

## COMMONWEALTH OF PENNSYLVANIA



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January 31, 2023

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

Re: Use of Fully Projected Future Test Year,  
52 Pa. Code Chapter §§ 53.51 –53.56a  
Docket No. L-2012-2317273

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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Certificate of Service

\*340038

## CERTIFICATE OF SERVICE

Use of Fully Projected Future Test Year, : Docket No. L-2012-2317273  
52 Pa. Code Chapter §§ 53.51 – 53.56a :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 31<sup>st</sup> day of January 2023.

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Use of Fully Projected Future Test Year, : Docket No. L-2012-2317273  
52 Pa. Code Chapter 53.51-53.56a :

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REPLY COMMENTS  
OF THE OFFICE OF CONSUMER ADVOCATE  
REGARDING PROPOSED MODIFICATIONS  
TO THE COMMISSION'S REGULATIONS  
RELATING TO INFORMATION TO BE FURNISHED  
WITH THE FILING OF RATE CHANGES

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## I. INTRODUCTION

The Office of Consumer Advocate (OCA) thanks the Public Utility Commission (Commission) for moving forward with Fully Projected Future Test Year (FPFTY) regulations. As the OCA emphasized in its Comments, uniformity in filing will benefit all parties as they litigate rate increase requests. In addition, uniformity will benefit the Commission by allowing for the efficient review of all cases.

Some parties have argued against the proposed regulations. As part of their comments, these parties have argued that there have been over thirty base rate filings utilizing a FPFTY, that those proceedings have been adequate, and that there is no need to move forward with the comprehensive regulations proposed in this docket. The OCA submits that while an ad hoc approach may work to the benefit of individual companies that are comfortable with how they have filed in the past, it does not benefit the parties that either must or choose to participate in proceedings of varied utilities. Nor does it benefit the Commission as it must review cases across multiple utilities and multiple industries. Standards are important for ensuring that consistent information is presented in a uniform manner that is easily accessible to and understood by the public.

Further, an argument has been made that because utilities have the burden of proof in a rate proceeding, they should not be pressed to modify how they file rate cases. The OCA submits that this argument should not be given any weight. The Commission has an obligation to ensure that rates are just and reasonable. The Commission is authorized to issue regulations that allow for the proper review and regulation of utilities. Further, the Commission is specifically authorized to adopt regulations governing the information and data to be submitted when a FPFTY is utilized.

For these reasons, it is essential that the Commission move forward with comprehensive FPFTY regulations.

Several parties expressed concerns that the proposed regulations will create duplication of effort and the submission of information. The OCA agrees that, where the regulations will provide duplication of material already provided, the regulations should be adjusted/modified to avoid that result.

It is important to contextualize that the utilities have a long planning period prior to their rate case filing where they can ensure that information is available to meet these filing requirements. This is in contrast to the statutorily prescribed period in which rate cases must be litigated and decided, a significant portion of which is reserved for the Commission and its staff to write and render a decision. In balancing the interests, it is in the public interest to reduce needed discovery during the rate case period when that information can be presented at the time of the filing. It will streamline an already hectic and harried schedule, a schedule that may serve a utility's interest but does not serve the interest of the public in transparency, accessibility, and clarity.

With that in mind, as explained in its Comments, the OCA generally supports the Commission's proposed regulations. The requirements contained in this rulemaking will help ensure that no matter which utility is filing, the Commission and parties will see consistent information presented in a uniform manner. This level of transparency and visibility benefits all parties. Given the statutory timeframes in which rate cases must be completed, requiring utilities to provide complete and valuable data at the time of filing, will allow parties to conduct a more thorough review which will ultimately benefit ratepayers.

In its Comments, the OCA identified areas where, in its view, the proposed regulations should be modified. For these Reply Comments the OCA has reviewed the comments submitted by the other parties to this proceeding, and has identified comments with which it agrees and some with which it disagrees. The Reply Comments will provide further detail on both and will offer the OCA's rationale for its position. Overall, the OCA's Reply Comments are offered in the spirit of producing a set of regulations that meets the Commission's objective of being uniform, streamlined, and cost-effective.

These Reply Comments will respond to Aqua Pennsylvania (Aqua), Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), Energy Association of Pennsylvania (EAP), First Energy (FE), Industrial Energy Consumers of Pennsylvania (IECPA), National Association of Water Companies – PA Chapter (NAWC), Office of Small Business Advocate (OSBA), Pennsylvania-American Water Company (PAWC), PPL, UGI, and Veolia Water of Pennsylvania (Veolia).

## II. REPLY COMMENTS

### Annex B, Section 53.53, Exhibit E Filing Requirements For Public Utilities Seeking a General Rate Increase Above \$1 Million in Annual Gross Revenues-General Filing Requirements

#### D. Rate Base

In 53.53 Exh. E, D. 2, Requirement subsection (d) says "If a claim is made for CWIP, provide all of the following: (d) Whether each project will be funded by the DSIC.". EAP suggested the Commission consider a dollar threshold for claims made for CWIP, as it would be quite burdensome for utilities to provide all requested information for every project. EAP Comments at 14. PPL indicated public utilities do not always know when they file a base rate case which projects will be funded by the DSIC. Accordingly, it believes this filing requirement would



not produce relevant and reliable information. PPL Comments at 6. The OCA disagrees with the proposal for a threshold for CWIP claims as data that is not captured within the threshold may indicate patterns or trends. Additionally, the information requested in the requirement may be relevant to analyses being performed by parties in the case. PPL's position that some uncertainty regarding the funding of projects justifies elimination of the proposed filing requirement is not reasonable. If the status of a utility project included in a claim for CWIP changes, an update might be provided by the utility. However, the information required by this Subsection (d) properly provides insight into the utility's plans, as of the time of the base rate filing.

In 53.53 Exh. E, D. 4, EAP and FE indicated Subsection (d) requesting the "type of fuel, and location, as in station, and the quantity and price claimed" is no longer relevant since the restructuring of the electric industry. If this item is only applicable to natural gas utilities, EAP and FE proposed the Commission language should specify that, or this requirement should be moved to the industry-specific section. EAP Comments at 14 and FE Comments at 28. The OCA submits that this requirement should remain. The OCA agrees with EAP and FE that it could be moved to the industry-specific section.

In 53.53 Exh. E, D. 5, IECPA supports the requirement, indicating in the event of any claim for cash working capital, each public utility provides a lead-lag study of working capital with its filing. IECPA Comments at 7. The OCA agrees with IECPA that a lead-lag study should be included with the filing, and the study should be provided in a live Excel format.

In 53.53 Exh. E, D. 11, The requirement requests a "schedule that shows a breakdown of plant additions and retirements by plant account for the FTY and the FPFTY" showing a list of subsection requirements. EAP and FE indicated this filing requirement is burdensome and holds no value in determining rates or meeting the burden of proof and therefore it should be stricken.

EAP Comments at 14-15 and FE Comments at 28. Aqua and FE both indicated the Commission should establish a dollar threshold as well as a percentage threshold for this requirement. Aqua Comments at 10-11 and FE Comments at 28. IECPA supports the requirement. IECPA Comments at 7-8. The OCA agrees with the IECPA that inclusion of these details will provide a complete picture of the projected plant additions and retirements for both the FTY and FPFTY. Providing this information in the initial filing will reduce discovery. The OCA does not agree with developing a threshold for this requirement. Data that is not captured within the threshold may indicate patterns or trends.

In 53.53 Exh. E, D. 13, FE indicated the requirement “provide the estimated percentage of assets used for non-jurisdictional service. Include any asset included in the plant in service claim not used exclusively for jurisdictional service” is vague and imprecise. FE Comments at 28-29. FE modified the requirement to read “If the public utility has included in rate base a portion of the cost of plant in service that is used in part, but not exclusively, for Pennsylvania jurisdictional service, identify such plant, including the applicable plant account numbers. Provide the estimated percentages and amounts of such assets used for jurisdictional and non-jurisdictional service and explain how those percentages and amounts were determined.” FE Redlines Attachment B at 9. The OCA does not oppose FE’s modification.

In 53.53 Exh. E, D. 14, EAP proposed to strike the language in Requirement 14 “identify plant that will not be providing jurisdictional service and prepare a schedule listing those plant items identified by account. Explain why such plant is not being used and the anticipated future disposition of the plant. Indicate if plant is used to provide more than one mode or jurisdictional service.” EAP stated that the purpose of requiring information for plant assets that will not be claimed is unclear. Instead, EAP suggested language that the utility file only information relative

to the plant in service for each jurisdictional type. EAP Comments at 15. FE proposed moving the request for the dollar amount of jurisdiction and non-jurisdictional plant into Requirement 13. In addition to jurisdictional separation, a filing utility may provide more than one type of service (*e.g.*, electric and natural gas; water and wastewater). FE also proposed revising this requirement to request the same information for two or more jurisdictional utility types as for jurisdictional and non-jurisdictional portions or plant in service. FE Comments at 29. The OCA submits this requirement remain. In the event this information is not provided elsewhere, data requests will have to be filed and would result in a delay in getting the information. If the information is provided elsewhere, the utility can point to where the information can be located.

In 53.53 Exh. E, D. 15, FE proposed revising Subsection (b) “customer and developer advances for construction and public utility service line” to eliminate “and public utility service lines”. Customer and developer advances for construction includes all such advances, whether used for “public utility service lines” or other plant. FE does not believe the addition of “public service lines” appears to be useful and may be ambiguous. FE Comments at 29. The OCA submits the requirement should remain as is but suggests the definition of “public service lines” either be clarified or added under Annex B, 53.53 Exh. E, Section II, Definitions.

In 53.53 Exh. E, D. 17, FE proposed revisions for clarity and to conform the terminology in this filing requirement “Provide supporting schedules which indicate the procedures and calculations employed to develop the original cost plant and applicable reserves to the HTY, the FTY and the FPFTY as submitted in the current proceeding.”. The proposed requirement changes “reserves” to “accumulated depreciation”. FE Comments at 29. The full proposed requirement reads “Provide supporting schedules which indicate the procedures and calculations employed to develop the original cost of plant and applicable accumulated depreciation included in the utility’s

claimed rate base for the HTY, the FTY and the FPFTY, as applicable. FE Redlines Attachment B at 10. The OCA does not oppose this modification.

In 53.53 Exh. E, D. 18, EAP recommended striking this requirement “provide a schedule showing details of plant in service and accumulated depreciation adjustments for the HTY, the FTY and the FPFTY”, indicating it is asking for similar information both in this section and in Section K, Depreciation. EAP Comments at 15. FE proposed revisions to this requirement for additional clarity and precision. FE Comments at 29. The revisions read “Provide a schedule showing details of the adjustments to plant in service and accumulated depreciation that were made to derive the amounts included in the utility’s rate base claims for the HTY, the FTY and the FPFTY, as applicable. FE Redlines Attachment B at 10. The OCA agrees with FE’s modification to the requirement. The OCA disagrees with EAP’s position to strike this requirement. The OCA submits that this requirement should remain. In the event this information is not provided elsewhere, data requests would have to be filed and would result in delay in getting the information. If the information is provided elsewhere, the utility can point to where the information is provided located.

#### E. Rate of Return

In 53.53 Exh. E, E.1, concerning Capitalization and Capitalization Ratios, the OCA supports the comments of IECPA relevant to Section 53.53 III.E.1 and III.E.8, as well as Section 52.52 III.E generally, which demonstrate the need for five full years of data preceding the HTY. *See* IECPA Comments at 6-7. Germane to assessing the appropriate rate of return, historical data over a five-year period is better suited for analysis by financial experts. A two-year look back of data preceding the HTY is insufficient for an accurate financial analysis, especially considering frequent highs and lows of markets. OCA will be better able to accurately assess the needs of filing

utilities with a five-year look back. Lowering this requirement to two years, as suggested by EAP, will only serve to have parties request the additional data in discovery in every base rate case. *See* EAP Comments 15-16.

In 53.53 Exh. E, E.2, concerning year-end interest coverage, FE's suggestion that coverage on a consolidated basis be provided instead of coverages for each company in the consolidated group (*see* FE Comments at 30; FE Attachment B at 10) would result in insufficient evidence being provided for parties to accurately conduct a financial analysis for purposes of calculating the appropriate rate of return.

In 53.53 Exh. E, E.3, concerning year-end preferred stock dividend coverages, the OCA supports FE's suggestion of rephrasing the language to improve clarity. *See* FE Attachment B at 11.

In 53.53 Exh. E, E.4, concerning quarterly financial reports, the OCA supports FE's suggestion of clarifying language in this section. *See* FE Attachment B at 11.

In 53.53 Exh. E, E.5, concerning capital requirements and sources of capital, Aqua has proposed to remove the requirement for the requested data for the two years immediately following the FPFTY with the rationale that the information is not relevant because those periods are not part of the utility's claim. Aqua Comments at 11. FE has also made similar suggestions for removal of the information for the years following FPFTY. FE Comments at 30. The OCA believes that information for the two years following the FPFTY will put the FPFTY claims in context and provide data that will assist parties to calculate an appropriate rate of return for the utility. Some utilities already make statements regarding projected post-FPFTY capital investments, as part of their rate filing and rate of return request.

In 53.53 Exh. E, E.11, concerning AFUDC schedules, the OCA supports IECPA's suggestion for using the formula provided in the UsoA for calculating the ADUFC rate, as this is consistent with the Commission's adoption of the UsoA. *See* IECPA Comments at 11.

In 53.53 Exh. E, E.14, concerning compensating bank balances, the OCA supports the Comments of Aqua in this section and requests that the Commission clarify the language of 14 (b). *See* Aqua Comments at 11.

In 53.53 Exh. E, E.17, concerning long-term debt reacquisition, consistent with our comments in E.1, the OCA disagrees with FE's comment suggesting that the information requested in this section should be limited to the HTY and the two years preceding the HTY. Instead, parties will be better suited to accurately assess the proper rate of return for the utility if a five year look back is required. *See* FE Comments at 31; OCA Reply Comments, *supra* at Section E. Rate of Return: 53.53. Exh. E, E.1.

In 53.53 Exh. E, E.25-26, concerning securities issuances, FE commented that securities issuances of the utility and parent company might result in non-public information being furnished or implicated, and for that reason, the requested information in this provision should not be necessary for every utility in every filing. *See* FE Comments at 31-32. A similar assertion was made by EAP. *See* EAP Comments at 16. FE asserts that if such information is relevant, it could be obtained through discovery. Neither FE nor EAP have provided any basis to claim that the information would be non-public. Moreover, it is important to understand the mix of debt and equity that is projected to be used to fund projected capital expenditures. As such, this information is important for an accurate financial analysis for rate of return purposes.

Consistent with our comments in E.5, the OCA disagrees with Aqua's comment suggesting that the information requested in this section should not include data from the period after the

FPFTY. The OCA will be better suited to accurately assess the proper rate of return for the utility with the requested information as written, including the two years following the FPFTY. *See* OCA Reply Comments at Section E Rate of Return: 53.53 Exh. E, E.5.

#### F. Balance Sheet

In 53.53 Exh. E, F. 4, requests the amounts and purpose of special cash accounts of all types, including various categories. FE recommended a monetary threshold should be included, above which this filing requirement would apply. FE believes it is reasonable to focus the requirement on accounts that are more substantial in size, specifically, accounts with balances greater than \$500,000. FE Comments at 32. The OCA submits that balances under the \$500,000 threshold, individually or collectively, may indicate patterns or trends that are not reasonable for ratemaking purposes. In addition, because there may be smaller utilities filing under this section of the filing requirements, a one-size fits all minimum is not reasonable. Therefore, the OCA disagrees with FE's recommendation.

#### G. Income Statement and Cash Flow Statement

In 53.53 Exh. E, G. 1, Aqua proposed to strike the requirement to “provide the most current available income statement for the public utility, the parent company and the consolidated group”. Aqua Comments at 12. The OCA believes the requirement should remain. This requirement may include data needed for parties to perform a full analysis.

In 53.53 Exh. E, G. 4, IEPCA supports the proposed requirement, “Provide comparative income statements for the HTY and the 2 years immediately preceding the HTY showing increases and decreases between the three periods. Provide explanations for variances that are greater than 15% of the summary level account type.” IEPCA recommends that a utility be required to provide comparative income statements for the HTY and the [five] years immediately preceding the HTY.

IECPA Comments at 8. PAWC indicated that requiring an additional year of data is burdensome without adding information of much value. PAWC Comments at 4. The OCA agrees with IEPCA that the requirement to provide comparative income statements for the HTY and the [five] years immediately preceding the HTY, instead of [two] years. Having such data will allow analysts to identify any trends and will potentially eliminate the need for additional discovery on this topic.

In 53.53 Exh. E, G. 6, Duquesne requested the Commission confirms that a cash flow analysis is not required. Duquesne Comments at 6. There are Commission-regulated systems that operate on a cash flow basis. Providing a cash flow analysis in the filing is necessary. The OCA recommends requiring a cash flow analysis in this section. Having this information present will eliminate the need to ask for the information in discovery. In 53.53 Exh. E, G. 7, the Requirement elaborates on additional information needed if a cash flow analysis is provided. Duquesne requested to confirm that a cash flow analysis is not required. Duquesne Comments at 6. As discussed above regarding Requirement G. 6, a cash flow analysis should be required in this section.

#### H. Operating Revenues

In 53.53 Exh. H. 1, requiring the utility to “provide for the HTY, the 2 years immediately preceding the HTY, the FTY and the FPFTY all of the following customer class:”. FE proposed to consolidate subsections (c) revenues and (d) change in revenues expressed as a percentage and a dollar amount and make clarifying changes to subsection (h). FE Comments at 33. In the redlines, FE proposed subsection (c) to be written as “revenues, and for FPFTY revenues, the change in revenues as a percentage and a dollar amount. FE Redlines Attachment B at 20. The OCA agrees that subsections (c) revenues and (d) change in revenues expressed as a percentage and a dollar



amount could be combined. However, the changes in revenue expressed as a percentage and a dollar amount should remain for the HTY, the FTY and the FPFTY, not just the FPFTY.

In 53.53 Exh. E, H. 4, EAP and FE recommended the last sentence “Provide a copy of the proposed tariff or tariff supplement on a red line basis to identify any proposed changes” should be stricken, as it is duplicative of Section M. 1. B. EAP Comments at 17; FE Comments at 33. While EAP and FE suggest that this information is duplicative, the information requested is necessary, and the context in which the information is provided, including its location within the utility’s filings, assist parties to analyze the finances and structure of the filing utility. If the information is truly duplicative, a simple statement pointing to the original information is sufficient for an answer and will not burden the utility.

In 53.53 Exh. E, H. 5, EAP, Aqua and FE have proposed to strike the last two sentences of Requirement 5, “For the HTY, provide a monthly breakdown and an explanation of monthly variances greater than 15%. Detail any anticipated variances in the FTY and the FPFTY”. EAP Comments at 17, Aqua Comments at 12, and FE Comments at 33. EAP and FE suggested this data can be handled in specific data requests. Aqua believes this information requested is duplicative, of Section G, Requirement 4 which requests utilities “provide comparative income statements for the HTY and the 2 years immediately preceding the HTY showing increases and decreases between the three periods. Provide explanations for variances that are greater than 15% of the summary level account type.” along with NAWC. NAWC Comments at 2. The OCA submits this requirement should remain. In the event this information is not provided elsewhere, data requests will have to be filed and would result in a delay in getting the information. If the information is provided elsewhere, the utility can point to where the information can be located.

In 53.53 Exh. E, H. 6: “Prove for the HTY, the 2 years immediately preceding the HTY, the FTY and the FPFTY all of the following customer class: (a) monthly customer counts, (b) monthly customer usage.” Aqua proposed to change the requirement of reporting monthly customer charges and monthly customer usage to an annual basis. Aqua Comments at 12. PAWC identified they cannot project customer counts and customer usage by month for the FTY or the FPFTY. Instead PAWC recommended it can provide an update for the FTY with the year-to-date data at the time of filing. PAWC Comments at 5. IECPA recommended that the earlier proposed five-year period of data requested should be changed to the [ten] years immediately preceding the HTY. IECPA Comments at 9. The projection of monthly customer charge and usage data for the FPFTY should be within the ability of the filing utility and should be provided. Regarding IECPA’s comment, the OCA submits that having this data on a monthly basis, for the preceding five years is important. A three-year look back will consist of data starting from the COVID-19 Pandemic, where a five-year look back will include pre-Pandemic data. This data will be indicative of more normal operations. This information can assist with detecting trends, and it demonstrates the data over a range of time.

In 53.53 Exh. E, H. 7, “Provide growth patterns of usage and customer numbers by customer class, using historical and projected data” is required. Aqua and FE proposed to strike the requirement, indicating it is duplicative information. Aqua Comments at 12 and FE Comments at 33. While this information may be duplicative, for the reasons stated in reply comment H. 4, it is reasonable to have the filing utility provide the information.

In 53.53 Exh. E, H. 8, EAP and FE proposed striking the requirement, “If the public utility is affiliated with another public utility within a consolidated group, explain the effects, if any, upon allocation factors used in the current base rate case or in any recent increases allowed to the other

public utility segment (or segments) of the consolidated group.”, stating a utility must support any allocation factors used in a base rate proceeding whether or not that utility is affiliated with another utility in a consolidated group. EAP Comments at 17 and FE Comments at 33. PAWC requested the Commission confirms that this section applies only where the affiliate is a Pennsylvania public utility, indicating there is no reason to provide information to the Commission pertaining to an affiliated public utility in another jurisdiction. PAWC Comments at 5. The OCA submits the requirement should remain.

In 53.53 Exh. E, H. 10, FE proposed striking the requirement, “Provide details of the public utility’s attempts, since the immediately preceding rate case filing, to recover uncollectible and delinquent accounts.”. stating it is unreasonably broad and burdensome. Additionally, FE indicated if a party to a proceeding determines such information is necessary, the party may issue discovery. FE also included that a requirement of this nature should be in an expense-related section, not in Operating Revenues. FE Comments at 33-34. The OCA submits that this requirement should remain. Providing the available information will reduce the discovery burden.

In 53.53 Exh. E, H. 11, EAP, NAWC, Aqua and FE have proposed to remove this requirement “Describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.”. Each indicate that the information on forfeited discounts or penalties applied to customer billing could be found in a utility’s tariff. EAP Comments at 17, NAWC Comments at 2, Aqua Comments at 12, FE Comments at 34. The OCA recommends this requirement stay to alleviate the burden on the parties in the proceeding to cull through a utilities tariff for this information. The information may not be presented uniformly in tariffs and having the information presented in a uniform fashion serves the interests of the public and those scrutinizing the utility’s rate filing.

In 53.53 Exh. E, H. 12, NAWC and Aqua proposed striking the requirement of providing annualization of revenues because of rate changes occurring during the test year, at the level of operations as of the end of the test year, as it is duplicative of the adjustments addressed in Section III.H.1.g. NAWC Comments at 2; Aqua Comments at 13. While NAWC and Aqua suggest that this information is duplicative, the information as required in this section is reasonable. The OCA submits if the information is truly duplicative, a simple statement pointing to the original information is sufficient for an answer and will not burden the utility. Access to the information within the context of relevant, similar information, helps parties to better understand and confirm the information the filing utility has provided.

In 53.53 Exh. E, H. 13: “Provide a schedule showing sales from all customer classes by unit per month for the HTY and for each of the 3 years immediately preceding the HTY. Provide the projections for the FTY and the FPFTY.” EAP and FE proposed to modify the requirement to include two years immediately preceding the HTY instead of three years’ worth of schedules showing sales from all customer classes by unit per month. EAP Comments at 17 and FE Comments at 34. Aqua proposed eliminating the requirement, indicating it is duplicative. Aqua Comments at 13. PAWC indicated it cannot provide monthly projections for the FTY and FPFTY and questioned the need for the data three years prior to the HTY, particularly where data for that year would have been included in the utility’s prior rate case filing. PAWC Comments at 5. IECPA recommended that the information provided be expanded to also include [ten years of average annual] customer counts and annual usage. IECPA Comments at 9. The OCA agrees with IECPA that this would provide more clarity and transparency for the Commission’s and parties’ review. However, the OCA believes that having this data on a monthly basis, for the preceding five years, instead of three years or ten years is important. A three-year look back will consist of data starting

from the COVID-19 Pandemic, where a five-year look back will include pre-Pandemic data. This data will be indicative of more normal operations. This information can assist parties with detecting any trends and it demonstrates the data over a range of time. Additionally, not all utilities file as frequently as others. In the event a utility has not filed a rate case in the three preceding years, this information would still need to be provided.

In 53.53 Exh. E, H. 14, PAWC and NAWC requested the Commission to confirm that “rate schedule” refers to customer class, when asked to provide an analysis showing the average usage per customer by rate schedule in the operating revenue detailed in previously listed 13. PAWC Comments at 5-6 and NAWC Comments at 5. Aqua proposed edits to the requirement to provide the requested information by customer class rather than rate. Aqua Comments at 13. EAP and FE requested the Commission explain what a “change” in the average usage per customer means in this context. FE comments at 34. EAP also suggested the Commission add a threshold percent change (either positive or negative) that would trigger the requirement of this data. EAP Comments at 17. The OCA submits that “rate schedule” should refer to the average usage by tariffed rate. Customer usage can vary among rate zones that are spread throughout the state. By having information by tariffed rate, it is more meaningful to customers and to parties to see what the average usage is in specific rate schedules. For example, Aqua has 11 different rate zones. The residential usage in Rate Zone 1 is likely to be different than the residential usage in Rate Zone 2, and so on. The OCA also submits percent changes outside of the proposed threshold may indicate patterns or trends that are unfair and unjust to ratepayers. Therefore, the OCA disagrees with EAP’s recommendation.

In 53.53 Exh. E, H. 16, FE proposed to modify the requirement, “If the public utility uses an alternative ratemaking mechanism adjustment in the tariff, provide the most recent 3-year

calculation of the alternative ratemaking calculation used to adjust rates, summarizing the revenue received by the public utility or credited to the customers by rate schedule each year.”, to include a two-year historic period calculation instead of three years, if the public utility uses an alternative ratemaking mechanism adjustment in the tariff. FE Comments at 34. The OCA submits the requirement should remain at three years.

In 53.53 Exh. E, H. 18, EAP, Aqua, and FE suggested striking the requirement, “Provide a schedule that shows the actual monthly amount received from each of the following sources for the HTY and the 2 years immediately preceding the HTY. State how revenues are presented for ratemaking purposes. Provide a breakdown of the amount projected to be received from each of the following sources that supports the amount reflected on the FTY and the FPFTY Income Statements.”, indicating the items being requested to show the actual monthly amount received from each of the following sources for the HTY and the two years immediately preceding the HTY are either not relevant or are addressed in other Subsections. EAP Comments at 17, Aqua Comments at 13 and FE Comments at 34. While EAP, Aqua, and FE suggest that this information is duplicative, the information requested is necessary, and the context in which the information is provided, including its location within the utility’s filings, assist parties to better analyze the finances of the filing utility. If the information is truly duplicative, a simple statement pointing to the original information is sufficient for an answer and will not burden the utility.

#### I. Operating Expenses

In 53.53 Exh. E, I. 1, EAP proposed striking the requirement “provide a list of operating expenses for the HTY, the 2 years immediately preceding the HTY, the FTY and the FPFTY. Include explanations and calculations of adjustments made for ratemaking”, indicating it is asked again in requirement 2. EAP Comments at 18. FE proposed the Commission should insert “by

account” in the first sentence for completeness. FE also proposed to modify the second sentence to explain that a utility may provide schedules and accompanying testimony to satisfy the requirement to explain the calculation of adjustments made for ratemaking purposes. FE Comments at 35. The OCA agrees with the modifications proposed by FE.

In 53.53 Exh. E, I. 2, Aqua and FE proposed striking certain language in the requirement, indicating it is duplicative and unnecessary. The Requirement reads “Provide a summary of claimed operating expenses for the HTY (with similar account breakdown to previously listed H.1), including annualizing and normalizing adjustments fully supported (including explanations, documents and calculations) to arrive at adjusted future operating expenses for ratemaking including supporting data for the FTY and the FPFTY.”. Aqua has stricken “fully supported (including explanations, documentation and calculations)” stating it is addressed in requirement 1. Aqua Comments at 13 and FE Comments at 35. While Aqua and FE suggest that this information is duplicative, the information requested is reasonably necessary. By doing so, the request for this information through discovery will not be needed.

In 53.53 Exh. E, I. 4, EAP, Aqua and FE proposed to strike Subsection (c), in which requests “Details and related dollar amounts by category of the base rate case expense claim. Include the actual billings or invoices and the applicable contracts in support of each category of base rate case expense.” EAP, Aqua, and FE indicated such information is not only confidential, but it may not be available at the time the rate case is filed. EAP Comments at 18, Aqua Comments at 14, FE Comments at 35. Aqua indicated it can provide an update for the FTY with year-to-date data at the time of the filing instead. EAP and FE also suggested limited Subsection (e) “Details and related dollar amounts by category of the actual expenses of the immediately preceding three base rate cases” to any base rate case filed in the previous three years, indicating an issue of

relevancy arises where a utility's last rate case occurring longer than three years ago. EAP Comments at 18 and FE Comments at 35. The OCA submits the requirements in Subsection (e) should remain. Confidential information can be redacted but there must be sufficient information to establish that the charges on the invoices are directly related to work on the base rate filing.

In 53.53 Exh. E, I. 5, ICEPA supports requirement 5, "Provide a list by applicable industry's USoA of charges by affiliates (service corporations, and the like) to public utility, grouped by the claimed operating expenses and capitalized amounts for the HTY, the 2 years immediately preceding the HTY, the FTY and the FPFTY.", but recommends that the utility also provide [total affiliate charges and the specific charges allocated or assigned to the utility], when providing a list by applicable industry's USoA of charges by affiliates to the public utility, grouped by the claimed operating expenses and capitalized amounts for the HTY, the two years immediately preceding the HTY, the FTY and the FPFTY. IECPA Comments at 9. Aqua indicated the requirement is asking for information related to charges that are not being claimed in this base rate proceedings, and that a party could request such information through discovery. Additionally, Aqua proposed a modification to part (d), requesting it be consistent with the current requirement in Exh. D. Part III. 6 of the existing filing requirements. Aqua Comments at 14. The OCA submits the requirement should remain, with the addition of IECPA's modification.

In 53.53 Exh. E, I. 6, Aqua and FE proposed to eliminate the request to provide copies of contracts related to leasing equipment, computer rentals and office space, indicated the request is burdensome. Aqua Comments at 14 and FE Comments at 35. The OCA submits the request should remain. By doing so, the request for this information through discovery will not be needed. This information is almost always necessary in the context of the proceeding.



In 53.53 Exh. E, I. 8, FE proposed a non-substantive change to make Subsection (b) consistent with Subsection (a) and (c). FE Comments at 35. The change is found in FE Redlines Attachment B at 24 changed the word “expense” in Subsection (b) to “expenses”. The OCA agrees with this change.

In 53.53 Exh E, I. 9, EAP, Aqua, and FE proposed to strike Subsection (c), “explanation of the extent to which employees contribute to the coverage”. They indicated this information is related to “other than employee benefits” in the requirement “For the HTY, the FTY and the FPFTY, provide a schedule showing insurance expense (other than employee benefits) for each type of insurance coverage.” EAP Comments at 18, Aqua Comments at 14 and FE comments at 36. The OCA submits it agrees with EAP, Aqua, and FE.

In 53.53 Exh. E, I. 10, FE proposed to include the word “membership” before “expenses”, reading “For the HTY, the FTY and the FPFTY, show the amounts paid or claimed for industry or professional organizations membership expenses.” FE Comments at 36. Aqua proposed the requirement be updated to mirror the language as it currently is in Exh. D.III.I.11 of the existing requirements. Aqua Comments at 14. This reads “For the HTY, the FTY and the FPFTY, show the amounts paid or claimed for industry organizations included in the cost of service along with a description of each payee organization.” Aqua Redlines Attachment B at 24. The OCA submits either modification is reasonable.

In 53.53 Exh. E, I. 11, IECPA supports the requirement for submission of costs claimed for recovery in the FPFTY associated with cancelled construction projects or obsolete inventory. IECPA recommended that a utility be required to also include this information for the HTY and FTY filings. IECPA at 9-10. FE proposed to change the requirement from FPFTY to FTY indicating a utility would not seek FPFTY recover of costs related to cancelled projects or obsolete

inventory at the time that a base rate proceeding is filed. FE Comments at 36. The OCA submits the requirement should remain, with the addition of IECPA's proposed modification.

J. Payroll, Employee Benefits and Retiree Costs

In 53.53 Exh. E, J. 1, Aqua proposed to change the requirement for employee counts for the HTY to provide on a quarterly basis. Aqua indicated it reports on headcount quarterly and does not project headcount by month for the FTY or the FPFTY. Aqua Comments at 14. The OCA submits the requirement should remain. This information can help detect any trends and it provides the data over a range of time.

In 53.53 Exh. E, J. 2, the Requirement reads, "Provide all of the following payroll expense information by union, nonunion and temporary employee categories...". IECPA recommended an additional test year filing requirement be added to this subsection. Specifically, "If the public utility is including any severance payments in the cost of service, it shall identify those costs and provide five years of historical severance payment data." IECPA Comments at 10. PAWC suggested the Commission should not, through the ratemaking process, second-guess the Company's labor negotiations. PAWC Comments at 6. UGI recommended deleting the 1-3% range for routine wage increases as it may be overly specific and not representative of applicable costs. UGI Comments at 12-13. Aqua does not agree that utilities should be required to file a post rate case reconciliation and actual payroll expense. Aqua Comments at 14. The OCA submits it agrees with the IECPA addition and with UGI's recommendation to delete the 1-3% range for routine wage increase. With the addition proposed by IECPA, the Commission and parties will be able to fully evaluate those particular costs and the factors involved.

#### K. Depreciation

In 53.53 Exh. E, K. 1, EAP, PPL, Aqua, and FE proposed striking the portion of Requirement 1, regarding the impact of added DSIC projects on service lives. “Provide a comprehensive statement of any changes made in the method of depreciation since the immediately preceding base rate case and explain the impact of added DSIC projects on service lives.”. Aqua and FE indicated utilities do not track this separately once the property is in service and not all companies would be able to calculate or provide this information. EAP Comments at 18-19, PPL Comments at 4-5, Aqua Comments at 15, FE Comments at 36. The OCA submits that the information should be available and provided as part of the filing. The use of the DSIC and the accelerated infrastructure replacement could be having an impact on depreciation service lives and this information will be important to review in the rate filing.

In 53.53 Exh. E, K. 2, the requirement reads, “Provide a description of the amortization methods used to calculate annual amortization amounts and amortization reserves. Provide a comprehensive statement of any changes made in the method of amortization since the immediately preceding base rate case.”. FE proposed a clarifying edit to explain that the requirement applies to those property account for which an amortization method is employed. FE Comments at 36. “For those property accounts for which an amortization method is employed” is added to the beginning of the first sentence. FE Redlines Attachment B at 28. The OCA does not oppose this proposed modification.

In 53.53 Exh. E, K. 3, EAP and FE request clarification from the Commission regarding the meaning of data being requested by “original” survivor curve in Requirement “Provide an exhibit and charts depicting the original and estimated survivor curves and a table presenting the original life table plotted on the chart for each account where the retirement rate method analysis

is used.”. EAP Comments at 19 and FE Comments at 36. The OCA agrees that such information should be clarified.

In 53.53 Exh. E, K. 4, FE proposed striking the second sentence “Provide these calculations for plant in service as well as other categories of plant, including contributions in aid of construction and customers’ advances for construction, and anticipated retirements associated with any CWIP claims if applicable. FE Comments at 37. The OCA submits the requirement should remain. This information can assist parties in performing a more accurate analysis during the review of the filing. Additionally, by providing such data, the need for discovery may be eliminated and the data provided may indicate important patterns or trends.

In 53.53 Exh. E, K. 7, FE, EAP and Aqua proposed to strike reference to DSIC data in Requirement 7, “Provide a comprehensive statement of any changes made in method of depreciation and in the selection of average service lives and dispersion as a result of implementing the DSIC”, indicating DSIC issues are handled in separate proceedings. FE Comments at 37, EAP Comments at 19 and Aqua Comments at 15. FE also indicated the Companies do not track DSIC assets because such property is no different from any other property included in the applicable property accounts. FE Comments at 37. PPL proposed the Commission should eliminate depreciated-related filings requirements focused on DSIC, indicating the Commissions proposed filing requirements would require a public utility to produce at least two depreciations studies: one for all plant (inclusive of DSIC projects) and a second for only DSIC projects. Additionally, PPL indicated the former study is the only relevant inquiry for purposes of a base rate case, given that the utility plant in service funded by the DSIC is rolled into the public utility’s overall rate base claim in the base rate case. PPL Comments at 4-5. The OCA submits the requirement should remain. This information can help demonstrate that the recovery of DSIC plant has had an impact

on the replacement horizon for capital. If the information is provided elsewhere, the utility could simply point to where it can be located.

In 53.53 Exh. E, K. 8, EAP noted the information in Requirement 8, “Provide a table showing the cumulative depreciated original cost by year of installation for public utility plant by asset type in service at the end of the HTY, the FTY and the FPFTY (depreciable plant only) as claimed in the measures of value.”, is typically provided broken down by FERC property account, not “asset type”. EAP Comments at 19. Aqua noted the information is typically provided by NARUC account instead of by asset type. Aqua Comments at 15. NAWC recommended the Commission eliminate the requirement that the data be presented by year of installation. NAWC and Veolia indicated Group depreciation data is not usually maintained based on the year of installation. NAWC Comments at 10 and Veolia Comments at 2. The OCA submits this requirement should remain. There are currently utilities providing this information in the Depreciation Study, and this should continue being required.

In 53.53 Exh. E, K. 9, FE, EAP and Aqua proposed edits to the section to request a two-years preceding the HTY look-back, instead of the four years, to maintain consistency. FE Comments at 37, EAP Comments at 19 and Aqua Comments at 15. The OCA submits it agrees with maintaining consistency throughout the requirements and suggested a five year look back. A two-year look back will consist of data starting from the COVID-19 Pandemic, where a five-year look back will include pre-Pandemic data. This data will be indicative of more normal operations. This information can assist with detecting trends, and it demonstrates the data over a range of time.

## L. Taxes

In 53.53 Exh. E, L. 1, EAP and FE recommend that federal and state tax returns be provided for the most recent two years as opposed to three years as proposed by the Commission. EAP states that it adjusted the filing requirement “to maintain consistency with HTY lookback timeframes.” (EAP Comments at 19) While not certain what EAP means by “HTY lookback timeframes,” the OCA notes that the proposed regulations are replete with requirements to submit information for the “HTY and the two years immediately preceding the HTY.” (*See, e.g.* Exh. E, F. 6, 11, 12; Exh. E, G. 4; Exh. E, F. 1, 5, 6; Exh. E, I. 1, 5, 7, 8.) The OCA understands the phrase “HTY and the two years immediately preceding the HTY” to represent three years in total, not two as suggested by EAP. The OCA recommends that the regulations retain the requirement for a filing utility to submit the most recent three years of tax returns.

In 53.53 Exh. E, L. 2, EAP recommends that Social Security and Unemployment taxes be stricken from the schedule of non-income federal and state taxes to be provided by a filing utility. EAP states that Social Security and Unemployment are “tracked by payroll, and not by tax.” (EAP Comments at 19) If tracked by payroll, does that mean the total amounts remitted to the government for these taxes are unavailable? If the totals *are* available, regardless of how they are tracked, those amounts should be submitted with the filing. For its part, FE comments that reporting of the assessments for the PUC, OCA, OSBA are out of place here because they are not taxes. However, FE does not suggest under which requirement these items should be reported. The OCA submits that in the absence of a more appropriate location in the regulations to require this reporting, it should remain as part of L. 2.

In 53.53 Exh. E, L. 3, EAP and FE again recommend changing a three-year lookback requirement for Pennsylvania Corporate Taxes to two years. As discussed above regarding L.1, the requirement should remain at three years.

In 53.53 Exh. E, L. 6, the Commission asks for the amount of interest used for tax computations and details of the debt interest computations for various test-year periods. In its comments, FE states that for ratemaking purposes deductible long-term debt interest is synchronized with a Company's rate base and weighted average cost of debt. Accordingly, FE recommends that this requirement should be limited to the data used to calculate the pro forma debt interest that is synchronized with the company's rate base and weighted cost of long-term debt. It is unclear to the OCA whether this limited data would be fully responsive to what is being requested by the Commission in L. 6. Therefore, the OCA recommends that this requirement be retained as proposed by the Commission.

In 53.53 Exh. E, L. 9, EAP and FE again propose to reduce the lookback period from three years to two. For the reasons stated above regarding requirement L. 1, the OCA submits the requirement should remain at three years.

In 53.53 Exh. E, L. 12, the Commission requests information regarding the 2017 Tax Cut and Jobs Act (TCJA). In its comments, EAP questions whether reference to the TCJA should be codified in a regulation as tax rates could change again before the regulations become final. EAP observes that this information could be provided through discovery. EAP also notes that regarding L. 12 a., the Commission does not use effective tax rates. EAP suggests eliminating L. 12 in its entirety. Regarding a potential change in tax rates, the OCA submits that a filing utility should use the tax rates applicable to the time periods and questions asked by the Commission. The information regarding rate base deduction, length of amortization period and flow back to

customers are important items and it is the OCA's view that L. 12 should be retained as part of the regulations, save for a modification to replace the effective tax rate reference.

In 53.53 Exh. E, L. 20, the Commission asks for the reason for using the cost of removal of any retired plant figures in income tax calculations. Both EAP and FE recommend that this requirement be eliminated. They explain, "Recognizing that cost of removal is deductible for income tax purposes only when actually incurred and is not subject to the Internal Revenue Code's normalization requirements, it is not clear what information the proposed filing requirement seeks to obtain by requesting the "reason" for the "use of cost of removal of any retired plant figures in the income tax calculations." (EAP Comments at 20; FE Comments at 40) EAP and FE also comment that "the proposed filing requirement in Section K, Requirement 9 already asks the filer to provide, by account, the "gross salvage, cost of removal, and net salvage for the HTY and the four years immediately preceding the HTY." (*Id.*) If necessary, the OCA would prefer to see this provision of the proposed regulations clarified rather than eliminated as has been proposed. Further, the OCA observes that Requirement 9 of Section K refers only to HTYs. It does not refer to any FTY or FPFTY.

In 53.53 Exh. E, L. 22 and 29, the Commission seeks information regarding accelerated depreciation and deferred taxes for periods both pre- and post-1970. For post-1970 property it asks for an indication of "increasing capacity additions" and "non-increasing capacity additions." EAP, Aqua and FE all propose eliminating this requirement. All state that this requirement is duplicative of the requirement in L. 10. The OCA agrees that there may in fact be overlap between what is being requested in L.10 and L. 22, 29, however the OCA notes that L. 10 refers only to property that increases productive capacity. It does not, as does L. 22, seek information about non-productivity-increasing capacity additions.



In 53.53 Exh. E, L. 31, the Commission provides that, “Regarding responses to these filing requirements on income taxes paid on the HTY operating statement, reconcile data from both federal and state income taxes showing effects due to normalization, yearly write-offs of past years, income tax deferrals and normalization of investment tax and development credits.” Both EAP and FE request clarification from the Commission as to what data sets are to be reconciled to which other data sets. The OCA agrees that the information sought by this filing requirement is vague and should be clarified.

In 53.53 Exh. E, L. 34, the Commission seeks information regarding consolidated tax returns. EAP, Aqua and FE propose eliminating this requirement stating that it is no longer necessary or relevant in the face of Act 40 of 2016. Instead, EAP and FE recommend revising proposed subsection L. 8 to require a filing utility to provide the calculation of the “differential,” if any, that accrues to the utility as a result of applying pre-Act 40 and post-Act 40 ratemaking methods. In the OCA’s view, the purpose of providing this calculation would be to determine compliance with Section 1301.1(b) of the Public Utility Code and would apply for rate filings proposing base rates to become effective prior to January 1, 2026, as Section 1301.1(b) expires on December 31, 2025.

In a similar vein, the OCA notes that language agreed to by PECO in the settlement of its 2018 rate case (R-2018-3000164), may provide helpful clarification. There, PECO agreed to provide in future rate filings submitted with a test year ending before December 31, 2025, a calculation of what its consolidated tax adjustment would have been absent the enactment of Act 40. The OCA submits that a requirement adopting the revision made to L. 8 by EAP and FE and incorporating the settlement commitment made by PECO to provide a “but for Act 40” consolidated tax adjustment would be a suitable substitute for proposed filing requirement L. 34.

M. Rate Structure, Cost of Service Allocation Study, Bill Frequency Analysis, and  
Special Rate Contracts

In 53.53 Exh. E, M. 1, the Commission asks for copies of present and proposed tariffs (redlined), a comparison of various items at present and proposed rates, information on total utility revenues from all sources and a grand total of the utility's revenue requirements at present and proposed rates. EAP, Aqua and FE all propose similar revisions to M. 1. The OCA does not object to the changes proposed. EAP, however, goes a step further and asserts that M. 1 is largely duplicative of Requirement H. 4 and recommends that H. 4 be eliminated. The OCA observes that the information sought in H. 4 does not appear to be entirely captured in M. 1, particularly the requirement for a comparative schedule of monthly (or quarterly where applicable) billings at present rates and proposed rates to demonstrate the impact of proposed rates over a range of customer usage. Accordingly, the OCA recommends that H. 4 not be eliminated. That said, the final sentence of H. 4, which calls submission of a redlined tariff is duplicative of M. 1 and can be eliminated.

In 53.53 Exh. E, M. 2, the Commission seeks information regarding Cost of Service Allocation Studies. The proposal contains twelve subsections, a. through l. EAP and FE propose the same amendment to subsection k. regarding distinctions between transmission and distribution plant or collection mains (if applicable). The amendment suggested by EAP and FE adds precision and clarity to the requirement and the OCA supports its inclusion. EAP and FE also note that subsections i., j. and l. seem directed to water and natural gas utilities and recommend that that be indicated in those subsections or, alternatively, that these subsections be moved to the industry-specific portion of the regulations. For its part, UGI notes that subsections i. and j. should not be directed at gas utilities because the information requested is typically supplied as part of annual

Purchased Gas Cost cases. Regarding subsections i., j. and l., the OCA submits that the Commission should consider the comments of EAP, FE and UGI.

OSBA proposes revisions to subsections a. and b. regarding cost of service allocation studies and comparative schedules. The OCA has no objection to OSBA's recommendations.

In 53.53, Exh. E, M. 4, the Commission seeks information regarding special rate contracts with customers. Specifically, the Commission wants to know whether any such contracts exist and asks for a comparison of revenues received under negotiated rate contracts and revenues that would be received under regular tariff rates. OSBA comments that such information is necessary, but not sufficient. OSBA recommends that the following language be added to M. 4: "For each negotiated rate customer, provide the utility's justification and supporting evidence for the specific negotiated rate discount provided to that customer." (OSBA Comments at 11) The OCA supports OSBA's proposed addition to M. 4.

N. Long Term Infrastructure Improvement Plant and Annual Asset Optimization Plan

In 53.53 Exh. E, N. 1, "Provide docket numbers for the most recent LTIIP approved by the Commission as well as any pending LTIIP filed by the public utility", PPL recommended the Commission should reconsider this requirement, indicating the filings and dockets numbers are readily accessible to the public on the Commission's website. Therefore, many, if not all, of the parties in the base rate case would already have a copy of any pending of recently approved LTIIP filings. PPL Comments at 5-6. UGI indicated if the requirement is adopted, the Commission would require utilities to provide the same information in two separate proceedings, I.e., LTIIP and rate case proceedings. Requiring such double reporting contradicts the Clarified NOPR's intended goals to streamline the filing process and reduce burdens associated with Rate Filings. UGI

Comments at 14. The OCA disagrees with PPL and UGI, and recommends the requirement remain. If the information is located elsewhere, the utility could provide a link to the information.

In 53.53 Exh. E, N. 2, “Provide docket numbers for AAO Plan(s) approved since the most recent approved LTIIP and a copy of pending AAO Plan(s) filed by the public utility.”, PPL recommended the Commission should reconsider this requirement, indicating the filings and docket numbers are readily accessible to the public on the Commission’s website. Therefore, many, if not all, of the parties in the base rate case would already have a copy of any pending of recently approved LTIIP filings. PPL Comments at 5-6. UGI indicated if parties can obtain the docket numbers associated with LTIIPs and AOPs, and filing burdens are to be reduced, these proposed information requirements should be excluded from Section 53.53. UGI Comments at 14. The OCA disagrees with PPL and UGI, and recommends the requirement remain. If the information is located elsewhere, the utility could provide a link to the information.

In 53.53. Exh. E, N. 3, “Provide a schedule comparing the anticipated and experienced impact on service reliability, safety enhancements, and operational savings resulting from LTIIPs and AAO Plans, such as, for example, reduced equipment-failure-related expenses, fewer field investigations for outages, fewer complaints.”, EAP and Aqua have proposed to eliminate this requirement, indicating as with DSIC issues discussed above, these specific issues are dealt with in separate Commission proceedings. EAP Comments at 22 and Aqua Comments at 16. FE proposed striking this requirement indicating utilities are unlikely to have this data to identify and quantify granular impacts on reliability, safety and operational savings for LTIIP and AAO investments only. FE Comments at 44. The OCA disagrees with EAP, Aqua, and FE. This requirement should remain. The utility should be able to provide a schedule comparing the anticipated and experienced impact on service reliability, safety enhancements, and operational

savings resulting from LTIIPs and AAO Plans, such as, for example, reduced equipment-failure-related expenses, fewer field investigations for outages, fewer complaints in its rate case, in which its service is being reviewed pursuant to Sections 523 and 526 of the Public Utility Code.

Annex B, Section 53.53, Exhibit E Filing Requirements For Public Utilities Seeking a General Rate Increase Above \$1 Million in Annual Gross Revenues-Industry-Specific Filing Requirements

A. Water, Wastewater and Stormwater Public Utilities Only

In 53.53, IV. A. 1, Private Fire Service, Aqua proposed striking subsection (b) “provide a breakdown of the number and size of sprinkler systems service municipal buildings.” indicating subsection (a) “provide a breakdown of the number and size of private fire services according to the general service class of customers.” should be adequate. Aqua Comments at 16. The OCA submits the requirement should remain as is. Having such data, will eliminate the need for discovery and the data provided may indicate patterns or trends that are important to understand in setting rates.

In 53.53 IV. A. 2, Public Hydrants, Veolia asked for clarification on the size of public hydrants for each customer. Veolia Comments at 3. Aqua indicated such detailed information is not needed in determining rates or meeting the burden of proof, and such data for routine operations would be both burdensome for utilities to produce and not needed in the initial rate case filing. Alternatively, Aqua suggested it could provide this information at a summary level statewide. Aqua Comments at 17. The OCA submits that information should be provided, at least to indicate the number of customers by each hydrant size.

In 53.53 IV. A. 3, Base Cost per Billing Unit, Aqua indicated it is unclear what the Commission is seeking in this requirement: “Base Cost per Billing Unit. Provide a calculation of the public utility’s base cost per billing unit in each of the following: a. water, b. wastewater, c.

stormwater.” Therefore, Aqua proposed striking this requirement. Aqua Comments at 17. The OCA submits that this requirement should remain. By providing such data, the need for discovery may be eliminated and the data provided may indicate patterns or trends that are important to understand in setting rates.

In 53.53 IV. A. 8, Unaccounted for Water, Aqua indicated the Company would note that the Commission is currently reviewing the regulations regarding unaccounted for water and water audit methodologies at Docket No. L-2020-3021932. Any regulations here should be consistent with the requirements in the Commission’s water audit methodology. Aqua also proposed to strike Subsection (d), indicating it would be difficult and burdensome to quantify for every system. Aqua comments at 17. The OCA submits that this requirement should remain for the reasons it stated by stakeholders in Water Audit Methodology, Docket No. L-2020-3021932<sup>1</sup>. The OCA also submits that it agrees any regulations here should be consistent with the requirements in the Commission’s water audit methodology.

In 53.53 IV. A. 9, Wastewater Inflow and Infiltration, Aqua noted this requirement of “wastewater inflow and infiltration” is a new requirement and expressed concern of the detail required in this requirement for every wastewater system. Aqua indicated some systems are not metered and this information may not be available. Aqua also proposed to strike Subsection (d) “explain the impact of proposed rates” stating it would be difficult and burdensome to quantify for every system. The OCA submits the requirement should remain. By providing such data, the need

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<sup>1</sup>For example, AWWA Committee Members commented that, “The AWWA Software calculates performance indicators for discrete systems and each system should be assessed using its own performance indicators. Water companies should be required to report performance indicators as generated by the FWAS for each individual system, and not use data from groups of systems. A grouped indicator such as shown in Figure 1 inevitably masks the performance indicators of Aqua Pennsylvania’s high loss individual water systems, making it less obvious where to direct loss control activities and track their performance in controlling losses.” Water Audit Methodology, Docket No. L-2020-3021932. AWWA Committee Members’ Comments at 8.

for discovery may be eliminated and the data provided may indicate patterns or trends that are important to understand in setting rates.

#### B. Natural Gas Public Utilities

In their Comments, EAP recommends removing the requirements of Subsection B, Sections 1, 4, and 5. EAP Comments at 22. EAP asserts that the information required under these sections is related to gas procurement, which is separately addressed in annual purchased gas cost (PGC) proceedings under Section 1307(f) of the Public Utility Code. EAP further asserts that interested parties have the opportunity to participate in PGC proceedings. Finally, EAP claims that there is minimal to no relevance of gas procurement issues in a base rate proceeding. EAP Comments at 22. *See also*, UGI Comments at 15.

The OCA does not agree with the EAP's assessment of the relevance of gas procurement in the context of a base rate proceeding. The manner in which a natural gas distribution company (NGDC) procures gas, and the resulting price of supply, is essential to understanding the overall affordability of a utility's rates. The impact of gas procurement methodologies can be particularly relevant to price stability – an issue of extreme importance during periods of high wholesale prices.

Additionally, not all parties to a base rate proceeding have an opportunity or the resources to participate in annual PGC proceedings. The OCA does not agree with EAP that interested stakeholders should be forced to participate in PGC proceedings to “review a gas company's contracts, plans for gas supply, and accounting for lost gas.” EAP Comments at 22. As stated above, matters of rate affordability are directly affected by gas procurement practices and such information is vital to a base rate review.

The OCA submits that the information provided under Subsection B is readily available to each NGDC. At a minimum, each NGDC should provide a reference in its base rate filing that includes a link to the required information. Such link should, ideally, be to the NGDC website's regulatory information section, where gas supply information should be easily accessed in the same format used in the company's most recent PGC filing.

#### Section 53.45 Notice of new tariffs and tariff changes

In its Comments, CAUSE-PA recommends that the Commission “update and standardize the public notice that is distributed to customers.” CAUSE-PA Comments at 14. CAUSE-PA provides several recommendations, including requiring that the notice be provided in multiple languages, providing more detailed bill impact data, providing updated information on how to access the filing, and distributing the notice electronically for those customers who have consented to receiving electronic notices. CAUSE-PA Comments at 14-16. The OCA supports CAUSE-PA's recommendations for revisions to the public notice. In these Reply Comments, the OCA emphasizes the importance of providing more relevant and detailed bill impact data for the customers to understand the proposed impact on their bills. The OCA agrees that the typical average customer is not particularly helpful to customers to understand the proposed bill impact. *See* CAUSE-PA Comments at 15. This is especially true for water and wastewater customers where usage levels for customers in different parts of the state may vary dramatically and where there are different tariff zones for customers. The use of multiple usage levels and usage types is preferable to the current information provided in the customer notices.<sup>2</sup>

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<sup>2</sup> For example, residential electric customers could be presented with bill impacts based on usage at 500 kWh, 1000 kWh, and 2000 kWh. Similarly, water customers could be presented with usage levels at 2,000 gallons, 6,000 gallons and 10,000 gallons per months for each tariff area depending on the bill frequency analysis for that rate zone. In addition, utilities could provide access to a rate calculator that would provide the customer an opportunity to look at the impact on their specific usage levels.



### III. CONCLUSION

The OCA appreciates the opportunity to provide these Reply Comments on the Commission's Notice of Proposed Rulemaking regarding 52 Pa. Code § 53.51-53.56a.

Respectfully Submitted,

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