

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

Public Meeting held May 21, 2026

Commissioners Present:

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

Periodic Review of Pike County Light & Power
Company – Gas Long-Term Infrastructure
Improvement Plan

M-2024-3050193

OPINION AND ORDER

BY THE COMMISSION:

On August 22, 2024, via a Secretarial Letter, the Public Utility Commission (Commission) initiated the periodic review of Pike County Light & Power Company's (PCLP's) Long-Term Infrastructure Improvement Plan (LTIIP) for its gas operations as required by the Commission's regulations. 52 Pa. Code § 121.7(a). Unless otherwise directed, the periodic review begins at the midpoint of the term of the current LTIIP. PCLP's current LTIIP began with calendar year 2019, and spans until 2029, and thus the midpoint of the LTIIP is approximately July 1, 2024.¹

¹ See, *Petition of Pike County Light & Power Company for Approval of a Long-Term Infrastructure Improvement Plan*, Order entered June 13, 2019, at Docket No. P-2019-3007304.

For the purposes of the periodic review, the Commission established a thirty (30) day comment period and a twenty (20) day reply comment period.

No comments were filed.

For the reasons expressed in this Opinion and Order, the Commission finds that PCLP's LTIP is not designed to ensure and maintain safe, adequate, reasonable, and reliable service and that PCLP has not substantially adhered to its plan.

BACKGROUND

Effective April 16, 2012, Act 11 of 2012, (Act 11) provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility's distribution system. The eligible property for the utilities is defined in 66 Pa.C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file a LTIP with the Commission consistent with 66 Pa.C.S. §1352.

The Commission promulgated regulations relating to LTIPs at 52 Pa. Code §§ 121.1 – 121.8 that became effective December 20, 2014. These regulations provide that the periodic review will determine:²

1. If the utility has adhered to its LTIP.
2. If changes to the LTIP are necessary to maintain and improve the efficiency, safety, adequacy and reliability of the utility's existing distribution infrastructure.

² 52 Pa. Code § 121.7(b).

These regulations further provide that if the utility's LTIP is found to be no longer adequate to ensure and maintain the efficiency, safety, adequacy and reliability of the utility's existing distribution infrastructure, the Commission would direct the utility to revise, update or resubmit its LTIP as appropriate. If the utility chooses not to abide by the Commission's direction in this regard, the utility may elect to withdraw its LTIP and forfeit its right to recover expenses through a DSIC. 52 Pa. Code § 121.7(d).

PERIODIC REVIEW OF PCLP'S LTIP

LTIP Planned and Completed Expenditures and Projects

PCLP's LTIP covers the eleven calendar years 2019 through 2029. On April 6, 2022, PCLP filed a Petition to modify its LTIP, which was approved by Commission Order entered August 4, 2022.³ The modification was for the purpose of increasing the original LTIP expenditure amounts for the remainder of PCLP's LTIP, 2022 through 2029.

PCLP's LTIP focuses on the accelerated replacement of distribution mains and services. PCLP is also moving or replacing meters as it completes the main replacement work in order to relocate these meters to the exterior of the associated structures. PCLP also proposed an overhaul of its Third Street Regulator Station. PCLP has completed seven years of its LTIP, spanning the years 2019 through 2025.

This review considers calendar years 2019 through 2025 of PCLP's LTIP and PCLP's forecast spending for 2026. Several unreconcilable discrepancies have been identified between PCLP's LTIP and its Annual Asset Optimization Plans (AAOPs).⁴

³ See, *Petition of Pike County Light & Power Company for Modification of its Long-Term Infrastructure Improvement Plan*, Order entered August 4, 2022, at Docket No. P-2019-3007304.

⁴ Pursuant to 52 Pa. Code § 121.6, a utility with an approved DSIC shall file with the Commission an AAOP. The

Table 1, below, summarizes PCLP’s projected replacements and actual replacements for the seven years of its LTIIIP since 2019.⁵ We note that there were some discrepancies between the feet of main replaced and actual expenditures PCLP reported in its AAOPs for 2019 through 2021, and the feet of main replaced and actual expenditures reported for those years in PCLP’s AAOPs for 2022 through 2025. For the purposes of this review, the information provided in PCLP’s AAOPs for 2022 through 2025 will be utilized.

Table 1: PCLP’s 2019 through 2025 Estimates and Actual Quantities of Property Improved

Year	Main Planned (Feet)	Main Replaced (Feet)	Differential (Feet)
2019	3,603	3,147	-456
2020	7,001	6,582	-419
2021	6,367	7,342	975
2022	5,476	796	-4,680
2023	6,439	8,545	2,106
2024	7,154	4,792	-2,362
2025	7,205	8,943	1,738
Total	43,245	40,147	-3,098

Table 2, below, shows the amount of planned and actual spending for each year of PCLP’s LTIIIP since 2019.

AAOP shall be filed annually with the Commission 60 days after the 12 months of its LTIIIP has expired and under this time frame for each successive year of the term of the LTIIIP. An AAOP must include: 1) a description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIIIP and prior year’s AAOP; and 2) a description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period. As a matter of practice, utilities also report corresponding expenditures for the actual and projected eligible property repaired, improved and replaced.

⁵ Tables 1 and 2 utilize information provided in PCLP’s AAOPs, which can be found at Docket Nos. M-2021-3024559, M-2021-3024560, M-2022-3030941, M-2023-3038623, M-2024-3047052, M-2025-3053809, and M-2026-3060665.

Table 2: PCLP’s 2019 through 2025 Estimates and Actual Expenditures for Each Year of the LTIIIP

Year	Expenditures Planned (\$)	Actual Expenditures (\$)	Differential (\$)
2019	\$341,000	\$309,211	-\$31,789
2020	\$561,000	\$648,741	\$87,741
2021	\$605,000	\$832,517	\$227,517
2022	\$900,000	\$146,553	-\$753,447
2023	\$900,000	\$1,495,797	\$595,797
2024	\$900,000	\$1,176,984	\$276,984
2025	\$900,000	\$2,136,470	\$1,236,470
Total	\$5,107,000	\$6,746,273	\$1,639,273

PCLP has failed to meet its goals for footage of main replacement over the course of its LTIIIP, replacing 7.2% less than scheduled. Over the same period, PCLP has vastly overspent its budget within the LTIIIP. PCLP explains in its 2025 AAOP filed February 24, 2026, that it has experienced materials cost increases due to inflation, as well as higher contractor costs. In its 2025 AAOP, PCLP also states that in 2026 it plans to spend \$2,058,540,⁶ which is \$1,158,540 over its LTIIIP budget, or 128.7% higher than planned. The increased expenditures noted in Table 2 plus the forecast exceedance in 2026 total \$2,797,813 (\$1,639,273 + \$1,158,540), which is an increase of approximately 32.1% over the total forecast LTIIIP expenditures of \$8,707,000. This meets the definition of a Major Modification, pursuant to 52 Pa. Code § 121.2, which requires a Petition for Modification, pursuant to 52 Pa. Code § 121.5(a). Further, PCLP’s 2025 AAOP projects expenditures of \$5,014,448 from 2027 through 2029, which is a \$2,314,448 increase above the LTIIIP forecast of \$2,700,000 for those years. The total increase in actual and forecast LTIIIP expenditures by PCLP are \$5,112,261 (\$2,797,813 + \$2,314,448), which is a 58.7% increase above the LTIIIP total.

⁶ We note that PCLP’s 2025 LTIIIP indicated \$2,028,540 for 2026, which appears to be due to an addition error in its table.

RECOMMENDATION REGARDING PCLP'S LTIIIP

Based on the analysis and discussion above, PCLP is not in compliance with its LTIIIP obligations and is not meeting its LTIIIP projections in terms of project completion and expenditures. Pursuant to 52 Pa. Code § 121.8, PCLP is obligated to comply with the infrastructure replacement schedule and elements of its LTIIIP with only minor changes or deviations allowed. As detailed above, over time PCLP's variations from both its projected LTIIIP budget and infrastructure replacement and/or repair have become substantial. These substantial variations make it exceedingly difficult for the Commission, and any interested party, to rely on PCLP's planned versus actual LTIIIP expenditures and project completion. Also as noted above, PCLP's actual and forecast expenditures exceed 20% of the total planned LTIIIP expenditures and thus represent a Major Modification.

As such, we direct that PCLP file a modified or new LTIIIP with the Commission that accurately reflects its forecast budget and schedule for infrastructure repair and replacement. In the new or modified LTIIIP, PCLP shall identify a reasonable estimate of the quantity of eligible property to be improved or repaired, revise its estimated schedule for the planned repair and replacement of eligible property, and identify its projected annual expenditures, by year.

CONCLUSION

The Commission finds that the Long-Term Infrastructure Improvement Plan of PCLP is not designed adequately to ensure and maintain safe, adequate, reasonable, and reliable service and that PCLP has not substantially adhered to its plan; **THEREFORE,**

IT IS ORDERED:

1. That within sixty (60) days of the entry of this Order, Pike County Light & Power Company shall file a modified Long-Term Infrastructure Improvement Plan or a new Long-Term Infrastructure Improvement Plan addressing the deficiencies noted in the body of this Order.

2. That if Pike County Light & Power Company chooses to withdraw its Long-Term Infrastructure Improvement Plan, Pike County Light & Power Company shall notify the Commission within thirty (30) days of the entry of this Order and Pike County Light & Power Company's Distribution System Improvement Charge shall immediately terminate, and Pike County Light and Power Company shall file a tariff supplement within thirty (30) days of the entry of this Order that removes any provisions or language related to its Distribution System Improvement Charge. The tariff supplement shall be filed effective on one (1) days' notice.

3. That upon Pike County Light and Power Company either filing a modified or new Long-Term Infrastructure Improvement Plan as directed in Ordering Paragraph 1, or the tariff supplement pursuant to Ordering Paragraph 2, the proceeding at Docket No. M-2024-3050193 be closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: May 21, 2026

ORDER ENTERED: May 21, 2026