

PENNSYLVANIA
Public Utility Commission
2022-23



PAPUC

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Pictured left to right are Commissioner Kathryn L. Zerfuss, Commissioner Ralph V. Yanora, Chairman Stephen M. DeFrank, Commissioner John F. Coleman Jr. and Vice Chair Kimberly M. Barrow.

COMMISSIONER LETTER

THE HONORABLE JOSH SHAPIRO
GOVERNOR OF PENNSYLVANIA

THE HONORABLE AUSTIN DAVIS
LIEUTENANT GOVERNOR OF PENNSYLVANIA

MEMBERS OF THE PENNSYLVANIA GENERAL ASSEMBLY

We are pleased to submit the FY 2022-23 Annual Report for the Pennsylvania Public Utility Commission (PUC). This report covers actions taken between July 1, 2022, and June 30, 2023.

As required by Section 321 of the Public Utility Code, 66 Pa. C.S § 321, the Annual Report highlights the significant orders, decisions and issues the PUC faced over the course of the year in fulfillment of our mission as regulators and protectors of the public interest.

This fiscal year, the Commission achieved many important successes, including: encouraging consumers and small businesses who may be experiencing financial difficulty to #CallUtilitiesNow to discuss the options to remain connected to vital utility services; introducing new technologies to enhance customer care for web visitors and callers to the PUC; increasing awareness for Pennsylvania consumers to #KeepUtilitiesOn with the Low Income Household Water Assistance Program; working with regulated utilities to ensure reliability of the electric system during Winter Storm Elliott; educating consumers on how to #SaveInPA to substantially reduce summer energy costs by shopping for electric supply offers; participating in emergency-related activities that focus on emergency preparedness, business continuity, emergency response and cybersecurity plans; encouraging outreach on the FCC's broadband and telecommunications benefits available through the Affordable Connectivity Plan and Lifeline for Pennsylvanians; continuing investigations and enforcement related to pipeline, electric and motor carrier safety; and releasing multiple audits across the regulated industries.

We look forward to continuing our mission to balance the needs of consumers and utilities; ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner.

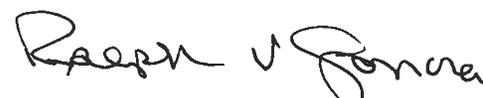
We look forward to the next fiscal year and continuing our important mission.



Stephen M. DeFrank
Chairman



Kimberly M. Barrow
Vice Chair



Ralph V. Yanora
Commissioner



Kathryn L. Zerfuss
Commissioner

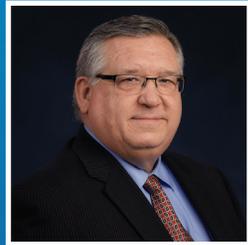


John F. Coleman Jr.
Commissioner

COMMISSION STAFF



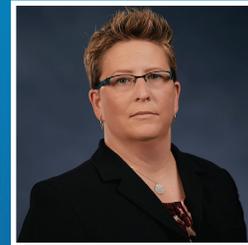
JENNIFER BERRIER
EXECUTIVE DIRECTOR



ROBERT C. GRAMOLA
*DIRECTOR
BUREAU OF
ADMINISTRATION*



CHARLES RAINEY
*DIRECTOR & CHIEF ALJ
OFFICE OF
ADMINISTRATIVE
LAW JUDGE*



KELLY MONAGHAN
*DIRECTOR
BUREAU OF
AUDITS*



TOM CHARLES
*DIRECTOR
OFFICE OF
COMMUNICATIONS*



DAN MUMFORD
*DIRECTOR
OFFICE OF
COMPETITIVE
MARKET OVERSIGHT*



LORI MOHR
*DIRECTOR
OFFICE OF BUREAU OF
CONSUMER SERVICES*



MICHAEL HOLKO
*DIRECTOR
OFFICE OF CYBERSECURITY,
COMPLIANCE AND
OVERSIGHT*



MICHAEL ROBERTS
*DIRECTOR
OFFICE OF HUMAN
RESOURCES*



RICK KANASKIE
*CHIEF PROSECUTOR
BUREAU OF
INVESTIGATION &
ENFORCEMENT*



DAVID SCREVEN
*CHIEF COUNSEL
LAW BUREAU*



JJ LIVINGSTON
*DIRECTOR
OFFICE OF
LEGISLATIVE AFFAIRS*



ROSEMARY CHIAVETTA
*DIRECTOR
SECRETARY'S BUREAU*



KIMBERLY HAFNER
*DIRECTOR
OFFICE OF SPECIAL
ASSISTANTS*



PAUL DISKIN
*DIRECTOR
BUREAU OF TECHNICAL
UTILITY SERVICES*

THE EXECUTIVE DIRECTOR is responsible for the oversight of the day-to-day management of the Commission's functions and staff. This position is responsible for the overall planning, direction, organization and operation of the Commission. Also, the Executive Director develops and implements the PUC's strategic plans and policies.

THE BUREAU OF ADMINISTRATION is responsible for overseeing administrative, fiscal and personnel functions. The Bureau of Administration is comprised of the Office of Human Resources; Management Information Systems, which oversees technology; the Secretary's Bureau; the Office of Administrative Services, which is responsible for office services; and the Financial and Assessment Section that handles budget issues and the financial functions of the Commission.

THE OFFICE OF ADMINISTRATIVE LAW JUDGE fulfills a judicial role within the Commission by hearing cases, mediating cases through the alternative dispute resolution process and issuing Decisions. The office's primary duty is to provide fair and prompt resolution of contested proceedings before the Commission. The Administrative Law Judges (ALJs) are attorneys with experience in administrative law who preside over the hearings in cases, which can include consumer complaints, rate filings, investigations, ability to pay/billing disputes and applications.

THE BUREAU OF AUDITS performs financial, management, operational and specialized audits on electric, natural gas, steam heat, wastewater, water and telecommunications utilities. It also reviews certain adjustment clause rate filings and Section 1307(e) reconciliation statements. The audits may result in recommendations to refund over-recovered costs and to improve accounting/operational procedures that could save utilities and consumers money.

THE OFFICE OF COMMUNICATIONS is charged with handling Commission employee communications, media relations, consumer education and communications technology, in addition to acting as the lead staff for the Consumer Advisory Council. The bureau is responsible for issuing press releases, responding to media calls, conducting consumer-education campaigns, distributing educational materials, creating internal and external publications and messages, coordinating the PUC's websites and social media, and managing livestreaming and communications technology.

THE OFFICE OF COMPETITIVE MARKET OVERSIGHT serves as the Commission's electric and natural gas choice ombudsman and oversees the development and functioning of the competitive retail electric and natural gas supply markets, in addition to providing a forum for informal dispute resolution.

THE BUREAU OF CONSUMER SERVICES investigates and issues decisions on informal complaints from residential and small commercial customers and enforces the PUC's customer service regulations. The bureau also serves as an intermediary between utilities and consumers, mediating complaints, making payment agreements, and implementing and monitoring universal service and energy policy. The bureau prepares annual reports for the Commission and General Assembly on complaint handling, customer service performance, universal services and collection performance.

THE OFFICE OF CYBERSECURITY COMPLIANCE AND OVERSIGHT advises the Executive Director and Commissioners on policy issues and procedural improvements involving cybersecurity oversight functions of regulated utilities; drafts proposed cyber-related regulations; and oversees the preparation of documents related to cybersecurity policies and procedures.

THE OFFICE OF HUMAN RESOURCES is responsible for planning, organizing and directing a comprehensive human resource services program for the Public Utility Commission. This includes personnel and position management, labor relations, staff development, equal opportunity, recruitment and placement, employee benefits and services, personnel and leave transactions, and complement management. The bureau provides administrative and advisory services to the Executive Director, Director of Administration and PUC management.

THE BUREAU OF INVESTIGATION AND ENFORCEMENT serves as the prosecutorial bureau for purposes of representing the public interest in ratemaking matters. The bureau also prosecutes service matters before the Office of Administrative Law Judge and enforces regulatory compliance with the state and federal motor carrier safety, electric safety, and gas pipeline safety laws and regulations. The bureau handles rail safety enforcement proceedings and investigates referrals from other bureaus. The bureau also prepares administrative reports for the Commission.

THE LAW BUREAU acts as the Commission's in-house legal counsel in three main areas: advisory, representational and enforcement, providing legal advice to the Commission regarding electric, natural gas, telecommunications, water/wastewater and transportation matters, as well as proposed legislation, and regulatory and policy statements. The bureau's director serves as Chief Counsel to the Commission. The Law Bureau represents the Commission before state and federal courts and before other state and federal agencies.

THE OFFICE OF LEGISLATIVE AFFAIRS acts as the liaison between the PUC and the Governor's Office, the General Assembly and the Pennsylvania Congressional Delegation; identifies legislation that may affect the Commission or public utilities and obtains staff analysis; provides relevant information to the legislature; and promotes the Commission's position on legislation and issues with the General Assembly.

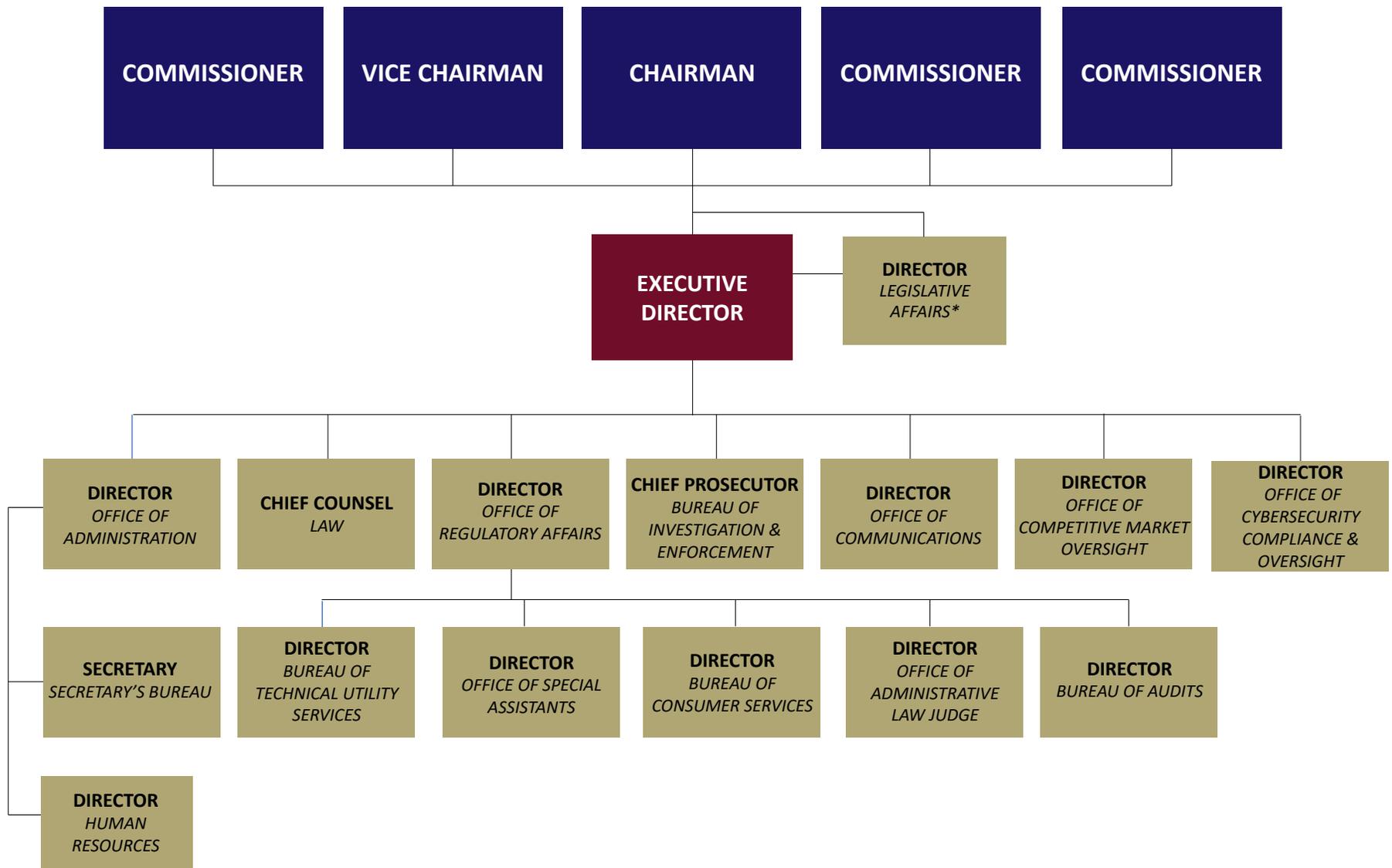
THE DIRECTOR OF REGULATORY AFFAIRS oversees the PUC's bureaus with regulatory functions, including the Bureau of Audits, the Bureau of Consumer Services, the Office of Special Assistants, the Bureau of Technical Utility Services and the Office of Administrative Law Judge. The Director of Regulatory Affairs also is responsible for planning, organizing, coordinating, directing and overseeing regulatory staff. This position is currently vacant.

THE SECRETARY'S BUREAU is the PUC's official point of contact with the public. The Secretary serves as the prothonotary of the Commission, and all documents and filings received by the Commission must be officially filed with the Secretary. The bureau processes, docket and assigns all filings to the appropriate bureaus within the Commission for review and recommendation. All official Commission actions and decisions are issued over the Secretary's signature. The Secretary's Bureau coordinates the Commission's Public Meeting agendas, records the minutes of each Public Meeting, and issues all Commission Orders, Decisions and Secretarial Letters. The Secretary also is the Commission's official Right-to-Know Officer.

THE OFFICE OF SPECIAL ASSISTANTS is the Commission's advisory support bureau, providing legal and technical advice to the Commission primarily regarding challenges to Administrative Law Judge decisions, as well as policy issues; drafts proposed Opinions and Orders containing a review of the facts, the applicable law and a proposed resolution of the issues raised in contested proceedings; drafts Opinions and Orders pursuant to Motions adopted at Public Meeting; and reviews Petitions for Relief following the issuance of Commission Orders.

THE BUREAU OF TECHNICAL UTILITY SERVICES serves as the principal technical advisory bureau to the Commission regarding fixed and transportation utility regulatory matters, as well as an adviser to the PUC on technical issues for electric, natural gas, water and wastewater, and telecommunications utilities. The bureau also offers policy recommendations on rates, tariffs and regulatory matters; processes utility applications; and coordinates emergency operations of utilities.

ORGANIZATIONAL CHART



*Dual reporting relationship to Commissioners and Executive Director

PUC BUDGET

EXECUTIVE GOVERNMENT OPERATIONS

GENERAL GOVERNMENT FUND

	GENERAL FUND Estimated 2022-23 Expenditures	GENERAL FUND Approved 2023-24 Budget
State Funds:		
<i>Personnel</i>	\$65,772,000	\$68,750,000
<i>Operating</i>	14,109,000	13,936,000
<i>Fixed Assets</i>	210,000	210,000
Total State Funds	\$80,091,000	\$82,896,000
Federal Funds:		
<i>Personnel</i>	\$4,070,000	\$4,252,000
<i>Operating</i>	1,113,000	1,286,000
Total Federal Funds	\$5,183,000	\$5,538,000
Total Commission Budget	\$85,274,000	\$88,434,000

OTHER REVENUE SOURCES

	2022-23 RECEIPTS
Unconventional Gas Well Fund – Act 13	\$1,000,000
Unconventional Gas Well – Act 13 Administration	552,500
Filing & Fees	52,068
Application Fees	526,468
Assessment & Supplemental Fees	55,728,915
UCR	4,945,568
Damage Prevention Fines	1,314,770
Violation of Order Fines	1,673,675
Federal – Gas Pipeline Safety	3,995,000
Federal – Motor Carrier (Motor Carrier Safety Administration Program)	1,188,000
Total	\$70,976,964

2020-21 APPLICATION FEES, FILING FEES & FINES

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	2020-21 TOTAL
Unconventional Gas Well – Act 13 Administration	\$0	\$0	\$19,500	\$533,000	\$552,500
Filing & Fees	11,245	6,308	10,045	24,470	\$52,068
Application Fees	122,893	65,892	73,037	264,647	\$526,468
Assessment & Supplemental Fees	16,754,494	38,914,528	16,153	43,740	\$55,728,915
UCR	0	2,556,089	2,244,033	145,476	\$4,945,568
Damage Prevention Fines	155,575	270,900	519,900	368,395	\$1,314,770
Violation of Order	275,232	969,916	280,823	147,704	\$1,673,675
Total	\$17,319,439	\$42,783,631	\$3,163,461	\$1,527,432	\$64,793,964

INTRODUCTION

FILING AND RESOURCES

The Secretary's Bureau received approximately 26,000 filings this past fiscal year and served approximately 15,000 documents, including approximately 700 Orders and 6,000 Secretarial Letters. The Commission received more than 150 Right-to-Know requests.

The PUC's Office of Administrative Law Judge presided over a mix of telephonic and in-person hearings – a total of 602 evidentiary hearings and 26 public input hearings. In addition, 263 cases were resolved through mediation. Presiding officers rendered 323 written decisions.

Throughout the year, the PUC's Office of Special Assistants prepared 165 Orders for Commission consideration at Public Meetings in proceedings involving consumers and regulated utilities.

The PUC's Law Bureau regularly represented the Commission in an average of 54 open state and federal court appeals, administrative proceedings and matters involving affirmative litigation.





2022-23 ACCOMPLISHMENTS

CONSUMER ISSUES

Throughout the year, the Commission has continued to vigorously promote our #CallUtilitiesNow initiative – working to connect struggling consumers with utility assistance programs. The pressures of rising energy prices, inflation, and the ongoing state and national recovery continue to impact our communities. It is important that we work collectively to help keep residents and businesses connected to vital services.

Our PUC consumer education team planned the annual Be Wise and Be Utility Wise conferences for human service professionals, which reached nearly 1,200 participants through a hybrid in-person and virtual approach.

Through educational outreach, we encouraged Pennsylvanians to stay connected through the Affordable Connectivity Program, a benefit funded by Congress through the Infrastructure Investment and Jobs Act (IIJA).

The PUC's Bureau of Consumer Services answered more than 134,000 calls, and investigated and issued more than 53,000 informal complaint decisions.

Also, new technologies were implemented to enhance customer care through the PUC's new Artificially Intelligent Virtual Agent, or "Aiva," providing 24/7 bilingual assistance to web visitors and callers.

WATER/WASTEWATER ISSUES

The PUC increased awareness for Pennsylvania consumers to #KeepUtilitiesOn with the [Low Income Household Water Assistance Program](#).

EMERGENCY PREPAREDNESS

Winter Storm Elliott impacted the Eastern United States over the holiday weekend of Dec. 23, 2022, through Dec. 25, 2022. The large drop in temperatures within a very short time period tested the reliability of much of the bulk electric grid, and the regional electric grid organization, PJM Interconnection LLC (PJM).

While PJM and its members were able to maintain the reliability of the system, serve customers and support neighboring systems, the PUC communicated with the Pennsylvania Emergency Management Agency (PEMA) and the Department of Environmental Protection's Energy Programs Office (DEP EPO) throughout the event, pursuant to the responsibilities of the PUC under the Commonwealth Emergency Operations Plan.

Commission staff participated in several emergency preparedness exercises and activities with our colleagues at PEMA, along with other agencies and utility stakeholders. The PUC also helped facilitate two Black Sky Steering Committee meetings, facilitated the annual Operation Blue Flame natural gas exercise, and participated in the Cybersecurity and Infrastructure Security Agency (CISA) 5th National Cybersecurity Summit.

The PUC also continued its collaboration with the Pennsylvania Department of Environmental Protection's Energy Programs Office on updating the energy security plan for Pennsylvania.

AUDITS

The PUC Financial Audits team released 25 reports covering 66 years of adjustment clauses and reviewed and approved approximately 387 adjustment clause filings. Management Audit staff released four Management Audits, two Management Efficiency Investigation reports, and the 516 Annual Report for Calendar Year 2022.

RATE CASES

The PUC's rates and technical divisions participated in 12 base rate cases with a total requested increase value of more than \$471 million, five Section 1329 acquisitions and seven Section 1307(f) annual purchased gas cost filings.

ENERGY RETAIL MARKETS

The PUC's Office of Competitive Market Oversight continued to monitor the developments within the wholesale energy markets and our efforts to help consumers deal with affordability concerns. This included convening a meeting on Nov. 1, 2022, of the Committee Handling Activities for Retail Growth in Electricity (CHARGE), including suppliers, utilities and advocates to review current market conditions and concerns. There currently are 458 electric generation suppliers and 335 natural gas suppliers licensed with the Commission.

IMPACT FEES

In 2022, the PUC distributed \$234 million from impact fees on natural gas producers – pushing the 10-year total to more than \$2.2 billion collected and distributed to communities across the state. Additionally, more than 72% of our utilities accessed the PUC's assessment portal online to report annual revenues.

SAFETY ISSUES

Pipeline safety inspectors spent more than 2,900 days conducting inspection of procedures, records and field-based operations for just over 86,000 miles of jurisdictional pipeline facilities, including 27% of pipeline construction project inspections. The division discovered 185 violations through non-compliance notifications and actively investigated dozens of potential incident investigations.

Meanwhile, electric safety inspectors spent more than 263 days conducting inspections of procedures, record and field-based operation for just over 211,000 miles of jurisdictional electric distribution facilities serving 5.7 million customers. The division discovered 140 violations through non-compliance notifications and actively investigated more than 150 potential and actual incidents. During this timeframe, there was a dramatic reduction of electric-related injuries and fatalities.

Both the Pipeline Safety and Electric Safety Divisions serve as technical experts for the PUC's Bureau of Investigation and Enforcement resulting in enhanced safety measures and civil penalties.

Also, more than 400 underground facility owners, excavators and project owners were directed to attend Act 50 training (related to the Pennsylvania One Call Law), while the PUC's Damage Prevention Committee (DPC) approved 1,774 violations related to nearly 500 cases that were addressed during monthly DPC meetings.

The PUC's Motor Carrier Enforcement Division conducted 77 focused reviews on carriers, and completed nearly 2,400 federal New Entrant Safety Audits and more than 4,000 roadside inspections of commercial motor vehicles.

TELECOMMUNICATIONS EFFORTS

This past fiscal year, the PUC again recognized Lifeline Awareness Week to help income-eligible Pennsylvanians [stay connected](#) through the Lifeline and Affordable Connectivity programs. The Commission also has a role in the Pennsylvania Broadband Development Authority to continue its efforts to expand broadband services across the state and encouraging the universal deployment of advanced broadband networks and services to improve the quality of life for all Pennsylvanians. Additionally, the PUC remains focused on ensuring that those that need it have access to safe and reliable basic local telephone service at just and reasonable rates.

2022-23 AUDITS UPDATE

◆ ELECTRIC

The PUC released 17 reports covering 42 years of Section 1307(e) reconciliation statement audits, involving default service, purchased power, transmission service costs, generation supply service, smart meter and universal service programs.

The Commission also reviewed and processed 164 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 74 Section 1307(e) reconciliation statements that were reviewed and processed.

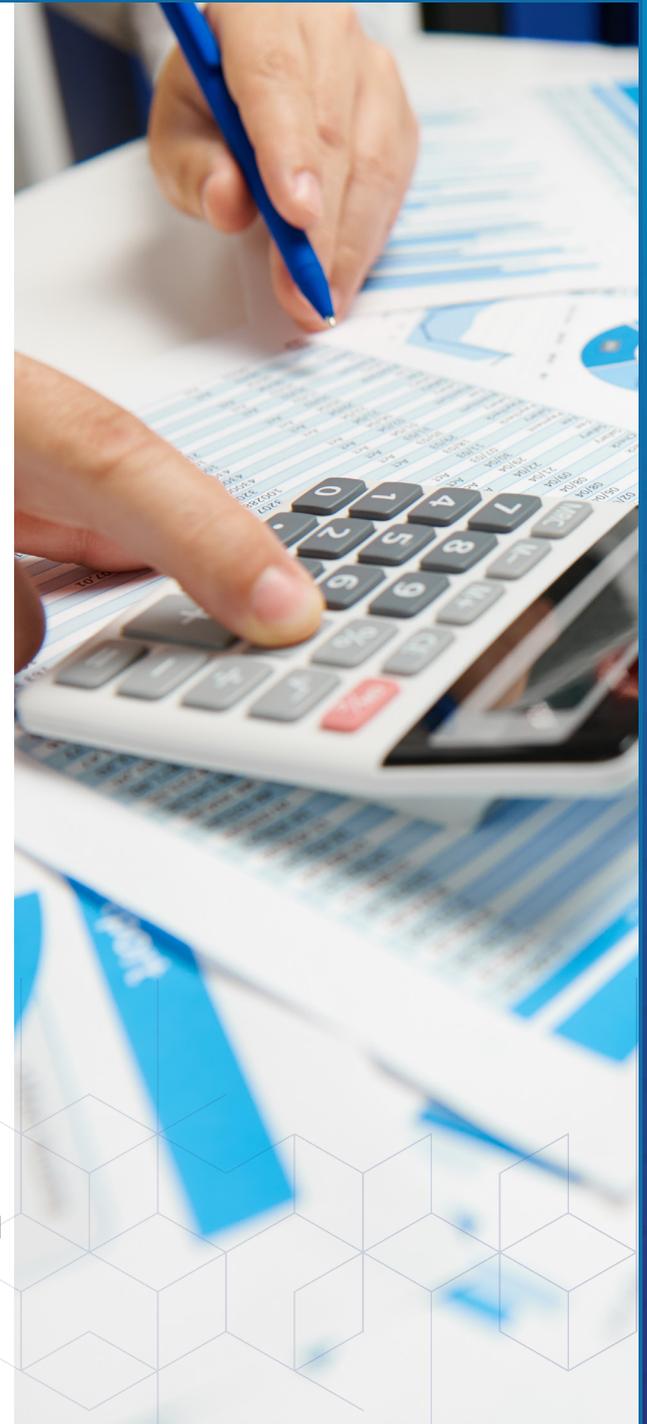
During Fiscal Year 2022-23, the PUC performed management and operations audits or management efficiency investigations, including:

◆ [PECO ENERGY COMPANY](#) – A management and operations audit, released on Aug. 25, 2022, made 22 recommendations to the company for improvement resulting in projected annual savings of \$15 million and one-time savings of \$13.5 million. The company indicated acceptance of 19 recommendations and partial acceptance of three recommendations.

◆ NATURAL GAS

During Fiscal Year 2022-23, the PUC released 44 reports covering 22 years of Section 1307(e) and Section 1307(f) reconciliation statement audits, involving purchased gas costs, gas cost rates and universal service audits.

The PUC also reviewed and processed 48 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 31 Section 1307(e) reconciliation statements that were reviewed and processed.



During Fiscal Year 2022-23, the PUC performed management and operations audits or management efficiency investigations, including:

- ◇ PHILADELPHIA GAS WORKS – A management and operations [audit](#), released on March 2, 2023, made 32 recommendations to the company for improvement. The company indicated acceptance of 26 recommendations partial acceptance of three recommendations, and rejection of three recommendations.

- ◆ STEAM HEAT

During Fiscal Year 2022-23, the PUC released one report covering two years of Section 1307(e) reconciliation statement audits of steam cost rates for Vicinity Energy Philadelphia.

The PUC also reviewed and processed 16 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional three Section 1307(e) reconciliation statements that were reviewed and processed.

- ◆ WATER/WASTEWATER

During Fiscal Year 2022-23, the PUC reviewed and processed 41 filings requesting changes to established adjustment clause rates and implementing revised surcharge rates, and an additional 11 Section 1307(e) reconciliation statements that were reviewed and processed.

During Fiscal Year 2022-23, the PUC performed management and operations audits or management efficiency investigations, including:

- ◇ PITTSBURGH WATER & SEWER AUTHORITY – A management and operations [audit](#), released on April 20, 2023, made 41 recommendations to the company for improvement. The company indicated acceptance of 34 recommendations and partial acceptance of seven recommendations.

- ◆ TELECOMMUNICATIONS AUDITS

The Commission released the Telecommunications Relay Service Report for the two years ending Feb. 28, 2021. It contained one audit observation.

RATE INCREASE REQUESTS

During the fiscal year, the following rate increase requests were filed and/or finalized with the Commission. Information about the [ratemaking process](#) is available on the PUC website.

◆ ELECTRIC

◇ CITIZENS' ELECTRIC COMPANY OF LEWISBURG PA (R-2022-3032369)

REQUESTED RATE INCREASE – \$999,270 (7.3%)

APPROVED RATE INCREASE – \$930,000 (6.8%)

PRIMARY REASON – To continue its replacement of distribution infrastructure and installation of small line extensions and upgrades, to address declining sales and revenues from the previous rate case, and to account for operations and maintenance costs increasing due to inflation.

◇ UGI UTILITIES INC. – ELECTRIC DIVISION (R-2022-3037368)

REQUESTED RATE INCREASE – \$11.4 million (7.5%)

APPROVED RATE INCREASE – Ongoing

PRIMARY REASON – To earn a fair return on its investments, to obtain additional financial support for infrastructure replacement programs and enhanced information technology systems, and recover higher levels of operating expenses.

◆ NATURAL GAS

◇ COLUMBIA GAS OF PA INC. (R-2022-3031211)

REQUESTED RATE INCREASE – \$82.2 million (12.6%)

APPROVED RATE INCREASE – \$44.5 million (5.5%)

PRIMARY REASON – To enhance its distribution system through the replacement of pipe and related appurtenances, provide operation and maintenance expenditures, and provide operations safety enhancements. Also requested approval of a residential energy efficiency program along with a revenue normalization adjustment mechanism intended to stabilize utility revenue regardless of changes in customer usage.



- ◇ LEATHERSTOCKING GAS COMPANY LLC (R-2022-3032764)
 REQUESTED RATE INCREASE – \$701,200 (32.4%)
 APPROVED RATE INCREASE – \$645,000 (25.7%)
 PRIMARY REASON – To provide sufficient operating revenues to meet operating expenses (including depreciation), taxes, fixed charges and a reasonable rate of return on investments in gas property, and maintain creditworthiness at a level sufficient to raise capital.

- ◇ NATIONAL FUEL GAS DISTRIBUTION CORPORATION (R-2022-3035730)
 REQUESTED RATE INCREASE – \$28.1 million (9.2%)
 APPROVED RATE INCREASE – \$23.0 million (7.5%)
 PRIMARY REASON – To earn a fair return on its investments, support infrastructure replacement programs, recover higher levels of operating expenses, including employee compensation costs, implement a Weather Normalization Adjustment tariff rider, and implement an energy efficiency pilot program, the cost of which is recovered from residential customers.

- ◇ PECO ENERGY COMPANY (R-2022-3031113)
 REQUESTED RATE INCREASE – \$81.2 million (9.1%)
 APPROVED RATE INCREASE – \$54.8 million (6.0%)
 PRIMARY REASON – To continue substantial investments in new and replacement gas utility plant. PECO projects that it will need to invest approximately \$1.8 billion in new and replacement gas utility plant between January 2022 and December 2023.

- ◇ PHILADELPHIA GAS WORKS (R-2023-3037933)
 REQUESTED RATE INCREASE – \$85.5 million (10.3%)
 APPROVED RATE INCREASE – Ongoing
 PRIMARY REASON – To maintain its favorable bond ratings, continue to improve safety and improve customer service.

- ◇ UGI UTILITIES INC. – GAS DIVISION (R-2021-3030218)
 REQUESTED RATE INCREASE – \$82.7 million (7.8%)
 APPROVED RATE INCREASE – \$49.5 million (4.7%)
 PRIMARY REASON – To earn a fair return on investments, to support ongoing Commission-approved infrastructure replacement programs, to enhance information technology systems, to increase training opportunities for personnel, to implement a Weather Normalization Adjustment tariff rider, and to recover higher levels of certain operating expenses that support the provision of safe and reliable gas distribution services.

- ◇ VALLEY ENERGY INC. (R-2022-3032300)
 REQUESTED RATE INCREASE – \$999,631 (11.8%)
 APPROVED RATE INCREASE – \$958,000 (11.3%)
 PRIMARY REASON – To provide for the ongoing replacement of its aging infrastructure and to account for the rise in costs in its operations and maintenance expenses.

◆ WATER/WASTEWATER/STORMWATER

◇ WONDERVIEW WATER INC. – WATER (R-2022-3032243)

REQUESTED RATE INCREASE – \$25,845 (27.6%)

APPROVED RATE INCREASE – \$25,845 (27.6%)

PRIMARY REASON – To cover its operating expenses and to achieve adequate rate of return to move the company toward a profitable position to attract prospective buyers.

◇ BOROUGH OF AMBLER – WATER (R-2022-3031704)

REQUESTED RATE INCREASE – \$637,691 (45.4%)

APPROVED RATE INCREASE – \$424,948 (30.1%)

PRIMARY REASON – To provide sufficient revenues to continue to furnish adequate, safe and reliable water service, pursuant to state and federal drinking water standards, to continue to operate, maintain and renew its facilities and meet its financial obligations, and to achieve an adequate rate of return.

◇ PENNSYLVANIA AMERICAN WATER COMPANY – WATER (R-2022-3031672)

REQUESTED RATE INCREASE – \$154,420,781 (21.6%)

APPROVED RATE INCREASE – \$83,370,539 (11.6%)

PRIMARY REASON – To earn a reasonable return on the fair value of its property used and useful in the public service and to maintain the integrity of its existing capital. The requested increase included an allocation of \$72,946,653 of Pennsylvania American Water Company's revenue requirements for wastewater service, pursuant to Act 11 of 2012. The approved increase included an allocation of \$26,961,883 of Pennsylvania American Water Company's revenue requirements for wastewater service, pursuant to Act 11 of 2012.

◇ PENNSYLVANIA AMERICAN WATER COMPANY – WASTEWATER (R-2022-3031673)

REQUESTED RATE INCREASE – \$18,735,170 (16.1%)

APPROVED RATE INCREASE – \$54,629,462 (47.1%)

PRIMARY REASON – To earn a reasonable return on the fair value of its property used and useful in the public service, and to maintain the integrity of its existing capital.

◇ THE YORK WATER COMPANY – WATER (R-2022-3031340)

REQUESTED RATE INCREASE – \$18,853,738 (33.8%)

APPROVED RATE INCREASE – \$11,599,404 (21.6%)

PRIMARY REASON – To provide sufficient revenues to recover the cost of providing water service, to allow it to continue to furnish an adequate, safe and reliable level of service, to maintain facilities properly, and to earn a more reasonable rate of return. The requested increase included an allocation of \$2,670,856 of The York Water Company's revenue requirements for wastewater service, pursuant to Act 11 of 2012. The approved increase included an allocation of approximately \$1.3 million of The York Water Company's revenue requirements for wastewater service, pursuant to Act 11 of 2012.

- ◇ THE YORK WATER COMPANY – WASTEWATER (R-2022-3032806)
 REQUESTED RATE INCREASE – \$1,456,792 (35%)
 APPROVED RATE INCREASE – \$1,899,902 (45.6%)
 PRIMARY REASON – To provide sufficient revenues to recover the cost of providing wastewater service, to allow it to continue to furnish an adequate, safe and reliable level of service, to maintain facilities properly, and to earn a more reasonable rate of return.

- ◇ ELVERSON WATER COMPANY – WATER (R-2022-3036491)
 REQUESTED RATE INCREASE – \$41,031 (22%)
 APPROVED RATE INCREASE – \$26,201 (14%)
 PRIMARY REASON – To recover increased cost of supplies and services and upgrades to operations.

- ◇ COLUMBIA WATER COMPANY – WATER (R-2023-3040258)
 REQUESTED RATE INCREASE – \$999,900 (14.2%)
 APPROVED RATE INCREASE – Pending
 PRIMARY REASON – To earn a fair return on capital investments, support long-term infrastructure replacement programs, and recover increased operating expenses and employee benefit costs.

- ◇ THE PITTSBURGH WATER AND SEWER AUTHORITY – WATER (R-2023-3039920)
 REQUESTED RATE INCREASE – \$106,718,828 (79.8%)
 APPROVED RATE INCREASE – Pending
 PRIMARY REASON – To fund capital improvements, recover operating costs, meet new financial obligation and improve financial metrics.

- ◇ THE PITTSBURGH WATER AND SEWER AUTHORITY – WASTEWATER (R-2023-3039921)
 REQUESTED RATE INCREASE – \$19,665,720 (38.3%)
 APPROVED RATE INCREASE – Pending
 PRIMARY REASON – To fund capital improvements, recover operating costs, meet new financial obligations and improve financial metrics.

- ◇ THE PITTSBURGH WATER AND SEWER AUTHORITY – STORMWATER (R-2023-3039919)
 REQUESTED RATE INCREASE – \$19,415,352 (81.5%)
 APPROVED RATE INCREASE – Pending
 PRIMARY REASON – To fund capital improvements, recover operating costs, meet new financial obligations and improve financial metrics.

TELECOMMUNICATIONS

The Chapter 30 companies filed their Annual Price Stability Index/Service Price Index filings for 2023. During the fiscal year, the companies were authorized to implement a total of \$10.66 million in annual revenue increases under their respective price cap filings. The Commission approved \$161,395 in actual rate increases.

The Commission maintained the end-user Telecommunications Relay Service (TRS) Surcharge rate at \$0.00/month.

The Commission also approved the Pennsylvania Universal Service Fund (USF) Annual Rate Adjustment Administrator's Report with recommendations about the Pennsylvania USF's size for Calendar Year 2023.

The Commission reviewed and approved 27 filings, which were either interconnection agreements or amendments to existing interconnection agreements.



2022-23 MERGERS & ACQUISITIONS

- ◆ FIRSTENERGY CORPORATION'S CONSOLIDATION OF ITS PA ELECTRIC DISTRIBUTION COMPANIES

Under the [proposed reorganization](#), which was filed with the PUC on March 6, 2023, FirstEnergy's PA electric distribution companies – Metropolitan Edison Co. (Met-Ed), Pennsylvania Electric Co. (Penelec), Pennsylvania Power Co. (Penn Power) and West Penn Power Co. (West Penn) – would merge into a newly established entity known as FirstEnergy Pennsylvania Electric Co., which would be a subsidiary of FirstEnergy Pennsylvania Holding Co. LLC, which, in turn, would be a first-tier subsidiary of FirstEnergy Corporation. A settlement in the case was filed on Aug. 30, 2023, which is now being reviewed by the OALJ before it goes before the Commission.

- ◆ VEOLIA WATER PENNSYLVANIA INC. AND VEOLIA WATER BETHEL INC. CONSOLIDATION

On Oct. 4, 2022, Veolia Water Pennsylvania Inc. and Veolia Water Bethel Inc. filed an [application](#) to merge Veolia Water Bethel into Veolia Water Pennsylvania. Under the proposed plan, rates for Veolia Water Bethel's customers would not change. The Commission approved the merger on Feb. 9, 2023.

- ◆ TELECOMMUNICATIONS TRANSFERS OF CONTROL

The Commission considered 10 applications that comprised a total of 15 dockets and an extensive number of certificated carriers during the prior fiscal year.

◆ WATER/WASTEWATER ACQUISITIONS

Section 1329 enables a water or wastewater public utility or entity to utilize fair market valuation when acquiring municipal corporation or authority owned water and wastewater systems located in the Commonwealth.

The Commission received the following Section 1329 applications during Fiscal Year 2022-23:

- ◇ Aqua Pennsylvania Water Inc. (Aqua) Shenandoah Borough Municipal Authority - [Docket A-2022-3034143](#)
- ◇ Pennsylvania American Water Company-Wastewater Division Butler Area Sewer Authority - [Docket A-2022-3037047](#)
- ◇ Aqua Pennsylvania Wastewater Inc. (APW) City of Beaver Falls - [Docket A-2022-3033138](#)
- ◇ PAWC-WD Brentwood Borough - [Docket A-2021-3024058](#)
- ◇ PAWC-WD Towamencin Township - [Docket A-2023-3039900](#)

The following Section 1329 applications, received in Fiscal Year 2021-22, were approved by the Commission during Fiscal Year 2022-23:

- ◇ APW East Whiteland Township - [Docket A-2021-3026132](#)
- ◇ APW Willistown Township Section - [Docket A-2021-3027268](#)



2022-23 COMMONWEALTH COURT DECISIONS

◆ TELECOMMUNICATIONS

- ◇ *Core Communications v. Pennsylvania Public Utility Commission, Verizon PA and Verizon North*, U.S. Middle District of PA. Docket No. 1:30-CV-01802. Decided Aug. 8, 2022. Core Communications filed a complaint in federal court arguing the Commission's adjudications of interconnection agreements between Core and Verizon were not based on substantial evidence, were arbitrary and capricious, and were inconsistent with federal law.

◆ WATER

- ◇ *Twin Lakes Utilities Inc. and Aqua Pennsylvania Inc. v. Pennsylvania Public Utility Commission*. Docket Nos. 1289 C.D. 2021 and 1359 C.D. 2021. Decided Aug. 11, 2022. This case involves the takeover of a water company by another water company pursuant to Section 529 of the Public Utility Code.
- ◇ *County of Delaware v. Pennsylvania Public Utility Commission*. Docket No. 455 C.D. 2021. Decided Sept. 12, 2022. Unreported opinion. The County of Delaware petitioned for review of a March 30, 2021, Opinion and Order which vacated the Recommended Decision of the ALJ to deny the application of Aqua Pennsylvania Wastewater Inc. (Aqua) seeking approval to acquire the assets of the Delaware County Regional Water Quality Control Authority (DELCORA).

◆ ELECTRIC

- ◇ *Maria Povacz et al v. Pennsylvania Public Utility Commission Supreme Court* Docket Nos. 34-45 MAP 2021. Decided Aug. 16, 2022. This case involved installation of "smart" meters by EDCs in compliance with Act

129 of 2008 (66 Pa.C.S. § 2807(f)). The Pennsylvania Supreme Court held that Act 129 mandates that EDCs furnish smart meters to all electric customers within the EDC's service territory and that Act 129, when read in its entirety, does not allow for an accommodation of an opt-out from having a smart meter installed.

- ◇ Eileen Walden v. Pennsylvania Public Utility Commission. Supreme Court Docket No. 81 MM 2022. Decided Dec. 22, 2022. Ms. Walden filed a Petition for Leave to File a Petition for Allowance of Appeal Nunc Pro Tunc to the PA Supreme Court. This petition was filed in response to her litigation matter against the PUC (in her original dispute with PECO).
- ◇ Township of Marple v. Pennsylvania Public Utility Commission. Docket No. 319 C.D. 2022. Decided March 9, 2023. Opinion reported April 25, 2023. The Commonwealth Court vacated and remanded the Commission's March 10, 2022, Opinion and Order with instructions that it issue an Amended Decision regarding Intervenor PECO Energy Company's "Petition for a finding pursuant to 53 P.S. Section 10619" that must incorporate the results of a constitutionally sound environmental impact review as to siting a "fiber building" and "gas reliability station building" upon real property located in the Township of Marple, Delaware County.
- ◇ Interstate Gas Supply Inc. d/b/a IGS Energy, NRG Energy Inc. and Shipley Choice LLC d/b/a Shipley Energy v. Public Utility Commission. Docket No. 472 C.D. 2022. Decided April 28, 2023. Opinion reported July 12, 2023. A group of electric generation suppliers (IGS) filed complaints against the FirstEnergy Company electric distribution companies.
- ◇ Evangeline Hoffman-Lorah v. Pennsylvania Public Utility Commission. Docket No. 712 C.D. 2019. Decided June 23, 2023. Unreported opinion. The Commonwealth Court affirmed the Commission's Order dismissing a pro se Complainant's consolidated "smart meter" complaints against PPL Electric Utilities Corporation (PPL) regarding her two service properties.
- ◇ Atuahene v. Pennsylvania Public Utility Commission. Docket No. 1077 C.D. 2021. Decided June 27, 2023. Unreported opinion. Agnes and Steve Atuahene (Atuahenes) filed a complaint challenging a threatened termination of their electric service by disputing the accuracy of PECO's electric meter readings and the legality of PECO's transfer of electric service account balances from several rental properties owned by the Atuahenes to the account at their current residential address.

◆ GAS

- ◇ City of Lancaster v. Pennsylvania Public Utility Commission. Docket No. 251 C.D. 2019. Decided Oct. 11, 2022. The City of Lancaster and other municipalities filed a Petition with Commonwealth Court which challenged the validity of Section 59.18 of the PUC's Regulations 52 Pa. Code § 59.18, which, as amended by a Final Rulemaking Order adopted on May 22, 2014, mandated outdoor gas meter locations but permits a natural gas distribution company's consideration of indoor gas meter locations when a gas meter is located inside a building within a locally designated historic district.

◇ Sunoco Pipeline LP v. Pennsylvania Public Utility Commission, Docket Nos. 1415-1419 C.D. 2021 and 1421 C.D. 2021. Decided May 5, 2023. The Commonwealth Court affirmed in part and reversed in part the Commission's Order dated Nov. 18, 2021. Specifically, the Court affirmed part of the Commission's decision concluding that Sunoco Pipeline L.P.'s public awareness program as implemented failed to meet the reasonable service standard pursuant to 66 Pa.C.S. Section 1501, and there was no error in directing remedial actions to ensure the delivery of safe and reasonable service.

◆ RIGHT-TO-KNOW LAW

◇ Energy Transfer and Pennsylvania Public Utility Commission v. Rebecca Moss and Spotlight PA. Docket Nos. 1700 C.D. 2019 and 1722 C.D. 2019. Decided Jan. 20, 2023, Opinion reported. The Commonwealth Court reversed the Office of Open Record's (OOR) Final Determination regarding Commission records requested under the Right-to-Know Law, 65 P.S. §§ 67.101, et seq.

◇ Public Utility Commission v. Eric Friedman and Energy Transfer v. Eric Friedman (Friedman II). Docket Nos. 1560 C.D. 2019 and 1576 C.D. 2019. Decided April 25, 2023. The PUC appealed the Office of Open Records' Final Determination ordering the PUC to turn over records requested by Eric Friedman pursuant to the PA Right-to-Know Law, including transmittal letters containing confidential security information (CSI) and the non-CSI records submitted under cover of those transmittal letters by Sunoco Pipeline/Energy Transfer (ET).

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