

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

ANNUAL REPORT

FISCAL YEAR 2018-2019

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TABLE OF FREQUENTLY USED ABBREVIATIONS

CAP	Customer Assistance Program
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EDC	Electric Distribution Company
EGS	Electric Generation Supplier
ILEC	Incumbent Local Exchange Carrier
LIHEAP	Low Income Home Energy Assistance Program
LIURP	Low Income Usage Reduction Program
LTIIP	Long Term Infrastructure Improvement Plan
NGDC	Natural Gas Distribution Company
NGS	Natural Gas Supplier
PGC	Purchased Gas Cost
PTC	Price to Compare
TCJA	Tax Cuts and Jobs Act of 2017
USECP	Universal Service and Energy Conservation Plan

INTRODUCTION

The Office of Consumer Advocate (OCA) has served Pennsylvania utility consumers since its establishment by the General Assembly in 1976. The OCA is a statutorily independent office, administratively included within the Office of Attorney General.

The OCA represents Pennsylvania utility consumers in matters before the Pennsylvania Public Utility Commission (PUC) and other state and federal regulatory agencies and courts. The OCA participates before the PUC in all major rate cases, most small rate cases, and many non-rate proceedings that have a significant impact on consumers. The OCA also participates in matters before the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC) that have a substantial impact on Pennsylvania consumers. The OCA participates actively on policy-making committees of non-government organizations such as the PJM Regional Transmission Organization (RTO), whose decisions have a critical impact on electric prices and service in Pennsylvania. Through our consumer education outreach, website, social media presence, and toll-free call center, the OCA also seeks to ensure that consumers are informed regarding changes in their utility service.

In recent years, the OCA has continued to work on proceedings resulting from major state and federal legislative changes impacting utility consumers, such as electric and natural gas restructuring, regulatory requirements for basic and advanced telecommunications services, and Act 11 of 2012's provisions for recovery of distribution infrastructure improvement costs outside of base rate cases, use of a fully projected future test year within base rate cases and the combination of water and wastewater revenue requirements, and the use of fair market valuation for municipal water and wastewater acquisitions authorized by Act 12 of 2016, codified as 66 Pa. C.S. § 1329. During Fiscal Year 2018-2019, stemming from Act 11, one utility asked the Commission to waive the Distribution System Improvement Charge (DSIC) statutory 5% cap, five utilities filed updated Long Term Infrastructure Improvement (LTIIP) plans to, among other things, significantly increase the cost of infrastructure improvements and two utilities filed initial LTIIPs. In addition, there were five DSIC cases that were related to the impact on the DSIC from changes due to Act 40, codified at 66 Pa. C.S. § 1301.1, which addressed federal income tax benefits. During Fiscal Year 2018-2019, the OCA participated in 18 base rate filings involving electric, natural gas, water and wastewater rates. During Fiscal Year 2018-2019, there were seven cases involving acquisition of municipal water or wastewater assets that were filed or pending under Sections 1329 and 1102 of the Public Utility Code and the OCA was actively involved in each one. Also, during Fiscal Year 2018-2019, the OCA continued to work on cases that involved

more recent legislative changes, such as the impact of Act 40 regarding income tax calculations in specific rate filings, and changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. In addition, the OCA participated in numerous Public Utility Commission investigations, such as supplier consolidated billing, universal service, Chapter 56 requirements and alternative ratemaking, as well as an Application for acquisition of a natural gas utility by an investor-owned water and wastewater utility.

The OCA serves as the voice of Pennsylvania utility consumers as the utility industries continue to evolve from a fully regulated to a partially regulated, partially competitive structure. The OCA has evolved as well in order to ensure that Pennsylvania consumers receive the benefits – and avoid the potential harms – that these industry changes bring about.

In the electric industry, the OCA has sought to ensure that customers continue to be protected through the development of stable, reasonably priced “default” service. Pursuant to Act 129 of 2008, the OCA continues to participate in all default service filings of electric distribution companies to ensure that those companies provide reliable default generation service to their customers at the least cost over time. The OCA also continues to be active in Act 129 proceedings to ensure that the energy efficiency, demand response, and advanced metering programs developed by Pennsylvania electric utilities provide the greatest benefit to consumers at the lowest reasonable cost. The OCA continues to be involved in the universal service proceedings before the Public Utility Commission and during Fiscal Year 2018-2019, filed Comments and Reply Comments on a Commission staff-issued Report on Home Energy Affordability for Low-income Customers. The OCA is also involved in the DSIC filings made pursuant to Act 11 of 2012 by electric distribution companies. During Fiscal Year 2018-2019, the OCA has been involved in distribution base rate proceedings filed by two electric distribution companies. Each company used a fully projected future test year under Act 11. The OCA also participated in proceedings addressing changes to the calculation of taxes in the DSIC as a result of Act 40 and changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. During Fiscal Year 2018-2019, the OCA was also involved in a major transmission line siting case. At the same time, through our website, social media presence, and consumer outreach, the OCA has been a leader in educating residential consumers on how to shop for competitive electric generation services if they choose to do so. Since much of the decision-making that affects Pennsylvania electric consumers occurs at the federal and regional level, the OCA has continued its expanded participation in key electric proceedings before the FERC, including a PECO Energy transmission formula rate filing, and in the activities of the PJM Interconnection.

In the natural gas industry, the OCA continues to represent consumers across Pennsylvania in the annual PUC review of every major natural gas distribution company's purchased gas costs. As in the electric industry, the OCA seeks to ensure that natural gas consumers continue to have access to the least cost "supplier of last resort" service from their regulated natural gas distribution company while also educating residential consumers about how to choose alternative natural gas suppliers. The OCA continues to be involved in the universal service proceedings before the Public Utility Commission and, as noted above, during Fiscal Year 2018-2019, filed Comments and Reply Comments on a Commission staff-issued Report on Home Energy Affordability for Low-income Customers. The OCA also is involved in the ongoing quarterly DSIC filings made pursuant to Act 11 of 2012 by natural gas companies. During the Fiscal Year 2018-2019, the OCA participated in four gas distribution base rate cases and continued our work on natural gas main extensions and proposed abandonments of natural gas service to consumers. The OCA has also participated in proceedings addressing changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. The OCA also participates in proceedings at FERC that involve the major interstate pipelines that serve Pennsylvania's retail natural gas distribution companies, including rate increase filings by Texas Eastern Transmission and Transcontinental Gas Pipe Line Company. Also during Fiscal Year 2018-2019, the OCA participated in an Application filed by Aqua America, Aqua Pennsylvania, Aqua Pennsylvania Wastewater, Peoples Natural Gas Company, and Peoples Gas Company to transfer 100% of the outstanding interests in the parent company of Peoples to Aqua America.

In telecommunications, the OCA has participated in cases involving quality of service, network maintenance, and basic service pricing in Pennsylvania. During Fiscal Year 2018-2019, the OCA continued to address its complaints against the price change opportunity filings to ensure that the impact of the Tax Cuts and Jobs Act of 2017 was fully reflected in rates. The OCA continues to focus on the goal of ensuring that Pennsylvania maintains and enhances the provision of reliable and affordable universal telephone service throughout the Commonwealth as well as access to broadband services. This has included efforts to maintain reasonable limits on basic telephone rates, particularly in rural areas, and to expand the Lifeline telephone discount programs to low-income consumers who might otherwise not be able to afford service. The OCA also continues to monitor consumer complaints and inquiries regarding the availability of broadband in areas around the Commonwealth. At the federal level, the OCA works extensively with the National Association of State Utility Consumer Advocates to provide

the consumers' perspective in proceedings before the Federal Communications Commission.

In the water and wastewater industries, the OCA continues to represent consumers in base rate increase cases involving large, medium and small companies, fair market value acquisitions and other application proceedings, and mandatory takeover proceedings involving both large and small utilities. During Fiscal Year 2018-2019, the OCA addressed Pittsburgh Water and Sewer Authority's first base rate case under PUC jurisdiction and Stage 1 of its Compliance Plan. The OCA also continues to address requests from water and wastewater utilities of all sizes under Act 11 of 2012 that choose to use the fully projected future test year and the provisions of Act 11 that allow for combining the revenue requirements of water and wastewater subsidiaries within the same parent company. During Fiscal Year 2018-2019, the OCA participated in 12 water and wastewater base rate cases. The OCA also participated in seven application proceedings involving companies' acquisitions of municipal water and wastewater systems using fair market valuation under Act 12 of 2016. During Fiscal Year 2018-2019, the OCA was also involved in the ongoing quarterly DSIC filings made pursuant to Act 11 of 2012 by water and wastewater companies and a filing by a water company to increase the DSIC cap from 5% to 7.5%, as well as one initial LTIIP and one modified LTIIP. As water and wastewater infrastructure expand in order to meet the needs of Pennsylvania consumers for safe and adequate service, the OCA has expanded its own efforts to ensure that rates are maintained at reasonable and affordable levels. The OCA has also participated in proceedings addressing changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. In addition, the OCA has participated in service quality cases and application cases to ensure that consumers are receiving safe and adequate water and wastewater service, and has worked to extend public water service at a reasonable cost to unserved areas. During Fiscal Year 2018-2019, the OCA participated in two cases involving the replacement of lead service lines and worked to incorporate the provisions of Act 120 of 2018 (recovery of costs related to replacement of customer-owned lead service lines) into a settlement of one of the proceedings.

During the last Fiscal Year, the OCA has filed extensive Comments in response to the Commission's investigation into alternative ratemaking for electric, natural gas, water, and wastewater utilities. In response to Act 58 of 2018, the Commission sought additional Comments, in response to a Tentative Order, regarding alternative ratemaking and the OCA filed Comments addressing the legislative changes. The Commission's resulting Policy Statement was entered on July 11, 2019 and the OCA expects that it will see a variety of filings related to alternative ratemaking proposals. The OCA also filed Comments in rulemakings and proceedings involving electric vehicle

charging stations, electric customer choice, disclosure rules for electric generation suppliers, supplier consolidated billing, and a supplemental implementation order for municipal valuation under Section 1329. The OCA continues to work on those issues in the current Fiscal Year.

During the last Fiscal Year, in addition to its litigation activities, the OCA participated on behalf of utility consumers in state and federal legislative and policy debates. During Fiscal Year 2018-2019, the OCA has been called on to present formal testimony in the Pennsylvania General Assembly regarding utility issues.

The OCA also responds to individual utility consumer complaints and inquiries. The OCA maintains a toll-free calling number (800-684-6560). In addition, the OCA devotes substantial resources to educating consumers about changes in the utility industry. The Acting Consumer Advocate, Consumer Liaison, and other members of OCA staff have helped plan and participate in consumer presentations, roundtables, and forums across the Commonwealth to help educate consumers about changes in the utility industry and to advise them about cases that affect them. During Fiscal Year 2018-2019, the OCA participated in 75 consumer outreach events across Pennsylvania, many of which were sponsored by members of the General Assembly. In addition, the OCA keeps consumers and members of the General Assembly informed through regular letters and bulletins about upcoming cases and public hearings. The OCA also provides consumer information and education through its website at www.oca.state.pa.us and its social media presence on Facebook and Twitter. Among the most popular items on the OCA website are the OCA's monthly shopping guides that provide "apples-to-apples" price comparisons for residential electric and natural gas customers who are looking for alternatives to their utility default service suppliers.

The OCA recognizes the importance of its role in advocating for the interests of Pennsylvania consumers and keeping consumers informed with respect to their utility services. The OCA looks forward to continuing to meet its growing challenges on behalf of Pennsylvania utility consumers. The OCA believes that it has served Pennsylvania consumers well both with respect to its traditional regulatory responsibilities, as well as in its role in assisting consumers to obtain the benefits and avoid the pitfalls of the changing utility service markets.

ELECTRIC: UTILITY-SPECIFIC PUC PROCEEDINGS
Alphabetically by Utility Name

Blue Pilot Energy, LLC

Docket No. A-2011-2223888. On May 4, 2015, Blue Pilot, a licensed EGS, filed a letter in the above-referenced docket notifying the Commission of its intent to abandon service to Pennsylvania customers, pursuant to 52 Pa. Code Section 54.41(b), and requested that the Commission waive the 90-day notice requirement in Section 54.41(b) and allow for an approximate 30 to 45-day notice to affected customers and EDCs as well as the cancellation of its EGS license, effective immediately.

On May 18, 2015, the OCA filed a Notice of Intervention, Public Statement, and Joint Answer with the Commonwealth of Pennsylvania, Bureau of Consumer Protection (BCP), wherein the OCA/OAG noted that they had filed a Joint Complaint against Blue Pilot on June 20, 2014, at Docket No. C-2014-2427655, the Joint Complaint proceeding had not yet concluded and they were aware of a number of other Formal Complaints filed by individual residential and business customers against Blue Pilot involving disputes surrounding terms, prices billed, and quality of service that also remained unresolved by final Commission decision or settlement at that time. While the OCA/OAG did not oppose Blue Pilot's proposal to cease serving its Pennsylvania customers and to the shortened notice period if the EDCs could properly accommodate the return to default service of the Blue Pilot customers, the OCA/OAG did oppose Blue Pilot's request for the immediate cancellation of Blue Pilot's license. The OCA/OAG also submitted that the Commission should immediately act to secure the proceeds of the Blue Pilot bond or letter of credit that should have been on file with the Commission, as there was no information, other than the bond proceeds, to suggest that Blue Pilot could, or would, meet any final obligation to provide refunds to customers.

On December 17, 2015, in a related proceeding at Docket No. M-2015-2490383, the Commission issued a Tentative Order tentatively approving the cancellation of the EGS license, *inter alia*, of Blue Pilot for the failure to provide proof to the Commission that it has a bond or other approved security currently in effect. The OAG/OCA provided Comments in February 2016, wherein the OCA/OAG again submitted that the Commission should refrain from cancelling or granting any abandonment of Blue Pilot's license until the Commission was assured that all obligations of Blue Pilot to Pennsylvania consumers and the Commonwealth had been properly met. The OAG/OCA also repeated their request that the Commission act immediately to secure any proceeds of Blue Pilot's last viable bond or letter of credit so that it was available to meet Blue Pilot's obligations to the Commonwealth and to the Company's Pennsylvania

customers. Finally, the OAG/OCA requested the Commission consider permanent revocation of Blue Pilot's EGS license in the pending Complaint cases.

On March 14, 2016, the Commission issued a Final Order in Docket No. M-2015-2490383, wherein the Commission suspended Blue Pilot's license until final resolution of the pending Joint Complaint at Docket No. C-2014-2427655. See write up below, under Docket No. C-2014-2427655, for additional information.

Docket No. C-2014-2427655. On June 20, 2014, the Commonwealth of Pennsylvania and the OCA (collectively, Joint Complainants) filed a Joint Complaint against Blue Pilot asserting five separate counts and alleging: failure to provide accurate pricing information; prices nonconforming to disclosure statement; misleading and deceptive promises of saving; lack of good faith handling of complaints; and failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants requested that the Commission provide restitution to Respondent's customers, impose a civil penalty and order Blue Pilot to modify its practices and procedures, and revoke or suspend Respondent's EGS license, if warranted.

At hearings, testimony by the Joint Complainants' 83 consumer witnesses and three expert witnesses showed that Blue Pilot engaged in a pattern of making false and misleading statements in its written advertising materials, Disclosure Statement, and in oral statements made by the Company's agents. It also showed the Company's lack of proper training, oversight and discipline of its sales agents.

In their Initial Decision, issued in July 2016, the ALJs found that Blue Pilot deceptively and misleadingly charged prices to its variable rate customers that neither conformed to the Disclosure Statement nor reflected marketed prices promising savings in violation of the Public Utility Code and the Commission's regulations and Orders. The ALJs ordered Blue Pilot to pay a civil penalty of \$2,554,000; to provide refunds to customers in the amount of \$2,508,449; and that Blue Pilot's license be permanently revoked and that no future electric generation supply license application from the owners, directors or managers of Blue Pilot shall be considered by the Commission.

On June 14, 2018, the Commission voted to uphold the ALJs' Initial Decision finding of wrongdoing by Blue Pilot in the marketing and billing for electric supply, consistent with the OCA/OAG position. The Commission voted to decrease the civil penalty to \$1,066,900, but kept the refund pool at \$2,508,449 for customers overbilled by Blue Pilot and specified that the refund pool has priority over the civil penalty. The Commission voted to revoke Blue Pilot's EGS license but declined to permanently bar the owners, directors, or managers from future involvement with a competitive energy supplier. The Commission issued its Order on July 19, 2018. In August 2018, the OCA

filed an Answer opposing a Petition by Blue Pilot for reconsideration. At the end of the 2018-2019 Fiscal Year, the Petition was pending before the Commission.

Docket No. F-2015-2472890. Consumer Brenda Smith filed a Formal Complaint against Blue Pilot Energy, LLC and PPL Electric Utilities Corporation on March 16, 2015, appealing a Bureau of Consumer Services decision. In her Complaint, Ms. Smith asserted that Blue Pilot promised to shop around for the lowest rate possible, yet Blue Pilot charged her \$0.4490/kWh for three months in early 2014 even though PPL's price was much lower. Ms. Smith also asserted that PPL charged late fees while she was on a payment plan, which made it difficult for her to pay down her back balance.

On August 22, 2017, the OCA intervened in Ms. Smith's Complaint proceeding to continue its representation of consumers alleging wrongdoing by Blue Pilot before the Commission and to ensure that Blue Pilot followed applicable requirements when it engaged in electric generation marketing and sales in Pennsylvania. Additionally, the OCA sought to ensure that PPL charged late fees in accordance with the law, Commission regulations and orders, and PPL's Tariff.

As a result of settlement discussions with Ms. Smith and PPL, PPL filed a Certificate of Satisfaction on September 5, 2017, resolving Ms. Smith's allegations against PPL. In the Certificate of Satisfaction, PPL agreed to apply a credit to Ms. Smith in the amount of \$112.10 and to put Ms. Smith on a new, more affordable payment arrangement to pay off the undisputed portion of her balance. Additionally, PPL agreed that, within 45 days of a Commission decision on the issues then remaining for litigation against Blue Pilot, the OCA, PPL, and Ms. Smith would discuss the establishment of a 36-month payment arrangement for Ms. Smith's arrearages.

The OCA assisted Ms. Smith in presenting testimony during the evidentiary hearing. On August 27, 2018, an Initial Decision was issued sustaining Ms. Smith's Complaint and ordering Blue Pilot to refund or credit Ms. Smith \$5,207.61. No party filed Exceptions. The Commission approved the Initial Decision on October 5, 2018, which directed Blue Pilot to refund or credit \$5,207.61 to the customer. To date, Blue Pilot has not complied with the Order. The OCA is also awaiting final resolution of its related Complaint at docket C-2014-2427655.

Duquesne Light Co.

Docket No. M-2016-2534323. On March 16, 2016, Duquesne filed its Universal Service and Energy Conservation Plan (USECP) for the years 2017 through 2019, in accordance with the Commission's regulations at 52 Pa. Code § 54.74(a), relating to electric universal service and energy conservation requirements. On August 11, 2016,

the Commission entered its Tentative Order on the Plan, which requested clarifications from the Company and Comments from interested parties.

The OCA filed Comments on August 31, 2016 and Reply Comments on September 12, 2016. The OCA's Comments focused on (1) making Duquesne's enrollment process as simple as possible while ensuring the Company had the information necessary to efficiently and properly manage its LIURP, CAP and Hardship programs, (2) improving customer education about the maximum CAP credit to help prevent removal due to increased usage, and (3) making sure the CAP stay out and removal provisions were fair.

On October 31, 2016, Duquesne filed an Amended Proposed 2017-2019 Plan. The Company adopted, in all or part, a number of the OCA's recommendations. The Commission issued a Secretarial Letter asking Duquesne to provide additional information and allowing Comments on that information from interested parties.

The OCA filed Supplemental Comments on December 2, 2016 to address the new issues raised in the Secretarial Letter and restated concerns that Duquesne did not resolve through its Amended Plan. The OCA continued to oppose the Company's proposal to entirely eliminate the LIHEAP auto-enrollment and reiterated its position supporting LIHEAP auto-enrollment with limitations. The OCA also identified concerns with potential confusion caused by the "soft" requirement for an annual recertification of income and recommended that customers be provided additional education in Year 2, if adopted. The OCA recommended that a zero income customer be provided an opportunity to challenge income information obtained from outside sources. The OCA also recommended that the Company be permitted to install health and safety expenditures for LIURP to allow a contractor to address minor resolvable health and safety issues that would otherwise prevent the installation of LIURP measures. The Secretarial Letter identified significant concerns regarding the Company's problems with its budget billing and CAP bills that impacted the affordability of the program for CAP customers. The OCA recommended that a stakeholder group be developed to address the FCC.

In a March 2017 Order, the Commission adopted several of the OCA's recommendations and also identified continuing concerns regarding the complexity and affordability of Duquesne's CAP bill calculation and program design. The Commission provided the stakeholders with time to reach a consensus. On September 15, 2017, the parties filed a Joint Petition for Approval of Duquesne Light Company's CAP Redesign Plan and Waiver of Commission Regulations Regarding Length of Universal Service and Energy Conservation Plan. The attached modified Universal Service Plan also

addressed the phase-out of grandfathered senior citizens from 150-200% of the Federal Poverty Level. On February 8, 2018, the Commission issued an Order that approved those aspects of the CAP design that would be effective through 2019. The February Order deferred consideration of the Joint Petition's proposed 2020-2022 CAP design until the Company files its 2020-2022 USECP. On February 23, 2018, a Petition for Reconsideration was filed by CAUSE-PA. On April 19, 2018, the Commission reversed its decision and approved the Joint Petition, including the portions relating to the proposed CAP design to be implemented for the period 2020-2022, but denied the request for waiver to delay the filing of Duquesne's proposed 2020-2022 USECP.

Docket No. R-2018-3000124. On March 28, 2018, Duquesne Light Company filed a request to increase its electric distribution rates by approximately \$133.8 million per year (or a net increase of \$81.6 million when accounting for existing surcharges), or 16.13%, over the amount of annual distribution revenues at present rates. Duquesne also proposed to increase its residential customer charge from \$10.00 to \$16.25. Additionally, Duquesne sought approval of an electric vehicle charging pilot program and the installation of a microgrid at its Woods Run Campus. Under Duquesne's initial proposal, the monthly bill for a residential customer using 600 kilowatt-hours (kWh) per month would have increased by 8.8% on a total bill basis.

On April 6, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. The OCA submitted testimony supporting a lesser revenue increase of \$65.059 million (or a net increase of \$12.859 million when accounting for existing surcharges) and recommending the Commission maintain the current customer charge, deny the Company's proposed microgrid, and approve a more narrow and limited electric vehicle charging pilot program. The OCA also recommended that the Company refund to customers approximately \$33.042 million in 2018 tax expense savings and excess accumulated deferred income taxes resulting from the 2017 TCJA.

The Company, the OCA, and other parties reached a Partial Settlement filed on September 14, 2018, which resolved the issues raised by the OCA. The parties compromised on an overall annual revenue increase of \$92.7 million (or a net increase of \$40.5 million when accounting for existing surcharges), or 8.1%, over the amount of annual distribution revenues at present rates. Additionally, the Company agreed to withdraw its microgrid proposal, adopt a more narrow and limited electric vehicle charging pilot program, and refund to customers \$24 million through a one-time bill credit as a result of the TCJA. Under the Settlement, the monthly bill for a residential customer using 600 kWh per month increased by 4.44% on a total bill basis and the customer charge increased to \$12.50.

On October 10, 2018, a Recommended Decision was issued adopting the Partial Settlement with slight modifications, but keeping intact all provisions supported by the OCA. The Commission issued its Opinion and Order on December 20, 2018, adopting the Recommended Decision with respect to the Partial Settlement and disposing of the remaining litigated issues in the case.

On April 23, 2019, the OCA participated in a collaborative hosted by the Duquesne regarding residential time-of-use rates. The OCA advocated on behalf of consumers to ensure that any residential time-of-use rate proposed by the Company balances the needs of consumers, while promoting energy conservation during peak periods of use. The OCA participated in a second residential time-of-use rate collaborative in June 2019, providing the Company with additional feedback for a future proposal.

FirstEnergy Corp. (Met-Ed, Penelec, Penn Power and West Penn)

Docket Nos. P-2015-2508942, P-2015-2508936, P-2015-2508948, P-2015-2508931, 697 C.D. 2018. On October 19, 2015, Met-Ed, Penelec, Penn Power and West Penn, individually, filed Petitions seeking approval of an initial LTIIP. On November 18, 2015, the OCA filed Comments recommending that the Companies provide additional information to ensure the LTIIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that the Companies did not provide historical baseline data to compare against the proposed LTIIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of DSIC recovery under Act 11.

The Commission's Bureau of Technical Utility Services required the Companies to provide supplemental information in response to questions and concerns raised by the OCA. On February 11, 2016, the Commission entered an Order approving the LTIIPs, based on the filing and supplemental information. On February 16, 2016, Met-Ed and Penelec filed Petitions to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Companies' proposal that the DSIC will not apply to certain high voltage customers. The OCA submitted that, without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petitions and allowed the tariffs to go into effect on July 1, 2016 and referred matters raised by the OCA to the OALJ for hearing.

On February 2, 2017, the parties filed a proposed Settlement addressing the matters referred for hearings. The Settlement addressed the OCA's concerns by ensuring that the DSIC calculation only includes revenues derived from distribution service and ensures that all customers served by distribution plant in categories eligible for DSIC recovery will pay the DSIC. This helps to ensure that the charge is properly calculated and fairly applied.

On January 19, 2017, the Commission issued an Order in the FirstEnergy companies' consolidated base rate proceedings at Docket Nos. R-2016-2537349 (Met-Ed), R-2016-2537342 (Penelec), R-2016-2537355 (Penn Power) and R-2016-2537359 (West Penn). The Commission referred to this proceeding the contested issue regarding the impact of recently enacted Act 40, codified at 66 Pa. C.S. § 1301.1, on the calculation of the DSIC, specifically, with regard to federal income tax benefits.

The OCA's position was that the new law required utilities to change their DSIC calculation to recognize federal and state tax benefits. Currently, utilities only recognize their tax expense. If the change was made, FirstEnergy companies receiving tax benefits from investment recovered through the DSIC would reduce their DSIC rates. On August 31, 2017, the Presiding Officer issued a Recommended Decision adopting the OCA's position and also approving the settlement of all other issues in the case. On April 19, 2018, the Commission entered an Order adopting the settlement but reversing the RD and determining that Act 40 does not apply to DSIC rates.

On May 21, 2018, the OCA filed a Petition for Review with the Commonwealth Court seeking reversal of the Commission's Order with regard to the application of Act 40 to the calculation of income taxes in the DSIC calculation. At the end of the 2018-2019 Fiscal Year, the parties awaited a decision by the Court.

Docket Nos. P-2017-2637855, P-2017-2637857, P-2017-2637858, P-2017-2637866.
On December 11, 2017, Met-Ed, Penelec, West Penn, and Penn Power filed a Joint Petition for approval of their default service programs, which cover a four-year period from June 1, 2019 to May 31, 2023. The Joint Petition included a proposed a "retail market enchantment rate mechanism," or Price to Compare Adder, intended to encourage shopping among residential customers.

On January 12, 2018, the OCA filed a Notice of Intervention and an Answer to the Joint Petition. The OCA filed testimony and briefs in opposition to FirstEnergy's proposed (1) procurement schedule for residential wholesale products because it would create an unnecessary market risk for residential default service customers, (2) extension of the Customer Referral Program (CRP) absent a showing of customer benefits, (3) PTC Adder because it would penalize residential customers for not shopping, and (4)

Customer Assistance Program shopping plan because it would allow unrestricted CAP shopping resulting in CAP customers paying more than the PTC. The OCA made specific recommendations to modify FirstEnergy's CRP to comply with the Settlement in the prior DSP case and modify existing CAP shopping rules to ensure that shopping CAP customers pay no more than the PTC.

On June 8, 2018, the ALJ issued a Recommended Decision, which (1) approved FirstEnergy's proposed procurement schedule, (2) approved the extension of the CRP, (3) rejected the PTC Adder as unsupported, unjustified, and unlawful, and (4) required the Company to implement a new CAP shopping program to prohibit CAP customers from shopping at rates above the applicable PTC. The OCA filed Exceptions and Reply Exceptions in support of its position.

On September 4, 2018, the Commission entered an Order adopting the recommendations of the ALJ with certain modifications. The Commission ordered its Office of Competitive Market Oversight to lead a stakeholder collaborative to address the mechanics of the new CAP shopping program and noted that the collaborative should address whether EGS rates must be below the PTC at the time of contracting or below that and all future PTCs. On September 17, 2018, the OCA filed a Petition for Reconsideration with regard to the scope of the collaborative. The OCA argued that the Commission overlooked portions of the evidentiary record, which showed that EGS rates must be below the PTC at all times in order to avoid harm to CAP customers.

On November 1, 2018, the PUC granted the OCA's Petition for Reconsideration agreed with the OCA that CAP customers can only be offered contracts for generation service that remain at or below the PTC for the entire contract term. Pursuant to the Order, a stakeholder collaborative was held to address CAP Shopping implementation and CRP script issues. On December 20, 2018, the Commission issued a Tentative Order regarding issues raised at the collaborative and requested Comments and Reply Comments. On January 22, 2019, the OCA filed Comments regarding: (1) supplier disclosure requirements; (2) fees; (3) identifying CAP participating customers; (4) consumer education; and (5) CRP scripting and training materials. On February 28, 2019, the Commission issued a Final Order adopting the OCA's recommendations on the first four issues and portions of the OCA's recommended CRP scripting and training changes.

PECO Energy Co. – Electric

Docket Nos. M-2018-3005860, M-2019-3010032. On November 7, 2018, PECO filed a tariff adjustment to its Non-bypassable Transmission Service Charge (NBT) pursuant to

a FERC settlement in which PECO received \$83 million in credits that PJM will refund through 2025. Under the Company's proposal, PECO will retain \$5.5 million of the credits. On November 29, 2018, the OCA filed a Formal Complaint and Public Statement requesting that the Commission investigate PECO's proposed retention of the \$5.5 million of FERC-ordered credits. At the end of Fiscal Year 2019, the OCA was developing testimony to be filed in August 2019.

Docket No. P-2012-2283641. On January 13, 2013, PECO-Electric filed a Petition pursuant to Section 2807(e) of the Public Utility Code requesting the approval of its Default Service Program for the period June 1, 2013 to May 31, 2015 (DSP II). PECO also proposed several retail market enhancement programs pursuant to the Commission's Orders in its *Investigation of Pennsylvania's Retail Electricity Market* at Docket No. I-2011-2237952. The OCA intervened in the matter on February 13, 2012 and submitted testimony. The Commission issued an Order on October 12, 2012, and in the Order, among other issues, directed the Company to file a Petition to allow CAP customers to participate in the retail shopping market by no later than May 1, 2013 and also addressed the issue of cost recovery for the retail market enhancement programs.

On May 1, 2013, PECO filed the required Petition. PECO proposed a program that would allow CAP customers to select from participating EGSs. Participating EGSs had to guarantee the customer a price that was at or below PECO's PTC. The Commission issued an Order on January 24, 2014 which denied the Company's proposal to require Participating EGSs to guarantee the customer a price that was at or below PECO's PTC.

On March 20, 2014, CAUSE-PA filed a Petition for Review at the Commonwealth Court and an Emergency Application for Stay, and the OCA filed an Answer in support. The stay was granted. On April 11, 2014, the OCA filed its own Petition for Review and argued that the Commission's decision committed errors of law and was not based on substantial evidence. On July 14, 2015, the Commonwealth Court issued an Order determining that the Commission had the authority under the law to allow for such CAP program rules but declined to require the Commission to implement such program rules. The Court determined that substantial evidence existed to support the Commission's determination that Participating EGSs did not need to guarantee the CAP customer a price that was at or below PECO's PTC. The Court determined, however, that substantial evidence did not exist to support the Commission's determination that Shopping CAP customers could be charged a cancellation fee by the Participating EGSs. The Court ordered the Commission to implement this protection.

In August 2015, the Commission filed a Petition for Allowance of Appeal regarding the Commonwealth Court's remand of the cancellation fee issue. On April 5, 2016, the Supreme Court denied allocatur for both Petitions. On May 11, 2016, the Commission issued a Secretarial Letter which directed that PECO file a proposed CAP Shopping Plan in its current DSP III proceeding consistent with the Commonwealth Court's Order.

On September 1, 2016, PECO filed a proposed rule revision and supporting materials. In November 2016, the Commission issued a Secretarial Letter requesting Comments on the proposed rule revision. The OCA filed Comments and Reply Comments, in which it recommended that the CAP shopping plan contain appropriate price protections to address harms to CAP customer affordability and program cost-effectiveness. The OCA also addressed issues raised regarding CAP customer designation on the Eligible Customer List, the treatment of a customer who no longer is enrolled in CAP, and the treatment of CAP Shopping Plan violations of PECO's tariff.

On March 16, 2017, in response to a Petition for Reconsideration filed in the Company's DSP IV (Docket No. P-2016-2534980), the Commission issued an Order that consolidated the two proceedings. The proceedings were held in abeyance pending the resolution of the Commonwealth Court appeal regarding PPL's proposed CAP shopping plan at Docket No. P-2016-2526627. On May 11, 2018, the Commonwealth Court issued its decision in the case and affirmed the Commission's decision to approve the modified CAP Shopping Plan and statewide collaborative. On April 1, 2019, the parties filed a Joint Petition for Settlement that deferred the CAP Shopping issue until PECO's 2020 DSP V proceeding. Deferral will allow the parties the opportunity to fully evaluate CAP Shopping in the context of the full DSP proceeding. On June 13, 2019, the Commission approved the Settlement.

Docket No. P-2016-2534980. On March 17, 2016, PECO-Electric filed a Petition requesting the Commission's approval of a Default Service Program for the period June 1, 2017 to May 31, 2019 (DSP IV). The OCA intervened in the matter and submitted testimony addressing issues, including term of the DSP IV, product mix, the Standard Offer Product and the Customer Assistance Program. The parties reached a Settlement on multiple issues but were not able to reach agreement regarding issues surrounding customer shopping for PECO customers receiving assistance through the CAP. On September 23, 2016, the ALJ issued a Recommended Decision, which recommended approving the Partial Settlement and deferred the issue of CAP Shopping to the related proceeding at Docket No. P-2012-2283641. On December 8, 2016, the Commission issued an Order consistent with the Recommended Decision. The OCA and other parties filed Petitions for Reconsideration regarding the CAP Shopping issue.

On March 16, 2017, in response to the Petitions for Reconsideration, the Commission issued an Order that consolidated the DSP IV filing with the PECO 2016 CAP Rule Change Filing at Docket No. P-2012-2283641. See write-up above for additional information.

Docket No. P-2016-2573023. On October 26, 2016, PECO-Electric filed a Petition seeking approval of a Pilot Plan for an advance payments program and for a temporary waiver of portions of the Commission's regulations with respect to that plan. PECO's Pilot would permit 2,000 residential customers and applicants for service to voluntarily participate in a Pilot Program in which the customers/applicants prepay for electric service. Under prepaid metering service, customers pay in advance for service rather than on a monthly basis after using the service. If a customer is unable to keep sufficient funds in the account balance, electric service will automatically terminate when the balance is depleted.

The OCA filed an Answer to PECO's Petition on November 15, 2016 in which it stated its opposition to PECO's Pilot and requested that the matter be sent to the Office of Administrative Law Judge for evidentiary hearings and development of a full and complete record, rather than being decided through Comments as PECO requested. In Comments filed in December 2016 and January 2017, the OCA raised concerns regarding PECO's Pilot, including: the Pilot was inconsistent with Pennsylvania law; experiences in other states and countries raise significant questions as to the impact on customers of prepaid metering; PECO's Pilot Plan did not represent sound public policy; the Pilot lacked sufficient detail to be considered at this time; and a variety of consumer protections and tracking and reporting requirements must be included if the Pilot moved forward.

During evidentiary hearings, the OCA submitted testimony raising many of the same issues that were discussed in Comments. The OCA also stated in the alternative that if the Commission were to consider allowing the Pilot, it should only go forward if: (1) consumer protections contained in Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations will continue to apply to participants; (2) detailed reporting requirements are imposed; and (3) that customers below 300% of the Federal Poverty Level or those with arrears are not eligible to participate.

The ALJ issued a Recommended Decision in February 2018, which recommended that the Commission deny PECO's Petition because PECO's proposal did not meet the public interest standard. The OCA filed Exceptions to clarify specific items. On June 18, 2019, the Commission issued an Order approving PECO's proposal with modifications. Several of the modifications address conditions recommended by the OCA, such as:

requiring PECO to revert customers back to standard service if payment is not made during the five-day grace period, automatically reverting customers to standard service if the customer informs PECO that a medical certification will be provided, and ensuring that there is no PECO-initiated fee for payments made on the website or customer portal. At the end of the 2018-2019 Fiscal Year, the OCA was preparing to file a Petition for Reconsideration of the June Order.

Docket Nos. R-2018-3000164. On March 29, 2018, PECO Electric filed a tariff supplement in which it requested to increase its distribution rates by \$81.9 million, or 6.7% on a distribution revenue basis, which represented a 2.2% increase over the Company's total revenues, including distribution, transmission, and generation revenues. Under the PECO Electric's proposal, the total bill for a typical residential customer would have increased by 3.2 percent. The Company also proposed an increase in the Residential customer charge from \$8.45 to \$12.00.

On April 12, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. The OCA filed testimony addressing (1) revenue requirement, (2) the impact of the TCJA on rates, (3) revenue allocation, (3) NRG Energy Inc.'s (NRG) proposal to allocate \$101 million of "indirect costs" to default service, (4) the Residential customer charge increase, and (5) low-income customer issues, including winter termination procedures, budget billing, and CAP enrollment.

In August 2018, the parties filed a Joint Petition for Settlement resolving all issues with the exception of NRG's allocation proposal. The Settlement provided for a \$14.9 million increase, which incorporated the application of \$71 million in 2019 tax savings resulting from the TCJA and represented a 2.0% increase on a net revenue basis. Under the Settlement, the total bill for a typical residential customer increased by only 1.2%. The Settlement also provided for the flow back of 2018 TCJA savings to customers. The Settlement further provided for a Residential customer charge of \$10.00 and the adoption of terms addressing the low-income customer issues raised in the OCA's testimony.

In September 2018, the OCA filed Briefs in opposition to NRG's proposal on the basis that it would assign unavoidable costs to default service, which is inconsistent with Pennsylvania law and policy. In September 2018, the ALJ issued a decision recommending that NRG's proposal be rejected. On December 20, 2018, the Commission issued an Order approving the Partial Settlement and denying NRG's proposal. On January 19, 2019, NRG filed a Petition for Review with the Commonwealth Court. The OCA filed an Intervention on February 8, 2019. At the end of the 2018-2019 Fiscal Year, the OCA was briefing the case.

Pike County Light & Power

Docket No. P-2018-3002709. On June 12, 2018, Pike filed a Petition for approval of a DSP for service beginning May 31, 2019 and ending May 30, 2021. On July 2, 2018, the OCA filed an Answer and Notice of Intervention, indicating its support for the Company's proposal to change current procurement practices, wherein it procures 100 percent of its default service load through spot market purchases, by adding fixed price products to reduce rate volatility for Pike's customers.

On September 18, 2018, the OCA submitted testimony recommending that the Commission adopt the Company's Petition subject to certain modifications. The OCA recommended that the Company adhere to strict guidelines and requirements to limit Pike's discretion to obtain fixed price products. The OCA also recommended that the Company complete reports for every procurement to be submitted to the Commission, the OCA, and the OSBA to ensure that Pike is complying with the OCA's recommended guidelines.

During the course of the proceeding, the OCA and the other Parties reached a Settlement adopting guidelines and parameters for Pike's procurement of fixed price products. Additionally, reporting requirements were established to ensure compliance with those parameters. The Joint Settlement was filed on November 20, 2018.

On November 30, 2018, a Recommended Decision was issued adopting the Settlement in its entirety. On January 17, 2019, the Commission issued its Opinion and Order adopting the Recommended Decision.

Docket No. P-2018-3005165. On September 28, 2018 Pike filed a Petition for waiver of regulations regarding Electronic Data Interchange (EDI). EDI refers to a set of Commission Regulations and Orders, which require electric utilities to implement a customer data sharing system allowing Electric Generation Suppliers easy access to customer information to ensure efficient customer switching transactions. Pike stated that the cost of EDI compliance would be too costly and suggested that it implement a less-costly alternative.

On October 18, 2018, the OCA filed an Answer supporting the Company's requested waiver of EDI. The OCA asserted that the Company's projected cost of EDI compliance, approximately \$345,000 in initial capital and ongoing annual costs of \$37,500, was imprudent considering the few benefits that may result. Additionally, the OCA asserted that the less-costly alternative proposed by Pike was also not needed, again due to the small benefit, if any.

This issue was also raised in Pike's 2018 DSP proceeding at Docket No. P-2018-3002709. A provision in the Settlement for that proceeding provides for two collaborative sessions with Pike, the OCA, interested EGSs, and other parties to discuss less-costly alternatives to EDI compliance. A Recommended Decision was issued in that proceeding adopting this provision.

On January 17, 2019, the Commission issued an Opinion and Order at Docket No. P-2018-3002709, adopting a Settlement that contained conditions related to the subject matter of this proceeding. Accordingly, by Order entered on February 19, 2019, the Commission granted the waivers requested by Pike in this proceeding.

Docket No. P-2019-3007304. On January 18, 2019, Pike County filed a Petition for approval of an LTIP. The OCA filed Comments on February 19, 2019. The OCA recommended that the Company provide explanation and support to show that its chosen rate of replacement is appropriate to provide and maintain safe and adequate service.

Pike proposed to increase annual average DSIC-eligible expenditures from the prior owner's capital budget of \$36,000 to approximately \$512,000 per year, or by 1,322%. The OCA recommended Pike provide calculations, metrics and additional detail to assist the Commission in making the determination that the Company's proposed LTIP investment is cost effective. The OCA also requested the Commission reaffirm that inclusion of property in an LTIP is not dispositive of whether the cost of that project will be afforded recovery through a DSIC. Pike filed Reply Comments explaining its rationale behind the LTIP's timeline and described measures taken to ensure that the expenditures will be cost-effective over the LTIP period.

On June 13, 2019, the Commission entered an Order approving Pike's proposed LTIP, subject to the requirement that, until such time as Pike has an approved DSIC, it must file a report annually with the Commission that provides the same information that a utility with a DSIC is required to provide in an Asset Optimization Plan under 66 Pa. C.S. § 1356 and the report must also contain information on the actual and projected expenditures associated with the reported eligible property amounts. The Commission also addressed the OCA's Comments by reaffirming that inclusion of property in an LTIP is not dispositive of whether the cost of that project will be afforded recovery through a DSIC.

Docket Nos. R-2018-3000942, M-2018-2641242. As part of its investigation of the impact of the Tax Cuts and Jobs Act of 2017 on public utilities, on March 15, 2018, the Commission ordered Pike to file a tariff marking Pike's existing rates as "temporary rates" and subject to adjustment. Pike filed a compliance tariff. On May 17, 2018, the

Commission agreed with OCA that customers should benefit from the TCJA tax savings. The Commission ordered Pike and certain other utilities with an overall rate of return of over 5% to implement a negative surcharge on a temporary basis. Pike petitioned the Commission for reconsideration, stating that Pike's overall earned return as updated and inclusive of the costs of a March 2018 winter storm was below 5%. The OCA answered and opposed Pike's request to be excused from implementation of a negative surcharge, without careful examination of Pike's earned rate of return claim. On June 14, 2018, the Commission stayed the temporary negative surcharge order, as to Pike, pending review on the merits.

On September 20, 2018, the Commission entered an Order denying the Company's request for relief based on its review of Pike's claimed return. The Commission found numerous inconsistencies and probable errors in its earnings reports and income statement. The Commission also agreed with OCA that the Company should not reduce its return by including claimed costs resulting from Storm Riley that should instead be addressed in the Company's next base rate proceeding. The Commission directed the Company to immediately comply with all terms of its Orders entered on May 17, 2018.

PPL Electric Utilities Co.

Docket No. A-2017-2629534. On October 16, 2017, PPL filed an Application for PUC approval to restructure to form two new holding companies in two steps: (1) Newco 1 would be owned directly by PPL Corporation and (2) Newco 2 would be owned directly by Newco 1. In step two, PPL planned to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries to Newco 1. On November 22, 2017, the OCA filed an Intervention to monitor the proceedings. OSBA opposed the Application based on its position that PPL was required to demonstrate that a substantial affirmative public benefit would result from the proposed restructuring and failed to make that showing. In September 2018, the ALJs recommended denying PPL's application based on their agreement with OSBA that a substantial affirmative public benefit was required for approval and that standard was not met. On April 25, 2019, the Commission denied PPL's Application, consistent with the ALJs' recommendation. On May 30, 2019, PPL filed a Petition for Review with the Commonwealth Court, which was docketed at 624 C.D. 2019. The OCA intervened on June 21, 2019 and awaits a briefing schedule.

Docket No. A-2019-3008669. On March 18, 2019, PPL filed with the PUC an application pursuant to 66 Pa. C.S. § 1102 for approval to transfer by sale certain lighting facilities to the City of Lancaster. On April 15, 2019, the OCA intervened in order to protect the interests of PPL's ratepayers. After several rounds of informal discussions between PPL, I&E and OCA, any areas of concern as to the transaction were adequately

addressed by PPL. Subsequently, I&E withdrew its protest and the matter was assigned to the Bureau of Technical Services for final disposition by Order dated June 16, 2019. At the end of the Fiscal Year 2018-2019, the OCA was continuing to monitor the Company's responses to TUS discovery and awaiting Commission action.

Docket No. M-2015-2515642. On November 30, 2015, PPL filed its Phase III Energy Efficiency & Conservation Plan (EE&C Plan). On December 10, 2015, the OCA filed a Notice of Intervention and Public Statement. The OCA filed Comments and testimony recommending modifications to the Plan. The parties, including the OCA, participated in settlement negotiations which resulted in a Settlement, which included the following terms that addressed issues raised by the OCA:

- PPL will include approximately 1,500 comprehensive home energy audits as part of its EE&C Plan. This term adopts the OCA's recommendation to include comprehensive energy audits for residential customers. The inclusion of 1,500 home energy audits will benefit the Company and its customers because the audits should encourage customers to install more rebated measures and/or prioritize the measures installed, resulting in greater energy savings.
- PPL agreed to review the general contents of its home energy reports with stakeholders at least once every program year. PPL further agreed that it would listen to and consider Comments from the stakeholders regarding the general content of these reports. This term addressed OCA's concern that the messaging included in PPL's proposed home energy reports may not be individualized or targeted enough to be useful to consumers.
- PPL agreed to coordinate with the Pennsylvania Housing Finance Agency (PHFA) to align the "eligibility of measures in Act 129 low-income multifamily buildings with PHFA's Qualified Allocation Plan and Energy Rebate Analysis," and provides for stakeholder meetings to address energy efficiency measures related to the development of affordable housing. This Settlement provision addressed OCA's concern regarding how the Plan interacts with state and federal housing programs.
- PPL agreed in program year (PY) 8 to evaluate a pilot demand response program for residential customers using smart thermostats, and to review the results of the evaluation with stakeholders in early PY 9. The Company further agreed to design and seek to implement the pilot residential demand response program if the evaluation recommends moving forward with the pilot. This provision provided a reasonable compromise to the OCA's recommendation to

include a residential demand response program as part of the Phase III Plan.

On March 17, 2016, the Commission issued an Opinion and Order approving the Phase III Plan as modified by the Settlement, but directed PPL to revise its cost recovery mechanism and file its revised Phase III Plan within 60 days of the Order. On May 24, 2016 PPL filed its revised Phase III Plan.

Since its Phase III Plan was approved, PPL filed two Petitions requesting the Commission to approve changes to its plan. On June 6, 2017, PPL filed a Petition for Approval of Changes to its Act 129 Phase III plan, seeking approval of two “major” modifications and eleven “minor” modifications to its plan. These changes sought to ensure that PPL is able to meet its compliance targets and to adapt the programs to experience implementing the Plan to-date. On July 6, 2017, the OCA filed Comments in which it was generally supportive of PPL’s modifications and of providing flexibility to meet the plan’s targets in the most efficient manner, while also offering specific suggestions for program implementation or improvement. On November 21, 2017, the Commission entered an Order approving PPL’s plan changes with minor clarifications, except for one contested plan change in which PPL proposed to allow for enhanced incentives for localized energy efficiency or demand reduction to be offered as a pilot, which was referred to the Office of Administrative Law Judge for hearings. Subsequently, on February 16, 2018, PPL filed a Petition for Leave to Withdraw this “enhanced localized incentives” proposal without prejudice. The ALJ issued a Recommended Decision granting the Petition for Leave to Withdraw on April 9, 2018, which the Commission adopted without modification in an Opinion and Order entered November 8, 2018.

On July 20, 2018, PPL filed its second Petition for Approval of Changes to its Act 129 Phase III Plan, seeking approval of one “major” modification and seven “minor” modifications to its plan. This Petition similarly sought to ensure that PPL is able to meet its compliance targets and to adapt the programs to experience implementing the Plan to-date. On August 20, 2018, the OCA filed Comments supporting changes that sought to ensure that PPL is able to meet its compliance targets and to adapt the programs to experience implementing the Plan to-date and offering specific suggestions for program implementation and improvement. In an Opinion and Order entered November 8, 2018, the Commission granted PPL’s Petition and approved the Company’s proposed changes to its Phase III EE&C Plan.

Docket No. M-2016-2554787. On June 30, 2016, PPL filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-78. On April 6, 2017, the Commission entered a

Tentative Order which requested supplemental information from the Company and Comments from interested parties. On June 7 and 22, 2017, the OCA filed Comments regarding: (1) the program budget; (2) energy affordability burdens; (3) automatic recertification for budget billing customers; (4) the treatment of zero income customers; (5) the maximum CAP credit; (6) the consequences of the customer's failure to recertify; and (7) the APPRISE evaluation regarding the weatherization program. On October 5, 2017, the Commission issued an Order that adopted, in part, the OCA's recommendations regarding: the energy affordability burdens; automatic recertification for budget billing customers; the treatment of zero income customers; the maximum CAP credit; and the consequences of the customer's failure to recertify. The Commission also ordered the implementation of mechanisms to help address the OCA's identified concerns regarding the program budget. PPL filed a Petition for Reconsideration regarding the collection of data for the Company's arrearage co-payment requirement.

On February 5, 2018, pursuant to the direction of the Commission's October 2017 Order, the Company filed an addendum zero income form with the Commission. The Commission issued an Order on April 19, 2018 approving the addendum without modification. It did not address the still pending Petition for Reconsideration filed by PPL. The Parties still await PUC action on PPL's Petition.

Respond Power, LLC

Docket Nos. C-2016-2576287, C-2016-2576292, C-2017-2631326, C-2017-2631331. Pursuant to a Commission-approved Settlement, Penelec and West Penn implemented a Purchase of Receivables (POR) "Clawback" mechanism to recover uncollectible costs from electric generation suppliers whose average percentage of write-offs substantially exceeded EGS supplier averages. On November 17, 2016, Respond Power filed a Complaint against Penelec and a separate Complaint against West Penn requesting that the Commission prohibit both Companies from applying certain Clawback charges for September 2016 and September 2017 to Respond Power.

The OCA was a signatory to the Settlement that created the POR Clawback and intervened in the Complaint proceedings in December 2016, to ensure that the provisions approved in the Settlement were appropriately implemented and that consumers were adequately protected.

On October 27, 2017, Respond Power filed another Complaint against West Penn at Docket No. C-2017-263132 and another Complaint against Penelec at Docket No. C-

2017-2631331. These Complaints contained similar allegations to those in Respond Power's earlier Complaints against the Companies. All four dockets were consolidated.

On June 13, 2019, the Commission entered an Order denying the Exceptions filed by Respond Power and adopting the ALJ's Initial Decision that dismissed Respond Power's four Complaints. On June 28, 2019, Respond Power filed a Petition for Reconsideration. At the end of the 2018-2019 Fiscal Year, the OCA awaited Commission action on the merits of the Petition.

Transource PA, LLC

Docket Nos. A-2017-2640195, A-2017-2640200. On December 27, 2017, Transource PA, LLC submitted an Application with the PUC seeking approval of the siting and construction of the 230 kV transmission line associated with the Independence Energy Project – East Project (IEC-East Project) in Portions of York County. The IEC East Project involves the siting and construction of the new Furnace Run-Conastone 230 kV Transmission Line that will extend approximately 15.8 miles connecting the existing Conastone Substation located near Norrisville, Harford County, Maryland and the new Furnace Run Substation to be located in York County, Pennsylvania. Approximately 12.7 miles of the IEC-East Project will be located in Pennsylvania. Approved as a market efficiency project, Transource PA alleges that the IEC-East Project will alleviate congestion constraints and lower wholesale market prices in Maryland, Virginia, and a portion of Western Pennsylvania.

The OCA filed a Protest on January 10, 2018 to ensure that Transource PA adheres to all legal requirements of the Public Utility Code, applicable Commission Rules and Regulations, and Pennsylvania Law, as well as to protect the interests of ratepayers. In May 2018, Public Input Hearings were held in York and Franklin County where over 200 individuals testified as to the impact of the project.

On May 15, 2018, Transource filed additional pleadings including two Petitions for Building Shelter Control Equipment in York and Franklin County and 133 eminent domain applications to acquire certain portions of land from various individuals and entities. The OCA Intervened in the Petitions on June 1, 2018.

In September 2018, the OCA participated in additional Public Input Hearings. In February and May of 2019, the OCA submitted testimony recommending the Commission deny the proposed transmission project because the costs would greatly exceed the benefits, particularly in Pennsylvania, and PJM did not consider what may be viable alternatives with less overall cost and environmental impact or whether

reliability issues may be mitigated by the replacement of aging infrastructure. At the end of the Fiscal Year 2018-2019, the OCA was preparing for evidentiary hearings to be held in October 2019.

UGI Utilities, Inc. – Electric (UGI-E)

Docket No. M-2018-3004144. On August 21, 2018, UGI-E filed a Petition for Approval of a Phase III Energy Efficiency and Conservation Plan for the period of June 1, 2019 through May 31, 2024.

On September 10, 2018, the OCA filed its Intervention and Answer. The OCA supported continuation of cost-effective programs through Phase III and reviewed the Plan to ensure that the programs offered meet the needs of residential customers while providing energy and conservation benefits on a system-wide basis.

The OCA filed testimony recommending: (1) that a three-year Plan be approved instead of the proposed five-year plan; (2) that the Company should file a detailed plan including budgets and projected savings for its Emerging Technology and Outreach (ETO) program; (3) that the School Energy Education program kits should be modified to customize the kits; (4) that the proposed ETO initiatives should be implemented as full-fledged programs instead of pilots; and (5) that an evaluation of the actual Plan results should be completed every three years. On January 31, 2019, the parties filed a Joint Petition for Settlement of All Issues. The Settlement addressed the OCA's concern about the length of the program by providing a benchmark to review the Plan's performance after 2 years, after which the Company will continue, amend the plan to implement new programs that are cost-effective or end the program. The Settlement also addressed the OCA's concern about the proposed ETO by redirecting funding to provide greater outreach, implement a no-cost low-income customer program, and evaluate the savings and effectiveness of the EE&C Plan. In February 2019, the ALJ issued a Recommended Decision approving the Settlement, and on March 14, 2019, the Commission adopted the Recommended Decision.

Docket No. R-2017-2640058. On January 26, 2018, UGI Electric filed a request to increase its rates by \$9.254 million in annual operating revenues, or 10.4% on an annual revenue basis. UGI Electric also proposed to increase its monthly residential customer charge from \$5.50 to \$14.00. Under the UGI-E's proposal, the monthly bill for a residential customer using 1,000 kilowatt-hours (kWh) per month would increase by 11.8%.

On February 6, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase and subsequently submitted testimony addressing (1) the

overall base rate revenue increase, (2) capital structure, (3) depreciation rates, (4) the proposed \$14.00 Residential customer charge, (3) the impact of the TCJA on rates, (5) the proposed Electric Vehicle (EV) Rider, (4) the proposed Storm Damage Expense Rider (SDER), and (5) Universal Service Programs. The OCA recommendations included an overall base rate revenue increase of \$2.137 million, a customer charge of \$8.00, and the flow back of TCJA savings to customers.

In August 2018, the ALJs issued a Recommended Decision approving a Partial Stipulation resolving certain issues, including the withdrawal of the EV Rider and SDER and the adoption of Universal Service terms recommended by the OCA, and providing for, *inter alia*, an overall base rate revenue increase of \$2.789 million, a \$14.00 Residential customer charge, and the flow back of TCJA savings to customers.

On October 25, 2018, the PUC issued its final Order approving a revenue increase of approximately \$3.2 million, and awarding UGI an ROE of 9.85. Importantly, as to the interpretation of Act 11 and Act 40, the PUC held for UGI. In its filing, UGI had used an end-of-year method to calculate its rate base and expenses. The OCA argued that Act 11 should be interpreted to require use of an average for rate base and expenses during the Fully Projected Future Test Year, and that Act 40 requires UGI to use the former consolidated tax savings for the benefit of ratepayers.

On November 26, 2018, the OCA filed a Petition for Review with the Commonwealth Court to appeal the PUC's interpretation of both Act 11 and Act 40. Again, the OCA argued that an average method should be used to calculate rate base and expenses incurred during the Fully Projected Future Test Year. The OCA emphasized that UGI's end-of-year method resulted in rates that were not just and reasonable. The OCA also again argued that Act 40 requires UGI to use its consolidated tax savings in a manner that benefits ratepayers.

In June 2019, the OCA filed Briefs in support of its position. Oral argument is scheduled for December 2019.

NATURAL GAS: UTILITY-SPECIFIC PUC PROCEEDINGS

Columbia Gas of Pennsylvania, Inc.

Docket No. A-2017-2624174. On September 12, 2017, Columbia filed an Application for approval of abandonment of natural gas service to two residential customers served by Columbia through mainline transmission taps on an interstate transmission pipeline, Line 1570, located in Washington County, Pennsylvania. According to Columbia, the

gas transmission company that owns Line 1570 is replacing the line and will not permit taps on the new line.

On October 10, 2017, the OCA filed a Notice of Intervention and Public Statement to ensure that the affected Columbia customers are afforded adequate protection and reasonable treatment by Columbia and that any action taken in this matter is in the best interest of all Columbia customers and in accordance with the Public Utility Code and the Commission's regulations.

One of the customers filed a civil action in federal court. Another customer reached an agreement with the transmission company and sought to move forward before the Commission. At the end of the 2018-2019 Fiscal Year, the OCA was continuing its efforts to ensure a reasonable result for all customers.

Docket No. P-2018-2641560. On January 5, 2018, Columbia submitted a Petition for Limited Waivers of Certain Tariff Rules Related to Replacement of Customer Service Lines and Field Assembled Risers (Petition). Columbia's Petition sought certain waivers of its tariff provisions in two general areas: (1) the authority to replace customer-owned service lines where necessary in order to move the meter from the inside of the home to the outside; and (2) the authority to replace customer-owned field risers and customer-owned service lines associated with such risers as these components are subject to premature failures. Columbia also sought Commission approval to capitalize the costs of the aforementioned meter relocations, service line and field riser replacements.

Section 59.18 of the Commission's regulations require that all meters and regulators must be located outside by September 13, 2034. Section 59.18 and Columbia's tariff both provide that in normal meter relocation activities the Company will pay the cost associated with moving the meter and regulator. As part of this process, Columbia also plans to replace customer-owned service lines as needed at its own cost. In this regard, Columbia sought waivers of its tariff provisions as to customer-owned service lines due to the provisions of Section 1510 of the Public Utility Code, which generally provides that consumers in Western Pennsylvania, and not the utility, are responsible for installation, maintenance and replacement of their service lines.

On January 29, 2018, the OCA submitted an Answer challenging the ability of Columbia to capitalize the costs of these measures and receive a return on and of its investment for facilities that it does not own, nor takes any future responsibility for maintenance or repair. On October 5, 2018, the Parties filed a Joint Petition for Settlement, which addressed the OCA's issues. Columbia withdrew its proposal to capitalize the costs to replace customer-owned facilities and agreed to treat the costs to replace customer-owned facilities associated with the replacement of prone to fail field-assembled risers

as an operations and maintenance expense rather than as a capital expense. The OCA agreed to capitalization of meter relocation and associated replacement of service line costs because Columbia is required to relocate the meters and there are safety concerns at issue. On December 6, 2018, the PUC issued a Final Order adopting the Recommended Decision and approving the Settlement in its entirety without modification.

Docket No. R-2018-2647577. On March 16, 2018, Columbia filed a tariff supplement requesting an overall increase in revenues of \$46.9 million, or 8.16% over present revenues. Under Columbia's proposal, the total monthly bill for a residential customer using 70 therms of gas per month would have increased by 9%. Columbia also proposed to increase its monthly residential customer charge from \$16.75 to \$18.50.

On March 20, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase and subsequently filed testimony addressing (1) revenue and expense claims, (2) the impact of the TCJA on rates, (3) rate design and cost allocation, (4) the proposed Weather Normalization Adjustment (WNA) and Revenue Normalization Adjustment (RNA), (5) low-income customer issues, including sources of funding for the Hardship Fund, budget billing, and outreach, and (6) the proposal of Shipley Choice, LLC, Dominion Energy Solutions, Inc., and Interstate Gas Supply, Inc. (NGS Parties) to allow all NGSs to bill for non-commodity products on Columbia's utility bills.

On July 25, 2018, the parties reached a Settlement resolving all issues with the exception of the NGS Parties non-commodity billing proposal. The Settlement provided for an increase in operating revenues of \$26 million, or 4.52% over present revenues. Under the Settlement, the total monthly bill for a residential customer using 70 therms of gas would increase by only 4.49%. The Settlement also provided for the return of the \$23.8 million resulting from the 2018 impact of the TCJA to customers over an 18-month period. The Settlement further provided for no increase in the \$16.75 Residential customer charge, the continuation of the WNA as a pilot with a 3% deadband, the withdrawal of the RNA, and the adoption of terms addressing low-income customer issues raised in the OCA's testimony.

In August 2018, the OCA filed briefs in opposition to the NGS Parties' proposal to allow all NGSs to bill for non-commodity products on Columbia's utility bills. The OCA argued that, while Columbia's current non-commodity billing practices raised significant concerns, the NGS Parties' proposal would not address these concerns and would raise additional complex issues.

Consistent the September 2018, Recommended Decision, the Commission entered an Opinion and Order on December 6, 2018, which approved the Partial Settlement without

modification. The Commission further found that Columbia's existing practice of providing "on bill billing" for non-commodity goods and services offered by its two former affiliates, while denying the same billing option for NGS Parties, was discriminatory. The Commission directed Columbia to cease offering the billing service altogether or offer the service to all suppliers. The Commission agreed with the OCA, however, that it would not be reasonable to *require* Columbia to provide billing service to the NGS Parties.

On December 17, 2018 the OCA filed a Petition for Reconsideration, arguing that Columbia should not be allowed to unilaterally decide whether to offer "on bill" billing to any and all entities. In a January 17, 2019 Order, the Commission rejected the OCA and other parties' arguments and upheld the requirements of the December 6, 2018 Order.

In March 2019, Columbia filed a Report in which it stated that it would comply with the December Order by discontinuing its on-bill billing policy and no longer allow other entities to include charges for non-commodity products and services on its customer bills. For its former affiliates, Columbia stated that it would end this practice as the existing contracts expire between 2019 and 2023. The case remained pending before the Commission at the end of the 2018-2019 Fiscal Year.

Docket No. R-2019-3008255. On February 28, 2019, Columbia submitted its purchased gas cost pre-filing, which projected to decrease the current PGC rate by \$0.05401/Therm to \$0.3862/Therm. The OCA filed a Formal Complaint on March 12, 2019 seeking to ensure that the Company's proposed PGC rate is consistent with a least cost fuel procurement policy and does not result in rates or charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulations or policy.

The OCA submitted testimony regarding an Asset Management Agreement that the Company entered into and raised concerns regarding whether the AMA was consistent with the least-cost gas procurement standards.

The parties reached a comprehensive settlement that provides that the Company will issue an RFP for the AMA identified in the proceeding and will provide additional supportive documentation and analysis as part of future 1307(f) filings. At the end of the 2018-2019 Fiscal Year, the parties awaited a Recommended Decision.

Docket No. R-2019-3010039. On May 9, 2019, Columbia filed a tariff supplement with the Commission to obtain approval of changes that would (1) provide all eligible customers being served under Rate Schedules SDS, LDS and MLDS with the option to have Columbia install telemetry equipment that will communicate daily usage

information to Columbia on a daily basis; (2) revise the rules concerning applicability of Operational Flow Orders and Operational Matching Orders; and (3) implement a new calculation for determining Maximum Daily Quantity. The tariff supplement was filed in accordance with the Settlement in Columbia's 2018 base rate case at Docket No. R-2018-2647577, and was developed as part of a resulting collaborative process, both of which the OCA was involved in as an active participant. The OCA filed a Notice of Intervention in this matter on June 13, 2019. At the end of the 2018-2019 Fiscal Year, the case was pending.

Knox Energy Cooperative Association, Inc.

Docket No. C-2018-3004179, et al. In September of 2018, the OCA became aware that eight (8) individual consumers of Knox had filed Formal Complaints at the PUC because Knox had recently sent letters advising that their natural gas service would be terminated prior to October 31, 2018 due to supply issues. Knox alleged that as a bona fide cooperative association, the PUC had no jurisdiction over it. After review and preliminary investigation, the OCA intervened in this matter on October 3, 2018 to protect the interests of Knox's customers. The procedural schedule was put on hold to allow for Settlement discussions. Certificates of Satisfaction were filed in February of 2019 for each of the eight consumer complainants. Four of the consumers converted to propane service, three converted to electric with one consumer deciding to stay with Knox Energy on an interruptible basis. Conversion costs, including increased fuel costs, totaled approximately \$47,238 for the seven consumers whose service was abandoned. As a result of the OCA's assistance in the matter, Knox Energy paid conversion costs to the seven abandoned consumers totaling approximately \$23,300, or 49.32% of the total conversion costs.

National Fuel Gas Distribution Corp. (NFGD)

Docket No. R-2019-3006858. On December 28, 2018, NFGD submitted its purchased gas cost pre-filing, which projected to decrease the current PGC rate by \$0.1412/Mcf, to \$4.2412/Mcf. The OCA filed a Formal Complaint on January 9, 2019. The OCA sought to ensure that the Company's proposed PGC rate was consistent with a least cost fuel procurement policy and would not result in rates or charges that were excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulations or policy.

After completing its review and discovery, the OCA identified no issues. The parties reached a comprehensive settlement recommending approval of the Company's PGC

filing. On May 23, 2019, the Commission issued an Opinion and Order adopting the Recommended Decision and approving the Settlement without modification.

PECO Energy Co. – Gas

Docket No. P-2014-2451772. On November 28, 2018, PECO submitted a tariff supplement seeking to extend its Neighborhood Gas Pilot Rider (NGPR) by an additional two years and sought a revised total spend for the five-year period of \$25,000,000. The NGPR was initially approved by the Commission in October 2015, as a means to provide customers in underserved and unserved areas with additional options for connecting to the natural gas distribution system. The NGPR was approved as a three-year pilot program expiring on March 31, 2019, with spending caps of no more than \$4,000,000 in any one year and no more than \$10,000,000 for the entire pilot.

On December 18, 2018, the OCA intervened in this matter to protect the interests of PECO's customers. After evaluation and analysis, the OCA concluded that PECO's proposal was in the best interest of PECO's customers and the demand for this type of program to expand natural gas infrastructure is growing. The matter is currently being evaluated by Commission staff.

Docket No. R-2018-3001568. On April 27, 2018, PECO submitted its annual PGC pre-filing and, on May 31, 2018, PECO submitted its definitive filing. The OCA filed a Formal Complaint. After discovery and review of the Company's gas purchasing practices, operations and proposed tariff supplement, the OCA and other parties determined to not file testimony. A Joint Petition for Settlement was filed on August 2, 2018, which continued a commitment by PECO from the Settlement of its 2017 PGC proceeding to correct two errors that caused the Balancing Service Costs to be overstated and the Sales Service Charge costs to be understated through the 2018 PGC period. On October 4, 2018, the Commission approved the Settlement, consistent with the ALJ's Recommended Decision.

Docket No. R-2019-3009624. On April 30, 2019, PECO submitted its purchased gas cost pre-filing. The OCA filed a Formal Complaint on May 16, 2019 seeking to ensure that the Company's proposed PGC rate is consistent with a least cost fuel procurement policy and does not result in rates or charges that are excessive, unjust or unreasonable, discriminatory or otherwise contrary to Commission regulations or policy.

At the end of the 2018-2019 Fiscal Year, the OCA was investigating the filing and participating in settlement discussions.

Peoples Gas Co. LLC

Docket No. A-2018-3006061. On November 13, 2018, Aqua America, Inc., Aqua Pennsylvania, Aqua Pennsylvania Wastewater, Peoples Natural Gas Company, and Peoples Gas Company (collectively, the Applicants) filed an Application seeking Commission approval to transfer 100% of the issued and outstanding membership interests in LDC Funding, LLC, an indirect parent company of Peoples Natural Gas and Peoples Gas, from LDC Parent, LLC, to Aqua America. Under the Purchase Agreement, Aqua America will acquire Peoples for \$4.275 billion, which includes approximately \$1.3 billion of debt assumed by Aqua America. On December 19, 2018, the OCA filed a Notice of Intervention and Protest to investigate the application.

In April and May 2019, the OCA submitted testimony arguing that the transaction, as proposed by the Applicants, did not provide substantial affirmative benefits to the Applicants' customers. Specifically, that the transaction would eventually result in savings for the Applicants and that these savings should be passed on to customers. Additionally, the OCA was concerned that the transaction could financially weaken either or both of the Applicants post-closing, which could cause the Applicants to provide unsafe and unreliable service.

Discussion among the parties resulted in a Settlement among most parties. The Settlement sufficiently addressed the OCA's concerns with respect to financing the transaction, how the Applicants would be governed post-transaction and how savings as a result of the transaction would be flowed to customers. Specifically, the Settlement provided for a one-time \$10 million dollar rate credit to be provided to customers before the end of 2019. Additionally, the Settlement required the Aqua and Peoples entities to continue operating as distinct utilities to ensure that both remain financially healthy and able to provide safe, adequate, and reliable service post-closing.

Of particular concern to the OCA was the remediation of the Goodwin and Tombaugh Gathering Systems located in Greene County and Washington County, PA. Both gathering systems experience high levels of unaccounted-for gas and are in need of extensive repairs to address leaks and to ensure safe and reliable service. Approximately 1,700 customers are currently served from these Systems. As part of the Settlement, Aqua America committed to repair and replace the Goodwin/Tombaugh systems in their entirety. The remediation would begin three months after closing the acquisition. As part of the Settlement, Aqua agreed to provide an upfront, one-time rate credit of \$13 million to Peoples customers. This \$13 million credit will be provided to customers before the end of 2019. Further, future repair costs for the Goodwin/Tombaugh Systems cannot be claimed through the DSIC but rather can only

be claimed in future base rate proceedings. In this manner, the rehabilitation expenses can be thoroughly reviewed and analyzed before being included in new rates.

The Settlement was filed on June 26, 2019 and was opposed by the Office of Small Business Advocate and the Commission's Bureau of Investigation and Enforcement. At the end of the Fiscal Year, the OCA awaited a Recommended Decision.

Docket No. R-2018-2645296. On March 2, 2018, Peoples Gas submitted its 30-day pre-filing information and, on April 2, 2018, the Company submitted definitive tariff filings under Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f). Peoples Gas proposed (1) a decrease in the residential Purchase Gas Cost rate of \$0.5686 per Mcf from the January 1, 2018 rate as of October 1, 2018, (2) adjustments for storage losses and company-use gas reflected in its retainage charge calculation, and (3) a 2.9 percent retainage charge on producers.

On March 15, 2018, the OCA filed a Formal Complaint. The OCA submitted testimony in opposition to the proposed adjustments for storage losses and company-use gas and in support of the 2.9 percent producer retainage charge or, alternatively, a 2.9 percent gathering system retainage charge. The OCA recommended that because most of the company's total losses occur on its gathering system and sales customers do not use the gathering system as much as transportation customers, PGC customers should not pay the same retainage charge as transportation customers.

A Partial Settlement was reached regarding the method of calculating storage losses and company-use gas. The OCA filed Briefs in support of its position on the producer retainage charge. A Recommended Decision was issued on July 25, 2018, which accepted the Partial Settlement and approved the producer retainage charge. Exceptions and Reply Exceptions (including by OCA) were filed. On September 20, 2018, the Commission issued an Opinion and Order which adopted the Recommended Decision without modification.

Docket Nos. R-2019-3007612, R-2019-3007613, R-2019-3007617. Pursuant to Section 1307(f) of the Public Utility Code, Peoples Natural Gas Company (PNG), Peoples Natural Gas – Equitable Division and Peoples Gas Company (PG) filed their annual PGC cases on April 1, 2019. In these filings, the Companies proposed new PGC rates to take effect on October 1, 2019. The OCA filed a Formal Complaint against these rates in order to investigate whether the rates proposed were just and reasonable. As a result of its investigation, the OCA identified certain issues with the rates proposed by PNG and PG. In the PNG case, the OCA recommended a different method for calculating the Company's retainage rate, that PNG's balancing charges should be adjusted to reflect certain items and that PNG should provide information regarding

adopting a separate retainage rate for customers using its gathering system in next year's PGC case.

The OCA identified concerns with the accuracy of PG's design day model with respect to weather-sensitive customers, that PG's proposed retainage rate be increased to reflect recent experience with Lost and Unaccounted For Gas, storage losses and additional compressor fuel, and that, like PNG, the company provide information regarding adopting a separate retainage rate for customers who use the Company's gathering system in next year's PGC case.

The parties reached a Settlement of the OCA's issues regarding PNG, which provided that the Company would revise its retainage calculation to include certain volumes it had previously omitted. This alleviated concerns that the Company was basing its calculation on unrealistically low projected throughput volumes. Regarding PNG's balancing charges, the OCA accepted the Company's original proposal as a compromise. Finally, the parties agreed to reserve the OCA's issue regarding a separate retainage charge for gathering system users in the 2020 PGC case.

The parties also reached a Settlement of the OCA's issues in the PG case. That Settlement provided that the Company would examine its design day analysis with the specific purpose of improving its forecast at the coldest temperatures and agreed to provide the results in the 2020 PGC proceeding. Regarding the OCA's concerns with the Company's retainage calculation, PG, like PNG, agreed to include previously omitted volumes in its calculation, agreed to use a compressor fuel allocator of 30% (a compromise between the Company's 23% and the OCA's 46%), and further agreed to perform an analysis of how much compressor fuel is used for on-system storage and for other purposes and present the results in the 2020 PGC case. Finally, as in the PNG case, the parties agreed on settlement language that allows for the OCA to revisit the issue in 2020. At the end of the 2018-2019 Fiscal Year, the Settlement was pending before the ALJ.

Peoples Natural Gas Co. LLC

Docket No. M-2017-2640306. On December 29, 2017, Peoples Natural Gas filed its Petition for approval of its voluntary Energy Efficiency and Conservation Plan (EE&C Plan) in accordance with the Settlement approved by the Commission regarding Peoples Natural Gas Company's acquisition of Equitable Natural Gas Company at Docket No. A-2013-2353647. On January 19, 2018, the OCA filed its Answer and Notice of Intervention opposing the Peoples' proposal to incorporate a Combined Heat and Power program (CHP) because the CHP program is a load growth program and not

an energy efficiency program. The OCA identified three other matters to be addressed: (1) the Company should secure an independent evaluation, measurement and verification evaluator for the program; (2) the proposed savings have not been discounted to reflect the customers who would have installed efficient gas appliances with or without the incentives; and (3) the Plan did not include the potential effect of the new US Department of Energy efficiency standards.

On January 10, 2019, the ALJ issued an Initial Decision denying the Company's EE&C Plan in its entirety. Subsequently, in the Aqua/Peoples merger proceeding at Docket No. A-2018-3006061, the parties agreed in a Settlement, filed in June 2019, that Peoples' EE&C Plan would be withdrawn. That Settlement and the Merger Application are currently before the ALJ for decision.

Docket Nos. R-2018-2645278, R-2018-3000236. On April 2, 2018, Peoples Natural Gas submitted definitive tariff filings under Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f). Peoples Natural Gas proposed (1) a decrease in the residential PGC rate from \$4.70 per Mcf to \$4.5327 per Mcf as of October 1, 2018, (2) changes to the recovery of Allegheny Valley Connector (AVC) capacity costs, and (3) a 2.0 percent retainage charge on producers.

On March 15, 2018, the OCA filed a Formal Complaint. The OCA submitted testimony in opposition to the proposed method of recovering the AVC capacity costs and in support of the 2.0 percent producer retainage charge or, alternatively, a 2.0 percent gathering system retainage charge. The OCA recommended that because most of the company's total losses occur on its gathering system and sales customers do not use the gathering system as much as transportation customers, PGC customers should not pay the same retainage charge as transportation customers.

A Partial Settlement was reached regarding the recovery of AVC capacity costs. The OCA filed Main and Reply Briefs in support of its position on the producer retainage charge, on June 19, 2018 and June 26, 2018, respectively. A Recommended Decision was issued on July 25, 2018, which accepted the Partial Settlement and approved the proposed producer retainage charge. Exceptions and Reply Exceptions (including by OCA) were filed by parties to the Recommended Decision. On September 20, 2018, the Commission issued an Opinion and Order which adopted the Recommended Decision without modification.

Docket No. R-2018-3006818. On January 28, 2019, Peoples Natural Gas filed a tariff supplement seeking an increase in annual distribution revenues of \$94.9 million. Specifically, the Company proposed to increase the residential monthly customer charge from \$13.95 per month for Peoples Division customers and \$13.25 per month for

Equitable Division customers to a consolidated customer charge of \$20.00 per month. According to the Company's filing, the bill for a typical Peoples Division residential customer who uses 86 Mcf per year would increase from \$74.24 to \$84.73 per month, or by 14.1%. The bill for a typical Equitable Division residential customer who uses 86 Mcf per year would increase from \$70.79 to \$84.73 per month, or by 19.7%. The OCA intervened on February 7, 2019 and subsequently submitted testimony supporting its position that the proposed customer charge increase is unreasonable and the revenue increase of \$94.9 million is overstated.

The OCA and other parties were able to agree to resolve nearly all of the contested issues in this proceeding, resulting in a partial Settlement. The partial Settlement addressed the OCA's concerns relating to the Company's negotiated rates, the federal TCJA, and low-income service programs. The Settlement also provided for an overall annual revenue increase of \$59.5 million, which is lower than that originally requested by the Company. Additionally, the Settlement provided for a residential customer charge of \$14.50, which is also lower than that originally requested by the Company.

The parties reserved for litigation issues related to the Company's main line extension policy. The OCA supported the revised policy proposed by the Company, but the proposal was challenged by the Office of Small Business Advocate. The OCA submitted testimony and briefs supporting the Company's proposed modification to its main line extension program. At the end of the 2018-2019 Fiscal Year, the matter was pending decision by the ALJ.

Docket Nos. R-2019-3007612, R-2019-3007613, R-2019-3007617. Pursuant to Section 1307(f) of the Public Utility Code, Peoples Natural Gas Company (PNG), Peoples Natural Gas – Equitable Division and Peoples Gas Company (PG) filed their annual PGC cases on April 1, 2019. See write up above, under Peoples Gas Company.

Philadelphia Gas Works (PGW)

Docket No. R-2017-2586783. On February 27, 2017, PGW filed a tariff supplement seeking an increase in annual distribution revenues of \$70 million. Specifically, the Company proposed to increase the residential monthly customer charge from \$12.00 per month to \$18.00 per month, or by 50%. Additionally, for a residential customer, the delivery charge would increase from \$6.0067/Mcf to \$6.7275/Mcf, or by 12%. According to the Company's filing, the bill for a typical PGW residential heating customer who uses 76 Mcf per year would increase from \$94.06 to \$104.65 per month, or by 11.3%. The OCA filed a Complaint on March 6, 2017. The OCA submitted testimony supporting its

position that the proposed customer charge increase is unreasonable and the revenue increase of \$70 million is overstated.

The OCA and other parties were able to agree to resolve certain contested issues in this proceeding, resulting in a partial Settlement that was filed in July 2017. The partial Settlement addressed the OCA's concerns relating to PGW's bad debt offset, budget billing, and proposed modification to its weather normalization period. The Settlement provided for an overall annual revenue increase of \$42 million, which is lower than that originally requested by the Company. Additionally, the Settlement provided for a residential customer charge of \$13.75, which is also lower than that originally requested by the Company. The Company is also prohibited from filing for another general rate increase prior to December 1, 2019. The Settlement provided for a new hazardous heating remediation pilot program to address the problem of low-income PGW customers who have been disconnected from service due to an inoperable or broken heating system. The Settlement further provided that the Company will hold two collaboratives to address low-income and residential customer credit and collection issues identified by the OCA.

The parties reserved for litigation issues related to the allocation of universal service costs and payment posting. The OCA supported the allocation of universal service costs to all firm service customers, but contested PGW's partial payment application.

The ALJs issued a Recommended Decision, in which they recommended the Commission adopt the partial Settlement, dismiss the challenge of the Office of Small Business Advocate to PGW's universal service cost allocation, and deny the OCA's proposals regarding partial payment allocation.

On November 8, 2017, the Commission issued an Order adopting the ALJs' Recommended Decision. The OCA filed a Petition requesting that the Commission reconsider and/or clarify the Order with regard to PGW's partial payment allocation method. While that Petition was pending, a tariff filing by PGW at Docket No. R-2018-3000739 led to settlement discussions that resulted in PGW withdrawing its tariff filing in this proceeding. On October 24, 2018, an Initial Decision approved the withdrawal and marked this matter closed.

On May 18, 2018, the Commission issued an Order in the rate case that adopted OCA's position and required PGW to change its payment posting process within 90 days. PGW filed a Petition for Reconsideration that opposed the merits of the decision and also requested that if the reconsideration on the merits was denied, the Commission reconsider the 90-day timeframe. The OCA opposed reconsideration on the merits but did not oppose an extension to allow the Company a reasonable period of time to

implement the billing system modifications. In April 2019, the OCA and PGW filed a Settlement providing that PGW would implement the changes to the payment posting process by July 2019. On June 28, 2019, the Commission issued an Order approving the Settlement.

Docket No. R-2019-3007636. On February 1, 2019, Philadelphia Gas Works submitted its purchase gas cost pre-filing pursuant to the Commission's Rules and Regulations at 52 Pa. Code §§ 53.64, 53.65. The Company's pre-filing projected an increase to the PGC rate of \$0.1108/Mcf, to a rate of \$4.9887/Mcf. On March 1, 2019, the Company submitted its definitive filing. The OCA filed a Formal Complaint on February 11, 2019.

The OCA submitted testimony, in which it recommended that choice suppliers and GCR customers be charged the same rates for capacity. The OCA also recommended that the weather normalization process utilized in the Company's pilot Conservation Incentive Program should be addressed at a stakeholder meeting. The parties reached a comprehensive Settlement wherein PGW agreed to revise its release locations to move the choice suppliers and GCR customers towards the same rates. The settlement also provides for a stakeholder meeting to discuss the pilot Conservation Incentive Program's weather normalization process. At the end of the 2018-2019 Fiscal Year, the parties awaited a Recommended Decision.

Docket No. R-2019-3009016. On April 5, 2019, PGW filed a tariff supplement requesting that the Commission approve a proposed Negotiable Liquefied Natural Gas Service (Rate LNG-N). This supplement would cancel all provisions of the existing Liquefied Natural Gas Service – Rate LNG and establish the availability, rates, and terms of service for a new negotiable rate for eligible customers under Rate LNG-N.

The OCA filed a Notice of Intervention on April 25, 2019. In June 2019, the OCA filed testimony that addressed recordkeeping and reporting regarding the impact on gas cost rate customers, notice to existing Rate LNG customers, and ensuring that PGW has addressed potential liability related to environmental remediation costs. At the end of the 2018-2019 Fiscal Year, the matter was pending.

UGI Utilities, Inc. – Gas Division

Docket No. A-2018-3000381, A-2018-3000382, A-2018-3000383. On March 8, 2018, UGI Utilities, Inc. (UGI Gas), UGI Penn Natural Gas, Inc. (UGI PNG), and UGI Central Penn Gas, Inc. (UGI CPG) filed a Joint Application which sought Commission approval of the following: (1) an Agreement and Plan of Merger; (2) the merger of PNG and CPG with and into UGI Utilities; (3) the initiation by UGI Utilities of natural gas service in all territories in this Commonwealth where PNG and CPG do or may provide natural gas

service; (4) the abandonment by PNG of all natural gas service in this Commonwealth; (5) the abandonment by CPG of all natural gas service in this Commonwealth; (6) adoption by UGI Utilities of PNG's and CPG's existing tariffs and their application within new service and rate districts of UGI Utilities corresponding to their existing service territories as UGI North and UGI Central, respectively; (7) the adoption by UGI Utilities of its existing tariff to be applied to a new UGI South service and rate district; and (8) to the extent necessary, affiliated interest agreements. The Applicants further seek all other approvals or certificates appropriate, customary, or necessary under the Public Utility Code to carry out the merger. The Applicants sought to close the merger and for the merger to become effective as of October 1, 2018.

The OCA filed a Protest in this matter on April 9, 2018. The OCA raised a number of issues, including whether the Applicants' proposed method of future operations provided adequate transparency to allow the Commission, the OCA, and other statutory advocates and interested parties to assess the Companies' activities in future proceedings; whether the proposed merger met all legal requirements of the Public Utility Code, applicable Commission rules and regulations, and Pennsylvania law; whether the proposed merger would benefit the Applicants' customers; and whether the proposed merger was in the public interest.

The OCA filed testimony in July 2018. The parties reached a full settlement agreement and filed a Joint Petition for Settlement on July 20, 2018. The Settlement allowed the Companies to merge, but required the Companies to maintain a variety of accounting and other data separately until UGI obtains Commission approval to implement uniform rates throughout its service territory. The Settlement specified information that must be included in UGI's next base rate case, to ensure that the parties and the Commission will be able to fully evaluate the impact of the merger on rates. Further, the Settlement provided that the Companies will maintain existing Universal Service programs at least until its next Universal Service Triennial Plan, and will continue tracking and maintaining current spending levels for low-income programs in each rate district.

A Recommended Decision was issued on September 7, 2018 that recommended approval of the Settlement without modification. On September 20, 2018, the Commission issued an Opinion and Order that approved the Settlement with the additional requirement that UGI continue to file separate quarterly and annual earnings reports for each of the Companies until further notice by the Commission. The Settlement and the additional requirement were deemed approved without further Commission action.

Docket Nos. M-2017-2598190, M-2017-2637094, M-2017-2637095, M-2017-2637098. On June 30, 2017, UGI Utilities, Inc. (UGI or Companies) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2018-2020 for its natural gas rate districts and its electric division. On August 23, 2018, the Commission entered a Tentative Order and requested Supplemental Information from the Companies and Comments from interested parties. On November 1, 2018, UGI filed a Revised USECP that: (1) requested a change of the Companies' names per the Companies' recent merger and (2) increases to the LIURP budgets for the UGI South, UGI North, UGI Central rate districts and the associated projected participation levels. The OCA filed Comments and Reply Comments regarding: (1) maximum CAP credits; (2) CAP eligibility for customers operating a home-based business; (3) waivers of the Commission's regulations for the furnace repair and replacement program; (4) 12-month stay-out for voluntary withdrawal from CAP; (5) CAP customer eligibility requirements – good faith, honesty, or fair dealing; (6) Operation Share Energy Funds to pay reconnection fees; (7) the Revised Plan; (8) post-enrollment CAP participant information; and (9) opt-outs from Community Based Organization (CBO) communications. This matter is pending before the Commission.

R-2018-3001631 and R-2018-3001632. On May 1, 2018, UGI CPG and UGI PNG submitted pre-filing information in support of their annual reconciliations of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. UGI CPG proposed a PGC rate of \$3.8521 per Mcf for the residential class, which was a decrease from the current PGC rate of \$4.3348. UGI PNG proposed a PGC rate of \$3.7106 per Mcf for the residential class, which was a decrease from the current PGC rate of \$3.9816. On May 11, 2018, the OCA filed Formal Complaints against the Companies' filings.

The OCA filed testimony raising concerns regarding UGI CPG's and UGI PNG's RFP process, as well as UGI PNG's capacity release program. The parties filed Stipulations in Settlement on August 10, 2018, which addressed the OCA's issues, including changes that will increase transparency and widen the pool of potential bidders. On October 25, 2018, the Commission entered Orders adopting the Recommended Decisions and approving the Settlements without modification.

R-2018-3001633. On May 1, 2018, UGI Gas submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 11, 2018, the OCA filed a Formal Complaint.

UGI Gas made its definitive filing on June 1, 2018. The Company proposed a PGC rate of \$4.8304 per Mcf for the residential class, which was a decrease from the current PGC rate of \$5.8921.

The OCA filed testimony regarding the allocation of LNG costs and the RFP process. The parties filed a Stipulation in Settlement on August 10, 2018, which proposed changes to increase transparency and widen the pool of potential bidders. On September 24, 2018, a Recommended Decision was issued that recommended approval of the Settlement without modification. On October 25, 2018, the Commission entered an Order approving the Settlement without modification.

Docket No. R-2018-3006814. On January 28, 2019, UGI Gas filed a tariff in which it proposed to increase rates across its UGI Gas South, UGI Gas North, and UGI Gas Central rate districts to produce additional annual operating revenues of \$71.1 million, or an increase of 8.9%. Under the Company's proposal, the total average monthly bill of a UGI Gas South residential customer using 62.3 ccf per month would increase from \$62.45 to \$72.93 per month, or by 16.8%; the total average monthly bill of a UGI Gas North residential customer using 90.6 ccf per month would increase from \$89.72 to \$97.37 per month, or by 8.5%; and the total average monthly bill of a UGI Gas Central residential customer using 77.3 ccf per month would decrease from \$93.68 to \$85.91, or by (8.3%). UGI also proposed increases to the residential monthly customer charge for UGI Gas South residential customers by \$7.25 from \$11.75 to \$19.00, or by 61.7%; for UGI Gas North residential customers by \$5.75 from \$13.25 to \$19.00, or by 43.3%; and for UGI Gas Central residential customers by \$4.40 from \$14.60 to \$19.00, or by 30.1%. The Company proposed to create uniform rates by rate class, including base rates, PGC charges, and other rider charges, for all Rate Districts, and establish uniform choice and non-choice transportation programs applicable to all customers and natural gas suppliers. The Company's proposal to create uniform PGC rates would decrease the PGC rate for the average UGI Gas South residential customer by 3.4%; increase the PGC rate for the average UGI Gas North residential customer by 3.3%; and increase the PGC rate for the average UGI Gas Central residential customer by 3.2%.

On February 7, 2019, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. The OCA filed testimony addressing (1) revenue and expense claims, (2) rate design and cost allocation, (3) the proposal to move to uniform distribution and purchased gas cost rates for all three rate districts, (4) rate of return, (5) low-income customer issues, and (6) energy efficiency and conservation programs. At the end of the fiscal 2018-2019 Fiscal Year, the parties were participating in settlement discussions.

Docket No. R-2019-3009647. On May 31, 2019, UGI made its definitive PGC filing pursuant to 66 Pa. C.S. § 1307(f). In its filing, the Company proposed to consolidate the Company's PGC into a single unified rate. As such, UGI Gas presented four different PGC rates in this proceeding: individual rates calculated on a per district basis and a single, unified rate for all three districts.

The Company proposed a PGC rate of \$6.0098 per Mcf for the South rate district, which is an increase from the current PGC rate of \$5.6051, or 7.2%. The Company proposed a PGC rate of \$4.3204 per Mcf for the North rate district, which is a decrease from the current PGC rate of \$4.5559, or -5.2%. The Company proposed a PGC rate of \$4.5839 per Mcf for the Central rate district, which is an increase from the current PGC rate of \$4.2508, or 7.8%. Finally, the unified rate for all three districts proposed by the Company was \$5.2064 per Mcf. This represented a -7.1% decrease from the South district rate, a 14.3% increase from the North district rate and a 22.5% increase from the Central district rate.

The OCA filed a Complaint on May 9, 2019 and, at the end of the 2018-2019 Fiscal Year, was preparing testimony.

Valley Energy, Inc.

Docket No. P-2018-3006500. On December 11, 2018, Valley filed a Petition seeking to establish a new expansion tariff and surcharge. Specifically, Valley wanted to expand its distribution facilities in the East Athens area by running new distribution mains under the Susquehanna River to reach new natural gas customers. The total spend for this project was estimated at \$1.7 million, and Valley had secured a State grant for \$850,000 to put toward this cost. New customers could connect to the new facilities and pay a monthly surcharge of \$29.20 for a period of 10 years to recover the balance of Valley's expenditures. Valley estimated that for heating customers the surcharge amount would be offset by the lower heating costs once natural gas service became available in that area.

The OCA reviewed the Petition and investigated to determine: whether Valley's proposed expansion and projected costs used the correct economic model, whether the expansion provided a benefit to Valley's new and existing ratepayers, and how the nonpayment of such a surcharge would be treated. On April 3, 2019 the parties filed a Joint Petition for Settlement, which addressed the OCA's concerns about cost overruns for the expansion project by capping the project's cost at \$1.7 million and specifying that any cost overruns would not be recoverable through customer rates. Additionally, the settlement established that Valley's proposed surcharge to recover the cost of the

expansion project would be a non-basic charge. As a result, Valley's customers will not have their natural gas service terminated for failure to pay the surcharge portion of their bill. In April 2019, the Administrative Law Judge approved the proposed Settlement. On May 9, 2019, the Commission unanimously approved the proposed Settlement.

STEAM UTILITIES: UTILITY-SPECIFIC PUC PROCEEDINGS

NRG Energy Centers Pittsburgh, LLC

Docket No. P-2018-2642203. On January 11, 2018, NRG submitted a Petition for a Declaratory Order Regarding the Provision of Certain Data to a Customer. NRG's Petition sought PUC authority to enable NRG to provide real-time operational data about NRG's production, distribution and delivery of steam, chilled water and emergency backup power directly to a customer, the University of Pittsburgh Medical Center Mercy Hospital (UPMC).

NRG recently sought and was granted an expansion of its service territory to include the Uptown Corridor in the City of Pittsburgh. The Petition provided that the service territory expansion was necessary in order to start providing service to UPMC. At the time of the filing, UPMC was the only customer connected to and served from the NRG facilities at issue. The Petition further provided, however, that NRG intended to provide service from these same facilities to additional customers in the future.

On January 31, 2018, the OCA submitted an Answer to express its concern in several areas as to the Petition. The OCA was concerned that the relief sought in the Petition raised serious issues as to cyber security and that such a proposal to share real-time live data with a customer was a novel matter in Pennsylvania, which could lead to unintended consequences.

The Commission issued a Declaratory Order on August 23, 2018, which granted NRG's Petition, but required NRG and UPMC to include certain cybersecurity safeguards within the companies' NDA to address the OCA's concerns.

TELECOM: UTILITY-SPECIFIC PUC PROCEEDINGS

Affiniti PA, LLC

Docket No. A-2019-3008964. On April 4, 2019, Affiniti filed an application with the Commission, requesting approval to abandon its certificate of public convenience and end the provision of competitive access telecommunications services by June 30, 2019. As a "Competitive Access Provider," Affiniti provides connections and transmission over

a combination of owned and leased fiber and other resources. At the time of the application, Affiniti's customers included hospitals, governmental offices and school districts and Intermediate Units. Two Intermediate Units filed protests, asserting that more time was needed to identify and transition to alternative service providers. The OCA filed a Notice of Intervention in June 2019, to participate and protect the consumer interest. At the end of the 2018-2019 Fiscal Year, the OCA was monitoring the proceeding.

Bentleyville Communications Corp.

Docket Nos. R-2018-3001213, C-2018-3001871, R-2019-3009230, C-2019-3009899. In early May 2018, Bentleyville and its affiliates Consolidated Communications of Pennsylvania and Marianna & Scenery Hill Telephone filed separate Chapter 30 Plan Price Stability Index (PSI) Reports, which calculated allowed annual revenue increases based upon changes in inflation. These companies proposed no change in rates for basic residential and business telephone service.

In May 2019, Bentleyville, Consolidated, and Marianna filed their 2019 PSI Reports. Again the companies proposed no change in rates.

The OCA filed Formal Complaints against the current rates and respective 2018 PSI Reports of these three affiliated companies and other companies (named below; collectively RLECs). The OCA filed Complaints in 2019 against the 2019 PSI Reports of most of the same RLECs. The OCA 2018 and 2019 Complaints fault the RLECs' PSI Reports for omitting recognition of tax savings arising from the TCJA. In 2018 and early 2019, the Commission has approved each RLEC's PSI Report, subject to resolution of the OCA Complaints. The OCA has requested consolidation of its 2018 and 2019 Complaints, on a company by company basis. As of the end of the 2018-2019 Fiscal Year, the OCA is conducting discovery in the matter of the Bentleyville 2018 and 2019 PSI filings, and other similar RLEC PSI filings.

Citizens Telephone Co. of Kecksburg

Docket Nos. R-2019-3007258, C-2019-3007888. The Company filed its annual PSI report on February 1, 2019. Based upon the change in inflation between late 2017 and late 2018, the Company calculated an allowed increase in revenues. The Company proposed to bank the calculated allowed increase. The PSI report did not include an adjustment for tax savings arising from the TCJA. Accordingly, the Company's residential and other non-competitive service rates may be unjust and unreasonable. In March 2019, the Commission accepted the 2019 PSI Report, subject to resolution of the

OCA Formal Complaint. At the end of the 2018-2019 Fiscal Year, the OCA was conducting discovery.

Citizens Telecommunications Co. of New York, Inc.

Docket No. P-2019-3007871. See write-up below, under Frontier Communications Commonwealth regarding changes in distribution of telephone directories.

Consolidated Communications of Pennsylvania Co.

Docket Nos. R-2018-3001104, C-2018-3001863, R-2019-3009336, C-2019-3009897. See write-up above, under Bentleyville.

Frontier Communications Breezewood

Docket No. P-2019-3007871. Frontier Breezewood, five other Frontier companies, and Citizens Telephone of New York proposed to reduce distribution of telephone directories in areas with low demand in the future. The Companies would provide directories to consumers upon request. The OCA Comments filed in March 2019 did not oppose the proposal. In April 2019, the Commission granted the Petition, subject to conditions including notice to consumers and maintenance of telephone directories on line.

Docket Nos. R-2019-3007239, C-2019-3007906. See write-up above under Frontier Communications Commonwealth regarding PSI Reports. The Company and its affiliates filed their separate annual PSI reports on March 1, 2019. Based upon the change in inflation between late 2017 and late 2018, each company calculated an allowed increase in revenues. Each Frontier company proposed to bank the allowed increase. The OCA filed a Formal Complaint. The PSI report did not include an adjustment for tax savings arising from the TCJA. Accordingly, each company's non-competitive residential and rates may be unjust and unreasonable. In March 2019, the Commission entered Orders which accepted the individual Frontier Companies' 2019 PSI reports, subject to resolution of the OCA's Formal Complaints. The OCA is currently conducting discovery.

Frontier Communications Canton

Docket No. P-2019-3007871. See write-up above, under Frontier Communications Breezewood, regarding telephone directories.

Docket Nos. R-2019-3007239, C-2019-3007907. See write-up above for Frontier Communications Breezewood, regarding 2019 PSI Reports.

Frontier Communications Commonwealth

Docket No. P-2019-3007871. See write-up above, under Frontier Breezewood, regarding telephone directories.

Docket Nos. R-2019-3007237, C-2019-3007911. See write-up above, under Frontier Breezewood, regarding 2019 PSI Reports.

Frontier Communications Lakewood

Docket No. P-2019-3007871. See write-up above, under Frontier Communications Breezewood, regarding telephone directories.

Docket Nos. R-2019-3007239, C-2019-3007912. See write-up above for Frontier Communications Breezewood, regarding 2019 PSI Reports.

Frontier Communications Oswayo River

Docket Nos. R-2019-3007239, C-2019-3007913. See write-up above for Frontier Communications Breezewood, regarding 2019 PSI Reports.

Docket No. P-2019-3007871. See write-up above, under Frontier Communications Breezewood, regarding telephone directories.

Frontier Communications Pennsylvania

Docket No. P-2019-3007871. See write-up above, under Frontier Communications Breezewood, regarding telephone directories.

Docket Nos. R-2019-3007239, C-2019-3007910. See write-up above for Frontier Communications Breezewood, regarding 2019 PSI Reports.

Hickory Telephone Co.

Docket Nos. R-2018-3001217, C-2018-3001917. See write-up above, under Bentleyville, regarding 2018 PSI Reports.

Ironton Telephone Co.

Docket Nos. R-2019-3007258, C-2019-3007261. The Company filed its annual PSI report on March 1, 2019 and proposed to bank the calculated allowed increase. The PSI report did not include an adjustment for tax savings arising from the TCJA. Accordingly,

the Company's non-competitive residential and other rates may be unjust and unreasonable. The OCA filed a Formal Complaint. In March 2019, the Commission accepted the Company's 2019 PSI Report, subject to resolution of the OCA Formal Complaint. At the end of the 2018-2019 Fiscal Year, the OCA was conducting discovery.

Lackawaxen Telecommunications Services, Inc.

Docket Nos. R-2018-3001199, C-2018-3001913, R-2019-3009233, C-2019-3008991.
See write-up above, under Bentleyville.

Marianna & Scenery Hill Telephone Co.

Docket Nos. R-2018-3001201, C-2018-3001912, R-2019-3009241, C-2019-9894. See write-up above, under Bentleyville.

TDS Telecom/Mahanoy & Mahantango Telephone Co.

Docket Nos. R-2019-3007949, C-2019-3008487. The Company filed its annual PSI report on March 1, 2019 and proposed to bank the calculated allowed increase. The OCA filed a Formal Complaint. The PSI report did not include an adjustment for tax savings arising from the TCJA. Accordingly, the Company's non-competitive residential and other rates may be unjust and unreasonable. The Commission approved the 2019 PSI reports in April 2019, subject to the resolution of the OCA Formal Complaint. The OCA is conducting discovery.

TDS Telecom/Sugar Valley Telephone Co.

Docket Nos. R-2019-3007948, C-2019-3008478. See write-up above, under TDS Telecom/Mahanoy & Mahantango.

The North-Eastern Pennsylvania Telephone Co.

Docket Nos. R-2018-3001197, C-2018-3001915, R-2019-3009237, C-2019-3009896.
See write-up above, under Bentleyville.

United Telephone Co. of Pennsylvania d/b/a CenturyLink

Docket Nos. R-2018-3004019, C-2018-3005400. In late August 2018, CenturyLink filed its annual PSI report. CenturyLink calculated an allowed annual increase in revenues,

but CenturyLink chose not to propose an increase to rates for non-competitive services. The OCA filed a Formal Complaint alleging CenturyLink had not made an adjustment to reflect savings in tax expense arising from the TCJA. The Commission approved the PSI Report, subject to resolution of the OCA Complaint. As of the end of the 2018-2019 Fiscal Year, the OCA was conducting discovery.

Verizon North LLC

Docket Nos. R-2018-3005793, C-2018-3005975. Verizon North filed its 2019 Price Change Opportunity report and proposed rate increases in November 2018. Verizon North calculated an allowed annual increase in non-competitive service revenues of \$246,000, based on changes in inflation. Verizon North proposed increases to basic residential and business service rates to produce \$321,900 in additional annual revenue. In November 2018, the OCA filed a Formal Complaint against the Verizon North filing, in part to address whether Verizon North has tax savings as a result of the federal Tax Cuts and Jobs Act and should share them with non-competitive residential and business customers. The OSBA has also filed a Complaint (Docket C-2018-3006040). In December 2018, consistent with the OCA Formal Complaint, the Commission denied the Verizon PA and Verizon North proposal to debit the Verizon PA 2003 PCO banked decrease for the benefit of Verizon North. As a result, Verizon North filed revised tariffs to implement rate increases, pending resolution of the OCA and OSBA Complaints. As of the end of the 2018-2019 Fiscal Year, the OCA was conducting discovery.

Verizon Pennsylvania LLC

Docket Nos. P-2014-2446303, P-2014-2446304. See write-up above, under Verizon North and below, under Chapter 63 and 64 Rulemaking.

Docket Nos. R-2017-2632523, C-2017-2633476. Verizon PA filed its 2018 Price Change Opportunity report and proposed rate increases in November 2017. Verizon PA calculated an allowed annual increase in non-competitive service revenues of \$1,257,000, based on changes in inflation. Verizon PA proposed increases to basic service and business late payment charge rates to produce \$934,700 in additional annual revenue.

OSBA filed a Formal Complaint against the Verizon PA filing (C-2017-2633476). The OCA intervened in December 2017. In December 2017, the Commission approved the Verizon PA PCO filing and allowed the proposed rate increases to take effect, subject to refund. The OCA filed rebuttal testimony in May 2018 which noted the differences

between residential and business services, as to statutory protections and the influence of competition. The OCA filed a Main Brief and Reply Brief in August and September 2018. The OCA briefs explained that the statutory rate limitation on residential increases is just, reasonable, and non-discriminatory. The Initial Decision of the presiding Administrative Law Judges recommended denial of the OSBA Complaint. The matter is pending before the PUC.

Docket Nos. R-2018-3005792, C-2018-3005972. Verizon PA filed its 2019 Price Change Opportunity report and proposed rate increases in November 2018. Verizon PA calculated an allowed annual increase in non-competitive service revenues of \$1,303,000, based on changes in inflation. Verizon PA proposed increases to basic residential and business service rates to produce \$944,700 in additional annual revenue. In November 2018, the OCA filed a Formal Complaint against the Verizon PA filing, in part to address whether Verizon PA has tax savings as a result of the federal TCJA and should share them with non-competitive residential and business customers. Verizon PA filed a pleading to exclude the tax savings issue. In December 2018, consistent with the OCA Formal Complaint, the Commission entered an Order denying the Verizon PA and Verizon North proposal to debit the Verizon PA 2003 PCO banked decrease for the benefit of Verizon North. As of the end of the 2018-2019 Fiscal Year, the OCA was conducting discovery.

Windstream Buffalo Valley, Inc.

Docket Nos. R-2018-3001132, C-2018-3001865, R-2019-3010106, C-2019-3010150.
See write-up above, under Bentleyville.

Windstream Conestoga, Inc.

Docket Nos. R-2018-3001135, C-2018-3001864, R-2019-3010097, C-2019-3010148.
See write-up above, under Bentleyville.

Windstream D&E, Inc.

Docket Nos. R-2018-3001133, C-2018-3001870, R-2019-3010100, C-2019-3010149.
See write-up above, under Bentleyville.

Windstream Pennsylvania, LLC

Docket Nos. R-2018-3001150, C-2018-3001871, R-2019-3010101, C-2019-3010152.
See write-up above, under Bentleyville.

WATER & WASTEWATER: UTILITY-SPECIFIC PUC PROCEEDINGS

Aqua Pennsylvania, Inc.

Docket Nos. A-2018-2642837, A-2018-2642839, A-2019-3008980, U-2019-3009763. On January 16, 2018, Aqua and the Borough of Phoenixville filed a Joint Application seeking approval of the transfer of certain water system assets and customers from Phoenixville to Aqua. The OCA filed a Protest on February 16, 2018, to ensure that customers in the additional territory will continue to receive service at just and reasonable rates after the expiration of the 10-year Water Supply Agreement between Aqua and Phoenixville. The OCA addressed whether the proposed service territory overlapped with PAWC's existing territory and whether certain assets may be owned by PAWC rather than Phoenixville. Using the mediation process, the parties reached an agreement to resolve all issues in the case. The agreement in principle provided (1) that 21 customers of the Borough be transferred to PAWC because PAWC owns the main from which they are served, (2) clarified the boundaries of service territory between the Borough, PAWC and Aqua and (3) resolved PAWC's objection to the Borough/Aqua proposal that Aqua would purchase water from the Borough and resell it to PAWC. Instead the parties agreed that the Borough would continue to sell water to PAWC and, to accommodate that, PAWC, Aqua and the Borough will enter into a Water Wheeling Agreement to transport Borough water to PAWC through the pipeline facilities owned by Aqua. To effectuate the terms of Settlement, PAWC filed its own Application in April 2019 (A-2019-3008980), in which the OCA intervened. In May 2019, PAWC filed an amendment to a Water Supply Agreement with the Borough (U-2019-3009763). All matters were consolidated and in June 2019, Aqua, PAWC and the Borough filed a Joint Petition for Settlement of the consolidated proceedings consistent with the agreement in principle. At the end of the 2018-2019 Fiscal Year, the parties awaited action by the ALJ.

Docket No. A-2018-3006061. On November 13, 2018, Aqua America, Inc., Aqua Pennsylvania, Aqua Pennsylvania Wastewater, Peoples Natural Gas Company, and Peoples Gas Company (collectively, the Applicants) filed an Application seeking Commission approval to transfer 100% of the issued and outstanding membership interests in LDC Funding, LLC, an indirect parent company of Peoples Natural Gas and Peoples Gas, from LDC Parent, LLC to Aqua America. Under the Purchase Agreement, Aqua America would acquire Peoples for \$4.275 billion, which includes approximately \$1.3 billion of debt assumed by Aqua America. On December 19, 2018, the OCA filed a Notice of Intervention and Protest. The OCA investigated the Application and

recommended that the PUC approve this transaction only if substantial affirmative benefits will be derived by consumers.

See write-up above, under Peoples Gas Co., LLC, for additional information.

Docket No. R-2018-3003558. On August 17, 2018, Aqua filed a tariff requesting an increase in annual operating revenues of approximately \$71.7 million, including a \$66.4 million increase, or 15.4%, for its water operations. Aqua serves approximately 430,000 residential, commercial, and industrial water customers in all or parts of 32 counties in Pennsylvania. Under the proposal, monthly bill increases for residential customers ranged from 15.4% to 112%. The monthly bill for a typical residential customer in Aqua's main division using 4,080 gallons per month would have increased from \$59.85 to \$69.07, or 15.4%.

The OCA filed a Formal Complaint and Public Statement on August 28, 2018. The OCA submitted testimony recommending a total rate decrease of approximately \$13.5 million for Aqua's water and wastewater operations. The OCA reached this recommendation, in part, through several large adjustments. These included an average rate base and expense adjustments to allow for the recovery of incremental rate base when it is placed in service rather than when base rates go into effect and a recommended return on equity of 8.70%, which was more than 2% lower than Aqua's claim of 10.75%. Additionally, the OCA recommended that several of Aqua's acquisition premiums for water and wastewater systems be removed from the calculation of the Company's revenue requirement because it failed to provide sufficient evidence that those acquired systems were troubled.

The parties reached a comprehensive Settlement, which provided for a \$42.3 million annual revenue increase for water operations and \$4.7 million for wastewater operations. The overall increase allowed by the Settlement was \$24.7 million less than the amount originally requested by Aqua and a reasonable outcome given the OCA's litigation position. Further, the Settlement included a filing stay-out provision that ensured that Aqua would not be able to seek another rate increase until April 30, 2021. If fully litigated, new rates would go into effect no sooner than January 30, 2022.

The Settlement also provided that \$7.087 million of the wastewater revenue requirement would be allocated to water customers. This result was consistent with the OCA's recommendation and appropriately limited the amount of wastewater revenue requirement to be subsidized by water customers, while taking into consideration the impact of Aqua's revenue increase on wastewater customer rates.

The Settlement set the 5/8" customer charge for water customers in the Main Division, the Company's largest division, at \$18.00 per month, which was \$0.50 per month less than originally proposed. The Settlement also provided for some rate zone consolidation for water and wastewater operations, but avoided extreme increases for any customers. As proposed in the Settlement, Aqua's existing 22 water rate divisions were consolidated into 14 divisions and its existing 33 wastewater rate divisions were consolidated into 11 divisions.

The Company proposed to establish a Purchased Water Adjustment Clause (PWAC) and an Energy Cost Adjustment Mechanism (ECA). The PWAC would have allowed Aqua to automatically adjust its retail rates if a supplier increases or decreases its rates for selling water to Aqua. Similarly, the ECA would allow Aqua to automatically reflect changes in the average cost of electricity per thousand gallons of water sold. The OCA opposed the mechanisms because Aqua's actual expenses failed to justify an automatic rate adjustment. Pursuant to the Settlement, Aqua agreed to withdraw both provisions.

The Settlement also addressed, *inter alia*, concerns raised by customers regarding the quality of their water and the quality of Aqua's customer service.

In March 2019, the Presiding Officers issued a Recommended Decision recommending approval of the proposed Settlement. On May 9, 2019, the Commission issued an Opinion and Order adopting the Recommended Decision and approving the proposed Settlement.

Aqua Pennsylvania Wastewater, Inc. (APW)

Docket Nos. A-2016-2580061, 1624 C.D. 2017. On December 15, 2016, APW filed an application with the Commission, under Sections 1102 and 1329 of the Public Utility Code, seeking approval of the acquisition of the wastewater system assets of New Garden Township and the New Garden Township Sewer Authority and an order establishing the fair market value ratemaking rate base of the New Garden wastewater system assets. This was the first case filed under Section 1329, enacted in 2016. On January 17, 2017, the OCA filed a Protest.

APW proposed to acquire the sewer assets for \$29.5 million and requested that the same amount be approved for ratemaking purposes as it was lower than the average of the two appraisals provided with its application. In addition, APW sought approval of the Asset Purchase Agreement (APA) with the Township and Authority. In the APA, APW agreed to keep rates frozen for 730 days for New Garden customers and agreed to a 4% Compound Annual Growth Rate ceiling that would keep the rate increases after the first 730 days to no more than 4% compounded annually for New Garden customers.

APW also agreed to expend approximately \$2.5 million for two projects in the New Garden territory.

Through testimony and briefs, the OCA supported its primary position that the Applicant failed to meet the legal requirements of Section 1102 because the harm to customers outweighed any benefits. In the event the Commission disagreed, the OCA recommended conditions, including the condition that the language in the APA does not restrict the PUC's authority to allocate revenues to the New Garden customers that are in excess of the restrictions shown in the APA. Moreover, APW and its shareholders should bear the risk of any shortfall between the revenues it is permitted to recover under its agreement with New Garden and the costs that the Company will incur for this system. The OCA also showed that the average appraisal amount was overstated and the ratemaking rate base amount should be \$28.8 million.

The ALJ recommended that the PUC deny the Application because he agreed with the OCA that there were no affirmative public benefits. The ALJ adopted two of the OCA's adjustments to the appraisals, and rejected arguments that the OCA was not permitted under Section 1329 to make any adjustments to any appraisals.

On June 29, 2017, the PUC entered an Order to approve the transaction and rate base amount of \$29.5 million, with one Commissioner dissenting. The Commission required New Garden to submit a cost of service study separating the costs, capital and operating expenses of providing wastewater service to the acquired customers as a separate rate class and an analysis of the effects of establishing a separate, stand-alone rate zone for the acquired customers. The PUC adopted the OCA's contingent position that, APW and its shareholders should bear all risk of a shortfall between revenues it is permitted to recover under its APA and the costs it incurs with respect to the acquired system, *i.e.* that excess costs should not be spread to other ratepayers. On October 5, 2017, the PUC entered an Order denying a Petition for Reconsideration of its Order filed by I&E.

On November 3, 2017, the OCA filed a Petition for Review of the Order before the Commonwealth Court, which was docketed at 1624 C.D. 2017. The OCA argued that the PUC erred as a matter of law by finding that the transaction will provide any substantial, affirmative benefits. The OCA raised additional issues regarding the PUC's application of the two separate statutes applicable to acquisitions filed under Sections 1102 and 1329 and due process concerns regarding notice and opportunity for customers to be heard. In October 2018, the Court entered an Order vacating the Commission's Order and remanding the case to the Commission to (1) consider the uncontradicted evidence that rates would increase substantially in determining whether

substantial benefits would result from the transaction and (2) require individualized notice and an opportunity to participate in the Section 1329 proceeding be heard to all ratepayers, because their rates could increase as a result of the acquisition.

On November 8, 2018, APW filed a Petition for Allowance of Appeal with the Pennsylvania Supreme Court at 743 MAL 2018. The OCA filed an Answer supporting the Commonwealth Court's holding that individual notice to existing and acquired customers is required for Section 1329 acquisitions because there are substantial property interests at issue.

On April 23, 2019, the Pennsylvania Supreme Court denied the appeal and the case was remanded to the Commission for proceedings in accordance with the Commonwealth Court's decision. The parties await action by the Commission.

Docket No. A-2017-2605434, 682 C.D. 2018. On May 19, 2017, APW filed an Application pursuant to Sections 1102 and 1329 of the Public Utility Code for approval of its acquisition of the wastewater system assets of Limerick Township. On June 9, 2017, the OCA filed a Protest.

The OCA provided testimony showing that the claimed benefits of the transaction did not outweigh the substantial adverse impacts for APW's existing wastewater customers (and, potentially, its water customers) and the Limerick customers after the third year of APW ownership. Accordingly, the OCA recommended that the Commission deny the transaction as proposed. If approved, however, the OCA identified a number of flaws in the appraisals underlying the Company's proposal to add \$75.1 million to rate base and determined that the appropriate amount for ratemaking purposes was \$60.9 million. The OCA also recommended that the PUC protect existing APW wastewater and water customers by conditioning its approval on APW and its shareholders bearing any shortfall between the revenues APW is permitted to recover under its agreement with Limerick and the costs that APW will incur with respect to the acquired system.

On September 19, 2017, the Presiding Officer issued a Recommended Decision that adopted many of the OCA's recommended adjustments to the appraisals, which resulted in a recommended rate base amount of \$64.3 million, which was \$10.8 million less than the rate base value sought by APW. The ALJ did not recommend rejecting the transaction, however, based on the Commission's previous decision in another Section 1329 proceeding. The OCA filed Exceptions making its case that the harms of the proposed transaction outweighed the substantial adverse impacts for the existing and acquired customers. On November 29, 2017, the Commission entered an Order adopting the Recommended Decision. Vice Chairman Place dissented for reasons consistent with those argued by the OCA, stating that the transaction would provide no

net affirmative benefits for the acquired or existing APW customers. On December 14, 2017, APW filed a Petition seeking reconsideration of the Commission's determination that Section 1329 permits the parties to challenge the FMV appraisals and review the UVE assumptions for reasonableness. APW also sought reconsideration of the Commission's adjustments to one of the appraisals. In April 2018, the Commission denied the Petition by APW.

On May 21, 2018, the OCA filed a Petition for Review seeking reversal of the Order and denial of APW's Application. On June 7, 2018, the OCA, APW, and Limerick Township filed a Settlement proposing a final resolution of the remaining issues in the proceeding and requesting the Commission amend its prior Orders. The Petition reflected agreement to establish a framework for consideration of the costs of the Limerick wastewater system and determination of Limerick system rates in a future APW rate proceeding, including a possible separate Limerick rate filing, and presentation of a separate cost of service study for the Limerick system. The settlement terms also provide that APW will not support certain identified valuation approaches in future Section 1329 filings that had been challenged by the OCA and with which the Commission agreed with the OCA's position in its November and April Orders. The Commission approved the Settlement on July 12, 2018 and, on July 19, 2018, the OCA filed a request to discontinue its appeal with the Commonwealth Court, which was granted on the same date.

Docket No. A-2018-3001582. On May 1, 2018, APW filed an Application seeking approval of the acquisition of the wastewater system assets of East Bradford Township and establish a ratemaking rate base of \$5 million, which was the negotiated purchase price for the system. APW also requested to continue charging East Bradford customers the current base rates charged by the Township at the time of closing. Except for pass through costs and surcharges, those rates would remain the same until APW's next base rate case. Additionally, APW planned to convert East Bradford customers from quarterly to monthly billing.

On May 25, 2018, the OCA filed a Protest. In June and July 2018, the OCA submitted testimony challenging the Company and Township's appraisals, identifying numerous errors and the use of assumptions and adjustments that were inconsistent with financial and utility ratemaking practices. The OCA recommended corrective adjustments. The OCA also identified the need for a separate cost of service study for the East Bradford Township system in the first base rate case in which APW includes the Township assets in rate base, to provide information to establish rates that reflect the costs for that system.

The parties reached a Settlement of all issues in August 2018. The OCA agreed that the ratemaking rate base should be \$5 million because the OCA's recommended adjustments to the appraisals resulted in an average appraisal amount that was higher than the \$5 million purchase price. The parties accepted several of the OCA's corrective adjustments to the appraisals, which reflected accepted financial and ratemaking principles and helped to improve the reliability of data used in appraisals and the integrity of the result.

The Settlement also required APW to provide the OCA's recommended cost of service study and submit a plan in its next base rate case to move East Bradford towards its cost of service. This settlement term will help to address the potential level of subsidy by APW's other wastewater customers (and potentially its water customers) and applies the ratemaking principle of gradualism to rates that will be set for customers in the East Bradford Township service area.

On September 20, 2018, the Commission issued an Order approving the Settlement without modification.

Docket No. A-2019-3008491. On March 12, 2019, APW filed an Application seeking approval to acquire the wastewater assets of Cheltenham Township under Sections 1102(a), 1329 and 507 of the Public Utility Code. At the time of the Application, Cheltenham served 10,219 customers in Cheltenham Township and in neighboring municipalities Montgomery County and APW provided wastewater service to 24,000 customer accounts throughout Pennsylvania. The purchase price and amount that APW sought to have approved as an addition to ratemaking rate base was \$50.25 million, for a system with depreciated original cost of \$15.41 million. The average of the fair market value appraisals performed by APW's and Cheltenham's experts was \$51.01 million. APW estimated that during the first 10 years of ownership, it would incur capital costs of \$54.8 million (\$73.3 million with pro-rata cost sharing with adjacent municipalities).

On March 26, 2019, the Commission issued a Secretarial Letter conditionally accepting the Application for filing and directing APW to provide notice to all potentially affected APW water and wastewater division customers and ensure concurrent notice to all current Cheltenham customers.

On May 13, 2019, the OCA filed a Protest against the Application raising issues related to the appraisals, whether there were substantial affirmative public benefits, and whether there were conditions that may be necessary to protect APW's existing customers.

At the end of the 2018-2019 Fiscal Year, the OCA submitted testimony supporting several adjustments to the UVE appraisals that reduced the ratemaking rate base value to \$31.5 million. The OCA also recommended that APW provide a separate Cost of Service Study in the first base rate case which includes Cheltenham's assets, in order to separately identify the cost of serving the Cheltenham water system which will permit the parties to recommend establishing rates for Cheltenham customers that differ, as appropriate, from rates established for other wastewater customers.

Docket No. R-2018-3003561. On August 17, 2018, APW filed a tariff requesting an increase in annual operating revenues of approximately \$71.7 million, including a \$5.4 million increase, or 40.1%, for its wastewater operations. APW serves approximately 30,000 residential, commercial, and industrial wastewater customers in all or parts of 15 counties in Pennsylvania. Under the proposal, monthly bill increases for residential customers ranged from 1.2% to 92%. The monthly bill for a typical residential customer in APW's Beech Mountain division would have increased from \$56.04 to \$80.00, or 42.8%.

The OCA filed a Formal Complaint and Public Statement on August 28, 2018. In November 2018, the OCA filed testimony. The OCA recommended a total rate decrease of approximately \$13.5 million for APW's water and wastewater operations based, in part, on its position that several of APW's acquisition premiums for wastewater systems should be removed from the calculation of the Company's revenue requirement because it failed to provide sufficient evidence that those acquired systems were troubled.

See write-up above, under Aqua Pennsylvania Docket No. R-2018-3003558, for additional information.

Artesian Water Pennsylvania

Docket Nos. A-2017-2639994, G-2016-2544455. Artesian PA filed an Application on May 10, 2016, under 66 Pa. C.S. 2101-2107, requesting Commission approval of assignments between Artesian PA and its parent affiliate Artesian Resources Corporation of two existing easement agreements and related rights. On December 7, 2017 the Commission entered the December 2017 Order which directed Artesian PA to provide any necessary supplemental materials for review of the Application under Chapter 11 as well as Chapter 21. On December 21, 2017, Artesian filed supplemental information, intended to show the proposed transaction meets the standards for granting Certificates of Public Convenience. New Garden Township and Save Our Water protested the Application, raising concerns that approval of the transaction and,

specifically, the resulting ability of Artesian DE to draw from a well would diminish supply to residents of New Garden Township drawing from the same aquifer. On March 14, 2018, the OCA filed a Notice of Intervention and Public Statement and participated in this case to investigate whether the proposed transfer of real property will impact the rates or service of existing Artesian PA customers.

On February 11, 2019, the ALJ issued a Recommended Decision that recommended approval of the Application but that the Commission rescind an Order in a related investigation at Docket No. M-2018-2637177. In that Order, the Commission approved a Settlement regarding a civil penalty to be imposed for Artesian PA's delayed submission of an application for approval of the assignment arrangements. The Presiding Officer recommended that the Protestants to the Application proceeding be afforded the opportunity to comment on the Settlement proposed in Docket No. M-2018-263177. At the end of the 2018-2019 Fiscal Year, the matter was pending Commission review.

Borough of Fairchance

Docket No. A-2019-3010892. In June 2019, the Borough of Fairchance filed an Application seeking approval of its abandonment of water service, the transfer of its customers in the Borough and a portion of Georges Township, Fayette County, and the sale of most of its water system assets to North Fayette County Municipal Authority (NFCMA).

In its review of the filing, the OCA identified that the filing did not address whether NFCMA will continue to have the ability to provide water supply to Fairchance customers and that, as owner of the Fairchance system, service by NFCMA will be adequate and reasonable. Several major improvements to the Fairchance system were needed, including the replacement of all residential meters; replacement of the water plant's electrical system, two filters and clarifier; and construction of a new spillway. Also, Fairchance had a Consent Order and Agreement (CO&A) with DEP. The Application did not clearly state whether the Applicant or NFCMA will take the actions necessary to comply with the CO&A and other DEP permit requirements after closing. In addition, the Applicant stated that Fairchance customers will be charged the current NFCMA rates, an increase of 46%.

The OCA filed a Notice of Intervention on July 15, 2019 to obtain the information necessary to ensure that the Fairchance customers would continue to receive safe, adequate and reasonable service and that the proposed transaction provided all necessary and proper protections for customers and lot owners. At the end of the 2018-2019 Fiscal Year, the parties were engaged in discovery.

Borough of Indiana

Docket No. R-2018-3003141. On June 28, 2018, the Borough of Indiana filed a wastewater tariff supplement, to become effective September 1, 2018. The tariff proposed to increase annual base rate revenues of \$880,920, or 33%. According to the Borough, \$390,062 of the increase was attributable to customers outside the Borough. Under the Borough's proposal, flat monthly rates would have increased from \$12.57 to \$16.72, or by 33%, for service to a single-family resident. The OCA filed a Formal Complaint on July 31, 2018.

The Borough agreed to participate in the Commission's mediation process. Resulting from that process, on December 7, 2018, the parties filed a proposed Settlement. Under the proposed settlement, the Borough was permitted a total annual revenue increase of \$719,000, of which \$316,817 is applicable to PUC-jurisdictional customers. This represents an increase of 27% over present revenues and is approximately \$73,245 less than the amount the Borough requested for PUC-jurisdictional customers. Moreover, under the proposed Settlement, the bill for the typical residential customer would increase from \$12.57 to \$15.95, or by approximately 27%, rather than the 33% increase originally proposed by the Borough. Additionally, the proposed Settlement included a two-year stay-out provision, preventing another rate increase becoming effective before September 2021. In December 2018, the ALJ issued a Recommended Decision approving the proposed Settlement. On January 17, 2019, the Commission entered an Order approving the Settlement without modification.

Community Utilities of Pennsylvania, Inc.

Docket Nos. R-2019-3008947, R-2019-3008948. On April 1, 2019, Community Utilities of Pennsylvania, Inc. (Community Utilities) filed to increase and consolidate rates within its water and wastewater divisions, to eliminate different rates for customers in the former Penn Estates Utilities, Inc. and Utilities, Inc. – Westgate territories. Under the proposed increase an average customer in the Penn Estates service territory would experience a bill increase of \$12.66, or 29%, to their water bill, and \$12.99, or 27.9%, to their wastewater bill. Similarly, an average customer in the Utilities, Inc. – Westgate service territory would experience a bill increase of \$8.62, or 18.6%, to their water bill, and \$6.96, or 13.2%, to their wastewater bill.

The OCA filed a Formal Complaint on May 1, 2019, seeking to protect the interests of Community Utilities' ratepayers and ensure that all proposed and existing rates, rules, and regulations are just, reasonable, and in conformity with the law. At the end of the 2018-2019 Fiscal Year, the OCA was preparing testimony due in July 2019.

Delaware Sewer Co. (DSC)

Docket No. I-2016-2526085. As a result of the Petition filed by Delaware Sewer (Docket No. P-2014-2404341), the Commission adopted the ALJ's recommendation that a Section 529 investigation be started, to determine whether the PUC should order a capable public utility to acquire Delaware Sewer, which serves a portion of the Wild Acres development in Delaware Township. The OCA filed a Notice of Intervention on March 3, 2016 and a Motion to Join PAWC as an Indispensable Party on March 29. PAWC later received notice that it qualified as a proximate public utility that may be ordered to acquire DSC and, along with Aqua Pennsylvania, joined the proceeding. The OCA filed testimony recommending the Commission order a capable public utility to acquire DSC's wastewater system pursuant to Section 529 of the Public Utility Code and that the acquiring utility should also consider the need for service to existing homes in additional portions of the Wild Acres development. The ALJ approved a stay of the litigation schedule to provide time for settlement negotiations.

On October 12, 2018, the active parties filed a Joint Petition for Settlement in which PAWC agreed to the purchase of substantially all of DSC's assets. The Settlement provided a purchase price of \$61,700 for the DSC system and \$420,000 for the purchase of land adjacent to the DSC property needed to provide adequate service. The agreement avoided the delay and cost of an eminent domain process, which might take years and the uncertainty about what purchase price might be determined and the effect the price would have on rates. The Settlement provided that DSC customers will continue to pay existing rates. Under the Settlement, during the first 3 years of operation, PAWC would investigate needed improvements to provide adequate service to 39 existing homes and as many as 41 additional customers, and to allow for future growth in the community. The Settlement also resolved two appeals pending before the Commonwealth Court (1561 C.D. 2015 and 1705 C.D. 2015), arising from DSC's last rate case.

On March 20, 2019, the ALJ issued a Recommended Decision recommending approval of the Settlement without modification. In a Tentative Opinion and Order dated April 29, 2019, the Commission entered an Order making two modifications to the terms of Settlement. The OCA submitted Comments disagreeing with the Commission's modifications, which the Commission denied in its Final Opinion and Order dated June 13, 2019. The OCA filed a Petition for Reconsideration on June 28, 2019 and the Commission granted reconsideration pending review on the merits.

Docket No. P-2014-2404341. On June 30, 2017, PAWC filed a Petition to Amend the Commission's Order initiating an Investigation under Section 529, seeking to limit the

broad scope of investigation and remedies under Section 529 and other provisions of the Public Utility Code addressing the failure by a utility to provide adequate service. On July 20, 2017, the OCA filed an Answer in opposition. The parties await Commission action on the Petition. In the interim, the related proceeding at Docket No. I-2016-2526085 is moving forward.

Eaton Sewer & Water Company, Inc.

Docket Nos. R-2019-3009567, R-2019-3009567. On April 29, 2019, Eaton Sewer & Water Company, Inc. filed base rate increase requests for its water and wastewater divisions which provide service to 131 water and wastewater customers in portions of Wyoming County, Pennsylvania. Eaton requested to increase its annual water service operating revenues by 35% and to increase its annual wastewater service operating revenues by 45%. As proposed, the average monthly bill for a residential water customer using 5,000 gallons per month would have increased by \$19.53. The average monthly bill for a residential wastewater customer would have increased by \$34.17.

On May 29, 2019, the OCA filed Formal Complaints and Public Statements at both dockets. The OCA is investigating concerns raised by customers that the water has a strong chlorine taste, reviewing the Company's compliance with the Settlement provisions of its most recent base rate case and reviewing the information provided by the Company in support of its claims, *inter alia*, for a utility acquisition adjustment, insurance expenses and rate case expense related to the 2006 rate filing.

Exeter Township

Docket Nos. A-2018-3006505, C-2019-3007920. On December 10, 2018, Exeter Township filed an Application for a Certificate of Public Convenience, *nunc pro tunc*, seeking Commission approval to provide wastewater service in certain portions of Lower Alsace Township, Berks County. On December 27, 2018, the OCA filed a Protest. The OCA raised issues regarding (1) the rates Exeter has charged and continues to charge customers in Lower Alsace Township, without an approved tariff, (2) Exeter's plan to increase the rates charged to those customers, without Commission approval and (3) whether refunds are appropriate. The OCA intervened in the Complaint proceeding on March 1, 2019 to protect the interests of Exeter's PUC-jurisdictional customers.

On March 13, 2019, the ALJ entered an Order denying a Joint Petition for Stay filed by PAWC and Exeter Township seeking a stay of the Exeter Petition until PAWC's Application to acquire the Exeter Township system (see related write-up under PAWC,

Docket No. A-2018-30004933) is accepted and the two proceedings can be consolidated. The OCA filed an Answer opposing the stay because the two Application proceedings present different issues of fact and law and impact different customers. The OCA suggested that resolving the matters in the Exeter Application, first, would better enable the parties to address the myriad of unrelated issues in PAWC's Application under Sections 1102 and 1329. On March 29, 2019, PAWC and Exeter filed a Joint Petition for Interlocutory Review of the ALJ's March 13 Order and Answer to Material Question.

On June 12, 2019, the parties filed a Joint Petition for Settlement resolving all issues. The Settlement provided for refunds to the current and former Lower Alsace Township customers for the amounts charged to those customers since 2014. The total amount of refunds, including interest, is \$61,871. The Settlement also ensured that Exeter will neither charge its customers in Lower Alsace Township nor accept payments from those customers until its proposed initial tariff is in effect. At the end of the 2018-2019 Fiscal Year, the Settlement was pending before the ALJ.

Hidden Valley Utility Services - Water and Wastewater (HVUS)

Docket Nos. C-2014-2447138, C-2014-2447169. On October 9, 2014 the OCA filed Complaints against HVUS due to water quality and water/wastewater quality of service issues, as well as financial and managerial issues. The Complaints requested that HVUS be required to maintain its system to eliminate water discoloration, to provide adequate, efficient, safe and reasonable service and facilities, and to make all necessary repairs to its system.

The OCA submitted testimony and briefs centering on the constant, severe brown and dirty water and customers' inability to use it for all household purposes. The OCA recommended that either the Company take prompt action to provide adequate service or the Commission direct HVUS to transfer the utility to more capable ownership. An Initial Decision was issued on August 23, 2016, wherein the ALJ adopted the OCA's position that HVUS was failing to provide adequate water and wastewater service to customers. However, ALJ Watson did not accept the OCA's recommendation that rates be reduced by 50% until the Company begins providing adequate service. The Initial Decision included various steps and timelines that the Company had to follow to improve service quality.

The Commission entered an Order on January 8, 2018 adopting the majority of the ALJ's recommendations but, in response to the OCA's Exceptions, modified the Initial Decision to (1) add additional specific requirements to ensure that the water being

provided to customers was treated as effectively as possible and (2) clarify that the Company's failure to comply with deadlines would result in a Section 529 proceeding to transfer ownership to a capable utility.

In 2018, HVUS filed Petitions for reconsideration to reduce oversight of the Company during the compliance period and extending the Company's time to comply, which the OCA opposed and the Commission denied. On February 19, 2019, HVUS filed a Petition for Review of the Commission's January 17 Order in the Commonwealth Court. The Petition was challenged by the Commission and successfully quashed by Order of the Commonwealth Court entered on May 15, 2019. During arguments to the Court, the Commission indicated that evidentiary hearings would be held in the near future to address the adequacy of the water and wastewater systems, quality of water, the appropriateness of penalties, ratepayer refunds, as well as the validity of the recommendations and proposed time schedules contained in the engineer's report. The failure of the Company to comply with the January 2019 deadline to improve the system also triggered the Commission's initiation of a separate proceeding under Section 529 relating to directing a competent utility to acquire HVUS. The parties await action by the Commission.

In the interim, the OCA continues to monitor the bi-monthly status reports and the utility's compliance with deadlines to ensure that water and wastewater service improve as soon as possible.

Docket Nos. R-2018-3001306, R-2018-3001307. On April 27, 2018, Hidden Valley Utility Services filed tariff supplements seeking to increase water and wastewater rates it charges customers. The proposed water tariff sought an estimated annual increase in base rate revenues of \$150,629, which was an approximate 107% increase in annual revenues. Under this proposal, the water base rates for an average water customer using 9,000 gallons per quarter would increase by 95.1%. The proposed wastewater tariff sought an estimated annual increase in base rate revenues of \$185,432, which was an approximate 63% increase in annual revenues. Under this proposal, the wastewater base rates for an average customer using 9,000 gallons per quarter would increase from \$167.40 to \$270.30, or by 61.5%.

The OCA filed a Formal Complaint on May 14, 2018. The OCA submitted testimony supporting a revenue increase of no more than \$99,954 for the water utility and \$117,686 for the wastewater utility. The OCA recommended, however, that no increase in water or wastewater revenue requirement should be granted due to HVUS's continued provision of inadequate service. See discussion above, addressing the Complaint proceeding at Docket Nos. C-2014-2447138 and C-2014-2447169.

On January 25, 2019, the ALJs issued a Recommended Decision, concluding that HVUS was providing inadequate water and wastewater service to its customers. The ALJs, however, recommended that HVUS receive an increase of 46% in water revenues and an increase of 28% in wastewater revenues because HVUS needs additional sums in order to comply with prior Commission Orders requiring improvements to address inadequate service. The OCA filed Exceptions in February 2019 in support of its position that rate increases should be denied. On March 29, 2019, the Commission entered an Order adopting the Recommended Decision with modifications.

At the end of the 2018-2019 Fiscal Year, the OCA continued to monitor the Company's compliance with the Commission's directives, including the completion of an independent financial audit by July 29, 2019.

Newtown Artesian Water Co. (NAWC)

Docket No. R-2017-2624240. On September 1, 2017, the Company filed a tariff supplement seeking approval to increase its DSIC cap from 5 to 7.5%. The OCA filed testimony supporting its position that the increase will not accelerate infrastructure replacement or otherwise benefit customers. The OCA's witness also showed errors in the Company's application and calculation of its existing DSIC mechanism and recommended corrections. The OCA showed, *inter alia*, that the DSIC rate was calculated incorrectly for at least 4 years and asked for refunds if there was an overcollection; recent legislation required NAWC to include income tax deductions to reduce the DSIC rate going-forward; and the Company had not charged the DSIC rate to private fire protection customers. On February 9, 2018, the ALJ issued a Recommended Decision denying the proposed cap increase and adopting the OCA's recommendations to correct the existing DSIC mechanism.

On April 26, 2018, the Commission entered an Order adopting the OCA's recommended corrections except for the calculation of income tax deductions. The Commission remanded the cap increase issue for the taking of additional evidence regarding NAWC's 2018 DSIC rates and projected rates. Testimony and briefs were filed in May 2018. In his Recommended Decision on the remand issue, issued on June 15, 2018, the ALJ agreed with the OCA's position that the fact that NAWC had calculated a DSIC rate above 5% and may continue to do so, does not support a waiver of the DSIC cap. He was persuaded that waiver is not necessary and would serve to further extend the time between NAWC's base rate cases (currently a 7 year interval).

The Commission entered an Order on Remand on July 27, 2018, wherein it adopted the OCA and ALJ's position and denied the requested cap waiver and rate increase.

On August 27, 2018, the OCA filed a Petition for Review by the Commonwealth Court of the April 26th Commission Order, which denied the OCA's position that Act 40 applies to the calculation of income taxes in the DSIC calculation. At the end of the 2018-2019 Fiscal Year, the parties awaited a decision by the Court.

Docket No. R-2019-3006904. On March 1, 2019, NAWC filed a request to increase rates effective May 1, 2019. The Company sought additional annual operating revenue of approximately \$934,154 per year, or approximately 16.9 percent. NAWC provides water service to approximately 11,003 customers in portions of Newtown Borough and the Townships of Newtown and Middletown, Bucks County. At the time, NAWC had two rate zones, the Newtown Artesian and Indian Rock, which paid the same quarterly customer charge and different consumption charges. The Company proposed to equalize consumption rates for its two rate zones, an increase of 26.6% for Newtown Artesian and 16.2% for Indian Rock, and increase all customer charges by 17.2%.

On March 21, 2019, the OCA filed a Formal Complaint against the proposed increase. After completing its initial investigation, the OCA filed testimony recommending a lesser rate increase of \$670,238. The OCA's recommendation was based upon numerous adjustments, including elimination of unwarranted rate case expense, reduction of several expense claims such as transportation expense and contractual services expense, and an overall rate of return of 6.70%. The OCA also raised a concern that the proposed 41% increase for Newtown public fire protection rates was much higher than the proposed system average increase and, in the absence of a cost of service study, unsupported. The OCA is working with the parties to address these issues through settlement.

North Heidelberg Sewer Co. (NHSC)

Docket No. I-2018-3001161. A Section 529 investigation was initiated by the Commission's February 9, 2018 Order in Docket No. M-2018-2645983. The OCA will participate in the investigation to ensure that NHSC's customers receive safe, adequate and reasonable service from a viable provider.

Docket No. M-2018-2645983. On February 9, 2018, the Commission named Aqua PA Wastewater as receiver for the North Heidelberg Sewer Co. as of March 5, 2018. See write-up above, Docket Nos. I-2018-3001161 and below, P-2017-2594688, for additional information.

Docket No. P-2017-2594688. On March 21, 2017, I&E filed a Petition for an Emergency Order related to North Heidelberg and Metropolitan Edison Co. I&E sought an emergency order because North Heidelberg had received a termination notice from Met-Ed. North Heidelberg had a large arrearage and, according to I&E, had failed to make payment for electric service. I&E requested the Commission act to ensure continued wastewater service to North Heidelberg's customers. Chairperson Brown issued an ex parte emergency order on March 22, 2017, granting I&E's Petition and ordering that North Heidelberg provide notice to its customers that they are not under threat of losing wastewater service as a result of electric service termination, that North Heidelberg pay all of its current bills, and that in the event that North Heidelberg fails to make any payment, Aqua PA would immediately take over billing and operation of the system.

The OCA participated in this proceeding to protect the interests of North Heidelberg's and Met-Ed's customers. The OCA sought to ensure that a resolution was found that is in accordance with applicable statutes and maintains service to North Heidelberg's 253 customers.

On May 4, 2017, the Commission entered an Order consistent with the OCA's position. It ratified the Emergency Order and modified it, *inter alia*, by setting up a payment plan for NHSC's arrearages and providing for a Section 529 investigation (takeover by a viable utility) if the plan is not met or if Audits and TUS identify concerns about rates or service. The Order also ensured that Met-Ed will not terminate electric service without prior PUC approval.

North Heidelberg filed a Petition for Review of the Commission Order and requested the case be remanded for further hearing. On July 5, 2017, the Commonwealth Court granted the Petition and remanded the matter to afford NHSC an opportunity to present evidence regarding its financial position relevant to establishing a payment arrangement. The OCA participated in the hearing, continuing its efforts to protect the interests of North Heidelberg's and Met-Ed's customers.

On September 9, 2017, the Presiding Officer issued a recommendation that there be no modification to the original PUC Order and that North Heidelberg comply with the plan to pay its arrearages. As well, the recommendation continued the assurance that Met-Ed will not terminate electric service without prior PUC approval, which helped ensure that North Heidelberg's customers will not be deprived of wastewater service due to termination of their utility's electric service. The PUC entered an Order on October 5, 2017 approving the ALJ's recommendation. On December 14, 2017, Met-Ed filed a letter stating that NHS failed to pay its arrearages by the deadline imposed by the PUC.

By Order entered February 9, 2018, at Docket No. M-2018-2645983, the Commission initiated a mandatory takeover investigation pursuant to 66 Pa. C.S. § 529, including the appointment of a receiver for North Heidelberg under Section 529(g). Aqua is providing bi-monthly status reports on its investigations and improvements to the system. The OCA is monitoring those reports and will participate in the Section 529 proceeding to ensure the NHSC customers will receive safe and adequate service at reasonable rates.

Pennsylvania-American Water Co. - Water Division (PAWC)

Docket No. A-2017-2606103. On May 24, 2017 PAWC filed an application to acquire the combined sewer assets of McKeesport Authority. PAWC filed the application under Sections 1102 and 1329 of the Public Utility Code. The OCA filed a Protest on June 21, 2017, raising preliminary issues regarding the reasonableness of the proposed purchase price, infrastructure investment, proposed rates and rate increase limitations for acquired customers and whether the proposed transaction would provide substantial, affirmative benefits to the existing PAWC customers.

PAWC proposed to acquire the sewer assets of the MACM for \$162 million. It requested that the purchase price of \$162 million be approved for ratemaking purposes as it was lower than the average of the two fair market value appraisals provided with its application. In addition, PAWC sought approval of the Asset Purchase Agreement with the MACM and the City of McKeesport, wherein it agreed to keep base rates frozen for MACM customers for no less than one year after closing. The OCA filed testimony showing that the transaction would not produce net affirmative benefits for PAWC's existing wastewater (and, potentially, its water) customers and recommended denial of the transaction. In addition, the OCA showed that the UVE appraisals contained errors that, when corrected, resulted in a ratemaking rate base amount of \$152 million. The OCA recommended that the Commission make its approval contingent on several conditions intended to mitigate the adverse impact on PAWC's existing customers and MACM's customers under PAWC ownership after the one year rate freeze. Those conditions included PAWC filing an amended LTIP, filing a separate cost of service study that separates expenses of the sanitary and storm water functions in its next base rate case, and recognizing the Commission's authority – notwithstanding the terms of the APA – to mitigate the rate impact for PAWC's existing customers by potentially increasing rates for MACM customers.

While preparing briefs, the parties negotiated a Settlement that reduced the amount of ratemaking rate base below the purchase price and filed-for amount. This provided some mitigation of the rate impact of the transaction for existing PAWC customers and

the acquired McKeesport customers by reducing overall costs. Also, the Settlement explicitly adopted four of the OCA's adjustments to one of the FMV appraisals. The adjustments helped to improve the reliability of data used in the appraisals and the integrity of the result. The Settlement also required a cost of service study and moved the acquired customers toward a rate level that reflects their full cost of service, which will help to address the potential level of subsidy by PAWC's existing wastewater and water customers. It provided for McKeesport customers to contribute, through the DSIC, toward eligible capital projects; this will help to prevent investment from being shifted away from PAWC's other wastewater service areas. The Settlement also imposed requirements on PAWC to help to ensure that customers in the McKeesport service area have ongoing information about low-income programs offered by PAWC.

The PUC Order entered on October 26, 2019 adopted the October 11, 2019 Recommended Decision and approved the Settlement without modification.

Docket Nos. A-2018-2642837, A-2018-2642839, A-2019-3008980, U-2019-3009763.

On January 16, 2018, Aqua and the Borough of Phoenixville filed a Joint Application seeking approval of the transfer of certain water system assets and customers from Phoenixville to Aqua. The OCA filed a Protest on February 16, 2018, to ensure that customers in the additional territory will continue to receive service at just and reasonable rates after the expiration of the 10-year Water Supply Agreement between Aqua and Phoenixville.

See write-up under Aqua Pennsylvania, Inc., above, for additional information.

Docket No. A-2018-3002437. On June 1, 2018, PAWC filed an application to acquire the wastewater assets of Sadsbury Township, Chester County, pursuant to Sections 1102 and 1329 of the Public Utility Code. PAWC sought a ratemaking rate base of \$9.25 million, which was the price PAWC agreed to pay for the Sadsbury wastewater system. On June 20, 2018, the OCA filed a Protest.

In July and August 2018, the OCA filed testimony supporting its recommended adjustments to the appraisals resulting in an average appraisal amount of \$7.12 million. The OCA witnesses challenged the Utility Valuation Expert (UVE) appraisals presented by PAWC and Sadsbury Township, identifying numerous errors and the use of assumptions and adjustments that were inconsistent with financial and utility ratemaking practices, and recommending corrective adjustments. The OCA also identified the need for a separate cost of service study for the Sadsbury Township system in the first base rate case in which PAWC includes the Township assets in rate base.

The parties reached a Settlement addressing the OCA's issues, in September 2018. The parties agreed to a ratemaking rate base of \$8.3 million, which will provide some mitigation of the rate impact of the transaction for existing PAWC customers and the acquired Sadsbury Township customers by reducing overall costs. The parties agreed to several of the OCA's adjustments, which reflect accepted financial and ratemaking principles and help to improve the reliability of data used in appraisals and the integrity of the result. The Settlement also required a separate cost of service study, which will provide information to establish rates for Sadsbury customers that differ, as appropriate, from rates established for other wastewater customers, to help mitigate any cross-subsidization.

On October 11, 2018, the ALJ issued a Decision recommending approval of the Settlement without modification. The Commission agreed and entered its Order closing the proceeding on October 25, 2018.

Docket No. A-2019-3006880. On January 2, 2019, PAWC filed an Application seeking approval to acquire the water assets of the Steelton Borough Authority under Sections 1102(a), 1329 and 507 of the Public Utility Code. Steelton served 2,472 customers in the Borough of Steelton and a portion of Swatara Township in Dauphin County. At the time, PAWC served approximately 659,930 customers. PAWC sought to have \$22.3 million approved as an addition to ratemaking rate base, which was the average of the fair market value appraisals performed by PAWC's and Steelton's experts. The depreciated original cost of the Steelton system was \$14.4 million. PAWC estimated that during the first 10 years of ownership, it would incur capital costs of approximately \$35 million.

On January 17, 2018, the Commission issued a Secretarial Letter conditionally accepting the Application for filing and directing PAWC to provide notice to all potentially affected PAWC water division customers and ensure concurrent notice to all current Steelton customers. In the OCA's view, the notices attached to PAWC's Application did not adequately inform the customers of the impact of the filing on their rates or bills, the PUC's role, and the options that customers have in response to the notice. On January 24, 2019, the OCA filed a Petition for Appeal of Staff Action and/or a Determination of Finality asking the Commission to reverse the Secretarial Letter, reject the customer notices attached to PAWC's Application and require notices that are consistent with 52 Pa. Code § 53.45 and the Commonwealth Court's Order in Docket No. 1624 C.D. 2017 (*New Garden*). The OCA also asked the Commission to determine that the Secretarial Letter was a final order so that appeal of the notice issue could be taken immediately. The OCA sought both forms of relief in order to obtain appellate review of the customer notice issue as soon as possible, if necessary. If the notices are provided to customers

and later found to be defective, it would be necessary to provide revised notice to ratepayers, take additional evidence from ratepayers regarding the acquisition and enter a new order, as directed by the Court in *New Garden*, which would complicate and delay the proceeding.

On February 5, 2019, the OCA filed a Protest against the Application raising issues related to the deficiencies in the notice, the appraisals, whether there were substantial affirmative public benefits, and whether there were conditions that were needed to protect PAWC's existing customers.

On February 28, 2019, the Commission entered a Final Order in Docket No. M-2016-2543193 (see write up below under Generic PUC Proceedings: Water and Wastewater). In that Order, the Commission established requirements for the rate impact information included in the customer notice. On April 15, 2019, PAWC filed a letter, with an attached verification, stating that it had mailed notice to all Steelton and existing PAWC water customers. By Secretarial Letter dated April 16, 2019, the Commission informed PAWC that it had accepted the Application for filing.

The OCA provided testimony in support of its position that the benefits identified by PAWC and the Authority were outweighed by costs of adding the \$22.34 million to rate base, particularly in light of the level of capital additions projected by PAWC for the Steelton system. The OCA showed that several adjustments to the UVE appraisals should be made such that, if the acquisition is approved, the ratemaking rate base value should be \$17 million. The OCA provided testimony showing that the notice, which informed customers that the acquisition could increase the monthly water bill for a residential customer by only \$0.12, was not accurate or adequate based on the facts of this case and the actual results of PAWC's most recent base rate case. The OCA also recommended that PAWC provide a separate Cost of Service Study in the first base rate case which includes Steelton's assets, in order to separately identify the cost of serving the Steelton water system. At the end of the Fiscal Year, the OCA was preparing briefs in support of its position.

Docket No. P-2017-2606100. On May 22, 2017, PAWC filed a Petition seeking tariff revisions that would allow it to replace lead service pipes subject to the accounting and rate recovery proposals contained in its Petition, capitalize the costs incurred and affirm that the costs are eligible for recovery through its Distribution System Improvement Charge.

As explained in the Petition, there are two parts to the service lines: the first part is the service line which runs from the water main to street service connection (Service Line). That portion is owned by PAWC and maintained by PAWC. The other part, called the

Service Pipe, is the portion that begins at the Company-owned street service connection and continues into the structure on the premise[s] to be supplied. The Service Pipe portion is owned and maintained by the customer.

PAWC's plan to replace lead Service Pipes had two parts: first, it would remove and replace lead Service Pipes, with the customer's agreement, that it encounters when it is replacing mains and service lines (Replacement Plan – Part 1). Second, PAWC would remove and replace lead Service Pipes if a customer requests replacement and subject to verifying that the customer's Service Pipe is made of lead (Replacement Plan – Part 2). The OCA filed an Answer on June 12, 2017. In October and November 2017, the OCA filed testimony and briefs supporting an effective lead control program and recommending that PAWC's costs should be deferred and their ratemaking treatment addressed in the Company's next base rate case. The OCA recommended that PAWC should not be permitted to earn a return on the amount deferred, to have the effect of sharing the costs of the program between utility investors and customers.

On May 15, 2018, the ALJ issued a Recommended Decision allowing the Company to replace customer-owned lead service lines, subject to the OCA's recommendations. While the matter was pending before the Commission, new legislation (Act 120) was enacted to provide that an investor-owned water utility may include the replacement costs for customer-owned lead service lines in rate base when they are replaced as part of a Commission-approved program. By Order entered on January 4, 2019, the Commission set aside the Recommended Decision and remanded the case to the OALJ for the purpose of evaluating PAWC's Petition under Act 120. The parties were given time for settlement negotiations, which resulted in an agreement in principle in June 2019. At the end of the 2018-2019 Fiscal Year, the parties were preparing a Settlement.

Docket No. R-2018-3002502. On June 5, 2018, PAWC filed a tariff supplement with an effective date of August 4, 2018. The proposed tariff supplement addressed the treatment and calculation of customer contributions, customer advances and certain customer deposits after the TCJA. The Company proposed the "no gross up" method which would require customers, rather than the entities contributing the capital, to pay the income taxes associated with the deposit, advance or contribution.

The OCA intervened in the case on July 25, 2018 to protect the interests of consumers in PAWC's service territory and to ensure that the resolution of the proposed tariff is just and reasonable. Briefs in support of the parties' positions were filed in November 2018. On December 5, 2018, a Recommended Decision was issued, which recommended that the Commission deny PAWC's request to use the no gross up method for contributions and advances, except that PAWC may continue to apply the no gross up

method to contributions and advances received from governmental entities. The Commission entered an Order on February 7, 2019, in which it adopted the ALJ's recommendations and made the decision effective for extension agreements executed on or after January 1, 2018.

PAWC filed a Petition for Reconsideration on February 21, 2019. The Commission granted the Petition on February 28, 2019, pending review of the merits.

Pennsylvania-American Water Co. - Wastewater Division (PAWC-WW)

Docket No. A-2018-3004933. On September 26, 2018, PAWC filed an Application under Sections 1102(a), 1329 and 507 of the Public Utility Code for Commission approval of the transfer of the Township of Exeter's wastewater collection and treatment assets and the rights of PAWC-WW to serve customers in a portion of the Townships of Exeter, Alsace and Lower Alsace, and four bulk service interconnections with St. Lawrence Borough, all in Berks County. At the time, Exeter provided wastewater service to 9,015 customers and PAWC-WW provided wastewater service to 65,139 customers and water service to 659,687 customers. The purchase price and amount that PAWC-WW sought to have approved as an addition to ratemaking rate base is \$96 million, for a system with depreciated original cost of \$40 million. The average of the fair market value appraisals performed by PAWC-WW's and Exeter's experts equaled \$103 million. PAWC-WW estimated that during the first 10 years of ownership, it would incur capital costs of \$30 million. PAWC-WW and Exeter agreed that, prior to closing, Exeter would increase the rates it charges to customers and that PAWC-WW would charge those rates after closing. PAWC-WW also made other "rate commitments" in the asset purchase agreement.

On December 5, 2019, PAWC-WW filed a revised application. On the same date, Exeter Township filed an Application *nunc pro tunc* to obtain a Certificate of Convenience to serve customers it was already serving in Lower Alsace Township, which was docketed at A-2018-3006505.

In December 2018, the OCA raised concerns that the proposed customer notice included in the revised Application did not comply with Commission's regulations and the Commonwealth Court's Order in Docket No. 1624 CD 2017 (*New Garden*). Specifically, the proposed notices did not adequately inform the customers of the impact of the filing on their rates or bills, the PUC's role, and the options that customers have in response to the notice. The OCA provided its proposed revisions to the notices to be sent to the customers and sought time to work with PAWC-WW, Exeter and the Commission to resolve the notice issues. The OCA sought to avoid the complicated and

delayed result in *New Garden* by making sure the initial notice was adequate and reasonable. The Commission did not act on the OCA's Petition.

The OCA also filed a Protest against the Application raising issues related to the deficiencies in the notice, the appraisals, whether there were substantial affirmative public benefits, and whether there were conditions that may be necessary to protect PAWC-WW's existing customers.

On February 28, 2019, the Commission entered a Final Order in Docket No. M-2016-2543193 (see write up below under Generic PUC Proceedings: Water and Wastewater). In that Order, the Commission established requirements for the rate impact information included in the customer notice.

The OCA provided testimony in support of its position that the benefits identified by PAWC-WW and Exeter Township were outweighed by costs of adding the \$96 million to rate base, particularly in light of the level of capital additions projected by PAWC-WW for the Exeter system. The OCA also recommended that Exeter provide a separate Cost of Service Study in the first base rate case which includes Exeter's assets, in order to separately identify the cost of serving the Exeter system. In addition, the OCA showed that the notice, which informed customers that the acquisition could increase the monthly water bill for a residential customer by only \$0.24, was not adequate and accurate based on the facts of this case and the actual results of PAWC-WW's most recent base rate case. At the end of the Fiscal Year, the OCA was preparing briefs in support of its position.

Docket No. P-2014-2431005. On December 12, 2018, PAWC-WW filed a Petition seeking a modification to its existing LTIP. The Company's current LTIP began with calendar year 2015 and ends in 2019. The proposed LTIP would replace the Company's existing LTIP for the Year 2019 and includes Years 2020-2023.

On January 2, 2019, the Bureau of Investigation & Enforcement filed an Answer to PAWC's 2018 Petition. On January 9, 2019, the OCA filed Comments, in which it recommended that PAWC-WW supplement the information provided in its filing to assist the Commission and its Staff in their review of the modified LTIP. The OCA also recommended that PAWC-WW provide certain information in future Asset Optimization Plans and other LTIP-related filings to help with ongoing review of the cost-effectiveness of the Company's distribution system investment and compliance with prior Commission orders. The matter was referred to the OALJ for disposition.

On June 7, 2019, the parties filed a proposed Settlement. The Settlement provided the additional information requested by the OCA to support the proposed LTIP

modification. The Settlement also reflected PAWC's ongoing agreement to provide the same information in future LTIIP and AAOP filings for its water and wastewater divisions. The OCA awaits the ALJ's action on the Settlement.

Pittsburgh Water and Sewer Authority (PWSA)

Docket Nos. M-2018-2640802, M-2018-2640803. Act 65, signed into law on December 21, 2017, amended the Public Utility Code with the effect of bringing the Pittsburgh Water and Sewer Authority under the jurisdiction of the PUC on April 1, 2018. On January 18, 2018, the Commission issued a Tentative Implementation Order laying out a proposed process for implementing the new legislation, including tariff approval, ratemaking, compliance plan, and assessment provisions. On February 7, 2018, the OCA filed Comments on the Tentative Implementation Order and made several recommendations intended to ensure that PWSA customers receive high quality water and wastewater service at reasonable cost. These recommendations included, among other things: implementing a separate stormwater tariff, applying PUC consumer protections where there is a conflict with the Company's prior tariff, delaying termination notices during the transition period, informing customers about the transition, requiring additional information, considering whether to use cashflow method after the initial rate filing, using the NARUC system of accounts consistent with other PUC-regulated utilities. The Commission issued a Final Implementation Order on March 15, 2018, which included a timeline for PWSA filings and direction on a variety of issues required to comply with Act 65 and bring PWSA under PUC jurisdiction.

On March 30, 2018, PWSA filed its Official Prior Tariffs with the Commission and officially came under PUC jurisdiction as of April 2, 2018. The OCA and other parties held a variety of meetings and a site visit to discuss aspects of PWSA's operations and necessary improvements, including issues related to customer service, billing, and operations.

On September 28, 2018, PWSA filed its Compliance Plan with the Commission. The proposed Compliance Plan presented PWSA's understanding of its current status of compliance with all aspects of the Public Utility Code and Commission regulations and included proposals to bring PWSA operations and practices into full compliance. The OCA intervened in the proceeding and filed an Answer on October 18, 2018, and participated to protect the interests of PWSA's customers.

Also, on September 28, 2018, PWSA filed its LTIIP, which OCA reviewed and, on November 2, 2018, filed Comments to ensure that the LTIIP accelerated infrastructure repair and replacement in a cost effective manner as required by Act 11.

On November 28, 2018, the Commission issued a Secretarial Letter laying out a two stage review process for PWSA's Compliance Plan. Stage 1 addressed urgent infrastructure, remediation, improvement, revenue, and financing requirements. Stage 2 addressed billing and customer services issues and development of a proposed stormwater tariff.

The OCA filed testimony addressing a variety of issues in the Stage 1 proceeding, including revenue and financing requirements, the Cooperation Agreement with the City of Pittsburgh and other contractual issues, lead service line replacements, metering and billing currently unmetered properties, termination practices, design concepts for universal service programs, and infrastructure improvements.

Since that time, the parties have participated in extensive Settlement conferences. Per the November 28, 2018 Secretarial Letter, the OCA is also participating in workshops convened by the Commission's Bureau of Consumer Services (BCS) regarding PWSA's compliance with the applicable billing and consumer protection regulations.

Docket Nos. R-2018-3002645, R-2018-3002647. On July 2, 2018, PWSA made a filing seeking approval of new tariffs and proposing increases to water and wastewater annual operating revenues of approximately \$27 million per year or 17.1%. Under the Authority's proposal, a typical residential water and wastewater conveyance customer using 3,000 gallons of water per month would see their total monthly bill increase from \$63.62 to \$74.23, an increase of \$10.61 or 16.7%.

In September and October 2018, the OCA submitted testimony supporting its position that PWSA's water operating revenues should increase no more than \$11,927,802 and PWSA's wastewater operating revenues should decrease by no more than \$1,737,741; however, rather than reducing wastewater rates, the OCA recommended that PWSA be permitted no increase. Rather \$1,737,741 in reserve funds should be shifted from wastewater to water to reduce the water revenue increase to \$10,190,061. The OCA also recommended that, due to deficiencies in PWSA's cost of service study, it should be rejected and each element of water and wastewater rates should increase by approximately the same percentage, rates should move toward eliminating minimum usage/flow allowance and, in the next rate case, the Authority should correct and adjust its water cost of service study to improve accuracy and fairness. The OCA recommended PWSA should collect data and regularly review complaint trends to identify the need for additional training, bring residential customer bills into compliance with Commission regulations, improve termination notices and practices, and develop customer service performance goals. In addition, the OCA recommended PWSA make immediate, temporary modifications to its bill discount program to provide additional

assistance to customers with incomes at or below 50% of the Federal Poverty Level, pending further exploration of appropriate design of the universal service program in the compliance proceeding; adjust funding to serve a participation rate of 30% of the eligible population and reflect proposed rates; and collect specified data for residential customers to support future design changes and improvements to the program. Finally, the OCA recommended PWSA ensure that all connections are metered and the amount of water entering the system is metered, address high pressure, flush the system, exercise isolation valves, replace/test meters, and take ownership of the portion of party lines within public rights-of-way and between the curb lines or normal curb stop locations.

In November 2018, the parties reached a Settlement of the issues, which provided for a 12.7% increase in water and wastewater revenues compared to the Company's proposed 17.1% increase. This level of increase provided adequate funding to allow the Authority to provide safe and adequate service and to make important service quality improvements in targeted areas. The Settlement also required quarterly reports on a number of financial data points, to allow the OCA to track how PWSA spends the additional funds and ensures the funds are used in a manner that benefits ratepayers, to allow PWSA to improve its quality of service, and to stabilize PWSA's financial situation. These conditions make PWSA accountable for its use of the additional funds and will provide the OCA and other parties with important financial data in a future base rate case. PWSA committed to take steps in the cost of service study provided in its next base rate case to develop a study that more accurately allocates costs to customer classes. The parties agreed to address numerous contractual, operational and quality of service issues in PWSA's compliance plan or LTIIP proceedings. The Authority also committed to improvements in informal complaint tracking, customer bills, and payment arrangement and termination notices. PWSA agreed to suspend use of its third-party debt collection agent while the parties investigate the appropriateness and lawfulness of the Authority's lien practices under Commission jurisdiction. The Authority agreed to improvements in data collection, its bill discount program, the low income assistance advisory committee and outreach, in order to address the significant need for low income assistance in PWSA's service territory.

In its Opinion and Order entered February 27, 2019, the Commission adopted the January 2019 Recommended Decision and approved the Settlement.

School House Village - Water Division

Docket No. A-2019-3007833. On or about February 8, 2019, School House Village filed an Application seeking Commission approval to abandon water service to five homes,

one apartment and approximately 17 unbuilt lots on Village Lane in Fulton County, Pennsylvania. The Applicant proposed to install or pay to install individual wells for certain properties. The Commission's Bureau of Technical Utility Services (TUS) raised concerns regarding this proposal, in discovery questions it issued to the Applicant on March 5, 2019. TUS inquired *inter alia* about the technical and financial feasibility of installing individual wells, compliance with applicable municipal and county comprehensive plans and zoning ordinances, and consideration of alternatives to drilling individual wells.

The OCA filed a Notice of Intervention on March 11, 2019. Through its participation, the OCA sought to ensure that the School House Village customers continue to receive safe, adequate and reasonable service and that the proposed transaction provides all necessary and proper customer protections for customers and lot owners which are justified, reasonable, and in accordance with sound ratemaking principles and the Public Utility Code. Currently, the OCA is reviewing discovery responses provided by the Company in response to TUS.

SUEZ Water Pennsylvania, Inc. (SWPA)

Docket No. R-2018-3000834. On April 30, 2018, SWPA filed a rate case seeking approval to increase annual base rate revenues by \$6.2 million, or 13.2. The Company also sought to increase its monthly customer charge for a typical residential customer from \$13.75 to \$15.00 per month. For the average SWPA residential customer, the proposed rate changes would increase monthly bills from \$43.94 to \$48.85, or by 11.2%. If the full rate increase were approved, the Company would have received a 10.75% return on common equity. On May 10, 2018, the OCA filed a Formal Complaint.

costs would greatly exceed the benefits for Pennsylvania consumers and the regional decrease by \$2.8 million, (2) a reasonable return on equity in current markets is 8.08%, (3) a direct cost analysis indicated the residential customer charge should remain at \$13.73, (4) costs associated with the Company's potential acquisition of the water system assets of Mahoning Township should be removed from revenue requirement because it was unknown whether the PUC would approve the acquisition and there had been no determination regarding the value of the system for inclusion in rate base, (5) tax savings resulting from the TCJA should be returned to customers, via surcharge for the 2018 and January 2019 savings and via lower base rates for prospective savings, (6) the Company should address service quality issues raised by the OCA's engineering witness and by consumers.

The active parties to the case reached a comprehensive Settlement addressing the matters raised by the OCA, which was filed on October 10, 2018. Under the Settlement, SWPA was permitted a total annual revenue increase of \$3.0 million, or 6.4% over present revenues and \$3.2 million less than the amount originally requested by SWPA. The Company's monthly residential customer charge was increased from \$13.75 to \$14.50, or 50 cents less than proposed by the Company. Consistent with the OCA's position, the terms of the Settlement removed all costs related to Mahoning Township from revenue requirement and ensured that the Company's existing customers will not bear the costs of that acquisition through the end of the stay-out period. Further, a 12-month surcredit on bills refunded the estimated 2018 and January 2019 tax expense savings with interest and new base rates reflected the Company's ongoing tax expense savings and an amortization of the estimated amount of excess ADIT generated by the TCJA. Also, the proposed Settlement addressed quality of service by: providing additional reports and records to allow the parties to better analyze unaccounted for water data and reconcile it with DEP information, and more easily identify locations where improvement is necessary; developing an isolation valve maintenance schedule; providing a sortable consumer complaint log to help parties investigate the Company's response and resolution of complaints; and responding to concerns raised by specific consumers.

In October 2018, the ALJ recommended approval of the Settlement without modification. On December 6, 2019, the Commission entered an Order adopting the ALJ's recommendation.

The York Water Co.

Docket No. A-2019-3007355. On January 23, 2019, York filed an Application to acquire the wastewater system assets of the Borough of Jacobus, York County and to begin providing service. The Office of Small Business Advocate filed a Notice of Intervention on February 19, 2019, wherein it raised a concern regarding a provision of the Asset Purchase Agreement that freezes rates for the acquired Jacobus customers for 3 years or until adjusted by the Commission, whichever is later. The OSBA questioned whether existing York customers would be impacted by the proposed rate freeze. The OCA intervened on March 5, 2019. The parties reviewed York's responses to TUS data requests and discussed the rate freeze provision. On March 18, 2019, York filed a letter with the Commission updating its response to the TUS discovery and acknowledging that the Commission may set rates inconsistent with the rate freeze provision, when it considers the matter in York's next base rate case. Based on the supplemental information, discussions between the parties and York's March 18 letter, the OSBA

withdrew its Protest and the OCA filed a Petition seeking leave to withdraw its Intervention. On March 21, 2019, York filed a Motion asking the ALJ to transfer the uncontested Application to TUS, which was granted by ALJ Order issued April 1, 2019. At the end of the 2018-2019 Fiscal Year, the OCA awaited Commission action.

Docket No. R-2018-3000019. On May 30, 2018, York filed tariff supplements, through which it proposed to increase annual water and wastewater revenues by \$6,398,961 and \$288,623 respectively. York also proposed to increase the 5/8-inch water customer charge (for gravity and repumped customers) from \$16.00 to \$18.50 per month, or by 15.6%. If approved in its entirety, the rate increase would have produced an 8.48% overall rate of return and an 11.00% return on common equity.

On June 7, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. The OCA served testimony in support of (1) a \$1,245,133 water revenue decrease and a \$901,401 wastewater revenue increase, (2) a 6.92% overall rate of return and an 8.07% return on common equity, (3) the flowback of \$2,117,143 in 2018 tax savings and excess accumulated deferred income taxes (EDIT) resulting from the Tax Cuts and Jobs Act of 2017 to customers, (4) the removal of unsupported acquisition adjustments, (5) a revenue allocation based on the OCA's Class Cost of Service Study and (6) recommended a minimal increase to the customer charge.

On November 20, 2018, the parties submitted a proposed Settlement agreement. The Settlement provided for an annual revenue increase of \$3.65 million, which consisted of \$3,361,375 in additional water revenue and \$288,625 in additional wastewater revenue. This represented an increase of 7.3% over present revenues and was approximately \$3 million less than the amount originally requested by York. The residential customer class received an increase of \$2.2 million per year, or 7.3%, which was the system average increase. The Settlement limited the residential customer charge increase to \$16.25 (from \$16.00), consistent with the OCA's recommendation. The Settlement modified York's proposed accounting treatment for some of the water and wastewater systems that the Company acquired since its last base rate case, to ensure that ratepayers do not pay more for acquisitions that are not shown to be a matter of substantial public interest. Importantly, the Settlement flowed through to customers the 2018 and January and February 2019 tax savings resulting from the TCJA.

In December 2018, the ALJ issued a Recommended Decision approving the proposed Settlement without modification. On January 17, 2019, the Commission entered an Order consistent with the Recommended Decision.

Following from the Settlement, the OCA and I&E worked with York to develop the details of the York Water Cares program including eligibility, enrollment, and customer

education and outreach. York incorporated those results into the program effective March 2019.

Winola Water

Docket Nos. C-2018-2644592, P-2018-3006216 I-2018-3006498. On November 28, 2018, I&E filed its Petition for the Issuance of an *Ex Parte* Emergency Order regarding the Winola Water Company in response to a Do Not Consume Order issued by the Department of Environmental Protection on October 5, 2018. The Petition argues that cadmium and lead levels in the water exceed the DEP regulations and that Winola Water did not provide an alternative source of potable water to customers. The Petition requested that: (1) a proceeding under 66 Pa. C.S. § 529 be initiated; (2) that a competent water utility be appointed as receiver; and (3) that the receiver provide an alternative source of drinking water to the customers. On November 29, 2018, the OCA filed a Notice of Intervention.

On November 9, 2018, an *Ex Parte* Emergency Order was issued, initiating a Section 529 proceeding, and appointing Pennsylvania American Water Company as Receiver. On December 6, 2018, the Commission ratified the Emergency Order. PAWC sought to amend the Order to allow for special accounting treatment, which the Commission denied in an Order entered on July 11, 2019 and referred the matter to be addressed in the Complaint proceeding. At the end of the Fiscal Year, the OCA was preparing testimony due in October 2019.

GENERIC PUC PROCEEDINGS: ELECTRIC

Alternative Energy Portfolio Standards Implementation

Docket No. M-2017-2631527. On December 21, 2017, the Commission issued a Tentative Implementation Order regarding the implementation of Act 40 of 2017, which was signed into law on October 30, 2017. Act 40, in relevant part, established geographical limits on solar photovoltaic (solar PV) systems that qualify for the solar PV share requirement as part of the Alternative Energy Portfolio Standards (AEPS) Act.

The OCA submitted Comments on the Tentative Implementation Order on February 5, 2018. In its Comments, the OCA recognized that language in the Act is unclear as written regarding whether and under what circumstances solar generation from out-of-state facilities may be used to meet AEPS Act requirements. The OCA stressed, however, that any interpretation of the Act should be guided by ensuring that its provisions are carried out in a way that respects the work that has already done by

Pennsylvania electric distribution companies and electric generation suppliers to comply with the AEPS Act, while ensuring compliance at reasonable cost over time.

The Commission entered a Final Implementation Order on May 3, 2018 which clarified under what circumstances solar generation from out-of-state facilities may be used to meet AEPS Act requirements. A number of parties sought reconsideration and/or clarification of the Final Implementation Order. The Commission entered an Order on August 2, 2018, which focused specifically on Section 2804(2)(ii) of the Adm. Code, 71 P.S. § 714(2)(ii) and provided further clarification regarding the timing of contracts and eligible credits. The Commission also denied a request by Cypress Creek Renewables to stay the May Final Implementation Order.

Investigation into Default Service and PJM Settlement Reforms

Docket No. M-2019-3007101. On February 26, 2019, the PUC issued an Order initiating an investigation into electric generation default service and PJM Interconnection, LLC (PJM) settlement reforms. With the EDC having invested significant resources in the deployment of smart meters, the Commission sought public input on how smart meter technology might be utilized to design default service rates in a manner that would better align wholesale and retail cost allocation. Among other things, the PUC sought stakeholder feedback on: (1) unifying the way in which EDCs calculate their peak days for capacity and transmission allocation purposes; (2) modifying default rates for residential and commercial customers to reflect time of use/hourly pricing; (3) changing the way in which the demand component for default supply is utilized; and (4) adjusting the use of long-term contracts in default supply. The PUC set a deadline for Comments of July 26, 2019. The OCA was one of 19 parties to submit Comments.

In its Comments, the OCA indicated support for the existing residential default service model and generally opposed the changes being explored by the Commission. The OCA argued that the existing default service program provides significant benefits for the greatest number of residential customers. As to the questions raised by the Commission, the OCA expressed concern over moving to individualized allocation of wholesale capacity and transmission costs, including the use of separate demand charges for residential customers. The OCA also argued against imposing mandatory time-of-day rates on residential customers due to the fact that certain segments of residential customers (elderly, health-impaired, low-income) are least able to respond to changing prices over the course of a day and would be at risk of seeing their electricity costs rise under such rates. The OCA argued that to the extent time-of-day rates are made available by EDCs, they should remain voluntary for residential customers. The

OCA expressed support for including long-term contracts in the residential default supply portfolio as a means of enhancing price stability. The OCA proposed that no more than 10 to 20 percent of the residential supply portfolio be made up of long-term contracts. If those contracts are for renewable energy, they should be limited to the length of time needed to support financing of the renewable energy project, possibly 10 to 15 years. The matter remains pending at the end of the Fiscal Year.

Supplier Consolidated Billing

Docket Nos. M-2015-2645254 and P-2016-2579249. On December 8, 2016, NRG Energy, Inc. submitted a Petition to the PUC seeking an Order that would permit electric generation suppliers like NRG the ability to use supplier consolidated billing (SCB). Under SCB, EGSs would bill electric customers directly for the utilities' distribution charges and also the EGS' commodity charges. Currently, the electric distribution utilities bill for all charges.

In January and February 2017, the OCA submitted Comments on the Petition. The OCA opposed the use of SCB as harmful to competition, costly to implement, unnecessary under current PUC practices and procedures and providing no discernible benefits to ratepayers.

On January 18, 2018, the Commission issued an Order denying the Petition and opened Docket No. M-2018-2645254 to consider the legality and appropriateness of implementing electric generation SCB in Pennsylvania. The OCA filed Comments and participated in *en banc* hearings in summer 2018, which supported its position that SCB is inconsistent with the Public Utility Code, raises significant consumer protection concerns, and is unnecessary to achieve the purposes of increasing competition and lowering the cost of electricity. The OCA awaits further action by the Commission.

GENERIC PUC PROCEEDINGS: NATURAL GAS

Accelerated Switching

Docket No. L-2016-2577413. On January 7, 2017, the Commission issued an Advance Notice of Proposed Rulemaking Order to amend its regulations relating to standards for changing a customer's natural gas supplier. The Commission proposed to amend the existing regulations at 52 Pa. Code Chapter 59 to direct natural gas distribution companies to accelerate switching timeframes in a manner that would permit Pennsylvania retail natural gas customers to switch natural gas suppliers within three business days. These changes were also intended to make the natural gas switching

regulations consistent with analogous regulations related to switching electric generation suppliers.

The OCA submitted Comments on February 21, 2017. The OCA generally supported accelerated switching and the effort to make electric and natural gas switching as easy as possible for consumers to understand. However, the OCA stressed that important consumer protections must remain in place and that changes to switching procedures should be carried out efficiently and at minimal cost to consumers. The OCA also noted that accelerated switching should only be pursued if it is operationally feasible in the identified time period for the natural gas companies.

On April 20, 2017, the Commission issued an Order requesting additional Comments on a number of specific issues that were raised by the parties in the February 21, 2017 Comments. The OCA submitted Additional Comments on June 5, 2017 reiterating its positions described above. Specifically, the OCA opposed a proposal to backdate NGS switches, but supported proposals that would allow companies to comply with the regulations at the least cost while maintaining necessary consumer protections.

On October 25, 2018, the Commission issued a Tentative Order in which it proposed to continue the existing waivers of 52 Pa. Code Chapter 59 to extend the current five day waiting period for an additional three years while the Commission continues the NGS switching rulemaking process. The Tentative Order was deemed final as of November 5, 2018 and thus the five day waiting period has been extended through the end of October 2021.

“Gas on Gas” Competition

Docket No. I-2012-2320323. On December 8, 2011, I&E, the OCA, the Office of Small Business Advocate, Peoples TWP LLC and Peoples Natural Gas Company filed a Petition with the Commission seeking an investigation into the practice of “gas-on-gas competition” in Pennsylvania. This practice only occurs in limited portions of western Pennsylvania, mainly in and around the City of Pittsburgh, where more than one NGDC has distribution lines in the same geographic location. Customers in those areas, mainly commercial and small industrial customers, can extract lower distribution rates from their existing NGDC through the threat of leaving the system, or they can physically leave the system and connect to another NGDC. The revenue losses created by either of these events are eventually passed through to all of the NGDC’s remaining ratepayers. The OCA has been investigating and seeking a resolution of this practice for at least the last 10 years. This form of monopoly utility “competition” seen in Western

Pennsylvania is extremely rare and this may be the only place in the United States where such activity is present.

On July 25, 2012, the Commission issued a Secretarial Letter, which granted the relief sought in the Joint Petition, and ordered a generic investigation. On June 24, 2014, the ALJ issued a Recommended Decision that adopted the OCA's position on all counts.

On May 4, 2017, the PUC issued an Order in this matter. The PUC held that gas-on-gas flex rates should continue, but the affected NGDCs must file new tariffs consistent with the Order limiting how such rates would be applied.

In August 2017, the OCA filed Comments setting forth its position that further gas-on-gas competition should be limited, consistent with the PUC Order. In particular, new customers should be given one opportunity to pick an NGDC but no further switching after that. In addition, no duplicative facilities should be built in order to facilitate further gas-on-gas competition unless the potential customer is paying the full cost of same.

After settlement discussions, all active Parties reached a consensus and provided uniform Reply Comments in September 2017 as to how gas-on-gas competition should continue.

On June 13, 2019, the PUC issued an Order, which accepted all of the recommendations provided by the Parties and ordered a collaborative process to address the unresolved issues. In August 2019, the Commission issued a Secretarial Letter instituting the Gas-on-Gas Collaborative Working Group. The OCA anticipates submitting preliminary Comments and participating in the working group meetings.

Retail Competition

Docket No. I-2013-2381742. On September 12, 2013 the Commission announced that it was opening an investigation into the Retail Natural Gas Market in Pennsylvania. The OCA actively participated in the Commission's Investigation since that time. The OCA submitted numerous Comments for the Commission's consideration, including: (1) Comments in December 2013 addressing the current state of retail competition within the natural gas supply market in Pennsylvania, how the current market could be improved for the benefit of customers, potential barriers to customer participation in the market; (2) Comments in October 2014 providing additional Comments based on issues that arose from the Commission's August 2014 Tentative Order; (3) Comments in February 2015 regarding natural gas supplier disclosure requirements and natural gas supplier access to customer account numbers; and (4) Informal Comments in August

2015 concerning possible amendments to the regulations that govern the standards for changing a customer's natural gas supplier.

In October 2018, the PUC issued a Tentative Order that would allow consumers a 5-day waiting period to rescind any transactions pertaining to switching their natural gas service. No opposing Comments were filed and on November 5, 2018 the Order became final. The OCA continues to monitor this docket for further actions and will continue to participate as is needed to protect consumers' interests.

GENERIC PUC PROCEEDINGS: TELECOM

Chapter 63 and 64 Rulemaking

Docket No. L-2018-3001391. In July 2018, the Commission opened a rulemaking to review whether and which Chapter 63 and 64 regulations should still apply in competitively classified areas. The Commission does not set the rates charged by an incumbent local exchange company (ILEC) for basic local service in a competitive area. In 2015, the Commission had granted Verizon PA and Verizon North conditional, temporary waiver of some regulations in competitively areas. Parties may request rescission or modification of other regulations which apply to telecom utilities. In October 2018 Comments, the OCA recommended preservation of the majority of the service quality, billing, and consumer protection regulations for non-competitive areas. The OCA supported establishment of an additional chapter of regulations to apply to competitively classified service areas, where rates and terms and conditions of service may be set by the ILEC. The OCA's November 2018 Reply Comments opposed ILEC requests for elimination or significant scale back of existing quality of service, billing, and consumer protection regulations throughout the Commonwealth. The matter is pending before the Commission.

Chapter 63 and 64 Waiver Request

Docket No. P-2018-3005224. On October 3, 2018, most Pennsylvania rural local exchange companies (RLECs) filed a joint Petition for temporary waiver of major portions of Chapters 63 and 64, until the PUC completes the Chapter 63 and 64 Rulemaking (see, Docket L-2018-3001391, above). The RLEC petition requested relief in areas still designated as non-competitive. The OCA opposed the RLEC waiver request in an Answer filed on October 26, 2018. The OCA sought to assure that telephone service customers receive quality telephone service, credits for outages, and protection from suspension or cancellation of service without notice. The RLEC Petition and OCA Answer are pending before the Commission.

Competitive Access Providers and Section 510 Assessments

Docket No. M-2018-3004578. In November 2018, the Commission issued a proposed policy statement designed to guide Competitive Access Providers (CAPs) in identifying intrastate revenues from public utility service which are subject to assessment to support the Commission's operations, under Section 510 of the Public Utility Code. CAPs provide wholesale transmission and interconnection services to wireline carriers, wireless carriers, and other networks. The PUC determined that if a CAP under-reports its intrastate revenues, then other certificated telecom public utilities would be subject to a higher assessment. The OCA filed Comments in April and May 2019 supporting the Commission's proposed clarification as to what constitutes "gross operating revenues" subject to assessment in the context of telecommunications service. The OCA offered some revisions to the phrasing of the Proposed Policy Statement. The OCA opposed one party's suggestion that CAPs should be subject to reduced assessments and supported a fair and uniform level of assessments among certificated telephone public utilities. At the end of the 2018-2019 Fiscal Year, the proceeding was pending before the Commission.

Pole Attachments

Docket No. L-2018-3002672. In July 2018, the Commission proposed to assume jurisdiction over the attachment of wires, cables, and wireless facilities to public utility poles. At present, jurisdiction lies with the FCC. The Commission proposed to adopt the FCC's current and future regulations governing pole attachments. The OCA filed Comments on October 29, 2018, which supported the Commission's proposal as beneficial to Pennsylvania interests in having access to broadband services at sufficient speeds to meet current and future needs. The Commission entered an Order adopting the FCC regulations and established procedures for resolving disputes regarding pole attachments. The rulemaking also established a PUC Pole Attachment Working Group that will monitor state and federal pole attachment issues and advise the Commission. The Working Group will include technical and legal staff from the Commission, pole owners, pole attachers, the OCA and OSBA and interest groups representing telecommunication and broadband initiatives.

GENERIC PUC PROCEEDINGS: WATER AND WASTEWATER

Customer Notice in Applications filed under Section 1329

Docket No. M-2016-2543193. On April 14, 2016, Act 12 of 2016 amended Chapter 13 of the Public Utility Code by adding Section 1329, which allows a public utility or other

entity to utilize fair market valuation when acquiring water and wastewater systems in Pennsylvania that are owned by a municipal corporation or authority. On October 27, 2016, the Commission entered a Final Implementation Order to guide stakeholders in the implementation of Section 1329. During 2018, the OCA participated in stakeholder workshops addressing proposed revisions to the standard materials required for Section 1329 applications, guidelines for selling utility valuations, testimony, and procedural guidelines. On September 20, 2018, the Commission issued a Tentative Supplemental Implementation Order. The OCA submitted Comments and Reply Comments in support of its recommendations.

On January 25, 2018, PAWC filed a Petition for Leave to File Supplemental Reply Comments, in which it proposed a notice procedure and *pro forma* customer notice documents. The OCA submitted Reply Comments recommending that, to comply with *New Garden*, the Commission adopt a single notice that is provided to all customers and shows the range of potential rate impact depending on how the acquisition costs are allocated to existing wastewater customers, water customers, and acquired customers.

The Commission entered a Final Order on February 28, 2019, which *inter alia* addressed the notice issue. The Commission agreed with the OCA that rate impact information must be contained in the notice. The Commission did not require the notice to include a range of rate impact, based on different allocations between existing and acquired customers, as recommended by the OCA. It required the notice to include a non-binding estimate of the likely incremental rate effect of the proposed valuation rate base addition on a typical customer's bill, based on data from the utility's most recently adjudicated rate case and assuming that the costs are allocated to all customers (existing and acquired) under a traditional single tariff pricing model.

GENERIC PUC PROCEEDINGS: ALTERNATIVE RATEMAKING METHODS

Alternative Ratemaking Methods

Docket No. M-2015-2518883. On December 31, 2015, the PUC issued a Secretarial Letter advising that it would be opening a docket to investigate alternative ratemaking methods for electric and natural gas utilities. An *en banc* hearing was scheduled for March 3, 2016. The purpose of this hearing was to permit participants to inform the Commission on the following rate issues: (1) whether revenue decoupling or other similar rate mechanisms encourage energy utilities to better implement energy efficiency and conservation programs; (2) whether such rate mechanisms are just and reasonable and in the public interest; and (3) whether the benefits of implementing such

rate mechanisms outweigh any costs associated with implementing the rate mechanisms. The Letter also provided for written Comments.

The OCA participated in the hearings and also filed detailed Comments in March 2016. In its Comments, the OCA noted that the PUC was mainly interested in pursuing alternative ratemaking methods, principally decoupling, as a way to offset perceived consumer usage reductions stemming from conservation and energy efficiency measures. The OCA submitted that Act 129 controls in this area, and that overall Act 129 programs were working well across Pennsylvania with no adverse impacts to utilities or their revenues. In brief, there was no need to pursue other ratemaking mechanisms at this time.

In March 2017, the PUC issued an Order seeking additional Comments on these matters. The March Order significantly expanded the scope of issues in this matter, including impacts on water and wastewater utilities, and including detailed questions from several of the PUC Commissioners.

The OCA submitted Comments in May and July 2017. In its Comments, the OCA supported the regulatory framework and alternative ratemaking methodologies currently in effect in Pennsylvania and maintained that further alternative ratemaking was not necessary. The OCA noted that the current alternative ratemaking mechanisms have been targeted to achieve specific purposes and objectives and have successfully balanced utility benefits and consumer protections.

In May 2018, the Commission issued a Proposed Policy Statement Order. The Commission acknowledged several of the OCA's concerns and opposition to certain alternative ratemaking methods, but declined to rule them out. The Commission's proposed policy statement mapped out the process and check list of considerations, in the event a public utility chooses as part of a base rate proceeding to set rates based upon one or more alternative ratemaking approach. The Commission published the proposed policy statement for public comment. On June 28, 2018, Act 58 of 2018, was signed into law and provided the Commission with express statutory authority to approve applications by utilities for alternative ratemaking mechanisms.

In August 2018, the PUC issued a Tentative Implementation Order on Act 58. In October and November 2018, the OCA submitted Comments and Reply Comments on Act 58 and the Proposed Policy Statement.

On July 11, 2019, the PUC issued its Final Order in this matter. The Policy Statement essentially provides that utilities can seek to implement alternative ratemaking methods

but only in a general base rate case. In such case, the utility should include information as to how these new mechanisms will benefit both the utility and its customers.

GENERIC PUC PROCEEDINGS: CONSUMER ADVISORY COUNCIL

Consumer Advisory Council Reform

Docket No. L-2018-3004948. In October 2018, the Commission issued an Advance Notice of Proposed Rulemaking which proposed changes to the functions and composition of the Consumer Advisory Council (CAC). The OCA filed Comments in February 2019. The OCA supported continuation of the CAC as an important vehicle for public input and advice to the Commission. The OCA recommended that the Commission preserve the CAC's standing as a regulation-based advisory group and revise the regulations to improve how the CAC functions and communicates advice to the Commission. The matter is pending before the PUC.

GENERIC PUC PROCEEDINGS: IMPLEMENTATION OF ACT 11 OF 2012

DSIC AND LTIIP

The Commission established Docket No. M-2012-2293611 as a generic docket number for all Secretarial Letters, Implementation Orders and working groups regarding the implementation of Act 11 and, in particular, issues involving implementation of the Distribution System Improvement Charge.

In November 2015, the Commission issued a Supplemental Tentative Order that invited interested parties to comment on the issues regarding the implementation, operation and computation of the DSIC. The OCA filed Comments in December 2015. The OCA supported the Commission's recommendations that would provide for the most up to date and accurate inputs available to ensure that only the utility's actual costs are recovered and the consumer protection provisions of the statute, such as the earnings cap, function as intended. The OCA also made recommendations for ways to reduce the lag in resetting the DSIC to zero in response to overearnings and to ensure that only the fixed costs of new, additional investment will be eligible for recovery in a positive DSIC rate. The Commission entered a Final Supplemental Implementation Order on September 21, 2016. The Order directed all jurisdictional utilities with a Commission-approved DSIC mechanism to file a tariff in compliance with the Order in 45 days.

In most cases, the OCA files Comments when utilities file an LTIIP in advance of or in conjunction with a filing for an initial DSIC. As well, the OCA continues to review and file Comments, as needed, when utilities file LTIIPs for succeeding periods and seek

approval of modifications to existing LTIPs. During the Fiscal Year 2018-2019, the OCA filed Comments on initial LTIP filings by Pittsburgh Water and Sewer Authority and Pike County Light and Power. The OCA also filed Comments on modified LTIPs filed by PAWC - Wastewater, Met-Ed, Penelec, Penn Power and West Penn. The OCA's Comments are intended to ensure that proposed improvements are prudent and cost-effective, represent an acceleration of improvements, and will maintain safe, reliable and reasonable service.

Fully Projected Future Test Year (FPFTY)

In addition to the DSIC, Act 11 of 2012 authorized use of a fully projected future test year in utility base rate cases. 66 Pa. C.S. § 315. On December 22, 2017, in Docket No. L-2012-2317273, the Commission entered an Advance Notice of Proposed Rulemaking Order identifying proposed procedures and filing requirements for use of a FPFTY. Any new procedures and filing requirements, if adopted, would be added to Section 53.53 of the Commission's regulations. The Commission suspended written Comments while stakeholders met to discuss issues raised by the FPFTY. The OCA participated in stakeholder meetings in April, September and November 2018 and January, March, June and September 2019. The OCA seeks to address, *inter alia*, the data required to support claims, whether the FPFTY can be less than one year, and how after-the-fact reporting is used to adjust utility rates in accordance with Act 11.

Quarterly Earnings Report Process

Docket No. M-2012-2317272. A key component in the DSIC recovery calculation is the return on equity (ROE). Act 11 provides that, for utilities that do not have an ROE from a recent rate case, the ROE shall be the equity return rate calculated by the Commission in the most recent Quarterly Earnings Report (QER). As part of the Act 11 implementation, the Commission convened a working group to review the Commission's QER process and, in particular, the parameters currently used to determine the market-based ROE for each of the major industry groups. The OCA is an active participant in the working group.

In August 2018, the Commission proposed to revise the quarterly earnings report barometer groups so that all eligible industry-specific companies are included in the corresponding industry-specific ROE analysis. The proposed change would eliminate Commission Staff selecting the barometer group from the pool of eligible companies. On January 22, 2019 based on input from the stakeholder group and Staff, the Commission issued a Secretarial Letter making that change.

GENERIC PUC PROCEEDINGS: RESIDENTIAL SERVICE

Chapter 56

Docket No. L-2015-2508421. On July 21, 2016, the Commission adopted a Proposed Rulemaking Order to amend Chapter 56 of the Commission's regulations, which relate to standards and practices for residential public utility service, to comply with the 2014 amendments to Chapter 14 of the Public Utility Code. The Commission has previously addressed a number of urgent issues in Chapter 56 that resulted from the Chapter 14 amendments. The remaining issues that the Proposed Rulemaking Order sought to address included: amending definitions of applicant, customer, and public utility; clarifying the 90-day deposit payment period; revising the credit methodology; and expanding protections for individuals with Protection from Abuse Orders (PFAs) to include individuals with other types of court orders related to domestic violence. As part of this rulemaking, the Commission also sought comment on issues such as privacy guidelines, cost of compliance, and collections reporting.

The OCA submitted detailed Comments on the Proposed Rulemaking Order on April 19, 2017. The OCA's Comments sought to ensure that the regulations were internally consistent, included clear definitions, reflected current technology, and provided customers with important protections. The OCA also addressed issues related to protecting customer privacy, suggested other sections that should be revisited, and proposed that a working group should be convened to address issues related to protections for victims of domestic violence.

On July 13, 2017, the Commission issued an Order Seeking Additional Comments in which it requested additional Comments on three specific issues: privacy guidelines, usage of medical certificates, and cost of compliance. The Order also sought input on two new, related proposals on third party notification of supplier switching and a customer's ability to retain utility service pending formal appeal. The OCA submitted Additional Comments in September 2017. In its Additional Comments, the OCA urged the Commission to ensure that customer information is adequately protected, and to obtain additional information from utilities regarding compliance costs and the use of medical certificates. The OCA also supported third party notification of supplier switching and a proposed clarification that customers retain utility service while a formal appeal is pending.

On February 28, 2019, the Commission issued a Final Rulemaking Order, which made a variety of changes to Chapter 56 including clarifying language, updates regarding electronic contact with customers, and changes regarding the use of medical

certificates. The regulations became effective in June 2019. The OCA will continue to participate in the proceeding to address items not resolved through the Rulemaking, including the form of medical certificates, other court orders identifying victims of domestic violence, and the Commission's privacy guidelines relating to emails, text messages, and other electronic messaging.

Universal Service and Energy Conservation

Docket No. L-2016-2557886, M-2017-2596907, M-2017-2587711. In 2016 and 2017, the Commission opened three related, but separate dockets, regarding universal service and energy conservation in order to comprehensively review the universal service and energy conservation programs, Low Income Usage Reduction Program (LIURP) and Home Energy Affordability.

Docket No. L-2016-2557886. On December 16, 2016, the Commission issued a Secretarial Letter requesting Comments regarding the scope of a future rulemaking to update the Commission's existing LIURP regulations at 52 Pa. Code §§ 58.1- 58.18. The OCA filed Comments in January 2017 and Reply Comments in March 2017. The OCA identified in its Comments its support for the LIURP program and how the program assists low-income customers to conserve energy and reduce residential energy bills to decrease payment delinquencies and the costs of the Customer Assistance Program (CAP). The OCA identified six preliminary areas that the Commission should consider in any LIURP regulation revisions: (1) LIURP funding; (2) needs assessment for both single-family homes and multi-family dwellings; (3) partnerships; (4) de facto space heating; (5) LIURP program eligibility; and (6) cost-effectiveness of LIURP. The matter is currently pending before the Commission.

Docket No. M-2017-2587711. On May 10, 2017, the Commission initiated an investigation that commissioned a Staff Report to examine home energy burdens. On January 17, 2019, the Commission issued an Order releasing the Staff's Report on Home Energy Affordability for Low-income Customers in Pennsylvania. The Report identified inconsistencies in the information provided by utilities. In response, the Commission established a working group to address proposed revisions to the Data Collection and Data Dictionary reporting requirements. The first working group meeting was held in July 2019. The OCA also filed Comments regarding its proposed revisions to the reporting requirements at Docket No. M-2019-3011814. The parties await Commission action.

Docket No. M-2017-2596907. On May 10, 2017, the Commission issued an Order for Review of Universal Service and Energy Conservation Programs. In its Order, the

Commission identified the following categories for consideration: (1) program design; (2) program implementation; (3) program costs; (4) program cost recovery; (5) program administration; (6) program report; and (7) program evaluation. The Order also directed Law Bureau to prepare a Staff Report. In July 2017, the Commission issued a Secretarial Letter and its Staff Report. The OCA filed Comments on August 8, 2017, which identified its support for low-income assistance programs. The OCA made recommendations regarding: (1) Customer Assistance Programs, including CAP program design, implementation, costs, cost recovery, administration, reporting and evaluation, CAP shopping, CAP recertification policies, declining CAP customer enrollment, LIHEAP auto-enrollment; (2) Hardship Funds, including program design, program implementation, program administration, and program reporting and evaluation; (3) the Customer Assistance and Referral Evaluation Services (CARES), including program design and reporting and evaluation; and the Low Income Usage Reduction Program. The OCA also addressed the definition of “confirmed low-income” customers. At the end of the Fiscal Year, the OCA awaited further action by the PUC.

GENERIC PUC PROCEEDINGS: TAXES

The Tax Cuts and Jobs Act

Docket No. M-2018-2641242. The Tax Cuts and Jobs Act took effect on January 1, 2018. The OCA analyzed the TCJA provisions and determined that many PUC-regulated utilities would experience tax savings. The OCA recommended the implementation of negative surcharges, pursuant to Section 1307 of the Public Utility Code, as appropriate to recognize this extraordinary, non-recurring change in federal tax law and corresponding reduction in utility tax expense.

On May 17, 2018, the Commission entered an Order, in which it agreed with the OCA’s position that the tax expense savings represent an extraordinary, substantial, one-time change in utility rates that should be flowed back to ratepayers. It directed certain utilities to file tariff supplements by June 15, 2018, to establish a negative surcharge effective July 1, 2018 to flow the tax savings back. Additionally, the Commission directed those utilities to establish a deferred regulatory liability to track tax savings prior to July 1, 2018 and to determine the ratemaking treatment in the utilities’ next base rate proceeding or three years from the date of the Order, whichever is sooner. The Commission identified nine utilities with pending or soon to be filed base rates cases and recommended that tax savings be addressed within those rate cases.

The OCA reviewed the compliance tariffs filed by the electric, natural gas, water and wastewater utilities covered by the Commission’s May 2018 Order. Some utilities opted

to make a permanent reduction to their base rates. Other utilities reported that their tax savings would be greater than initially calculated.

In July and August 2018, an issue was raised regarding telecommunications companies as to whether the impact of the TCJA should be addressed in the generic proceeding or individual Complaint proceedings. See Bentleyville, above, Docket No. R-2018-3001213. The OCA deferred to the Commission's decision regarding the appropriate forum. In October 2018, the Commission directed questions regarding tax savings and customer benefits to be addressed in the individual OCA Formal Complaint proceedings.

The OCA continues to monitor and participate in these matters to ensure that tax savings resulting from the change in tax rates have been flowed to customers.

FEDERAL COMMUNICATIONS COMMISSION (FCC)

Universal Service Fund (USF)

The OCA monitors and works to improve at the state and federal level the efficiency and benefits for Pennsylvania consumers provided by the federal Universal Service Programs, with a focus on the High Cost/Connect America Fund support for telecom and broadband networks and the Lifeline program. Pennsylvania telecommunications carriers and broadband service providers are projected to receive in 2019 roughly \$58.4 million in federal Universal Service Fund (USF) support for high cost and Connect America Fund support for voice and broadband networks, out of \$4.482 billion in funding nationwide.

The efficient operation of the Lifeline universal service program is of vital importance to Pennsylvanians. The federal USF paid out \$1.03 billion in 2018 for Lifeline discounted service nationwide, in non-tribal areas. That amount included \$47.5 million for discounted Lifeline service to eligible Pennsylvanians. Other consumers support the federal Universal Service Fund through surcharges on interstate telephone services, known as the "contributions base."

WC Docket No. 06-122. On May 31, 2019, the FCC released a Notice of Proposed Rulemaking (NPRM). The FCC proposed that the total size of the Federal Universal Service Fund should be capped and rules should be adopted to govern allocation of funds, in the event demand exceeds the cap. The High Cost/Connect America Fund, Lifeline, Schools & Libraries or "E-Rate Fund," and Rural Healthcare Funds are subject to some budget limitations but the FCC has adjusted funding levels as needed to address the needs of individual programs, inflation, and other reasons. In June 2019,

the OCA assisted the National Association of State Utility Consumer Advocates (NASUCA) in the development of NASUCA Resolution 2019-04, which describes NASUCA's policy on this important NPRM. At the end of the 2018-2019 Fiscal Year, the OCA was drafting Comments for the NASUCA membership to present to the FCC.

WC Docket No. 17-287. In December 2017, the FCC released its Fourth Report and Order and Notice of Proposed Rulemaking to reform the Lifeline program. The FCC requested comment on ways to make telephone and broadband internet access service more available to low income consumers with federal universal service support. The OCA assisted NASUCA in review of the NPRM. The OCA drafted the NASUCA Comments filed in February 2018. NASUCA opposed on both legal and policy grounds the FCC's proposed reforms which would deny Lifeline support to wireless carriers that provide Lifeline services over leased networks, i.e. non-facilities-based Eligible Telecommunications Carriers. Approximately 70 percent of Lifeline consumers take service from these Eligible Telecommunications Carriers. The OCA drafted the NASUCA Reply Comments filed in March 2018. NASUCA asked the FCC to end the "Lifeline Broadband Provider" concept as legally unsound. Reply Comments emphasized the nearly universal opposition by other commenters to the FCC's proposed drastic reforms. NASUCA asked the FCC to halt or roll-back certain other changes, which would diminish the effectiveness of the Lifeline program. NASUCA filed an ex parte presentation in October 2018, drafted by the OCA, which urged the FCC to make modifications to the process for confirming the eligibility of Lifeline applicants. In May 2019, the FCC raised again the question of whether to limit the size of the Lifeline fund, in the WC Docket No. 06-122 NPRM, discussed above. The proposed rulemaking and requests for modifications are pending before the FCC.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

PECO Energy Co.

Docket No. ER17-1519. On May 1, 2017, PJM Interconnection, LLC, on behalf of PECO Energy Co., filed an Application at FERC requesting approval of a new transmission formula rate and formula rate protocols, to become effective July 1, 2017. In its filing, through a combination of the formula network transmission rate and the Monthly Deferred Tax Adjustment Charge, PECO sought an overall increase of approximately 12.4%.

On May 30, 2017, the OCA filed a Motion to Intervene in PECO's formula rate proceeding, as well as a Protest in opposition to PECO's proposed formula rate. In particular, the OCA argued in its Protest that PECO's proposed formula rate may be

neither just nor reasonable, and may result in excessive customer rates. The OCA identified several flaws in PECO's filing, including that: (1) the proposed base Return on Equity (ROE) of 10.5% as well as the total ROE of 11% sought by Applicants was not just and reasonable and may produce rates which are unjust and unreasonable; (2) Applicants failed to justify the proposed 50 basis point ROE adder; and (3) Applicants failed to provide adequate information necessary to conduct a thorough review and analysis of the Company's filing. The OCA requested evidentiary hearings on all issues, a maximum rate suspension period of five months, and for FERC to set an effective date for customer refunds in the event that rates are indeed found to be excessive.

In August and October 2018, the OCA filed testimony in support of its position that (1) PECO's proposed Monthly Deferred Tax Adjustment Charge is not just and reasonable, (2) the proposed Formula Rate Template and Formula Rate Implementation Protocols lack transparency, (3) the OCA's recommendations for amortization of Excess Deferred Income Taxes (EDIT) and the impact of the Federal Corporate Income Tax Rate (FCIT) under the TCJA should be adopted, (4) an 8.71% cost of common equity is appropriate for PECO, and (5) PECO should not be awarded a 50 basis point adder for Regional Transmission Organization (RTO) membership. Since that time, the OCA has actively participated in settlement discussions.

Texas Eastern Transmission, LP

Docket No. RP19-343-000. On November 30, 2018, Texas Eastern filed a general Section 4 rate filing with FERC seeking to increase the revenue requirement by \$1.1 billion, and a rate base increase from \$1.5 billion to \$6.4 billion. The Company serves a number of Pennsylvania NGDCs that are regulated by the Pennsylvania Public Commission and may also serve NGSs serving end-use customers in Pennsylvania.

On December 6, 2018, the OCA intervened in this proceeding. Settlement negotiations related to cost of service and rate allocation are ongoing and the OCA will participate in additional meetings as they are scheduled.

Transcontinental Gas Pipe Line Company, LLC (Transco)

Docket No. RP18-1126-000. On August 31, 2018, Transco filed for a general rate increase with FERC seeking an increase in revenue of \$1.113 billion, or 83%, to a total of \$2.5 billion.

On September 14, 2018, the OCA intervened in this proceeding. Settlement negotiations are ongoing and the OCA will participate in the Settlement conferences.

CONSUMER AND LEGISLATIVE OUTREACH

Testimony, Presentations and Speaking Engagements

Acting Consumer Advocate Tanya McCloskey provided testimony or remarks in the following public forums during the last Fiscal Year:

11-8-18	Third Annual Regional Executive Energy Summit	Hershey, PA	Panelist regarding Retail Markets
11-9-18	Third Annual Regional Executive Energy Summit	Hershey, PA	Panelist regarding Key Issues in PA
11-16-18	Harrisburg Chapter of the American Association of Blacks in Energy	Harrisburg, PA	Panelist on "With Electricity and Justice for All"
12-12-18	Meeting with the Delegation from the Energy Regulatory Office of the Republic of Kosovo	Harrisburg, PA	Presentation regarding the OCA, consumer programs/low income programs and a discussion regarding affordability, vulnerable customers in regard to categorizations, cost reflective tariffs and non-economic measure for protections.
2-19-19	Pennsylvania House Consumer Affairs Committee	Harrisburg, PA	Testimony giving a general overview of the OCA and legislative priorities
3-26-19	PUC Consumer Advisory Council	Harrisburg, PA	General overview of the OCA
5-1-19	Joint Hearing of the PA Senate Consumer Protection and Professional Licensure Committee and the PA Senate Environmental Resources and Energy Committee	Harrisburg, PA	Alternative Energy Portfolio Standards Act

5-6-19	Pennsylvania House Consumer Affairs Committee	Harrisburg, PA	Testimony regarding HB 11
5-14-19	WSBA Radio	York, PA	Discussion regarding various public utility topics for the Community Focus program

Consumer Liaison Heather Yoder, and other members of the OCA Staff participated in the following public forums during the last Fiscal Year:

7-30-18	Senior Expo sponsored by Representative Carl Walker Metzgar	Somerset, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-3-18	Senior Expo sponsored by Representative Martin Causer	Bradford, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-3-18	Nifty Sixty Plus Baby Boomer Expo sponsored by Representative Donna Oberlander	Clarion, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-6-18	AWWA/WEF Affordability Symposium	Washington, DC	Panel on Regulatory Angles for Water/wastewater affordability
8-8-18	Utility and Consumer Education Fair sponsored by Representative Thomas Caltagirone	Reading, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-23-18	Senior Expo sponsored by Senator Jake Corman	Lewistown, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-28-18	Senior Expo sponsored by Representative R. Lee James	Franklin, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-28-18	Senior Expo sponsored by Senator Don White, Representative Jeff Pyle and Representative Donna Oberlander	Kittanning, PA	Staff an exhibitor's booth, answer questions and distribute materials

8-28-18	Community Meetings regarding Pittsburgh Water and Sewer Authority (PWSA) hosted by Senator Jay Costa	Pittsburgh	Two informal meetings to hear from PWSA customers regarding their water service
8-30-18	Senior Expo sponsored by Representative Jeff Wheeland	Williamsport, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-6-18	2018 Carbon County Senior Expo hosted by Senator John Yudichak and Representative Doyle Heffley	Lehighton, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-7-18	Senior Expo sponsored by Representative Mike Tobash	Pine Grove, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-7-18	Senior Health Expo sponsored by Representative Dan Deasy	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-7-18	Senior Expo sponsored by Representative Sue Helm	Harrisburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-7-18	Senior Expo sponsored by Senator Elder Vogel	Monaca, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-13-18	Senior Expo sponsored by Senator Gene Yaw and Representative Garth Everett	Montoursville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-13-18	Senior Expo sponsored by Representative Tarah Toohil	Hazleton, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-18	Senior Expo sponsored by Representative Martin Causer	Kane, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-18	Senior Fair sponsored by Representative Rob Kauffman	Fayetteville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-18	Senior Expo sponsored by Representative Zach Mako	Cherryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-18	Be Utility Wise	Erie, PA	Presentation: Overview of the OCA and the OCA consumer complaint process

9-18-18	Community Utility & Resources Fair sponsored by the PA PUC and the Yeadon Public Library	Yeadon, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-20-18	Flu Shot & Senior Fair sponsored by Senator Wayne Fontana	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-20-18	Senior Citizen Expo sponsored by Senator John Yudichak, Senator Lisa Baker, Representative Aaron Kaufer, and Representative Jerry Mullery	Wilkes-Barre, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-20-18	Senior Expo sponsored by Representative Warren Kampf	Oaks, PA	Staff an exhibitor's booth, answer questions and distribute materials Presentation on shopping for an electric and natural gas supplier
9-27-18	Senior Expo sponsored by Senator Christine Tartaglione	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-28-18	Senior Expo sponsored by Senator Randy Vulakovich and Representative Hal English	Allison Park, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-28-18	Senior Expo sponsored by Representative Mark Keller	Newport, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-4-18	Senior Expo sponsored by Representative Parke Wentling	Girard, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-4-18	Senior Expo sponsored by Senator Tom Killion	Media, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-4-18	Senior Expo sponsored by Representative Sue Helm	Halifax, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-5-18	Senior Expo sponsored by Senator John Sabatina	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-5-18	Senior Expo sponsored by Representative Frank Dermody	Tarentum, PA	Staff an exhibitor's booth, answer questions and distribute materials

10-10-18	Consumer Resources and Utility Fair sponsored by the PA PUC and the Aston Public Library	Aston, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-11-18	Senior Expo sponsored by Representative Bill Kortz	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-11-18	Senior Expo sponsored by Representative Todd Stephens	Montgomeryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-12-18	Senior Expo sponsored by Representative Martin Causer	Roulette, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-18	AKA Sorority Energy Forum	Harrisburg, PA	Presentation on the OCA, Customer Assistance Programs and Saving Energy
10-17-18	Be Utility Wise	Philadelphia, PA	Presentation on Consumer Protections Related to Electric and Natural Gas Shopping.
10-18-18	Senior Expo sponsored by Senator Kim Ward	Greensburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-22-18	2018 Berks Be Wise	Reading, PA	Panelist on Utility Safety and Shopping
10-24-18	Senior Expo sponsored by Representative David Millard	Bloomsburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-25-18	Senior Expo sponsored by the Salvation Army	Waymart, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-25-18	Senior Expo sponsored by Representative Michael Corr	Collegeville, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-25-18	Senior Expo sponsored by Senator Mike Regan	Camp Hill, PA	Staff an exhibitor's booth, answer questions and distribute materials

10-25-18	Senior Expo sponsored by Senator Don White, Representative Dave Reed and Representative Cris Dush	Indiana, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-26-18	Senior Citizen Wellness Expo sponsored by Representative Mark Mustio and Senator Guy Reschenthaler	Moon Township, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-26-18	Senior Expo sponsored by Representative Katharine Watson	Doylestown, PA	Staff an exhibitor's booth, answer questions and distribute materials
11-16-18	Be Utility Wise	Harrisburg, PA	Presentation: Overview of the OCA and the OCA consumer complaint process
1-23-19	National Regulatory Research Institute Webinar	Harrisburg, PA	Panelist on Secondary Contaminants: Environmental and Economic Considerations
1-29-19	Consumer Resources and Utility Fair sponsored by the PA PUC and the Ridley Township Public Library	Folsom, PA	Staff an exhibitor's booth, answer questions and distribute materials
2-12-19	NARUC Winter Policy Summit	Washington, D.C.	Panelist on Fair Market Value Acquisitions
2-15-19	Consumer Resources and Utility Assistance Workshop sponsored by The New Covenant Church of Philadelphia in collaboration with The National Coalition of 100 Black Women, Inc.- PA Chapter	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
3-7-19	Consumer Resources and Utility Fair sponsored by the PA PUC and the Cobbs Creek Environmental Center	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
3-7-19	Presentation to the Waymart Golden Years Seniors	Waymart, PA	Presentation on the OCA and shopping for an electric generation supplier

3-8-19	OAG Bureau of Consumer Protection Consumer Fair	Elizabethtown PA	Staff an exhibitor's booth, answer questions and distribute materials
3-8-19	OAG Bureau of Consumer Protection Consumer Fair	Cornwall, PA	Staff an exhibitor's booth, answer questions and distribute materials
3-12-19	Utility Assistance and Human Service Resource Workshop hosted by Venango County Human Services	Franklin, PA	OCA/PUC presentation Overview of the OCA and the OCA consumer complaint process. Also talked about utility assistance programs
3-19-19	Consumer Resources and Utility Fair sponsored by the PA PUC and the J. Lewis Crozer Public Library	Chester, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-26-19	Senior Expo sponsored by Senator Lisa Boscola and Representative Jeanne McNeill	Whitehall, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-9-19	Senior Expo sponsored by Senator Wayne Langerholc, Jr.	Johnstown, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-16-19	26 th Annual Health & Safety Awareness Day sponsored by the PA Department of Military and Veterans Affairs	Annville, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-16-19	Senior Expo sponsored by Representative Eric Nelson	Delmont, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-17-19	Annual Spring Senior Fair sponsored by Representative Peter Schweyer and Representative Mike Schlossberg	Allentown, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-31-19	Senior Expo sponsored by Senator Pat Stefano	Somerset, PA	Staff an exhibitor's booth, answer questions and distribute materials
6-18-19	Consumer Resources and Utility Fair sponsored by the PA PUC and the Radnor Memorial Library	Wayne, PA	Staff an exhibitor's booth, answer questions and distribute materials

Social Media Outreach

In an effort to increase our visibility and enhance our education and outreach efforts, the OCA launched on social media platforms, Twitter and Facebook, in the first quarter of 2017. During the Fiscal Year, we gained 97 Followers on Twitter and posted 242 Tweets. On Facebook, we gained 37 Followers and posted 242 times.

Call Center

The OCA's toll free number – 800-684-6560 – was implemented in the year 2000, to aid consumers who have questions about or problems with their utility service. The OCA's consumer service representatives staff the toll free number Monday through Friday. The toll free number with consumer service representatives is another way to expand our outreach to all Pennsylvania utility consumers on the continuing changes in utility regulation.

During Fiscal Year 2018-2019, we had a total of 8,430 consumer contacts in the Call Center, including requests for shopping guides, phone calls, letters and emails. This number excludes data from November 2018. Due to the conversion to a new database, data for that month was unavailable.

Summarized here are examples of our assistance to individual consumers:

We assisted a military veteran who was facing termination of water service. The utility refused to make any payment agreements and wanted payment in full. We contacted a charitable organization to see if they could assist the consumer with a grant to apply toward the account balance. The utility agreed to accept the grant and made a payment agreement on the balance so the consumer could avoid the termination.

We assisted another military veteran who was pregnant and homeless. She was working with a veteran organization to find housing but was unable to obtain electric service due to a large past due balance with the electric utility. We contacted the utility on her behalf. They agreed to accept a payment toward the arrearage in order for her to establish service. Once she established service, they would work with her to enroll in appropriate customer assistance programs.

We assisted a consumer whose electric service was scheduled for termination due to an outstanding balance. The consumer contacted the utility and offered partial payments until he began receiving Social Security benefits a few months later, but the utility would not accept this arrangement. We contacted the utility on the consumer's behalf and they advised they had also received a Complaint from the PUC. Due to the

pending PUC Complaint, the termination was put on hold and the consumer was told to pay the current charges until the PUC rendered a decision in the case.

We assisted a consumer who was dealing with some family medical problems. She fell behind on paying her electric bill which caused her service to be terminated. The consumer made a payment toward the balance but the utility was asking for payment in full before the power would be restored. We contacted the utility on the consumer's behalf. They agreed to accept the partial payment to restore service and gave her a payment arrangement on the remaining balance.

We assisted a consumer who was facing termination of her electric service. She had fallen behind on her bill due to her son's illness. He passed away and the termination was scheduled for the day before his funeral. We contacted the utility on the consumer's behalf. They agreed to cancel the termination and put the consumer on a payment agreement, giving her time to return to work and make the payment.

We assisted a consumer who had a pending termination notice for electric service. The consumer contacted a charitable organization who offered financial assistance but it was not enough to pay the bill in full. We contacted the electric utility to ask if they would accept the grant from a charitable organization and reinstate the consumer's payment plan. The utility agreed to stop the termination and reestablish the consumer's payment plan.

We assisted a consumer who was facing termination of her electric service. The consumer had a large balance and was struggling to make payments. Our Office contacted the electric utility on the consumer's behalf. We requested an extension until she received her Social Security check and had time to contact the PUC to set up a payment agreement. The utility agreed to place the termination on hold. They also advised that the customer was with an electric generation supplier who was charging almost double the current price to compare. The consumer did not know she was with a supplier and we instructed her how to return to her electric utility for generation service.

We assisted a consumer who had a large balance on her natural gas bill and was trying to receive LIHEAP Crisis funding. We helped her to establish her eligibility for funding.

We assisted a consumer who had recently moved to Pennsylvania. She established an account with the water utility and she had service to her apartment. Several days later, the service was terminated without notice. She contacted the water utility and was told the account was not set up correctly. She asked that the service be restored the same day while they investigated the problem. The utility agreed but the service was not restored causing the consumer to incur expense in purchasing bottled water. The

service was restored the next day but the utility charged a reconnection fee. We contacted the utility on the consumer's behalf. They agreed to waive all reconnection and service activation fees. They also gave her a \$20 courtesy adjustment.

We assisted a couple who was without landline telephone service for several days and who relied on the telephone line for medical monitoring equipment. The line had been repaired but the customer began experiencing issues shortly after. We contacted the utility on the couple's behalf. They installed a new line and credited their account for the time they were out of service.

We assisted a consumer who was having an issue with the quality of his landline telephone service. The utility checked the line and said it was clear but the consumer continued to have static and was not able to complete calls. Our Office requested the utility send a technician to the property. The technician discovered an issue with the consumer's handset. The technician assisted the consumer in setting up the handset and the phone was in working condition.

We assisted a consumer who was experiencing ongoing telephone service outages. Despite the utility's responsiveness to the outages, the quality of service did not improve. We contacted the utility on the consumer's behalf. They repaired a grounded aerial line and the consumer reported improved service quality and no outages.

We assisted a consumer whose telephone utility charged a late fee for three months despite the consumer paying on time. We contacted the utility on the consumer's behalf. The utility discovered when they updated their automated billing system, it changed the due date on the bill but not in their billing system. The utility corrected the date in the system and issued a credit for the late fees.

We assisted a consumer who was enrolled in her electric utility's customer assistance program but missed two payments due to medical reasons for a child resulting in time off work. The customer received a termination notice and was willing to make a good faith payment in an attempt to catch up and receive more time to figure out a way to pay the remainder of the balance. We contacted the utility on the consumer's behalf to find out if she was eligible for a new payment agreement and/or a medical certificate due to the child's health. The utility placed a three-day hold on the account to allow for a medical certificate and provided information on program options available to help the consumer.

We assisted a consumer who was facing termination of her gas service. After defaulting on a payment agreement, the consumer made a payment but could not pay the remaining balance until she received her next paycheck. We contacted the utility on the

consumer's behalf and they placed a three day hold on the account. This allowed time for the customer to make a payment toward the balance.

We assisted a consumer who had safety concerns regarding electric poles that were leaning along his street. The utility visited the property and determined the poles were OK but dispatched another technician. That technician confirmed that the poles were leaning but did not pose a safety risk. However, the technician created a work order to have the poles straightened.

We assisted a consumer who made three attempts to cancel service with his electric generation supplier. Due to failure by the EGS to process the cancellation the first time, the consumer continued with the EGS service after his contract expired which resulted in him paying a higher month-to-month rate. We contacted the EGS on the consumer's behalf. They verified the service was cancelled and they refunded the consumer the overcharge he incurred after his initial attempt to cancel the service.

We assisted a consumer who was enrolled by an EGS door to door marketer but afterward had concerns about his enrollment. He cancelled with the EGS the same day and received a confirmation of the cancellation. A few weeks later, he received a letter from the EGS confirming his enrollment. We contacted the EGS on the consumer's behalf. We confirmed the account was cancelled and he would not incur any charges or cancellation fees from the EGS.

We were contacted by a consumer whose wife signed up for service with an electric generation supplier. She did not fully understand what she was agreeing to and they were paying more than their utility's price to compare. The consumer cancelled with the supplier and was charged an early termination fee. The consumer did not feel he should have to pay the fee. We contacted the utility on the consumer's behalf and they agreed to waive the early termination fee for this customer.

We assisted a consumer who had two properties and two separate accounts enrolled with an electric and natural gas supplier. The consumer claimed that he was being charged incorrectly on both accounts. Our Office contacted the supplier on the consumer's behalf and requested a refund for the months that he overpaid. The supplier agreed to refund the customer for the overpayment and cancel both accounts once the refunds were processed.

We assisted a consumer who was having difficulty cancelling service with an electric generation supplier at the end of his contract. The consumer called a week before his contract expired. He was told that his cancellation would be processed and was given a cancellation number. On his next bill, the supplier billed at a higher rate per kWh than

he had been paying under the contract. Our Office contacted the supplier on the customer's behalf. We were able to obtain a refund for the overcharge and ensure the cancellation was processed.

We assisted a consumer who received a new refrigerator as part of her utility's usage reduction program. The refrigerator was only a year old and it stopped working. We contacted the utility on the consumer's behalf. They agreed to replace the refrigerator at no cost to the consumer.

SERVICE TO PENNSYLVANIA AND THE NATION

Participation in NASUCA and in Other Consumer Interest Organizations

On the national level, members of the OCA staff continued to serve in leadership positions with the National Association of State Utility Consumer Advocates. NASUCA has members from 40 states, the District of Columbia, Jamaica, Barbados and Puerto Rico and provides valuable input on consumer utility issues.

- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee.
- Senior Assistant Consumer Advocate Christine Maloni Hoover and Senior Assistant Consumer Advocate Erin Gannon participate in the Water Committee.
- Assistant Consumer Advocate Barrett Sheridan is part of a three member steering group that directs the work of the NASUCA Telecommunications Committee.
- Assistant Consumer Advocate Christy Appleby and J.D. Moore and Consumer Liaison Heather Yoder participate in the Consumer Protection Committee.
- Assistant Consumer Advocate Christy Appleby and Senior Assistant Consumer Advocate Aron Beatty participate in the Gas Committee.
- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocate David Evrard participate in the Electric Committee.
- Acting Consumer Advocate Tanya McCloskey and Regulatory Analyst Ashley Everette participate in the Tax and Accounting Committee.

Additionally, OCA staff members serve in an advisory role on committees at the federal level.

- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocate David Evrard represent the OCA on the following PJM committees or groups:

Members Committee, Markets and Reliability Committee, Market Implementation Committee, Transmission Expansion Advisory Committee, Public Interest/Environmental Organizations Users Group, and the Liaison Committee.

- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee of the National Council on Electricity Policy.
- Assistant Consumer Advocate Barrett Sheridan is the NASUCA representative on the Lifeline Across America Working Group, a joint effort with the Federal Communications Commission and National Association of Regulatory Utility Commissions. Ms. Sheridan also serves as a member of the advisory staff for the Consumer Representative on the Federal-State Joint Board for Universal Service which advises the FCC.
- Senior Assistant Consumer Advocate Darryl Lawrence was elected to serve a fifth term as a small consumer representative on the Planning Committee of the North American Electric Reliability Corporation.
- Senior Assistant Consumer Advocate Christine Hoover was appointed to the Water Research Foundation's Public Council.

In Pennsylvania, the OCA represents the interests of consumers on a number of different boards and projects.

- Acting Consumer Advocate Tanya McCloskey serves on the Board of the Pennsylvania Sustainable Energy Fund, serves as the OCA's representative on the Pennsylvania Energy Development Authority Board of Directors, and represents the OCA on the Department of Human Services LIHEAP Advisory Committee.
- Assistant Consumer Advocate Barrett Sheridan represents the OCA on the 911 Task Force, a joint effort between the PUC, PEMA, and members of the Public Safety community. Ms. Sheridan also represents the OCA on the Telephone Relay Service Task Force.
- Senior Assistant Consumer Advocate Christine Hoover represents consumer interests in issues related to water systems. She and Regulatory Analyst Ashley Everette serve as members of the PUC's Small Water Company Task Force. Ms. Hoover also serves on the Technical Assistance Center (TAC) for small water systems. TAC's role is to provide advice to the Department of Environmental Protection on small water system issues and to help coordinate activities among various agencies and organizations affecting small water systems. Ms. Everette and Senior Assistant Consumer Advocate Erin Gannon are alternates.

The OCA staff has also shared its expertise with other state agencies, consumers, and industry representatives at conferences and training programs.

OCA STAFF

Tanya J. McCloskey
Acting Consumer Advocate

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Erin L. Gannon
Christine Maloni Hoover
Darryl A. Lawrence

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Harrison W. Breitman
Lauren M. Burge
Phillip D. Demanchick
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