

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF AUDITS**



**REPORT ON  
ENERGY CENTER PITTSBURGH LLC**

**STATEMENTS OF  
STEAM COST RATE AND CHILLED WATER COST RATE  
FOR THE 12-MONTH PERIODS ENDED  
JUNE 30, 2024, JUNE 30, 2023, AND JUNE 30, 2022**

**JANUARY 5, 2026  
DOCKET NO. D-2025-3053198**

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**Background**

Energy Center Pittsburgh LLC (Energy Center or Company), a direct subsidiary of Community Energy Operating Company LLC, operates two separate steam and chilled water generating plants in Pittsburgh, Pennsylvania. The North Shore plant provides service to 24 customers in 30 buildings. The second plant, known as the Uptown Corridor plant, was constructed in 2017 and began providing steam heat in March 2018 and chilled water in June 2018.

By Order entered October 7, 2021 at Docket No. A-2021-3027258, Energy Center was approved by the Pennsylvania Public Utility Commission (PUC or Commission) the rights to begin to offer, render, furnish, and supply steam, hot water, and chilled water service to the public in a portion of the Golden Triangle of the City of Pittsburgh and for the acquisition of certain assets, properties, and rights related to the steam system of Pittsburgh Allegheny County Thermal, LTD. Service began in July 2023.



## Independent Auditor's Report to the Pennsylvania Public Utility Commission

### Opinion

We have audited Energy Center Pittsburgh LLC's Statements of Steam Cost Rate and Chilled Water Cost Rate Over/Under Collections for the 12-month periods ended June 30, 2024, June 30, 2023, and June 30, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Energy Center Pittsburgh LLC's Statements of Steam Cost Rate and Chilled Water Cost Rate Over/Under Collections for the 12 month periods ended June 30, 2024, June 30, 2023 and June 30, 2022 and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America and the requirements of the Pennsylvania Public Utility Commission.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are required to be independent of Energy Center Pittsburgh LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

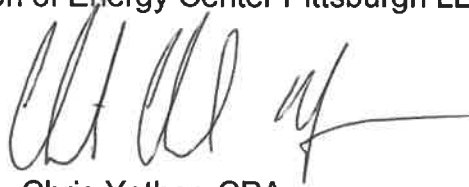
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Energy Center Pittsburgh LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Energy Center Pittsburgh LLC's ability to continue as a going concern for a reasonable period of time.

The auditor is required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that the auditor identified during the audit.

### **Report on Other Legal and Regulatory Requirements**

The accompanying statements were prepared for the purpose of complying with the rules and regulations of the Pennsylvania Public Utility Commission and are not intended to be a complete presentation of Energy Center Pittsburgh LLC's revenue and expenses.



Chris Yother, CPA  
Director  
Bureau of Audits  
Harrisburg, PA  
January 5, 2026

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**North Shore Plant Steam Cost Rate<sup>1</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2024<sup>2</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2023	\$ 139,675	\$ 143,855	\$ (4,181)
August	133,149	132,912	237
September	144,674	147,819	(3,145)
October	224,459	224,210	249
November	259,622	320,934	(61,312)
December	434,019	322,569	111,450
January	410,911	443,104	(32,193)
February	340,561	343,136	(2,575)
March	290,427	282,350	8,077
April	241,189	254,935	(13,746)
May	216,193	178,552	37,641
June 2024	121,634	163,771	(42,137)
Total	<u>\$ 2,956,512</u>	<u>\$ 2,958,147</u>	<u>\$ (1,634)</u>

<sup>1</sup> As reported to the Commission at Docket No. M-2024-3050373. Arithmetic differences are due to rounding.

<sup>2</sup> Notes to the Financial Statements are an integral part of this report.

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**North Shore Plant Steam Cost Rate<sup>3</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2023<sup>4</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2022	\$ 106,762	\$ 108,005	\$ (1,243)
August	128,724	124,687	4,037
September	138,983	141,697	(2,714)
October	215,156	221,123	(5,967)
November	265,330	261,605	3,725
December	357,113	355,317	1,795
January	323,952	327,008	(3,056)
February	294,514	294,733	(219)
March	284,789	316,692	(31,903)
April	273,022	211,617	61,405
May	175,019	205,067	(30,048)
June 2023	<u>148,343</u>	<u>148,634</u>	<u>(291)</u>
Total	<u>\$ 2,711,709</u>	<u>\$ 2,716,185</u>	<u>\$ (4,476)</u>

<sup>3</sup> As reported to the Commission at Docket No. M-2023-3041979. Arithmetic differences are due to rounding.

<sup>4</sup> Notes to the Financial Statements are an integral part of this report.

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**North Shore Plant Steam Cost Rate<sup>5</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2022<sup>6</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2021	\$ 125,478	\$ 128,459	\$ (2,981)
August	146,461	138,755	7,707
September	140,577	137,460	3,116
October	145,128	151,057	(5,929)
November	297,620	296,819	801
December	289,847	293,542	(3,695)
January	425,213	397,345	27,868
February	344,245	330,438	13,806
March	274,449	299,584	(25,135)
April	219,127	230,207	(11,080)
May	174,831	174,688	143
June 2022	<u>139,477</u>	<u>135,479</u>	<u>3,998</u>
Total	<u>\$ 2,722,452</u>	<u>\$ 2,713,833</u>	<u>\$ 8,619</u>

<sup>5</sup> As reported to the Commission at Docket No. M-2022-3034447. Arithmetic differences are due to rounding.

<sup>6</sup> Notes to the Financial Statements are an integral part of this report.

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**North Shore Plant Chilled Water Cost Rate<sup>7</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2024<sup>8</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2023	\$ 270,830	\$ 352,008	\$ (81,179)
August	353,201	356,464	(3,263)
September	263,927	239,206	24,721
October	181,830	203,691	(21,861)
November	117,671	137,769	(20,098)
December	147,412	113,918	33,494
January	115,608	136,496	(20,888)
February	136,650	102,118	34,532
March	125,647	128,727	(3,080)
April	120,711	126,986	(6,275)
May	299,036	267,201	31,835
June 2024	<u>215,307</u>	<u>261,891</u>	<u>(46,584)</u>
Total	<u>\$ 2,347,830</u>	<u>\$ 2,426,476</u>	<u>\$ (78,645)</u>

<sup>7</sup> As reported to the Commission at Docket No. M-2024-3050373. Arithmetic differences are due to rounding.

<sup>8</sup> Notes to the Financial Statements are an integral part of this report.

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**North Shore Plant Chilled Water Cost Rate<sup>9</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2023<sup>10</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2022	\$ 412,673	\$ 423,150	\$ (10,478)
August	482,470	469,976	12,494
September	352,962	330,824	22,138
October	137,579	168,586	(31,007)
November	162,960	138,108	24,852
December	58,824	101,868	(43,044)
January	128,240	104,154	24,086
February	106,378	90,662	15,716
March	63,502	94,714	(31,212)
April	186,161	149,010	37,151
May	225,036	212,623	12,413
June 2023	<u>221,671</u>	<u>203,016</u>	<u>18,654</u>
Total	<u>\$ 2,538,457</u>	<u>\$ 2,486,693</u>	<u>\$ 51,764</u>

<sup>9</sup> As reported to the Commission at Docket No. M-2023-3041979. Arithmetic differences are due to rounding.

<sup>10</sup> Notes to the Financial Statements are an integral part of this report.

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**North Shore Plant Chilled Water Cost Rate<sup>11</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2022<sup>12</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2021	\$ 380,420	\$ 375,638	\$ 4,783
August	463,314	422,500	40,813
September	251,825	285,688	(33,863)
October	244,284	245,283	(999)
November	121,959	154,898	(32,939)
December	169,738	116,892	52,846
January	84,966	142,040	(57,074)
February	118,905	151,027	(32,122)
March	244,242	144,915	99,328
April	146,527	156,064	(9,537)
May	212,849	221,183	(8,334)
June 2022	<u>430,632</u>	<u>417,586</u>	<u>13,046</u>
Total	<u>\$ 2,869,660</u>	<u>\$ 2,833,714</u>	<u>\$ 35,947</u>

<sup>11</sup> As reported to the Commission at Docket No. M-2022-3034447. Arithmetic differences are due to rounding.

<sup>12</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Steam Cost Rate<sup>13</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2024<sup>14</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2023	\$ 73,457	\$ 74,347	\$ (890)
August	88,844	89,376	(531)
September	70,940	71,594	(653)
October	111,491	116,035	(4,543)
November	183,031	247,790	(64,759)
December	237,890	344,080	(106,190)
January	338,239	405,618	(67,380)
February	303,646	336,818	(33,172)
March	271,559	285,935	(14,375)
April	214,017	230,425	(16,408)
May	131,838	137,305	(5,467)
June 2024	<u>125,695</u>	<u>110,680</u>	<u>15,015</u>
Total	<u>\$ 2,150,648</u>	<u>\$ 2,450,001</u>	<u>\$ (299,354)</u>

<sup>13</sup> As reported to the Commission at Docket No. M-2024-3050486. Arithmetic differences are due to rounding.

<sup>14</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Steam Cost Rate<sup>15</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2023<sup>16</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2022	\$ 55,108	\$ 56,408	\$ (1,300)
August	54,899	56,200	(1,300)
September	51,831	51,733	98
October	67,202	67,023	179
November	84,618	79,459	5,159
December	142,183	87,140	55,043
January	104,250	120,056	(15,806)
February	95,864	103,162	(7,297)
March	88,096	95,238	(7,142)
April	91,758	88,603	3,155
May	79,325	92,484	(13,158)
June 2023	<u>72,207</u>	<u>72,111</u>	<u>96</u>
Total	<u>\$ 987,341</u>	<u>\$ 969,616</u>	<u>\$ 17,725</u>

<sup>15</sup> As reported to the Commission at Docket No. M-2023-3042068. Arithmetic differences are due to rounding.

<sup>16</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Steam Cost Rate<sup>17</sup> (SCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2022<sup>18</sup>**

<u>Month</u>	<u>SCR Revenue</u> (1)	<u>SCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2021	\$ 59,453	\$ 56,780	\$ 2,674
August	56,107	52,396	3,710
September	51,699	51,700	(0)
October	65,415	24,605	40,810
November	109,426	121,372	(11,946)
December	122,720	155,962	(33,242)
January	178,127	109,881	68,246
February	94,017	100,637	(6,620)
March	95,949	88,560	7,389
April	79,582	89,145	(9,563)
May	61,077	66,275	(5,199)
June 2022	<u>53,594</u>	<u>67,873</u>	<u>(14,279)</u>
Total	<u>\$ 1,027,166</u>	<u>\$ 985,186</u>	<u>\$ 41,980</u>

<sup>17</sup> As reported to the Commission at Docket No. M-2022-3034447. Arithmetic differences are due to rounding.

<sup>18</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Chilled Water Cost Rate<sup>19</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2024<sup>20</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2023	\$ 142,946	\$ 142,867	\$ 79
August	149,334	124,740	24,594
September	98,620	104,127	(5,507)
October	80,386	81,743	(1,356)
November	42,128	61,607	(19,480)
December	62,613	60,790	1,823
January	34,644	43,933	(9,290)
February	64,418	60,507	3,911
March	67,097	71,165	(4,068)
April	81,270	88,162	(6,893)
May	123,828	121,441	2,387
June 2024	<u>143,328</u>	<u>156,654</u>	<u>(13,326)</u>
Total	<u>\$ 1,090,612</u>	<u>\$ 1,117,738</u>	<u>\$ (27,126)</u>

<sup>19</sup> As reported to the Commission at Docket No. M-2024-3050486. Arithmetic differences are due to rounding.

<sup>20</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Chilled Water Cost Rate<sup>21</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2023<sup>22</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2022	\$ 187,810	\$ 180,069	\$ 7,741
August	168,495	162,416	6,079
September	125,458	88,157	37,301
October	54,819	58,018	(3,200)
November	44,497	44,360	137
December	34,559	56,248	(21,689)
January	48,140	49,065	(925)
February	73,576	47,829	25,746
March	40,596	60,923	(20,327)
April	99,552	60,335	39,217
May	90,247	90,587	(340)
June 2023	<u>106,968</u>	<u>120,209</u>	<u>(13,241)</u>
Total	<u>\$ 1,074,716</u>	<u>\$ 1,018,216</u>	<u>\$ 56,499</u>

<sup>21</sup> As reported to the Commission at Docket No. M-2023-3042068. Arithmetic differences are due to rounding.

<sup>22</sup> Notes to the Financial Statements are an integral part of this report.

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**Uptown Plant Chilled Water Cost Rate<sup>23</sup> (CWCR)  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended June 30, 2022<sup>24</sup>**

<u>Month</u>	<u>CWCR Revenue</u> (1)	<u>CWCR Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
July 2021	\$ 117,608	\$ 87,209	\$ 30,399
August	147,284	115,844	31,440
September	84,232	99,582	(15,350)
October	89,264	90,105	(841)
November	38,404	64,883	(26,479)
December	67,878	56,962	10,915
January	38,093	48,261	(10,169)
February	54,583	48,051	6,532
March	64,260	52,362	11,898
April	64,298	65,943	(1,645)
May	104,646	114,728	(10,082)
June 2022	<u>135,067</u>	<u>147,119</u>	<u>(12,052)</u>
Total	<u>\$ 1,005,617</u>	<u>\$ 991,049</u>	<u>\$ 14,568</u>

<sup>23</sup> As reported to the Commission at Docket No. M-2022-3034447. Arithmetic differences are due to rounding.

<sup>24</sup> Notes to the Financial Statements are an integral part of this report.

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**Notes to the Financial Statements**

**1 - Statements**

The Steam Cost Rate (SCR) and Chilled Water Cost Rate (CWCR) Over/(Under) Collections presented in this report are condensed from the officially filed statements. The audit was conducted Energy Center's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2024-3050373, M-2024-3050486, M-2023-3041979, M-2023-3042068, and M-2022-3034447.

**2 - SCR and CWCR Revenue**

SCR and CWCR Revenue is calculated by multiplying the sales volume billed by the applicable SCR or CWCR rate, excluding the E-Factor.

**3 - SCR and CWCR Costs**

SCR and CWCR Costs are the expenses incurred in steam and chilled water production. Such expenses include the cost of natural gas and electricity consumed.

**4 - Over/(Under) Collections**

The Over/(Under) Collection is the difference between SCR and CWCR Revenue and SCR and CWCR Costs. The resulting amount represents the portion of SCR and CWCR Revenue refundable to or SCR and CWCR Costs recoverable from customers through subsequent SCR and CWCR rates. Differences arise for two primary reasons:

- Variations between the actual volumes billed to customers and the estimates used to determine the SCR and CWCR rates, and,
- Variations between the actual SCR and CWCR Costs and the estimates used to determine the SCR and CWCR rates.

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**Disposition of Prior Audit Findings**

Our previous audit of Energy Center Pittsburgh LLC's SCR and CWCR for the 12-month periods ended June 30, 2021, June 30, 2020, and June 30, 2019 at Docket No. D-2022-3030818 disclosed the following findings.

**Finding No. 1 – Energy Center made unsupported adjustments and understated SCR revenue by \$60,845 and CWCR revenue by \$18,576 for its Uptown Plant for the 12-month period ended June 30, 2021.**

**Recommendations:**

We recommended that Energy Center make an adjustment to refund \$60,845, plus interest at the applicable rate through the E-Factor in its next SCR filing for the Uptown Plant. We recommended that Energy Center make an adjustment to refund \$18,576, plus interest at the applicable rate through the E-Factor of its next CWCR filing for the Uptown Plant. In addition, we recommended that Energy Center develop and implement written procedures for tracking, recording, and reporting revenue adjustments.

**Disposition:**

Energy Center refunded its Uptown Plant SCR customer \$60,845, plus \$14,019 in interest and refunded its Uptown Plant CWCR customer \$18,576, plus \$4,280 in interest through adjustments to the E-Factors in its annual reconciliation filing at Docket No. M-2024-3050486. Energy Center has implemented a report to track revenue adjustments made to customer accounts and developed written procedures for revenue adjustments and the monthly accounting close process.

**Finding No. 2 – Energy Center made unsupported adjustments and understated SCR revenue by \$34,896 and CWCR revenue by \$11,079 for its North Shore Plant for the 12-month period ended June 30, 2021.**

**Recommendations:**

We recommended that Energy Center make an adjustment to refund \$34,896, plus interest at the applicable rate through the E-Factor in its next SCR filing for the North Shore Plant. We recommended that Energy Center make an adjustment to refund \$11,079, plus interest at the applicable rate the E-Factor of its next CWCR filing for the North Shore Plant. In addition, we recommended that Energy Center develop written procedures for tracking, recording, and reporting revenue adjustments.

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**Disposition of Prior Audit Findings (Continued)**

**Disposition:**

Energy Center refunded its North Shore Plant SCR customers \$34,896, plus \$8,040 in interest and refunded its North Shore Plant CWCR customers \$11,079, plus \$2,552 in interest, through adjustments to the E-Factors in its annual reconciliation filing for the 12-months ended June 30, 2024 at Docket No. M-2024-3050373. Energy Center has implemented a report to track revenue adjustments made to customer accounts and developed written procedures for revenue adjustments and the monthly accounting close process.

**Current Audit Findings**

**Finding No. 1 - Energy Center overstated CWCR costs by \$59,106 for its North Shore Plant.**

Energy Center applied incorrect unit cost rates of \$0.1712 per kilowatt hour (kWh) and \$0.1837/kWh for electricity purchased and allocated to chilled water production in the North Shore Plant for the months of January 2022 and February 2022, respectively. Per the invoices, the cost rates were \$0.1392/kWh and \$0.1451/kWh for January 2022 and February 2022, respectively, which differed from the cost rates used to calculate the reported expenses by \$0.0320/kWh and \$0.0386/kWh, respectively. In January 2022, Energy Center purchased and allocated 837,270 kWh; in February 2022, Energy Center purchased and allocated 837,123 kWh.

The Company attributed the errors to incorrect entries made by a contractor working for the Company at the time. As a result, Energy Center overstated chilled water expenses by \$26,793<sup>25</sup> and \$32,313<sup>26</sup> for January 2022 and February 2022, respectively.

**Recommendation:**

We recommend that Energy Center refund \$59,106<sup>27</sup>, plus applicable interest through the E-Factor in its next CWCR filing for the North Shore Plant. We further recommend that Energy Center institute appropriately designed and effectively functioning controls to prevent, detect, and correct errors related to the CWCR filings.

**Auditor's Note:**

On December 22, 2025 at Docket No. M-2025-3056547, Energy Center Pittsburgh filed a revised calculation of the E-Factor to refund \$59,106, plus \$16,299.80 in interest to its North Shore CWCR customers over the 9-month period of December 2025 through August 2026.

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<sup>25</sup> \$26,793 = \$0.0320 x 837,270 kWh

<sup>26</sup> \$32,313 = \$0.0386 x 837,123 kWh

<sup>27</sup> \$59,106 = 26,793 + \$32,313

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**Current Audit Findings (continued)**

**Finding No. 2 - Energy Center billed SCRs and CWCRs that differed from the monthly rate calculations.**

Energy Center did not consistently bill customers the rates that it reported to the Commission in their monthly informational rate adjustment filings. For example, in March 2022, Energy Center billed a rate of \$0.1305 per ton-hour on 1,110,910 of ton-hours of usage. The March 2022 North Shore Plant CWCR reported by Energy Center on its monthly informational filing at Docket No. M-2023-3037944 was \$0.1719 per ton-hour, so the customer was underbilled by \$45,992<sup>28</sup>.

These inconsistencies occurred in all three reconciliation periods, affecting Steam Heat and Chilled Water customers of the North Shore Plant and Uptown Plant. The auditors determined that the company misapplied C-Factor and E-Factor rates for its North Shore customers and did not always apply E-Factor rates for Uptown Plant customers.

Despite the billing errors, Energy Center consistently and accurately reported the C-Factor and E-Factor revenue received from its customers, on its 1307(e) annual reconciliation statements filed with the Commission.

**Recommendation:**

We recommend that Energy Center institute appropriately designed and effectively functioning controls to prevent, detect, and correct errors related to customer billing.

**Finding No. 3 - Energy Center understated SCR costs by \$5,227 for the Uptown Plant.**

Energy Center did not accurately report invoiced natural gas expense for the month of October 2021 for its Uptown Plant's SCR. Energy Center's vendors invoiced it \$29,832 in natural gas costs in October 2021. Due to errors in recording and reporting the expense, Energy Center reported \$24,605 in natural gas costs.

**Recommendation:**

We recommend that Energy Center recoup \$5,227<sup>29</sup> through the E-Factor in its next SCR filing for the Uptown Plant. We further recommend that Energy Center institute appropriately designed and effectively functioning controls to prevent, detect, and correct errors related to the reporting of costs.

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<sup>28</sup>  $(\$0.1719 - \$0.1305) * 1,110,910$  per ton-hours = \$45,992 (rounded)

<sup>29</sup>  $\$5,227 = \$29,832 - \$24,605$

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**Current Audit Findings (continued)**

**Finding No. 4 - Energy Center neglected to file Annual Financial Reports with the PUC.**

All public utility companies subject to the jurisdiction of the PUC are required by 52 Pa. Code § 63.36 to file an annual financial report by April 30 immediately following the reporting year. Energy Center has neglected to file annual financial reports for the calendar years 2021 through 2024.

**Recommendation:**

We recommend that Energy Center file annual financial reports for the 12-month periods ended December 31, 2024, December 31, 2023, December 31, 2022, and December 31, 2021 within 60 days of the date of this report.