Annual Report
of the
Pennsylvania
Office of Consumer Advocate
Fiscal Year 2013-2014

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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 Interconnection, whose decisions have a critical impact on electric prices and service in Pennsylvania. Through our consumer education outreach, website, 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 rulemakings and implementation orders regarding electric and natural gas restructuring, as well as regulatory requirements for basic and advanced telecommunications services. In Fiscal Year 2013-2014, the OCA participated in ongoing proceedings involving the implementation of Act 11 of 2012, which includes, among other things, a Distribution System Improvement Charge (DSIC) for electric, natural gas, water, and wastewater utilities, a fully projected future test year, and the opportunity for water companies to combine water and wastewater revenue requirements. Many filings were made to establish DSICs, and numerous rate filings included the use of a fully projected future test year. Two rate filings also included proposals to combine water and wastewater revenue requirements.

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 filed complaints against a number of electric generation suppliers regarding the variable rates charged to customers during early 2014. The OCA also actively participated in a number of rulemakings before the PUC to address proposed changes in disclosure requirements, and switching time frames. In addition, 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, 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 is involved in the initial DSIC filing and ongoing quarterly DSIC filings made pursuant to Act 11 by an electric distribution company and in distribution base rate proceedings filed by electric distribution companies. At the same time, through our website and consumer outreach, 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 and in the activities of the PJM Interconnection.

In the natural gas industry, the OCA has participated in a number of base rate cases as well as application and merger cases involving natural gas utilities. The OCA also is involved in all of the initial DSIC filings and ongoing quarterly DSIC filings made pursuant to Act 11 by natural gas companies. 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 participated in each of the gas unbundling cases filed under Section 1308(a) to unbundle gas supply costs from distribution rates. The OCA has also been active in cases concerning the extension of natural gas service to unserved areas. The OCA participates in proceedings at the FERC that involve the major interstate pipelines that serve Pennsylvania's retail natural gas distribution companies.

In telecommunications, the OCA has participated in cases involving broadband deployment and basic service pricing in Pennsylvania, as well as cases involving implementation of recent federal orders regarding access charges and universal service funding. 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 while also achieving the universal broadband requirements of Chapter 30. 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 participated in cases under the Chapter 30 Bona Fide Retail Request (BFRR) program to accelerate broadband deployment in unserved areas. 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, acquisitions, and other application proceedings, and mandatory takeover proceedings involving both large and small utilities. 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. In addition, the OCA has participated in a number of service quality cases to ensure that consumers are receiving safe and adequate water and wastewater service, and has also worked to extend public water service at a reasonable cost to unserved areas. During the last two Fiscal Years, the OCA has addressed requests from water utilities under Act 11 that want to combine water and wastewater revenue requirements as part of rate increase requests, as well as water and wastewater utilities of all sizes that choose to use the fully projected future test year. The OCA also is involved in the DSIC filings made pursuant to Act 11 by two wastewater companies.

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

The OCA also responds to individual utility consumer complaints and inquiries. The OCA maintains a toll-free calling number (800-684-6560) which is staffed from 8 a.m. to 5 p.m. Monday through Friday. The OCA also devotes substantial resources to educating consumers about changes in the utility industry. The 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 the last fiscal year, the OCA participated in 84 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. 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
Pennsylvania

Duquesne Light Company

Pa. PUC v. Duquesne Light Co., Docket No. R-2013-2372129. On August 2, 2013, Duquesne Light Company filed Tariff Supplement No. 81 to Tariff Electric – Pa. P.U.C. No. 24 seeking an additional $76.3 million in annual operating revenues, or 17% more than annual distribution revenues at present rates. On August 16, 2013, the OCA filed a Formal Complaint and Public Statement in this matter. The OCA retained four expert witnesses to review the filing and submitted direct, rebuttal and surrebuttal testimonies. The OCA testimony identified a revenue deficiency of $15.6 million in annual operating revenues. The OCA recommendation was developed based on a return on equity of 9%, as compared to the Company’s proposed return on equity of 11.25%. The OCA further recommended that a smaller percentage of the increase be allocated to the residential customer class and that the residential customer charge be set at $7.50 per month, as compared to the Company’s proposed customer charge of $15.00 per month. In addition, the OCA recommended steps to improve the Company’s universal service program and customer service in general.

On January 16, 2014 the parties reached a settlement on all issues except an issue raised by the NRG Companies regarding Duquesne’s Tariff Rider 18. The settlement provided for rates designed to produce a net increase in annual distribution operating revenues of $48 million for service rendered on or after May 1, 2014. Of this total, $34 million was allocated to residential customers, as compared to the $53 million allocated to residential customers in the Company’s filing. The Settlement included modifications and updates to the Company’s universal service program and customer service protocols. The Settlement further reduced the requested increase in the monthly residential customer charge from the proposed $15.00 to $10.00. Hearings were held regarding the NRG Companies’ issue on December 16, 17 and 20, 2013. The ALJ issued his Recommended Decision on March 28, 2014, wherein he recommended adoption of the settlement without modification. By Order entered April 23, 2014, the PUC adopted the settlement without modification. The NRG Companies’ issues remain under consideration with the ALJ.

Duquesne Light Company Default Service Plan (2015-2017), Docket No. P-2014-2418242. On April 24, 2014, Duquesne Light filed a Petition with the Commission seeking: (i) approval of a default service plan (DSP) for the period June 1, 2015 through May 31, 2017, (ii) approval of a Time-of-Use (TOU) Program, and (iii) other approvals required for the implementation of the DSP. Duquesne also proposed to continue its existing Customer Referral Program into the next plan period.

In its Petition, Duquesne Light proposed that default service for residential customers be supplied primarily through 12-month, laddered supply contracts. Additionally, there
would be one 6-month contract at the beginning of the DSP. All supply contracts would be fixed-priced, full requirements contracts, procured from third party suppliers through semi-annual competitive requests for proposals (RFPs). One 12-month contract would have a delivery period that extends six months beyond the end of the DSP period to provide more stable pricing between DSP periods. All of the procurements would be held within three months of the start of delivery, except for the 6-month “out of cycle” contract, which would be procured in February 2015, four months from the start of delivery.

In its Petition, Duquesne Light also proposed semi-annual reconciliation of Residential procurement group default service costs and revenues, made several modifications to its current Standard Offer Customer Referral Program (CRP or Program), and proposed its plan to bid out its TOU obligation to EGSs. Additionally, Duquesne Light proposed to continue its current Purchase of Receivables (POR) plan for Residential customers.

In its Direct Testimony the OCA recommended modifications to the Company’s residential procurement plan to ensure greater diversity of supply and compliance with the Public Utility Code’s procurement standards. In addition, the OCA recommended modifications to the Company’s customer referral program designed to improve consumer education and clarify the cost benefits and risks inherent in the program as designed. At the end of the Fiscal Year, this case was pending before the ALJ.

Duquesne Light Company Petition for Approval and Modification of its 2014-2016 Universal Service and Energy Conservation Plan, Docket No. M-2013-2350946. On June 28, 2013, Duquesne Light Company filed its Petition for Approval and Modification of its 2014-2016 Universal Service and Energy Conservation Plan (2014-2016 USP or Plan). Duquesne had filed its original 2014-2016 Plan, in February 2013, which included a number of changes to its Customer Assistance Program (CAP), the program to assist low income customers having difficulty paying their bills. The Amended Plan was filed with Duquesne’s Petition for Approval of a Default Service Program and Procurement Plan for the period June 1, 2013 through May 31, 2015 (DSP VI) at Docket No. P-2012-2301664. The Commission issued a Tentative Order on December 19, 2013, in which it requested Comments from parties concerning the issues presented in Duquesne’s Plan. The OCA submitted Comments on January 8, 2014 and Reply Comments on January 21, 2014. The OCA’s Comments addressed the manner in which CAP customers’ bill payments were to be applied to their existing balances, as well as the application of CAP credits to customer bills. The OCA also addressed the automatic re-certification of CAP customers, supporting the use of automatic re-certification for confirmed LIHEAP grant recipients to ensure full compliance with the CAP requirements. The OCA further commented on the need to target funding towards those customers using portable electric space heating for their winter heating needs.

On March 6, 2014, the Commission issued a Final Order, in which it required several modifications to the Company’s Plan. Consistent with the approach supported by the OCA, the Final Order modified the application of CAP bill payments, as well as the application of CAP credits over each 12-month period. In addition, the Final Order
modified the CAP re-certification process consistent with the approach forwarded in the OCA’s Comments.

Petition of Duquesne Light Company to Adopt a CAP-Plus Plan, Docket No. P-2011-2233540. As discussed in last year’s Annual Report, in 2009, the Department of Public Welfare proposed a change to the method of applying Low Income Home Energy Assistance (LIHEAP) grants to the bills of customers participating in utility-operated Customer Assistance Programs (CAP). The DPW policy change required that the LIHEAP cash grant be applied to the portion of the CAP customer’s bill that the CAP customer was “asked to pay” under the Commission’s regulations regarding such assistance programs. The “asked-to-pay” amount is the amount determined to be affordable for the customer. Previously, the LIHEAP grant was applied to the remaining portion of the customer’s bill which is paid by other non-CAP customers. This allowed the CAP customer to pay only the affordable portion. As part of its 2010 base rate settlement, Duquesne agreed to implement a CAP Plus program to address this change in policy and the cost consequences to other ratepayers from this policy change. Pursuant to the settlement, on March 29, 2011, Duquesne petitioned the Commission for approval of the CAP-Plus plan. At the end of the Fiscal Year, this matter remains pending before the Commission.

FirstEnergy Companies:

**Metropolitan Edison, Pennsylvania Electric, Pennsylvania Power, West Penn Power**

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs, Docket Nos. P-2013-2391368, P-2013-2391372, P-2013-2391375, P-2013-2391378. On November 4, 2013, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power (Companies) filed a Joint Petition with the Commission seeking approval of default service programs (DSPs) and procurement plans for the period June 1, 2015 through May 31, 2017. In their Petition, the Companies proposed to acquire supply for residential customers through a series of load-following, full requirements supply contracts in approximately 50 megawatt (MW) tranches. For each residential tranche, 95% of the supply would be at a fixed price, with the remaining 5% priced at the hourly PJM Interconnection, LLC (PJM) real-time zonal locational marginal price for each of the Companies. The Companies proposed that the new contracts for residential products have staggered 3, 12, 24, and 48-month terms. These full requirements products were proposed to be procured through quarterly descending-price clock auctions occurring in January, April, June, and October. Under the Companies’ proposal, approximately 60% of the total power supply for residential customers for the two-year default service period would be purchased within a 3-month window. Additionally, the Companies proposed a summer/non-summer pricing differential. The
Companies did not propose any changes to their Customer Referral Program, nor to their “E” factor reconciliation mechanisms.

The OCA served its direct testimony on January 16, 2014. In its testimony, the OCA’s expert witnesses recommended, among other things, that the Company eliminated the use of the 3 month contracts for residential customers and that it expand its purchasing window. The OCA’s witnesses also raised concerns with disclosures in the Competitive Retail Enhancement Program. Rebuttal testimony was served on February 7 and surrebuttal testimony was served on February 21. Throughout the proceeding, the OCA actively participated in settlement discussions with the Companies and the parties. A hearing was held on March 6, at which time, the parties were able to agree to resolve all but one discrete issue. The sole issue reserved for litigation was the treatment of Network Integration Transmission Service (NITS) charges.

On March 27, 2014, the parties filed a Joint Petition for Partial Settlement. The Settlement modified the procurement by reducing the percentage of supply purchases over a 3-month period, thus alleviating an issue raised by the OCA’s witness. In addition, the Settlement required increased disclosure of the terms and conditions of the Companies’ Customer Referral Program. With regard to the non-settled issue, the Companies; the Industrial Intervenors; RESA; FirstEnergy Solutions, Corp.; and Exelon filed their Initial Brief on the NITS issue on March 27 and their reply briefs on April 10. On May 6, 2014, the ALJ recommended approval of the Joint Petition for Partial Settlement and denial of the proposal to include Network Integration Transmission Services in the Companies’ Default Service Supply Rider as a non-bypassable charge. At the end of the Fiscal Year, this case was pending before the Commission.

Petitions of Metropolitan Edison Company, Penn Power Company, Pennsylvania Electric Company and West Penn Power Company for Waiver of 52 Pa. Code § 56.97(a), Docket Nos. P-2013-2384967, P-2013-2386061, P-2013-2386062, P-2013-6064. Section 56.97(a) requires that EDCs allow consumers facing termination of service to consult directly with a customer service representative to learn about the options for avoiding termination. The FirstEnergy companies filed separate petitions for permanent waiver of Section 56.97(a) on October 1, 2013. The Companies proposed to allow those consumers facing termination to communicate through the EDC’s website or interactive telephone response (IVR) system, as an alternative. The OCA filed Answers on October 15, 2013. The OCA supported grant of waiver, but only on a conditional two-year basis, to better protect consumers and obtain information regarding the effectiveness of the FirstEnergy programs. The Commission agreed with the OCA and granted a two-year waiver to each FirstEnergy company, subject to certain conditions and reporting requirements, by Orders entered November 14, 2013.

Order, the FirstEnergy Companies (Med-Ed, Penelec, Penn Power and West Penn Power) jointly filed their Smart Meter Deployment Plan (Plan) with the Commission. According to their Plan, the FirstEnergy Companies intended to deploy approximately 2.1 million smart meters, 98% of which will be installed by 2019, at a cost of $1.258 billion. The OCA filed its Comments and Answer to the Plan on February 8, 2013. The OCA fully participated in this matter by submitting the Direct and Surrebuttal Testimonies of three witnesses and conducting cross-examination at a hearing on May 8, 2013. The OCA’s main issues with the FirstEnergy Companies’ Plan, as filed, included: (1) the Companies did not perform a proper analysis to determine if their projected costs are reasonable; (2) the Companies did not properly address allocation of costs among sister utilities in other states; and (3) the Companies did not properly identify and quantify potential savings from the installation of smart meters. The ALJ issued a Recommended Decision on November 8, 2013, recommending adoption of nearly all of the OCA’s positions. The FirstEnergy Companies and the OCA submitted Exceptions and Reply Exceptions to the Recommended Decision. In their Exceptions, the Companies proposed accelerating deployment of smart meters in their Penn Power service territory. The OCA objected to the new proposal and asserted that FirstEnergy must bring such a proposal in a Petition to Amend the Deployment Plan. The PUC entered an Order on March 6, 2014, disposing of the parties’ Exceptions and Reply Exceptions. The PUC adopted the OCA’s positions regarding the allocation of costs among FirstEnergy’s sister utilities in other states and properly identifying and quantifying savings.

The PUC also directed FirstEnergy to file an Amended Plan in order for the Commission to consider an accelerated deployment of smart meters in the Penn Power service territory. The Companies submitted an Amended Plan on March 28, 2014, as part of its compliance filing to the March 6th Order. The OCA submitted Exceptions to the compliance filing asserting that it is not proper to file an Amended Plan with a compliance filing and that FirstEnergy failed to identify all the categories of savings from deployment of smart meters in its compliance filing as directed by the PUC. By Secretarial Letter dated April 16, 2014, the Commission accepted the OCA’s Exception to the Amended Plan being improperly filed and directed further hearings. A Second Prehearing Conference was convened on April 25, 2014, and a litigation scheduled was adopted. The OCA submitted direct testimony on April 29, 2014, opposing the Companies’ proposal because it increased the costs of the Deployment Plan without corresponding increases in savings or benefits to customers. The Companies’ rebuttal testimony was filed on May 5, 2014, and a hearing was held May 7, 2014. Main Briefs were filed on May 15, 2014.

On June 25, 2014, the Commission issued an Order which denied the OCA’s Exceptions with respect to the Companies’ proposed accelerated smart meter deployment and approved the Companies’ request to accelerate the smart meter deployment in the Penn Power service territory.

Petition of West Penn Power Company Challenging an Initial Determination of Non-Compliance with Section 2806.1(c) of Act 129, Docket No. P-2014-2415521. On March
20, 2014, the Commission issued an Order in the matter of Energy Efficiency and Conservation Program at Docket Nos. M-2008-2069887, M-2012-2289411. In its Order, the Commission reviewed the Statewide Evaluator’s Phase I Final Annual Report to determine whether the electric distribution companies are in compliance with the 1% and 3% consumption reduction targets established at 66 Pa. C.S. §§ 2806.1(b), (c), and (d). The Commission initially determined that West Penn was not in compliance with its May 31, 2011 consumption reduction requirement. The Commission ordered that the determination would become final within 20 days unless West Penn filed a Petition challenging the determination. The Commission ordered I&E to institute an investigation to determine whether the target was met in compliance with Act 129 and whether West Penn should be subject to penalties. On April 9, 2014, West Penn filed its Petition Challenging An Initial Determination of Non-Compliance with Section 2801(c) of Act 129. On April 21, 2014, I&E filed a Formal Complaint at Docket No. C-2014-2417325. On April 29, 2013, the OCA filed an Answer, Notice of Intervention and Public Statement. The ALJ approved a requested stay on the matter until July 2014 to allow for settlement discussions. At the end of the Fiscal Year, this case was pending before the Commission.

First Energy Meter Reading Complaints, Docket Nos. C-2014-2404304 (Sterner v. West Penn), C-2014-2404307 (Baronner v. Penelec), and C-2014-2404308 (Whalen v. West Penn). On June 17, 2014, complaints were filed by employees and members of the Utility Workers of America System Local 102 in their individual and representative capacities. The complainants allege violations of Commission regulations requiring a utility that bills consumers monthly to read residential meters at least once every two months and sought a Commission Order requiring the companies to hire enough meter readers to comply with Commission regulations. The First Energy companies filed preliminary objections regarding the Unions’ representative standing, the remedy they sought, and whether the complainants had alleged sufficient harm. The ALJ issued an Initial Decision accepting the companies’ argument that the Commission lacked the power to grant the specific relief sought and that the Union lacked sufficient standing, however the ALJ rejected the argument that the complainants had not alleged sufficient harm. The complainants have filed amended complaints that address the defects in their original complaints. On April 24, 2014, the OCA filed an intervention in all three cases. At the end of the Fiscal Year, these complaints were pending before the PUC.

**PECO Energy Company**

Petition of PECO Energy Company for Approval of its Default Service Program, Docket No. P-2012-2283641. As discussed in last year’s Annual Report, on January 13, 2013, PECO 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. At hearings on May 22, 2012, the OCA submitted into the record the Direct, Rebuttal and
Surrebuttal testimonies and accompanying attachments of its witnesses. 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 low income customers in the Company’s Customer Assistance Program (CAP) to participate in the retail shopping market by no later than May 1, 2013.

On May 1, 2013, pursuant to the Commission’s October 12, 2012 Order in the PECO’s DSP II, PECO filed its Petition for Approval of its Customer Assistance Program (CAP) Shopping Plan to allow CAP customers to shop for electric generation. 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 Price to Compare (PTC) so as to maintain affordability of service. The OCA filed the Direct, Rebuttal and Surrebuttal Testimonies of Roger D. Colton generally supporting the Company’s proposal. The OCA also recommended that EGSs participating in the program not charge CAP customers a cancellation fee as that can impact affordability.

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. The Commission also rejected the OCA’s recommendation regarding cancellation fees. On February 10, 2014, the OCA filed a Petition for Reconsideration and Clarification. Petitions for Stay and Reconsideration were also filed by CAUSE-PA and the Company. On February 20, 2014, the Commission issued an Order which denied the requested Stay. On March 6, 2014, the Commission issued an Order which denied the Petitions for Reconsideration. On March 20, 2014, CAUSE-PA filed a Petition for Review at the Commonwealth Court and an Emergency Application for Stay. The OCA filed an Answer in support of the Application for Stay and subsequently filed its own Petition for Review. On March 25, 2014, the Commonwealth Court held oral argument on the Application for Stay. On March 28, 2014, Judge Leadbetter issued a Memorandum Opinion granting the Application for Stay. At the end of the Fiscal Year, these cases were pending before Commonwealth Court.

Petition of PECO Energy Company for Approval of its Default Service Program for the Period from June 1, 2015 through May 31, 2017 (DSP III), Docket No. P-2014-2409362. On March 10, 2014, PECO filed its DSP III Plan, which outlines PECO’s electric generation procurement plans for the period from June 1, 2015 through May 31, 2017. The OCA filed a Notice of Intervention, Public Statement and Answer on April 1, 2014. The OCA hired two expert witnesses to review all aspects of PECO’s filing and provide recommendations. In its Direct Testimony the OCA recommended modifications to the Company’s residential procurement plan to ensure greater diversity of supply and compliance with the Public Utility Code’s procurement standards. In addition, the OCA recommended modifications to the Company’s customer referral program designed to improve consumer education and clarify the cost benefits and risks inherent in the program as designed. At the end of the Fiscal Year, this case was pending before the ALJ.
PECO Energy Company Universal Service and Energy Conservation Plan Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.5, Docket No. M-2012-2290911. As discussed in last year’s Annual Report, on February 28, 2012, PECO Energy Company (PECO or the Company) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2013 through 2015 in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-54.78, relating to electric universal service and energy conservation requirements and at 52 Pa. Code §§ 62.1-62.8, relating to natural gas universal service and energy conservation requirements. On October 25, 2012, PECO filed an Amended USECP. By Tentative Order entered on November 8, 2012, the Commission requested Comments from interested parties regarding the Plan. The Office of Consumer Advocate filed Comments along with PECO and the Pennsylvania Utility Law Project (PULP), and on December 10, 2013, the OCA filed Reply Comments. A Secretarial Letter was issued on January 2, 2013, and the matter was sent to the Office of Administrative Law Judge for evidentiary hearings and the certification of the record. One of the primary issues raised in the proceeding was whether PECO’s CAP Rate design should be changed to a Percentage of Income Payment Plan (PIPP) and whether the proposed CAP design would provide a platform to allow for CAP customers to shop. The OCA filed the Direct and Rebuttal Testimonies of Roger D. Colton. Mr. Colton presented a fixed credit PIPP design that could also be used as a shopping platform if the PUC or the Company determined to implement a PIPP. hearings were held and briefs filed. The Commission issued an Order in the matter on April 4, 2013, which addressed the CAP design elements and required that the PECO file a report on or about September 30, 2013 regarding whether to change its CAP to a fixed credit program.

In compliance with the Commission’s Order, on September 30, 2013 PECO filed a report on the fixed credit proposal. On October 15, 2013, PECO filed a Supplemental Report. The parties continued to work on a program design throughout the Fiscal Year. At the end of the Fiscal Year, the case was pending before the Commission.

Pike County Light & Power Company

Pike County Light & Power Base Rate Case, Docket No. R-2013-2397237. On January 17, 2014, Pike filed with the Commission Supplement No. 61 to Tariff Electric – Pa. P.U.C. No. 8, to become effective on March 18, 2014. The Company proposed to increase its overall annual operating revenues by $1.7 million per year, an increase of approximately 43.3% in electric distribution revenues, or an overall increase of approximately 17.8% in total electric revenues. The OCA filed a Formal Complaint against the rate increase and the matter was sent to hearings. The OCA submitted the Direct Testimony, Rebuttal Testimony and Surrebuttal Testimony of its expert witnesses. The OCA testimony recommended a lower rate increase than proposed by the Company and a lower allocation of the rate increase to residential customers. The OCA Direct Testimony included adjustments to the Company’s rate base and operating expenses, and incorporated a lower rate of return. The OCA’s analysis of the Company’s revenue requirement showed a deficiency of $827,600, as compared to the
$1.7 million request contained in the Company’s filing. The OCA further recommended that the Company’s monthly residential customer charge be set at $8.50 rather than the proposed $10.35.

After the submission of Direct Testimony, the parties engaged in settlement discussions resulting in an agreement filed with the ALJ. Under the proposed settlement, the overall increase was reduced by $493,000 to $1,250,000. Under the original filing, residential rates would have increased by $1,032,699 per year. Under the Settlement, residential customers would pay an increase of $745,400 in base rates, thus sharing in the lowered revenue requirement agreed to by the parties. The Settlement also adopted the OCA proposed residential customer charge of $8.50 per month. Under the Settlement, the Company has agreed that it will not file a distribution base rate case until, at earliest, September 1, 2016. At the end of the Fiscal Year, the case was pending before the ALJ.

Petition of Pike County for Approval of its Default Service Implementation Plan, Docket No. P-2013-2371666. Pike County filed a Petition seeking approval of its Default Service Plan for June 1, 2014 through May 13, 2016. The Company proposed to extend its current procurement that relies exclusively on wholesale spot market purchases, and its rate methodology, for an additional two years. The OCA filed an Answer to the Company’s Petition. As in the extensively litigated 2012-2014 proceeding, the OCA filed expert testimony demonstrating that the Company’s proposal had produced highly volatile default service rates, and that the additional evidence of rate volatility since the Commission approved the prior default service plan weighed in favor of the Company purchasing a mix of fixed and spot market energy supply. The OCA also advocated that additional customer information be provided on bills so that customers would understand how Pike’s rates have changed over prior periods. The parties filed Main and Reply Briefs in the proceeding. On January 16, 2014, the Administrative Law Judge issued a Recommended Decision supporting the Company’s proposal, citing its consistency with the existing program that had been approved by the Commission. The OCA filed Exceptions to the ALJ’s decision on February 5, 2014. On March 20, 2014, the Commission approved the Company’s spot market procurement plan by a 3-2 vote. The Commission accepted the OCA’s position, however, that additional rate history information should be presented to customers so that they had a better understanding of the rate history of default service in Pike County’s service territory.

**PPL Electric**

Tentative Order on the Plan which requested Comments from interested parties. Pursuant to the Tentative Order, the OCA filed Comments on July 9, 2014. Among the issues addressed in its Comments, the OCA supported continued participation in the Customer Assistance Program (CAP) for those customers that exceeded their maximum CAP credit. In addition, the OCA argued that CAP customer should not be required to re-apply for the program if they move within the service territory. The OCA further supported an increase in the coordination efforts between OnTrack and WRAP. At the end of the Fiscal Year, this proceeding was pending before the Commission.

PPL Base Rate Case, Docket No. R-2012-2290597. As discussed in last year's Annual Report, on March 30, 2012, PPL filed a base rate case seeking a distribution-only revenue increase of $104.6 million per year, or a 2.9% overall increase in rates. However, the Company proposed to allocate nearly 100% of the increase to the residential classes. Specifically, for residential customers in Rate Class RS, the Company’s increase represented a 6.5% increase on a total bill basis, and for those in Rate Class RTS, the increase represented a 12.9% increase on a total bill basis. The base rate case was driven by the Company’s continued investment in infrastructure since its 2007 rate case, lower customer usage and a proposed return on equity of 11.25%. The OCA hired expert witnesses and provided testimony in this matter. The OCA recommended that the Company receive an increase of no more than $41.7 million with a return on equity of 9%. The OCA also recommended that the Company’s proposal to allocate nearly all of the rate increase to residential customers be rejected and that a more modest rate increase be borne by the residential class. In accord with the procedural schedule, the OCA filed its Main Brief on August 29, 2012 and its Reply Brief on September 14, 2012. On October 19, 2012, ALJ Colwell issued her Recommended Decision and recommended that PPL be authorized to implement a $63.8 million annual increase in rates, with a return on equity (ROE) of 9.74%. The ALJ’s recommended ROE was slightly higher, although consistent with substantial evidence produced by the OCA to show the current low cost of capital environment. On many of the other major issues in the case, however, such as the adoption of the OCA’s cost of service study, capital structure and accounting adjustments, the ALJ agreed with PPL. Accordingly, on November 8, 2012, the OCA filed Exceptions on those issues. On November 19, 2012, the OCA filed Reply Exceptions. On December 28, 2012, the Commission issued its Order. The Commission authorized PPL to increase its revenues by approximately $71 million, including a 10.4% ROE. The Commission affirmed the ALJ’s decision on other major issues such as the rejection of the OCA’s cost of service study, capital structure and accounting adjustments. The Commission also authorized PPL to increase its Residential customer charge from $8.75 to $14.09 per month.

Additionally, the Commission approved a proposal for a storm damage expense rider to recover storm damage expenses automatically on a dollar for dollar basis. The Commission directed PPL to file a more detailed proposal. The OCA filed a request for Rehearing/Clarification as to PPL’s proposed recovery mechanisms for storm damage expense as set out in the Commission’s December 28 Order. On February 28, 2013, the Commission issued an Order granting the OCA’s request for Rehearing and
amended its December 28, 2012 Order. The amended Order established a collaborative process with PPL and other stakeholders in order to create a fair and reasonable mechanism for PPL to account for storm damage expenses. Several meetings were held, but ultimately no consensus agreement was reached as to the form of a storm damage rider. On March 28, 2013, PPL filed its proposed storm damage rider with the Commission. On April 18, 2013, the OCA filed Comments as to PPL’s proposal, noting that the Company’s rider represented impermissible single issue ratemaking and would create undue burdens for PPL’s customers, especially those who were in the midst of recovering from storm damage, may still be without power from a particular storm, and yet, would be asked to start paying for storm damage restoration costs under PPL’s proposal. On May 6, 2013, Reply Comments were filed by PPL and the OCA. On November 15, 2013, the Commission issued an Order as to the SDER. The Commission’s Order included a list of additional questions that the Commission sought input on and created a paper hearing process for the parties to engage in. On December 16, 2013, the OCA provided Comments and further provided Reply Comments on December 31, 2013. On April 3, 2014, the Commission issued an Order approving the SDER with only minor modifications. On June 20, 2014, the OCA filed a Petition for Review with the Commonwealth Court. In its Petition for Review, the OCA argued that the PPL’s SDER is not consistent with Section 1307 of the Public Utility Code and applicable case law, in that it would enable the Company to collect increases in an operating expense that has been claimed in base rate cases for decades. At the end of the Fiscal Year, this case was pending before Commonwealth Court.

PPL Petition for Approval of its Default Service Plan (2015 through 2017), Docket No. P-2014-2417907. On April 18, 2014, PPL filed a Petition requesting approval of its next default service plan for the period June 1, 2015 through May 31, 2017. For residential customers, PPL proposed procuring full requirements contracts to provide its default service supply. PPL also proposed to continue its existing Customer Referral Program into the next plan period. The OCA filed an Answer and Notice of Intervention on May 8, 2014. The OCA served the Direct Testimony of Richard Hahn (addressing procurement and rate design issues) and Barbara Alexander (addressing consumer protection issues). In its Direct Testimony the OCA recommended modifications to the Company’s residential procurement plan to ensure greater diversity of supply and compliance with the Public Utility Code’s procurement standards. In addition, the OCA recommended modifications to the Company’s customer referral program designed to improve consumer education and clarify the cost benefits and risks inherent in the program as designed. At the end of the Fiscal Year, the case was pending before the Commission.

Petition of PPL Electric Utilities Corporation for Authorization to Defer, for Accounting Purposes, Certain Substantial, Unanticipated, Non-Recurring, and Extraordinary Meter Inspection and Replacement Expenses, Docket No. P-2014-2410164. On March 13, 2014, PPL requested authorization to defer, for accounting purposes, expenses associated with the inspection and replacement of certain meters that separated from aging meter bases, causing electric arcing between the meter and the base. PPL estimated that these costs would total approximately $25 to $30 million. On April 2,
2014, the OCA filed an Answer opposing PPL’s petition because these expenses are not the type of costs that the Commission has allowed for deferral. The OCA argued that these expenses should be recouped, if appropriate, from the meter manufacturer. On June 19, 2014, the Commission issued an Order denying PPL’s petition. The Commission agreed with the OCA that PPL should seek to recover funds, if appropriate, from the meter manufacturer.

Petition of PPL for Approval of its Long Term Infrastructure Improvement Plan, Docket No. P-2012-2325034. As discussed in last year’s Annual Report, the General Assembly passed legislation allowing Pennsylvania’s utility companies to impose distribution system improvement charges (DSICs) to recover costs associated with the repair or replacement of aging infrastructure. To qualify for such special recovery, the statute required that the utility demonstrate that it is accelerating the repair or replacement of the aging infrastructure and that such acceleration is cost-effective. The utility is also required to file its Infrastructure Improvement Plan (LTIIP) for Commission review. PPL made its first filing of its Plan and the Commission provided the interested parties the opportunity to comment on the Plan. The OCA submitted Comments requesting that the Commission obtain additional information to determine whether the plan meets the requirements of the statute for acceleration and cost-effectiveness. The Commission’s Bureau of Technical Utility Services (TUS) requested additional information from PPL on these issues. On January 10, 2013, the Commission entered an order, in which it agreed with the OCA that additional information was necessary to determine if PPL Electric’s LTIIP meets all requirements of Act 11. After reviewing the additional information provided to TUS, the Commission granted approval of PPL’s LTIIP by Order entered January 10, 2013.

On January 15, 2013, PPL filed for approval of a DSIC at the above docket, seeking an effective date of May 1, 2013. The OCA filed Comments to PPL’s DSIC Petition and a Formal Complaint and Answer, asserting that the Petition should not be approved as filed. The OCA retained a witness to examine PPL’s Petition and make recommendations. The matter was assigned to an ALJ. By Order entered May 23, 2013, the Commission approved PPL’s DSIC subject to refund due to the pending litigation. The OCA submitted direct and surrebuttal testimonies pursuant to the litigation schedule, and a hearing was held on October 29, 2013. The OCA opposed PPL’s DSIC, inter alia, insofar as the calculation thereof did not take Accumulated Deferred Income Taxes into account and did not properly reflect state taxes. The OCA submitted its Main Brief on November 26, 2013, and its Reply Brief on December 20, 2013. At the end of the Fiscal Year, the case was pending before the Commission.

PPL Transmission Service Charge Proceedings, Docket Nos. M-2010-2213754, M-2011-2239714. As discussed in last year’s Annual Report, PPL collects the transmission charges that it incurs from its default service customers through a reconcilable adjustment clause. When PPL filed its reconciliation statement following the first full year of retail choice, issues arose as to the appropriate method to reconcile past period over and under collections in light of wide spread shopping in some customer classes. Customers who shop no longer pay the transmission service charge
or the reconciliation. In addition, the load associated with customers who have shopped
is no longer included in the allocation factors used to assign the costs to the customer
classes. Under PPL’s method, it is possible that there is a misalignment between costs
and customers causing the costs resulting in inter-class subsidies. The Commission
requested comments on these issues. The OCA filed comments in each docket. In
general, the OCA supported a change to PPL’s methodology on a going forward basis
to address the changes in cost assignment that result from customer shopping. As to
the reconciliation for the past year, however, the OCA took the position that PPL’s
methodology had to be followed since this methodology was included in PPL’s tariff and
had been agreed to in a settlement.

On August 15, 2013, the Commission issued the order that (1) approved PPL's proposal
to use 2009 historical allocators to calculate its 2010 revised TSC reconciliation
consistent with the August 15 Order and the Auditor's Report of PPL's Section 1307(e)
statement for TSC costs and TSC revenues for the five months ended April 30, 2011,
and the 12 months ended November 30, 2010, at Docket No. D-2011-2238984; (2)
accepted the auditor's report; (3) modified the recommendation issued February 2011
by the OALJ consistent with the August 15 Order; (4) directed PPL to file a refund plan
with support within 30 days of entry of the August 15 Order to repay the currently
suspended funds owed to the large commercial and industrial-primary and large
commercial and industrial-transportation (collectively large C&I) default service pool
(DSP) customer classes; and (5) referred the refund plan to the Office of Administrative
Law Judge (OALJ) for hearing and decision. The August 15 Order directed OALJ to
resolve any disputes as to the amounts and sources, interest calculations, identities of
recipients, and timing for the refunds, consistent with the Order, and in particular,
whether the amounts suspended by the May 25, 2011 order at M-2011-2239805 are
separate from or part of the FERC settlement refunds referenced in PPL's June 7, 2013
petition.

On December 13, 2013, following denial of Petitions for Reconsideration PPLICA filed a
Petition for Review with the Commonwealth Court, seeking reversal of the
Commission's August 15, 2013 and November 14, 2013 Orders on the basis that “the
Commission erred as a matter of law and arbitrarily and capriciously disregarded
evidence”, among other things. On January 27, 2014, the Commonwealth Court granted
the Commission’s Unopposed Motion to Stay the Proceedings. The parties settled this
matter on June 11, 2014. Under the Settlement, the parties have agreed that PPL
Electric will issue refunds to the Large C&I and Small C&I customer classes in the
amount of 62.5% of the TSC overcollection attributable to PPL Electric's reconciliation to
estimated TSC demand cost allocators instead of actual monthly January 2010 to May
2012 TSC demand cost allocators, including applicable interest. The Settlement also
provided that the demand factor adjustment will terminate on the June 1, 2015 effective
date of PPL Electric's next TSC rate period. The OCA’s interest in ensuring that the
demand factor adjustment goes into effect as soon as practicable will help to amortize
the adjustment over as long a period as possible until its termination on June 1, 2015,
thus minimizing the monthly rate impact to ratepayers. At the end of the Fiscal Year the
Settlement was pending before the Commission.
Application of PPL for Northeast-Pocono Reliability Project, Docket No. A-2012-2340872, et al. As discussed in last year’s Annual Report, on December 28, 2012, PPL filed with the Commission an Application and Petitions for authority to site and construct transmission lines and substations associated with the Northeast-Pocono Reliability Project (NE Project) in portions of Luzerne, Lackawanna, Monroe and Wayne Counties. The proposed project included a new 58-mile 230 kV transmission line through portions of Luzerne, Lackawanna, Monroe, and Wayne Counties; two new substations, the North Pocono substation in Covington Township and the West Pocono substation in Buck Township, Luzerne County. The Company also proposed five new 138/69 kV lines totaling approximately 11.3 miles to connect the new substations to the existing 138/69 kV transmission system. The estimated cost of the NE Project was $154 million. The OCA intervened in this proceeding on February 27, 2013, in order to protect the interests of PPL’s customers. The OCA retained a consultant to assist in the investigation of this matter. On May 2, 2013, the OCA participated in a public input hearing in the affected area to allow the local residents the opportunity to comment on the proposed project. On June 5, 2013, the OCA filed its direct testimony in this matter. The OCA raised several important issues in its testimony, including a potential alternative to PPL’s 230 kV Project. The OCA’s expert witness testified that PPL’s existing 69/138 kV system may be able to be repaired and rehabilitated in such a manner that the 230 kV project and the 58 miles of new right of way associated with the project would be unnecessary. This 138 kV alternative was comparable in costs to PPL’s 230 kV proposal, and would have the added benefit of not requiring any new land or right-of-ways. The Company argued, among other things, that costs for the 138 kV alternative outlined by the OCA had escalated dramatically since the original estimate had been prepared. The OCA reviewed this material and filed its surrebuttal testimony. Hearings were held in Harrisburg on July 24 and 26, 2013. The OCA submitted its Main Brief on August 26 and its Reply Brief on September 9, 2013. On October 8, 2013, the ALJ issued his Recommended Decision supporting approval of the project. On January 9, 2014, the Commission entered an Order granting PPL the authorization to proceed with the project.

Citizens’ Electric
Wellsboro Electric

Citizens’ Electric Company of Lewisburg, PA, Docket No. R-2014-2419776. On May 1, 2014, Citizens submitted Supplement No. 86 to Tariff Electric PA. P.U.C. No. 14 to become effective on June 30, 2014. Citizens sought to implement a non-bypassable charge (Customer Choice Support Charge or CCS Charge) applicable to all of Citizens' customers. The fixed CCS charge would be in the amount of $2.98 per month for Choice-eligible customers for the period of July 1, 2014 through June 30, 2015. After December 31, 2014, the fixed CCS charge would include carrying costs based on the weighted average cost of capital in Citizens’ last base rate case. The volumetric CCS charge during the July 1, 2014 to June 30, 2015 period would be in the amount of $0.00 per kWh. The OCA filed a Complaint and Public Statement on June 17, 2014. At the end of the Fiscal Year, this case was pending before the Commission.
Wellsboro Electric Co., Docket No. R-2014-2419774. On May 1, 2014, Wellsboro submitted proposed Supplement No. 78 to Tariff Electric PA, P.U.C. No. 8 to become effective on June 30, 2014. Wellsboro seeks to implement a non-bypassable charge (Customer Choice Support Charge or CCS Charge) applicable to all of Wellsboro’s customers. The fixed CCS charge would be in the amount of $2.98 per month for Choice-eligible customers for the period of July 1, 2014 through June 30, 2015. After December 31, 2014, the fixed CCS charge would include carrying costs based on the weighted average cost of capital in Wellsboro’s last base rate case. The volumetric CCS charge during the July 1, 2014 to June 30, 2015 period would be in the amount of $0.003709 per kWh. The OCA filed a Complaint and Public Statement on June 17, 2014. At the end of the Fiscal Year, this case was pending before the Commission.

Joint Petition of Citizens’ Electric Co. of Lewisburg, PA and Wellsboro Electric Co., for the Period June 1, 2015 Through May 31, 2018, Docket Nos. P-2014-2425024, P-2014-2425245. On May 30, 2014, the Citizens’ Electric Company of Lewisburg, PA and Wellsboro Electric Company filed a Joint Petition with the Commission for approval of their proposed Fourth Joint Default Service Plan (DSP) for the period beginning June 1, 2015 and ending May 31, 2018. The Companies’ current DSP was approved by the Commission at Docket Nos. P-2012-2307827 and P-2012-2307931 by its Order entered December 5, 2012. The current DSP is scheduled to expire on May 31, 2015. The Companies have filed this Joint Petition in order to establish the plan by which they will procure the energy and other products needed to serve their default service customers beginning June 1, 2015. The Companies proposed a significant change in their plan. The OCA filed an Answer to the Companies’ Joint Petition raising significant concerns with the Companies’ new proposal. A litigation schedule has been set. At the end of the Fiscal Year, the case was pending before the Commission.

**Electric Generation Suppliers**

Commonwealth of Pennsylvania by Attorney General Kathleen G. Kane, Through the Bureau of Consumer Protection and Tanya J. McCloskey, Acting Consumer Advocate v. Blue Pilot Energy, LLC, Docket No. C-2014-2427655. On June 20, 2014, the Commonwealth of Pennsylvania through the Attorney General and the Office of Consumer Advocate filed a Joint Complaint asserting five separate counts and alleging that Blue Pilot Energy, LLC violated Pennsylvania law and Commission orders and regulations. The five separate counts in the Joint Complaint are as follows: I) failing to provide accurate pricing information; II) prices nonconforming to disclosure statement; III) misleading and deceptive promises of saving; IV) lack of good faith handling of complaints; and V) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants request that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission’s regulations and orders; provide restitution to Respondent’s customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent’s Electric Generation Supplier (EGS) license, if warranted. At the end of
the Fiscal Year, a litigation schedule was being established and the OCA is actively pursuing the relief requested.

Commonwealth of Pennsylvania by Attorney General Kathleen G. Kane, Through the Bureau of Consumer Protection and Tanya J. McCloskey, Acting Consumer Advocate v. Respond Power, LLC, Docket No. C-2014-2427659. On June 20, 2014, the Commonwealth of Pennsylvania through the Attorney General and the Office of Consumer Advocate filed a Joint Complaint asserting nine separate counts and alleging that Respond Power, LLC violated Pennsylvania law and Commission orders and regulations. The nine separate counts in the Joint Complaint are as follows: I) misleading and deceptive claims of affiliation with electric distribution companies; II) misleading and deceptive promises of savings; III) failing to disclose material terms; IV) deceptive and misleading welcome letter and inserts; V) slamming; VI) lack of good faith handling of complaints; VII) failing to provide accurate pricing information; VIII) prices nonconforming to disclosure statement; and IX) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants request that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission’s regulations and orders; provide restitution to Respondent’s customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent’s Electric Generation Supplier (EGS) license, if warranted. At the end of the Fiscal Year, a litigation schedule was being established and the OCA is actively pursuing the relief requested.

Commonwealth of Pennsylvania by Attorney General Kathleen G. Kane, Through the Bureau of Consumer Protection and Tanya J. McCloskey, Acting Consumer Advocate v. IDT Energy, Inc., Docket No. C-2014-2427657. On June 20, 2014, the Commonwealth of Pennsylvania through the Attorney General and the Office of Consumer Advocate filed a Joint Complaint asserting seven separate counts and alleging that IDT Energy, Inc. violated Pennsylvania law and Commission orders and regulations. The seven separate counts in the Joint Complaint are as follows: I) misleading and deceptive promises of savings; II) misleading and deceptive welcome letter and advertisements; III) slamming; IV) lack of good faith handling of complaints; V) failing to provide accurate pricing information; VI) prices nonconforming to disclosure statement; and VII) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants request that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission’s regulations and orders; provide restitution to Respondent’s customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent’s Electric Generation Supplier (EGS) license, if warranted. At the end of the Fiscal Year, a litigation schedule was being established and the OCA is actively pursuing the relief requested.

On June 20, 2014, the Commonwealth of Pennsylvania through the Attorney General and the Office of Consumer Advocate filed a Joint Complaint asserting seven separate counts and alleging that PaG&E violated Pennsylvania law and Commission orders and regulations. The seven separate counts in the Joint Complaint are as follows: I) misleading and deceptive promises of savings; II) slamming; III) misleading and deceptive welcome letter; IV) lack of good faith handling of complaints; V) failing to provide accurate pricing information; VI) prices nonconforming to disclosure statement; and VII) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants request that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission’s regulations and orders; provide restitution to Respondent’s customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent’s Electric Generation Supplier (EGS) license, if warranted. At the end of the Fiscal Year, a litigation schedule was being established and the OCA is actively pursuing the relief requested.

Commonwealth of Pennsylvania by Attorney General Kathleen G. Kane, Through the Bureau of Consumer Protection and Tanya J. McCloskey, Acting Consumer Advocate v. HIKO Energy, LLC, Docket No. C-2014-2427652. On June 20, 2014, the Commonwealth of Pennsylvania through the Attorney General and the Office of Consumer Advocate filed a Joint Complaint asserting eight separate counts and alleging that HIKO violated Pennsylvania law and Commission orders and regulations. The nine separate counts in the Joint Complaint are as follows: I) misleading and deceptive promises of savings; II) slamming; III) lack of good faith handling of complaints; IV) failing to provide rate information; V) failing to provide accurate pricing information; VI) prices nonconforming to disclosure statement; VII) failing to follow POR program parameters; and VIII) failure to comply with the Telemarketer Registration Act. With respect to relief, the Joint Complainants request that the Commission find that Respondent violated the Public Utility Code, the Consumer Protection Law, the Telemarketer Registration Act, and the Commission’s regulations and orders; provide restitution to Respondent’s customers; impose a civil penalty; and order Respondent to make various modifications to its practices and procedures; and revoke or suspend Respondent’s Electric Generation Supplier (EGS) license, if warranted. At the end of the Fiscal Year, a litigation schedule was being established and the OCA is actively pursuing the relief requested.

Utility Workers Union of America, William J. Sterner, Charles B. Cook, and James O’Brien II, Petitioners v. FirstEnergy Solutions Corp., Docket No. P-2014-2415108. On April 8, 2014, the Utility Workers Union of America, William J. Sterner, Charles B. Cook and James O’Brien II (collectively referred to as UWUA) filed the Petition with the Commission seeking a determination that, as a matter of law, the language in FirstEnergy Solutions Corp.’s pre-November 2013 Terms and Conditions of Service for residential “fixed price” plans does not permit FES to bill residential customers for increases in the cost of meeting FES’s existing obligations to provide regulation service and synchronized reserve service.
In late March 2014, FES began sending residential customers on “fixed price” plans postcards stating that these customers would be billed a surcharge of approximately $5 to $15 on the customers’ May, June or July bills. On the postcards, FES stated that it had the right to increase customers’ bills to recover “extremely high ancillary services costs” incurred in January 2014 and billed to FES by the PJM Interconnection.

UWUA averred that FES’s pre-November Terms and Conditions of Service for “fixed price” residential plans includes language that permits FES to increase customers’ bills if PJM “imposes on FES new or additional charges or requirements,” but that the agreements do not define “imposes,” “new,” “additional,” “charges,” or “requirements.” UWUA avers that it does not appear from FES’s postcards or website that the charges are “new” or that any additional “requirements” were imposed on FES but rather, that PJM’s bill to FES for generation-related services was higher than expected.

UWUA averred that the increased costs were specifically related to synchronized reserve service. UWUA avers that FES, as a load-serving entity, is not required to purchase such services from PJM, and therefore, PJM did not impose “new or additional charges or requirements” on FES. Rather, UWUA averred that FES made a business decision not to own or contract for enough generation to meet its reserve obligation and consequently, purchased spinning reserves from PJM’s Synchronized Reserve Market. As such, UWUA averred that FES’s Terms and Conditions of Service in its pre-November “fixed price” residential plans does not permit FES to pass-through these charges to customers, and UWUA sought a declaratory order stating as much as a matter of law. On June 16, 2014, the OCA filed an Answer that supported the relief sought by UWUA in its Petition.

In its June 30, 2014 Answer and New Matter, FES committed that it would not impose the charge on residential, fixed-price customers. FES also filed Preliminary Objections challenging the Commission’s jurisdiction over the matter. UWUA filed a Petition for Leave to Withdraw. At the end of the Fiscal Year, the Request to Withdraw was pending before the Commission.

John R. Evans, Small Business Advocate v. FirstEnergy Solutions Corp., Docket No. P-2014-2421556. On May 15, 2014, the Office of Small Business Advocate filed a Petition with the Commission seeking a determination that, as a matter of law, the language in FirstEnergy Solutions Corp.’s Terms and Conditions of Service for small business “fixed price” plans does not permit FES to bill small business customers for increases in the cost of meeting FES’s existing obligations to provide regulation service and synchronized reserve service.

OSBA averred that FES’s Terms and Conditions of Service for “fixed price” small business plans includes language that permits FES to increase customers’ bills if PJM “imposes on FES new or additional charges or requirements.” OSBA averred that the charges FES seeks to collect via the surcharge are not “new” and PJM did not impose
any additional "requirements" on FES, but rather, that FES made a business decision to purchase ancillary services from PJM that it could have purchased elsewhere.

On May 29, 2014, the OCA intervened and filed an Answer in support of the relief sought by OSBA in its Petition. FES filed Preliminary Objections and an Answer and New Matter on June 4, 2014. OSBA filed an Answer to Preliminary Objections on June 16, 2014. At the end of the Fiscal Year, the case was pending before an ALJ.

FES Industrial & Commercial Customer Coalition v. FirstEnergy Solutions Corp., Docket No. C-2014-2425989. On June 9, 2014, the FES Industrial & Commercial Customer Coalition (FES ICCC) filed a Complaint with the Commission seeking a stay in the FES ICCC members' responsibility for paying certain charges, denying FES's ability to implement such charges, reviewing the appropriateness of FES's licensure, and other actions the Commission deems as necessary and appropriate.

On July 1, 2014, FES filed Preliminary Objections to the Complaint of the FES ICCC, as well as an Answer and New Matter to the FES ICCC. FES's Preliminary Objections argued that the Commission lacks jurisdiction over contracts and that the Commission lacks primary jurisdiction. On July 11, 2014 FES ICCC and the OCA filed Answers to FES's Preliminary Objections. The OCA supported the FES ICCC's contention that Commission has jurisdiction over this matter and that FES's arguments are without merit. At the end of the Fiscal Year, the case was pending before the Commission.

**Generic Policy Cases**

Review of Rules, Policies and Consumer Education Measures Regarding Variable Rate Retail Electric Products, Docket No. M-2014-2406134. On February 20, 2014, Vice Chairman John F. Coleman, Jr. and Commissioner James H. Cawley issued a Joint Motion seeking to examine variable electric rate products. The Commission issued an order on March 4, 2014 seeking Comments from interested parties. The OCA, AARP, Pennsylvania Utility Law Project (PULP), and Community Legal Services, Inc. (CLS) (hereinafter the Residential Consumer Group) filed joint comments and numerous other parties filed Comments on April 3, 2014. In its Comments, the Residential Consumer Group discussed specific topics and answered questions posed by the Commission in its March 4 Order. Additionally, the Residential Consumer Group provided specific Recommendations to improve consumers' experience in the Pennsylvania retail market and strengthen consumer protections. Specifically, the Residential Consumer Group (RCG) identified specific concerns with the disclosure statements used by retail marketers to explain the risks and obligations that customers were exposed to as part of variable rate contracts. The RCG Comments identified the need to provide price limits for customers and ensure that disclosure statements were understandable. In addition, the RCG Comments addressed concerns that many customers initially signing up for fixed price service were not aware that those contracts would convert to “variable” rate service. The RCG Comments identified several recommendations to improve consumer protections for customers, including: 1) advanced notification of price changes and
accelerated switching; 2) restrictions on placing customers on variable rates at the end of a fixed price contract; 3) safeguards against deceptive advertising and marketing should be strengthened; 4) customer service requirements for EGSs in light of the inadequate customer service provided during the winter of 2014; 5) additional protections for low-income CAP customers; 6) review of the purchase of receivables programs to address high uncollectible expense and other utility costs resulting from variable pricing practices; and 7) greater contributions from suppliers to consumer education efforts. At the end of the Fiscal Year, the proceeding was pending before the Commission.

Rulemaking to Amend the Provisions of 52 Pa. Code, Section 54.5 Regulations Regarding Disclosure Statement for Residential and Small Business Customers and to Add Section 54.10 Regulations Regarding the Provision of Notices of Contract Expiration or Changes in Terms for Residential and Small Business Customers, Docket No. L-2014-2409385. On March 19, 2014, the Commission issued a Secretarial Letter announcing its intention to undertake a final-omitted rulemaking proceeding to amend 52 Pa. Code Chapter 54 to revise disclosure statement requirements for residential and small business customers. The Commission proposed a new requirement that suppliers provide an Electric Generation Supply (EGS) Contract Summary and new notice requirements for the renewal of existing service agreements or changes in their terms, among others. The Commission also provided new disclosure requirements for variable rate contracts requiring that a Statement of “no limit” be included in the disclosure if there is no limit to the price change. Although the OCA was generally supportive of the Commission’s efforts, the OCA did not believe the proposed rules offered sufficient protection to consumers. The OCA submitted substantive Comments on each of the Commission’s proposals and supplied alternative regulations that the OCA believed would more adequately protect consumers. On April 3, 2014, the Commission issued an Order approving its proposed rules with minor changes. The proposed regulations were published June 14, 2014 in the Pennsylvania Bulletin and implementation of the regulations was required effective July 14, 2014.

Standards for Changing a Customer’s Electricity Generation Supplier, Docket No. L-2014-2409383. On March 18, 2014, the Commission issued a Secretarial Letter indicating its intent to promulgate a final-omitted rulemaking proceeding to amend existing Regulations at 52 Pa. Code Chapter 57 to direct EDCs to accelerate switching time frames in a fashion that would permit Pennsylvania retail electric customers to switch suppliers within three days or less. In its Secretarial Letter, the Commission indicated that the primary purpose of this rulemaking was to respond to the recent impact of wholesale electricity market price increases on Pennsylvania consumers and to help eliminate the risk of similar events occurring again in the immediate future. Along with the Secretarial Letter, the Commission provided a draft of the proposed regulations.

On March 25, 2014, the OCA submitted Comments and proposed alternative regulations to the Commission. The OCA was generally supportive of the Commission’s efforts, but the OCA recommended that the Commission investigate the
cost of accelerated switching, determine the level of the cost, and determine how these costs will be recovered in order to determine whether this provision will benefit consumers. Further, the OCA submitted that accelerated switching should not interfere with a consumer's right of rescission and 5-day confirmation period for unauthorized switches. The OCA submitted substantive Comments on each of the Commission's proposals and supplied alternative regulations that the OCA believed would more adequately protect consumers.

On April 3, 2014, the Commission issued a Final-Omitted Rulemaking Order to amend and add to its regulations at 52 Pa. Code §§ 57.171 - 57.179. The Final-Omitted Rulemaking Order made minor modifications to the Commission's proposals and requires an EDC to effectuate a switch in electricity suppliers within 3 business days of the receipt by the EDC of the electric enrollment transaction. The proposed regulations were published June 14, 2014 in the Pennsylvania Bulletin.

Advance Notice of Proposed Rulemaking for Revision of 52 Pa. Code, Ch. 57, Relating to Inspection Requirements for Automatic Splices, Docket No. L-2014-2400191. On March 8, 2014, the Commission issued an Advance Notice of Proposed Rulemaking for Revision of 52 Pa. Code, Ch. 57, Relating to Inspection Requirements for Automatic Splices. The Commission sought comments to address whether the Commission's existing regulations at 52 Pa. Code, Ch. 57, relating to electric distribution reliability, should be amended “to require regular inspections of automatic splices using infrared technology or any other necessary changes related to this matter.”

The March 8 Proposed Rulemaking arises out of an order issued by the Commission at Docket No. C-2012-2307244 (Order Entered on January 9, 2014) (January 9 Order). In the January 9 Order, the Commission approved the Joint Petition for Full Settlement of Proceeding, filed by the Commission's Bureau of Investigation and Enforcement (I&E) and West Penn Power Company (West Penn) on February 13, 2013, as modified by the Commission. The underlying investigation and Complaint arose from a fatal incident that occurred on June 2, 2009 in Irwin, Westmoreland County, Pennsylvania, when a West Penn electric distribution line fell onto a tree and a woman was killed when she came into contact with the line. The OCA and several EDCs filed Comments on May 7, 2014. Based on the Comments filed by other parties, the OCA did not file Reply Comments. At the end of the Fiscal Year, this proceeding was pending before the Commission.

Default Service Reconciliation Interim Guidelines, Docket No. M-2012-2314313. As discussed in last year’s Annual Report, the Commission issued an Order seeking comments on a number of issues and questions regarding the reconciliation of electric default service costs and revenues. Over the past several years, the reconciliation of the over-recovery and under-recovery of the costs incurred to provide default service has shown significant variation. This has resulted in large swings in the “price to compare” on a quarterly basis. The Commission was attempting to identify the causes of these large variations and is proposing to develop procedures to reduce the variance. The OCA filed Comments and Reply Comments in response to the Commission
questions and the issues identified by the parties. On May 22, 2014, the Commission issued an Advanced Notice of Proposed Rulemaking (ANOPR) for Revision of the Commission's Regulation on Automatic Adjustment Clauses Related to Electric Default Service. In its ANOPR, the Commission identified the calculation of interest in default service reconciliation proceedings as a problem and proposed modifications. In the ANOPR, the Commission cited OCA Comments in Docket M-2012-2314313 as support for its proposed changes to the calculation of interest for over and under recoveries in default service reconciliations. At the end of the Fiscal Year, this proceeding was pending before the Commission.

**CHARGE Working Group.** After the expiration of the first major electric utility’s rate caps in 2010, the Commission established a working group to address competitive market issues that arise as EGSs became more active in the retail market. The working group, termed “CHARGE” has been active for over four years and the OCA continues to participate in regularly scheduled calls. The CHARGE Group addresses numerous issues that have an impact on consumers and the protections that consumers can expect. Since the inception of the group, a number of issues impacting consumers have been addressed as part of the monthly CHARGE calls. For example, the CHARGE group developed a set of guidelines for electric generation suppliers (EGSs) engaged in door-to-door marketing as well as guidelines for the issuance of renewal notices. The OCA continues to participate in the regularly scheduled conference calls of this group to address procedures related to retail choice.

**Steam Cases**

*Pa. PUC v. NRG Harrisburg, Docket No. R-2013-2350265.* As discussed in last year’s Annual Report, on April 12, 2013, NRG Harrisburg filed to increase its base rates for its steam service by $875,000, an increase of 11.46% on a total bill basis (including fuel costs). The Company’s filing, however, provided testimony and support for a $1,387,400 increase. The Company’s $875,000 request was based on its need to limit its increase for steam service in order to preserve competitive pricing and maintain its customer base. The average residential customer, using an average of 8.1 Mlb of steam per month, would see a monthly bill increase of approximately $24.30 from $206.15 (including non-fuel and fuel costs) to approximately $230.45 (including non-fuel and fuel costs), or an increase of approximately 11.8%. On May 31, 2013, the Office of Consumer Advocate filed a Formal Complaint and Public Statement. The Company agreed to a two month extension to its effective date of rates and the matter was set for mediation. On August 2, 2013, the parties filed the Joint Stipulation for Unanimous Settlement with the Commission. Under the terms of the Settlement, NRG will be permitted to increase its annual base rate revenues in the amount of $875,000. While this amount represented the full request of the Company, the revenue increase was below the $1,387,400 increase that the Company claimed was supported in its filing. As the Company noted, its customers have alternatives to steam service and the $875,000 revenue requirement increase contained in the Settlement reflects the existence of those competitive alternatives. The Settlement further provides that the revenue
increase fully recovers the costs of needed repair and improvements to the Company’s steam facilities. The Company specifically agrees that it will not include these projects in any future base rate proceeding. On November 6, 2013, the ALJ issued a Recommended Decision which recommended that the Joint Stipulation for Unanimous Settlement be approved. On December 5, 2013, the Commission issued an Order which approved the Joint Stipulation.

Federal and Regional

FERC Electric Cases

Public Service Electric and Gas Company, ER12-2274-000. As discussed in last year’s Annual Report, on July 19, 2012, pursuant to Section 205 of FPA, Public Service Electric and Gas Company submitted to FERC a Petition and tariff sheets for inclusion within the Open Access Transmission Tariff (“OATT”) administered by PJM. The filing sought to modify the Company’s existing cost-of-service formula rate to permit the recovery of $3,623,275 of alleged “prudently incurred” costs associated with the abandonment of the Branchburg-Roseland-Hudson 500 kilovolt (kV) project (“BRH Project” or the “Project”). On August 9, 2012, the OCA, acting together with the New Jersey Division of Rate Counsel, the Maryland Office of People’s Counsel and the Delaware Division of the Public Advocate (collectively Joint Consumer Advocates or JCA) filed a Petition to Intervene and Protest in this matter. The JCA participated in this matter to ensure that only those costs which have been “prudently incurred” would be considered for recovery from ratepayers. This matter was assigned to Judge Dring for Settlement purposes. A Settlement Conference was held on October 10, 2012, where the JCA were represented by counsel for the NJ Rate Counsel. During December the parties reinitiated Settlement talks. During January, 2013, a final agreement was reached in this matter. The parties agreed to a recovery of $3.5 million over a one-year period, as opposed to the amortization of the entire requested amount over a five-year period. This agreement resulted in a savings for PJM ratepayers of approximately $750,000 as compared to PSE&G’s original request. On May 31, 2013, Judge Dring certified the uncontested Settlement to the Commission for approval. On August 30, 2013, the Commission accepted and approved the Settlement and ordered PSE&G to submit a tariff filing to effectuate the terms.

Potomac-Appalachian Transmission Highline Co. (PATH), ER08-386, ER12-2708. As discussed in last year’s Annual Report, the PATH project is a proposed high voltage transmission line project that was seeking formula rates and incentive rate treatment at FERC. The OCA joined with a group of state consumer advocates in the PJM region to intervene in the proceeding. The consumer advocate group specifically objected to PATH’s request for a return on equity of 14.3% when the 200 basis points of incentive adders are taken into account. FERC ruled on the matter without setting it for hearings. In its Order, FERC approved the 14.3% return on equity for the company. On March 31, 2008, the OCA joined with a group of state consumer advocates in filing a Request for Rehearing of this FERC Order. In November of 2010, FERC granted the Request
for Rehearing filed by the OCA and other state consumer advocates. FERC agreed with the consumer advocate position that further hearings were necessary to determine a reasonable base return on equity. FERC assigned the matter to a settlement judge.

On October 27, 2011 a settlement was achieved in this matter and forwarded to FERC for approval. On February 16, 2012, FERC approved the settlement in its entirety. Subsequently, the Company issued a one-time refund of approximately $2.7 million to customers within the PJM region. The settlement included a provision whereby the original 14.3% return on equity would be reduced to 12.4%. Mid-year, 2012, PJM determined that PATH was no longer necessary and cancelled the Project.

On September 28, 2012, PATH filed for abandonment recovery of $121 million at FERC. The OCA joined with the original Joint Consumer Advocate (JCA) group to file a Petition to Intervene and Protest in this matter on October 19, 2012. The OCA is participating in this matter to ensure that only those costs which have been “prudently incurred” will be considered for recovery from ratepayers. On November 30, 2012, FERC issued its Order as to PATH’s request to recover the $121 million from PJM ratepayers. FERC held that PATH is eligible to recover its prudently incurred costs, but agreed with the JCA that the Company had failed to support its request for the entire $121 million. FERC ordered the matter to hearings, and assigned a Settlement Judge. On December 10, 2012, PATH filed a Request for Rehearing, arguing that it should not have to comply with the burdensome requirements of supplying the detailed cost information that FERC had ordered. PATH also requested an extension of time to comply, if FERC ruled against it.

On December 17, 2012, the JCA filed an Answer to the Request for Rehearing, arguing that the data that FERC ordered PATH to provide was necessary in order for the Intervenors to accurately assess PATH’s claims. The JCA was the only party to file a response to PATH’s Rehearing Request. On that same day, December 17, 2012, the Chief ALJ denied Path’s Request for Rehearing as to the document production issue, citing the JCA response at various places. The Chief ALJ did grant PATH’s request for additional time to comply, which the JCA did not oppose. On December 28, 2012, PATH filed an additional Request for Rehearing, arguing that it should be entitled to collect an additional 50 basis points for being a PJM member, even though it has no transmission facilities in service, and with the abandonment of its current $2 billion project – will never have any. JCA filed an Answer at FERC on January 14, 2013.

On February 26, 2013, the OCA attended the first settlement conference in D.C. The parties agreed to an informal discovery period and other guidelines for settlement talks. The OCA has participated in settlement discussions and worked with JCA on counteroffers. On March 20, 2013, the JCA propounded a complete set of discovery to the PATH Companies. The discovery was answered in mid-May, and a further settlement conference was held on June 6, 2013. The OCA attended this meeting in person and engaged in lengthy discussions with all stakeholders as to the myriad of issues in this matter. Additional discovery was agreed to and the parties have since engaged in further talks. On September 12, 2013, a further settlement conference was held at FERC where the JCA submitted a counteroffer to the Company. The parties continued settlement negotiations, including several further settlement conferences, however, were unable to achieve settlement. On March 24, 2014, the Chief Administrative Law Judge terminated the settlement
proceedings and established a litigation track for the proceeding. At the end of the Fiscal Year, the case was pending before FERC.

Mid-Atlantic Power Pathway (MAPP), ER13-607. As discussed in last year’s Annual Report, on December 21, 2012, pursuant to Section 205 of the Federal Power Act (FPA), and the Federal Energy Regulatory Commission’s October 31, 2008 Order on Transmission Rate Incentives and Proposes Rate Formula Modifications, Pepco Holdings, INC. (PHI), Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva) (Pepco and Delmarva collectively referred to as the “PHI Companies”) submitted for filing revisions (Filing) to Attachments H-3D and H-9A (PHI Formula Rates) of the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (PJM Tariff). The Filing sought to recover 100% of alleged prudently-incurred abandoned plant costs associated with the Mid-Atlantic Power Pathway (MAPP Project or the Project). In total, the PHI Companies requested recovery of $87,550,503 in alleged prudently-incurred abandonment costs (Abandonment Costs) from electric utility ratepayers throughout the PJM region. On January 11, 2013, the OCA, together with the Consumer Advocate offices of Maryland, New Jersey, Delaware, West Virginia and Virginia (Joint Consumer Advocates or JCA) filed a Petition to Intervene and Protest in this matter. The JCA contended that MAPP’s request to recover approximately $88 million from ratepayers for a project that never went further than the planning stage would result in unjust and unreasonable rates. The JCA requested evidentiary hearings in this matter. On February 28, 2013, the FERC issued its first Order in this case. The FERC agreed with the JCA on the need for hearings as to the total amount of recovery, and set such issues for settlement conferences before a FERC Judge. The FERC also held that MAPP should be entitled to its full base return on equity (ROE) of 10.8% for any costs that are to be recovered. The JCA contended that MAPP should only be able to recover whatever its prudently-incurred costs are, but that does not include a return component. If, however, the FERC held that a return component was to be authorized, then the ROE should be set based on the current capital markets, which indicate that 10.8% is overstated. On April 1, 2013, the JCA filed a Request for Rehearing as to whether MAPP should be authorized to collect a 10.8% ROE for a project that has essentially failed. Settlement talks were held. The Settling Parties reached an agreement on the terms and conditions of a “black box” settlement that was filed on December 18, 2013. The Settlement resolved all issues and matters raised, or which could have been raised, in this proceeding (either by protest, comment, motion for summary disposition, request for rehearing, or otherwise), and provided for the recovery of an agreed-upon level of MAPP Project abandoned costs on a just and reasonable basis, in the amount of $26,833,333. A Certification of Uncontested Settlement was filed on February 18, 2014. On February 28, 2014, the Commission approved the Settlement without modification.

PJM

As noted above, the OCA either individually or in a coalition with other state consumer advocates and parties representing the interests of electricity consumers, participated in
a number of Federal Energy Regulatory Commission proceedings arising out of filings made by PJM or by PJM members regarding wholesale market issues. In addition to the proceedings described above, the OCA participates in the following PJM Committees, Task Forces and User Groups:

- **Members Committee (MC)** – This is the governing authority of the PJM stakeholder process. PJM’s members have substantial authority over the FERC-approved PJM Operating Agreement. All Committees, Subcommittees and Task Forces fall under the authority of the Members Committee. The OCA is a voting member of PJM but a special section of the Operating Agreement exempts the OCA and other state advocate offices from the financial liability shared by all other members.

- **Markets and Reliability Committee (MRC)** – This committee is responsible for developing and forwarding to the Members Committee all proposals falling under either the Tariff or the Operating Agreement. The work is done through the Market Implementation Committee, Planning Committee and Operating Committee. The MRC also resolves significant disagreements that cannot be handled through the subsidiary committees. Finally, the MRC is responsible for final approval of detailed, operational Business Rules that specifically implement provisions of the Tariff and Operating Agreement.

- **Market Implementation Committee (MIC)** – The MIC is responsible for developing policies and solutions related to PJM’s markets. Development is frequently done by task forces created by the MIC. Preparation of final recommendations for the MRC is done by the MIC.

- **Transmission Expansion Advisory Committee (TEAC)** – The TEAC reviews the current state of transmission expansion for reliability and economics. The TEAC is responsible for providing comments to the Board regarding the impacts and advisability of transmission projects.

- **Public Interest / Environmental Organizations Users Group (PIEOUG)** – The PIEOUG consists of state consumer advocates and environmental organizations. The PIEOUG exists to convey the specific concerns of its members to the PJM Board and to PJM’s senior management. The PIEOUG meets annually with the PJM Board to present concerns and discuss the Board’s plans. There are periodic meetings with PJM management designed to inform the PIEOUG members about current issues.

- **Regional Planning Process Working Group (RPPTF)** – The RPPTF evaluates the need to expand the transmission planning criteria to include a broader range of assumptions. The RPPTF will also develop the process that PJM will use to designate an entity other than the incumbent transmission owner to build and own baseline transmission upgrades.
• Liaison Committee – This committee serves to foster better communications between the PJM Board of Managers and PJM Members. Meetings are held three to four times per year and are attended by the full PJM Board and by representatives of each of PJM’s five sectors. The OCA participates periodically as a representative of the End Use Customer Sector.

• Capacity Senior Task Force (CSTF) -- This Task Force analyzes and evaluate PJM’s capacity market as directed by the MRC. Much of the CSTF’s work has focused on the participation of Demand Resources in the capacity market.
NATURAL GAS

Pennsylvania

Base Rate Cases and Other Miscellaneous Gas Cases

Columbia Gas Company

Columbia Gas Company 2014 Base Rate Case, Docket No. R-2014-2406274. On March 21, 2014, Columbia Gas of Pennsylvania, Inc. filed a base rate case seeking an overall increase in annual operating revenues of $54.1 million or 11.09%, effective May 20, 2014. For the residential class, a typical Columbia sales customer using 72 therms per month would see their total average bill rise from $87.12 per month to $96.20 per month, or by 10.42%. Pursuant to the settlement adopted in its 2012 base rate case, the Company’s rate design includes a Weather Normalization Adjustment (WNA) mechanism, whereby residential customers’ bills are adjusted up or down in months where the weather varies from normal by more than 5 percent. In addition, the Company proposed to increase the fixed monthly charge from $16.75 to $22.50, or by 34%. The base rate case was driven by the Company’s continued investment in infrastructure and a proposed return on equity of 11.25%.

OCA served Direct Testimony on June 20, 2014. The OCA’s testimony supported a revenue increase of $6,498,000 with no increase in the current monthly customer charge. The recommended revenue requirement was based on a return on equity of 9.1%, which reflects the continuance of the Company’s WNA mechanism. At the end of the Fiscal Year, the case was pending before the Commission.

Columbia Gas of Pennsylvania, Inc. Supplement No. 210 to Tariff Gas Pa. P.U.C. No. 9 (Rider New Area Service), Docket No. R-2014-2407345. On February 26, 2014, Columbia Gas filed for approval of its Rider NAS, a four-year pilot program that would extend natural gas service to unserved customers in Columbia Gas’s service territory using a monthly surcharge mechanism to recover customer Contributions In Aid of Construction (CIAC) rather than require an up-front CIAC payment. The OCA filed a Formal Complaint and Public Statement on March 13, 2014, and hired a consultant to review all aspects of the proposed pilot program, especially the economic analysis that Columbia Gas uses to calculate CIAC. On June 10, 2014, the OCA filed the Direct Testimony of Glenn Watkins. The OCA recommended modifications to the formula utilized by Columbia to calculate the CIAC for the pilot program, including shifting certain meter and service line costs from consumers to the Company. The OCA further recommended adjusting the interest rate charged to participating customers to 3% from the Company’s proposal of approximately 11% and that the Company offer financing options for the costs of extending gas service. The OCA also recommended additional reporting detail for the pilot program. A hearing was held and briefs were filed. At the end of the Fiscal Year, the case was pending before the ALJ.
Petition of Columbia Gas for Approval of its Long Term Infrastructure Improvement Plan, Docket No. P-2012-2338282. As discussed in last year’s Annual Report, as discussed above with regard to PPL Electric, the General Assembly passed legislation allowing Pennsylvania’s utility companies to impose Distribution System Improvement Charge to recover costs associated with the repair or replacement of aging infrastructure. Columbia made its first filing of its Long Term Infrastructure Improvement Plan (LTIIP) and the Commission provided the interested parties the opportunity to comment on the Plan. The OCA submitted Comments requesting that the Commission obtain additional information to determine whether the plan meets the requirements of the statute for acceleration, cost-effectiveness, workforce management and DSIC-eligibility of customer-owned service line replacement. TUS requested additional information from Columbia on these issues. By Order entered March 14, 2013, the Commission approved Columbia’s LTIIP.

In the same docket, Columbia requested approval of a DSIC. This was the first proposed DSIC tariff filed pursuant to Act 11. The OCA filed a Formal Complaint on January 22, 2013. By Order entered March 14, 2013, the Commission approved Columbia’s DSIC, subject to refund should litigation of the matter show that Columbia over-collected amounts through the surcharge. The OCA submitted the Direct Testimony of its witness on June 26, 2013. The OCA disagreed with the Company’s failure to recognize accumulated deferred income taxes as a rate base offset in its DSIC calculation, which permits Columbia to earn an overstated return on its investment in distribution system improvements. The OCA also disagreed with the Company’s failure to reflect actual state income taxes paid. Hearings were held and briefs were filed. On March 6, 2014, the presiding ALJs issued a Recommended Decision rejecting the OCA’s adjustments to the DSIC calculation and adopting its changes to the competitive alternative tariff language. The Commission entered an Order denying the OCA’s Exceptions and approving the DSIC without any adjustments to reflect tax benefits the Company receives from making the infrastructure investment it recovers through the surcharge. The Commission did adopt the OCA’s changes to the competitive alternative tariff language.

On June 19, 2014, the OCA filed a Petition for Review before the Commonwealth Court, which was docketed at 1012 CD 2014. At the end of the Fiscal Year, the case was pending before Commonwealth Court.

Equitable Gas Company

Petition of Equitable Gas Company, LLC For Approval of a Distribution System Improvement Charge, Docket No. P-2013-2342745. On January 11, 2013, Equitable Gas Co., LLC filed a Long Term Infrastructure Improvement Plan (LTIIP) pursuant to Section 1352 of the Public Utility Code. On June 20, 2013, the OCA filed Comments on the LTIIP requesting that the Commission obtain additional information to determine whether the plan meets the requirements of the statute for acceleration and cost-effectiveness. TUS requested additional information from Equitable on these issues.
On January 29, 2013, Equitable filed a petition seeking approval of a Distribution System Improvement Charge (DSIC), in response to which the OCA filed an Answer and Formal Complaint.

On July 16, 2013, the Commission issued a combined Opinion and Order approving Equitable’s LTIIP and the proposed DSIC, with the latter subject to recoupment and/or refund pending final resolution of certain issues raised in the parties’ Petitions and Answers. The OCA submitted Direct and Surrebuttal Testimony in support of adjustments to recognize accumulated deferred income taxes (as a rate base offset) and actual state income taxes in the DSIC calculation, to avoid producing an overstated return on Equitable’s investment in distribution system improvements. The OCA participated in hearings on December 18, 2013. The parties submitted Main and Reply Briefs in January and February 2014. At the end of the Fiscal Year, the case was pending before the ALJ.

Equitable Gas Company’s Universal and Energy Service Conservation Plan 2013-2015, Docket No. M-2012-2308007. As discussed in last year’s Annual Report, on June 1, 2012, Equitable Gas Company, LLC filed its Universal Service and Energy Conservation Plan for 2013-2015 (USECP or Plan) in compliance with 52 Pa. Code §62.4. On May 9, 2013, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. On June 10, 2013, the OCA, Equitable and the Pennsylvania Utility Law Project filed Comments. The OCA’s Comments addressed components of the Customer Assistance Program (CAP) program, including the need to prevent increased costs to CAP and non-CAP customers, the Low Income Usage Reduction Program (LIURP) prioritization for non-CAP participants, the Company’s proposed CARES outreach for LIHEAP participants, Equitable’s proposal to place low-income customers on a payment arrangement rather than in the CAP program, the recommendation of the Tentative Order and Impact Evaluation to eliminate the high usage monitoring program for LIURP participants, and the Company’s request to file for approval of a new Universal Service Plan every six years rather than every three years. On June 20, 2013, the OCA filed Reply Comments in response to PULP’s Comments. The Commission issued its Final Order on August 29, 2013. In its Final Order, the Commission adopted the OCA’s recommendation agreeing with the OCA that the Company must file a USECP every 3 years, while it also extended the Plan until 2016 due to the length of time taken for review in this particular proceeding. On September 13, 2013, in compliance with the Commission’s Final Order, Equitable filed its Further Revised Universal Service and Energy Conservation Plan for 2013-2016.

Equitable Gas Company, 1308(a) Unbundling, Docket No. R-2012-2333983. As discussed in last year’s Annual Report, on November 13, 2012, Equitable Gas Company filed Supplement No. 91 to the Company’s Tariff Gas – Pa. P.U.C. No. 22. The Company’s filing was made pursuant to 66 Pa.C.S. Section 1308(a) and the Commission’s Revised Final Rulemaking Order and accompanying Regulations at Docket No. L-2008-2069114. In that Order, the Commission noted that its primary goal with respect to gas supply cost unbundling was to create a level playing field for all market competitors. In accordance with that goal, Equitable stated that the purpose of
the filing is to unbundle natural gas procurement costs from distribution rates and recover these costs through a Gas Procurement Charge (GPC) that will be included in the Price to Compare (PTC). The GPC will be a constant, non-reconcilable charge that will be updated in the Company’s base rate case filings. In addition to the creation of a GPC, the Company sought to establish a Merchant Function Charge (MFC) Rider in order to remove uncollectible bad debt expense from distribution rates and to recover these costs through the MFC Rider that will be included in the PTC. The MFC Rider will be updated on a quarterly basis. According to the Company, the effect of these proposed changes on residential customers would be a $0.106/Mcf decrease in distribution rates, and a $0.116 increase in the commodity rate. On November 27, 2012, the OCA submitted its Formal Complaint and Public Statement in this matter. On February 8, 2013, the OCA filed its Direct Testimony in this matter. The OCA raised several issues with regard to how the Company formulated its proposed GPC, MFC and PTC numbers, but the OCA agreed that the proposed numbers were accurate and reasonable. On March 7, 2013, the parties formally reached a settlement of all issues in this matter. On June 20, 2013, the Commission issued an Order in this matter. The Commission found that Equitable had not accounted for cash working capital in calculating its GPC rate. Accordingly, the Commission ordered the Company to submit a compliance filing which accurately accounted for the removal of cash working capital from base rates and include those costs in the GPC. After consultation with the OCA and the other settling parties, the Company submitted its compliance filing. The OCA has reviewed the filing and found the calculation of the cash working capital and GPC to be accurate and reasonable. On July 29, 2013, a Secretarial Letter was issued by the Commission authorizing the tariff to become effective as a matter of law.

Peoples Natural Gas Company, Peoples TWP

Application of Peoples Natural Gas Co., Peoples TWP, and Equitable Gas Company for Asset Transfer and Merger, Docket No. A-2013-2353647. As discussed in last year’s Annual Report, on March 19, 2013, Equitable Gas Company, Peoples TWP and Peoples Natural Gas filed an Application seeking Commission approval of: (1) the transfer of 100% of the issued and outstanding limited liability company membership interests in Equitable, an indirect subsidiary of EQT Corporation to PNG Companies, an indirect subsidiary of SteelRiver Infrastructure Fund North America LP (SRIFNA); (2) the merger of Equitable with Peoples, a wholly-owned subsidiary of PNG, and the operation of Equitable as an operating division of PNG; (3) the transfer of certain storage and transmission assets of Peoples to EQT; (4) the transfer of certain assets and or the exchange of certain services between EQT and Equitable; (5) certain PNG ownership changes associated with the transaction; (6) certain associated gas capacity, storage, interconnects, leases, and supply service agreements among Peoples, Peoples TWP, Equitable, and or EQT; and (7) certain changes in Peoples’ tariff necessary to carry out the proposed transactions.

Through this Application, PNG will merge Peoples and Equitable, although Equitable will initially operate as a separate division. The Applicants stated that PNG will focus on
the regulated distribution utility businesses of Peoples, Peoples TWP, and Equitable while EQT will focus on transportation, storage, gathering, exploration and production business. To achieve this reorganization, under the transaction numerous assets, rights and commercial agreements will be transferred. Further, under the terms of the asset purchase agreement, PNG will pay EQT $720 million, which includes $100 million of pipeline improvements.

On April 15, 2013, the OCA filed its Protest in this matter. Numerous other parties also filed Protests and/or Petitions to Intervene in this matter. The OCA submitted its Direct Testimony on July 24, and its Surrebuttal Testimony on September 6, 2013 recommending that if the merger is approved, certain conditions be imposed to protect consumers and assure substantial affirmative benefits. Hearings were held in Harrisburg on September 11 and 12. All parties and the Companies continued settlement talks after the hearings and a unanimous settlement of all issues was eventually achieved. On October 7, 2013, a Joint Petition for Settlement was presented to the ALJ. Some of the key provisions of the Settlement included a 4-year rate cap for both Equitable and Peoples, accelerated infrastructure spending for both companies, and additional shareholder funding for universal service programs. On November 1, 2013, the ALJ issued his Recommended Decision. The ALJ recommended that the Settlement be approved, without modification. On November 14, 2013, the Commission agreed with the ALJ in all respects and issued its approval of the merger.

Petition of Peoples Natural Gas Company, LLC for Approval of a Distribution System Improvement Charge, Docket No. P-2013-2344596; OCA v. Peoples Natural Gas Company, LLC, Docket No. C-2013-238847. As discussed in last year’s Annual Report, on January 23, 2013, Peoples filed a Long Term Infrastructure Improvement Plan (LTIIP) pursuant to Section 1352 of the Public Utility Code. On February 12, 2013, the OCA filed Comments on the LTIIP. On March 4, 2013, pursuant to Section 1353, Peoples filed a Petition for Approval of a Distribution System Improvement Charge (DSIC). The OCA filed an Answer and Formal Complaint and Public Statement on February 20, 2013. By the Order entered May 23, 2013, the Commission approved People’s LTIIP. The Commission also approved the Company’s proposed DSIC, consistent with its Order, subject to recoupment and/or refund pending final resolution of certain issues raised in the parties’ Petitions and Answers. The Commission also approved the inclusion of the customer-owned lines in People’s LTIIP and referred the issue relating to the DSIC recovery of costs related to customer-owned service lines to be addressed in this proceeding. The OCA submitted the Direct Testimony of Thomas Catlin on August 6, 2013 and the Surrebuttal Testimony of Thomas Catlin on October 3, 2013 recommending adjustments to account for accumulated deferred income taxes and actual state taxes paid. Hearings were held in November 2013. On December 12, 2013, the OCA and Peoples entered into a partial stipulation resolving issues relating to application of the DSIC to competitive customers and recovery of barcoding, AMR and customer-owned service line and gathering line investment. The OCA filed Main and Reply Briefs. On April 3, 2014, the presiding ALJs issued a Recommended Decision rejecting the OCA’s adjustments to the DSIC calculation and approving the partial
stipulation. In April and May 2014, the parties filed Exceptions and Reply Exceptions. At the end of the Fiscal Year, the case was pending before the Commission.

Petition of Peoples Natural Gas Co. for Approval of Its Revised Long-Term Infrastructure Improvement Plan, Docket Nos. P-2013-2344596 and P-2013-2342745. On June 18, 2014, Peoples filed a revised LTIP for its Peoples and Equitable Divisions for the January 1, 2015 through December 31, 2019 period. On November 14, 2013, the Commission approved the merger of Equitable with Peoples. The revised LTIP replaces the separate LTIPs of the two divisions. The OCA filed Comments on the revised, combined LTIP on July 8, 2014. At the end of the Fiscal Year, the Petition was pending before the Commission.

Petition of Peoples Natural Gas Co., LLC and Peoples TWP, LLC for Accounting and Regulatory Approvals and Approval of Related Tariff Revisions Associated with Implementation of its Revised Long Term Infrastructure Improvement Plan, Docket No. P-2014-2429346. On June 26, 2014, Peoples filed a Petition for accounting and regulatory approvals related to its revised LTIP and, specifically, elimination of duplicative pipe, replacing customer service lines in the Equitable Division at no cost to customers, making the items eligible for DSIC recovery consistent between the divisions, and modifying the merger settlement to provide flexibility to spend division capital on a total company basis. The filing results from the merger of Equitable with Peoples, which was approved on November 14, 2013, and the fact that the divisions have separate LTIPs and DSICs and duplicative pipes. At the end of the Fiscal Year, the case was pending before the PUC.

Peoples TWP, Docket No. R-2013-2355886. As discussed in last year’s Annual Report, on April 30, 2013, Peoples TWP filed a request to increase its base rates. The Company provides natural gas service to approximately 60,000 residential, commercial, and industrial customers in Allegheny, Armstrong, Beaver, Butler, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland counties in western Pennsylvania. The Company proposed to increase rates to produce additional annual operating revenues of $18.7 million, or an overall increase of 22.8% in total revenues. The Company proposed that the rate increase become effective on January 28, 2014. For the residential customer class, TWP proposed an overall increase in rates of $16.5 million out of the total $18.7 million request. Under the Company’s filing, a residential customer using an average of 84 Mcf annually would see their average bill rise from $79.22 to $101.71 per month, or by approximately 28%. As part of this increase, the Company proposed to increase the residential customer charge from $12.75 to $20.00. The Company’s proposed rate increase, if approved, would produce a 7.97% overall rate of return on its original cost rate base, including an 11.25% rate of return on common equity. The Company also proposed to implement a small customer choice program (Priority One Pooling Program), as well as make program design changes to its universal service programs by modifying the Energy Help Fund and implementing an Emergency Furnace and Service Line Repair Program. On May 21, 2013, the OCA filed a Formal Complaint, Public Statement and Notice of Appearance. A Public Input Hearing was held on July 23, 2013. The OCA submitted direct, rebuttal, and surrebuttal
testimony. The OCA recommended that the proposed revenue increase of $18.7 million be reduced to $13.2 million. The OCA further submitted testimony that the Company’s revenue allocation placed too large a share of the increase on residential customers. The parties engaged in settlement negotiations and, on October 7, 2013, filed a Joint Petition for Settlement. The proposed Settlement provided for an overall distribution base rate increase of $13.8 million, about $4.86 million less than the rate increase amount originally requested by Peoples TWP of $18.66 million. In addition, the Settlement provided that residential customers receive a significantly lower revenue allocation than initially proposed by the Company. Under the Settlement, residential customers will be assigned an increase of $12.1 million in base rates, as compared to the $16.5 million originally filed by the Company. Under the Settlement, Peoples TWP monthly residential customer charge will increase from $12.75 to $15.75, rather than increase to $20.00, as originally proposed by the Company. The Settlement contained additional benefits to ratepayers, including increased funding for the Company’s Low Income Usage Reduction Program. The Settlement was filed with the Commission on October 7, 2013. On November 6, 2013, the ALJ approved the Settlement. By Order entered December 19, 2013, the Commission approved the Settlement.

Petition of Peoples TWP, LLC for Approval of a Distribution System Improvement Charge, Docket No. P-2012-2344595; OCA v. Peoples TWP, LLC, Docket No. C-2013-2348849. As discussed in last year’s Annual Report, on January 23, 2013, Peoples TWP filed a Long Term Infrastructure Improvement Plan (LTIIP) pursuant to Section 1352 of the Public Utility Code. On February 12, 2013, the OCA filed Comments on the LTIIP. On March 4, 2013, pursuant to Section 1353, Peoples TWP filed a Petition for Approval of a Distribution System Improvement Charge (DSIC). The OCA filed an Answer and Formal Complaint and Public Statement on February 20, 2013. On May 23, 2013 the Commission issued a combined Opinion and Order approving Peoples TWP’s LTIIP. The Commission also approved the Company’s proposed DSIC, consistent with its Order, subject to recoupment and/or refund pending final resolution of certain issues raised in the parties’ Petitions and Answers. The Commission also approved the inclusion of the customer-owned lines in People TWP’s LTIIP and referred the issue relating to the DSIC recovery of costs related to customer-owned service lines to be addressed in this proceeding. The OCA submitted the direct and surrebuttal testimony of Thomas Catlin recommending adjustments to account for accumulated deferred income taxes and actual state taxes paid. Hearings were held in November 2013. On December 12, 2013, the OCA and Peoples entered into a partial stipulation resolving issues relating to application of the DSIC to competitive customers and recovery of barcoding, AMR and customer-owned service line and gathering line investment. The OCA filed Main and Reply Briefs. On April 3, 2014, the presiding ALJs issued a Recommended Decision rejecting the OCA’s adjustments to the DSIC calculation and approving the partial stipulation. In April and May 2014, the parties filed Exceptions and Reply Exceptions. At the end of the Fiscal Year, the case was pending before the Commission.
Philadelphia Gas Works

Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2013-2366301. On May 31, 2013, Philadelphia Gas Works filed a Universal Service and Energy Conservation Plan (USECP or Plan) for 2014 through 2016, in accordance with the Commission’s regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. On April 3, 2014, the Commission entered its Tentative Order on the Plan which requested Comments from PGW and other interested parties. The Commission requested that PGW provide Comments on its Enhanced Low Income Retrofit Program (ELIRP) within twenty days and further Comments from PGW and interested parties on all other issues in forty days. Pursuant to the Tentative Order, the OCA filed Comments on May 13, 2014, and the OCA filed Reply Comments on May 28, 2014. The OCA’s Comments addressed consumer protection issues concerning social security number restrictions, technical USECP design elements, including arrearage forgiveness for on-time and in-full payments; the need for and operation of PGW’s requirements for proof of zero dollar incomes; the monitoring of Customer Responsibility Program (CRP) accounts to ensure that the CRP customer is on the most affordable rate; alternatives to applying/recertifying for CRP at district offices; the decline in CRP enrollment over the past three years; the integration of LIHEAP; credits to CRP participants who achieve designated usage reduction; and the CRP Stay-out provision. At the end of the Fiscal Year, the case was pending before the Commission.

Joint Petition for Approval of a Settlement Re: Default Service Collaborative, Docket No. R-2008-2073938. As discussed in last year’s Annual Report, as part of its 2008 base rate case, PGW was ordered to convene a collaborative to explore options for transitioning some of PGW’s customers to alternative suppliers. The collaborative was to determine if PGW’s financial situation could be improved if more of its customers were served by alternative suppliers, meaning that PGW would be required to purchase less natural gas over the course of a year. The collaborative reviewed several proposals in 2009, but could not come to any agreement on a proposal that would achieve the intended purpose and comply with the law. In 2011, PGW met separately with a group of natural gas suppliers (NGSs) and reached an agreement on several competitive enhancements to be implemented by PGW to try to encourage more of its customers to shop for an alternative supplier. PGW and the NGSs proposed that the cost of these initiatives be paid for by PGW’s ratepayers. PGW and the NGSs filed the “Joint Settlement” with the Commission without any review or input from other members of the Commission-ordered collaborative. The OCA filed an Answer opposing the proposed settlement, in particular the provisions that charged all of the costs of the initiatives to PGW’s ratepayers. After extensive and prolonged settlement negotiations, the OCA and other parties reached an unopposed settlement. The Company filed a Joint Petition for Settlement on August 30, 2013. On December 19, 2013, the ALJ issued a Recommended Decision approving the settlement without modification. On February 20, 2014 the Commission issued an Order approving the settlement without
modification. The settlement provided Choice-related customer education and will implement a Purchase of Receivables (POR) program and utility consolidated billing. The settlement also set forth the cost recovery and allocation methodology between the NGSs and ratepayers. The settlement also established a capacity collaborative that reviewed capacity and capacity-related issues such as transportation capacity assignment, storage capacity allocation, and delivery and contract capacity issues. The first capacity collaborative was held on March 18, 2014. The parties laid out the issues to be discussed in further detail at the next capacity collaborative, set to be no later than 90 days from the February 20, 2014 Order. That second capacity collaborative took place on June 23, 2014. A third capacity collaborative will be held in September or October.

**Pike County**

Pike County Light & Power Base Rate Case, Docket No. R-2013-2397353. On January 17, 2014, Pike filed with the Commission Supplement No. 92 to Tariff Gas – Pa. P.U.C. No. 6, to become effective on March 18, 2014. The Company proposed to increase its overall annual operating revenues by $151,000 per year, an increase of approximately 24% in natural gas distribution revenues, or an overall increase of approximately 10% in total gas revenues over present rates. The OCA filed a Formal Complaint against the rate increase and the matter was sent to hearings. The OCA submitted the direct, rebuttal, and surrebuttal testimony. The OCA testimony recommended a lower rate increase for residential customers than proposed by the Company. The OCA Direct Testimony included adjustments to the Company’s rate base and operating expenses, and incorporated a lower rate of return. The OCA’s analysis of the Company’s revenue requirement showed a deficiency of $69,900, as compared to the $151,000 request contained in the Company’s filing. The parties engaged in settlement discussions resulting in an agreement. Under the proposed settlement, the overall increase was reduced by $51,000 to $100,000. Under the original filing, residential rates would have increased by $151,000 per year. Under the Settlement, residential customers will pay an increase of $94,900 in base rates, thus sharing in the lowered revenue requirement agreed to by the parties. At the end of the Fiscal Year, the case was pending before the ALJ.

**UGI Companies:**

*UGI Gas, UGI Central Penn Gas.*

*UGI Penn Natural Gas*

Petition of UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. for Approval of its Long Term Infrastructure Improvement Plan and Distribution System Improvement Charge, Docket Nos. P-2013-2398833, P-2013-2397056, P-2013-2398835, respectively. On December 12, 2013, the three UGI Companies separately filed Petitions for approval of their LTIIPs, and PNG and CPG additionally filed Petitions for approval of their DSICs (Gas Division did not file a DSIC
petition). On January 2, 2014, the OCA filed Comments to each of the three companies’ LTIPs, and additionally filed Formal Complaints and Answers to the PNG and CPG DSIC Petitions on the same date. The OCA’s Formal Complaints and Answers addressed several potential issues that should be investigated further. The OCA raised issues regarding the balance of accumulated deferred income taxes; the calculation of the state income tax component; categorization of gathering and storage lines as part of distribution system property; the expansion of DSIC-eligible plant to include, *inter alia*, transmission regulator stations and vehicles; recovery of plant placed in service outside of the statutory timeframes for recovery; and the tariff language relating to customers with competitive alternatives for compliance with Act 11 and the Commission’s Final Implementation Order. On January 27, 2014, PNG and CPG filed Answers to the OCA’s Formal Complaints. At the end of the Fiscal Year, the cases were pending before the Commission.

**Joint Petition of UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. for Approval to Implement Growth Extension Tariff Pilot Programs to Facilitate the Extension of Gas Service to Unserved and Underserved Areas within the Companies’ Service Territories, Docket No. P-2013-2356232.** As discussed in last year’s Annual Report, on April 4, 2013, the UGI Companies filed a Joint Petition for approval of a “Growth Extension Tariff” (GET), which created pilot programs to extend gas service to unserved and underserved areas in their service territories without the requirement of large, up-front payments of customer contributions in aid of construction (CIAC). The OCA filed an Answer and retained an expert to thoroughly review the Joint Petition and make recommendations. The OCA filed its witness’s direct, rebuttal and surrebuttal testimony. Hearings were held on October 1, 2013. The parties reached a settlement and submitted it to the ALJ on November 6, 2013. Under the Settlement, the UGI Companies will invest in the installation of mains under the GET program. As a result, many customers who currently live in the UGI Companies’ service territories but do not have access to a gas main will be able to obtain gas service without having to make substantial up-front payments for service. Under the program, new customers will be required to pay a monthly fee designed to recover a portion of the costs of extending service, thus allowing more customers to benefit from the development of natural gas in Pennsylvania. Under the Settlement, customers that take part in the GET program will pay monthly rates that are lower than originally proposed by the Companies, with lower financing charges over the life of the program. The Settlement provided additional customer protections, including a provision that ensures that the Companies will not terminate service to GET Gas customers for non-payment of the GET Gas surcharge during the Pilot. In addition, under the Settlement customers participating in the program will have the option to pay off their remaining program balance at any time.

On January 24, 2014, the ALJ issued her Recommended Decision, wherein she recommended adoption of the settlement without modification. By Order entered February 20, 2014, the Commission adopted the settlement without modification. The UGI Companies have a continuing obligation to submit annual reports beginning twelve months after the first customer is connected under the program. The OCA will review
these reports in order to assess the success of the program.

**Small Gas Companies**

Pennsylvania Public Utility Commission v. Herman Oil & Gas Company, LLC, Docket No. R-2014-2414379. On April 1, 2014, Herman Oil & Gas filed Supplement No. 44 to Tariff - Gas Pa. P.U.C. No. 4, requesting an increase in base rates for all customer classes served by Herman. Herman is a natural gas distribution company serving 419 customers in portions of Summit, Clearfield, and Winfield Townships in Butler County, PA. The Company requested an overall rate increase of $779,346 per year, $80,448 of which is a Customer Charge increase. A typical residential customer using 8.5 MCF of natural gas per month would see a total increase from $59.93 to $165.43 per month, or 176%. Within a customer’s total monthly increase, he or she would see a Customer Charge increase from $0 to $16 per month before any charges for gas usage are assessed. On May 5, 2014, the Office of Consumer Advocate filed a Formal Complaint, Public Statement, and Notice of Appearance in the proceeding. At the end of the Fiscal Year, the parties were engaged in discovery and mediation.

**Other Gas Cases**

Mountain Energy, Ltd. Application to abandon service and for the sale and transfer of certain assets, Docket Nos. A-2013-2396198, A-2013-2397326, and A-2013-2397328. On December 9, 2013, Mountain Energy filed an Application for Approval of (1) abandonment of service to eighty-six residential customers located in Greene County, Pennsylvania; (2) the sale and transfer of certain jurisdictional assets by Mountain Energy, and (3) the abandonment by Mountain Energy of all natural gas services and natural gas distribution services in this Commonwealth. The Company cited a lack of supply and pressure problems, as well as future coal mining operations as the reason necessitating abandonment of its customers. Mountain Energy further sought to sell and transfer its assets to Leatherwood, Inc. to whom it previously transferred a number of assets since 2006 (those prior transactions did not seek Commission approval). Finally, Mountain Energy sought to abandon service in the Commonwealth.

On January 15, 2014, the OCA filed a Protest in Docket No. A-2013-2396198, relating to the abandonment of the 86 customers. Since that time, discovery has commenced, and the parties are working informally to settle the matter. On May 20, 2014, the parties convened a Settlement discussion in an effort to resolve the matter. At the end of the Fiscal Year, Settlement discussions were on-going.

Generic Investigation Regarding Gas-On-Gas Competition Between Jurisdictional Natural Gas Distribution Companies, Docket No. I-2012-2320323. As discussed in last year’s Annual Report, on December 8, 2011, I&E, OCA, OSBA, Peoples TWP and Peoples, (collectively, Joint Petitioners) 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 natural gas distribution company (NGDC) has distribution lines in the same geographic location. Customers in those areas, mainly commercial and industrial customers, can extract lower distribution rates from their existing NGDC due to the possibility of connecting to another NGDC with distribution lines in the same geographic area. 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. On July 25, 2012, the Commission issued a Secretarial Letter with respect to the Joint Petition. The Secretarial Letter granted the relief sought in the Joint Petition, ordered a generic investigation and assigned the matter to the Office of Administrative Law Judge. The OCA retained an expert witness to investigate and provide written testimony to the Commission as to this issue. All of the major Pennsylvania NGDCs intervened, along with a host of other stakeholders. Testimony was submitted and hearings held. In its testimony, the OCA detailed how the current practice was not economically justified and served to provide windfall subsidizations for larger customers who happened to take service at locations that fell in overlapping gas distribution service territories. Briefs were filed in March 2014. On June 24, 2014, the Office of Administrative Law Judge issued the Recommended Decision of Administrative Law Judge Elizabeth H. Barnes. In her decision, ALJ Barnes supported the OCA’s position in the proceeding and recommended that the Commission issue a statement of policy or order for the purpose of amending and phasing out Gas-on-Gas Competition by December 31, 2018, among NGDCs in Pennsylvania. In the alternative, ALJ Barnes issued a secondary recommendation that the Commission limit and restrict existing and future Gas-on-Gas competition in a manner that eliminated interclass subsidization. Several parties filed Exceptions to the Recommended Decision, and the OCA and other parties filed Reply Exceptions supporting the ALJ’s Recommended Decision. At the end of the Fiscal Year, the case was pending before the Commission.

Rulemakings And Policy Proceedings

Investigation of Pennsylvania’s Retail Natural Gas Supply Market, Docket No. I-2013-2381742. On September 12, 2013, the Commission opened an investigation into the Retail Natural Gas Market in Pennsylvania. The OCA is participating in the Commission’s Investigation. The Investigation will seek to assess the current state of retail competition within the natural gas supply market in Pennsylvania, formulate and explore ideas as to how the current market could be improved for the benefit of customers, identify potential barriers to customer participation in the market and to develop implementation plans based on the findings. The OCA was among numerous parties that filed Comments on December 12, 2013 addressing questions propounded by the Commission in its September 12, 2013 Order. In its Comments, the OCA recommended several areas that could be improved upon for the benefit of all gas customers. The OCA recommended that consumer education efforts should be pursued to ensure that natural gas customers can make informed choices in the retail market. To that end, the OCA recommended that the Commission consider instituting
clear “price to compare” requirements to facilitate shopping. In addition, the OCA noted that quarterly gas price changes complicate shopping decisions, as customers do not know how offers will compare throughout the year. The OCA recommended that the implementation of six month gas pricing should be considered. The OCA further recommended that the Commission reconsider the implementation of Migration Riders that complicate residential customer pricing. While the OCA supports efforts to improve shopping, the OCA noted that recent studies have shown that retail gas customers have paid higher prices than those choosing to stay with their regulated utility. The OCA commented that the Commission should be cognizant of the impact that retail gas choice has had on residential customers throughout the nation, and make efforts to improve the Pennsylvania market in a manner that provides full disclosure and meaningful consumer protections.

Now that the Commission has all parties’ Comments, the Investigation will proceed in the same manner as the recently completed investigation of the retail electricity markets (RMI). Phase One will seek to assess the current status of competition and to identify potential changes to the current market in order to benefit customers. Phase Two, headed by the Office of Competitive Market Oversight (OCMO), will seek to evaluate the current challenges in the retail gas market and how to implement prudent changes in order to improve the level of opportunities for natural gas customers. At the end of the Fiscal Year, the proceeding was pending before the Commission.

Rulemaking Re Amendment to 52 Pa. Code 59.18 Meter Location, Docket No. L-2009-2107155. In July 2011, the Commission commenced a rulemaking to revise an existing regulation governing the location of residential and commercial gas meters, to protect public safety. The proposed rulemaking drew comments from the industry, communities, and historic preservation groups. IRRC’s August 2012 comments requested clarifications and changes. The Commission issued an Advanced Notice of Final Rulemaking Order in October 2013. The OCA filed comments in October 2013. The OCA recommended revisions to improve the clarity of the regulations, including the advance notice required before a relocation of an inside meter to an outside location, and changes to the proposed cost responsibility rules, to account for scenarios where the utility consumer is not the owner of the property where the meter is based. At the end of the Fiscal Year, the rulemaking was pending before the Commission.

**Purchased Gas Cost Cases**

The OCA reviewed the gas purchasing practices of all the major Pennsylvania Natural Gas Distribution Companies (NGDCs) to ensure that each NGDC is pursuing a least cost fuel procurement strategy, as required under Pennsylvania law. As part of this effort, the OCA continued to address a wide range of issues in the review of each NGDCs procurement practices.

In particular, the OCA conducted a careful evaluation of utility contractual commitments with interstate pipelines that deliver gas from production areas to each NGDC’s “city
gate”, as well each NGDC’s gas commodity purchasing practices. The increase in regional gas production, predominantly associated with the Marcellus Shale, require that additional attention be paid to the sourcing of gas and the need for transporting gas from traditional production areas. These issues are the primary drivers of the purchased gas costs that ultimately get passed on the ratepayers. Regarding interstate pipeline contracts, the OCA analyzed the gas supply planning practices of gas utilities and NGDC decisions to renew capacity entitlement or acquire new capacity. The OCA reviewed each NGDC’s capacity arrangements in light of the record cold weather that drove up demand in the region to ensure that supply remained adequate and reliable without passing excess costs on to customers.

The OCA reviewed each NGDCs operations to further ensure that retail sales customers’ rates are not increasing as a result of unreasonably high lost and unaccounted-for gas levels. In essence, high levels of lost and unaccounted-for gas result in customers paying for gas supplies that are lost rather than consumed. Therefore, the OCA’s analyses focused on the reasonableness of these levels to ensure that NGDCs are doing what they can to avoid inefficiencies in their gas delivery systems.

The OCA also continued to assess the use of the capacity release and off-system sales markets by gas utilities to maximize benefits to PGC customers. The OCA also continued to analyze possible subsidization between retail sales customers and transportation customers. In addition, the OCA explored the issue of asset management with certain companies. As customers are served by--and pay for--natural gas assets which may or may not be owned or operated by the local natural gas company, it is important that these assets are utilized in the most efficient manner. As a result, the OCA examined whether companies should explore asset management options in an effort to reduce future gas costs to be collected from ratepayers. For companies with current asset management agreements, the OCA examined these agreements to ensure that the terms are fair and beneficial to ratepayers.

Other issues addressed by the OCA included proposals to purchase a portion of their gas supply based upon long-term contracts and hedging programs. It is essential that NGDCs apply risk management strategies to purchases in order to reduce price volatility.

As discussed above, the OCA also reviewed gas companies’ contracts and evaluated numerous standard purchasing issues such as the level of interstate pipeline capacity held by gas companies, the allocation of gas costs between customer groups, the recovery of capacity costs from customers utilizing transportation service, and gas commodity price projections, among other issues.
The OCA participated in the following purchased gas cost cases during Fiscal Year 2013-2014:

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2014 Cases

Columbia Gas of Pa., Docket No. R-2014-2408268. After making its pre-filing on March 1, 2014, Columbia filed its annual purchased gas cost (PGC) pursuant to Section 1307(f) of the Public Utility Code on April 1, 2014. The Company proposed to increase its Purchased Gas Cost rates by $0.05763/Therm to a rate of $0.61079/Therm for service rendered on and after October 1, 2014. The OCA filed a Formal Complaint and retained an expert, to review the filing. The OCA engaged in formal and informal discovery and filed direct, rebuttal, and surrebuttal testimony. The primary issues addressed in the OCA Direct Testimony were Columbia’s request to modify the credit for projected off-system sales and capacity release proceeds to be included in the Company’s rates beginning October 1, 2014, Columbia’s implementation of the peak day capacity provisions in the settlement of last year’s 1307(f) proceeding, and Columbia’s handling of pipeline refunds that go only to some—but not all—classes of PGC customers. In Rebuttal, the OCA addressed the allocation of off-system sales and capacity release credits between rate elements. A Hearing was held on June 2, 2014.

Following the hearing, a partial settlement was reached which resolved all but two outstanding issues, the allocation of USM Credits between Purchased Gas Demand Cost (PGDC) and Purchase Gas Commodity Cost (PGCC) and issues concerning service to Glen-Gery. On June 12, 2014, the OCA filed its Main Brief which addressed its only remaining issue, the allocation of USM Credits. PGCC credits benefit only Columbia’s PGC sales customers because participants in the Choice program do not pay Columbia’s PGCC charges but Columbia’s PGC sales and Choice customers all share on an equal per therm basis in credits to the PGDC. The NGS Parties proposed to allocate all USM credits to the PGDC, which the OCA opposed because the NGS Parties provided no evidence in support and because the only evidence in the
proceeding supports allocating a smaller percentage of USM credits to the PGDC. The OCA recommended that if the current 60/40 split is not continued then the allocation should be 80/20 to the PGCC/PGDC.

On June 20, 2014, the parties filed the Joint Petition for Partial Settlement and the OCA filed its Reply Brief. A Recommended Decision was issued that adopted the OCA’s position that the NGS Parties had failed to demonstrate that the USM should be modified and that the current 60/40 split should continue. At the end of the Fiscal Year, the case was pending before the Commission.

National Fuel Gas Distribution Corporation, Docket No. R-2014-2399610. On January 2, 2014, National Fuel Gas Distribution Corporation (NFGD) submitted its Pre-filing information in anticipation of its annual 1307(f) tariff filing. The Company then submitted its Definitive Filing on January 31, 2014. On January 24, 2014, the OCA filed a Formal Complaint. On March 14, 2014 the OCA and other parties filed Direct Testimony. The OCA submitted the Direct Testimony of its expert witness Jerome D. Mierzwa. Mr. Mierzwa’s testimony addressed the adjustments made by NFGD when it forecasts the design peak day requirements of PGC sales and Choice customers. Mr. Mierzwa recommended that the Commission defer determining the reasonableness of these adjustments until a future proceeding where the impact on NFGD’s forecast may be more significant and the reasonableness of these adjustments can be validated.

After the submission of direct testimony, the parties subsequently engaged in settlement discussions which resulted in a Joint Petition for Settlement. Under the Settlement, the parties have accepted the total system design day peak requirement forecast for the twelve months ending July 31, 2014 of 300,130 Dth/Day. The parties’ acceptance, however, of this level of design day requirements for this period did not indicate an acceptance or approval of the procedures or methodologies used to calculate the design day for future periods, thus addressing OCA witness Mierzwa’s concerns. Determination of a reasonable design day requirement helps ensure that NFGD obtains the needed resources to meet winter demands, while not obtaining unnecessary excess of supply which the Company’s customers would then have to pay for through PGC rates. On May 16, 2014, the ALJ issued a Recommended Decision finding that the Settlement should be approved without modification. On June 19, 2014, the Commission issued an Order adopting the ALJ’s May 16, 2014 Recommended Decision, and thereby approving the Settlement without modification.

PECO Energy Company, Docket No. R-2014-2420283. PECO Energy Company made its pre-filing on April 30, 2014. On June 1, 2014, PECO submitted its annual purchased gas cost filing pursuant to Section 1307(f) of the Public Utility Code for service on and after December 1, 2014. The OCA filed a Formal Complaint against the proposed rates on May 4, 2014 and retained an expert to review the filing and provide recommendations. After a review of the discovery responses and the Company’s pre-filing and definitive filing, determined that the filing of Direct Testimony was not necessary in this year’s review. At the end of the Fiscal Year, the case was pending before the ALJs.
Peoples Natural Gas, Docket No. R-2014-2403939. On February 28, 2014, Peoples submitted its Pre-filing information in anticipation of its annual 1307(f) tariff filing. The Company then submitted its Definitive Filing on April 1, 2014. On March 17, 2014, the OCA filed a Formal Complaint. In April and May, the OCA and other parties filed direct and rebuttal testimony. In Direct Testimony, OCA witness Jerry Mierzwa identified errors in People's calculation of rates associated with transmission service from Equitrans for Allegheny Valley Connector (“AVC”) services. In addition, OCA witness Mierzwa testified that the demand charges associated with Peoples’ gas supply agreement with EQT Energy should be included in the design of the Company's Banking, Balancing and Advancing (“BB&A”) charges. The parties subsequently engaged in settlement discussions which resulted in a Joint Petition for Partial Settlement on June 16, 2014. (The Settlement was labelled as “Partial” because a pro se litigant was not a party to the Settlement. However, the pro se party did not oppose or file exceptions to the Settlement). The Partial Settlement adopted the OCA’s position on both of the AVC and BB&A issues. The ALJ recommended that the Settlement be approved without modification. At the end of the Fiscal Year, the case was pending before the Commission.

Peoples Natural Gas Company, LLC - Equitable Division, Docket No. R-2014-2403935. On February 28, 2014, Peoples Natural Gas Company, LLC - Equitable Division submitted pre-filing information in support of its annual reconciliation of purchased gas cost (PGC) rates under Section 1307(f) of the Public Utility Code. On April 1, 2013, Equitable filed the definitive copies of its annual purchased gas cost filing for the period ending September 30, 2015. Equitable’s existing PGC rate was $6.51 per Mcf. In its filing, Equitable projected an increase of $0.01 per Mcf for a proposed PGC rate of $6.52 per Mcf to be effective October 1, 2014. The average bill of a residential customer using 90 Mcf per year would increase by approximately $0.08 per month as a result of the proposed new PGC rate. The OCA presented the Direct Testimony of Jerry Mierzwa. Mr. Mierzwa raised issues relating to Standby Credits, Capacity and balancing Charges and also the proper construction of the Price to Compare. The parties convened several times to discuss the issues and attempt to reach a resolve as to the OCA’s issues. Ultimately a Settlement was reached on all issues. The ALJ recommended approval of the Settlement. The Commission accepted the ALJ’s recommendation and approved the Settlement. The PGC rate that will go into effect is $6.05 per Mcf.

Peoples TWP, LLC, Docket No. R-2014-2399598. On December 31, 2013, Peoples TWP submitted its Pre-filing information in anticipation of its annual 1307(f) tariff filing. The Company then submitted its Definitive Filing on January 31, 2014. On January 28, 2014, the OCA filed a Formal Complaint. On March 5, the OCA and other parties filed Direct Testimony. The OCA submitted the Direct Testimony of its expert witnesses, Melissa Whitten and Dr. Alvaro Pereira. Ms. Whitten’s testimony addressed three areas of PTWP’s filing: a perceived discrepancy in the calculation of the E-factor (over/undercollection) component of the PGC rate; the Company’s revised design peak day forecast methodology and the cost implications of that methodology; and the
coordination of the Company’s proposal to re-price its vintage producer contracts with its ongoing pipeline segmentation plan. Dr. Pereira’s testimony provided an overall assessment of the Company’s revised design day forecast methodology and the reasonableness of the results it yielded. The Company submitted rebuttal testimony which addressed and resolved several of the OCA’s initial concerns. After the submission of testimony, the parties subsequently engaged in settlement discussions which resulted in a Joint Petition for Settlement. Under the Settlement, PTWP agreed to evaluate its design day requirements by specifically including data from the winter of 2013-2014 in its analysis and by evaluating the appropriateness of the technical factors identified in Dr. Pereira’s testimony. PTWP is to provide an update of its evaluation of these factors in its 2015 PGC filing. The further refining of design day requirements is critical in ensuring that PGC costs cover those costs necessary for reliable service under extreme winter conditions without requiring customers to over pay for unnecessary supply arrangements. On May 19, 2014, the ALJ Watson issued a Recommended Decision finding that the Settlement should be approved without modification. On June 19, 2014, the Commission issued an Order adopting the ALJ’s May 19, 2014 Recommended Decision, and thereby approving the Settlement without modification.

Philadelphia Gas Works, Docket No. R-2014-2404355. On January 31, 2014, PGW filed its pre-filing information required for its annual 2014-2015 Purchased Gas Cost Rate. Further, PGW requested to provide estimated data for January 2014 and February 2014 in the March 1, 2014 quarterly 1307(f) filing instead of actual data for January 2014. On February 12, 2014, the OCA filed a Formal Complaint. On February 28, 2014, PGW filed its Section 1307(f) filing, with a proposed a PGC rate of $6.2815 per Mcf to be effective September 1, 2014. The Company’s PGC rate has changed over the last three quarters, with a September 1, 2013 rate of $5.7484 per Mcf, a December 1, 2013 rate of $5.4259 per Mcf, and a March 1, 2014 currently effective rate of $5.7138 per Mcf. The OCA and other parties filed Direct Testimony on April 14, 2014. The Company filed Rebuttal Testimony on April 28, 2014. The parties convened a settlement conference on May 1, 2014, at which the parties agreed to a settlement in principle on all matters. The ALJs issued a Recommended Decision on June 18, 2014 recommending that the Settlement be approved without modification. At the end of the Fiscal Year, the case was pending before the Commission.

The UGI Companies: UGI Utilities, Inc. – Gas Division, Docket No. R-2014-2420276; UGI Central Penn Gas, Inc., Docket No. R-2014-2420279; and UGI Penn Natural Gas, Inc., Docket No. R-2014-2420273. On May 1, 2014, the UGI Companies submitted their pre-filing information in support of the Companies’ annual reconciliation of purchased gas cost rates pursuant to Sections 53.64 and 53.65 of the Commission’s Rules and Regulations. On May 7, 2014, the OCA filed its Formal Complaints against the Companies’ filings. The OCA has retained an expert to thoroughly review the filing and provide recommendations. At the end of the Fiscal Year, the cases were pending before the Commission.
2013 Cases

Columbia Gas, Docket No. R-2013-2351073. As discussed in last year's Annual Report, on February 28, 2013, Columbia Gas Company submitted its annual purchased gas cost pre-filing pursuant to Sections 53.64 and 53.65 of the Pennsylvania Code. The OCA filed a formal complaint against Columbia’s PGC pre-filing on March 22, 2013. The OCA filed its Direct Testimony on May 10, 2013. The parties engaged in negotiations and, as a result, a settlement in principle was reached with the Company and the other active parties to the proceeding that resolved the OCA’s contested issues. Importantly, the Settlement addressed the crediting of 100% off-system sales and capacity release revenues to the PGC rate paid by customers for transactions that result from excess capacity. The proposed settlement was submitted to the ALJ and, the ALJ issued a Recommended Decision which recommended that the settlement be approved. On August 15, 2013, the Commission entered an Order adopting the ALJ's Recommended Decision, thereby approving the Settlement.

Equitable Gas, Docket No. R-2013-2346441. As discussed in last year's Annual Report, on March 1, 2013, Equitable Gas Company submitted its annual purchased gas cost pre-filing pursuant to Sections 53.64 and 53.65 of the Pennsylvania Code. On April 1, 2013, pursuant to Sections 53.61 through 53.68 of the Commission’s Rules and Regulations, 52 Pa. Code Sections 53.61-53.68, Equitable filed the definitive copies of its annual purchased gas cost filing. The OCA filed a formal complaint against Equitable’s PGC filing on April 4, 2013. The OCA filed its Direct Testimony on May 15, 2013. The parties engaged in negotiations and, as a result, a settlement in principle was reached with the Company and the other active parties to the proceeding that resolved the OCA’s contested issues. Notably, the Company agreed to develop additional analysis of its balancing service to ensure appropriate cost allocation in future proceedings. The Administrative Law Judge issued her Recommended Decision, supporting approval of the Settlement. On August 15, 2013, the Commission entered an Order adopting the ALJ's Recommended Decision, thereby approving the Settlement.

National Fuel Gas Distribution, Docket No. R-2013-2341534. As discussed in last year's Annual Report, on January 2, 2013, National Fuel Gas Distribution Company (NFGD) submitted its annual purchased gas cost pre-filing pursuant to Sections 53.64 and 53.65 of the Pennsylvania Code. On February 1, 2013, pursuant to Sections 53.61 through 53.68 of the Commission’s Rules and Regulations, 52 Pa. Code Sections 53.61-53.68, NFGD filed the definitive copies of its annual purchased gas cost filing. The OCA filed a formal complaint against NFGD's PGC filing on January 22, 2013. The OCA filed Direct Testimony on March 15, 2013. The OCA filed Surrebuttal Testimony on April 12, 2013. The parties engaged in negotiations throughout the proceeding and reached a partial settlement. As part of the partial settlement, the parties agreed to a methodology for FERC pipeline allocation. The parties were unable to reach a settlement concerning the Company’s proposed methodology for reconciling costs in the Company’s quarterly rate filings. The OCA submitted main and reply briefs on the
contested issue on April 25, 2013 and May 1, 2013. On May 9, 2013, the Administrative
Law Judges issued their Recommended Decision, supporting approval of the partial
settlement. In addition, the ALJs recommended adoption of the OCA’s position on the
contested rate design issue. Exceptions were filed by the Company and on May 31,
2013, the OCA filed Reply Exceptions. On July 22, 2013, the Commission entered an
Order adopting the ALJs’ Recommended Decision approving the partial settlement.
The Commission reversed the ALJ, however, and approved the Company’s litigated
rate design proposal as filed.

PECO Energy Company, Docket No. R-2013-2363227. As discussed in last year’s
Annual Report, after making its prefiling on April 30, 2013, PECO Gas Company filed its
annual purchased gas cost (PGC) pursuant to Section 1307(f) of the Public Utility Code
on May 31, 2013. The Company proposed to decrease its rates by $0.1322/Mcf for
service on and after December 1, 2013. The OCA filed a Formal Complaint and
retained an expert to review the filing. After a thorough review of the filing and engaging
in formal and informal discovery, the parties reached a full settlement. The parties
presented the Joint Petition for Settlement to the ALJs. On August 13, 2013, the ALJs
issued their Recommended Decision recommending that the Commission adopt the
settlement without modification.

Peoples Natural Gas Company, Docket No. R-2013-2350914. As discussed in last
year’s Annual Report, on March 1, 2013, Peoples Natural Gas Company submitted its
annual purchased gas cost (PGC) pre-filing pursuant to Sections 53.64 and 53.65 of the
Pennsylvania Code. The OCA filed a formal complaint against People’s PGC pre-filing
on March 29, 2013. Peoples then submitted its filing on April 1, 2013. The OCA filed its
Direct Testimony on May 18, 2013. Thereafter, the parties engaged in negotiations
and, as a result, a settlement in principle was reached with the Company and the other
active parties to the proceeding that resolved all of the OCA’s contested issues.
Notably, the parties resolved retainage rate issues, agreeing that the tariffed retainage
rate for Residential and Commercial customers will decrease from 8.0% to 7.7% and
the tariffed retainage rate for Industrial customers will decrease from 6.9% to 6.8%. On
July 17, 2013, the ALJs issued their Recommended Decision, in which they
recommended approval of the Settlement. On August 15, the Commission adopted the
ALJs Recommended Decision, thereby approving the Settlement.

Philadelphia Gas Works, Docket No. R-2013-2346376. As discussed in last year’s
Annual Report, on January 31, 2013, Philadelphia Gas Works submitted its annual
purchased gas cost (PGC) pre-filing pursuant to Sections 53.64 and 53.65 of the
Pennsylvania Code. PGW then submitted its filing on March 1, 2013. The OCA filed a
formal complaint against PGW’s PGC pre-filing on March 5, 2013. The OCA filed its
Direct Testimony on April 19, 2013 and its Surrebuttal Testimony on May 9, 2013.
Throughout the proceeding, the parties engaged in negotiations and, as a result, a
settlement in principle was reached with the Company and the other active parties to
the proceeding that resolved all of the OCA’s contested issues. Notably, the parties
resolved firm transmission and storage contracts, as well as how PGW determines its
mix of supply contracts and its inactivity in off-system sales. The ALJ issued a
Recommended Decision which recommends approval of the settlement. On August 15, 2013, the Commission issued an Order adopting the ALJ’s Recommended Decision, thereby approving the Settlement.

The UGI Companies: UGI Utilities, Inc. – Gas Division, Docket No. R-2013-2361771; UGI Central Penn Gas, Inc., Docket No. R-2013-2361764; and UGI Penn Natural Gas, Inc., Docket No. R-2013-2361763. As discussed in last year’s Annual Report, on May 1, 2013, the UGI Companies submitted their pre-filing information in support of the Companies’ annual reconciliation of purchased gas cost (PGC) rates pursuant to Sections 53.64 and 53.65 of the Commission’s Rules and Regulations. On May 21, 2013, the OCA filed its Formal Complaints against the Companies' filings. On June 1, 2013, the Companies made their definitive filings and proposed rate increases of $.063/Mcf for UGI, $0.4299/Mcf for PNG and $0.4775/Mcf for CPG. The OCA filed its Direct Testimonies in the three proceedings. In its testimony, the OCA raised concern about the Companies’ affiliate contracts, surcharge payments, C-Factor calculation, and no-notice peaking service arrangements. Throughout the proceeding the Companies engaged in settlement discussions and reached a Settlement of all issues. Importantly, the Settlement ensures an appropriate allocation of costs among customer classes, and further ensures that required peaking services are competitively bid in a least cost manner. The Settlement addresses all of the unresolved issues that were raised by the OCA. On August 12th the parties submitted the comprehensive Settlement to the Administrative Law Judge. On September 17, 2013, the ALJ issued her Initial Decision and recommended approval of the Settlement without modification. The Commission entered an Order approving the Settlement.

Federal

FERC Gas Cases

Gas-Electric Coordination, Docket Nos. RM14-2-000, EL14-22-000, EL14-23-000, EL14-24-000, EL14-25-000, EL14-26-000, and EL14-27-000. On March 20, 2014, the Commission issued a Notice of Proposed Rulemaking regarding the coordination of the scheduling processes of interstate natural gas pipelines and public utilities. On the same date, the Commission initiated investigations under section 206 of the Federal Power Act into the day-ahead scheduling practices of the regional transmission organizations and independent system operators to determine if they are just and reasonable and to ensure that these entities' scheduling practices correlate with any revisions to the natural gas scheduling practices that may be adopted by the Commission in a Final Rule stemming from the NOPR. The OCA intervened in these proceedings on April 9, 2014. All Comments in Docket No. RM14-2-000, as well as comments on any consensus standards, are due within 240 days of the NOPR. In Docket Nos. EL14-22-000, et al., all filings must be submitted to the Commission within 90 days of publication of the Final Rule. At the end of the Fiscal Year, the case was pending before FERC.
Transcontinental Gas Pipe Line Company, LLC, Docket No. RP12-993-000. As discussed in last year’s Annual Report, on August 31, 2012, Transcontinental Gas Pipe Line Company submitted revised tariff sheets pursuant to Section 4 of the Natural Gas Act proposing a general rate increase and requesting an effective date of October 1, 2012. Transco sought a cost of service increase of approximately $327 million and a rate base increase of approximately $639 million. Transco sought a return on equity of 11.74%. The OCA filed a Petition to Intervene and Protest in this matter in order to protect the interests of Pennsylvania ratepayers. Transco serves a number of Pennsylvania Natural Gas Distribution Companies (NGDCs), and any revenue increase granted in this matter would be passed through the NGDCs to natural gas customers in Pennsylvania. The OCA retained an expert witness in order to assist the OCA in evaluating the many facets of this case. The OCA also joined with an ad hoc group of state regulatory/advocate offices, including the Maryland Office of People’s Counsel, the New Jersey Division of Rate Counsel and the New York Public Service Commission in order to share resources and present a common position. On February 21, 2013, the OCA attended the first settlement conference in this matter in D.C. At the June 13, 2013 settlement conference, the parties reached a settlement in principle. The OCA’s expert calculated a savings of approximately $12 million to Pennsylvania ratepayers under the terms of the settlement versus the Company’s filed rates. On August 27, 2013, the Company submitted the Settlement to the Judge. On September 30, 2013, the ALJ certified the settlement to the Commission as uncontested. On December 6, 2013, the Commission issued an order accepting the Settlement.
TELECOMMUNICATIONS

Pennsylvania

Access Charge Proceedings

AT&T v. Verizon Pennsylvania, Verizon North, Docket No. C-20027195 et al. In 2011, the parties to the combined Commission investigation and AT&T complaint against Verizon PA and Verizon North’s intrastate access charges presented testimony at hearings and briefed their positions. At issue was whether Verizon’s charges imposed on other carriers for originating or terminating traffic between a Verizon customer and other carrier’s customer were too high. Verizon’s access services and charges are protected, non-competitive services under the Public Utility Code. A reduction in the level of Verizon’s intrastate access charges, if ordered by the Commission, would need to be executed so as to be revenue neutral to Verizon; in other words, rates for residential and small business services might need to be increased. Before an Initial Decision was issued by the presiding ALJ, the Federal Communications Commission issued in a comprehensive order, the Connect America Fund Order, that directed Verizon and other local exchanges carriers (ILECs) throughout the nation to implement reductions to certain access charges over a multi-year period. In October 2013, in response to a Commission secretarial letter query, the OCA, Verizon, AT&T and other interested parties advised the Commission whether to close the proceeding or resume litigation. The OCA Comments recommended that the Commission close the proceeding, due to the significant factual and legal changes since the OCA had filed its briefs in 2011. Verizon supported closing the proceeding. AT&T asked the Commission to continue. The matter was pending before the Commission at the end of the Fiscal Year.

Chapter 30 (Act 183) Related Proceedings

CenturyLink Proposed Increase, Docket No. R-2013-2367099. As discussed in last year’s Annual Report, on May 31, 2013, CenturyLink filed proposed tariffs to increase basic residential and business local exchange rates based on increases allowed by prior annual PSI calculations, that CenturyLink had banked. CenturyLink proposed to increase basic residential and business rates in July 2013 by about $1 per month, to produce over $1 million in additional annual revenues. The OCA and OSBA filed formal complaints in June 2013, opposing CenturyLink’s rate filing as untimely and inconsistent with CenturyLink’s Chapter 30 Plan. In July 2013, CenturyLink, OCA and OSBA entered into a Settlement Agreement which would allow CenturyLink to implement the proposed rate increase. In exchange, CenturyLink would propose zero increase to basic residential and business rates as part of its September 2013 PSI Filing. Further, CenturyLink would refrain from making an interim rate filing to increase basic local exchange rates through September 1, 2014. These rate restrictions provide stability and
protection to CenturyLink’s residential and business ratepayers. The Commission approved the settlement in its entirety.

CenturyLink Price Stability Index (PSI) Filing, Docket No. R-2013-2379071. CenturyLink filed its PSI on August 30, 2013. Based on the annual change in inflation and CenturyLink’s PSI formula, CenturyLink calculated an allowed revenue increase for non-competitive services of $813,164. CenturyLink “banked” or added the $813,164 to the tally of allowed increases not implemented in prior years, bringing the bank up to $9.9 million. The OCA reviewed CenturyLink’s filing. The Commission approved CenturyLink’s filing.

Verizon Pennsylvania and Verizon North Price Change Opportunity Filings, Docket Nos. R-2013-2391528, R-2013-2391544. The Verizon Companies filed their PCOs and proposed rate increases on November 1, 2013. Based on the annual change in inflation and its PCO formula, Verizon PA calculated an allowed increase in non-competitive services revenues of $2,984,000 based on non-competitive revenues of $244,596,000. Non-competitive services include basic local residential services, business services and access services. Verizon PA’s PCO allowed increase was subject to two adjustments, one due an error by Verizon and the other related to Verizon PA’s contribution to the Pennsylvania Universal Service Fund. Verizon PA proposed to increase basic local residential services by $0.23 per line and to increase certain business services. Verizon North calculated an allowed increase in non-competitive service revenues of $538,000 based on non-competitive revenues of $44,075,000. An adjustment for line counts raised the revenue increase to $653,000. Verizon North proposed an increase for basic local residential services of $0.23 and to increase some business services. The OCA reviewed the Verizon PA and Verizon North filings. The Commission approved the Verizon filings and rate changes in December 2013. The Verizon PA rate increases took effect January 1, 2014. The Verizon North increases took effect February 15, 2014.

Price Stability Filings and Petitions for Chapter 30 Plan Amendments: Ironton Telephone, Citizens of Kecksburg, Northeast Telephone, Hickory Telephone and Lackawaxen, Docket Nos. P-2014-2407033, P-2014-2407041, P-2014-2420088, P-2014-2420108, P-2014-2420135. Most of Pennsylvania’s smaller incumbent local exchange companies file a Price Stability Index report annually, along with any proposed rate increase, pursuant to their Commission-approved Chapter 30 Plans. In Spring 2014, five of the ILECs filed their PSI reports along with a request to coordinate changes in the separate State Tax Adjustment Surcharge (STAS) filings with the PSI report and banking of allowed increases to non-competitive service revenues. The five ILECs requested the change so that when a decrease in state tax rates could result in a small refund passed through the STAS, the ILEC could instead offset the value of the STAS revenue reduction against the ILEC’s bank of allowed revenue increases, as calculated under prior PSI filings but not yet implemented. The OCA reviewed each of the ILECs’ PSI filings and related petitions for amendment of their Chapter 30 Plans. The OCA filed letters stating no opposition, noting the narrow focus of the issues and that the facts were particular to each ILEC. The Commission separately approved each
of the ILECs’ PSI filings and petitions for amendment of their Chapter 30 Plans. The Commission agreed with the OCA that the relief granted would be prospective.

Bona Fide Retail Request Program (BFRR) Verizon Pennsylvania, Verizon North, CenturyLink d/b/a United Telephone Company of Pennsylvania, and Windstream Pennsylvania are required under the terms of their revised Chapter 30 Plans and Act 183 to offer consumers who are not yet able to receive broadband service from their telephone company the opportunity to aggregate their request with others in their community. The BFRR is intended to help consumers get service deployed faster than the telephone utility might otherwise be planning to deploy. The program is under the combined jurisdiction of the Department of Community and Economic Development and PUC.

The OCA continues to monitor the Companies’ semi-annual BFRR reports as part of the oversight of the BFRR program. In particular, the OCA reviews any requests for extensions of time to deploy high-speed internet service made by the Companies pursuant to the BFRR requirements and responds on behalf of consumers when appropriate. In general, the Companies are now deploying high-speed internet service to some of the most remote areas of Pennsylvania and request only moderate extensions of time to meet their statutory requirements under the BFRR program.

Other Proceedings

Investigation of Practice of Paper Invoice Charges, Docket No. I-2010-181481. In 2010, the Commission initiated an investigation of whether local exchange carriers (LECs) may impose a charge on consumers for providing a bill to the consumer in a paper format. The OCA filed comments in September 2010 opposing the imposition of a fee upon the consumer, so the consumer might obtain their bill in their preferred format. The OCA argued that the provision of a bill is part of utility service and no separate fee should attach, pursuant to Section 1509 of the Public Utility Code. The OCA distinguished Pennsylvania’s Electronic Transactions Act as applying only where both parties consent to conduct a transaction electronically. ILECs, CLECs, and other interested parties also filed comments. The Commission entered an Order in March 2014 ruling that such paper invoice fees are illegal and inconsistent with the LECs obligation to provide consumers with a bill and to provide reasonable and adequate service. The Commission agreed with the OCA’s legal analysis on many points. Verizon filed a petition for reconsideration on behalf of its combined local, intrastate long distance and competitive affiliates. The OCA filed an answer in opposition in April 2014. The OCA answer supported the Commission’s conclusions of law. At the end of the Fiscal Year, the Commission had granted reconsideration, pending review of the merits.

Wireless and Wireline Carriers’ Petitions for Designation as Eligible Telecommunications Carriers (ETCs) to Offer Lifeline Service. As discussed in last year’s Annual Report, a number of carriers have petitioned the PUC since 2008 for regulatory approval so the carriers may qualify to offer Lifeline service to eligible
residential customers and obtain reimbursement for such discounts from the federal Universal Service Fund. The carriers represent different business models: wireline or wireless, prepaid or post-paid, or facilities-based or pure resellers. In August 2010, the Commission adopted guidelines which set forth the minimum information which such carriers should provide. Between November 2011 and June 2013, the FCC entered a series of orders reforming the framework for designation of ETCs and the Lifeline universal service program.

The OCA has reviewed and filed comments regarding petitions for Lifeline or ETC designation filed by over a dozen carriers. The OCA Comments generally recommend specific, additional consumer protections and conditions to assure that the Lifeline service offered with federal universal service support would provide value to the Lifeline eligible consumers.

In November 2012, the OCA filed comments in response to the Petition of Blue Jay Wireless (Docket No. P-2012-2325045). The OCA recommended that Blue Jay clarify its proposed Lifeline service offerings and agree to certain consumer protections. In reply comments, Blue Jay clarified that Lifeline eligible consumers would have a choice between Lifeline service plans offering a fixed number of minutes per month at no cost to the consumer or prepaid service at a cost reduced by the Lifeline discount. Blue Jay provided more specific information regarding its requested service area. Also in reply to the OCA comments, Blue Jay clarified that Lifeline consumers who selected a Lifeline service plan that added data services for an extra fee, would not lose voice service in the event of partial or non-payment; Blue Jay would switch the consumer to its no fee Lifeline service. Blue Jay filed several supplements and updates with the PUC, mapping out Blue Jay’s specific commitments to protect Pennsylvania Lifeline consumers and help them maintain telephone service. The Commission granted Blue Jay’s petition in August 2013 and clarified that ETCs may not allow Lifeline consumers to self-certify that they continue to meet Lifeline eligibility criteria. The PUC Order stated that Pennsylvania's standards will be more strict than the federal minimum.

The OCA filed comments on January 2, 2013 in response to the Petition of Total Call Mobile (Docket No. P-2012-2325464). The OCA recommended that Total Call clarify how Lifeline consumers who opt for a prepaid service with a monthly charge might switch to a Lifeline service without a charge, in the event the prepaid monthly charge is not made. The OCA identified that Total Call stated the Lifeline eligibility criteria incorrectly in its proposed Lifeline application and marketing materials. The OCA recommended that Total Call commit to certain other consumer protections. Total Call filed Reply Comments on July 15, 2013. Then, on July 1, 2014, Total Call filed a revised and updated petition.

In May 2013, American Broadband & Telecommunications Co. (ABT) petitioned for designation as an ETC to offer wireless Lifeline service. (Docket No. P-2013-2362571). ABT proposed to provide eligible Lifeline customers with a choice of wireless Lifeline service for no cost to the consumer or upgraded services including data for an additional, prepaid fee. In comments, the OCA asked ABT to clarify how Lifeline
consumers could preserve telephone service, in the event they selected an upgraded Lifeline service but did not make the prepayment. The OCA recommended corrections to the proposed Lifeline application and additional consumer protections that ABT should commit to provide. ABT filed reply comments in October 2013 that satisfied the OCA’s concerns. ABT filed supplemental information in January 2014. ABT’s petition was pending at the end of June 2014.

Amerimex Communications Corp. petitioned for designation as an ETC to offer wireless Lifeline service in June 2013. (Docket No. P-2013-2369557). In comments, the OCA identified a conflict between Amerimex’s representation that it would offer eligible Lifeline consumers a free wireless handset but then impose a $25 activation fee to defray the cost of the handset. Lifeline eligible consumers should be able to make ‘apples’ to ‘apples’ comparisons between wireless Lifeline ETCs offering free handsets. In reply comments, Amerimex agreed to forego charging new Pennsylvania Lifeline consumers any activation fees so as to avoid any customer confusion. Amerimex also provided clarifications and supplemental information to address other OCA concerns. The Commission approved Amerimex’s petition in March 2014.

In September 2013, Buffalo-Lake Erie Wireless (BLEW) petitioned for designation as an ETC to offer wireless Lifeline service. (Docket No. P-2013-2382739). BLEW proposed a choice of Lifeline service plans. One Lifeline service would provide 500 minutes of calling, at no cost to the consumer. For an additional monthly prepayment, the BLEW Lifeline consumer could purchase voice and data services. The OCA Comments asked BLEW to clarify how its Lifeline customers who might select a Lifeline service that required prepayment could keep voice service if a prepayment was not made. The OCA also identified the need for corrections to the Lifeline application and agreement by BLEW to certain consumer protections. In Reply Comments, BLEW clarified that Lifeline consumers who did make a prepayment would be switched to the no cost 500 minute Lifeline service. BLEW addressed the OCA’s other concerns. BLEW’s petition was pending at the end of June 2014.

In October 2013, the OCA filed comments in response to the Petition for Lifeline only ETC Designation filed by Airvoice Wireless LLC. (Docket No. 2013-2379431). As with other ETC petitions, the OCA noted that Airvoice should clarify how Lifeline consumers who opted for a Lifeline service that required a prepayment could maintain voice service in the event of partial or non-payment. The OCA also identified the need for revisions to the proposed Airvoice application. Airvoice filed reply comments that satisfied the OCA’s concerns. The Commission granted Airvoice’s Petition in early July 2014.

In February 2014, the OCA filed comments in response to the Petition filed by Sage Telecom. (Docket No. P-2013-2395687). Sage proposed to provide Lifeline eligible consumers with choices between no cost and Lifeline plans that required an additional monthly cost and an activation fee. The OCA comments asked Sage to clarify whether and how its no cost Lifeline plans would provide value for the $9.25 in federal Universal Service Fund support, where other wireless ETCs were already offering no cost Lifeline plans with more minutes of calling. The OCA also asked Sage to clarify how it would
help consumers preserve their voice service and to agree to certain consumer protections. In April 2014, Sage amended its petition and proposed Lifeline service plans. Sage determined it would offer a choice of three Lifeline plans, at no cost to the consumer, with higher amounts of minutes of calling than some competitors. Sage agreed to the OCA’s other conditions and consumer protections. Sage’s Petition was pending at the end of June 2014.

In 2012, the Commission granted Limitless Wireless designation as a full ETC in certain portions of Pennsylvania. Limitless Wireless had qualified to receive federal stimulus funding to upgrade its wireless network. In February 2014, Limitless Wireless petitioned the PUC for permission to revise its Lifeline service offerings (Docket No. P-2014-2404374). Limitless indicated its originally proposed Lifeline service plans were not compatible with its billing platform. The OCA did not oppose Limitless’ request to revise its Lifeline service offerings. However, the OCA expressed concern that Limitless had been a full ETC for 19 months, with an obligation under federal and Pennsylvania law to advertise and inform consumers of the availability of Lifeline, yet had not done so. Limitless filed reply comments in March 2014. Limitless’ Petition was pending at the end of June 2014.

In December 2013, Tempo Telecom filed a petition for designation as an ETC to offer Lifeline service. The OCA filed comments in February 2014 that asked Tempo for clarification of its Lifeline service plans and proposed handsets, as well as Tempo’s proposed use of a third party verification service. In reply comments, Tempo clarified that both proposed wireless Lifeline service plans would allow the consumer to use two minutes of airtime for 1 MB of data connection. Tempo committed to provide eligible Lifeline consumers with a handset at no charge that would allow internet access; for an additional fee, the Tempo Lifeline customers could purchase a smart phone. Tempo’s petition was pending at the end of June 2014.

In March 2014, Full Service Network (FSN) filed a petition for designation as an ETC to offer Lifeline service. (Docket No. P-2014-2410740). FSN is a wireline carrier holding a certificate of public convenience from the PUC. FSN resells, in part, Verizon local calling service. The OCA filed comments in April 2014, stating support for FSN’s petition and requesting certain clarifications. In reply comments, FSN explained that the $9.25 Lifeline discount, as applied to any of FSN’s tariffed, residential calling plans would reduce the total cost of the plan, including the end user charge, but the Lifeline consumer would still owe some amount. FSN provided a revised Lifeline application and advertising, based on discussions with the OCA. FSN’s petition was pending at the end of June 2014.

NEP Cellcorp filed a petition for expansion of its Eligible Telecommunications Carrier (ETC) service area in Pennsylvania, to include portions of Susquehanna and Wayne counties. (Docket No. P-2013-2356640). NEP Cellcorp is a full ETC, eligible for federal Universal Service Fund (USF) support for infrastructure as well as reimbursement for Lifeline. NEP sought to expand its area to be eligible to compete for federal funds available to support maintenance of NEP’s wireless network. The OCA’s June 2013
comments generally supported NEP’s request, subject to certain clarifications and commitments to consumer protections. Pennsylvania will benefit to the extent federal USF support is granted to Pennsylvania ETCs. NEP filed Reply Comments July 1, 2013 which satisfied the OCA’s request for clarification. As to the consumer protections requested by OCA, NEP conditionally agreed, subject to a PUC Order. At the end of the Fiscal Year, the matter was pending before the PUC.

Federal

**FCC Proceedings**

*Report on Rural and National Broadband Strategy,* GN Docket No. 09-29; *A National Broadband Plan,* GN Docket No. 09-51, *Connect America Fund,* WC Docket No. 10-90. As discussed in last year’s Annual Report, on November 18, 2011, the FCC released its Report and Order and Further Notice of Proposed Rulemaking (Connect America Fund Order). The FCC Connect America Fund Order modified significantly the availability and allocation of $4.5 billion of high cost universal service support, by directing that a portion of the fund go to support build-out of wireless networks to offer broadband service (Mobility Fund) and to support construction and expansion of broadband service to unserved areas by wireline carriers (Connect America Fund). The FCC Order modified intercarrier compensation by eliminating state regulation of intrastate access charges. Instead, telecommunications carriers will eventually exchange traffic on a “bill and keep” basis or a zero rate. The FCC will allow LECs that experience a revenue loss due to the change in intercarrier compensation to make-up the loss from end users through an “access revenue charge” or ARC of approximately $0.50 per month. The FCC Connect America Fund Order took effect on December 29, 2011. As discussed below, numerous appeals were filed in the federal courts. The Connect America Fund Order reserved some issues for further comment and rulemaking.

On June 8, 2012, the FCC issued a request for comments on cost model design and inputs related to distribution of Connect America Fund Phase II support to wireline carriers to develop broadband networks. NASUCA filed comments on July 9, 2012 with the assistance of Dr. Robert Loube. The NASUCA Comments provided detailed recommendations. NASUCA followed up with a written ex parte filing on July 27, 2012, to supplement its comments and respond to the positions of certain other parties. The FCC’s resolution of the cost model issues will bear on the allocation of future universal support available to wireline ETCs under Phase II of the Connect America Fund. In May 2013, NASUCA filed further ex parte comments. NASUCA emphasized that the cost model and the cost model results should be public and not restricted and confidential. The FCC continued to work on the proposed cost model through a series of virtual workshops. In October 2013, NASUCA submitted an ex parte with assistance from Dr. Robert Loube. NASUCA recommended that the FCC open a rulemaking to reduce the interstate Subscriber Line Charge and Access Recovery Charges imposed by ILECs, because the cost of providing voice telephone service accounts for only a small portion of the costs of the networks that cannot support both narrowband or voice service and...
broadband services. NASUCA also critiqued certain aspects of the Connect America Cost Model (CACM) developed by FCC staff.

The Connect America Fund Order froze federal high cost support available to wireline carriers subject to federal price cap rate regulation but made available $300 million in Phase I support in 2012 for price cap carriers to use to extend broadband to unserved areas. Incumbents AT&T and Verizon declined to accept any of the Phase I support. Other eligible carriers accepted only $115 million of the $300 million in Phase I support. In December 2013, the FCC announced its award of $255 million in Phase I, Round 2 support, including awards to Windstream Pennsylvania, Marianna & Scenery Hill, and CenturyLink, for the purpose of upgrading their networks in specific areas to support broadband services. The amounts awarded to Windstream Pennsylvania and CenturyLink were later reduced to $1 million and less than $1,000, respectively, after the FCC reviewed challenges by cable and other competitors that some census blocks were not unserved. The FCC did not reduce Marianna’s award of $30,000.

The OCA continues to monitor the FCC’s plans for award of Connect America Fund support for broadband build-out, for both wireline and wireless carriers, with a focus on Pennsylvania carriers.

In the Matter of Lifeline and Link-Up Reform and Modernization, WC Docket No. 11-42, WC Docket No. 03-109. In February 2012, after a multi-year rulemaking proceeding, the FCC issued a Report and Order and Notice of Further Rulemaking that significantly reformed the federal Lifeline universal service program. The FCC Lifeline Reform Order focused on imposing more structure and reporting requirements to prevent fraud, abuse and waste of public funds made available in part to provide eligible low income consumers with affordable telephone service. In early 2014, the FCC’s National Lifeline Accountability Database went live. Going forward, ETCs have an obligation to check a Lifeline applicant against the database, before enrolling the consumer, to prevent duplicate Lifeline service to a single household.

The OCA, with NASUCA, continues to monitor reforms and modifications proposed by industry participants and consumer groups. One industry group has proposed reforms to allow ETCs to retain copies of personal information and documents submitted by Lifeline applicants, raising concerns with NASUCA for the security and privacy of such information. NASUCA has also asked the FCC to declare that statistical information reported by ETCs regarding the number of Lifeline subscribers be publicly available.

The efficient operation of the Lifeline universal service program is of vital importance to Pennsylvanians. In 2013, the federal Universal Service Fund (USF) reimbursed wireline and wireless ETCs $70.5 million for Lifeline discounted telephone service provided to Pennsylvania consumers, an increase from $56.4 million in 2012. Part of the increase can be attributed to the 2012 increase in the Lifeline discount, part due to increased subscriership of eligible consumers. The federal USF paid out $1.5 billion in 2013 for Lifeline discounted service nationwide, in non-tribal areas. Pennsylvania consumers in
turn support the federal Universal service fund through surcharges on interstate telephone services.

Rates for Inmate Calling Services, WC Docket No. 12-375. In December 2012, the FCC issued a Notice of Proposed Rulemaking and invited comments on how to assure that rates for interstate long distance Inmate Calling Services are just and reasonable, at public and privately administered correction facilities. NASUCA filed comments in March 2013, reply comments in April 2013, and additional comments in July 2013. NASUCA supports reform to assure that calling between inmates and families are not subject to unreasonable charges and credit requirements. In September 2013, the FCC issued a Report and Order and Notice of Further Rulemaking. The FCC Report adopted significant reforms, to assure that rates charged for interstate Inmate Calling Services are just, reasonable, and cost-based. The FCC adopted an interim safe harbor of $0.12 per minute for debit and prepaid interstate calls and $0.14 per minute for collect interstate calls. The FCC agreed with many NASUCA positions, including NASUCA’s description of the FCC’s legal authority to impose the interstate reforms as to the calling rates and restrictions on ancillary charges and NASUCA’s recommended benchmarks for determining what range of rates are just, reasonable and cost-based. The FCC is continuing to examine what further, permanent reforms should be adopted.

AT&T Petition re IP Transition, WC 12-353. In December 2012, the FCC requested comment regarding a petition filed by AT&T. As an incumbent local exchange companies (ILECs) in some states, AT&T proposed that the FCC allow AT&T and other ILECs to engage in pilots in specific small areas and to transfer network operations from the traditional “Public Switched Telephone Network” (PSTN) comprised of copper lines and switches to a fiber and Internet Protocol based (IP) networks. NASUCA filed initial comments in January 2013 that urged the FCC to view the transition from the PSTN to a more modern network as an evolution and to reject AT&T’s premise that a change in technology must require a change in regulation. The NASUCA initial comments also urged the FCC to act cooperatively with the states, to assure that the national communications network serves the public and is reliable, even as the technology employed for communications may change. In reply comments, NASUCA concurred with the positions taken by NARUC, the State Members of the Federal State Joint Board on Universal Service, the Pa. PUC, the California Public Service Commission and others that opposed AT&T’s proposition that the FCC should treat all voice communications as interstate because of the transition to IP-based networks. In January 2014, NASUCA filed an ex parte with the FCC, presenting a report and analysis by Trevor Roycroft, Ph.d of positions advanced by AT&T and supporters. Dr. Roycroft refuted arguments that ILECs are burdened by the need to maintain two parallel networks, one copper based and one new IP and fiber based, and so investment in infrastructure is deterred or inefficient. In late January 2014, the FCC invited AT&T and others to identify specific communities for the conduct of proposed IP-transition pilots. NASUCA filed comments in reply to AT&T’s identification of two communities in Florida and Alabama for its proposed pilots. NASUCA expressed concern as to whether AT&T’s proposal to not only migrate its customers in those communities to a full fiber based network with exclusively voice over internet protocol
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service was fair and reasonable and in the public interest. NASUCA questioned whether the AT&T consumers had viable alternatives should they be dissatisfied with AT&T’s technology changes and whether AT&T’s end goal of the elimination of universal service regulatory obligations and advantages is in the public interest. In April 2014, NASUCA filed reply comments setting forth specific concerns regarding AT&Ts’ disclosed plans to switch some customers in the pilot areas to a wireless AT&T Home voice product. NASUCA agreed with AARP and others that AT&T’s proposal may result in those consumers having a less reliable and more expensive service. In late June 2014, NASUCA filed another ex parte, in response to identification by FCC Staff of the individual stages of the AT&T proposed pilots. NASUCA again raised concern that AT&T’s proposed pilots, while described as a technology transition, could lead to the actual abandonment of service to consumers in areas that have a higher cost to serve and lower revenues. The NASUCA ex parte also pointed to the contrasting approach to technology transition employed by Verizon, where Verizon is implementing technology transitions on a more piecemeal, network change basis with less transparency. The OCA has participated in NASUCA’s advocacy, through discussions of proposed filings and review of drafts. NASUCA has filed its comments and ex partes in this and other open dockets before the FCC that relate to public safety and network reliability as well as the disbursement of federal Universal Service Funds for network modernization.

Appeals

Adak Eagle Enterprises, et al v. Federal Communications Commission, No. 11-9900 (10th Circuit, U.S. Ct. of Appeals). As discussed in last year’s Annual Report, NASUCA filed an appeal of the Connect America Fund Order on December 9, 2011. Pennsylvania, Vermont, and Ohio state commissions and NARUC also filed separate petitions for appeal. The appeals were consolidated for litigation in the Tenth Circuit. NASUCA is an active participant in the consolidated appeals. NASUCA and other aligned petitioners filed a Joint Preliminary Brief with the Tenth Circuit on September 24, 2012. NASUCA filed a separate, supplemental brief on October 23, 2012 addressing the legal error of the FCC’s decision to create the “Access Charge Recovery” mechanism as a way for ILECs to collect from residential and business retail consumers revenue to replace revenues lost due to FCC mandated reductions to intrastate access charges. The OCA assisted with the preparation of the NASUCA brief. In June and July 2013, the parties filed final form briefs with the court. The State Members of the Federal-State Joint Broad filed an amicus brief critical of the process and substance of the FCC’s Connect America Fund Order. NASUCA, NARUC, and others participated in oral argument before the 10th Circuit Court in November 2013. In May 2014, the 10th Circuit issued two decisions and upheld the FCC’s Connect America Fund Order in all major respects and denied the consolidated thirty-one petitions for review of the rulemaking.
WATER AND WASTEWATER

Base Rate Proceedings

Pennsylvania American Water, Docket No. R-2013-2355276. As discussed in last year’s Annual Report, on April 30, 2013, Pennsylvania-American Water Company filed Tariff Supplement No. 279 to Tariff Water - Pa. P.U.C. No. 4 (Supplement No. 279) and Original Tariff Wastewater Pa. PUC No. 15 (Tariff Wastewater No. 15) with the Public Utility Commission, to become effective June 29, 2013. PAWC requested an increase in net overall operating revenues of approximately $58.6 million per year or 10.1% over the amount of annual revenues at present rates.

PAWC provides water service to more than 641,000 customers in portions of Adams, Allegheny, Armstrong, Beaver, Berks, Bucks, Butler, Centre, Chester, Clarion, Clearfield, Clinton, Columbia, Cumberland, Dauphin, Fayette, Indiana, Jefferson, Lackawanna, Lancaster, Lawrence, Lebanon, Luzerne, McKean, Monroe, Montgomery, Northampton, Northumberland, Pike, Schuylkill, Susquehanna, Union, Washington, Warren, Wayne, and York Counties. The Company provides wastewater service to over 17,000 customers in portions of Chester, Clarion, Monroe, Pike, and Washington Counties.

The case proposed to implement two provisions of Act 11. First, the Company utilized a fully forecasted future test year in its filing. The second provision, as enacted at 66 Pa.C.S. §1311(c) and effective on April 15, 2012, enabled a water and wastewater operation under a single corporate ownership to petition the Commission for permission to allocate a portion of the wastewater cost of service to the combined water and wastewater customer base where it has demonstrated to do so is in the public interest. This was the first such request under that provision of Act 11. PAWC proposed to shift a portion of the wastewater cost of service (approximately $9.1 million) to the entire water and wastewater customer base through this filing. This shift would generate varying changes in wastewater rates for the Company’s five different wastewater service territories.

According to the Company’s proposal, a residential water customer in Zone 1 using 3,960 gallons of water per month would see the monthly bill increase from $52.51 to $58.63, an increase of $6.12 per month, exclusive of future surcharges. Because of the shift in revenue requirement pursuant to Act 11, residential wastewater customers with the same usage (3,960 gallons per month) would see varying changes in the monthly bills depending on the particular part of the service territory. Wastewater customers with average usage would see rate decreases in the Claysville, Northeast, Coatesville, and Pocono Divisions, while a wastewater customer with average usage in the Clarion Division would see an increase from $34.78 to $47.63, or 36.9%.

The OCA filed a formal complaint. The OCA and other parties’ filed direct testimony on August 6, 2013. The OCA’s testimony position was that no increase had been supported. On September 16, 2013, the Parties notified the ALJs that a settlement in
principle had been reached. On October 18, 2013, the following Parties filed the Settlement: PAWC, I&E, OCA, OSBA, CEO and PA WLUG (Joint Petitioners). Also on October 18, 2013, PWSA and pro se Complainants Neufeld and Miller submitted statements of non-opposition to the Settlement. On October 24, 2013, US Steel filed a letter of non-opposition to the Settlement. An inactive participant supported the Settlement and three inactive participants opposed the Settlement.

The settlement provided for an increase in annual revenues of $26 million, in lieu of the Company's original base rate request of $58.6 million. As a result of the combination of the water and wastewater revenue requirements reflected in the settlement, water customers were allocated $7.8 million of previously approved, but deferred increases to the Coatesville, Claysville and Northeast wastewater customers, to be recovered by an increase in the water revenue requirement of $2.6 million per year in each of the years 2014, 2015, and 2016. On January 1, 2017, water rates will be reduced to remove that $2.6 million from rates. The Company will also not file for another general rate increase prior to March 31, 2016 (the stay-out provision). A portion of the wastewater revenue requirement totaling $5,411,134 was allocated to water customers. The Company also agreed to invest $10 million to construct water main extensions without customer contributions subject to Commission approval in order to address health and safety concerns. On November 8, 2013, the ALJs issued a Recommended Decision approving the settlement without modification. On December 19, 2013, the Commission denied PWSA's Exceptions to the settlement in part and granted them in part; it denied Mr. Kazimer's Exceptions; it approved the settlement; and it adopted the ALJs' Recommended Decision, as modified.

York Water Company, Docket No. R-2012-2336379. As discussed in last year's Annual Report, on May 29, 2013, the Company filed a base rate case with the PUC and requested an annual operating revenue increase of $7.1 million, or 17.2% over total present rates. York Water furnishes water service to approximately 63,500 customers in York and portions of Adams Counties and wastewater service to 233 customers in York County. York last filed for a rate increase in 2010. As part of its filing, York also requested that the Commission approve a general increase in wastewater rates for the Asbury Point Subdivision of $27,690 per year, or 25%. Under the provisions of Act 11, York proposed to shift $96,000 of the $123,000 proposed increase in the wastewater cost of service to the entire water and wastewater customer base through this filing.

According to the Company’s proposal, a residential gravity water (“Schedule A”) customer using 4,872 gallons of water per month would see a monthly bill increase from $34.41 to $39.46, an increase of $5.05 per month, or 14.7%. A residential repumped water (“Schedule B”) customer using 3,928 gallons of water per month would see a monthly bill increase from $40.91 to $46.91, an increase of $6.00 per month, or 14.7%. A residential wastewater customer would see a monthly bill increase from $40.00 to $50.00, an increase of $10.00 per month, or 25%. As part of its filing, York proposed an increase to the monthly Customer Charge for both gravity and repumped customers. If the rates were to be approved as proposed by the Company, the monthly Customer Charge for Residential Service (under both Schedules) for those customers with a 5/8"
The meter would increase from $14.55 to $18.00, or by 24%. The Company’s proposed rate increase, if approved, would produce an overall rate of return of 8.63% on its original cost rate base for distribution service, including an 11.25% rate of return on common equity.

The OCA filed a Complaint in the proceeding on June 4, 2013. The parties filed direct, rebuttal, and surrebuttal testimony. A hearing was held on October 22, 2013. One consumer complainant presented pre-served testimony that was also admitted into the record at the hearing without cross-examination regarding, *inter alia*, the allocation of wastewater revenue requirement.

On November 7, 2013, the parties filed a Settlement Petition. The proposed Settlement provided that York may collect $5,000,000 in additional annual operating revenue, which consists of $4,972,020 in water revenue and $27,960 in wastewater revenue. This amounts to a 12% overall increase in rates, as compared to the 17.2% increase originally proposed by the Company. The Company originally proposed to shift $96,020 of the wastewater cost of service to water customers. The Settlement provides for a shift of $58,826. The proposed Settlement provided that the Company will not be entitled to include plant additions in the DSIC until eligible account balances exceed the levels projected by York at February 28, 2015, adjusted downward by 8.96% for the FPFTY plant additions as agreed to in the Company’s rebuttal testimony. The Settlement provided that York will not file for an additional increase in rates before March 1, 2016. The stay-out will effectively provide rate stability for at least 33 months, if York files its next case as soon as the stay-out expires and if the next case is fully litigated.

The Settlement produces the following rates for the average gravity residential customer using 4,872 gallons of water per month and the average repumped residential customer using 3,928 gallons of water per month.

<table>
<thead>
<tr>
<th></th>
<th>Current Monthly Bill</th>
<th>As Filed Monthly Bill (% Increase)</th>
<th>Settlement Monthly Bill (% Increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravity</td>
<td>$33.39</td>
<td>$39.46 (18.2%)</td>
<td>$37.61 (12.6%)</td>
</tr>
<tr>
<td>Repumped</td>
<td>$39.71</td>
<td>$46.91 (18.2%)</td>
<td>$44.76 (12.7%)</td>
</tr>
</tbody>
</table>

The residential rates contained in the Settlement include a fixed customer charge of $16.00 and a volumetric charge of $4.435 per 1,000 gallons for gravity customers and $7.321 per 1,000 gallons for repumped customers.

Under York’s original proposal, the shift in the remaining wastewater revenue requirement of $96,020 to water customers would have represented a 0.33% increase to average residential water customers, or $1.56 per year. Under the Settlement, York’s proposal has been scaled back to a $58,826 allocation to water customers, and represents an increase to average residential water customers of approximately 92.
cents per year. The ALJ recommended approval of the settlement on December 18, 2013. On January 9, 2014, the Commission approved the settlement without modification.

**Borough of Hanover-Water, Docket No. R-2014-2428304** The Borough of Hanover – Hanover Municipal Water Works filed Supplement No. 27 to Tariff Water – Pa. P.U.C. No. 3, to become effective as of September 9, 2014. Hanover sought Commission approval to recover an estimated annual increase in base rate revenues of $1,698,301 per year from its outside-Borough customers. This represents an approximate 41.1% increase in the Borough’s annual revenues at present rates. If the Borough’s entire request is approved, the total bill for a residential customer using 11,000 gallons of water per quarter would increase from $56.06 to $78.89 per quarter, or by $22.83 or 40.71%. Hanover serves 10,037 outside-Borough water customers, of which 9,397 are residential, in Penn Township, York County, Pennsylvania, and Conewago Township and McSherrystown Borough in Adams County, Pennsylvania. At the end of the Fiscal Year, the case was pending before the Commission.

**City of Lancaster-Bureau of Water, Docket No. R-2014-2418872.** On June 6, 2014, the City of Lancaster – Bureau of Water filed Supplement No. 43 to Tariff Water – Pa. P.U.C. No. 6, to become effective as of August 5, 2014. Lancaster sought Commission approval to recover an estimated annual increase in base rate revenues of $6,458,300 per year from its outside-city customers. This represents an approximate 45.8% increase in the City’s annual revenues at present rates. If the City’s entire request is approved, the total bill for a residential customer using 13,000 gallons per quarter would increase from $58.94 to $83.76, or by $24.82 or 42.1%. Lancaster serves 29,305 outside-city water customers, of which 27,411 are residential, in Lancaster Township, Manheim Township, Millersville Borough, West Lampeter Township, Pequea, and portions of Manor, West Hempfield, and East Hempfield Townships and East Lampeter in Lancaster County, Pennsylvania. The OCA filed a Formal Complaint. At the end of the Fiscal Year, the case was pending before the Commission.

**Pocono Waterworks Water Division and Wastewater Division, Docket Nos. R-2014-2420204 and R-2014-2420211.** On May 30, 2014, the Pocono Waterworks Company – Water Division filed a request to increase its water rates effective August 4, 2014. Pocono requested an estimated annual increase in base rate revenues of $60,456 per year from its customers. This represents an approximate 52% increase in the Company’s annual revenues at present rates. If the Company’s entire request is approved, the total bill for a residential water customer not living in the Pine Grove Estates service area using 3,639 gallons per month would increase from $35.39 to $48.87, or by $13.48 or 38%; the total bill for a residential water customer living in the Pine Grove Estates service area using 8,125 gallons per quarter would increase from $35.50 to $67.34, or by $31.84 or 89.7%. The Company also proposed to move from quarterly billing to monthly billing. Pocono serves 313 water customers, of which 259 are residential, in the Township of Damascus, portions of Salem and Lake Townships, Wayne County; and portions of Jefferson Township, Lackawanna County Pennsylvania.
On May 30, 2014, the Pocono Waterworks Company – Wastewater Division filed a request to increase the level of wastewater rates that it charges for providing services to its customers. Pocono Wastewater requested an annual increase in base rate revenues of $14,466 per year from its customers. This represents an approximate 49% increase in the Company’s annual revenues at present rates. If the Company’s entire request is approved, the total bill for a residential wastewater customer using 9,189 gallons of water per quarter would increase from $78.00 to $119.82, or by $41.82 or 54%. Pocono serves 92 wastewater customers in Damascus Township, Wayne County, Pennsylvania. The OCA filed a formal complaint against each filing. At the end of the Fiscal Year, the cases were pending before the Commission.

Emporium Water Co., Docket No. R-2014-2402324. On April 30, 2014, Emporium Water Company filed Supplement No. 25 to Tariff Water - Pa. P.U.C. No. 5, to become effective June 29, 2014. Emporium, by filing this tariff supplement, sought an estimated annual increase in base rate revenues of $401,903 (52.77%) from its customers. Under the Company’s proposal, the total bill for a residential customer using 1,000 cubic feet of water per quarter would increase from $82.76 to $138.14 per quarter, or by $55.38(66.9%). Emporium serves 1,507 customers, of which 1,358 are residential, in the Borough of Emporium and portions of Shippen Township, Cameron County, Pennsylvania. The OCA filed a formal complaint on May 22, 2014. At the end of the Fiscal Year, the case was pending before the Commission.

Ambler Borough Water Department, Docket No. R-2014-2400003. On January 31, 2014, the Borough of Ambler Water Department filed a request to increase rates that the Borough charges for providing service to its ratepayers outside of the Borough limits. The proposed tariff contained changes in rates calculated to recover an estimated annual increase in base rate revenues of $473,088, or 39.58%, from customers outside the Borough. A metered residential customer using 14,000 gallons of water per quarter would see an increase in their bill from $62.30 to $85.16 per quarter, or by 36.7%. The total bill for a metered commercial customer using 90,000 gallons of water per quarter would increase from $363.00 to $507.12, or by 39.7%. The total bill for a metered industrial customer using 700,000 gallons of water per quarter would increase from $2,228.22 to $3,252.47, or by 46%.

The percentage increases described above are based on the revenues expected to be produced by the rates that went into effect March 6, 2014, approximately two months after the current case was filed. The settlement from the Borough’s 2007 rate case, at Docket Number R-00062017, allowed for rates to be increased in three steps. The first step permitted the Borough to place an increase into effect after Commission approval of the settlement, and this step became effective February 1, 2008. The second and third steps were contingent upon the Borough completing certain capital projects. On February 4, 2014, the Borough filed a tariff supplement indicating that it had completed the projects outlined in the settlement agreement which allowed for the second step increase. This tariff supplement, which became effective March 6, 2014, provided for an additional $19,451 of total annual revenues, or an increase of about 1.5% for the average customer. In other words, the increases outlined in the previous paragraph
represent an increase to the revenues that went into effect in March 2014, rather than to the rates that have been in effect since the Borough’s last case.

Ambler serves 3,838 customers outside of Ambler Borough in portions of Upper Dublin, Lower Gwynedd, Whitpain and Whitemarsh Townships, Montgomery County, PA. On February 25, 2014, the Office of Consumer Advocate filed a Formal Complaint. On April 3, 2014, the Borough’s filing was suspended by operation of law until November 16, 2014. The OCA conducted discovery and participated in a mediation held on May 21, 2014. The parties were able to reach an agreement in principle. At the end of the Fiscal Year, the case was pending before the Commission.

City of Bethlehem - Bureau of Water, Docket No. R-2013-2390244. On November 26, 2013, the City of Bethlehem – Bureau of Water (the City) filed Supplement No. 11 to Tariff Water - Pa. P.U.C. No. 6, to become effective January 25, 2014. This tariff supplement sought Commission approval of rates and rate changes that would increase the rates that the City charges for providing service to its outside City ratepayers. If the proposed tariff supplement became effective, the City would have benefitted from an opportunity to recover an estimated annual increase in base rate revenues of $1,119,726 from customers who reside outside the City limits. This represents an approximate 15% increase in the City’s annual revenues from outside City customers. A typical customer using 14,000 gallons of water per quarter would have seen an increase from $80.27 to $95.04, or 18.4% per quarter. The City serves approximately 13,062 residential customers outside of the City, in portions of Salisbury, Upper Saucon, Hanover Townships and the Borough of Fountain Hill, Lehigh County, and Lower Saucon, Bethlehem, Hanover, East Allen, and Allen Townships, and the Borough of Freemansburg, Northampton County.

On December 9, 2013, the OCA filed a formal complaint against the proposed rate increase. The Office of Small Business Advocate (OSBA) filed a formal complaint on January 7, 2014. The Bureau of Investigation & Enforcement (I&E) entered an appearance. Various customers of the Company also filed their opposition to the proposed rate increase. By Order entered January 23, 2014, the Commission instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law until August 25, 2014.

A public input hearing was held on March 19, 2014. The non-City parties served direct testimony on March 12, 2014. Rebuttal testimony was served on March 31 and surrebuttal testimony was served on April 14. As a result of a number of discussions and meetings during the course of the proceeding, the parties were able to agree to resolve all issues.

The Settlement provided for an overall annual revenue increase for outside-City customers of $349,947, or 4.7%. Additionally, under the Settlement, the City agreed that it would not file for another general rate increase prior to March 31, 2016. This stay out provision provides for rate stability for the City’s PUC-jurisdictional customers. The
City also stipulated that it would complete various capital construction projects, which total $1,890,000, to improve the quality and efficiency of the City’s water distribution system; begin evaluation and implementation of a project to replace all customer water meters with radio-frequency meter reading technology; and have the manufacturer inspect and verify the accuracy of the City’s clearwell Venturi meter located at its water filtration plant.

The Settlement also had several provisions dealing with the City’s next rate base filing. If the City elects to use a fully projected future test year (FPFTY) in its next base rate filing, the City has agreed that its claimed FPFTY will be in compliance with Section 315(e) of the Utility Code. In the next rate base proceeding, the City has also agreed to prepare and submit a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2014 to its projections in this case. Finally, provided that the Lower Saucon Township Authority completes the installation of the meter pits as required by the Commission’s Order at Docket No. R-00072492 et al, the City agrees to study the feasibility and costs of a demand study to be used in the next rate case. These provisions should allow all parties to adequately prepare for the City’s next base rate filing.

On June 10, 2014, the ALJ recommended that the Joint Petition for Settlement be approved without modification. At the end of the Fiscal Year, the case was pending before the Commission.

Fryburg Water Company, Docket No. R-2013-2367108. On August 16, 2013, Fryburg Water Company filed a request to increase its rates, effective November 18, 2013. The Company sought an estimated annual increase in base rate revenues of $38,949 (42.86%). Under Fryburg’s proposal, the bill would have increased from $32.34 to $46.24 per month, or by 42.98% for the typical residential customer using 2,000 gallons of water per month. Fryburg serves approximately 189 customers in a portion of Washington Township, Clarion County, and a portion of Pinegrove Township, Venango County, Pennsylvania.

On September 20, 2013, the Office of Consumer Advocate filed a Formal Complaint. On December 4, 2013 Fryburg filed an additional supplement postponing the effective date of the proposed rates by an additional sixty days, or August 18, 2014, in order to make use of the Commission’s mediation process. On December 4, 2013 the parties held a mediation session and prehearing conference. A Telephonic Public Input Hearing was held on January 14, 2014 at which time, four Fryburg Water customers testified. The customers testified, among other things, to concerns regarding the lack of water quantity and the impact it has on their lives.

Pursuant to the Commission’s policy of encouraging settlements that are in the public interest, the Joint Petitioners met on numerous occasions to discuss settlement. These discussions resulted in a comprehensive Settlement which was submitted to the ALJ on February 27, 2014. The Settlement provided for an increase in annual revenue of $28,000 or 30.81%, in lieu of the proposed $38,949 increase. This compromise
represented a 28.1% reduction from Fryburg’s original rate increase request. The proposed settlement also required Fryburg to perform an airburst cleaning of its existing well and to provide OCA and I&E with the number of gallons per minute being pumped from the well both before and after the cleaning. If the data showed an increase in gallons per minute, Fryburg may file a tariff supplement for the above referenced rate increase to become effective on one day’s notice, but not before the entry date of the Commission’s Final Order approving the Joint Petition. If the data from the airburst cleaning did not show an increase in gallons per minute, Fryburg may only file a tariff supplement that becomes effective for service, on one day’s notice, on August 17, 2014.

Attached to the settlement, as Appendix C, is a Consent Order and Agreement with the Department of Environmental Protection (“DEP”) dated January 13, 2014. Pursuant to that Consent Order and Agreement with DEP, Fryburg is required to submit an Evaluation Report to DEP by May 1, 2014 which, inter alia, analyzes each possible solution for providing a reliable quantity of water to all of its customers at all times. The Settlement required Fryburg to provide OCA and I&E with a copy of the Evaluation Report within 5 days of receiving it from the evaluating engineer, and to meet with the OCA and I&E prior to its submission of the Evaluation Report to DEP to discuss the possible solutions, including whether the solutions are feasible and result in reasonable rates to Fryburg’s customers. This provision, requiring Fryburg to meet with OCA and I&E to discuss the options that its engineer identifies to resolve the water quantity issues, will provide an opportunity for OCA to discuss the rate impacts of the various proposals identified by the engineer. It is important to identify the rate impact because there may be solutions that are technically sufficient but the capital costs and operation and maintenance costs may result in rates that may be cost prohibitive for Fryburg’s customers.

Moreover, if the chosen alternative defined in the Evaluation Report is other than CO² cleaning of the existing well, or other feasible options that do not result in reasonable rates to Fryburg’s customers, then Fryburg agrees to enter into good faith negotiations to sell the water system or interconnect it with another water provider. This provision will require Fryburg to look at other long term options that may result in addressing the water quantity problems and will result in reasonable rates for Fryburg’s customers.

The Settlement prevents the Company from filing a general rate increase prior to eighteen (18) months after the entry date of the Commission’s Order approving the Joint Petition for Settlement. The Settlement requires the Company to file a new Affiliated Interest Agreement with the Commission pursuant to Chapter 21 of the Public Utility Code. The Company, OCA and I&E will meet prior to the Company’s filing of the new Affiliated Interest Agreement to discuss the expense allocation provisions of the new Agreement relative to the regulated and unregulated affiliates. The parties have also agreed to invite the Commission’s Bureau of Technical Utility Services to participate in the pre-filing meeting. Based on OCA’s analysis of the Company’s filing, and discovery responses, updating the Affiliated Interest Agreement and working with the Company to develop a more accurate expense allocation will help to ensure that ratepayers only
bear expenses incurred by the regulated companies.

On April 23, 2014, the ALJ recommended approval of the Settlement. The Commission entered a final order on June 19, 2014, approving the Settlement. The new rates will take effect on August 17, the end of the suspension period, per the terms of the Settlement.

Cooperstown Water Company, Docket No. R-2013-2367125. On August 16, 2013, Cooperstown Water Company filed a request to increase the level of rates that it charges for providing service to its customers. If the proposed tariff supplement were to become effective, Cooperstown would have benefited from an opportunity to recover an estimated annual increase in base rate revenues of $10,636 (20.47%) increase in Cooperstown’s annual revenues at present rates. Under Cooperstown’s proposal, the bill would have increased from $31.01 to $37.36 per month, or by 20.48% for the typical residential customer using 3,000 gallons of water per month. Cooperstown serves 129 customers in portions of the Borough of Cooperstown and Jackson Township, Venango County, PA.

On September 20, 2013, the Office of Consumer Advocate filed a Formal Complaint. The parties held a mediation session and prehearing conference. The parties were able to reach a settlement agreement which was submitted to the ALJ on February 27, 2014.

The Settlement is designed to produce an increase in annual revenue of $6,000 or 11.55%, in lieu of the proposed $10,636 increase contained in Supplement No. 23. This compromise represents a 44% reduction from Cooperstown’s original rate increase request. The Settlement prevents the Company from filing a general rate increase prior to eighteen (18) months after the entry date of the Commission’s Order approving this Joint Petition for Settlement. The proposed stay-out provision should prevent another rate increase before August 2016, assuming the Company files as soon as the stay-out expires and assuming the next case is fully litigated. Thus, the Company’s ratepayers will be assured of some level of rate stability.

The Settlement requires the Company to file a new Affiliated Interest Agreement with the Commission pursuant to Chapter 21 of the Public Utility Code. The Company, OCA and I&E will meet prior to the Company’s filing of the new Affiliated Interest Agreement to discuss the expense allocation provisions of the new Agreement relative to the regulated and unregulated affiliates. The parties have also agreed to invite the Commission’s Bureau of Technical Utility Services to participate in the pre-filing meeting. Based on OCA’s analysis of the Company’s filing, and discovery responses, updating the Affiliated Interest Agreement and working with the Company to develop a more accurate expense allocation will help to ensure that ratepayers only bear expenses incurred by the regulated companies. On April 23, 2014, the ALJ recommended approval of the Settlement and on May 22, 2014 the PUC approved the Settlement.
Penn Estates Utilities, Inc. – Sewer Division, Docket No. R-2013-2370455. On June 28, 2013, Penn Estates Utilities, Inc. – Sewer Division filed a request to increase its rates by $184,498 in additional revenues, or 23.7%. On August 12, 2013, the OCA filed a formal complaint against the proposed rate increase (C-2013-2378500). The Bureau of Investigation & Enforcement (I&E) entered an appearance. Formal complaints were also filed by three customers and the property owners’ association. By Order entered August 15, 2013, the Commission instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed rates, rules and regulations.

A public input hearing was held on October 30, 2014 at the Penn Estates Club House at which time 14 customers testified. PEUI served its direct testimony on October 4, while the non-Company parties served direct testimony on December 19. The Company served its rebuttal testimony on January 6.

As a result of a number of discussions and meetings during the course of the proceeding, the parties were able to agree to resolve all issues, resulting in a comprehensive settlement that was submitted to the ALJ on February 21, 2014. The Settlement provided for an overall annual revenue increase of $100,000, or approximately 58.2%. Under the Company’s rate request, the monthly bill for a sewer customer would have increased from $41.26 to $51.04 per month, or by 23.7%. However, under the Settlement, the monthly bill for a sewer customer would be $46.56, or 12.85%. The availability fee will increase from $31.05 to $35.04 per quarter. Under the proposed Settlement, PEUI cannot file for another general rate increase prior to twelve months after the entry date of the final order in this proceeding. The proposed stay-out provision should prevent another rate increase before January 2016, assuming the Company files as soon as the stay-out expires and assuming the next case is fully litigated. Thus, the Company’s ratepayers will be assured of some level of rate stability. A number of additional issues were addressed in the Settlement:

In its next rate filing, the Company agreed to provide detailed time records for Water Service Personnel related to rate case expense claims. The records must include descriptions of time spent on the rate filing.

The Company agreed that it will meet with the signatory parties after the filing of the next case to explain its proposed allocation of salaries and wages in the filing. Both of these provisions will aid the parties in determining the reasonableness of these ratemaking claims in the next filing.

The Company also agreed to normalize rate case expense in future filing rather than proposing an amortization of rate case expense. This provision will align the Company’s claim with the established ratemaking treatment of rate case expense.

The ALJ recommended approval of the Settlement on March 26, 2014 and on April 23, 2014, the PUC approved the Settlement.
Columbia Water Co., Docket No. R-2013-2360798. As discussed in last year’s Annual Report, on April 25, 2013, the Columbia Water Company filed Supplement No. 60 to Tariff Water-Pa. P.U.C. No. 7 to become effective June 24, 2013, containing proposed changes in rates, rules, and regulations calculated to produce $773,210 (19.2%) in additional annual revenues. Columbia Water serves approximately 8,310 Residential Customers that reside in West Hempfield, Rapho, East Donegal and Manor Townships and the Boroughs of Columbia, Mountville, and Marietta, Lancaster County, Pennsylvania. A metered residential customer using 3,000 gallons of water per month would see an increase in their bill from $25.03 to $30.31 per month, or an increase of approximately 21.09%.

On May 16, 2013, the Office of Consumer Advocate filed a Formal Complaint. OSBA, the Borough of Columbia and several customers filed Rate Protests against the proposed increase. Columbia Water filed its testimony on July 12, 2013. On September 3, 2013, the OCA participated in a public input hearing that was held in the service territory where 12 customers testified. Evidentiary hearings were held on September 5, 2013. In testimony, the OCA recommended a revenue reduction of $319,728. The OCA filed Main and Reply Briefs in support of its recommended adjustments to the Company’s proposed capital structure, the cost of equity, rate base, and net operating income claims. In an RD issued in November 2013, the ALJ adopted the OCA’s adjustments for the acquisition adjustment, engineering, employee recognition, accounting, office expenses and utilities, ongoing requirements for time records, and adjustments to return on equity for performance and recommended allowing no more than $87,699 in additional base rate revenue. On January 23, 2014, the Commission entered an Order allowing an increase in annual operating revenues of $534,970. The OCA filed Exceptions to Columbia’s compliance filing regarding its state and federal tax calculation. The Commission denied the OCA’s exceptions in an Order issued on March 6, 2014.

City of Dubois-Bureau of Water, Docket No. R-2013-2350509. As discussed in last year’s Annual Report, on March 1, 2013, the City of DuBois – Bureau of Water filed a request to increase its annual revenues by $490,734. This represented an approximate 97.3% increase in the City’s annual revenues. A PUC-jurisdictional residential customer using 12,000 gallons of water per quarter would have seen an increase in their bill from $56.25 to $112.80 or approximately 100.5% per quarter. The City serves approximately 685 customers outside the City in Sandy Township, Clearfield County, Pennsylvania.

On March 21, 2013, the OCA filed a Formal Complaint against the proposed increase in rates. Complaints were filed by the Office of Small Business Advocate (OSBA), Sandy Township, Borough of Sykesville and by a customer. The Bureau of Investigations and Enforcement (I&E) filed a Notice of Appearance on March 6, 2013. On April 18, 2013, the Commission issued an Order initiating an investigation into the lawfulness, justness and reasonableness of the proposed rates in Supplement No. 18 to Tariff Water – Pa. P.U.C. No. 4, and suspended the effective date until November 30, 2013 by operation of law. The City agreed to participate in the Commission’s mediation process, so the parties participated in mediation but were unable to resolve the issues presented in the
case. On June 27, 2013, the City filed its direct testimony. The OCA and other parties’
testimony was filed on July 25, 2013. The OCA’s position was that no increase should
be granted. Rebuttal testimony was served on August 13 and surrebuttal testimony was
served on August 29.

As a result of a number of discussions and meetings during the course of the
proceeding, the parties were able to agree to resolve all issues, resulting in the
comprehensive settlement terms and conditions set forth herein. The Settlement
provided for an overall annual revenue increase for outside-City customers of $287,794,
or approximately 58.2%. Under the City’s rate request, the annual bill for a PUC-
jurisdictional residential customer using 48,000 gallons of water per year would have
increased from $225 to $451 per year, or by 100.5%. However, under the Settlement,
the bill for a PUC-jurisdictional residential customer using 48,000 gallons of water per
year would be $319, or an increase of $94, or 41.9%. As proposed by the City, for a
PUC-jurisdictional customer, the minimum usage allowance, (2,000 gallons per quarter
for a 5/8” customer) is eliminated in this case. In addition, the customer charge is set at
$6 per month or $18 per quarter for a 5/8” PUC-jurisdictional customer.

Under the Settlement, the City cannot file for another general rate increase prior to
twenty-one months after the entry date of the final order in this proceeding. The stay-
out provision should prevent another rate increase before June 2017, assuming the City
files as soon as the stay-out expires and assuming the next case is fully litigated. Other
issues were addressed in the Settlement:

Requirements for Next Rate Case: In its next rate filing, the City has
agreed that if it files a cost of service study, it will file it with the supporting
information in its rate filing. In addition, the City has agreed that it will meet with
the signatory parties at least 30 days prior to its next rate filing. These provisions
should allow all parties to know what claims the City intends to make in its next
filing.

Administrative and General Expenses: The City agreed that the
Administrative and General Expenses shall be allocated to the Water Fund on
the basis of actual and measurable costs attributable to the Water Fund for its
next rate case. The City also agreed that it will provide two years of data in
addition to the test year data allocated in the same manner as the test year data.
It also agreed that it will identify the basis for the allocation of each category of
Administrative and General Expenses. The City agreed that it will not allocate
the Administrative and General costs in the same manner it did in this case (by
dividing the total costs by the number of funds). These provisions relate to what
was one of the OCA’s biggest issues in this proceeding. The settlement
provisions will require the City to review its costs and derive a cost-based
methodology to allocate those costs for PUC-jurisdictional customers in the next
rate filing. Although this provision does not mean that the OCA will agree with
the City’s methodology, it does mean that there will be more cost-based
information in the next case.

Revenue from Water Service Contracts: The City agreed that it will
include any and all revenues and gallons sold from water service contracts
received from shale gas exploration or drilling companies in future annual reports
filed with the Commission. This provision should allow the parties to follow the revenues that the City is receiving from the water service contracts or any other method so that revenues can be observed between cases.

The ALJ recommended approval of the Settlement and on December 5, 2013, the Commission approved the Settlement.

**Imperial Point Water Service Co., Docket No. R-2012-23315536.** As discussed in last year’s Annual Report, on October 31, 2012, Imperial Point Water Service Company filed a request to increase its annual revenues by $61,321, based upon the experienced level of operations in the future test year ending December 31, 2012. The OCA filed a formal complaint against the proposed rate increase (C-2012-2344260). Formal complaints were filed by two customers and the Bureau of Investigation & Enforcement (I&E) entered an appearance. The filing was suspended by operation of law until August 25, 2013. Imperial Point agreed to participate in the Commission’s Alternative Dispute Resolution program and subsequently filed a tariff supplement evidencing the extension of the suspension period until October 24, 2013.

The parties entered into a mediation session seeking to achieve a settlement of the issues in the case. A public input hearing was held on April 11, 2013 in Fairview, PA, at which time ten customers testified regarding the proposed rate increase and the quality of the service they received.

As a result of a number of discussions, the parties were able to agree to resolve all issues. The Settlement was filed with the ALJ on June 5, 2013. The Settlement provided for an overall annual revenue increase not in excess of $46,800, or approximately 22.1%. Under the Company’s rate request, the quarterly bill for a residential customer using 5,000 gallons of water per quarter would have increased from $41.80 to $60.63 per quarter, or by 45%. However, under the Settlement, the bill for a residential customer using 5,000 gallons of water per quarter would be $52.85, or an increase of $11.05, or 26.4%. A customer using 10,000 gallons per quarter would have seen an increase from $57.10 to $82.83. Under the Settlement, the customer’s bill would be $75.70 per quarter, or an increase of $18.60, or 32.6%. Under the Settlement, the Company cannot file for another general rate increase prior to thirty months after the entry date of the final order in this proceeding. The stay-out provision should prevent another rate increase before the fourth quarter of 2016, assuming the Company files as soon as the stay-out expires and assuming the next case is fully litigated. Thus, the Company’s ratepayers will be assured of some level of rate stability.

Other issues addressed in the Settlement were:

**Water Pressure:** Imperial Point agreed to install a continuous pressure recording gauge at the blow off at 562 Shadybrook Circle. The gauge must be installed within 90 days after the entry date of an order in this case and will remain in place for 30 days. Imperial Point will provide the pressure data to the Joint Petitioners. If the recorded data shows that pressure is below the levels in the PUC regulations, then Imperial Point agrees to add a 6-inch line into Shadybrook Circle and tie it into an existing 2-inch line. Imperial Point also agreed to comply with the PUC regulations regarding pressure...
surveys of its system. The results of the pressure surveys will be sent to Joint Petitioners. Imperial Point also will record complaints regarding low pressure in its log of customer complaints. These provisions will enable the Joint Petitioners to address the low pressure issues raised at the public input hearing, by measuring, over an extended time, the pressure provided and having a plan to address any pressure issues if not consistent with PUC regulations. The commitment to conduct the pressure surveys and send the results to the Joint Petitioners will allow OCA to determine if there are pressure issues going forward. The inclusion of the pressure complaints received by the Company in the customer complaint log will also give the OCA information about the pressure at the tap going forward.

Sulfur/Rotten Egg Odor: If a customer has water with a sulfur odor or rotten egg odor and contacts the Company, then Imperial Point will provide a fact sheet to the customer with information on how to address it within the customer’s home. Imperial Point also agreed to include language in its upcoming Consumer Confidence Report to inform customers with electric water heaters of steps they can take within their homes and to record customer contacts regarding this issue in its log of customer complaints. These provisions will enable the Joint Petitioners to address the sulfur odor/rotten egg odor issues raised at the public input hearing by providing information to customers with electric water heaters who might be experiencing this problem. Having the language in the Consumer Confidence Report will mean that all customers will get the information without having to contact the Company. In addition, the inclusion of the sulfur/rotten egg odor complaints in the customer complaint log will give the OCA information about the issue going forward.

System Flushing: Imperial Point agreed that it will continue to flush its system at least two times per year. The Company also agreed to provide advance notice to its residential development and commercial customers by notice on the back of the bill postcards as part of Billing Cycle A. Customers in the mobile home park, in Billing Cycles B and C, will be notified by notices posted at the mobile home park mail receptacles. This provision will ensure that regular flushing of the distribution system continues and that customers will receive advance notice. This commitment should help to ensure that customers will not experience lower quality of water at the tap due to distribution system issues.

Water Hardness: As explained in the Settlement, a recent test showed that the water had a hardness level of 329 mg/l or 19.22 grains of hardness. The information attached to the Settlement will be provided to customers who contact Imperial Point with a complaint related to hardness. In addition, the Company will include requests for water hardness information in its log of customer complaints. These provisions will enable the Joint Petitioners to provide information to customers regarding the hardness of the water, which was an issue raised at the public input hearing, by providing information to customers and possible steps they may want to take. In addition, the inclusion of the water hardness complaints in the customer complaint log will give the OCA information about the issue going forward.
Miscellaneous: Imperial Point agreed that it will attempt to maintain pressure to all customers of at least 20 psi if its hydrants are used for firefighting purposes. It is important that pressure be maintained in the system even during instances where hydrants may be used.

Imperial Point also agreed to join the Pennsylvania Rural Water Association and has completed that requirement. Membership will permit Imperial Point to access additional information, expertise, and resources.

Imperial Point also agreed to estimate actual water loss during breaks in mains and services rather than using the same number in preparing each annual report to the Commission. This will provide a more accurate estimate of unaccounted for water.

The ALJ recommended approval of the Settlement in a Recommended Decision. On August 15, 2013, the Commission entered a final order approving the Settlement.

Applications, Petitions, and Investigations

Petition of Pennsylvania-American Water Company, Wastewater Operations for Approval of a Distribution System Improvement Charge, Docket No. P-2014-2431005. On July 3, 2014, Pennsylvania-American Water Company's Wastewater Operations filed a Petition asking for approval of its Long Term Infrastructure Improvement Plan (LTIIP), a proposed tariff and testimony to support its Petition. On July 23, 2014, the OCA filed an Answer, Complaint and Comments in response to the Petition. The OCA raised a number of issues that need additional information to determine whether the LTIIP meets the requirements for acceleration and cost-effectiveness. In addition, issues related to the FPFTY level of plant included in the 2013 rate case need to be clarified. Finally, the OCA raised an issue regarding the application of the DSIC to two systems that were acquired after the last rate case. At the end of the Fiscal Year, the case was pending before the Commission.

Petition of Little Washington Wastewater Co. for Approval of a Distribution System Improvement Charge, Docket No. P-2013-2366873. On May 31, 2013, LWWC filed a Long Term Infrastructure Improvement Plan (LTIIP) pursuant to Section 1352 of the Public Utility Code, 66 Pa.C.S. § 1352. On the same date, LWWC filed a Petition for Approval of a Distribution System Improvement Charge. 66 Pa. C.S. § 1353. On June 20, 2013, the OCA filed Comments on the LTIIP and an Answer and Formal Complaint in response to the DSIC petition. The OCA's LTIIP Comments requested that the Commission obtain additional information to determine whether the plan meets the requirements of the statute for acceleration and cost-effectiveness. On September 12, 2013, the Commission issued a combined Opinion and Order approving LWWC's LTIIP and the proposed DSIC, with the latter subject to recoupment and/or refund pending final resolution of certain issues raised in the parties' Petitions and Answers. The OCA submitted Direct and Surrebuttal Testimony in support of adjustments to recognize accumulated deferred income taxes (as a rate base offset) and actual state income
taxes in the DSIC calculation, to avoid producing an overstated return on LWWC’s investment in distribution system improvements. The OCA also objected to proposed tariff language regarding application of the DSIC to contract customers.

The OCA participated in hearings on February 11, 2014. The parties submitted Main and Reply Briefs and a Stipulation clarifying LWWC’s testimony and resolving the customer contract issue. On April 23, 2014, the presiding ALJ issued a Recommended Decision adopting the OCA’s adjustments to the DSIC calculation and approving the partial stipulation. The OCA filed Exceptions to clarify a statement in the Recommended Decision and Reply Exceptions in response to LWWC. At the end of the Fiscal Year, the case was pending before the Commission.

Hidden Valley Utility Services (Water and Wastewater), Docket No. P-2014-2424858. On June 3, 2014, the OCA filed a Petition for Emergency Order requesting the Commission to direct HVUS to pay its delinquent electric accounts with Penelec as well as asking the PUC to direct HVUS to provide all HVUS account numbers to PUC staff and OCA in order to permit monitoring to avoid the possibility of termination of electric service. Penelec filed a Petition to Intervene. HVUS filed an Answer. At the end of the Fiscal Year, the case was pending before the Commission.

Application of KH Wastewater Treatment Co., Docket No. A-2010-2174191. As discussed in last year’s Annual Report, on April 28, 2010, KH Wastewater Treatment Co. (KH) filed an application to acquire the wastewater system assets of Model Enterprises, Inc. (MEI). KH and MEI are affiliates and MEI is not currently regulated because the customers do not pay for service (it is included in their rent). The OCA filed a Protest against the application on June 1, 2010, raising several concerns. Notably, KH proposed to establish a rate base using the purchase price, which was not the result of arms-length negotiation, KH proposed a $50 per month customer charge, the proposed tariff is not sufficiently clear regarding which method – metered, flat or estimated rates will be applied for service, and KH does not have an executed purchase agreement. The OCA filed testimony setting forth its position regarding the customer charge and the tariff issues. After extensive negotiations, the parties were able to reach a settlement. The Settlement provided for approval of KH Wastewater’s application, with a certificate to be issued within 30 days after KH notifies the Commission that the first house is to be constructed. If that happens, initial rates would be a flat rate of $105 per month. Each potential homebuyer will receive notice (the notice is to be drafted in consultation with OCA) of the rates for service. If KH decides to meter its customers, it will not file a proposed metered tariff until it has at least 6 months of usage data for at least 6 homes. KH agreed to file affiliated interest agreements for its relationship with Model Enterprises Management Company within one month of PUC approval of the application. KH also agreed, to the extent its rates are more than 15% higher than its neighboring wastewater providers, to file a report every six months that shows that it contacted neighboring wastewater service providers to let them know that KH is open to having the other provider serve KH’s customers. On July 18, 2011 the Commission entered an Order adopting the ALJ’s April 27, 2011 recommendation to approve the settlement. The Commission’s order provided that, within 30 days of receiving notice
from KH about the need for service, the Commission would issue a Certificate. The Commission's Order also provided that, within 30 days of the Commission's Order, KH will file a proposed tariff.

By letter dated October 13, 2011, KH requested a postponement of the requirement to file a proposed tariff because it did not anticipate the need for service until September, 2012. On October 28, 2011, the Commission approved the Company's request to postpone the filing of its initial Tariff until July 2012. On July 20, 2012, the Company filed a second letter requesting that the filing of its initial Tariff be extended for another year. On September 4, 2012, the Commission approved the request to postpone the filing of KH's initial Tariff until August 2013.

On September 5, 2013, KH requested a further one year extension of the time in which to file an initial tariff as no homes have been constructed in the service area and there is no need at this time to file a tariff. This request was approved by Secretarial Letter issued September 18, 2013.

The approved service area includes three tracts: the existing Rolling Hills Estates Mobile Home Park; an undeveloped area surrounding the existing wastewater treatment plant (Jeanne Tract); and a proposed development to be called Millbrook Estates.

On January 31, 2014, KH filed an Application to amend its certificated service territory. The 23.2 acre tract of land previously planned to be subdivided into the Millbrook Estates subdivision has been rezoned from residential to rural land district and sold to a farmer for agricultural purposes. KH submits, therefore, that service to the Millbrook Estates tract will not be necessary and requests that the Commission modify its approved service area to only include the existing Rolling Hills tract and the adjacent Jeanne Tract. At the end of the Fiscal Year, the case was pending before the Commission.

Petition of Delaware Sewer Co. for a Section 529 Investigation into Whether a Capable Utility Should Be Ordered to Acquire the Company, Docket No. P-2014-2404341. DSC filed a petition asking the Commission to investigate whether another utility should be required to acquire it. The Company has a small customer base, which cannot be expanded until a DEP moratorium is lifted. That will not occur until the Township approves a plan to serve additional customers or DSC develops alternative methods to provide service. DSC cannot connect to its sister utility, because that utility is unable to serve customers within its own service territory. DSC claims that it cannot finance a spray irrigation field. On February 26, 2014, the OCA filed an Answer. The OCA agreed that an investigation should be opened and provided information correcting and clarifying information provided in DSC's Petition. The OCA also requested a public input hearing. PAWC filed an Answer and raised a new matter, to which the Company responded on March 17, 2014. At the end of the Fiscal Year, the case was pending before the Commission.
CONSUMER COMPLAINT PROCEEDINGS

Water Cases

Tomkins v. Pennsylvania American Water Company, Docket No. C-2013-2398055. On December 9, 2013, Mr. Tomkins filed a Formal Complaint with the Commission against Pennsylvania-American Water Company. In the Formal Complaint, the Complainant alleged that he received an inaccurate water bill for 12,000 gallons of water in September 2013, and he raised concerns about water quality, the billing cycle, and customer service. On January 23, 2014, the Office of Consumer Advocate filed a Notice of Intervention and a Public Statement in the proceeding to ensure that fair consideration was given to the issues raised by the Complainant and to ensure that PAWC fulfills its obligation to provide safe, adequate, and reliable service to its customers pursuant to the Public Utility Code, 66 Pa.C.S. §1501. On January 16, 2014, the Commission issued an Interim Order, directing the parties to attempt to resolve the matter themselves. The parties participated in several settlement discussions and were able to resolve all matters. On June 5, 2014, PAWC filed a certificate of satisfaction with the Commission.

Electric Cases

Donahue v. PECO Energy Company, Docket No. C-2014-2409977. On February 20, 2014, the Complainants filed a Formal Complaint due to three severe power surges that the Complainants experienced on October 29, 2011, July 28, 2012 and February 4, 2014. The Complainants allege that the incidents have required calls to the fire department and that the February 4, 2014 power surge caused more than $30,000 in damage to the home. The power surges complained of present concerns relative to the safety and reliability of the Company’s distribution system in the neighborhood of the Donahue home. On May 29, 2014, the OCA filed a Notice of Intervention and Public Statement in the matter. At the end of the Fiscal Year, the case was pending before the Commission.

Herp v. Respond Power LLC, Docket No. C-2014-2413756. Mr. Herp filed a formal complaint against Respond Power, a licensed electric generation supplier (EGS), alleging Respond Power’s agent made misrepresentations that induced him to switch to Respond Power to his detriment. Respond Power filed an answer denying Mr. Herp’s complaint, followed by a motion for summary judgment. The OCA intervened in Mr. Herp’s case and filed an answer in opposition to Respond Power’s motion. The presiding ALJ denied Respond Power’s motion, based largely on the OCA’s analysis and arguments. Respond Power has filed a second motion, to limit the scope of issues. The OCA will file an answer to the second motion. At the end of the Fiscal Year, the case was pending before the Commission.
MacLuckie v. Palmco Energy PA, LLC, Docket No. C-2014-2402558. Mr. MacLuckie signed up for variably priced gas supply service with Palmco, a licensed supplier. Mr. MacLuckie has alleged false advertising and unfair conduct by Palmco, in violation of PUC regulations and Pennsylvania consumer protection laws. Palmco filed a motion to dismiss. The presiding ALJ reviewed the pleadings and issued an Initial Decision granting Palmco summary judgment. The OCA intervened and filed exceptions to the Initial Decision, identifying reasons why Mr. MacLuckie’s complaint should proceed to a hearing. At the end of the Fiscal Year, the case was pending before the Commission.
CONSUMER AND LEGISLATIVE OUTREACH

Testimony, Presentations and Speaking Engagements

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-10-13</td>
<td>Senator Don White and Representative Tim Krieger’s Senior Expo</td>
<td>Delmont, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>7-10-13</td>
<td>Senator Dave Argall’s Senior Expo</td>
<td>Frackville, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>7-22-13</td>
<td>Representative Mario Scavello’s Senior Expo</td>
<td>Swiftwater, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>7-29-13</td>
<td>Representative Carl Walker Metzgar’s Senior Expo</td>
<td>Somerset, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>8-1-13</td>
<td>Sustainable Energy Fund Energypath 2013</td>
<td>Villanova, PA</td>
<td>Panel regarding future energy needs</td>
</tr>
<tr>
<td>8-2-13</td>
<td>Representative Donna Oberlander’s Senior Expo</td>
<td>Clarion, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>8-2-13</td>
<td>Representative Martin Causer’s Senior Expo</td>
<td>Bradford, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>8-7-13</td>
<td>Representative David Millard’s Senior Expo</td>
<td>Bloomsburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>8-8-13</td>
<td>Ralston/Mercy Douglass House</td>
<td>Philadelphia, PA</td>
<td>Presentation “Saving Money on Your Electric Utility Bills”</td>
</tr>
<tr>
<td>8-15-13</td>
<td>Senator Jake Corman’s Senior Expo</td>
<td>Lewistown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>8-16-13</td>
<td>“Consumer Protection and Advocacy”</td>
<td>Lansing, MI</td>
<td>Presentation at Camp NARUC</td>
</tr>
<tr>
<td>8-28-13</td>
<td>WSBA Radio Interview</td>
<td>York, PA</td>
<td>Discussion regarding various public utility topics</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Location</td>
<td>Activities</td>
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<tr>
<td>9-6-13</td>
<td>Representative Susan Helm’s Senior Expo</td>
<td>Harrisburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-6-13</td>
<td>Representative Rob Kauffman’s Senior Expo</td>
<td>Chambersburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-10-13</td>
<td>Friendship Senior Center</td>
<td>Harrisburg, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>9-10-13</td>
<td>Senior Expo sponsored by Representative Garth Everett and Senator Gene Yaw</td>
<td>Pennsdale, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-10-13</td>
<td>Lifeline Awareness Week Event</td>
<td>Johnstown, PA</td>
<td>Remarks regarding the importance of Lifeline to Pennsylvania consumers</td>
</tr>
<tr>
<td>9-12-13</td>
<td>Representative Tarah Toohil’s Senior Expo</td>
<td>Hazleton, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-12-13</td>
<td>Senior Expo sponsored by Senator Dave Argall, Senator John Yudichak and Representative Doyle Heffley</td>
<td>Jim Thorpe, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-12-13</td>
<td>Representative Julie Harhart’s Senior Expo</td>
<td>Northampton, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-18-13</td>
<td>Retail Energy Supply Association’s 2013 Fall Energy Symposium</td>
<td>Boston, MA</td>
<td>Panelist regarding Consumer Protection for Retail Consumers: Striking the Right Balance</td>
</tr>
<tr>
<td>9-18-13</td>
<td>Senior Expo sponsored by Senator Don White, Representative Jeff Pyle and Representative Donna Oberlander</td>
<td>Kittanning, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-19-13</td>
<td>Senior Expo sponsored by the Southwestern Pennsylvania Area Agency on Aging and co-hosted by Senator Timothy Solobay, Representative Jesse White, Representative Brandon Neuman, and the Washington County Commissioners</td>
<td>Washington, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-19-13</td>
<td>Senator Christine Tartaglione’s Senior Expo</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-21-13</td>
<td>Representative Warren Kampf’s Senior Expo</td>
<td>Wayne, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-27-13</td>
<td>Senator Wayne Fontana’s Senior Expo</td>
<td>Brookline, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>Date</td>
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<td>Location</td>
<td>Activities</td>
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<tr>
<td>9-27-13</td>
<td>Representative Dom Costa’s Senior Fair</td>
<td>Pittsburgh, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>9-27-13</td>
<td>Senior Expo sponsored by Representative Lee James</td>
<td>Seneca, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-3-13</td>
<td>Representative Mark Keller’s Senior Expo</td>
<td>Newport, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-3-13</td>
<td>Senator Matt Smith’s Senior Fair</td>
<td>Mt. Lebanon, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-4-13</td>
<td>Senior Expo sponsored by Senator Randy Vulakovich and Representative Hal English</td>
<td>Allison Park, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-4-13</td>
<td>Representative Frank Dermody’s Senior Health and Services Fair</td>
<td>Tarentum, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-4-13</td>
<td>Representative Dan Deasy’s Senior Health Expo</td>
<td>Pittsburgh, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-4-13</td>
<td>Senior Expo sponsored by Senator Elder Vogel</td>
<td>Monaca, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-9-13</td>
<td>Pennsylvania Telephone Association</td>
<td>Harrisburg, PA</td>
<td>Introduction to the OCA and Telecommunications Issues in Pennsylvania</td>
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<tr>
<td>10-9-13</td>
<td>Senior Expo sponsored by Representative Greg Lucas</td>
<td>Girard, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-10-13</td>
<td>Luzerne County Senior Expo sponsored by Senator Lisa Baker and Senator John Yudichak</td>
<td>Kingston, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-10-13</td>
<td>Representative Susan Helm’s Senior Expo</td>
<td>Halifax, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-11-13</td>
<td>Representative Martin Causer’s Senior Expo</td>
<td>Roulette, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-17-13</td>
<td>Senior Expo sponsored by Representative Mark Mustio and Senator Matt Smith</td>
<td>Moon Township, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-19-13</td>
<td>Representative Dan Truitt’s Senior Expo</td>
<td>West Chester, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Location</td>
<td>Remarks</td>
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<tr>
<td>10-24-13</td>
<td>Senior Expo sponsored by Senator Don White and Representative Dave Reed</td>
<td>Indiana, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-24-13</td>
<td>Senator Christine Tartaglione’s Senior Expo</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-25-13</td>
<td>Senator Kim Ward’s Senior Expo</td>
<td>Greensburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-25-13</td>
<td>Representative Tim Mahoney’s Veterans and Senior Fair</td>
<td>Uniontown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-25-13</td>
<td>Senator Chuck McEllhinney and Representative Katharine Watson’s Senior Expo</td>
<td>Doylestown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>10-25-13</td>
<td>Senior Expo sponsored by Representative Brian Sims</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>10-30-13</td>
<td>Lackawanna &amp; Wayne County Senior Expo sponsored by the Salvation Army</td>
<td>Waymart, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>11-21-13</td>
<td>Pennsylvania House Consumer Affairs Committee</td>
<td>Harrisburg, PA</td>
<td>Testimony regarding HB 1608</td>
</tr>
<tr>
<td>1-23-14</td>
<td>Pennsylvania House Democratic Policy Committee</td>
<td>Harrisburg, PA</td>
<td>Testimony regarding Electric Competition and Consumer Choice</td>
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<tr>
<td>2-10-14</td>
<td>Chartier Club</td>
<td>New Cumberland, PA</td>
<td>Presentation on the OCA</td>
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<tr>
<td>2-20-14</td>
<td>Electric Choice Forum sponsored by Senator Rob Teplitz</td>
<td>Harrisburg, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>3-5-14</td>
<td>OAG Consumer Fair</td>
<td>Harrisburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>3-11-14</td>
<td>PCN Live Call in Program</td>
<td>Camp Hill, PA</td>
<td>Electricity Rate Increases</td>
</tr>
<tr>
<td>3-20-14</td>
<td>House Consumer Affairs Committee</td>
<td>Harrisburg, PA</td>
<td>Testimony regarding Variable Electric Rates</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Location</td>
<td>Event Details</td>
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<tr>
<td>3-25-14</td>
<td>Electric Choice Forum sponsored by Representative Marcia Hahn</td>
<td>Pen Argyl, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
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<tr>
<td>3-26-14</td>
<td>Electric Choice Forum sponsored by Senator Lisa Boscola</td>
<td>Easton, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
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<tr>
<td>4-1-14</td>
<td>Senate Consumer Protection and Professional Licensure Committee</td>
<td>Harrisburg, PA</td>
<td>Testimony regarding Variable Electric Rates</td>
</tr>
<tr>
<td>4-3-14</td>
<td>Electric Choice meeting sponsored by Representative Marcia Hahn</td>
<td>Bethlehem, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>4-4-14</td>
<td>Representative John Sabatina’s Senior Fair</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-6-14</td>
<td>Representative Rosemary Brown’s Family Expo</td>
<td>East Stroudsburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-10-14</td>
<td>Senior Expo sponsored by Representative Mike Tobash</td>
<td>Pine Grove, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>4-10-14</td>
<td>House Consumer Affairs Committee</td>
<td>Pittsburgh, PA</td>
<td>Testimony regarding Variable Electric Rates</td>
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<tr>
<td>4-10-14</td>
<td>Senior Citizen Expo sponsored by Senator Charles McIlhinney, Jr.</td>
<td>Levittown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-10-14</td>
<td>Utility Rate Forum sponsored by Representative Pete Daley</td>
<td>Bentleyville, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-11-14</td>
<td>Senior Expo sponsored by Representative Scott Petri</td>
<td>Ivyland, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-15-14</td>
<td>Senior Expo sponsored by Representative Becky Corbin</td>
<td>Downingtown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>4-17-14</td>
<td>Senator Bob Mensch’s Constituent Expo</td>
<td>Red Hill, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-24-14</td>
<td>McKenna Senior Center</td>
<td>Greensburg, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>4-24-14</td>
<td>Senior Fair sponsored by Representative Erin Molchany</td>
<td>Pittsburgh, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>4-25-14</td>
<td>Representative Daryl Metcalfe’s Senior Expo</td>
<td>Cranberry Township, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>Date</td>
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<td>Location</td>
<td>Details</td>
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<tr>
<td>4-25-14</td>
<td>Spring Senior Fair sponsored by Representative Daniel McNeill and Representative</td>
<td>Allentown, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td></td>
<td>Steve Samuelson</td>
<td></td>
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</tr>
<tr>
<td>5-1-14</td>
<td>Healthy Earth, Healthy You Fair sponsored by the PA Department of Military and</td>
<td>Annville, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td></td>
<td>Veterans Affairs</td>
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<tr>
<td>5-2-14</td>
<td>Senior Fair sponsored by Senator Rob Teplitz</td>
<td>Harrisburg, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
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<tr>
<td>5-7-14</td>
<td>Energy Workshop sponsored by the Wayne United Methodist Church</td>
<td>Wayne, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>5-9-14</td>
<td>Senior Expo sponsored by Senator Shirley Kitchen</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>5-21-14</td>
<td>Electric Choice meeting sponsored by Representative Marcia Hahn</td>
<td>Bethlehem, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>5-22-14</td>
<td>Senator Dominic Pileggi’s Senior Expo</td>
<td>Aston, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>6-10-14</td>
<td>Federal Trade Commission</td>
<td>Washington, D.C.</td>
<td>Meeting with FTC officials and NASUCA counterparts from Delaware, Maine, Maryland and Washington, D.C. regarding variable rates</td>
</tr>
<tr>
<td>6-20-14</td>
<td>Senior Expo sponsored by Representative Michelle Brownlee</td>
<td>Philadelphia, PA</td>
<td>Staff an exhibitor’s booth, answer questions and distribute materials</td>
</tr>
<tr>
<td>6-27-14</td>
<td>Cresson Senior Center</td>
<td>Cresson, PA</td>
<td>Presentation on the OCA and how to shop for an electric generation supplier</td>
</tr>
<tr>
<td>6-30-14</td>
<td>WITF Radio Smart Talk</td>
<td>Harrisburg, PA</td>
<td>Electric deregulation and choice</td>
</tr>
</tbody>
</table>
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 from 8 AM to 5 PM, Monday through Friday. The toll free number with consumer service representatives is another way to expand our outreach to all Pennsylvania utility consumers in the ongoing changes in utility regulation.

During Fiscal Year 2013-2014, we had a total of 23,036 consumer contacts in the Call Center, including requests for shopping guides, phone calls, letters and e-mails. Complaints regarding the variable rates of some electric generation suppliers in early 2014 constituted a significant portion of the calls received in the first quarter of the year.

Summarized here are examples of our assistance to individual consumers:

In February 2014, the OCA began to receive calls, e-mails and letters from consumers who had received higher than normal electric bills. Due to the polar vortex, a large number of consumers who had a variable rate electric plan with an electric generation supplier (EGS) saw their per kWh rate increase dramatically. Monthly electric bills for customers on some variable rate plans were increasing by 300% to 600%. OCA staff collected basic information from affected parties, and developed materials giving consumer options to help remedy the situation. As the situation intensified, OCA staff began to request that consumers provide more detailed information regarding their variable rate bills including copies of their bills (before and after the rate change) as well as the terms and conditions given to them by the EGS at the time they signed up for their service. The OCA received over 3,000 contacts by telephone, e-mail, or letter regarding the winter variable rate plans. Some of the information collected by OCA staff was used to support the five complaints that were jointly filed at the PA PUC by the OCA and the Office of Attorney General on June 20, 2014.

Our office assisted a consumer who closed an electric account and discovered he was overcharged on his final bill due to a high estimated final meter reading. We contacted the company on the consumer’s behalf. After reviewing the account, the company agreed to remove the charges due to the estimated final meter reading and they notified the credit reporting agencies and the outside collection agency of this adjustment.

We assisted another consumer who was overcharged by her electric generation supplier (EGS). She contacted the EGS and negotiated a lower rate, but the new rate was never reflected on her bill. The EGS corrected the error and issued a refund for $31.00 plus applicable taxes.

We assisted a consumer who has health issues and was without telephone service. After the company missed two service appointments, the consumer contacted our office for assistance. We contacted the company on the consumer’s behalf and a technician was dispatched and service was restored. The company credited the customer’s
account in the amount of $22.93 for the time he was without service. In addition, a credit of $20.00 was issued for the missed appointments.

We assisted a consumer who visited our table at Senator Pileggi’s senior fair. She was looking for an updated list of exchanges in her local calling area and was having difficulty obtaining the information from the telephone company. We contacted the telephone company on her behalf and they provided the list which we in turn mailed to the customer.

We assisted a consumer who was charged a $250 security deposit for her telephone package. The consumer notified the company that she was moving and since their service was not available at her new address, she needed to cancel. The telephone company advised she would forfeit the security deposit because she did not stay a full year. We contacted the telephone company on the consumer’s behalf and they agreed to give a full refund of the security deposit.

We assisted consumer who received a notice from a collection agency. They were attempting to collect on an outstanding telephone bill the consumer claimed she did not owe. We contacted the telephone company on the consumer’s behalf. They investigated and determined the balance was incorrectly billed as the account was closed prior to the accumulation of the charges. The company repurchased the debt from the collection agency and zeroed out the account.

We assisted a consumer who experienced a spike in his water bill over a two month period. A sixty day hold placed on his account while the company investigated. During the sixty day period, the consumer received a collections call from the company. Upon subsequent contact with the company, the consumer did not get any satisfaction. We contacted the water company on the consumer’s behalf. Since they could not determine the cause of the high bills and since the usage returned to normal, they agreed to credit the consumer’s usage for two months, which totaled $93.97.
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). NASUCA has members from more than 40 states and the District of Columbia and provides valuable input on consumer utility issues.

- 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 five member steering group that directs the work of the NASUCA Telecommunications Committee.
- Assistant Consumer Advocate Christy Appleby 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.
- Assistant Consumer Advocates David Evrard and Candis Tunilo participate in the Electric 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, Regional Planning Process Working Group, Public Interest/Environmental Organizations Users Group, and the Liaison Committee.
- Ms. 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 second term as a small consumer representative on the Planning Committee of the North American Electric Reliability Corporation (NERC).

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 Public Welfare LIHEAP Advisory Committee.
- Ms. Hoover represents consumer interests in issues related to water systems. She serves as a member 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 (DEP) on small water system issues and to help coordinate activities among various agencies and organizations affecting small water systems.

- Assistant Consumer Advocate Brandon Pierce serves as Editor-in-Chief for the Pennsylvania Bar Association Environmental and Energy Law Section Newsletter, a joint project with the Widener Environmental Law Center.

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