



December 23, 2025

VIA E-FILE

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Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor North
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. Energy Center Harrisburg LLC;
Docket No. R-2025-3055959 et al.**

Joint Petition for Approval of Unanimous Settlement of Rate Proceeding

Dear Secretary Homsher:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding (“Joint Petition”), with accompanying appendices A through I. Please note that Appendix B to the Joint Petition contains confidential information and is being submitted separately to ensure and maintain its confidentiality.

Copies of this filing are being served on the Honorable Administrative Law Judges and in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

Cozen O'Connor

Counsel for
Energy Center Harrisburg LLC

DPZ:kmg
Enclosure

cc: Honorable Administrative Law Judge Steven K. Haas
Honorable Administrative Law Judge Charece Z. Collins
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2025-3055959
Office of Small Business Advocate	:		C-2025-3056767
Office of Consumer Advocate	:		C-2025-3056995
	:		
v.	:		
	:		
Energy Center Harrisburg LLC	:		

CERTIFICATE OF SERVICE

I hereby certify that I have this day, **December 23, 2025**, caused a true copy of the foregoing ***Joint Stipulation for Approval of Unanimous Settlement of Rate Proceeding, with accompanying appendices A through I***, to be served upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-FILE AND E-MAIL

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGES
STEVEN K. HAAS AND CHARESE Z. COLLINS**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2025-3055959
Office of Small Business Advocate	:		C-2025-3056767
Office of Consumer Advocate	:		C-2025-3056995
	:		
v.	:		
	:		
Energy Center Harrisburg LLC	:		

**JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF RATE PROCEEDING**

Energy Center Harrisburg LLC (“ECH” or the “Company”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Small Business Advocate (“OSBA”), and the Office of Consumer Advocate (“OCA”) (singularly a “Petitioner” and collectively the “Joint Petitioners”) hereby join in this Joint Petition for Approval of Unanimous Settlement of Rate Proceeding (the “Settlement”) and respectfully request that the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins (the “ALJs”) approve, this Settlement without modification.

In support of the Settlement, the Joint Petitioners state the following:

I. Procedural History

1. On July 18, 2025, ECH filed proposed Supplement No. 66 to Tariff Steam – PA PUC No. 4, containing proposed changes in rates, rules, and regulations; supporting information required by 52 Pa. Code § 53.52(a); ECH Statement No. 1, Direct Testimony of Mark Schneider

and accompanying exhibits; ECH Statement No. 2, Direct Testimony of Keith L. Li and accompanying exhibits; customer notice; and a news release. This filing received Docket No. R-2025-3055959. On July 21, 2025, ECH filed an Affidavit of Compliance with Notice Requirements.

2. On August 7, 2025, Steven Gray, Esq. filed his Notice of Appearance on behalf of OSBA. The OSBA filed its Complaint, Public Statement, and Verification on August 8, 2025. This filing received Docket No. C-2025-3056767. ECH filed correspondence that it would not file an Answer to OSBA's Complaint on August 13, 2025.

3. On August 11, 2025, Carrie B. Wright, Esq. filed her Notice of Appearance on behalf of I&E.

4. On August 20, 2025, Christy Appleby, Esq. and Harrison W. Breitman, Esq. filed their Notices of Appearance on behalf of OCA. Also on August 20, 2025, the OCA filed its Complaint, Public Statement, and Verification. This filing received Docket No. C-2025-3056995. ECH filed correspondence that it would not file an Answer to OCA's Complaint on August 29, 2025.

5. On August 28, 2025, the Commission entered an Order instituting an investigation into the Company's base rate request. The Order suspended ECH's proposed Supplement No. 66 to Tariff Steam – PA PUC No. 4 (the "Original Tariff") until April 16, 2026, unless otherwise directed by Commission Order. ECH filed Supplement No. 67 to Tariff Steam – PA PUC No. 4 (the "Suspension Tariff") on August 29, 2025. The Commission also referred these matters to the Office of Administrative Law Judge ("OALJ") for the scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

6. On September 30, 2025, ECH filed a Petition for Protective Order pursuant to 52 Pa. Code § 5.365(a). In the Petition for Protective Order, ECH advised that it had consulted with the other Joint Petitioners (I&E, OCA, and OSBA), and that no other party objected to the granting of the Petition for Protective Order. On October 10, 2025, the ALJs granted the Petition for Protective Order. I&E, OSBA, and OCA completed Appendix A, Acknowledgement to the Protective Order, following entry of the Protective Order by the ALJs.

7. On September 29, 2025, the Commission issued an Initial Telephonic Prehearing Conference Notice. The ALJs issued their Prehearing Conference Order on October 1, 2025. The Joint Petitioners individually filed prehearing conference memoranda on October 7, 2025. The Initial Telephonic Prehearing Conference was held as scheduled on October 8, 2025. The ALJs issued their Prehearing Order on November 5, 2025. Among other things, this Order adopted a litigation schedule for this proceeding, including scheduling a public input hearing and evidentiary hearings.

8. OCA and I&E served discovery on ECH, which ECH answered and filed corresponding Certificates of Service with the Commission. The Joint Petitioners served Direct Testimony, Rebuttal Testimony, and Surrebuttal Testimony.

9. On November 6, 2025, the ALJs presided over a public input hearing at the Commission. In advance of the public input hearing, ECH complied with the ALJs' instructions concerning notice of the public input hearing and ECH filed proof of publication of notice of public input hearing with the Commission on November 5, 2025. No customers attended the public input hearing.

10. An evidentiary hearing before the ALJs was held as scheduled on November 13, 2025. In advance of the evidentiary hearing, the Joint Petitioners waived cross examination. The Joint Petitioners stipulated to the introduction of written testimony and exhibits.

11. Via e-mail of November 26, 2025, counsel for ECH advised the ALJs that the Joint Petitioners had reached a settlement and requested that the ALJs suspend the procedural schedule, which the ALJs agreed to on December 1, 2025.

II. Settlement Terms

The Joint Petitioners agree as follows:

A. Approval of Tariff

12. The Joint Petitioners agree that the steam tariff attached as **Appendix A** should be approved.

13. The Joint Petitioners agree that the steam tariff shall take effect on May 28, 2026, and the effective date of May 28, 2026, is reflected in **Appendix A**.

14. The Joint Petitioners agree that the new steam tariff clarifies permissible customer payment methods by specifying that bills may be paid by ACH wire transfer or by mail to Energy Center Harrisburg LLC, P.O. Box 223889, Pittsburgh, PA 15221-2889.

B. Revenue Requirement

15. The Joint Petitioners agree that, except as provided in Paragraph 16 below, the settlement rates are designed to produce \$894,300 in additional annual distribution base rate operating revenue. ECH shall be permitted to file a compliance tariff supplement, on one day's notice effective May 28, 2026, containing rates designed to produce an additional \$894,300 (as modified by Paragraph 16 below) in annual distribution base rate operating revenue.

16. The Joint Petitioners further agree that in recognition of the unique position of residential customers on ECH's steam distribution system, which is primarily designed to serve commercial and industrial customers in downtown Harrisburg, the settlement rates for residential customers are designed as if the Commission approved an annual revenue increase of only \$720,000. ECH's tariff contains a separate rate that is specific to residential customers (the "Residential Rate"). The Residential Rate is set forth as a separate rate from the existing rates but it is functionally the same as the currently-effective volumetric rate with the increase described herein. The difference between the Residential Rate and the residential rate that would have been produced using \$894,300 as the annual revenue increase shall not be recoverable from other ECH customers and shall not be recovered by ECH in any future rate case. Within 60 days of Commission approval of this Settlement, ECH shall inform its residential customers by written bill insert of the change in rates following this rate case and the availability of Transition Service under ECH's tariff. ECH shall consult with OCA on the wording of the bill insert and provide a copy of the final bill insert to OCA upon mailing of the bill insert to residential customers.

C. Rate Design/Capacity Charge

17. The Joint Petitioners agree that for all customers except the Company's residential customers, ECH's tariff (as set forth in **Appendix A**) includes a rate design that adds a usage-based charge for steam distribution service to the rate design originally proposed by ECH. The filed tariff is based on all non-fuel revenues being collected through a capacity charge calculated using the equivalent maximum hour pounds of steam ("EMP") for continuous 12-months service customers and the equivalent cubic feet ("ECF") for seasonal customers, with unique values of EMP or ECF for each customer. The Settlement provides that non-fuel revenue will be partially collected using metered Mlbs. The attached proof of revenue Excel file, tab "RevenueRC,"

presents the amount of revenue collected from a fixed capacity charge plus the amount based on \$3.00 per Mlb. *See Appendix B (Confidential)*. This achieves roughly the same amount of apportioning 80% of ECH’s revenue requirement through fixed charges and 20% through variable charges. Below is a summary of the different revenue (\$000) options.

	Volumetric	Capacity	Total
Existing Tariff	5,272	0	5,272
Filed Tariff	0	5,272	5,272
Settlement Option	846	4,426	5,272

Each customer’s EMP or ECF is recalculated to reflect the lower number. This is shown in **Appendix B (Confidential)**.

18. The Company’s residential customers, under the Residential Rate, will continue to be charged under the current volumetric charge rate design.

19. The Joint Petitioners acknowledge that customers charged will continue to be encouraged to conserve through ECH’s Steam Cost Rate (“SCR”), which is a dollar-for-dollar passthrough of the Company’s fuel and other variable costs. The SCR is charged on a usage basis measured in Mlbs. of steam.

20. The Joint Petitioners acknowledge that the proposed usage-based charge for all customers excluding the residential customers is just and reasonable for ECH based on its unique circumstances, including ECH’s small size, ECH’s limited customer base and opportunities for growth, the competitive nature of the district steam energy industry, and ECH’s need to stay financially viable, particularly as a result of reduced consumption due to climate warming, customer conservation, and increased costs due to inflation. The Joint Petitioners reserve their right to contend in other proceedings before the Commission that a fixed monthly capacity charge would not be just and reasonable for larger, more financially capable public utilities.

21. ECH will continue to offer budget billing to any customer who seeks to stabilize its monthly non-fuel and SCR charges, so long as the Company is ultimately able to true-up any cost variances.

D. Payment Arrangement for Commercial and Industrial Customers

22. Within 90 days following entry of the Commission's final order approving this Settlement in these proceedings, ECH shall implement a formal program for payment arrangements for commercial customers, including eligibility and payment terms.

E. Stay Out

23. Absent exigent financial or operational circumstances that jeopardize ECH's continuing viability as a steam service provider, ECH will not file with the Commission a tariff or tariff supplement proposing a general increase in base rates that take effect earlier than two years following the entry of a Commission final order approving this Settlement.

F. Standard Settlement Conditions

24. It is recognized by the Joint Petitioners that this is a "black box" settlement that is a compromise of the Joint Petitioners' positions on various issues.

25. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

26. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue, 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 is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

27. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

28. The Joint Petitioners agree to jointly prepare and submit Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs, which are attached as **Appendices C, D and E, respectively**. The Joint Petitioners further agree that the facts entered into the evidentiary record will be sufficient to find that the Settlement is in the public interest.

29. Each Petitioner shall prepare a Statement in Support of Settlement setting forth the bases upon which the Petitioner believes the Settlement to be in the public interest, which are attached as **Appendices F (ECH), G (I&E), H (OSBA) and I (OCA)**

30. If the ALJs recommend approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

III. The Settlement Is in the Public Interest

31. The Joint Petitioners submit that the Settlement is in the public interest because it (i) provides for the maintenance of safe and adequate service at just and reasonable rates and (ii)

avoids the additional cost associated with litigation and the administrative burden of continuing this proceeding.

IV. Request for Relief

WHEREFORE, Energy Center Harrisburg LLC, the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, and the Office of Consumer Advocate, by their respective counsel, respectfully request:

1. That the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins recommend approval of, and the Commission approve, the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding, without modification.

2. That the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins recommend, and the Commission find, the rates, rules, and regulations proposed in the attached steam tariff to be just and reasonable.

3. That Energy Center Harrisburg LLC shall not place into effect the rates, rules, and regulations contained in Supplement No. 66 to Tariff Steam – PA PUC No. 4.

4. That the Commission authorize Energy Center Harrisburg LLC to file a steam tariff supplement containing revised rates, rules, and regulations, as shown in **Appendix A** to the Settlement. The revised rates are designed to produce \$894,300 in additional annual distribution base rate operating revenue, with an exception for residential customers, given their unique position on ECH's steam distribution system, whose rates are designed using an assumed annual increase in distribution base rate operating revenue of only \$720,000.

5. That the Commission authorize the tariff supplement described in Paragraph 4 to be filed on at least one (1) days' notice, to become effective for service rendered on and after May 28, 2026, pursuant to the entry of the Commission's Opinion and Order.

6. That the Commission close the following Formal Complaints filed against Energy Center Harrisburg LLC:

Office of Small Business Advocate
Office of Consumer Advocate

C-2025-3056767
C-2025-3056995

7. That, upon Commission approval of the tariff supplement filed by Energy Center Harrisburg LLC in compliance with the Commission's Opinion and Order in this matter, the investigation at Docket No. R-2025-3055959 shall be marked closed.

[Signatures appear on next page.]

Respectfully submitted,



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Date: December 23, 2025

List of Appendices:

- A. *Pro Forma* Tariff Supplement
- B. Proof of Revenues
- C. Proposed Findings of Fact
- D. Proposed Conclusions of Law
- E. Proposed Ordering Paragraphs
- F. Statement in Support of Energy Center Harrisburg LLC
- G. Statement in Support of the Bureau of Investigation and Enforcement
- H. Statement in Support of the Office of Small Business Advocate
- I. Statement in Support of the Office of Consumer Advocate

**Energy Center Harrisburg LLC
2025 Base Rate Case**

Appendix A - Pro Forma Tariff

Dkt R-2025-3055959

APPENDIX A

Steam Tariff

SUPPLEMENT NO. XX 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”), create the new rate class of Rate 7 (“Residential Service”), and clarify permissible payment methods.

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

This Tariff Supplement No. XX increases steam distribution rates for Rate 1 (“General Service”) and Rate 2 (“High Pressure Commercial and Industrial Service”), creates the new rate class of Rate 7 (“Residential Service”), and clarifies permissible payment methods.

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DEFINITIONS

As used in this tariff, the following terms shall have the following meaning:

“Applicant.” A person who applies to the Company to receive service as a steam Customer.

“Commission.” The Pennsylvania Public Utility Commission.

“Company.” Energy Center Harrisburg LLC.

(C)

“Company Service Line.” The steam line which extends from the Company’s main to the point of delivery at the Company’s installation at the curb.

“Customer.” A person who contracts for and/or who receives service from the Company.

“Company Service Line.” The steam line which connects the Company’s service line with the Customer’s service installation.

“Customer Service Installations.” All piping, appliances and apparatus located on a Customer’s premises, which transport or use steam supplied by the Company, and which is connected to the Company’s service line by means of the Customer’s service line.

“ECH.” Energy Center Harrisburg LLC.

(C)

“Mlb.” 1,000 lbs.

“Point of Delivery.” The Company’s installation at the curb.

(e) Bills may be paid by ACH wire transfer or by mail to Energy Center Harrisburg LLC, P.O. Box 223889, Pittsburgh, PA 19521-2889. Payment of bills by residential Customers shall be governed in the manner prescribed in the regulations of the Commission. The Customer is responsible for payment for use up to discontinuance or termination of service. If a Customer moves and does not notify the Company that he wishes to discontinue service, that Customer remains responsible for payment for all service until notice is given and discontinuance is accomplished.

(C)
|

(f) In the event of discontinuance or termination of service at a residence or dwelling, the Company may transfer any unpaid balance to any new residential account of the same Customer or to a third-party guarantor's account to the extent of the deposit requirement.

(g) The Customer shall be responsible for the payment of a charge of forty (\$40.00) dollars per incident or a check which has been presented to the Company for payment of any bills returned by the bank for any reason, including, but not limited to nonsufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or an unauthorized signature. This charge is in addition to any and all charges assessed by the bank.

**RATE 1
GENERAL SERVICE**

APPLICATION OF SCHEDULE

This schedule is applicable to seasonal 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. This schedule however does not apply to Residential Service, which is covered by Rate 7.

(C)

VOLUMETRIC USAGE RATE

Application
\$3.00 per Mlb.

(C)

(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.

(C)

CONTINUOUS 12 MONTHS SERVICE CAPACITY CHARGE

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

(C)

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 Commission-approved 2025 base rate case settlement at Docket No. R-2025-3055959. 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 Commission-approved 2025 base rate case settlement at Docket No. R-2025-3055959. 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, the above Volumetric Usage Rate and Capacity Charge apply. When bills are not so paid, a 2% per month late payment charge applies to the Volumetric Usage Rate and Capacity Charge.

CONTRACT PERIOD: Not less than one year.

**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.

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

**RATE 7
RESIDENTIAL SERVICE**

APPLICATION OF SCHEDULE

This schedule is applicable to residential seasonal steam heating service and residential continuous 12 months of steam service.

VOLUMETRIC USAGE RATE

Application
\$18.43 per Mlb.

STEAM COST RATE

The 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.

PAYMENT

When residential bills are paid within 20 days from the date thereof, the above Volumetric Usage Rate applies. When bills are not so paid, a 1.25% per month late payment charge applies to the Volumetric Usage Rate.

**Energy Center Harrisburg LLC
2025 Base Rate Case**

CONFIDENTIAL

Appendix B – Proof of Revenues Spreadsheet

Dkt R-2025-3055959

**Energy Center Harrisburg LLC
2025 Base Rate Case**

Appendix C – Proposed Findings of Fact

Dkt R-2025-3055959

APPENDIX C – PROPOSED FINDINGS OF FACTS

PARTIES

1. Energy Center Harrisburg LLC (“ECH” or the “Company”) is a certificated public utility regulated by the Pennsylvania Public Utility Commission (“Commission”). ECH is located at 900 Walnut Street, Harrisburg, PA 17101. ECH Statement No. 1, at p.1.

2. The Bureau of Investigation and Enforcement (“I&E”) is the prosecutory arm of the Pennsylvania Public Utility Commission (“Commission”) for purposes of representing the public interest in ratemaking and service matters and enforcing compliance with the Pennsylvania Public Utility Code (“Code”) and Commission Regulations and Orders. *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered Aug. 11, 2011).

3. The Office of Small Business Advocate (“OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41.

4. The Office of Consumer Advocate (“OCA”) is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

ECH’S STEAM SYSTEM AND CUSTOMER BASE

5. ECH’s service territory may be characterized as primarily downtown Harrisburg. ECH provides steam service in a one-square-mile area in the central business district of the City of Harrisburg, Dauphin County, Pennsylvania. ECH serves approximately 100 downtown buildings. Its steam is used in space heating, domestic hot water heating, and humidification. Its

customers include: the Capitol Complex; federal, state, and municipal office buildings and court houses; commercial office buildings; a hospital complex; a museum; hotels; an educational institution; residential high- and low-rise buildings; churches; retail businesses; and industrial facilities. ECH Statement No. 1, at p. 1.

6. ECH's steam system consists primarily of a steam generation plant located at 10th and Walnut Streets and six miles of high pressure and lower pressure distribution lines located in the streets of Harrisburg. The generating unit is a dual fuel facility, using natural gas and No. 6 fuel oil. ECH Statement No. 1, at p. 3; ECH Exhibit No. MS-1.

7. ECH has approximately 100 customer accounts in Harrisburg. Of those, about 17 large customers represent approximately 75% of the Company's steam output. The Pennsylvania Department of General Services is the Company's largest customer. The Capitol Complex represents approximately 45% of the Company's load. ECH Statement No. 1, at p. 3. ECH only serves nine residential customers. ECH Statement No. R-2, at pp. 7-8.

8. When the Company first began operations in 1987, there were 400 customers and approximately 400,000 Mlbs. of annual sales. In 2013, the year of the Company's last base rate proceeding, the Company had approximately 143 customer accounts. The customer count is now down to approximately 100, and the expected sales level is below 300,000 Mlbs. ECH Statement No. 2, at pp. 5-6; ECH Statement No. R-2, at pp. 5-6.

ECH'S RATE REQUEST

Background

9. ECH's last base rate proceeding was in 2013 at Docket No. R-2013-2350265. ECH Statement No. 1, at p. 5. The Commission approved an increase of the Company's base rate for

its steam service by \$875,000. *Pa. Pub. Util. Comm'n v. NRG Energy Center Harrisburg LLC*, Docket No. R-2013-2350265 (Order entered Dec. 5, 2013).

Revenue Requirement

10. ECH requested an annual increase of \$894,300 in annual operating revenues in the going-level revenue (\$4,974,109) at present rates. ECH Statement No. 2, at p. 7. This is an increase of approximately 11.6% on a total bill basis. ECH Statement No. 1, at p. 9.

11. ECH requested an increase of \$894,300, but claimed that an annual increase of \$1,775,157 was supportable. ECH Statement No. 2, at pp. 7-8. An increase of approximately \$1.7 million would be an increase of approximately 23.3% on a total bill basis. ECH Statement No. 1, at p. 9. ECH's responses to the minimum filings requirements reflect the higher, supportable amount and not the lower, claimed amount. ECH Statement No. 1, at p. 9; ECH Statement No. 2, at p. 8.

12. In addition to Historic Test Year ("HTY") information (for the 12 months ended March 31, 2025), ECH used a Future Test Year ("FTY") (for the 12 months ending March 31, 2026), based upon known and measurable changes to operating revenue and expenses. ECH used a Fully Projected Future Test Year ("FPFTY") for the limited purpose of capturing major expenses and capital investments that are anticipated to occur by the end of the FPFTY (April 18, 2027). ECH Statement No. 2, at pp. 3-4; ECH Exhibit KLL-1.

13. OCA disagreed with ECH's use of blended test years, and OCA's witness used a FTY ending March 31, 2026 to analyze ECH's data and rate increase request. OCA Statement No. 1, at pp. 5-7.

14. The total steam sales in Mlbs. for the years 2022, 2023, and 2024 were \$315,114, \$273,854, and \$291,516. These three years were used as representing a colder-than-average year,

a warmer-than-average year, and a more normal year from the Company's perspective. ECH Statement No. 2, at pp. 5-6; ECH Exhibit KLL-1, Supporting Schedule No. 2, at pp. 2-6 to 2-8.

15. The Company's data anticipated one major maintenance project and several capital investments, including inspection and recoating the South Stack, a new dump truck, Boiler #13 steam stop valve replacement, and the rebuild of Manhole #378. ECH Statement No. 2, at p. 5.

16. The Company's rate base as of March 31, 2026 is \$14,215,191. This includes, and is primarily comprised of, the depreciated original cost of plant in service. The Company's claims for cash working capital and material and supplies requirements are also included in the claim. ECH Statement No. 2, at p. 10; ECH Exhibit KLL-1, at p. 1-17.

17. For the three historical years, 2023, 2024, and 2025, the Operating Expense totals were \$837,654, \$836,136, and \$790,448, respectively. ECH Statement No. R-2, at pp. 22-23; Supporting Schedule No. 11.

18. OCA determined that the Company has a revenue deficiency of \$651,163, which represents a decrease of \$243,137 from ECH's requested increase of \$894,300. OCA Statement No. 1, at p. 7; Exhibit LKM-1. The OCA disagreed with ECH's methodologies and assumptions, and applied its proposed revenue adjustments to the \$894,300 requested increase. OCA Statement No. 1, at pp. 7-17.

19. I&E and OSBA did not submit any testimony concerning ECH's revenue requirement. ECH Statement No. R-2, at p. 2.

20. The Joint Petitioners compromised at a revenue requirement that is projected to produce \$894,300 in additional annual distribution base rate operating revenue, with an exception for residential customers, whose rates are designed using an assumed annual increase in distribution base rate operating revenue of only \$720,000. Joint Petition for Settlement of Rate

Proceeding (“Settlement”) ¶ II.B.15-16. This compromise is in recognition of the unique position assumed by residential customers on ECH’s steam distribution system, which is primarily designed to serve commercial and industrial customers in downtown Harrisburg. Settlement ¶ II.B.16.

Rate Design/Capacity Charge

21. ECH proposed a change to its rate design and structure to implement a fixed capacity charge in recognition of ECH’s small customer base, the competitive environment and alternatives for customers to service from ECH, the declining number of customers and sales in Mlbs., and the Company’s need for consistency in annual revenue. ECH Statement No. 1, at pp. 11-12.

22. ECH’s proposed rate structure would move from a distribution rate based on a minimum monthly charge plus a monthly usage charge to a fixed monthly capacity charge based on the Equivalent Cubic Footage (“ECF”) of a customer’s building for seasonal customers and the Equivalent Maximum Pounds of steam (“EMP”) for continuous or full-year customers. The Steam Cost Rate (“SCR”) would not be changed. ECH Statement No. 2, at p. 3. ECH explained that each individual customer’s ECF or EMP would be back calculated to match the per Mlb. increase that would have been charged under the existing rate structure to allow the Company to recover its allowed revenue requirement in this proceeding. ECH Statement No. 2, at pp. 12-13; ECH Exhibit KLL-3; Settlement, Appendix B (**Confidential**).

23. In Direct Testimony, I&E disagreed with ECH’s rate structure proposal to use a fixed capacity rate. *See generally* I&E Statement No. 1. OCA also disagreed with ECH’s rate structure proposal to use a fixed capacity rate. *See generally* OCA Statement No. 2.

24. The Joint Petitioners compromised and agreed that for all customers, except the Company’s residential customers, ECH’s tariff will add a usage-based charge for steam

distribution service to the rate design originally proposed by ECH. The Settlement provides that non-fuel revenue will be partially collected using metered Mlbs. Each individual customer's EMP or ECF, or fixed capacity charge, will reflect a lower number than originally proposed by ECH to account for the addition of a variable amount of \$3.00 per Mlb. collected based on usage by metered Mlbs. This achieves roughly the same amount of apportioning 80% of ECH's revenue requirement through fixed charges (EMP/ECF, the capacity charge) and 20% through variable costs (\$3.00 per Mlb., the usage charge). Settlement ¶ II.C.17. The compromise of collecting 80% of revenue through a capacity charge for non-residential customers is between what ECH originally requested and what I&E and OCA proposed in response.

25. The Joint Petitioners further compromised, in continuing to recognize the unique position of residential customers on ECH's steam distribution system, that the Company's nine residential customers will continue to be charged under the current volumetric charge rate design and the fixed capacity charge will not apply to residential customers. Settlement ¶ II.C.18.

26. Customers will continue to be encouraged to conserve through the SCR, which is a dollar-for-dollar passthrough of the Company's fuel and related variable costs. The SCR is charged on a usage basis measured in Mlbs. of steam. The SCR and its formula has not been changed in this proceeding. ECH Statement No. 2, at p. 13; Settlement ¶ II.C.19.

27. The Joint Petitioners agreed to reserve their right to contend in other proceedings before the Commission that a fixed monthly capacity charge would not be just and reasonable for larger, more financially capable public utilities. Settlement ¶ II.C.20.

Budget Billing and Payment Arrangement for Commercial and Industrial Customers

28. ECH agreed to continue to offer budget billing to any customer who seeks to stabilize its monthly non-fuel and SCR charges, so long as the Company is ultimately able to true-up any cost variances. Settlement ¶ I.C.21.

29. ECH additionally agreed to implement a formal program for payment arrangements for commercial and industrial customers, including eligibility and payment terms. Settlement ¶ I.D.22.

ECH'S PROPOSED MODIFICATIONS TO ITS RULES AND REGULATIONS

30. In the course of this base rate proceeding, ECH has additionally sought to update its rules and regulations to clarify permissible customer payment methods by specifying that bills may be paid by ACH wire transfer or by mail to Energy Center Harrisburg LLC, P.O. Box 223889, Pittsburgh, PA 19521-2889. ECH Statement No. R-2, at p. 12; Settlement ¶ I.A.14.

**Energy Center Harrisburg LLC
2025 Base Rate Case**

Appendix D – Proposed Conclusions of Law

Dkt R-2025-3055959

APPENDIX D – PROPOSED CONCLUSIONS OF LAW

1. The Pennsylvania Public Utility Commission (“Commission”) has jurisdiction over the parties and subject matter of this proceeding. 66 Pa. C.S. § 101 *et seq.*

2. Every rate made, demanded, or received by any public utility shall be just and reasonable, and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301.

3. A public utility seeking a rate increase has the burden of proof to establish the justness and reasonableness of each element of its request. 66 Pa. C.S. § 315(a).

4. While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged. *Allegheny Center Assocs. v. Pa. Pub. Util. Comm’n*, 570 A.2d 149, 153 (Pa. Cmwlth. 1989).

5. While the burden of proof remains with the public utility throughout the rate proceeding, the Commission has stated that where a party proposes an adjustment to a ratemaking claim of a utility, the proposing party bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. Pub. Util. Comm’n v. Aqua Pa., Inc.*, Docket No. R-00072711 (Opinion and Order entered July 17, 2008).

6. Pursuant to the just and reasonable standard, a utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund v. Pa. Pub. Util. Comm’n*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002).

7. The Commission must consider the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates in exchange for customers paying rates for service, which include the cost of utility plant in service and a rate of return. 66 Pa. C.S. § 523.

8. The Commission must authorize a sufficient, or fair, rate of return to public utilities to ensure adequate revenues to cover operating expenses, debt service expenses and common and preferred (if necessary) dividends, as well as to maintain the financial integrity of the utility and enable the public utility to attract needed debt and equity capital in the marketplace or on reasonable terms, in competition with firms of similar risk. *See generally Federal Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944); *Bluefield Water Works Improvement Co. v. Public Service Comm'n*, 262 U.S. 679 (1923).

9. Pennsylvania Courts and the Commission have adopted the U.S. Supreme Court's legal standards regarding the rate of return in *Hope* noting this case requires the Commission to balance utility company and ratepayer interests in setting rates. *Pa. Elec. Co. v. Pa. Pub. Util. Comm'n*, 502 A.2d 130, 132-35 (Pa. 1985).

10. Commission policy promotes settlements. 52 Pa. Code § 5.231.

11. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative 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.

12. 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. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).

13. The instant Settlement is in the public interest.

14. The rates, rules, and regulations in the steam tariff attached to the Settlement are lawful, just, and reasonable. 66 Pa. C.S. § 1301.

**Energy Center Harrisburg LLC
2025 Base Rate Case**

Appendix E – Proposed Ordering Paragraphs

Dkt R-2025-3055959

APPENDIX E – PROPOSED ORDERING PARAGRAPHS

1. That the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins recommend approval of, and the Commission approve, the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding, without modification.

2. That the Honorable Administrative Law Judges Steven K. Hass and Charese Z. Collins recommend, and the Commission find, the rates, rules, and regulations proposed in the attached steam tariff to be just and reasonable.

3. That Energy Center Harrisburg LLC shall not place into effect the rates, rules, and regulations contained in Supplement No. 66 to Tariff Steam – PA PUC No. 4.

4. That the Commission authorize Energy Center Harrisburg LLC to file a steam tariff supplement containing revised rates, rules, and regulations, as shown in **Appendix A** to the Settlement. The revised rates are designed to produce \$894,300 in additional annual distribution base rate operating revenue, with an exception for residential customers, given their unique position on ECH's steam distribution system, whose rates are designed using an assumed annual increase in distribution base rate operating revenue of only \$720,000.

5. That the Commission authorize the tariff supplement described in Paragraph 4 to be filed on at least one (1) days' notice, to become effective for service rendered on and after May 28, 2026, pursuant to the entry of the Commission's Opinion and Order.

6. That the Commission close the following Formal Complaints filed against Energy Center Harrisburg LLC:

Office of Small Business Advocate
Office of Consumer Advocate

C-2025-3056767
C-2025-3056995

7. That, upon Commission approval of the tariff supplement filed by Energy Center Harrisburg LLC in compliance with the Commission's Opinion and Order in this matter, the investigation at Docket No. R-2025-3055959 shall be marked closed.

**Energy Center Harrisburg LLC
2025 Base Rate Case**

**Energy Center Harrisburg LLC
Statement in Support**

Dkt R-2025-3055959

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGES
STEVEN K. HAAS AND CHARESE Z. COLLINS**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2025-3055959
Office of Small Business Advocate	:		C-2025-3056767
Office of Consumer Advocate	:		C-2025-3056995
	:		
v.	:		
	:		
Energy Center Harrisburg LLC	:		

**STATEMENT OF ENERGY CENTER HARRISBURG LLC
IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF RATE PROCEEDING**

AND NOW COMES Energy Center Harrisburg LLC (“ECH” or the “Company”) to file this Statement in Support of the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding (the “Settlement”), between and among ECH, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Small Business Advocate (“OSBA”), and the Office of Consumer Advocate (“OCA”) (singularly a “Petitioner” and collectively the “Joint Petitioners”). ECH respectfully requests that the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins (the “ALJs”) recommend approval of, and the Commission approve, the Settlement without modification.

I. Introduction

ECH is a certificated public utility that is regulated by the Commission and located at 900 Walnut Street, Harrisburg, PA 17101. ECH Statement No. 1, at p.1. ECH serves approximately

100 downtown buildings in a one-square-mile area in the central business district of the City of Harrisburg, Dauphin County, Pennsylvania. ECH Statement No. 1, at p. 1. Of those customers, 17 large customers represent over 75% of the Company's steam output, with the Pennsylvania Department of General Services as the Company's largest customer, and the Capitol Complex represents over 45% of the Company's load. ECH Statement No. 1, at p. 3. ECH only serves nine residential customers. ECH Statement No. R-2, at pp. 7-8.

On July 18, 2025, ECH filed proposed Supplement No. 66 to Tariff Steam – PA PUC No. 4, containing proposed changes in rates, rules, and regulations, along with other information and documents, including those required by 52 Pa. Code § 53.52(a). This filing received Docket No. R-2025-3055959.

ECH calculated its current revenue requirement as supporting a rate increase of \$1,775,157 (approximately 23.3% on a total bill basis), but the Company mitigated its proposal and requested an annual increase of only \$894,300 in annual operating revenues (approximately 11.6 % on a total bill basis). ECH Statement No. 1, at p. 9; ECH Statement No. 2, at pp. 7-8. ECH mitigated its requested rate increase in order to: (i) retain and not drive away customers, particularly given the competitive alternatives to steam service from ECH; (ii) reduce rate case expenses by allowing the Company to use a short form filing with the Commission; and (iii) encourage and promote settlement in the public interest. ECH Statement No. R-2, at pp. 13-15.

ECH requested in its filing a change in its rate design and structure to implement a fixed capacity charge. ECH explained that fixed revenue provides the Company with certainty to improve its financial viability in recognition of ECH's small customer base, the competitive alternatives to steam service from ECH, and the declining number of customers and sales in Mlbs. ECH Statement No. 1, at pp. 11-12; ECH Statement No. R-2, at pp. 10-12.

No customers filed formal complaints challenging the steam tariff filing and no customers participated in the public input hearing that occurred before the ALJs on November 6, 2025. The Joint Petitioners reached a unanimous settlement that resolves all issues in this rate proceeding.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401.

As an initial matter, the fact that the Settlement resolves all issues raised by the parties is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest, particularly given the diverse interests of the Joint Petitioners. The Settlement was achieved after careful study of the issues through extensive discovery, several rounds of written testimony, and negotiations over a prolonged period.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and satisfies the various requirements of the Pennsylvania Public Utility Code (the “Code”), the Commission’s Orders, and Regulations. The Settlement is reasonable and in the public interest, and should be approved.

II. Legal Standard

Every rate made, demanded, or received by any public utility shall be just and reasonable, and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301. Pursuant to the just and reasonable standard, a utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of

return on its investment.” *City of Lancaster Sewer Fund v. Pa. Pub. Util. Comm’n*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002).

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. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm’n v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).

III. Argument: The Settlement Is in the Public Interest

A. Approval of Tariff

The Joint Petitioners agree that ECH’s steam tariff as set forth in **Appendix A** should be approved. Settlement ¶ II.A.12. This tariff will produce the agreed-to revenue requirement (see Section III.B, *infra*). The Joint Petitioners agree that the steam tariff shall take effect on May 28, 2026. *See* Settlement ¶ II.A.13; Settlement, **Appendix A**. This agreed-upon effective date is in the public interest because it will allow rates to remain consistent throughout the heating season and particularly for ECH’s seasonal customers.

In the rules and regulations of its steam tariff, ECH clarified permissible customer payment methods by specifying that bills may be paid by ACH wire transfer or by mail to Energy Center Harrisburg LLC, P.O. Box 223889, Pittsburgh, PA 1521-2889. *See* Settlement ¶ II.A.14; Settlement, **Appendix A**. This update provides a clarification to the tariff rules and regulations to reflect the actual practice for customer payment methods.

No Petitioner objected to ECH’s proposed tariff modifications so the Joint Petitioners have included them in the Settlement. Considering that no party has contested any provision in the proposed tariff’s rules and regulations, these Settlement provisions are reasonable and in the public interest, and should be approved.

B. Revenue Requirement

The Joint Petitioners have reached a “black box” settlement on the revenue requirement. The Joint Petitioners have agreed on a revenue requirement that is projected to produce \$894,300 in additional annual distribution base rate operating revenue, with an exception for residential customers, whose rates are designed using an assumed annual increase in distribution base rate operating revenue of only \$720,000. Settlement ¶ II.B.15-16. This compromise is in recognition of the unique position assumed by the nine residential customers on ECH’s steam distribution system, which is primarily designed to serve commercial and industrial customers in downtown Harrisburg. Settlement ¶ II.B.16. The revenue requirement of \$894,300 is lower than an annual increase of \$1,775,157, which ECH found to be supportable. ECH Statement No. 2, at pp. 7-8. The assumed annual increase for residential customers of \$720,000 is between what ECH requested (\$894,300) and what OCA proposed in response (\$651,163). OCA Statement No. 1, at p. 7; Exhibit LKM-1.

By way of background, ECH has not raised rates since its last base rate proceeding in 2013, in which the Commission approved an increase of the Company’s base rate for its steam service by \$875,000. *Pa. Pub. Util. Comm’n v. NRG Energy Center Harrisburg LLC*, Docket No. R-2013-2350265 (Order entered Dec. 5, 2013).

ECH mitigated the need for base rate relief by reducing the Company’s workforce by two full-time employees since 2013, as the Controller and General Manager functions have been transferred to consolidated regional management in Pittsburgh. ECH’s parent company, Cordia, also agreed to temporarily suspend its charges to ECH for corporate services in order to help maintain the Company’s financial viability. ECH Statement No. 1, at p. 6. Nonetheless, a request for rate relief was necessary for several reasons. Over the past 12 years, the Company has

experienced a loss in sales, a loss in the number of customers, and a decade of escalation of operating expenses, including recent high increases in costs due to inflation. The primary causes of reduced consumption are climate warming and customer conservation, which are unlikely to improve. Further, customer attrition has occurred as a result of building renovations and changes. ECH Statement No. 1, at pp. 5-6.

ECH's need for base rate relief, and its approach in this proceeding to request a lower amount than supportable, is based in part on the fact that the steam business in which ECH operates is very competitive. Although ECH is the sole provider of steam in its service area, steam is only a means to the end of producing heating for buildings. Heating can also be provided through on-site facilities, such as on-site boilers. Building owners could install their own boilers, or work with heating equipment contractors, or UGI Utilities or PPL Electric to meet their building's heating requirements. Therefore, ECH must work constantly to maintain relationships with existing customers by demonstrating that ECH's services are efficient and cost-effective. ECH Statement No. 1, at pp. 3-4. The competitive nature of the steam industry is evidenced by the fact that only three regulated steam utilities operate in the Commonwealth. A fourth system in Scranton, Community General Energy Corporation, closed its operations in 2007 after losing several key customers. ECH Statement No. 1, at p. 4. The competitive nature of the steam industry is also evidenced by the fact that many states do not regulate district energy systems. Cordia owns and operates district energy systems in multiple states and cities, and its systems in Minneapolis, San Diego, and Phoenix are not rate-regulated. ECH Statement No. 1, at p. 4.

The Settlement is in the public interest because it allows ECH to increase rates in an amount that will improve its financial viability and enable the Company to continue to provide safe, adequate, and reasonable service to customers. The Settlement will allow ECH to maintain costs

of operations for an over 100-year-old plant and distribution system, particularly where these costs remain largely the same regardless of customer usage. ECH Statement No. R-2, at p. 11. The Settlement will allow ECH to obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund*, 793 A.2d at 982.

The Settlement is also in the public interest because it is a lower increase than what ECH found to be supportable. The agreed-upon revenue requirement is over \$800,000 less than what ECH found to be supportable. The Settlement therefore protects ECH’s customers by avoiding the “rate shock” of a higher increase and by ensuring that rates increase slowly over time, consistent with the Commission’s policy of gradualism. ECH proposed this lower amount in order to encourage settlement. As a matter of public policy, the Commission encourages settlement and would encourage a utility to seek a mitigated rate increase. 52 Pa. Code § 5.231. This is also consistent with how ECH approached its last request for rate relief in 2013.

Accordingly, the revenue requirement in the Settlement is reasonable and in the public interest because it balances the interests of the public utility and the customers. The revenue requirement contained in the Settlement is therefore reasonable and in the public interest, and should be approved.

C. Rate Design/Capacity Charge

ECH proposed a change to its rate design and structure to implement a fixed capacity charge. The proposed change would move from a distribution rate based on a minimum monthly charge plus a monthly usage charge to a fixed monthly capacity charge based on the Equivalent Cubic Footage (“ECF”) of a customer’s building for seasonal customers and the Equivalent Maximum Pounds of steam (“EMP”) for continuous or full-year customers. Each individual

customer's ECF or EMP would be back calculated to match exactly the per Mlb. increase that would have been charged under the existing rate structure to allow the Company to recover its revenue requirement in this proceeding. ECH Statement No. 2, at p. 3.

ECH provided several reasons for this change, based on its greater need for certainty in fixed revenue. ECH has a small customer base that inhibits its ability to absorb large revenue swings from year to year. The small customer base shares very limited and defined assets, including the operational costs associated with an over 100-year-old plant and distribution system. Further, Mlb. sales are decreasing and the Company has experienced customer attrition. This is the result of climate warming, customer conservation, and viable alternatives for customers to steam service from ECH. Customers could install on-site facilities such as on-site boilers or switch to UGI Utilities or PPL Electric to meet building heating needs. The loss of additional customers could jeopardize the Company's financial viability and result in the same outcome as Scranton's Community General Energy Corporation. The monopolistic rationale for public utility regulation is not the same here with such viable alternatives to service from ECH. Therefore, ECH's financial viability and need to stay competitive with its customers, which resulted in a lower than supportable rate increase request, require a greater need for certainty in revenue. ECH Statement No. 1, at pp. 11-12; ECH Statement No. 2, at pp. 12-13; ECH Statement No. R-2, at pp. 4-5, 9-12.

The Joint Petitioners compromised and agreed, with the exception of residential customers, to add a usage-based charge for steam distribution service, so that non-fuel revenue will be partially collected using metered Mlbs. and partially collected using a fixed capacity charge. Each individual customer's EMP or ECF will reflect a lower number than originally proposed by ECH to account for the addition of a variable amount of \$3.00 per Mlb. collected based on usage by metered Mlbs. This achieves roughly the same amount as apportioning 80% of ECH's revenue

requirement through fixed charges (EMP/ECF, the capacity charge) and 20% through variable costs (\$3.00 per Mlb., the usage charge). Settlement ¶ II.C.17. The Joint Petitioners further agreed that residential customers will continue to be charged under the current volumetric charge rate design and the fixed capacity charge will not apply to residential customers. Settlement ¶ II.C.18. The Steam Cost Rate (“SCR”) will remain unaffected by this proceeding. ECH Statement No. 2, at p. 3; Settlement ¶ II.C.19.

These provisions of the Settlement reflect a compromise of the Joint Petitioners’ positions on ECH’s rate design and structure. The compromise of collecting 80% of revenue through a capacity charge for non-residential customers is between what ECH originally requested and what I&E and OCA proposed in response. The 20% usage based charge, in addition to the SCR that will remain unchanged, will encourage customers to conserve. The fixed capacity charge is in recognition of the specific challenges affecting ECH, including its small customer base and the competitive alternatives available to steam service from ECH. The Joint Petitioners specifically agreed to reserve their right to contend in other proceedings before the Commission that a fixed monthly capacity charge would not be just and reasonable for larger, more financially capable public utilities. Settlement ¶ II.C.20.

ECH initiated this proceeding with a significant reduction to its supportable increase in the interest of maintaining customers and with an understanding that its requested fixed capacity charge would provide certainty and consistency in revenue to ensure the continued provision of reliable service for its customers. ECH Statement No. R-2, at p. 4. The compromise in rate design and structure will benefit customers and the public utility in providing a measure of certainty and supporting the financial viability of the Company. The compromise also continues to reflect the unique position of the Company’s nine residential customers on ECH’s steam distribution system,

as discussed above. ECH's residential customers are responsible for providing for the recovery of a *de minimis* amount of ECH's proposed cost of service. ECH Statement No. R-2, at p. 3; I&E Statement No. 1, at p. 6.

For all these reasons, the rate design and structure provisions of the Settlement as agreed to by the Joint Petitioners are reasonable and in the public interest, and should be approved.

D. Budget Billing and Payment Arrangement for Commercial and Industrial Customers

ECH agreed to continue to offer budget billing to any customer who seeks to stabilize its monthly non-fuel and SCR charges, so long as the Company is ultimately able to true-up any cost variances. Settlement ¶ II.C.21. This provision in the Settlement balances the interests of the public utility and its customers, and ensures consistency in continuing to offer such budget billing program to customers.

ECH further agreed that within 90 days following entry of the Commission's final order approving this Settlement, ECH shall implement a formal program for payment arrangements for commercial customers, including eligibility and payment terms. Settlement ¶ II.D.22. This provision in the Settlement balances the interests of the public utility and its customers, most of whom are commercial and industrial customers.

These provisions are therefore reasonable and in the public interest, and should be approved.

E. Stay Out

As is common in settlements of rate cases before the Commission, the instant Settlement includes a stay out provision. Specifically, the Joint Petitioners agreed that absent exigent financial or operational circumstances that jeopardize ECH's continuing viability as a steam service provider, ECH will not file with the Commission a tariff or tariff supplement proposing a general

increase in base rates that takes effect earlier than two years following the entry of a Commission final order approving the Settlement. Settlement ¶ II.E.23. This provision is reasonable and in the public interest and should be approved because it will provide ECH's ratepayers with rate stability for two years, while also affording ECH a measure of flexibility to seek more immediate relief if necessary. While this stay-out period is relatively short, it is justified by the extended period since ECH's last rate case in 2013. The stay-out provision reasonably balances the interests of the public utility and ratepayers. It is therefore reasonable and in the public interest, and should be approved.

F. Standard Settlement Conditions

The Settlement is a "black box" settlement that represents a compromise of the Joint Petitioners' positions on the various issues. The Settlement does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings, and the Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement the Settlement. Settlement ¶¶ II.F.24, 27.

The Settlement is conditioned on the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation. In such event, the Settlement shall be void and of no effect. The Joint Petitioners acknowledge and agree that the Settlement, if approved, will have the same force and effect as if the Joint Petitioners had fully litigated this proceeding. Settlement ¶¶ II.F.25-26, 30.

These provisions are standard in settlements in Commission proceedings. These provisions reflect the Commission's policy to promote settlements, which requires parties to reach a compromise. These provisions protect all of the Joint Petitioners by allowing them to withdraw from the Settlement if the Commission modifies the Settlement in a manner they find unacceptable.

These provisions make parties to a Commission proceeding more willing to settle than they otherwise might be. These standard settlement conditions are therefore reasonable and in the public interest, and should be approved.

IV. Conclusion and Request for Relief

WHEREFORE, for all the reasons set forth above, Energy Center Harrisburg LLC respectfully requests that the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins recommend approval of the Joint Petition for Approval of Settlement of Rate Proceeding, without modification, and grant such relief requested in the Joint Petition and as set forth in Appendix E – Proposed Ordering Paragraphs.

Respectfully submitted,



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Date: December 23, 2025

**Energy Center Harrisburg LLC
2025 Base Rate Case**

**Bureau of Investigation & Enforcement
Statement in Support**

Dkt R-2025-3055959

Pennsylvania Public Utility Commission :
v. : Docket Nos. R-2025-3055959
Energy Center Harrisburg LLC :

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

TO ADMINISTRATIVE LAW JUDGES STEVEN K. HAAS AND CHARESE Z. COLLINS:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Deputy Chief Prosecutor Carrie B. Wright hereby respectfully submit that the terms and conditions of the foregoing Joint Petition for Settlement (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Energy Center Harrisburg, LLC (“ECH” or the “Company”) and its customers. The parties to this settlement are ECH, I&E, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”). Following extensive review of the Company’s filing and discovery responses, and participation in settlement discussions, I&E is of the opinion that the terms and conditions of the Joint Petition are in the public interest. Accordingly,

I&E recommends that Administrative Law Judges (“ALJs”) Steven K. Haas and Charese Z. Collins and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

I&E serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge.¹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interests of customers, utilities, and the regulated community as a whole to ensure that a utility’s rates are just, reasonable, and nondiscriminatory.² In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

On July 18, 2025, ECH filed proposed Supplement No. 66 to Tariff Steam – Pa. PUC No. 4, with the Commission proposing to increase rates to produce additional overall revenues of \$894,300 per year, an 11.6% increase in overall distribution revenue requirement.

On August 7, 2025, OSBA filed its Notice of Appearance and on August 8, 2025, OSBA filed its Formal Complaint. On August 11, 2025 I&E filed its Notice of Appearance. On August 20, 2025, 2025, OCA filed its Notice of Appearance and a Formal Complaint and Public Statement.

¹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order Entered August 11, 2011).

² *See* 66 Pa.C.S. §§ 1301(a), 1304.

On August 28, 2025, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until April 16, 2026, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

A telephonic Prehearing Conference was held on September 29, 2025 before ALJs Haas and Collins during which a procedural schedule was established.

An evidentiary hearing was held on November 13, 2025, at which testimony was entered into the record. All cross examination had been waived. Via e-mail on November 26, 2025, ECH advised the ALJs that the Joint Petitioners had reached a settlement and requested that the ALJs suspend the procedural schedule.

I&E now submits the Statement in Support of the settlement achieved in this matter.

II. LEGAL STANDARDS

“The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”³ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁴

³ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

⁴ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

Commission policy encourages settlements because, in the Commission's judgment, the results achieved from a negotiated settlement are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁵

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

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Approval of the Tariff

It is standard that all utility tariffs must be approved by the PUC. Therefore, I&E supports these terms as being in the public interest. Approval of the tariff will allow the Company to effectuate the provisions of the Settlement.

B. Revenue Requirement

⁵ See 52 Pa. Code §§ 5.231(a), 69.401.

I&E did not challenge the Company's proposed revenue requirement in testimony. However, I&E supports the reduced revenue requirement contained in the Settlement as it provides sufficient revenues to allow the Company to provide safe and reliable service, while mitigating the impact on customers.

C. Rate Design/Capacity Charge

Per the Settlement, for all customers except the Company's residential customers, ECH's tariff (as set forth in Appendix A) includes a rate design that adds a usage-based charge for steam distribution service to the rate design originally proposed by ECH. This achieves roughly the same amount of apportioning 80% of ECH's revenue requirement through fixed charges and 20% through variable charges.

In testimony, I&E witness Cline noted a concern that the Company's proposal in its filing to change the minimum bill and usage charge to a fixed monthly capacity charge will not result in just and reasonable rates for customers.⁶ Additionally, I&E witness Cline explained rate certainty could be achieved through methods that would not sacrifice cost causation or conservation principles.⁷ The rate design in the Settlement achieves this goal and should be approved.

D. Budget Billing and Payment Arrangement for Commercial and Industrial Customers

I&E took no position on this issue in testimony, but supports this term as part of the Settlement.

E. Stay Out

⁶ I&E St. No. 1, p. 3.

⁷ I&E St. No. 1, p. 7.

Through the Settlement, ECH agreed not to file for a rate two years from the effective date of rates; provided however, that the foregoing provision shall not prevent ECH from proposing a general increase in rates in circumstances in which exigent financial or operational circumstances that jeopardize ECH's continuing viability as a steam service provider.

There is no restriction on when or how often utilities can seek to increase rates; therefore, this stay out provision benefits customers as it provides for a period of rate stability. At the same time, ECH will not be prejudiced, as it would be able to seek a rate relief if it experiences unforeseeable hardship beyond its own control. For these reasons, the stay out provision of the Settlement is in the public interest and should be approved.

F. Standard Settlement Conditions

The standard conditions of the Settlement recognize that the Settlement is a black box settlement that recognizes the competing interest of the parties and does not necessarily reflect any parties specific position on these issues. Further, the Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification and if modification occurs, any party may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect.

These terms recognize that the Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petition. The very nature of a settlement is that it incorporates

compromise on the part of all parties. This particular settlement agreement exemplifies this principle. In addition, a black box settlement makes the specific identification of the resolution of disputed issues impossible, but is one of the reasons settlement in base rate proceedings is possible. Without the use of black box settlements, settlement of base rate cases would be virtually impossible. Therefore, I&E submits that this settlement is in the public interest and should be approved by the Commission.

IV. CONCLUSION AND REQUEST FOR RELIEF

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Steven K. Haas and Charese Z. Collins recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,



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Dated: December 23, 2025

**Energy Center Harrisburg LLC
2025 Base Rate Case**

**Office of Small Business Advocate
Statement in Support**

Dkt R-2025-3055959

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3055959
	:	
Energy Center Harrisburg LLC	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF RATE PROCEEDING**

I. Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a complaint in response to the filing of Energy Center Harrisburg LLC (“ECH” or the “Company”) of Supplement No. 66 to Tariff Steam – PA PUC No. 4 (“Supplement No. 66”) with the Pennsylvania Public Utility Commission (“Commission”) on July 18, 2025. If approved by the Commission, proposed Supplement No. 66 would increase base revenues for steam service in the amount of \$894,300 per year. Customers of ECH will see an approximate 11.6% increase on a total bill basis.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding (“*Joint Petition*”). The OSBA submits this statement in support of the *Joint Petition*.

II. Standards for Approval of the *Joint Petition*

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

III. Settlement Terms and Conditions

As a steam service utility, ECH faces greater competitive rate pressures than natural gas or electric utilities. Specifically, if ECH's rates are set too high, its customers can switch to gas or electric service to obtain lower overall rates. Consequently, unlike most other utilities, ECH has an incentive to keep its rate increase requests as infrequent and as low as possible to stay in business.

Consistent with its natural incentive to manage its rates to stay in business, as set forth in ECH's filing, the Company has not had a base rate increase since 2013. Furthermore, in this proceeding, ECH's requested revenue requirement only sought a rate of return of only 3.28%, well below what can be justified under conventional regulatory treatment.

OSBA expert witness Kevin Higgins reviewed ECH's expenses, investment, and revenues, and considering the factors identified above, concluded that ECH's requested revenue requirement is just and reasonable.

Mr. Higgins also conducted detailed discovery on ECH's proposed rate design and concluded that the revenue allocation across ECH's individual customers proposed by ECH was reasonable. Specifically, smaller commercial customers were not disadvantaged relative to larger customers. The rate design proposed by ECH, as modified by the *Joint Petition*, gives a moderately greater weight on throughput than ECH initially proposed.¹ This provides a reasonable means for recovering the fixed costs of ECH's system while still providing a price signal for its customers to conserve energy.

The *Joint Petition* also requires ECH to establish a formal program for payment arrangements for commercial and industrial customers, including eligibility and payment terms.² Such a program can provide a means for customers experiencing financial difficulties to pay their utility bills under reasonable terms.

Finally, absent exigent financial or operational circumstances that jeopardize ECH's continuing viability as a steam service provider, ECH commits that it will not file a tariff or tariff supplement proposing a general increase in base rates that takes effect earlier than two years following the entry of a Commission final order approving the *Joint Petition*.³ This two-year stay-out ensures a period of rate stability for ECH customers.

Consequently, the OSBA supports the *Joint Petition* as a just and reasonable resolution to this steam service case.

¹ *Joint Petition*, Paragraph 17.

² *Joint Petition*, Paragraph 22.

³ *Joint Petition*, Paragraph 23.

IV. Conclusion

Therefore, for the reasons set forth in the *Joint Petition*, as well as the issues set forth in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJs and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

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Dated: December 23, 2025

**Energy Center Harrisburg LLC
2025 Base Rate Case**

**Office of Consumer Advocate
Statement in Support**

Dkt R-2025-3055959

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	Docket Nos. R-2025-3055959
Office of Small Business Advocate,	:	C-2025-3056767
Office of Consumer Advocate,	:	C-2025-3056995
	:	
v.	:	
	:	
Energy Center Harrisburg LLC	:	

STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR UNANIMOUS SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE

**TO THE HONORABLE ADMINISTRATIVE LAW JUDGES STEVEN K. HAAS AND
CHARESE Z. COLLINS:**

AND NOW, before the Honorable Administrative Law Judges Steven K. Haas and Charese Z. Collins (ALJs), and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Unanimous Settlement of Rate Proceeding (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The OCA’s interest in this case is to ensure that the nine residential utility consumers in this proceeding are paying no more than is necessary to ensure that public utility service remains adequate, reliable,

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

On July 18, 2025, the Company filed Supplement No. 66 to Tariff Steam – PA PUC No. 4 with the Commission to become effective on September 16, 2025. The Company’s proposed tariffs would increase the Company’s total annual operating revenues by approximately \$894,300, an 11.6% increase in the overall distribution revenue requirement, based on a fully projected future test year (FPFTY) ending April 17, 2025. ECH provides steam distribution service to approximately 101 residential, commercial, and industrial customers in Dauphin County, Pennsylvania, including 9 residential consumers.

On August 25, 2025, the OCA filed its Formal Complaint and Public Statement. The OCA intervened in the proceeding on behalf of the interests of the nine residential consumers.

On August 28, 2025, the Commission entered an Order at the captioned docket, suspending the tariff by operation of law until April 16, 2025, instituting an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and assigning the rate filings to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision.

An in-person public input hearing was held on November 6, 2025, at the Public Utility Commission. No customers attended the public input hearing.

Consistent with the procedural schedule issued by the Administrative Law Judges Steven K. Haas and Charese Z. Collins, the OCA served on the ALJs and the parties its written Direct, and Surrebuttal Testimonies on October 22, 2025, and November 7, 2025, respectively, in which the OCA opposed and/or recommended adjustments to the Company’s requests.

On November 13, 2025, ALJ Haas and Collins held an evidentiary hearing, during which, by stipulation of counsel, the ALJ[s] admitted into the record pre-served testimony and exhibits identified by the Company, the Bureau of Investigation and Enforcement (I&E), the OCA, the Office of Small Business Advocate (OSBA).

ECH, the OCA, I&E, and the OSBA engaged in extensive settlement discussions in an attempt to resolve the issues presented in this proceeding and on November 26, 2025, via email, informed the ALJs that a settlement had been achieved. In accordance with the procedural schedule established in this proceeding, the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is supported by substantial evidence and in the public interest and should be approved without modification.

II. LEGAL STANDARD

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

As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301(a). A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).

The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates." *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*) (emphasis added). The Commission's discretion to determine if a requested rate is just and

reasonable includes the “power to make and apply policy” concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors. *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).

Settlements must be in the public interest and due consideration must be given to the interests of consumers. In order to accept a settlement such as proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)). “It is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted). Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5.

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable. 66 Pa.C.S. §§ 1301(a), 315(a).

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

It is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.”

Lansberry v. Pa. PUC, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*). For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*). The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602. The Commission must make findings “in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence.” 66 Pa.C.S. § 703(e); *ARIPPA*, 792 A.2d at 668-669.

III. ARGUMENT: THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. The OCA submits that the Settlement is in the public interest and supports Commission approval of the Settlement without modification. The OCA points to the substantial evidence in the record to support the provisions addressed by the OCA below and relies on the other parties to the settlement to address those provisions that are significant and material to them in their respective statements in support.

A. Approval of Tariff

The Settlement provides for approval of the steam tariff attached as Appendix A and that the tariff will take effect as of May 28, 2026. Settlement at ¶¶ 12-13, App. A. In response to the OSBA’s testimony, the Settlement also provides that the tariff “clarifies permissible customer

payment methods by specifying that bills may be paid by ACH wire transfer or by mail to Energy Center Harrisburg LL, P.O. Box 223889, Pittsburgh, PA 19521-2889.” Settlement at ¶ 14.

The OCA agrees that the proposed steam tariff is in the public interest and should be approved for the reasons set forth below. The OCA did not address the requested clarification of the customer payment methods in its testimony, but the OCA agrees that this clarity is important for customers to understand the methods by which bills may be paid. Therefore, the OCA submits that the proposed tariff provisions, including the specification regarding bill payment methods should be approved as in the public interest.

B. Revenue Requirement

The Settlement provides for a revenue requirement impact that reflects the OCA’s issues raised in this proceeding and represents a reasonable compromise of the OCA’s concerns.

Paragraphs 15 and 16 of the Settlement state:

15. The Joint Petitioners agree that, except as provided in Paragraph 16 below, the settlement rates are designed to produce \$894,300 in additional annual distribution base rate operating revenue. ECH shall be permitted to file a compliance tariff supplement, on one day’s notice effective May 28, 2026, containing rates designed to produce an additional \$894,300 (as modified by Paragraph 16 below) in annual distribution base rate operating revenue.

16. The Joint Petitioners further agree that in recognition of the unique position of residential customers on ECH’s steam distribution system which is primarily designed to serve commercial and industrial customers in downtown Harrisburg, the settlement rates for residential customers are designed as if the Commission approved an annual revenue increase of only \$720,000. ECH’s tariff contains a separate rate that is specific to residential customers (the “Residential Rate”). The Residential Rate is set forth as a separate rate from the existing rates but it is functionally the same as the currently-effective volumetric rate with the increase described herein. The difference between the Residential Rate and the residential rate that would have been produced using \$894,300 as the annual revenue increase shall not be recoverable from other ECH customers and shall not be recovered by ECH in any future rate case. Within 60 days of Commission approval of this Settlement, ECH shall inform its residential customers by written bill insert of the change in rates following this rate case and the availability of Transition Service under ECH’s tariff. ECH shall consult with OCA on the wording of the bill insert

and provide a copy of the final bill insert to OCA upon mailing of the bill insert to residential customers.

Settlement at ¶¶ 15-16.

The OCA submits that the above provisions are in the public interest and supported by substantial evidence in the record. The Settlement addresses the OCA's primary concerns in this proceeding, which is the impact of the proposed rate increase on the small number of residential customers that ECH serves. As the Settlement notes, the residential customers have distinctly unique interests in this case separate and apart from how the commercial and industrial customers are impacted. In particular, as discussed below, the Company proposed to impose a capacity charge on residential customers.

No other party, other than the OCA, submitted revenue requirement testimony in this proceeding. The Settlement represents a reasonable compromise of the OCA's proposal regarding the impact on residential customers and the Company's proposal which was primarily designed to address the service to commercial and industrial customers. In its initial filing, the Company proposed to increase its total annual operating revenues by \$894,300 in additional annual distribution base rate operating revenue at present rates for commercial and industrial customers. Given the unique position of residential customers within the service territory, under the Settlement, rates for residential customers are designed as if the Commission approved an annual increase of only \$720,000. Settlement at ¶ 16. The agreed upon increase is approximately \$174,000 less than, or only 19.45% of, the Company's requested increase of \$894,300 and is within the range of possible outcomes in this proceeding.

As the Settlement provides, the ECH tariff contains a separate rate that is specific to the residential customers ("the Residential Rate.") Settlement at ¶ 16. The Residential Rate is a separate rate from the existing rates but acts functionally the same as the currently-effective

volumetric rate. Settlement at ¶ 16. The proposed difference in the rates will not be recoverable by ECH in any future rate case or from other customers. Settlement at ¶ 16.

The Settlement also provides that residential customers will be provided with a written bill insert of the change in rates following the rate case and the availability of Transition Service under ECH's tariff. The Company will consult with the OCA about the wording of the insert and provide a final copy of the insert to the OCA. Settlement at ¶ 16.

The OCA submits that the Settlement revenue increase provides sufficient funds to maintain the Company's distribution system in an adequate, efficient, safe, and reasonable manner while avoiding the harsh rate impact that an increase at the full request would have caused. The terms of the Settlement provide that the new rates reflecting this increase will go into effect on May 26, 2026, which is a voluntary extension of the end of the suspension period (April 16, 2026) until after the steam heating season.

This Settlement is a "black box" settlement of all revenue requirement, accounting adjustments, and return on equity issues. Black box settlements provide timely resolution of disputes without the significant expense of prolonged litigation. The OCA submits that it is unlikely that the parties would have been able to reach consensus on each disputed accounting adjustment and rate of return issue in this matter as policy and legal positions can differ widely.

In this case, OCA witness Lafayette Morgan recommended a proposed revenue requirement of \$651,163, or a revenue decrease of \$243,137 from the Company's proposed \$894,300 revenue requirement. OCA St. 1 at 7. OSBA and I&E did not oppose the proposed revenue requirement presented by the Company for the commercial and industrial customers or otherwise address the OCA's proposed revenue requirement.

Based on the OCA's analysis of the Company's filing, discovery responses received, testimony filed, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. Given the unique position of residential customers within the service territory, under the Settlement, rates for residential customers are designed as if the Commission approved an annual increase of only \$720,000. Settlement at ¶ 16.

The Settlement also will provide for an explanation to customers of the proposed increase. The OCA will have the opportunity to work with the Company to ensure that the language presented is clear and understandable to the 9 impacted residential customers and the availability of Transition Service under ECH's tariff.

The increase is reasonable and when accompanied by other important conditions in the Settlement, yields a result that is in the public interest.

C. Rate Design and Capacity Charge

The Settlement addresses one of the OCA's significant concerns in this proceeding—the proposal to move residential customers from the current volumetric rate to a capacity charge. The Company's residential customers, under the Residential Rate, will continue to be charged under the current volumetric charge rate design. Settlement at ¶ 18. The Settlement further provides the customers charges will continue to be encouraged to conserve through the Steam Cost Rate and that budget billing will be offered to any customer who seeks to stabilize its charges. Settlement at ¶ 19.

Under the Settlement for all other customers, except residential customers, the rate design will add a usage-based charge for steam distribution service to the rate design proposed by ECH. Settlement at ¶ 17. As the Settlement provides for all other customers:

The filed tariff is based on all non-fuel revenues being collected through a capacity charge calculated using the equivalent maximum hour pounds of steam (“EMP”) for continuous 12-months service customers and the equivalent cubic feet (“ECF”) for seasonal customers, with unique values of EMP or ECF for each customer. The Settlement provides that non-fuel revenue will be partially collected using metered Mlbs. The attached Excel file PUC25 Revenue Model tab “RevenueRC v2” presents the amount of revenue collected from a fixed capacity charge plus the amount based on \$3.00 per Mlb. *See* Appendix B (**Confidential**). This achieves roughly the same amount of apportioning 80% of ECH’s revenue requirement through fixed charges and 20% through variable charges. Below is a summary of the different revenue (\$000) options.

	Volumetric	Capacity	Total
Existing Tariff	5,272	0	5,272
Filed Tariff	0	5,272	5,272
Settlement Option	846	4,426	5,272

Each customer’s EMP or ECF is recalculated to reflect the lower number. This is shown in Appendix B (**Confidential**).

Settlement at ¶ 17.

In support of the proposal, the Settlement further provides:

[t]he Joint Petitioners acknowledge that the proposed usage-based charge for all customers excluding the residential customers is just and reasonable for ECH based on its unique circumstances, including ECH’s small size, ECH’s limited customer base and opportunities for growth, the competitive nature of the district energy industry, and ECH’s need to stay financially viable, particularly as a result of reduced consumption due to climate warming, customer conservation, and increased costs due to inflation. The Joint Petitioners reserve their right to contend in other proceedings before the Commission that a fixed monthly capacity charge would not be just and reasonable for larger, more financially capable public utilities.

Settlement at ¶ 20.

The OCA was concerned in this proceeding regarding the Company’s proposal to transition residential customers from a volumetric rate to a capacity charge. OCA witness Mierzwa testified

regarding why a capacity charge rate design is not appropriate for residential customers. Mr. Mierzwa testified:

ECH currently serves 9 Residential customers under Rate 1. The current rate design for these customers has been in place since at least 2013. As just explained, a sound rate design provides for stability and predictability in the rates themselves, with a minimum of unexpected changes. A sound rate design also provides for certainty, understandability, and public acceptability. ECH's proposed rate design changes violate the principles of rate design stability and predictability, do not provide for certainty, and ECH has not demonstrated that the changes will be understandable to customers or accepted by the customers. Because of these deficiencies, ECH's proposed rate design modifications should not be approved for Residential customers, and the current rate design structure should be maintained.

I would also note that for Residential electric, gas, and water utility customers, it has generally been Commission precedent and practice to approve rate structures that provide for the recovery of a portion of the base rate cost of service through fixed monthly customer charges and the recovery of the base rate cost of service through volumetric usage charges and not through fixed demand charges. ECH's current rate design is consistent with this practice and is another reason the current rate design should be maintained.

OCA St. 2 at 5 (Public)

In sum and for the reasons set forth in Mr. Mierzwa's Direct Testimony, the rate design provisions contained in the Settlement are in the public interest and address the concerns. The rates were designed in a manner which addressed the OCA's concerns regarding the proposed transition of residential customers to a capacity charge. The OCA did not address the proposed rate design for commercial and industrial customers. The Settlement represents a reasonable compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate design.

D. Budget Billing and Payment Arrangement for Commercial and Industrial Customers

The Settlement also provides that within 90 days following the entry of a Commission final order, ECH shall implement a formal program for payment arrangements for commercial customers, including eligibility and payment terms. Settlement at ¶ 22. The OCA did not present

evidence regarding this issue. However, because resolution of this issue is critical to settling all issues in the instant proceeding, the OCA supports this term as, when considered in the context of the Settlement, in the public interest.

E. Stay Out

The Settlement provides:

Absent exigent financial or operational circumstances that jeopardize ECH's continuing viability as a steam service provider, ECH will not file with the Commission a tariff or tariff supplement proposing a general increase in base rates that take effect earlier than two years following the entry of a Commission final order approving this Settlement.

Settlement at ¶ 23.

The OCA supports the proposed rate stay out for a period of two years following the entry of a Commission order approving the Settlement. This is an important provision as it ensures some level of rate stability for ECH's customers, as a new base rate proceeding would not be able to be filed until after April 2028 and new rates not effective until January 2029. This 2 year stay out guarantee would not have been able to be achieved in a fully litigated proceeding and will provide an important benefit for the residential customers impacted by this case.

F. Standard Settlement Provisions

The OCA supports the Settlement terms contained in Paragraphs 24 to 30 because they are a critical component of approval of settlements before the Commission and are necessary to ensure that the Settling Parties retain their respective rights in future proceedings, as well as the right to withdraw from the Settlement if it is modified in a way which contravenes the purpose of the Settlement.

IV. CONCLUSION AND REQUEST FOR RELIEF

The OCA submits that the terms and conditions of the proposed Settlement, taken together, represent a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully submitted,

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