**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held January 12, 2012

Commissioners Present:

Robert F. Powelson, Chairman

John F. Coleman, Jr., Vice Chairman

Wayne E. Gardner

James H. Cawley

Pamela A. Witmer

Veolia Energy Philadelphia, Inc. M-2011-2255147

Annual Steam Cost Rate 1307(e)

Reconciliation Statement

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is Veolia Energy Philadelphia Inc.’s (Veolia) Annual Steam Cost Rate (SCR) 1307(e) Reconciliation Statement for the period July 1, 2010 through June 30, 2011. Veolia made this submission on July 29, 2011, pursuant to the provisions of Trigen-Philadelphia Energy Corporation Tariff Heating and Cooling ‑ Pa. P.U.C. No. 4 and Section 1307(e) of the Public Utility Code, 66 Pa. C.S. § 1307(e).

**Background**

In accordance with its SCR Tariff Rider, on July 29, 2011, Veolia filed its reconciliation statement at Docket No. M-2011-2255147. The established SCR permits Veolia to recover from its customers the projected total costs of steam and electricity production. The SCR is computed monthly and is subject to annual reconciliation.

On September 19, 2011, a hearing was held before Administrative Law Judge Dennis J. Buckley (ALJ) to review Veolia’s reconciliation statement. In a Recommended Decision issued by the Commission on November 4, 2011, the ALJ recommended that the SCR Reconciliation be accepted insofar as it is undisputed but cautioned that acceptance of the undisputed SCR reconciliation is expressly subject to subsequent Commission audit and shall not constitute approval of either the accuracy of the figures or the reasonableness of the underlying transactions. In his Recommended Decision, the ALJ noted that Veolia experienced an over collection of $601,552 of its SCR with an interest calculation of $38,794.

**Discussion**

Veolia’s Reconciliation Statement indicates a total over-collection from July 1, 2010 through June 30, 2011, of $601,552, and also shows interest of $38,794 on under-collections that occurred during the period, resulting in a net over-collection of $562,758 for that period. We are of the opinion that Veolia’s Reconciliation Statement is an adequate filing within the meaning of Section 1307(e) of the Code, expressly subject to subsequent Commission audit. Our acceptance of this Reconciliation Statement does not constitute final approval of the accuracy of the figures or the reasonableness of the underlying transactions.

However, we are concerned that the above-referenced offset of over-collections by interest on under-collections may violate Veolia’s tariff. Therefore, we direct that this should be reviewed by subsequent audit. It should be noted that the tariff specifically states that customers shall not be liable for interest on net under collections.[[1]](#footnote-1) Utilities in Pennsylvania are required to adhere to the rates specified in their tariffs. 66 Pa. C.S. § 1303, and a tariff has the full force and effect of law and is binding upon the utility and a customer. *Pennsylvania Elec. Co. v. Pa. PUC,* 663 A.2d 2 (Pa. Cmwlth. 1995). We also note that previous reconciliation statements filed by Veolia’s predecessor did not provide for such an offset.[[2]](#footnote-2)

**Conclusion**

We shall adopt the ALJ’s Recommended Decision, as modified by this Opinion and Order, and accept Veolia’s Reconciliation Statement as adequate within the meaning of the Code Section 1307(e) but expressly subject to further review and revision as may be found necessary by a subsequent Commission audit. **THEREFORE**,

**IT IS ORDERED:**

1. That the Recommended Decision of Administrative Law Judge Dennis J. Buckley is adopted, as modified by this Opinion and Order.

2. That Veolia Energy Philadelphia, Inc.’s statement of Steam Cost Rate Reconciliation for the twelve-month period ended June 30, 2011, be, and hereby is, accepted insofar as it is undisputed.

3. That Veolia Energy Philadelphia Inc.’s Reconciliation Statement is accepted as adequate within the meaning of Section 1307(e) but expressly subject to such further review and revision as may be found necessary as a result of a subsequent Commission audit pursuant to Section 1307(d).

4. That acceptance of the undisputed Veolia Energy Philadelphia Inc.’s Reconciliation Statement shall not constitute approval of either the accuracy of the reported figures or the reasonableness of the underlying transactions.

 **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: January 12, 2012

ORDER ENTERED: February 10, 2012

1. Trigen-Philadelphia Energy Corporation Tariff Heating and Cooling-Pa. P.U.C. No. 4, Original Page No. 23. [↑](#footnote-ref-1)
2. Trigen-Philadelphia Energy Corporation, Reconciliation of Revenues and Expenses for twelve-month period ending June 30, 2009, M-2009-212263. [↑](#footnote-ref-2)