	43,011
109	113,673	57,645	56,027	138,205	59,771	78,434
475	48,209	19,893	28,316	46,224	19,991	26,233
479	180,554	82,203	98,351	174,895	75,639	99,256
480	323,987	140,326	183,661	295,125	127,636	167,489
484	315,485	131,036	184,450	0	0	0
485	181,677	77,921	103,756	174,209	75,342	98,867
Total	6,798,206	2,942,171	3,856,036	6,173,877	2,670,089	3,503,788

**Energy Center Harrisburg
Revenue Comparison
Present Rates - Actual and Normalized Use
Contract Customers**

SVC	Actual Use			Normalized Use		
	Total Bill	SCR Amount	Net Bill	Total Bill	SCR Amount	Net Bill
008	132,687	72,691	59,996	119,910	59,914	59,996
011	141,539	82,816	58,723	131,013	76,290	54,723
016	182,553	61,749	120,803	181,712	60,909	120,803
027	345,809	127,375	218,434	348,310	129,876	218,434
035	165,403	87,541	77,861	168,656	90,795	77,861
041	27,445	13,808	13,637	26,119	13,165	12,954
043	16,638	8,469	8,169	13,004	4,835	8,169
075	11,722	7,420	4,302	9,421	5,119	4,302
457	5,863	2,790	3,073	5,562	2,489	3,073
476	29,936	10,383	19,552	15,427	6,672	8,755
481	1,693	821	872	1,041	450	591
Total	1,061,287	475,865	585,422	1,020,176	450,514	569,662

**Energy Center Harrisburg
Revenue Comparison
Present Rates - Actual and Normalized Use
Seasonal Customers**

	Actual Use			Normalized Use		
021	18,848	7,868	10,980	19,263	8,331	10,932
023	32,576	13,468	19,109	28,441	12,300	16,141
025	18,486	7,676	10,810	18,632	8,058	10,574
034	28,358	12,052	16,306	25,099	10,855	14,244
039	23,016	8,734	14,282	22,961	9,930	13,031
046	13,425	5,807	7,618	12,056	5,214	6,842
050	17,553	7,566	9,988	16,632	7,193	9,439
053	15,443	6,652	8,790	13,124	5,676	7,448
058	7,669	3,131	4,538	11,508	4,977	6,531
061	2,144	0	2,144	0	0	0
063	7,935	3,356	4,579	6,740	2,915	3,825
064	368	0	368	0	0	0
066	17,287	7,167	10,120	18,741	8,105	10,636
067	7,218	2,297	4,922	3,919	1,695	2,224
070	12,622	5,299	7,323	11,508	4,977	6,531
071	3,243	1,276	1,966	4,467	1,932	2,535
072	1,760	520	1,241	1,452	628	824
076	3,085	1,130	1,954	2,467	1,067	1,400
080	9,443	4,002	5,441	8,384	3,626	4,758
083	6,142	2,642	3,500	7,836	3,389	4,447
084	2,507	895	1,613	3,179	1,375	1,804
086	4,072	1,716	2,356	5,015	2,169	2,846
091	554	1	553	0	0	0
094	16,407	7,279	9,128	13,700	5,925	7,775
102	7,924	3,351	4,573	6,056	2,619	3,437
103	7,214	3,112	4,102	5,397	2,334	3,063
104	437	83	353	439	190	249
110	6,319	2,679	3,640	6,303	2,726	3,577
119	2,020	670	1,350	2,275	984	1,291
120	44,084	18,860	25,224	36,716	15,879	20,837
133	6,090	2,616	3,474	4,576	1,979	2,597
134	8,095	3,413	4,682	6,467	2,797	3,670
154	2,519	546	1,973	1,041	450	591
160	1,132	388	744	2,877	1,244	1,633
168	2,669	1,094	1,575	4,055	1,754	2,301
173	5,167	2,161	3,006	4,768	2,062	2,706
176	4,971	1,730	3,241	2,877	1,244	1,633
201	1,213	466	748	1,672	723	949
202	4,366	1,842	2,525	3,836	1,659	2,177
209	2,845	1,199	1,646	1,616	699	917
210	2,796	1,152	1,644	2,849	1,232	1,617
211	8,102	3,364	4,737	8,357	3,614	4,743

**Energy Center Harrisburg
Revenue Comparison
Present Rates - Actual and Normalized Use
Seasonal Customers**

	Actual Use			Normalized Use		
217	2,447	1,029	1,418	2,247	972	1,275
227	400	52	348	0	0	0
231	4,152	1,765	2,387	3,124	1,351	1,773
235	3,862	1,651	2,211	4,301	1,860	2,441
240	4,328	1,878	2,451	4,275	1,849	2,426
248	2,984	1,255	1,730	2,849	1,232	1,617
265	1,590	610	979	1,013	438	575
269	3,236	1,366	1,870	2,987	1,292	1,695
272	1,739	712	1,027	1,644	711	933
286	5,212	2,079	3,133	3,864	1,671	2,193
288	1,750	712	1,038	1,507	652	855
289	2,664	1,106	1,558	3,179	1,375	1,804
291	3,175	1,309	1,866	3,288	1,422	1,866
295	6,912	2,561	4,351	8,576	3,709	4,867
300	18	0	18	1,535	664	871
312	1,895	750	1,144	1,561	675	886
319	21,373	9,236	12,137	19,372	8,378	10,994
325	500	98	402	712	308	404
326	854	286	568	576	249	327
347	184	88	96	0	0	0
380	92	0	92	1,205	521	684
392	1,536	642	894	1,151	498	653
412	603	157	446	657	284	373
419	968	380	588	1,151	498	653
425	1,830	726	1,104	1,561	675	886
432	5,603	2,375	3,228	5,945	2,571	3,374
439	2,222	913	1,310	1,672	723	949
450	17,648	7,643	10,005	15,152	6,553	8,599
465	49,935	22,883	27,052	34,661	14,990	19,671
474	3,064	386	2,678	877	379	498
477	6,274	3,127	3,147	0	0	0
Total	547,175	227,033	320,141	487,943	211,026	276,917

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Energy Center Harrisburg LLC

Supporting Schedule No. 2

Energy Center Harrisburg LLC

Affiliated Charges

Allocation of Cordia Inc Costs to Cordia Energy Center Harrisburg LLC
Assume the Same Level of Corporate Support as in 2013

	2025	2013
	<u>Estimate</u>	<u>Budget</u>
Thermal Management Group	124,945	124,945
Information Technology	76,673	76,673
Operational management	23,538	23,538
Accounting	21,035	21,035
Executive management	19,969	19,969
Legal	10,243	10,243
Human resources and payroll	9,780	9,780
Communications	9,078	9,078
Administrative services	8,124	8,124
Risk management and credit	8,085	8,085
Regulatory affairs	7,999	7,999
Finance	6,233	6,233
Treasury	5,712	5,712
Business operations	4,829	4,829
Tax	4,796	4,796
Corporate general	4,059	4,059
Environmental	2,973	2,973
Internal audit	2,746	2,746
	-----	-----
Total Cordia Affiliated Charge	350,817	350,817

AFFILIATED INTEREST ALLOCATION

	<u>PCT ALLOCATION</u>				<u>COST / MONTH</u>			
	PXN	HBC	F&M	Princ	PXN	HBC	F&M	Princ
Fiebig	10%	20%	5%	0%	\$1,608	\$3,216	\$804	\$0
Kessler	10%	20%	10%	0%	\$1,392	\$2,784	\$1,392	\$0
Chaposky	10%	15%	0%	10%	\$1,356	\$2,034	\$0	\$1,356
Pritchett	10%	15%	5%	0%	\$840	\$1,260	\$420	\$0
Schmidt	5%	5%	5%	0%	\$360	\$360	\$360	\$0
Senior Op.	10%	25%	0%	0%	\$4,752	\$11,880	\$0	\$0
Shift Mech.	10%	25%	0%	0%	\$3,888	\$9,720	\$0	\$0
Maintenance	10.0%	15.0%	10%	0%	\$960	\$1,440	\$960	\$0
Facilities/Tools					\$500	\$500	\$300	\$0
Office Equip.					\$250	\$250	\$100	\$0
			New Monthly Total		\$15,906	\$33,444	\$4,336	\$1,356
			New Annual Total		\$190,872	\$401,328	\$52,032	\$16,272
					New Total - All Affiliates			\$660,504
			Old Monthly Total		\$33,150	\$53,512	0	0
			Old Annual Total		\$397,800	\$642,144	0	0
					Old Total - All Affiliates			\$1,039,944
					Change in Annual Allocation			(\$379,440)

Summary of Original Cost, Calculated Annual Depreciation Expense
and Calculated Depreciation Reserves as of March 31, 2026

Acct	Description	Original Cost at 3/31/26	Calculated Depreciation Amount	Calculated Depreciation Reserve
<u>Steam Plant</u>				
210	Production Structures	1,382,047	10,810	1,126,773
213	Fuel Storage Structures	422,759	0	422,759
216	Boiler Plant Equipment	12,780,657	239,452	5,691,155
217	Electrical Equipment	635,481	1,127	617,671
225	Steam Mains	8,299,525	97,201	4,156,162
226	Services	814,942	8,963	661,336
227	Meters	97,817	702	85,163
	Total Steam Plant	24,433,228	358,255	12,761,019
<u>General Plant</u>				
234	General Office Equipment	230,582	0	230,582
235	General Garage Equipment	654,518	11,965	414,833
239	General Lab Equipment	7,420	0	7,420
	Total General Plant	892,520	11,965	652,835
	Total Depreciable Plant	25,325,748	370,220	13,413,854
<u>Non-Depreciable Plant</u>				
200	Organization	264	0	0
201	Franchises	641	0	0
206	Production Land	58,568	0	0
	Total Non-depreciable plant	59,473	0	0
	TOTAL PLANT IN SERVICE	25,385,221	370,220	13,413,854
	NET PLANT IN SERVICE	11,971,367		

Supporting Schedule No. 5

Capital Additions (4/1/2025 - 3/31/2026)

Acct	Description	Amount
216	Blr#13 Stop Valve	80,000
225	M/H #378 rebuild	150,000
225	Dump Truck	75,000

Capital Retirements (4/1/2025 - 3/31/2026)

Acct	Description	Amount
225	1991 Chevy Dump	fully depreciated

Supporting Schedule No. 6

Regulatory Assessments at Present Rates (Going Level)

	<u>Factor</u>	<u>Amount</u>
Base Rate Revenues at Present Rates (Going-Level)		4,974,109
SCR Revenues (per Exhibit b(4) Sheet 1a)		3,645,068

Total Operating Revenues at Present Rates (Going-Level)		8,619,177
Assessment Factors:		
PA P.U.C.	0.00218682	18,849
Consumer Advocate	0.00048327	4,165
Small Business Advocate	0.00000000	0

Regulatory Assessments at Present Rates (Going-level)		23,014
Regulatory Assessments (per books)		23,014
Regulatory Assessments Adjustment		0

Supporting Schedule No. 7

Regulatory Assessments at Supportable Rates (Going Level)

	<u>Factor</u>	<u>Amount</u>
Base Rate Revenues at Present Rates (Going-Level)		6,749,266
SCR Revenues (per Exhibit b(4) Sheet 1a)		3,645,068

Total Operating Revenues at Present Rates (Going-Level)		10,394,334
Assessment Factors:		
PA P.U.C.	0.00218682	22,731
Consumer Advocate	0.00048327	5,023
Small Business Advocate	0.00000000	0

Regulatory Assessments at Present Rates (Going-level)		27,754
Regulatory Assessments (per books)		27,754
Regulatory Assessments Adjustment		0

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Energy Center Harrisburg LLC

Supporting Schedule No. 8

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Energy Center Harrisburg LLC

Supporting Schedule No. 8a

Supporting Schedule No. 9

Calculation of Thirteen (13) Month Average for
Materials and Supplies

Month	Oil Inventory	Spare Parts Inventory	Total
Apr-24	1,006,814	382,852	1,389,666
May-24	1,006,440	382,852	1,389,292
Jun-24	1,006,351	382,852	1,389,203
Jul-24	1,006,351	382,852	1,389,203
Aug-24	1,006,351	382,852	1,389,203
Sep-24	1,006,351	382,852	1,389,203
Oct-24	1,005,894	382,852	1,388,746
Nov-24	1,005,572	382,852	1,388,424
Dec-24	969,981	382,852	1,352,833
Jan-25	708,334	382,852	1,091,186
Feb-25	722,633	382,852	1,105,485
Mar-25	953,938	382,852	1,336,790
Apr-25	953,055	382,852	1,335,907
		13-month average	1,333,473

Energy Center Harrisburg LLC

Supporting Schedule No. 10

**Summary of Cost of Capital and
Fair Rate of Return
for March 31, 2026**

Summary of Cost of Capital and Fair Rate of Return
For March 31, 2026

Commission Quarterly Earnings Report, adopted at the May 8, 2025 Public Meeting,
(Docket No. M-2025-3054401).

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Public Meeting held May 8, 2025

Docket Number: M-2025-3054401

BUREAU OF TECHNICAL UTILITY SERVICES

REPORT ON THE QUARTERLY EARNINGS

OF JURISDICTIONAL UTILITIES

FOR THE YEAR ENDED

December 31, 2024

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr., Joint Statement, Dissenting
Ralph V. Yanora, Joint Statement, Dissenting

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Introduction:

On September 20, 1991, the Commission initiated a rulemaking at L-00910061 pertaining to earnings disclosures by the public utilities subject to its jurisdiction. At that docket, the Commission stated that the submission of accurate, reliable, and complete earnings disclosure reports, at regular intervals, is essential to the fulfillment of the broad regulatory oversight responsibilities entrusted to the Commission by the Legislature in the Public Utility Code. The earnings disclosure regulations promulgated by the Commission were adopted October 1, 1992, and published January 23, 1993, at 23 Pa.B. 463. Based upon those regulations, codified at 52 Pa. Code, Chapter 71, a reporting format was developed and distributed to the jurisdictional fixed utilities of Pennsylvania.

All fixed utilities having jurisdictional revenues of \$1,000,000 or more, for a calendar year, are required to file the report by March 31 of each year. Such reports are to be based upon the results of operations for the 12-month period ending December 31 of the prior year. Utilities having more than \$10,000,000 in jurisdictional revenues are also required to file reports for the 12 months ending on March 31, June 30, and September 30 of each year.¹ On November 30, 2004, however, the Pennsylvania General Assembly signed into law Act 183 concerning alternative telecommunications regulation and broadband deployment. As a result of Act 183, the reporting requirements for the PUC jurisdictional telecommunications companies of Pennsylvania have been streamlined at section 3015(e) of the Public Utility Code. A quarterly earnings report is not listed among those reports now required of PUC jurisdictional telecommunications utilities in Pennsylvania and, therefore, this report does not address telephone company earnings.

The reports have been filed for the period ending December 31, 2024, at Docket No. M-2025-3052807.² The Finance Staff of the Bureau of Technical Utility Services has reviewed the reports and has prepared this summary report for public release. This report sets forth the achieved return on equity for each company, the last allowed return for that utility, a market return as determined through the analysis of the barometer group data and the most recent returns allowed, per industry, by the Pennsylvania Public Utility Commission and by other regulatory bodies. Where a utility has not filed a report, the reasons for not filing are indicated.

Questions pertaining to the preparation and contents of this Report should be directed to Mr. Marc Hoffer, Manager - Finance, Bureau of Technical Utility Services, at (717) 787-1869.

¹ Per Commission regulations at 52 Pa. Code § 71.3(a)(1), the major electric utilities are specifically identified by name rather than utilizing the \$10,000,000 revenue threshold utilized by gas and water utilities.

² Columbia Gas of PA Inc., UGI Utilities, Inc. – Gas Division, and FirstEnergy Pennsylvania Electric Co. have rate filings at Docket Nos. R-2025-3053499, R-2024-3052716, and R-2024-3047068, respectively, and have filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

The equity return summaries that follow in Attachment A are, for each quarter;

ACTUAL

1. Based on actual results of operations

and

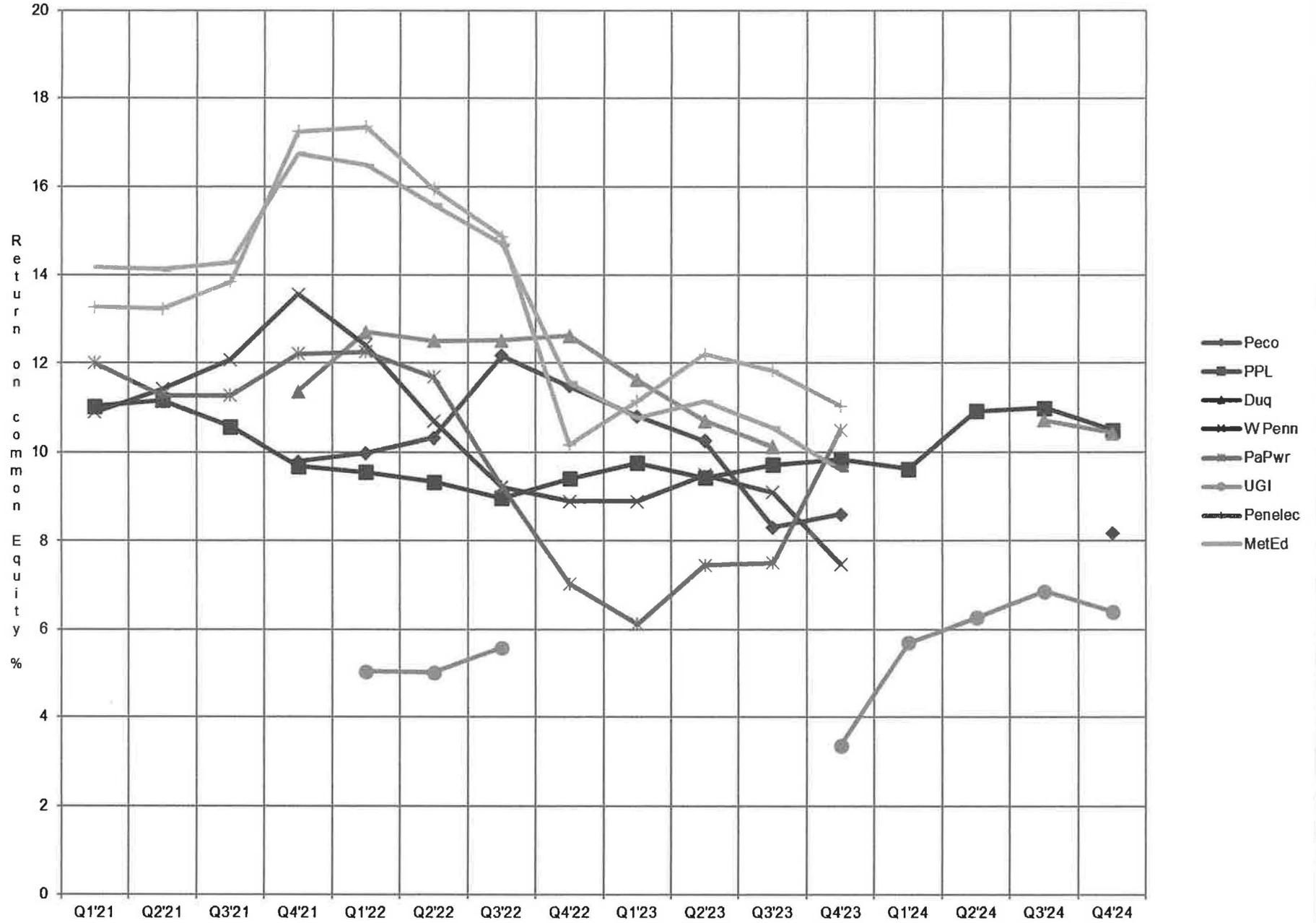
ADJUSTED

2. Based on company proposed pro forma and ratemaking adjustments

**ELECTRIC UTILITIES
EQUITY RETURNS BY QUARTER**

QTR END	Peco		PPL		Duq		W Penn		PaPwr		UGI		Penelec		MetEd		
	ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ	
2018	1		12.53	11.36			10.35	9.08	9.03	8.08			11.84	9.93	12.77	11.38	
	2		11.05	9.49			9.92	8.52	8.79	7.57			11.56	9.39	11.90	10.26	
	3		11.19	9.83			11.41	6.74	10.30	5.80			13.97	8.44	14.46	9.62	
	4	10.88	7.61	11.10	10.15	12.06	9.39	9.92	6.78	10.64	7.43			13.27	9.31	13.05	7.40
2019	1	12.65	7.93	10.10	8.96	12.58	9.73	9.08	6.62	9.14	7.61	7.05	5.22	12.03	8.07	12.54	7.66
	2	12.34	7.94	10.51	8.95	12.38	9.34	8.02	5.99	8.29	7.10	5.77	3.22	11.42	8.16	11.72	7.21
	3	12.49	7.96	10.61	8.99	13.88	9.33	9.90	7.87	9.28	7.76	6.20	2.04	11.26	8.78	12.25	7.77
	4	12.21	8.50	10.53	10.40	13.92	9.08	14.13	7.07	8.08	6.90	7.20	2.38	10.02	8.54	10.96	9.27
2020	1	11.31	8.35	10.84	11.20	12.66	8.31	9.82	5.54	5.06	6.71	5.43	2.26	7.24	8.74	7.20	8.31
	2	9.38	8.17	11.20	10.81	12.73	8.56	10.41	5.53	5.56	6.55	6.06	2.01	6.68	7.94	7.34	8.04
	3	9.62	8.56	11.14	11.20	12.32	8.08	10.22	5.42	5.62	6.74	7.76	0.41	7.87	8.75	7.64	8.37
	4	9.16	7.64	11.10	11.48	12.57	8.15	7.48	5.65	11.36	7.34			10.08	8.62	9.91	8.64
2021	1		11.03	11.76			10.89	6.64	12.01	7.01				13.27	8.96	14.19	9.44
	2		11.17	11.73			11.42	7.07	11.27	5.94				13.23	8.15	14.13	9.06
	3		10.57	10.65			12.08	7.91	11.27	5.91				13.85	8.67	14.29	9.38
	4	9.79	7.59	9.69	10.57	11.37	11.23	13.57	7.85	12.21	5.42			17.25	8.04	16.74	9.40
2022	1	9.98	6.99	9.55	9.49	12.71	10.91	12.40	6.99	12.26	5.30	5.03	4.93	17.35	7.83	16.48	9.40
	2	10.32	7.19	9.33	9.54	12.51	10.22	10.70	5.78	11.69	5.04	5.01	3.89	15.95	6.93	15.59	8.72
	3	12.17	7.42	8.97	9.14	12.52	9.74	9.21	4.43	9.23	4.35	5.58	0.65	14.87	5.88	14.70	7.57
	4	11.48	6.59	9.41	9.18	12.62	9.54	8.89	4.19	7.03	3.44			10.16	5.07	11.56	7.55
2023	1	10.80	6.47	9.76	9.36	11.63	9.53	8.89	5.32	6.11	4.01			11.15	6.88	10.77	8.25
	2	10.24	6.19	9.43	8.67	10.69	9.39	9.49	6.03	7.45	5.58			12.20	7.90	11.14	8.81
	3	8.30	5.48	9.72	8.12	10.12	8.89	9.09	5.96	7.50	5.76			11.84	7.79	10.54	8.60
	4	8.60	5.19	9.84	8.49			7.47	6.02	10.49	7.09	3.36	4.48	11.03	8.17	9.61	8.66
2024	1		9.63	8.22								5.70	2.03				
	2		10.92	9.17								6.26	1.11				
	3		10.99	9.46	10.71	9.16						6.86	1.70				
	4	8.17	4.22	10.49	7.23	10.42	9.38					6.40	1.41				

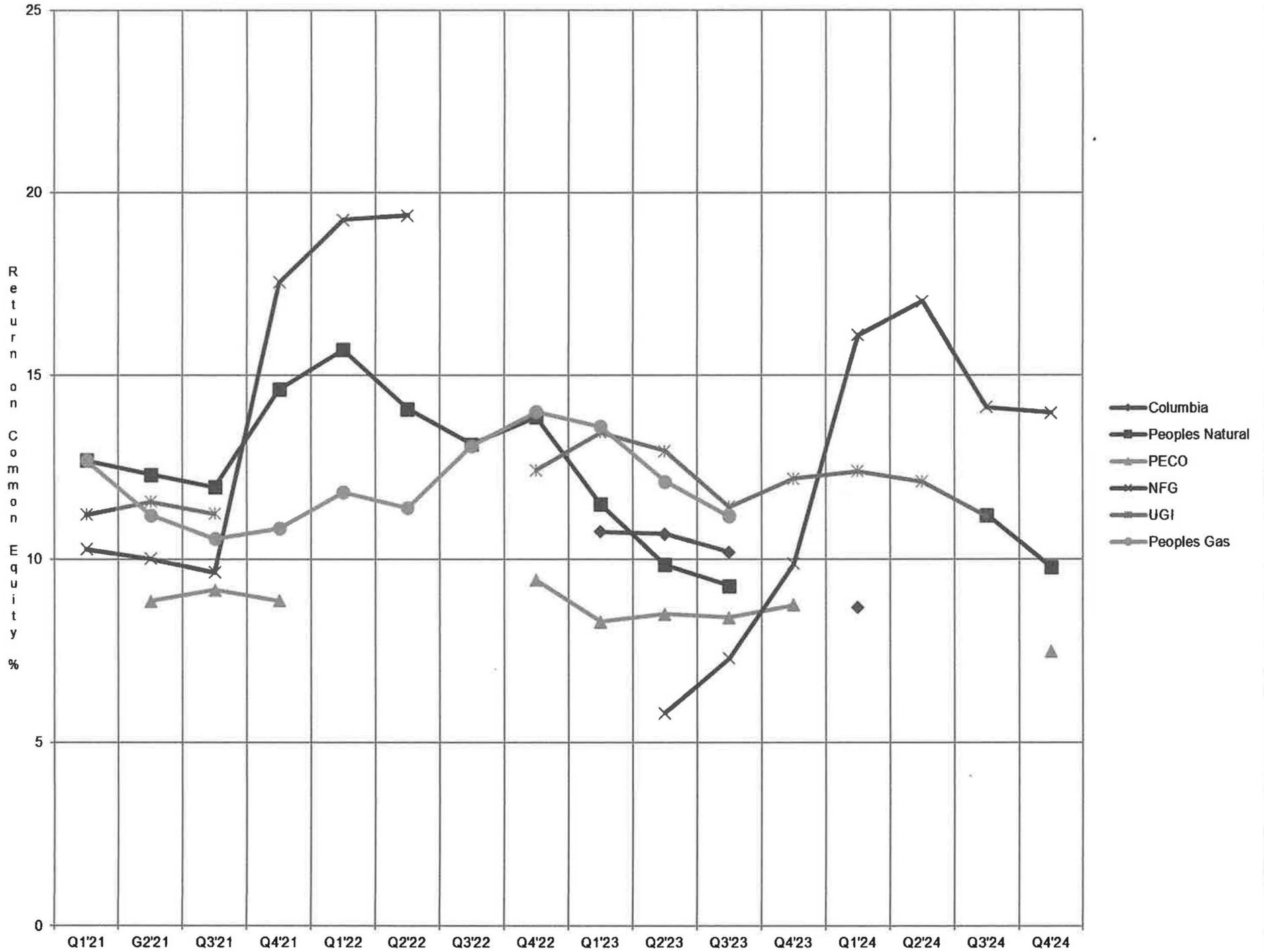
Major Pennsylvania Electric Utilities - Actual Equity Returns by Quarter



**GAS UTILITIES
EQUITY RETURNS BY QUARTER**

QTR	Columbia		Peoples Natural		PECO		NFG		UGI		Peoples Gas		
	<u>END</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>	<u>ACT</u>	<u>ADJ</u>
2018	1			11.42	7.00	12.65	9.77	14.40	10.20	12.82	7.90	14.02	10.17
	2			11.03	6.80	12.66	9.05	12.06	9.89	16.75	6.80	12.78	10.15
	3			10.21	7.43	12.54	8.36	12.52	10.12	18.69	8.04	13.03	10.20
	4	11.39	9.81			12.86	8.68	12.24	10.21			13.92	11.13
2019	1	12.76	10.22			13.68	9.06	11.83	10.93			14.10	10.71
	2	12.04	9.92			12.62	8.41	14.56	9.99			13.80	11.66
	3	11.77	9.85			12.40	8.31	14.17	9.75			14.02	11.63
	4	9.21	9.09	10.74	12.26	11.75	6.99	14.20	9.77			12.76	11.20
2020	1	8.42	9.11	12.34	12.34	10.84	7.68	11.82	9.92			11.40	11.07
	2			13.81	12.38	11.26	7.25	11.28	9.05			11.89	11.10
	3			14.60	12.77			10.39	8.25			11.82	11.50
	4			12.09	10.37			9.68	8.12			12.93	12.11
2021	1			12.69	10.43			10.27	8.47	11.22	7.70	12.69	11.76
	2			12.31	10.23	8.85	5.13	10.02	8.47	11.57	8.04	11.20	11.61
	3			11.97	10.27	9.16	5.27	9.64	8.45	11.24	6.97	10.56	11.38
	4			14.62	10.52	8.86	5.79	17.54	8.02			10.84	10.28
2022	1			15.71	10.93			19.24	7.88			11.83	12.09
	2			14.09	11.67			19.36	6.87			11.40	12.19
	3			13.13	10.30							13.08	11.31
	4			13.87	10.56	9.43	5.93			12.42	7.62	14.01	14.19
2023	1	10.75	10.30	11.50	9.02	8.29	6.05			13.45	8.33	13.61	12.68
	2	10.68	10.33	9.85	9.50	8.50	6.20	5.80	9.98	12.94	8.97	12.12	13.84
	3	10.19	10.72	9.28	8.17	8.41	6.01	7.29	9.58	11.43	8.27	11.17	14.22
	4					8.75	6.82	9.87	10.80	12.19	7.44		
2024	1	8.67	9.61					16.10	10.64	12.39	7.55		
	2							17.03	9.78	12.11	6.91		
	3			11.20	9.07			14.13	8.63	11.17	6.45		
	4			9.78	8.84	7.49	5.56	13.98	8.62				

Major Pennsylvania Gas Utilities - Actual Equity Returns by Quarter



**WATER UTILITIES
EQUITY RETURNS BY QUARTER**

QTR	END	PAWC		Aqua		Veolia		York	
		ACT	ADJ	ACT	ADJ	ACT	ADJ	ACT	ADJ
2018	1	9.55	8.97	10.94	8.41				
	2	10.27	9.65						
	3	11.03	9.48						
	4	10.08	9.03					10.70	10.30
2019	1	9.82	8.87					11.60	11.60
	2	9.72	8.90	9.84	9.04	10.78	10.36	11.80	11.80
	3	9.13	8.41	10.69	8.84	11.55	11.75	12.00	12.00
	4	8.71	8.09	10.33	8.24	11.80	12.15	12.00	9.80
2020	1	8.74	7.56	10.47	8.31	11.30	11.30	12.39	12.39
	2			10.81	8.57	10.72	10.69	12.51	12.51
	3			10.33	8.55	11.13	10.69	13.76	13.76
	4	8.90	8.15	9.89	8.30	13.98	10.17	13.42	9.94
2021	1	9.41	8.90	9.99	8.38	14.34	10.48	12.98	9.74
	2	10.03	9.28			13.43	9.83	12.76	9.66
	3	9.89	8.65			13.58	9.07	12.51	9.32
	4	9.75	8.05			11.08	9.75	12.05	8.86
2022	1	9.73	7.82			12.04	9.68		
	2			8.26	8.91	12.05	9.79		
	3			8.78	8.85	11.14	9.30		
	4	8.85	8.97	9.04	8.88	12.77	9.49	10.47	10.57
2023	1	8.86	8.90	9.42	8.48	11.53	8.98	11.12	11.12
	2	9.35	8.89	9.80	8.52	11.50	8.91	11.69	11.69
	3	9.84	8.93	9.74	8.39	10.72	8.42	12.23	12.23
	4			9.84	8.35	10.38	7.64	12.12	8.16
2024	1					8.28	6.49	10.46	7.99
	2	8.82	8.56			7.46	5.70	10.18	8.00
	3	9.11	8.49			6.45	5.42	9.72	7.31
	4	9.12	8.44	9.40	9.29	7.21	5.36	9.48	7.10

Major Pennsylvania Water Companies - Actual Equity Returns by Quarter



Attachment B includes:

A. Overall Returns on rate base

1. Actual
2. Company proposed pro forma and ratemaking adjustments

and

B. Equity Returns

1. Actual
2. Company proposed pro forma and ratemaking adjustments

Summary of Returns
For the Year Ended December 31, 2024

COMPANY NAME	<u>OVERALL RETURN</u>		<u>EQUITY RETURN</u>		ROE	YEAR
	ACTUAL	ADJ	ACTUAL	ADJ	AUTH	AUTH
ELECTRIC						
<u>Major Electric Utilities</u>						
PECO Energy - Electric Operations	6.31	4.10	8.17	4.22	Settled	2024
PPL Electric Utilities Corp.	7.99	6.06	10.49	7.23	Settled	2015
Duquesne Light Company	7.89	7.24	10.42	9.38	Settled	2024
West Penn Power Company*					Settled	2024
Pennsylvania Power Company*					Settled	2024
UGI Utilities, Inc. - Electric Division	5.57	3.18	6.40	1.41	Settled	2023
Pennsylvania Electric Company*					Settled	2024
Metropolitan Edison Company *					Settled	2024
<u>Over \$1,000,000</u>						
<u>Revenues</u>						
Pike County Light & Power Co.	6.21	6.21	5.98	5.98	Settled	2021
Citizens Electric Company	6.30	8.03	6.58	8.54	Settled	2022
Wellsboro Electric Company	4.59	4.59	4.67	4.67	9.31	2020
GAS						
<u>\$10,000,000 Revenues</u>						
Columbia Gas of PA, Inc.*					Settled	2024
Peoples Natural Gas Company LLC	7.14	6.31	9.78	8.84	Settled	2024
PECO Energy - Gas Operations	6.06	4.93	7.49	5.56	Settled	2024
National Fuel Gas Distribution Co.	10.04	7.11	13.98	8.62	Settled	2023
UGI Utilities, Inc. – Gas Division*					Settled	2022
Valley Energy Inc. of PA	3.89	3.97	3.40	3.51	Settled	2022
<u>\$1,000,000 to \$10,000,000</u>						
<u>Revenues</u>						
Pike County Light & Power Co.	2.39	2.39	-1.16	-1.16	Settled	2021
Leatherstocking Gas Company	2.15	2.15	-3.47	-3.47	Settled	2023
North East Heat and Light Company	4.25	4.25	4.35	4.37	11.00	2008
WATER						
<u>\$10,000,000 Revenues</u>						
PA American Water Company	7.08	6.70	9.12	8.44	9.45	2024
Aqua Pennsylvania	7.03	6.92	9.40	9.29	Settled	2025
York Water Company	7.30	6.00	9.48	7.10	Settled	2023
Veolia Water Pennsylvania, Inc.	5.90	4.94	7.21	5.36	Settled	2024
<u>\$1,000,000 to \$10,000,000</u>						
<u>Revenues</u>						
Newtown Artesian Water Co.	5.56	3.35	6.29	2.52	Settled	2025
Columbia Water Company	6.27	6.27	6.86	6.86	9.75	2024
York Water Company – Wastewater	1.30	0.40	-0.30	-2.10	Settled	2023
Community Utilities – Water	2.56	2.56	0.44	0.44	Settled	2022
Community Utilities – Wastewater	4.12	4.12	3.24	3.24	Settled	2022
CAN DO Inc. – Water	1.99	1.99	2.46	2.46	Settled	2024
CAN DO Inc. – Wastewater	22.76	22.76	25.93	25.93	Settled	2024

*Columbia Gas of PA Inc., UGI Utilities, Inc. – Gas Division, and FirstEnergy Pennsylvania Electric Co. have rate filings at Docket Nos. R-2025-3053499, R-2024-3052716, and R-2024-3047068, respectively, and have filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

ALLOWED RATES OF RETURN ON COMMON EQUITY

This is a historical chart that shows the most recent rate cases for select companies in electric, gas, and water. A docket number followed by their final return on equity and year is also given.

ELECTRIC

Docket Number ROE (%) Year

Recent PA PUC Allowed

UGI Utilities, Inc. – Electric	R-2022-3037368	Settled	2023
Duquesne Light Company	R-2024-3046523	Settled	2024
PECO Energy – Electric	R-2024-3046931	Settled	2024
PPL Electric Utilities Corp.	R-2015-2469275	Settled	2015
Pennsylvania Electric Company	R-2024-3047068	Settled	2024
Metropolitan Edison Company	R-2024-3047068	Settled	2024
Pennsylvania Power Company	R-2024-3047068	Settled	2024
West Penn Power Company	R-2024-3047068	Settled	2024

Current Market Indicated ROE as calculated by the
Bureau of Technical Utility Services.

9.17-11.23**GAS**

Recent PA PUC Allowed

National Fuel Gas Distribution Corp.	R-2022-3035730	Settled	2023
Columbia Gas of Pennsylvania, Inc.	R-2024-3046519	Settled	2024
PECO Energy – Gas	R-2024-3046932	Settled	2024
UGI Utilities, Inc. – Gas	R-2021-3030218	Settled	2022
Peoples Natural Gas Company	R-2023-3044549	Settled	2024

Current Market Indicated ROE as calculated by the
Bureau of Technical Utility Services.

8.92-12.05**WATER**

Recent PA PUC Allowed

Columbia Water	R-2023-3040258	9.75	2024
PA American Water	R-2023-3043189	9.45	2024
York Water	R-2022-3031340	Settled	2023
Aqua Pennsylvania	R-2024-3047822	Settled	2025
Veolia Water Pennsylvania	R-2024-3045192	Settled	2024

Current Market Indicated ROE as calculated by the
Bureau of Technical Utility Services.

7.25-12.59

Distribution System Improvement Charge (DSIC) Eligible Utilities
Return on Equity (ROE) Summary

	Utility Adjusted ROE ³ (%)	Commission Approved ROE ⁴ (%)
ELECTRIC		
PECO Energy – Electric Operations	4.22	10.00
PPL Electric Utilities Corp.	7.23	10.00
Duquesne Light Company	9.38	10.00
West Penn Power Company*		10.00
Pennsylvania Power Company*		10.00
Pennsylvania Electric Company*		10.00
Metropolitan Edison Company*		10.00
UGI Utilities, Inc.- Electric Division	1.41	10.00
Pike County Light & Power Co.	5.98	10.00
GAS		
Columbia Gas of PA, Inc.*		10.15
Peoples Natural Gas Company LLC	8.84	10.15
PECO Energy – Gas Operations	5.56	10.15
UGI Utilities, Inc. – Gas Division*		10.15
Pike County Light & Power Co.	-1.16	10.15
National Fuel Gas Distribution Corp	8.62	10.15
WATER		
PA American Water Company	8.44	9.45
PA American – Wastewater	8.44	9.45
AQUA Pennsylvania	9.29	9.75
AQUA Pennsylvania – Wastewater	9.29	9.75
York Water Company	7.10	9.75
Veolia Water Pennsylvania, Inc.	5.36	9.75
Columbia Water Company	6.86	9.75
Newtown Artesian Water	2.52	9.75

* Columbia Gas of PA Inc., UGI Utilities, Inc. – Gas Division, and FirstEnergy Pennsylvania Electric Co. have rate filings at Docket Nos. R-2025-3053499, R-2024-3052716, and R-2024-3047068, respectively, and have filed a letter with the Secretary in place of a report in accordance with 52 Pa. Code § 71.4.

³ Each utility lists adjustments on Schedule B of their quarterly financial report.

⁴ The ROE is approved in a utility's most recent fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years have elapsed between the entry of a final order and the DSIC effective date, the ROE is from this report. If the base rate proceeding is settled, without a stipulated ROE, the ROE is from this report.

Explanation of Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM)

Barometer Group Criteria

The criteria used for determining the industry barometer groups used to calculate ROEs in this report are as follows:

- 50% or more of the company's assets must be related to the jurisdictional utility industry;
- The company's stock must be publicly traded and must have at least three years of earnings history;
- Companies targeted by merger and acquisition (M&A) activity will be excluded; companies involved in M&A activity may be excluded;
- Investment information for the company must be available to the Commission from more than one source;
- The barometer group companies must have an investment grade credit rating (S&P BBB- or better, Moody's Baa3 or better); and
- Geographic Regions:
 - EDCs: *Value Line* Investment Survey's East, Central, and West Group Electric Utility companies;
 - NGDCs: *Value Line* Investment Survey's Natural Gas Utility industry group companies;
 - Water/Wastewater: *Value Line* Investment Survey's Water Utility industry group companies.

The barometer group companies are reviewed by staff on a quarterly basis and make any changes to these companies based upon the criteria above.

ROE Calculations

The Commission consistently uses the DCF model to determine the appropriate cost of equity for utilities. In this report, the DSIC ROE is calculated using two DCF models.

TUS uses the following formula to calculate the current dividend DCF: $K = D_1/P_0 + G$

TUS uses the following formula to calculate the 52-week average dividend DCF: $K = D_0/P_a + G$

Definitions:

K	=	Cost of equity
D ₁	=	Dividend expected during the year
	=	$D_0 + \frac{1}{2}g$
D ₀	=	Latest indicated dividend, obtained from Yahoo! Finance
g	=	Expected 5-year dividend growth rate of barometer group obtained from Value Line Investment Survey.
P ₀	=	Current price of the stock, obtained from Yahoo! Finance
P _a	=	Average of high and low stock price over the latest 52-week period, obtained from Yahoo! Finance
G	=	Average of 5-year expected earnings growth rate forecasts obtained from Value Line, Zacks Investment Survey, and S&P Capital IQ.

The CAPM uses the yield of a risk-free interest-bearing obligation plus a rate of return premium that is proportional to the systematic risk of an investment.

TUS uses the following formula to calculate CAPM: $K = R_f + \beta(R_m - R_f)$

Three components are necessary to calculate the CAPM cost of equity:

- β = Beta, a measure of systematic risk for each stock
- R_f = The risk-free rate of return, 10-year U.S. Treasury yields are used for R_f . Yields are taken from the previous two quarters and forecasted next four quarters.
- R_m = Total return of the equity market as determined by Kroll

The Commission determines the ROE used for DSIC purposes based on the range of reasonableness from the DCF barometer group data, CAPM data, recent ROEs adjudicated by the Commission, and informed judgment.

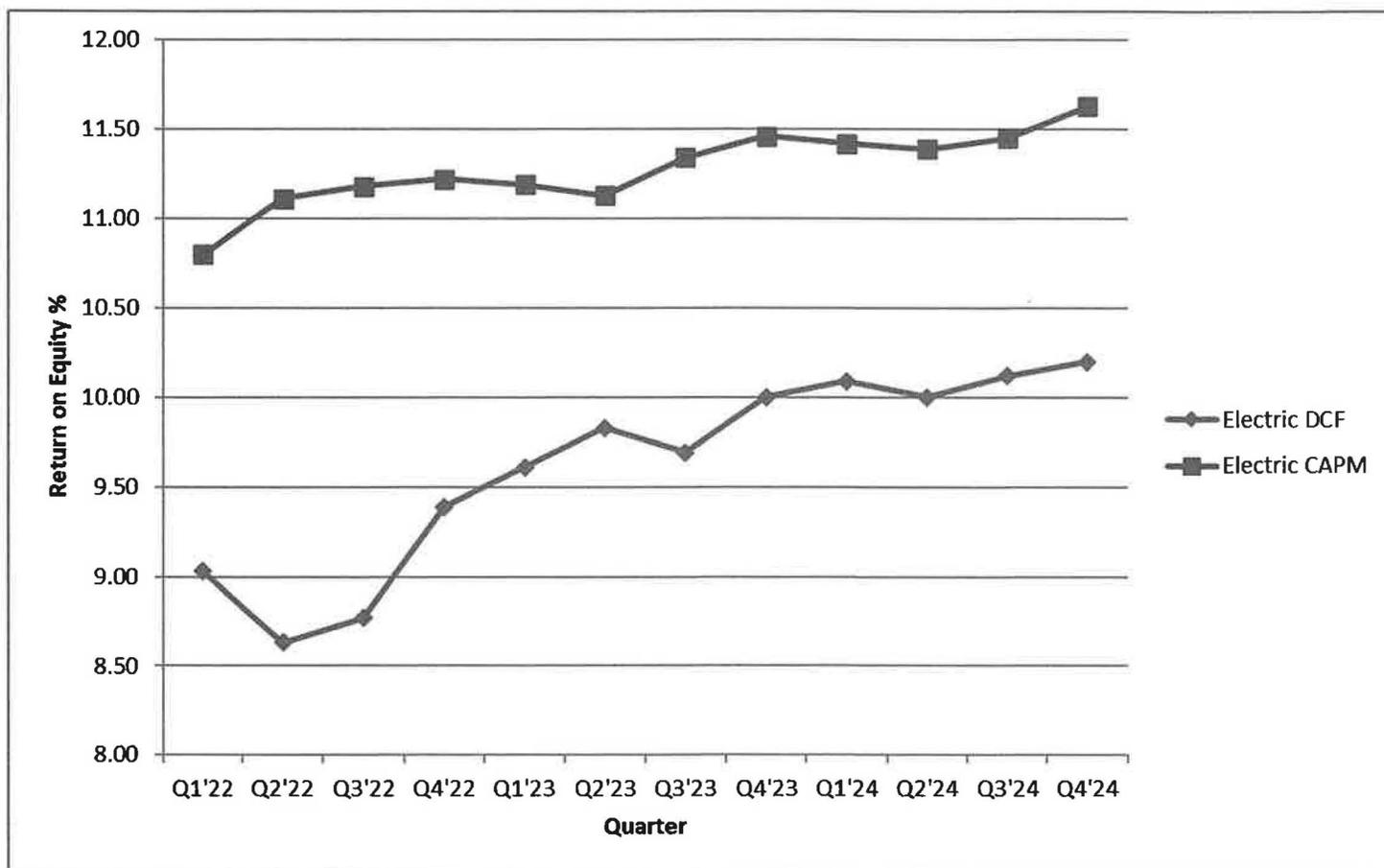
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

Market Based Returns on Common Equity¹			
April 7, 2025			
<u>Electric Company Barometer Group</u>			
			Cost Rates
			<u>%</u>
(1)	Current DCF:		10.23
(2)	52-Week Average DCF:		<u>10.18</u>
(3)	Overall DCF ((1) + (2)) / 2 :		<u>10.20</u>
(4)	Market Indicated Common Equity Cost Rate Range: @ 1 standard deviation around the mean. ²		<u>9.17-11.23</u>
(5)	CAPM Check of DCF Reasonableness:		11.63
(6)	Recent Commission Approved ROEs ³ : *None within the last two years		*
(7)	Distribution System Improvement Charge (DSIC) Return ⁴ :		<u>10.00%</u>
¹ As calculated by the Bureau of Technical Utility Services			
² Standard Deviation of 58 DCF observations			
³ Base rate case ROEs within last two years, fully litigated or stipulated for DSIC purposes			
⁴ Commission authorized Return on Equity (ROE) for DSIC purposes			
Any questions concerning DSIC should be directed to Rich Layton of the Bureau of Technical Utility Services at (717) 214-9117.			

Historic Electric Industry Barometer Group DCF and CAPM Average ROEs

Electric		
	DCF	CAPM
Q1'22	9.03	10.80
Q2'22	8.63	11.11
Q3'22	8.77	11.18
Q4'22	9.39	11.22
Q1'23	9.61	11.19
Q2'23	9.83	11.13
Q3'23	9.69	11.34
Q4'23	10.00	11.46
Q1'24	10.09	11.42
Q2'24	10.00	11.39
Q3'24	10.12	11.45
Q4'24	10.20	11.63

Chart of Historic Electric Industry DCF and CAPM Average ROEs



Barometer electric companies are used to calculate a current DCF in the first chart. The second chart demonstrates the companies' 52-week average DCF. A final average of the two calculations is also shown at the bottom.

Electric Company Barometer Group					
Calculation of a Current Dividend Yield					
	Closing	Latest	Ind. Div.		
	Market	Indicated	Plus 1/2	Current	
	Price (Po)	Dividend	Div. Growth	Dividend	
	<u>4/7/2025</u>	<u>(Do)</u>	<u>Rate (D1)</u>	<u>Yield(D1/Po)</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(%)	(%)
Alliant Energy Corp	59.81	2.03	2.09	3.50	10.00
Ameren Corp	94.34	2.84	2.93	3.11	9.80
American Electric Power	101.57	3.72	3.82	3.76	10.26
Avista Corp	39.56	1.96	2.00	5.05	10.71
CenterPoint Energy	35.50	0.88	0.91	2.55	9.88
CMS Energy Corp	70.94	2.17	2.22	3.14	10.13
Consolidated Edison	105.40	3.40	3.47	3.29	9.13
Dominion Energy	50.83	2.67	2.68	5.27	8.77
DTE Energy Company	127.95	4.36	4.46	3.48	11.47
Duke Energy Company	116.86	4.18	4.25	3.64	9.85
Edison International	53.62	3.31	3.41	6.36	13.94
Entergy Corp.	79.34	2.40	2.47	3.11	12.30
Evergy Inc	64.36	2.67	2.76	4.29	10.60
Eversource Energy	55.56	3.01	3.10	5.58	11.16
Exelon Corporation	44.69	1.60	1.60	3.58	9.63
FirstEnergy Corp	38.71	1.78	1.83	4.72	10.89
IDACORP, Inc..	113.75	3.44	3.53	3.11	10.71
MGE Energy, Inc.	87.02	1.80	1.86	2.14	9.14
NextEra Energy, Inc.	65.06	2.27	2.38	3.65	11.46
NorthWestern Corp	54.72	2.64	2.66	4.86	10.37
OGE Energy Corp	42.24	1.69	1.72	4.06	10.23
Otter Tail Corp	75.27	2.10	2.17	2.89	9.24
PPL Corporation	33.52	1.09	1.09	3.24	10.42
TXNM Energy Inc.	49.78	1.63	1.67	3.36	8.64
Pinnacle West Capital Corp	89.62	3.58	3.61	4.02	8.92
Portland General Electric Co.	41.58	2.00	2.06	4.94	9.91
Public Service Enterprise Group	77.13	2.52	2.60	3.37	9.95
Southern Company	87.22	2.88	2.93	3.36	9.80
Xcel Energy Inc.	67.06	2.28	2.35	3.50	10.49
Group Average	69.76	2.51	2.57	3.83	10.27
Group Average G				6.40	
DCF				10.23	

Electric Company Barometer Group						
52-week Average Dividend Yield Calculation						
				Latest Indicated	Average Dividend	
	<u>High</u>	<u>Low</u>	<u>Average (Pa)</u>	<u>Dividend (Do)</u>	<u>Yield (Do/Pa)</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(\$)	(%)	(%)
Alliant Energy Corp	66.54	47.23	56.89	2.03	3.57	10.07
Ameren Corp	104.10	69.39	86.75	2.84	3.27	9.97
American Electric Power	110.48	79.16	94.82	3.72	3.92	10.42
Avista Corp	43.09	33.00	38.05	1.96	5.15	10.81
CenterPoint Energy	37.70	25.41	31.56	0.88	2.79	10.12
CMS Energy Corp	76.45	56.61	66.53	2.17	3.26	10.25
Consolidated Edison	114.87	87.28	101.08	3.40	3.36	9.20
Dominion Energy	61.97	46.62	54.30	2.67	4.92	8.42
DTE Energy Company	140.39	103.06	121.73	4.36	3.58	11.57
Duke Energy Company	125.27	92.75	109.01	4.18	3.83	10.04
Edison International	88.77	49.06	68.92	3.31	4.80	12.38
Entergy Corp.	88.38	50.19	69.29	2.40	3.46	12.65
Evergy Inc	70.30	49.55	59.93	2.67	4.46	10.76
Eversource Energy	69.01	54.54	61.78	3.01	4.87	10.45
Exelon Corporation	48.11	34.01	41.06	1.60	3.90	9.94
FirstEnergy Corp	44.97	36.81	40.89	1.78	4.35	10.52
IDACORP, Inc..	120.84	88.70	104.77	3.44	3.28	10.89
MGE Energy, Inc.	109.22	72.27	90.75	1.80	1.98	8.98
NextEra Energy, Inc.	86.10	61.31	73.71	2.27	3.08	10.88
NorthWestern Corp	59.52	47.48	53.50	2.64	4.93	10.45
OGE Energy Corp	46.91	32.37	39.64	1.69	4.26	10.44
Otter Tail Corp	100.84	71.66	86.25	2.10	2.43	8.78
PPL Corporation	36.64	25.93	31.29	1.09	3.48	10.66
TXNM Energy Inc.	55.50	35.35	45.43	1.63	3.59	8.86
Pinnacle West Capital Corp	96.50	70.72	83.61	3.58	4.28	9.18
Portland General Electric Co.	49.85	40.05	44.95	2.00	4.45	9.42
Public Service Enterprise Group	95.22	64.03	79.63	2.52	3.16	9.75
Southern Company	94.45	67.53	80.99	2.88	3.56	10.00
Xcel Energy Inc.	73.38	51.97	62.68	2.28	3.64	10.62
Group Average	79.84	56.69	68.27	2.51	3.78	10.22
Group Average G					6.40	
DCF					10.18	
			Average of Current and 52-Week		10.20	

Multiple sources of the Barometer companies' projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

Development of a Representative Dividend Growth Rate for the Barometer Group of Electric Companies						
	5 Year Forecast				Average Earnings Growth	Growth Estimate
	Value Line	Value Line	Zack's	S&P		
	DPS	EPS	EPS	EPS		
	(%)	(%)	(%)	(%)		
Alliant Energy Corp	6.00	6.00	6.70	6.81	6.50	6.50
Ameren Corp	6.50	6.50	6.70	6.88	6.69	6.69
American Electric Power	5.50	6.50	6.30	6.69	6.50	6.50
Avista Corp	4.00	5.00	6.10	5.88	5.66	5.66
CenterPoint Energy	6.00	6.50	7.50	7.98	7.33	7.33
CMS Energy Corp	5.00	6.00	7.70	7.27	6.99	6.99
Consolidated Edison	4.00	6.00	5.60	5.91	5.84	5.84
Dominion Energy	0.50	3.50	13.60	13.49	10.20	3.50
DTE Energy Company	4.50	8.50	7.60	7.87	7.99	7.99
Duke Energy Company	3.50	6.00	6.30	6.32	6.21	6.21
Edison International	6.00	6.50	8.50	7.74	7.58	7.58
Entergy Corp.	5.50	3.00	9.50	8.88	7.13	9.19
Evergy Inc	7.00	7.50	5.70	5.72	6.31	6.31
Eversource Energy	6.00	5.50	5.70	5.54	5.58	5.58
Exelon Corporation	NA	NA	6.00	6.09	6.05	6.05
FirstEnergy Corp	5.50	5.50	6.90	6.11	6.17	6.17
IDACORP, Inc..	5.50	6.00	8.50	8.31	7.60	7.60
MGE Energy, Inc.	6.50	7.00	NA	NA	7.00	7.00
NextEra Energy, Inc.	9.50	8.50	7.80	7.11	7.80	7.80
NorthWestern Corp	1.50	4.50	6.10	5.94	5.51	5.51
OGE Energy Corp	3.00	6.50	6.10	5.92	6.17	6.17
Otter Tail Corp	7.00	4.50	NA	8.20	6.35	6.35
PPL Corporation	-0.50	7.50	6.80	7.22	7.17	7.17
TXNM Energy Inc.	5.50	4.00	3.00	6.55	4.52	5.28
Pinnacle West Capital Corp	1.50	4.00	2.10	5.80	3.97	4.90
Portland General Electric Co.	5.50	5.50	3.40	6.01	4.97	4.97
Public Service Enterprise Group	6.00	6.00	7.20	6.56	6.59	6.59
Southern Company	3.50	6.50	6.50	6.33	6.44	6.44
Xcel Energy Inc.	6.00	6.50	6.90	7.56	6.99	6.99
Group Average	4.86	5.91	6.70	7.02	6.54	6.44
USE						6.40
Sources:	Value Line, April 8, 2025 (www.valueline.com)					
	Zacks, April 8, 2025 (www.zacks.com)					
	Yahoo!, April 8, 2025 (http://finance.yahoo.com/)					
	S&P Capital IQ, April 8, 2025 (www.spglobal.com)					
	* NA signifies that a forecast was not available					

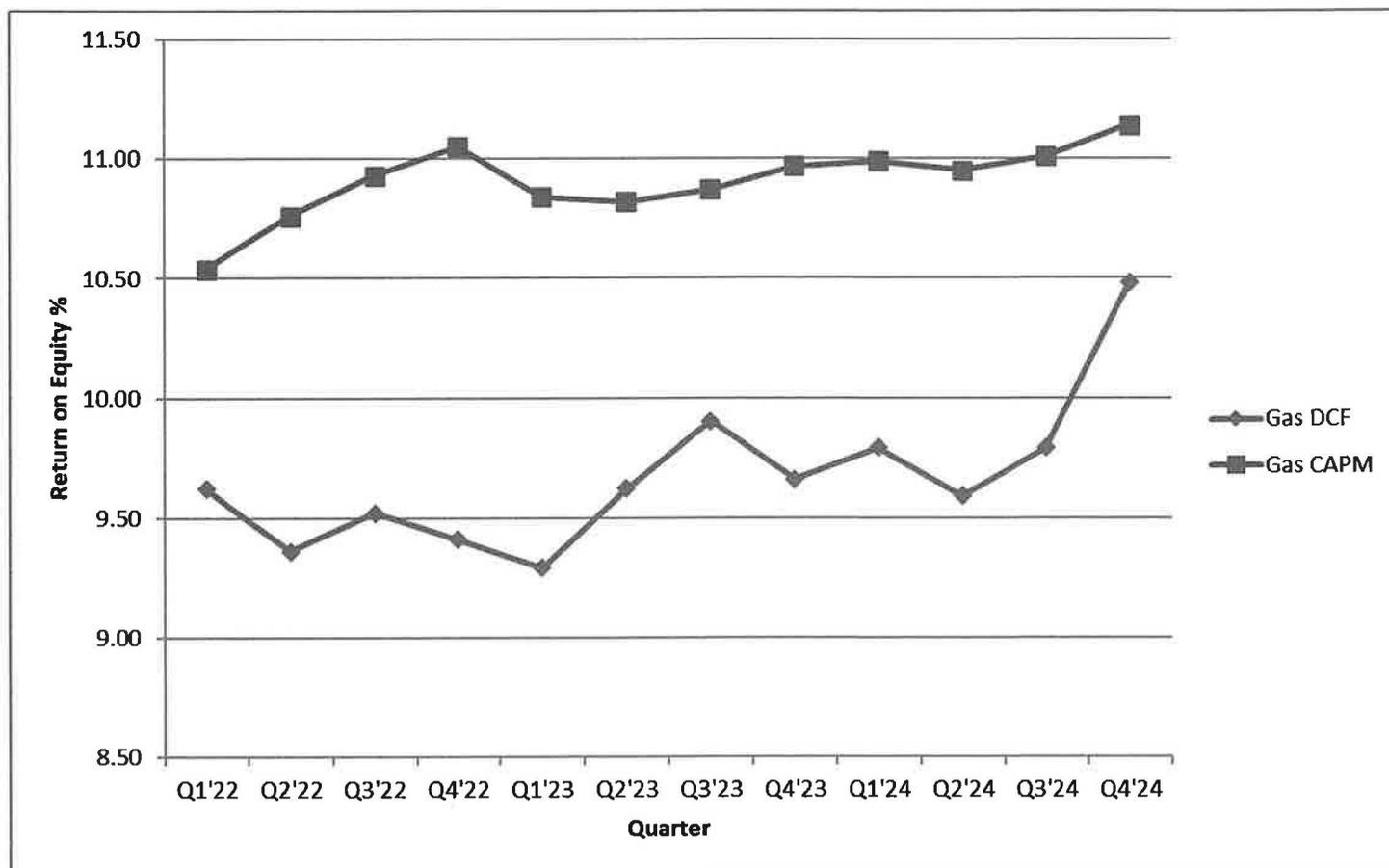
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

Market Based Returns on Common Equity¹	
April 7, 2025	
<u>Gas Distribution Company Barometer Group</u>	
	Cost Rates
	%
(1) Current DCF:	10.46
(2) 52-Week Average DCF:	<u>10.51</u>
(3) Overall DCF ((1) + (2)) / 2 :	<u>10.48</u>
(4) Market Indicated Common Equity Cost Rate Range: @ 1 standard deviation around the mean. ²	<u>8.92-12.05</u>
(5) CAPM Check of DCF Reasonableness:	11.14
(6) Recent Commission Approved ROEs ³ : *None within the last two years	*
(7) Distribution System Improvement Charge (DSIC) Return ⁴ :	<u>10.15%</u>
¹ As calculated by the Bureau of Technical Utility Services	
² Standard Deviation of 16 DCF observations	
³ Base rate case ROEs within last two years, fully litigated or stipulated for DSIC	
⁴ Commission authorized Return on Equity (ROE) for DSIC purposes	
Any questions concerning DSIC should be directed to Rich Layton of the Bureau of Technical Utility Services at (717) 214-9117.	

Historic Gas Industry DCF and CAPM Average ROEs

	Gas	
	DCF	CAPM
Q1'22	9.62	10.54
Q2'22	9.36	10.76
Q3'22	9.52	10.93
Q4'22	9.41	11.05
Q1'23	9.29	10.84
Q2'23	9.62	10.82
Q3'23	9.90	10.87
Q4'23	9.66	10.97
Q1'24	9.79	10.99
Q2'24	9.59	10.95
Q3'24	9.79	11.01
Q4'24	10.48	11.14

Graph of Historic Gas Industry DCF and CAPM Average ROEs



Multiple sources of the Barometer companies' projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

Development of a Representative Dividend Growth Rate for the Barometer Group of Gas Companies						
<u>5 Yr Forecast</u>						
	Value Line	Value Line	Zack's	S&P	Average	Growth
	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	<u>Earnings</u>	<u>Growth</u>
	(%)	(%)	(%)	(%)	(%)	(%)
						<u>Estimate</u>
Atmos Energy	7.00	6.00	7.20	7.52	6.91	6.91
Chesapeake Utilities Corporation	7.50	5.00	NA	8.15	6.58	6.58
New Jersey Resources	5.00	5.00	NA	7.60	6.30	6.30
NiSource Inc.	6.50	8.00	7.90	7.94	7.95	7.95
Northwest Natural Gas	0.50	6.50	NA	6.50	6.50	6.50
ONE Gas, Inc.	2.50	4.00	5.90	3.83	4.58	4.58
Southwest Gas	5.50	10.00	9.50	12.60	10.70	9.75
Spire Inc.	4.00	4.50	6.50	8.08	6.36	6.36
Group Average	4.81	6.13	7.40	7.78	6.98	6.86
USE						6.90
Sources:	Value Line, April 8, 2025 (www.valueline.com)					
	Zacks, April 8, 2025 (www.zacks.com)					
	Yahoo!, April 8, 2025 (http://finance.yahoo.com/)					
	S&P Capital IQ, April 8, 2025 (www.spglobal.com)					
	* NA signifies that a forecast was not available					

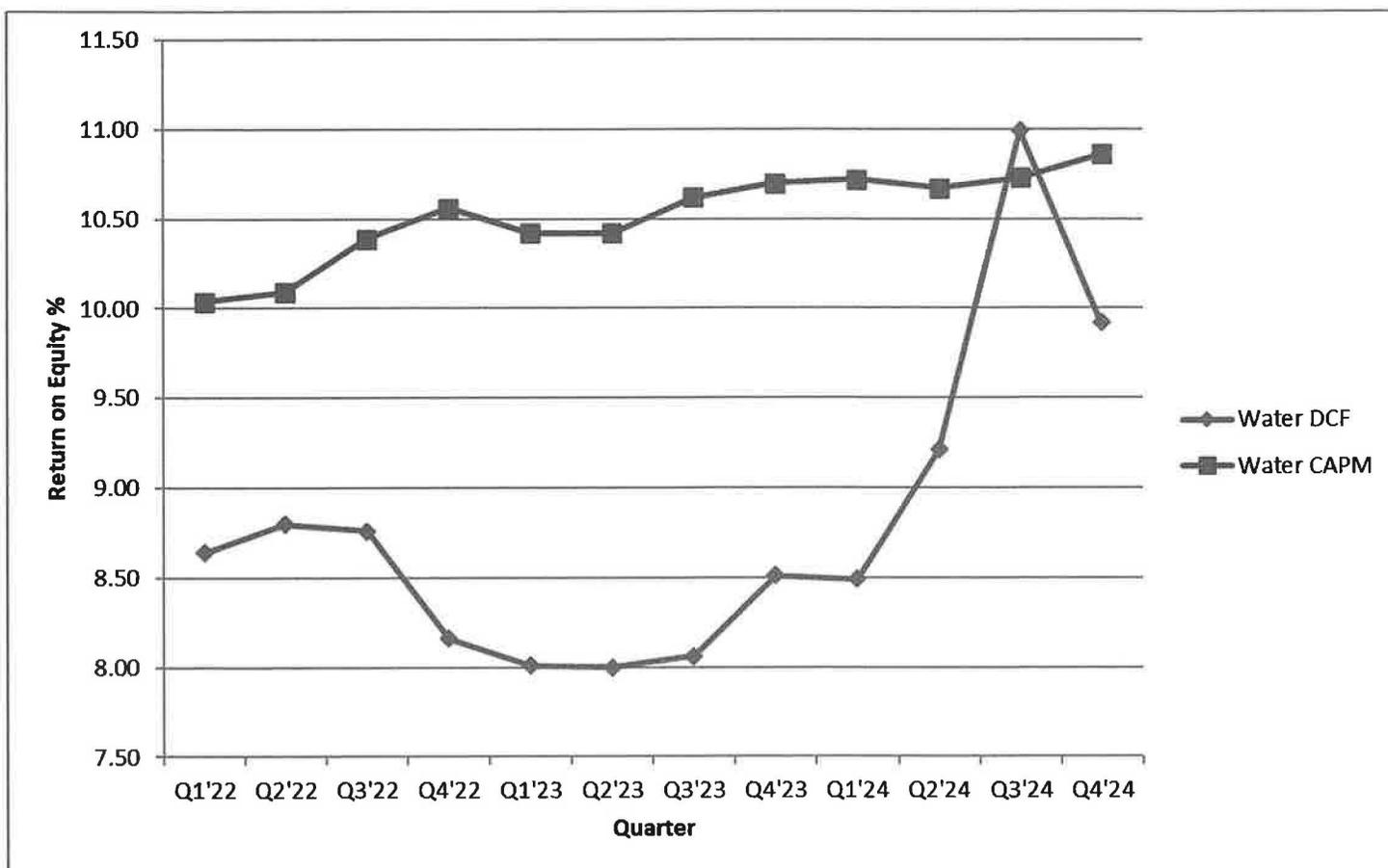
The market indicated common equity cost rate range consists of data used from the barometer groups and is based on a series of calculations to average the DCF methods.

Market Based Returns on Common Equity ¹			
April 7, 2025			
<u>Water Company Barometer Group</u>			
			Cost Rates
			<u>%</u>
(1)	Current DCF		9.96
(2)	52-Week Average DCF		9.88
(3)	Average DCF		<u>9.92</u>
(4)	Market Indicated Common Equity Cost Rate Range @ 1 standard deviation around the mean. ²		<u>7.25-12.59</u>
(5)	CAPM Check of DCF Reasonableness		10.86
(6)	Recent Commission Approved ROEs ³ :		
	Columbia Water Company, R-2023-3040258		9.75
	Pennsylvania-American water Company, R-2023-3043189		9.45
(7)	Distribution System Improvement Charge (DSIC) Return ⁴ :		<u>9.75%</u>
¹ As calculated by the Bureau of Technical Utility Services			
² Standard Deviation of 12 DCF observations			
³ ROEs from base rate cases within last two years, fully litigated or stipulated for DSIC purposes			
⁴ Commission authorized Return on Equity (ROE) for DSIC purposes			
Any questions concerning DSIC should be directed to Rich Layton of the Bureau of Technical Utility Services at (717) 214-9117.			

Historic Water Industry DCF and CAPM Average ROEs

Water		
	DCF	CAPM
Q1'22	8.64	10.04
Q2'22	8.80	10.09
Q3'22	8.76	10.39
Q4'22	8.16	10.56
Q1'23	8.01	10.42
Q2'23	8.00	10.42
Q3'23	8.06	10.62
Q4'23	8.51	10.70
Q1'24	8.49	10.72
Q2'24	9.21	10.67
Q3'24	10.99	10.73
Q4'24	9.92	10.86

Chart of Historic Water Industry DCF and CAPM Average ROEs



Barometer water companies are used to calculate a current DCF in the first chart. The second chart demonstrates the companies' 52-week average DCF. A final average of the two calculations is also shown at the bottom.

Water Company Barometer Group						
Calculation of a Current Dividend Yield						
	Closing	Latest	Ind. Div.			
	Market	Indicated	Plus 1/2	Current		
	Price (Po)	Dividend	Div. Growth	Dividend		
	<u>4/7/2025</u>	<u>(Do)</u>	<u>Rate (D1)</u>	<u>Yield(D1/Po)</u>	<u>Growth</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(%)	(%)	(%)
American States Water Company	75.41	1.86	1.93	2.57	3.52	6.08
American Water Works Co., Inc.	142.36	3.06	3.19	2.24	6.76	9.00
California Water Service Group	47.50	1.20	1.23	2.60	9.50	12.10
Essential Utilities, Inc.	38.32	1.30	1.35	3.53	6.70	10.23
Middlesex Water Company	61.62	1.36	1.39	2.26	11.65	13.92
SJW Group	51.28	1.68	1.72	3.35	5.17	8.52
Group Average	69.42	1.74	1.80	2.76	7.22	9.97
Group Average G				7.20		
DCF				9.96		

Water Company Barometer Group							
52-week Average Dividend Yield Calculation							
				Latest	Average		
				Indicated	Dividend		
	<u>High</u>	<u>Low</u>	<u>Average (Pa)</u>	<u>Dividend (Do)</u>	<u>Yield (Do/Pa)</u>	<u>Growth</u>	<u>DCF</u>
	(\$)	(\$)	(\$)	(\$)	(%)	(%)	(%)
American States Water Company	87.50	66.03	76.77	1.86	2.42	3.52	5.94
American Water Works Co., Inc.	155.50	113.34	134.42	3.06	2.28	6.76	9.03
California Water Service Group	56.25	41.64	48.95	1.20	2.45	9.50	11.95
Essential Utilities, Inc.	41.78	33.18	37.48	1.30	3.47	6.70	10.17
Middlesex Water Company	70.73	45.42	58.08	1.36	2.34	11.65	14.00
SJW Group	62.18	44.91	53.55	1.68	3.14	5.17	8.31
Group Average	78.99	57.42	68.21	1.74	2.68	7.22	9.90
Group Average G					7.20		
DCF					9.88		
					9.92		

Multiple sources of the Barometer companies' projected 5-year Earnings Per Share are used to calculate the Group Average Dividend Growth Estimate.

Development of a Representative Dividend Growth Rate for the Barometer Group of Water Companies						
	<u>5 Yr Forecast</u>					
	Value Line	Value Line	Zacks	S&P	Average	Growth
	<u>DPS</u>	<u>EPS</u>	<u>EPS</u>	<u>EPS</u>	<u>Earnings</u>	<u>Growth</u>
	(%)	(%)	(%)	(%)	(%)	(%)
American States Water Company	8.00	7.00	1.80	1.75	3.52	3.52
American Water Works Co., Inc.	8.50	4.50	8.00	7.77	6.76	6.76
California Water Service Group	5.50	9.50	42.40	42.44	31.45	9.50
Essential Utilities, Inc.	8.00	7.00	6.60	6.51	6.70	6.70
Middlesex Water Company	5.00	7.00	14.00	13.96	11.65	11.65
SJW Group	4.50	6.50	4.50	4.52	5.17	5.17
Group Average	6.58	6.92	12.88	12.83	10.88	7.22
USE						7.20
Sources:	Value Line, April 8, 2025 (www.valueline.com)					
	Zacks, April 8, 2025 (www.zacks.com)					
	Yahoo!, April 8, 2025 (http://finance.yahoo.com/)					
	S&P Capital IQ, April 8, 2025 (www.spglobal.com)					
	* NA signifies that a forecast was not available					

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

**Re: Bureau of Technical Utility Services
Report to the Commission Regarding
Quarterly Earnings of Pennsylvania Utilities
for the Year Ended December 31, 2024**

**Public Meeting May 8, 2025
3054401-TUS
Docket No. M-2025-3054401**

**JOINT STATEMENT OF COMMISSIONER RALPH V. YANORA AND
COMMISSIONER JOHN F. COLEMAN, JR.**

Before the Pennsylvania Public Utility Commission (Commission) today for consideration and disposition is the Bureau of Technical Utility Services (TUS) Report on the Quarterly Earnings of Jurisdictional Utilities (Quarterly Earnings Report) for the year ended December 31, 2025.

The Return on Equity (ROE) that the Commission sets in this report is essential to ongoing infrastructure improvement work because it establishes the return a company is authorized to include in its Distribution System Improvement Charge (DSIC) and establishes an earnings cap for DSIC eligibility. The Commission must set the ROE at a level that is fair to customers while also ensuring safe, reliable, and adequate public utility service, by incentivizing companies to invest in critical utility infrastructure.

Our longstanding basis for establishing a fair ROE is the Discounted Cash Flow (DCF) method and the use of the Capital Asset Pricing Model (CAPM) for comparison. For the water company barometer group, the DCF this quarter is 9.92% and the CAPM is 10.86% while the ROE for DSIC purposes has stayed at 9.75%. This is the second quarter in a row where the DCF and CAPM are higher than the DSIC ROE.

For the electric company barometer group, the DCF is 10.20% and the CAPM is 11.63%. The report keeps the DSIC ROE at 10.00%. This is the fifth quarter in a row where the DCF and CAPM are higher than the DSIC ROE.

For the gas barometer group, the DCF is 10.48% and the CAPM is 11.14%. The report keeps the DSIC ROE at 10.15%.

We are deeply concerned that our DSIC ROEs are not keeping pace with the DCF and CAPM market indicators. We acknowledge the need for gradualism and, as a regulatory entity, it is important that our actions are predictable. However, habitually setting an overearnings rate below what the DCF indicates is a fair return in the market is not a position we can continue to support.

When a utility earns a return higher than the DSIC ROE, the company becomes ineligible to collect the DSIC for that quarter. We believe this is an important safeguard for customers to ensure that the overall rate for service is just and reasonable. On the other hand, when the Commission sets a DSIC ROE *lower* than the DCF and CAPM, the Commission is penalizing a

company who earns a return below the market average. If the Commission wants to incentivize essential infrastructure investment, we cannot continue to set DSIC ROEs below the DCF and CAPM. We are concerned that keeping the water and electric ROEs below the DCF and CAPM poses a significant threat to the ability of utilities to provide safe and reliable service.

We would prefer to increase the DSIC ROEs for both the electric and water industries not only to keep up with the pace of current market conditions, but also to incentivize much-needed investment in utility infrastructure.



RALPH V. YANORA
COMMISSIONER



JOHN F. COLEMAN, JR.
COMMISSIONER

Date: May 8, 2025

Energy Center Harrisburg LLC

Supporting Schedule No. 11

**Expense Analysis: Going-Level
Adjustment No. 3**

Expense Analysis: Going-Level Adjustment No.3

	EOY Mar 26	EOY Mar 25	EOY Mar 24	EOY Mar 23
M&S - Land and Bldgs	33,562.13	75,738.98	22,267.13	2,680.29
M&S - Balance of Plant	147,377.74	17,347.74	7,938.03	416,847.45
M&S - Boiler	59,001.27	925.93	176,077.89	0.00
M&S - Facilities	29,039.05	34,159.02	33,202.10	19,756.03
M&S - Rolling Stock	0.00	0.00	0.00	0.00
M&S - Steamlines	44,110.44	44,601.50	87,729.81	0.00
M&S - Conversions	0.00	0.00	0.00	0.00
M&S - Vehicles	24,374.46	22,910.98	29,314.25	20,898.14
M&S - Consumables	91,207.54	112,508.49	101,466.78	59,647.35
M&S - Chemicals	42,379.56	51,808.00	47,077.27	28,253.41
Permits and Fees	28,260.11	26,112.54	40,059.61	18,608.19
Hazardous Materials	0.00	0.00	0.00	0.00
Safety and Protection	16,706.24	23,102.17	21,786.24	5,230.31
Other Maintenance	102,185.38	(197.67)	0.00	306,753.80
Employee Exp	9,253.06	\$8,545.93	\$2,468.83	\$16,744.43
Travel & Meals	16,806.65	16,220.39	10,851.45	23,348.11
Office Expenses	35,463.69	28,415.51	39,794.02	38,181.54
Insurance	135,603.75	168,163.52	119,981.41	118,666.33
Other Admin	130,840.78	152,123.13	88,875.86	151,523.34
Charitable Contr	0.00	0.00	0.00	0.00
Advertising	6,920.78	7,962.29	7,244.94	5,555.11
TOTAL EXPENSES	\$953,092.63	\$790,448.45	\$836,135.62	\$1,232,693.83

Adjustments

Non-recurring charge				(\$303,333.00)
Turbine Rebuild MM				(\$50,015.00)
Tank Cleaning				(\$41,692.00)

M&S - Land and Bldgs	33,562.13	75,738.98	22,267.13	2,680.29
M&S - Balance of Plant	116,808.74	17,347.74	7,938.03	325,140.45
M&S - Boiler	59,001.27	925.93	176,077.89	0.00
M&S - Facilities	29,039.05	34,159.02	33,202.10	19,756.03
M&S - Rolling Stock	0.00	0.00	0.00	0.00
M&S - Steamlines	44,110.44	44,601.50	87,729.81	0.00
M&S - Vehicles	24,374.46	22,910.98	29,314.25	20,898.14
M&S - Consumables	91,207.54	112,508.49	101,466.78	59,647.35
M&S - Chemicals	42,379.56	51,808.00	47,077.27	28,253.41
Permits and Fees	28,260.11	26,112.54	40,059.61	18,608.19
Hazardous Materials	0.00	0.00	0.00	0.00
Safety and Protection	16,706.24	23,102.17	21,786.24	5,230.31
Other Maintenance	1,074.38	(197.67)	0.00	3,420.80
Employee Exp	9,253.06	8,545.93	2,468.83	16,744.43
Travel & Meals	16,806.65	16,220.39	10,851.45	23,348.11
Office Expenses	35,463.69	28,415.51	39,794.02	38,181.54
Insurance	135,603.75	168,163.52	119,981.41	118,666.33
Other Admin	130,840.78	152,123.13	88,875.86	151,523.34
Charitable Contr	0.00	0.00	0.00	0.00
Advertising	6,920.78	7,962.29	7,244.94	5,555.11
TOTAL EXPENSES	\$821,412.63	\$790,448.45	\$836,135.62	\$837,653.83

\$30,964.18

Energy Center Harrisburg LLC

EXHIBIT NO. KLL-2

Annual Report (2024) to PUC

Energy Center Harrisburg Annual Report (2024) to PUC - Income Statement

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue			
Steam Sales (1)	\$ 7,962,661.40	\$ 7,311,712.84	\$ 7,720,228.59
Penalty	2,057.45	-	-
Total Billed	7,964,718.85	7,311,712.84	7,184,074.41
Unbilled Rev (2)	(312,706.16)	32,664.33	215,920.40
Total Revenue	\$ 7,652,012.69	\$ 7,344,377.17	\$ 7,399,994.81
SCR Expenses			
Fuel Oil/Power Purchases	\$ 63,142.39	\$ 73,970.41	\$ 115,180.02
Natural Gas	2,450,893.46	2,625,385.93	2,697,114.88
Water	448,427.78	435,808.94	472,709.36
Subtotal SCR	\$ 2,962,463.63	\$ 3,135,165.28	\$ 3,285,004.26
Non-SCR Revenue	\$ 4,689,549.06	\$ 4,209,211.89	\$ 4,622,622.28
Non-SCR Expenses			
Payroll & Benefits	\$ 2,953,200.88	\$ 2,670,892.15	\$ 2,749,989.50
A/P Items (see attached detail)	1,303,173.21	1,638,695.94	1,102,224.14
Electric	68,146.55	648.72	2,377.83
Rent	5,691.02	3,882.77	16,494.34
Acquisition Adjustment	155,085.62		
Depreciation	323,129.00	459,502.91	1,608,289.84
Subtotal	\$ 4,808,426.28	\$ 4,314,119.58	\$ 5,479,375.65
Operating Income	\$ (118,877.22)	\$ (104,907.69)	\$ (856,753.37)
Other Revenue			
Customer Service (3)	\$ 48,649.63	\$ 138,968.75	\$ 58,023.89
Svc to Cogen Plant (4)	388,854.72	379,000.68	353,545.44
Svc to Cooling Plant (5)	642,145.68	625,872.96	583,836.72
Parking	2,296.71	1,740.60	5,658.84
Other	5,026.52	11,452.71	10,960.81
Total Other Rev	\$ 1,086,973.26	\$ 1,157,035.70	\$ 1,012,025.70
Income and Deferred Taxes	\$ -	\$ -	\$ -
Net Income	\$ 968,096.04	\$ 1,052,128.01	\$ 155,272.33

Energy Center Harrisburg

Annual Report (2024) to PUC - Income Statement

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>A/P ITEMS DETAIL</u>			
Temp Employees	\$ 21,128.00	\$ 47,161.76	\$ -
Prod/Dist Maint	466,845.49	357,976.22	456,369.61
Vehicle Maint	20,851.28	31,130.72	19,111.22
Tools & Facilities	31,102.73	30,379.60	15,742.48
Site Maintenance	62,791.57	22,696.14	22,988.11
Consumables	90,285.50	73,389.19	-
Chemicals	40,885.48	36,078.39	28,667.45
Permits & Fees	25,812.53	39,420.28	20,723.52
Other Maint	965.90	20,827.27	65,425.74
Other Taxes	62,822.32	64,416.96	74,064.77
Legal/Consult	222,438.47	204,804.76	101,785.05
Office Expenses	109,405.96	72,033.74	139,994.63
Insurance	158,841.83	126,267.07	117,099.91
Charitable Giving	-	-	2,500.00
Advertising	2,053.20	10,300.05	-
Other Admin Exp	-	-	-
Bad Debt	759.09	-	-
Employee Exp	31,852.85	28,202.61	29,296.53
Travel & Entertainment	12,334.88	14,875.82	10,813.06
Corporate Allocation	(58,003.87)	(767.55)	(2,357.94)
	\$ 1,303,173.21	\$ 1,638,695.94	\$ 1,102,224.14

Energy Center Harrisburg Annual Report (2024) to PUC - Balance Sheet

	@ 12/31/2023	2024 Activity	@ 12/31/2024
ASSETS			
Current Assets			
Clearing Tipalti	\$ 33,002.92	\$ (33,002.92)	\$ -
A/R	1,403,591.12	119,611.14	1,523,202.26
Intragroup (6)	7,921,388.97	(7,914,081.23)	7,307.74
Prov for Uncollectible	(22,105.87)	-	(22,105.87)
Inventory - No.6 Oil	1,006,489.44	(36,508.35)	969,981.09
Inventory - Spare Parts	345,567.12	37,285.36	382,852.48
Prepd Fuel		-	
Prepd Insurance	40,788.41	12,428.98	53,217.39
Prepd Other	33,660.62	(28,475.77)	5,184.85
Curr Derivative Assets	444,016.75	(340,800.00)	103,216.75
Bdgt Billing		-	
Total Current Assets	\$ 11,206,399.48	\$ (8,183,542.79)	\$ 3,022,856.69
Fixed Assets			
Org & Franchise	\$ 905.00	\$ -	\$ 905.00
Land	58,568.00	-	58,568.00
Buildings	1,697,819.00	106,987.00	1,804,806.00
Plant Equipment	10,084,534.00	3,251,604.00	13,336,138.00
Distribution System	1,507,065.64	7,555,218.36	9,062,284.00
General Office	238,002.00	-	238,002.00
Vehicles	579,518.00	-	579,518.00
Subtotal Fxd Assets	\$ 14,166,411.64	\$ 10,913,809.36	\$ 25,080,221.00
CWIP	642,661.43	(642,111.43)	550.00
Total Fixed Assets	\$ 14,809,073.07	\$ 10,271,697.93	\$ 25,080,771.00
Accum Depr	(6,844,709.63)	(6,118,143.37)	(12,962,853.00)
Net Plant	\$ 7,964,363.44	\$ 4,153,554.56	\$ 12,117,918.00
Other Non-current Assets	\$ 736,784.04	(661,742.03)	\$ 75,042.01
Total Assets	\$ 19,907,546.96	\$ (4,691,730.26)	\$ 15,215,816.70

Energy Center Harrisburg
Annual Report (2024) to PUC - Balance Sheet

	@ 12/31/2023	2024 Activity	@ 12/31/2024
LIABILITIES			
Current Liabilities			
A/P Trade/Suspense	214,503.66	\$ (197,985.33)	16,518.33
A/P - Working acct	469,340.17	\$ (115,413.07)	353,927.10
A/P Trade - Intercompany	5,545,221.42	\$ (3,341,579.65)	2,203,641.77
Accr Inc Tax	13,381.56	\$ (13,307.56)	74.00
Accr Other Tax	14,311.23	\$ 373,134.89	387,446.12
Payroll Accrual (6)	638,111.24	\$ (214,230.32)	423,880.92
Misc Liability		\$ -	
Deferred Rev		\$ -	
Deferred Taxes		\$ -	
Other Current Liabilities		\$ 28,000.00	28,000.00
Derivative Liability (6)	1,462,593.57	\$ (1,244,276.88)	218,316.69
Total Curr Liabilities	8,357,462.85	(4,725,657.92)	3,631,804.93
Equity (6)			
Equity	8,762,167.72	\$ -	8,762,167.72
Contributed Cap	(10,077,600.27)	\$ (2,676,006.85)	(12,753,607.12)
Ret'd Earnings	11,813,388.65	\$ 2,793,966.48	14,607,355.13
Curr Yr Net Inc	1,052,128.01	\$ (84,031.97)	968,096.04
Total Equity	11,550,084.11	33,927.66	11,584,011.77
Total Liab & Equity	19,907,546.96	(4,691,730.26)	15,215,816.70

Energy Center Harrisburg
Annual Report - 2024

Footnotes

- (1) Revenue for 2024 decreased from previous year due to mild temperatures in the winter months.
- (2) Unbilled revenue is the allowance for over/under fuel collection. The monthly amount is journalized to the revenue account to make Net Income be fuel neutral. Offsetting entries are journalized to the Balance Sheet Deferred Revenue account.
- (3) Customer service revenue includes charges to steam customers, contractors, and others for maintenance work and parts.
- (4) Service to Cogen is revenue for operations, maintenance, and administrative support performed for Energy Center Paxton. Also included in this charge is \$4000 per month for the cogeneration plant ground lease.
- (5) Service to Cooling Plant is revenue for operations, maintenance, and administrative support performed for Harrisburg Cooling.
- (6) Balance sheet items Cash, Intragroup, Payroll Accrual, Derivative Liability, and Equity are all maintained and reconciled by Clearway Energy's corporate office.

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Energy Center Harrisburg LLC

EXHIBIT NO. KLL-3

**Methodology to Implement a Capacity
Charge using the Existing Tariff
Structure**

Energy Center Harrisburg LLC

CUSTOMER NOTICE

18 July 2024

To Our Customers:

Energy Center Harrisburg LLC ("ECH") is filing a request with the Pennsylvania Public Utility Commission ("PUC") to increase your steam rates as of September 16, 2025. This notice describes the company's rate request, the PUC's role, and what actions you can take.

ECH has requested an overall rate increase of \$894,300 per year. If the company's entire request is approved, the total bill (fuel and non-fuel) for a residential customer using 8.0 Mlbs. per month would increase from \$215 to \$243 per month or by 13%. The total bill (fuel and non-fuel) for a commercial customer using 40 Mlbs. per month would increase from \$1074 to \$1217 per month or by 13%. Rates for a large customer using 500 Mlbs. per month would increase from \$13,425 to \$15,215 per month or by 13%. ECH has also requested that billing for steam distribution service be changed to a fixed monthly capacity charge based upon the equivalent cubic feet of the customer's building. Variable costs, consisting primarily of fuel costs, will continue to be billed on a usage basis.

To find out your customer class or how the requested increase may affect your district heating, contact ECH at (717) 234-4600. The rates requested by the company may be found in "Energy Center Harrisburg LLC, Supplement No. 66 to Tariff Steam-PA PUC No. 4" ("Supplement No. 66"). You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at ECH's office. Upon request, the company will send you the Statement of Reasons for Supplement No. 66 explaining why the rate increase has been requested.

The state agency which approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and holds hearings on the request. The company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the company and shown above.

There are three ways to challenge a company's request to change its rates:

You can file a formal complaint. If you want a hearing before a PUC judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC on or before September 16, 2025. If no formal complaints are filed, the PUC may grant all, some or none of the request without holding a hearing before a judge.

You can send the PUC a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the company's service or management. This information can be helpful when the PUC investigates the rate request. Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Filing Room, 400 North Street, 2nd Floor, Harrisburg, PA 17120.

You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the company's rate increase request and if there is a large number of customers



Cordia Energy Center Harrisburg

interested in the case. At these hearings, you have the opportunity to present your views in person to the PUC judge hearing the case and the company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the company.

For more information, call the PUC at 1 (800) 782-1110. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case.

Sincerely,

A handwritten signature in black ink that reads "Mark Schneider".

Mark Schneider
President, East Region
Cordia

Energy Center Harrisburg LLC

NEWS RELEASE



Cordia Energy Center Harrisburg Files Rate Adjustment Request with PUC

First request since 2013; reflects increased costs of service

Harrisburg, PA (July 18, 2025) – For the first time in nearly 12 years, Cordia Energy Center Harrisburg (ECH) has filed a request with the Pennsylvania Public Utility Commission (PUC) to adjust the non-fuel portion of its steam rates. The company's last base rate filing occurred in 2013.

The requested adjustment reflects rising costs associated with providing reliable steam service, including continued investments in infrastructure, equipment, and staffing to maintain service quality for its customers.

“This rate increase is necessary to restore reasonable earnings and to support the investments we've made to ensure reliable service,” said Shawn Fiebig, General Manager of Cordia Energy Center Harrisburg.

Steam bills for ECH customers are comprised of two components: fuel and non-fuel. Fuel costs—such as natural gas and other production-related commodities—are passed directly to customers on a dollar-for-dollar basis and are reconciled annually before the PUC. The non-fuel component, which includes operating costs such as plant equipment, staffing, and maintenance, is determined in general base rate proceedings like the one now under review.

This filing addresses only the non-fuel portion of the bill.

ECH provides steam service to approximately 100 customer accounts in downtown Harrisburg, including the Capitol Complex and other state office buildings. The proposed rate adjustment would increase overall customer bills by approximately 11.6%.

Under the proposal:

- Residential customers using 8 Mlbs. of steam per month would see their monthly bill rise from \$215 to \$243, an increase of \$28 or approximately 13%.
- Commercial customers using 40 Mlbs. per month would see an increase from \$1,074 to \$1,217, up \$143 or about 13%.
- Large customers using 500 Mlbs. per month would see an increase from \$13,425 to \$15,215, up \$1,790 or about 13%.

Additionally, ECH is proposing to transition customers from a usage-based distribution charge to a fixed monthly capacity charge, which would provide greater billing stability and align charges with system demands.

If approved, the new rates would take effect on September 16, 2025. However, the PUC may suspend the effective date as it reviews the request. The review process can take up to nine months from the date of filing.

Customers with questions about the filing can contact Cordia Energy Center Harrisburg at (717) 234-4600 or the Pennsylvania Public Utility Commission at 1-800-782-1110.

About Cordia

Cordia is a leading provider of safe, reliable, and sustainable energy solutions. Headquartered in Phoenix, AZ, Cordia serves over 700 customers with heating, cooling, and electricity throughout the U.S. Cordia is committed to driving change toward a more resilient, sustainable energy future and empowering people and communities to reach their full potential. Learn more at www.cordiaenergy.com.

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