

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

PA Public Utility Commission, et al.
vs.
Energy Center Harrisburg, LLC

Public Meeting of March 12, 2026
3055959-ALJ
Docket Nos. R-2025-3055959, et al.

STATEMENT OF VICE CHAIR KIMBERLY BARROW

Before us for consideration is the Recommended Decision of Administrative Law Judges (ALJs) Steven K. Haas and Charece Z. Collins, issued on January 26, 2026, in the above-captioned proceeding. Also, before us for consideration is the Joint Petition for Approval of Unanimous Settlement of Rate Proceeding (Joint Petition or Settlement), filed by Energy Center Harrisburg, LLC (ECH or Company), the Commission's Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), and the Office of Small Business Advocate (OSBA) (collectively, Joint Petitioners) on December 23, 2025.

ECH proposed a base rate change to increase its total annual operating revenues for its steam operations by \$894,300, or approximately 11.6%.¹ ECH also 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, and the declining number of customers and sales in million pounds (Mlbs). ECH Statement No. 1, at 11-12; ECH Statement No. R-2, at 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.

ECH indicated that the primary reason for its requested increase is that since its last rate increase in 2013, the Company has experienced a loss in sales, a loss in the number of customers,² and a decade of escalation of operating expenses, including recent high increases in costs due to inflation. According to ECH, the primary causes of reduced consumption are climate warming and customer conservation, which are unlikely to improve. ECH also noted that customer

¹ ECH calculated its current revenue requirement as supporting an increase of \$1,775,157 (approximately 23.3% on a total bill basis), but the Company mitigated its proposal and requested an increase of only \$894,300 in annual operating revenues. According to ECH, it 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 13-15.

² ECH's 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 1.

attrition has occurred as a result of building renovations and changes. ECH Statement No. 1, at 5-6; ECH Statement in Support at 5-6.

In litigating the instant rate request, the OCA proposed an overall annual increase of \$651,163 for the nine residential customers. Although I&E did not challenge the Company's proposed revenue requirement, 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.

In the Settlement filed on December 23, 2025, the Joint Petitioners 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. The \$720,000 increase for residential customers is an amount between the \$651,163 increase proposed by the OCA and the \$894,300 proposed by the Company. Settlement ¶ II.B.15-16.

In the Recommended Decision issued January 26, 2026, ALJs Haas and Collins recommended, *inter alia*, approval of the Settlement in its entirety without modification, finding that the Settlement terms are supported by substantial evidence and are in the public interest. R.D. at 1, 27,31.

I understand that ECH's last rate increase was about 13 years ago and was settled similar to the instant proceeding. Nonetheless, the record is clear that ECH has only nine residential customers and has agreed to calculate residential rates based on a reduced annual distribution base rate increase of \$720,000. Further, under the Settlement, ECH has agreed to a stay-out period of two years, absent exigent financial or operational circumstances that jeopardize its continuing viability as a steam service provider.

In addition, the record shows a steady decline in the number of customers and annual sales for ECH. For instance, when the Company first began operations in 1987, it had 400 customers and approximately 400,000 Mlbs of annual sales. In 2013, the Company had approximately 143 customer accounts. The customer count is currently approximately 100, and the expected sales level is below 300,000 Mlbs. ECH Statement No. 2 at 5-6; ECH Statement No. R-2 at 5-6.

I acknowledge that the instant Settlement is a "black box" settlement, which means that it does not reflect a specific resolution of every element of the agreed-upon revenue increase and revenue requirement, including any specific rate of return. Instead, it represents the Joint Petitioners' agreed-upon final revenue increase amount based on their respective individual analyses of the various revenue and expense items. I nevertheless conclude that based on the above-mentioned factors, the Settlement should be approved. Therefore, I agree with the ALJs' recommendation in this matter.

March 12, 2026


Kimberly Barrow, Vice Chair