

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

ANNUAL REPORT

FISCAL YEAR 2017-2018

TANYA J. MCCLOSKEY
ACTING CONSUMER ADVOCATE

555 WALNUT STREET
5TH FLOOR, FORUM PLACE
HARRISBURG, PA 17101-1923

717-783-5048
800-684-6560 (toll free)
consumer@paoca.org
www.oa.state.pa.us

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TABLE OF FREQUENTLY USED ABBREVIATIONS

CAP	Customer Assistance Program
DSIC	Distribution System Improvement Charge
DSP	Default Service Plan
EGS	Electric Generation Supplier
ILEC	Incumbent Local Exchange Carrier
LIHEAP	Low Income Home Energy Assistance Program
LIURP	Low Income Usage Reduction Program
LTIIP	Long Term Infrastructure Improvement Plan
NGDC	Natural Gas Distribution Company
PGC	Purchased Gas Cost
USECP	Universal Service and Energy Conservation Plan

INTRODUCTION

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

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

In recent years, the OCA has continued to work on proceedings resulting from major state and federal legislative changes impacting utility consumers, such as electric and natural gas restructuring, regulatory requirements for basic and advanced telecommunications services, and Act 11 of 2012's provisions for recovery of distribution infrastructure improvement costs outside of base rate cases, use of a fully projected future test year within base rate cases and the combination of water and wastewater revenue requirements, and the use of fair market valuation for municipal water and wastewater acquisitions authorized by Act 12 of 2016. Stemming from Act 11, several additional Distribution System Improvement Charges (DSIC) were established, four utilities asked the Commission to waive the DSIC's statutory 5% cap, and numerous utilities filed plans to significantly increase the cost of infrastructure improvements. During Fiscal Year 2017-2018, eleven utilities filed rate filings including a fully projected future test year. During Fiscal Year 2017-2018, the OCA worked on cases that were a result of more recent legislative changes, such as the legislation addressing the consolidated tax savings adjustment (Act 40 of 2016), and changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017.

The OCA serves as the voice of Pennsylvania utility consumers as the utility industries continue to evolve from a fully regulated to a partially regulated, partially competitive structure. The OCA has evolved as well in order to ensure that Pennsylvania

consumers receive the benefits – and avoid the potential harms – that these industry changes bring about.

In the electric industry, the OCA has sought to ensure that customers continue to be protected through the development of stable, reasonably priced “default” service and that customers receive the necessary information to make informed decisions when shopping in the retail electricity market. Pursuant to Act 129 of 2008, the OCA continues to participate in all default service filings of electric distribution companies to ensure that those companies provide reliable default generation service to their customers at the least cost over time. The OCA also continues to be active in Act 129 proceedings to ensure that the energy efficiency, demand response, and advanced metering programs developed by Pennsylvania electric utilities provide the greatest benefit to consumers at the lowest reasonable cost. The OCA is also involved in the DSIC filings made pursuant to Act 11 of 2012 by electric distribution companies. During Fiscal Year 2017-2018, the OCA has been involved in distribution base rate proceedings filed by three electric distribution companies. Each company used a fully projected future test year under Act 11. The OCA has also participated in proceedings addressing changes to the calculation of taxes in the DSIC as a result of Act 40 and changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. During Fiscal Year 2017-2018, the OCA was also involved in a major transmission line siting case. At the same time, through our website, social media presence, and consumer outreach, 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 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 also is involved in the ongoing quarterly DSIC filings made pursuant to Act 11 of 2012 by natural gas companies and filings by three natural gas companies to increase the DSIC cap from 5% to 10%. During the Fiscal Year 2017-2018, the OCA has participated in four gas distribution base rate cases and continued our work on natural gas main extensions and proposed abandonments of natural gas service to consumers. The OCA has also participated in proceedings addressing changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. The OCA

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

In the water and wastewater industries, the OCA continues to represent consumers in base rate increase cases involving large, medium and small companies, fair market value acquisitions, and other application proceedings, and mandatory takeover proceedings involving both large and small utilities. The OCA also continues to address requests from water and wastewater utilities of all sizes under Act 11 of 2012 that choose to use the fully projected future test year and the provisions of Act 11 that allow for combining the revenue requirements of water and wastewater subsidiaries within the same parent company. During Fiscal Year 2017-2018, the OCA participated in twelve base rate cases and six application proceedings involving companies' acquisitions of municipal wastewater systems using fair market valuation under Act 12 of 2016. The OCA also began its work to bring Pittsburgh Water & Sewer Authority under the Commission's jurisdiction, following from the enactment of Act 65 on December 21, 2017. The OCA's efforts included written filings, meetings and visits to the service area, with the purpose of ensuring that PWSA customers receive high quality water and wastewater service at reasonable cost. The OCA is also involved in the ongoing quarterly DSIC filings made pursuant to Act 11 of 2012 by water and wastewater companies and a filing by a water company to increase the DSIC cap from 5% to 7.5%. As water and wastewater infrastructure expand in order to meet the needs of Pennsylvania consumers for safe and adequate service, the OCA has expanded its own efforts to ensure that rates are maintained at reasonable and affordable levels. The OCA has also participated in proceedings addressing changes to the federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017. In addition, the OCA has participated in service quality cases and an application case to ensure that consumers

are receiving safe and adequate water and wastewater service, and has worked to extend public water service at a reasonable cost to unserved areas.

During the last fiscal year, the OCA has filed extensive comments in response to the Commission's investigation into alternative ratemaking for electric, natural gas, water, and wastewater utilities. The OCA also filed comments in rulemakings and proceedings involving electric vehicle charging stations, electric customer choice, disclosure rules for electric generation suppliers, supplier consolidated billing, and an implementation order for municipal valuation under Section 1329. The OCA continues to work on those issues in the current fiscal year.

During the last fiscal year, in addition to its litigation activities, OCA participated on behalf of utility consumers in state and federal legislative and policy debates. The OCA has been called on to present formal testimony in the Pennsylvania General Assembly regarding sales and marketing practices of competitive electric and natural gas retail suppliers, transportation fueling infrastructure development, microgrids and alternative ratemaking for electric and natural gas distribution companies.

The OCA also responds to individual utility consumer complaints and inquiries. The OCA maintains a toll-free calling number (800-684-6560). In addition, the OCA devotes substantial resources to educating consumers about changes in the utility industry. The Acting Consumer Advocate, Consumer Liaison, and other members of OCA staff have helped plan and participate in consumer presentations, roundtables, and forums across the Commonwealth to help educate consumers about changes in the utility industry and to advise them about cases that affect them. During Fiscal Year 2017-2018, the OCA participated in 69 consumer outreach events across Pennsylvania, many of which were sponsored by members of the General Assembly. In addition, the OCA keeps consumers and members of the General Assembly informed through regular letters and bulletins about upcoming cases and public hearings. The OCA also provides consumer information and education through its website at www.oca.state.pa.us and its social media presence. Among the most popular items on the OCA website are the OCA's monthly shopping guides that provide "apples-to-apples" price comparisons for residential electric and natural gas customers who are looking for alternatives to their utility default service suppliers.

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

in its role in assisting consumers to obtain the benefits and avoid the pitfalls of the changing utility service markets.

ELECTRIC: UTILITY-SPECIFIC PUC PROCEEDINGS **Alphabetically by Utility Name**

Blue Pilot Energy, LLC

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

On May 18, 2015, the Office of Consumer Advocate filed a Notice of Intervention, Public Statement, and Joint Answer with the Commonwealth of Pennsylvania, Bureau of Consumer Protection (BCP) in the above proceeding. In the Joint Answer, the OCA/OAG noted that they had filed a Joint Complaint against Blue Pilot on June 20, 2014, at Docket No. C-2014-2427655 and that the Joint Complaint proceeding had not yet concluded. In addition, the OCA/OAG noted that they were aware of a number of other Formal Complaints filed by individual residential and business customers against Blue Pilot involving disputes surrounding terms, prices billed, and quality of service that also remained unresolved by final Commission decision or settlement at that time. The OCA/OAG submitted that the allegations and facts of those Complaints may bear on the Commission’s determination as to the appropriate action regarding Blue Pilot’s license. Joint Complainants also asserted that the Commission should not potentially compromise its jurisdiction over Blue Pilot until all matters concerning the Company have been brought to the forefront and resolved. As such, while the OCA/OAG did not oppose Blue Pilot’s proposal to cease serving its Pennsylvania customers and to the shortened notice period if the EDCs could properly accommodate the return to default service of the Blue Pilot customers, the OCA/OAG did oppose Blue Pilot’s request for the immediate cancellation of Blue Pilot’s license. The OCA/OAG also submitted that the Commission should immediately act to secure the proceeds of the Blue Pilot bond or letter of credit that should have been on file with the Commission, as there was no information, other than the bond proceeds, to suggest that Blue Pilot could, or would, meet any final obligation to provide refunds to customers.

On December 17, 2015, the Commission issued a Tentative Order at Docket No. M-2015-2490383. In the Tentative Order, the Commission tentatively approved the cancellation of the EGS license, *inter alia*, of Blue Pilot for the failure to provide proof to the Commission that it has a bond or other approved security currently in effect. The OAG/OCA provided comments to the Tentative Order on February 1, 2016, wherein the OCA/OAG again submitted that the Commission should refrain from cancelling or granting any abandonment of Blue Pilot's license until the Commission was assured that all obligations of Blue Pilot to Pennsylvania consumers and the Commonwealth had been properly met. In their Comments, the OAG/OCA also repeated their request that the Commission act immediately to secure any proceeds of Blue Pilot's last viable bond or letter of credit so that it was available to meet Blue Pilot's obligations to the Commonwealth and to the Company's Pennsylvania customers as finally determined by the Commission. Finally, the OAG/OCA requested that the Commission consider permanent revocation of Blue Pilot's EGS license as determined in the pending complaint cases.

On March 14, 2016, the Commission issued a Final Order in Docket No. M-2015-2490383, wherein it addressed the OCA's/OAG's request to refrain from cancelling or granting an abandonment of Blue Pilot's EGS license. Specifically, the Commission suspended Blue Pilot's license until final resolution of the pending Joint Complaint at Docket No. C-2014-2427655. The Commission voted on June 14, 2018 to sustain the Joint Complaint. As discussed below, the Commission revoked Blue Pilot's license, imposed a civil penalty of \$1 million and directed the EGS to refund \$2.5 million to customers for overbilling.

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

At hearings, the Joint Complainants presented the direct testimonies and exhibits of 83 consumer witnesses testifying to their experiences as Blue Pilot customers and by three expert witnesses. The testimony by the Joint Complainants' witnesses showed that Blue Pilot engaged in a pattern of making false and misleading statements in its written

advertising materials, Disclosure Statement, and in oral statements made by the Company's agents. It also showed the Company's lack of proper training, oversight and discipline of its sales agents.

In their Initial Decision, issued July 7, 2016, the ALJs found that Blue Pilot deceptively and misleadingly charged prices to its variable rate customers that neither conformed to the Disclosure Statement nor reflected marketed prices promising savings in violation of the Public Utility Code and the Commission's regulations and Orders. The ALJs ordered Blue Pilot to pay a civil penalty of \$2,554,000; to provide refunds to customers in the amount of \$2,508,449; and that Blue Pilot's license be permanently revoked and that no future electric generation supply license application from the owners, directors or managers of Blue Pilot shall be considered by the Commission.

On June 14, 2018, the Commission voted to uphold the ALJs' Initial Decision finding of wrongdoing by Blue Pilot in the marketing and billing for electric supply, consistent with the Joint Complainants' position. The Commission voted to decrease the civil penalty to \$1,066,900 but kept the refund pool at \$2,508,449 for customers overbilled by Blue Pilot. The Commission also specified that the refund pool has priority over the civil penalty. The Commission voted to revoke Blue Pilot's EGS license. The Commission declined to permanently bar the owners, directors, or managers from future involvement with a competitive energy supplier. At the end of the 2017-2018 fiscal year, the parties awaited issuance of an Order consistent with the Commission's June 14 vote.

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

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

The OCA engaged in a number of settlement discussions with Ms. Smith and PPL. As a result, PPL filed a Certificate of Satisfaction on September 5, 2017, resolving Ms. Smith's allegations against PPL. In the Certificate of Satisfaction, PPL agreed to apply a credit to Ms. Smith in the amount of \$112.10 and to put Ms. Smith on a new, more

affordable payment arrangement to pay off the undisputed portion of her balance. Additionally, PPL agreed that, within 45 days of a Commission decision on the issues then remaining for litigation against Blue Pilot, the OCA, PPL, and Ms. Smith would discuss the establishment of a 36-month payment arrangement for Ms. Smith's arrearages.

The OCA assisted Ms. Smith in presenting testimony during the evidentiary hearing. At the end of June 2018, the record was closed and pending decision by the Presiding Officer.

Citizens' Electric Co. of Lewisburg, Pa.

Docket Nos. P-2017-2596815, P-2017-2596838. On March 31, 2017, the Citizens' Electric Co. of Lewisburg, PA and Wellsboro Electric Co. filed a Joint Default Service Plan with the Commission seeking approval of the proposed Default Service Plan (DSP) for the period beginning June 1, 2018 and ending May 31, 2021. The OCA filed an Answer to the Petition on May 1, 2017 to ensure that a full review of the Companies' plan was conducted.

Upon review of the Companies' filing, the OCA submitted testimony and briefs opposing two aspects of the Petition. First, the OCA opposed the Companies' contingency procurement plan for residential customers that relied exclusively on spot market purchases. This issue was particularly relevant because the Companies' current default service procurement utilized a contingency for a full year after it failed to generate sufficient market participation. The OCA recommended that a contingency plan that did not rely on volatile spot market pricing should be approved.

The second issue raised by the OCA concerned Citizens' proposed 25-year purchase power agreement. While the Company presented the contract as a solar power purchase, the contract did not contain the solar energy credits produced by the generator. As a result, the OCA opposed the agreement.

On October 17, 2017, the ALJs issued their Recommended Decision. On December 28, 2017, the Commission entered an Order adopting the Recommended Decision. The Commission agreed with the ALJs and the OCA that the Companies' contingency plans left customers exposed to potential rate volatility through spot market energy purchases. To address this concern, the Commission adopted two modifications supported by the OCA and approved by the ALJs. In addition, the Commission agreed with the OCA's position and rejected Citizens' 25-year purchase power agreement.

Duquesne Light Co.

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

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

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

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

The Commission Order adopted several of the OCA's recommendations and also identified continuing concerns regarding the complexity and affordability of Duquesne's CAP bill calculation and program design. The Commission provided the stakeholders

with time to reach a consensus. On September 15, 2017, the parties filed a Joint Petition for Approval of Duquesne Light Company's CAP Redesign Plan and Waiver of Commission Regulations Regarding Length of Universal Service and Energy Conservation Plan. The attached modified Universal Service Plan also addressed the phase-out of grandfathered senior citizens from 150-200% of the Federal Poverty Level. On February 8, 2018, the Commission issued an Order that approved those aspects of the CAP design that would be effective through 2019. The February Order deferred consideration of the Joint Petition's proposed 2020-2022 CAP design until the Company files its 2020-2022 USECP. On February 23, 2018, a Petition for Reconsideration was filed by CAUSE-PA. On April 19, 2018, the Commission reversed its decision and approved the Joint Petition, including the portions relating to the proposed CAP design to be implemented for the period 2020-2022, but denied the request for waiver to delay the filing of its proposed 2020-2022 USECP.

Docket No. R-2018-3000124. On March 28, 2018, Duquesne Light Company filed Tariff Supplement No. 174 to Tariff Electric - Pa. P.U.C. No. 24 in which it requested to increase its electric distribution rates by approximately \$133.8 million per year (or a net increase of \$81.6 million when accounting for existing surcharges), or 16.13%, over the amount of annual distribution revenues at present rates. Duquesne also proposed to increase its residential customer charge from \$10.00 to \$16.25. Additionally, Duquesne sought approval of an electric vehicle charging pilot program and the installation of a microgrid at its Woods Run Campus. Under Duquesne's initial proposal, the monthly bill for a residential customer using 600 kilowatt-hours (kWh) per month would have increased by 8.82% on a total bill basis.

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

At the end of the 2017-2018 fiscal year, the matter was proceeding to hearings.

HIKO Energy, LLC

Docket No. C-2014-2431410. On July 11, 2014, the Bureau of Investigation and Enforcement (I&E) filed a Formal Complaint against HIKO Energy, LLC. In the Complaint, I&E alleged that HIKO violated the Commission's regulations at 52 Pa. Code § 54.4(a) for failing to charge prices to customers that matched the prices marketed and agreed upon. By way of relief, I&E sought a civil penalty in the amount of \$14,780,000, refunds to customers of the difference between the promised price and the price HIKO charged, and revocation of HIKO's license. On August, 8, 2014, the OCA filed a Notice of Intervention.

On August 21, 2015, the ALJs issued an Initial Decision, directing HIKO to pay a civil penalty in the amount of \$1,836,125. On December 3, 2015, the Commission issued an Order adopting the ALJs' Initial Decision. HIKO appealed the Commission Order.

On June 8, 2017, the Court issued an Opinion affirming the Commission's Order, of which HIKO sought review by the Supreme Court of Pennsylvania. On July 7, 2017, HIKO filed a Petition for Allowance of Appeal with the Supreme Court of Pennsylvania, docketed at 39 EAP 2017. By Order dated December 13, 2017, the Supreme Court of Pennsylvania granted HIKO's Petition for Allowance of Appeal. Briefs were filed in the first quarter of 2018. Oral argument is scheduled for September 26, 2018.

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

Docket No. P-2015-2508942, P-2015-2508936, P-2015-2508948, P-2015-2508931, 2018 C.D. 697. On October 19, 2015, Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power) and West Penn Power Company (West Penn) (collectively, FirstEnergy), filed individual Petitions seeking approval of an initial LTIP. On November 18, 2015, the OCA filed Comments recommending that the Companies provide additional information to ensure the LTIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11. The OCA noted that the Companies did not provide historical baseline data to compare against the proposed LTIP and recommended that the Commission review/evaluate the Company's biennial Inspection and Maintenance Plan. The OCA emphasized that previous service/reliability commitments as part of previous settlements should not be considered as accelerated infrastructure improvements for purposes of Distribution System Improvement Charge recovery under Act 11.

The Commission's Bureau of Technical Utility Services required the Companies to provide supplemental information in response to questions and concerns raised by the

OCA. On February 11, 2016, the Commission entered an Order approving the LTIIPs, based on the filing and supplemental information.

On February 16, 2016, Met-Ed and Penelec filed Petitions to establish a DSIC. The OCA filed an Answer on February 26, 2016 raising concerns about the Companies' proposal that the DSIC will not apply to certain high voltage customers. The OCA submitted that, without additional information, the Company had not shown that the exclusions are warranted and consistent with Act 11, which requires utilities to apply the DSIC to all customers.

On June 9, 2016, the Commission approved the DSIC Petitions and allowed the tariffs to go into effect on July 1, 2016. The Commission also referred matters raised by the OCA to the OALJ for hearing. In August 2016, the Presiding Officer consolidated the OCA's complaints against the four FirstEnergy DSICs.

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

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

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

On May 21, 2018, the OCA filed a Petition for Review with the Commonwealth Court seeking reversal of the Commission's Order with regard to the application of Act 40 to

the calculation of income taxes in the DSIC calculation. The OCA filed its initial brief on September 12, 2018.

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

On January 12, 2018, the OCA filed a Notice of Intervention and an Answer to the Joint Petition. The OCA filed testimony and briefs in opposition to FirstEnergy’s proposed (1) procurement schedule for residential wholesale products because it creates an unnecessary market risk for residential default service customers, (2) extension of the Customer Referral Program (CRP) absent a showing of customer benefits, (3) PTC Adder because it penalizes residential customers for not shopping, and (4) Customer Assistance Program (CAP) shopping plan because it allows unrestricted CAP shopping resulting in CAP customers paying more than the PTC. The OCA made specific recommendations to modify FirstEnergy’s CRP to comply with the settlement in the prior DSP case and modify existing CAP shopping rules to ensure that shopping CAP customers pay no more than the PTC.

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

PECO Energy Co. – Electric

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

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

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

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

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

On March 16, 2017, in response to a Petition for Reconsideration filed in the Company's DSP IV (see Docket No. P-2016-2534980 below), the Commission issued an Order that consolidated the two proceedings. In May 2017, the parties filed a Joint Motion to Hold the Proceedings in Abeyance pending the resolution of the Commonwealth Court appeal regarding PPL's proposed CAP shopping plan at Docket No. P-2016-2526627.

On June 5, 2017, the ALJ granted the Joint Motion to hold the decision in abeyance pending the Commonwealth Court's determination in the PPL case. On May 11, 2018, the Commonwealth Court issued its decision in the case and affirmed the Commission's decision to approve the modified CAP Shopping Plan and statewide collaborative. The parties await further Commission action.

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

On March 16, 2017, in response to the Petitions for Reconsideration, the Commission issued an Order that consolidated the DSP IV filing at Docket No. P-2016-2534980 with the PECO 2016 CAP Rule Change Filing at Docket No. P-2012-2283641. The Commission referred the consolidated proceeding to the Office of Administrative Law Judge for further proceedings and a decision on the merits of PECO's 2016 CAP Rule Change Filing, the CAP-SOP proposed in the DSP IV proceedings, and all issues relating to the ability of CAP customers to shop for electric generation supply in PECO's service territory. In June 2017, the ALJ granted a Joint Motion filed by the parties to hold the proceeding in abeyance pending the resolution of the Commonwealth Court appeal regarding PPL's proposed CAP shopping plan at Docket No. P-2016-2526627. On May 11, 2018, the Commonwealth Court issued its decision in the case and affirmed the Commission's decision to approve the modified CAP Shopping Plan and statewide collaborative. The parties await action by the Commission.

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

when the balance is depleted. PECO intends to use the pilot to, among other things, collect data on customer usage and payment patterns that may be used to develop a broad-scale advance payments program.

The OCA filed an Answer to PECO's Petition on November 15, 2016 in which it stated its opposition to PECO's Pilot and requested that the matter be sent to the Office of Administrative Law Judge for evidentiary hearings and development of a full and complete record, rather than being decided through Comments as PECO requested. On December 15, 2016, the OCA filed Comments expressing its concerns regarding PECO's Pilot, including: the Pilot was inconsistent with Pennsylvania law; experiences in other states and countries raise significant questions as to the impact on customers of prepaid metering; PECO's Pilot Plan did not represent sound public policy; the Pilot lacked sufficient detail to be considered at this time; and a variety of consumer protections and tracking and reporting requirements must be included if the Pilot moved forward. The OCA also filed Reply Comments reiterating these points on January 13, 2017. The Commission subsequently set the matter for evidentiary hearings.

The OCA submitted testimony raising many of the same issues that were discussed in Comments. The OCA opposed PECO's Pilot and recommended that it be rejected by the Commission. The OCA also stated in the alternative that if the Commission were to consider allowing the Pilot, it should only go forward if: (1) consumer protections contained in Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations will continue to apply to participants; (2) detailed reporting requirements are imposed; and (3) that customers below 300% of the Federal Poverty Level or those with arrears are not eligible to participate. On October 17, 2017, the OCA submitted its Main Brief and on November 8, 2017, the OCA submitted its Reply Brief.

The ALJ issued a Recommended Decision on February 12, 2018, which recommended that the Commission deny PECO's Petition because PECO's proposal did not meet the public interest standard. The OCA filed Exceptions on March 5, 2018 and Reply Exceptions on March 15, 2018 in order to clarify specific items in the Recommended Decision. The parties are currently awaiting a final decision from the Commission.

Docket Nos. R-2018-3000164. On March 29, 2018, PECO Electric filed Tariff Electric – Pa. P.U.C. No. 6 in which it requested to increase its distribution rates by \$81.9 million, or 6.7% on a distribution revenue basis. The proposed increase represented a 2.2% increase over the Company's total revenues, including distribution, transmission, and generation revenues. Under the PECO Electric's proposal, the total bill for a typical residential customer would have increased by 3.2 percent. The Company also proposed an increase in the Residential customer charge from \$8.45 to \$12.00.

On April 12, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. A total of six public input hearings were held throughout the Company's service territory. The OCA filed testimony addressing (1) revenue requirement, (2) the impact of the Tax Cuts and Jobs Act of 2017 on rates, (3) revenue allocation, (3) NRG Energy Inc.'s (NRG) proposal to allocate \$101 million of "indirect costs" to default service, (4) the Residential customer charge increase, and (5) low-income customer issues, including winter termination procedures, budget billing, and CAP enrollment.

On August 28, 2018, the parties filed a Joint Petition for Settlement resolving all issues with the exception of NRG's allocation proposal. The Settlement provided for a \$14.9 million increase, which incorporates the application of \$71 million in 2019 tax savings resulting from the TCJA and represents a 2.0% increase on a net revenue basis. Under the Settlement, the total bill for a typical residential customer will increase by only 1.2%. The Settlement also provided for the flow back of 2018 TCJA savings to customers. The Settlement further provided for a Residential customer charge of \$10.00 and the adoption of terms addressing the low-income customer issues raised in the OCA's testimony. At the end of the fiscal year, the OCA was preparing a brief opposing NRG's proposal to allocate indirect costs to default service.

Pike Power Light & Power

Docket No. P-2018-3002709. On June 12, 2018, Pike filed a Petition for approval of a DSP for service beginning May 31, 2019 and ending May 30, 2021. At the end of the 2017-2018 Fiscal Year, the OCA filed an Answer and Notice of Intervention, indicating its support for the Company's proposal to change current procurement practices, wherein it procures 100 percent of its default service load through spot market purchases, by adding fixed price products to reduce rate volatility for Pike's customers.

Docket Nos. R-2018-3000942, M-2018-2641242. As part of its investigation of the impact of the Tax Cuts and Jobs Act of 2107 on public utilities, on March 15, 2018, the Commission ordered Pike to file a tariff marking Pike's existing rates as "temporary rates" and subject to adjustment. Pike filed a compliance tariff. On May 17, 2018, the Commission agreed with OCA that customers should benefit from the TCJA tax savings. The Commission ordered Pike and certain other utilities with an overall rate of return of over 5% to implement a negative surcharge on a temporary basis. Pike petitioned the Commission for reconsideration, stating that Pike's overall earned return as updated and inclusive of the costs of a March 2018 winter storm was below 5%. The OCA answered and opposed Pike's request to be excused from implementation of a negative surcharge, without careful examination of Pike's earned rate of return claim.

On June 14, 2018, the Commission stayed the temporary negative surcharge order as to Pike and, at the end of the 2017-2018 fiscal year, was considering the merits.

PPL Electric Utilities Co.

Docket No. A-2017-2629534. On October 16, 2017, PPL filed an Application for PUC approval to restructure to form two new holding companies in two steps. In the first step, Newco 1 would be owned directly by PPL Corporation and Newco 2 would be owned directly by Newco 1. In step two, PPL planned to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries to Newco 1. On November 22, 2017, the OCA filed an Intervention to monitor the proceedings. OSBA submitted testimony opposing the Application based on its position that PPL was required to demonstrate that a substantial affirmative public benefit would result from the proposed restructuring and failed to make that showing. Main Briefs were filed on June 29, 2018. Reply Briefs are due on July 13, 2018.

Docket No. M-2015-2515642. On November 30, 2015, PPL filed its Phase III Energy Efficiency & Conservation Plan (EE&C Plan). On December 10, 2015, the OCA filed a Notice of Intervention and Public Statement. The OCA filed Comments and testimony recommending modifications to the Plan. The parties, including the OCA, participated in settlement negotiations which resulted in a settlement agreement that was filed with the Commission on February 16, 2016. The Settlement included the following terms that addressed issues raised by the OCA:

- PPL will include approximately 1,500 comprehensive home energy audits as part of its EE&C Plan. This term adopts the OCA's recommendation to include comprehensive energy audits for residential customers. The inclusion of 1,500 home energy audits will benefit the Company and its customers because the audits should encourage customers to install more rebated measures and/or prioritize the measures installed, resulting in greater energy savings.

- PPL agreed to review the general contents of its home energy reports with stakeholders at least once every program year. PPL further agreed that it would listen to and consider comments from the stakeholders regarding the general content of these reports. This term addressed OCA's concern that the messaging included in PPL's proposed home energy reports may not be individualized or targeted enough to be useful to consumers.

- PPL agreed to coordinate with the Pennsylvania Housing Finance Agency (PHFA) to align the "eligibility of measures in Act 129 low-income multifamily buildings with PHFA's Qualified Allocation Plan and Energy Rebate Analysis," and provides for

stakeholder meetings to address energy efficiency measures related to the development of affordable housing. This settlement provision addressed OCA's concern regarding how the Plan interacts with state and federal housing programs.

- PPL agreed in program year (PY) 8 to evaluate a pilot demand response program for residential customers using smart thermostats, and to review the results of the evaluation with stakeholders in early PY 9. The Company further agreed to design and seek to implement the pilot residential demand response program if the evaluation recommends moving forward with the pilot. This provision provided a reasonable compromise to the OCA's recommendation to include a residential demand response program as part of the Phase III Plan.

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

Since its Phase III Plan was approved, PPL has filed two Petitions requesting that the Commission approve changes to its plan. On June 6, 2017, PPL filed a Petition for Approval of Changes to its Act 129 Phase III plan, seeking approval of two "major" modifications and eleven "minor" modifications to its plan. On July 6, 2017, the OCA filed Comments in which it was generally supportive of PPL's modifications. On November 21, 2017, the Commission entered an Order approving PPL's plan changes with minor clarifications, except for one contested plan change in which PPL proposed to allow for enhanced incentives for localized energy efficiency or demand reduction to be offered as a pilot, which was referred to the Office of Administrative Law Judge for hearings. Subsequently, on February 16, 2018, PPL filed a Petition for Leave to Withdraw this "enhanced localized incentives" proposal without prejudice, which the ALJ granted on March 28, 2018.

On July 20, 2018, PPL filed its second Petition for Approval of Changes to its Act 129 Phase III Plan, seeking approval of one "major" modification and seven "minor" modifications to its plan. This Petition similarly sought to ensure that PPL is able to meet its compliance targets and to adapt the programs to experience implementing the Plan to-date. At the end of the 2017-2018 fiscal year, the OCA filed Comments supporting changes sought to ensure that PPL is able to meet its compliance targets and to adapt the programs to experience implementing the Plan to-date and offering specific suggestions for program implementation and improvement. The parties are currently awaiting further Commission action on this Petition.

Docket No. M-2016-2554787. On June 30, 2016, PPL filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission's

regulations at 52 Pa. Code §§ 54.71-78. On April 6, 2017, the Commission entered a Tentative Order which requested supplemental information from the Company and comments from interested parties. On June 7 and 22, 2017, the OCA filed Comments regarding: (1) the program budget; (2) energy affordability burdens; (3) automatic recertification for budget billing customers; (4) the treatment of zero income customers; (5) the maximum CAP credit; (6) the consequences of the customer's failure to recertify; and (7) the APPRISE evaluation regarding the weatherization program. On October 5, 2017, the Commission issued an Order that adopted, in part, the OCA's recommendations regarding: the energy affordability burdens; automatic recertification for budget billing customers; the treatment of zero income customers; the maximum CAP credit; and the consequences of the customer's failure to recertify. The Commission also ordered the implementation of mechanisms to help address the OCA's identified concerns regarding the program budget. PPL filed a Petition for Reconsideration regarding the collection of data for the Company's arrearage co-payment requirement.

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

Docket No. M-2016-2578051. In accordance with specific guidance and directives from the Commission, on June 1, 2017, PPL filed a Petition for Approval of a New Time of Use (TOU) Program to be effective from June 1, 2018 through May 31, 2021. The OCA filed an Answer to PPL's TOU Petition on June 21, 2017. Through its participation, the OCA sought to ensure that PPL's TOU program was reasonable, consistent with Commission regulations and Orders and was accompanied by adequate consumer protections to help ensure that those customers that sign up for TOU service have full information about the unique service they are to receive, including the prices they will be charged and the savings that may be achieved by shifting their energy usage from peak to off-peak hours.

The OCA submitted testimony recommending certain modifications to PPL's proposed TOU plan. Specifically, the OCA recommended that PPL update the multipliers that it uses to calculate on-peak summer and winter prices to reflect changing market conditions over the course of the program period. Additionally, the OCA recommended that PPL's proposed contingency plan be modified to reflect more appropriate on-peak and off-peak period prices. The OCA further recommended that the semi-annual reconciliation related to the residential TOU program be recovered only from residential

TOU customers. Finally, the OCA recommended that PPL be required to provide reports following each of the TOU auctions that would include an assessment of whether there appears to be any impact from the residential TOU program on residential Default Service bids.

The parties entered into settlement negotiations, reaching a full Settlement that was submitted to the ALJ on March 13, 2018. The Settlement included several provisions that addressed the OCA's concerns. Specifically, the Settlement required PPL to update the multipliers that it uses to calculate peak and off-peak pricing through 2021. In addition, the Settlement required the Company to monitor the impact that PPL's proposed semi-annual reconciliations will have on non-TOU customers. The ALJ recommended approval of the settlement without modification and the Commission, by Order entered on May 17, 2018, adopted that recommendation.

Docket No. P-2016-2526627. On January 29, 2016, PPL filed a Petition requesting approval of its next default service plan for the period June 1, 2017 through May 31, 2021. For residential customers, PPL proposed to procure fixed-price, full requirements, load-following service for residential supply. The Company proposed to mix 6 month and 12 month laddered contracts to serve residential customers. PPL also proposed to continue its existing Customer Referral Program into the next plan period with limited modifications.

The OCA filed an Answer and intervened in the matter on March 4, 2016. The OCA submitted testimony and worked with parties to develop a Settlement addressing all issues except CAP customer shopping. As part of the Partial Settlement, the Company agreed to modify its residential procurement schedule to reduce the amount purchased on single dates, as recommended by the OCA, to reduce potential volatility. The Partial Settlement also included modifications to the Standard Offer Program's customer education and presentation materials as recommended by the OCA.

In a Recommended Decision issued in August 2016, the ALJ recommended approving the Partial Settlement and also recommended approving a Joint Litigation Position supported by OCA. The Joint Litigation Position provided for a modified CAP Shopping Plan to allow CAP customers to shop for electric generation supply only through a CAP-Standard Offer Program and recommended that the Commission hold a statewide collaborative to resolve long-term issues relating to CAP customer shopping. On October 27, 2016, the Commission adopted the ALJ's recommendations. One of the parties to the case, Retail Energy Supply Association filed a Petition for Reconsideration regarding the Joint Litigation Position on CAP Shopping, which the OCA opposed by Answer. It was denied on January 26, 2017 and in February 2017, RESA appealed to the Commonwealth Court. The OCA intervened in March 2017 and filed a brief in

September 2017 supporting the modified CAP Shopping Plan and statewide collaborative. *En banc* oral argument was held on December 6, 2017. On May 11, 2018, the Commonwealth Court issued its decision in the case and affirmed the Commission's decision to approve the modified CAP Shopping Plan and statewide collaborative.

Respond Power, LLC

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

The OCA was a signatory to the Settlement that created the POR Clawback and intervened in the Complaint proceedings on December 8, 2016, to ensure that the provisions approved in the Settlement are appropriately implemented and that consumers are adequately protected.

On October 27, 2017, Respond Power filed another Complaint against West Penn at Docket No. C-2017-263132 and another Complaint against Penelec at Docket No. C-2017-2631331. These Complaints contained similar allegations to those in Respond Power's earlier Complaints against the Companies. All four dockets were consolidated.

Briefs were filed in March 2018. On April 5, 2018, the Presiding Officer issued a Recommended Decision denying the four Complaints filed by Respond Power. Exceptions and replies were filed in May 2018. The parties await a Commission Order in this matter.

Transource PA, LLC

Docket Nos. A-2017-2587821, G-2017-2587822. On February 7, 2017, Transource submitted an Application with the PUC seeking to become a public utility in Pennsylvania. Transource provided that it seeks to provide electric transmission service in Franklin and York counties via new transmission infrastructure that it plans to build as part of a PJM-approved market efficiency project. On March 6, 2017, the OCA filed a Protest. The OCA submitted that Transource's Application must be thoroughly reviewed to substantiate that Transource had the necessary financial, managerial and technical

fitness to be a public utility in PA. Additionally, Transource must show that its proposed service is not only needed, but also that such service is not already being provided.

The Company and the OCA were able to negotiate a settlement of the contested issues in this proceeding, which was filed in July 2017. It provided that the Application of Transource should be approved subject to certain terms and conditions. Specifically, the parties agreed that the Commission's issuance of a Certificate of Public Convenience and demarcation of a service area does not constitute approval of any project proposed for the service area. The Settlement further provided that Transource will seek Commission approval prior to modifying affiliate agreements or entering into new affiliate agreements. Furthermore, the Intervenors reserved all rights to challenge the need for any project proposed by Transource PA. The Settlement also provided that if Transource's Application is granted, it will be subject to the jurisdiction and oversight of the Commission. On August 31, 2017, the ALJ issued an Initial Decision granting the Application of Transource, as modified by the Joint Petition for Settlement. On January 23, 2018, the Commission adopted the Initial Decision, but modified it by removing the ALJ's discussion of public need to prevent any possible predeterminations of need as to any future projects.

Docket Nos. A-2017-2640195, A-2017-2640200, A-2018-3001881, P-2018-3001878, P-3001883. On December 27, 2017, Transource PA, LLC submitted an Application with the PUC seeking approval of the siting and construction of the 230 kV transmission line associated with the Independence Energy Project – East Project in Portions of York County. The IEC East Project involves the siting and construction of the new Furnace Run-Conastone 230 kV Transmission Line that will extend approximately 15.8 miles connecting the existing Conastone Substation located near Norrisville, Harford County, Maryland and the new Furnace Run Substation to be located in York County, Pennsylvania. Approximately 12.7 miles of the IEC-East Project will be located in Pennsylvania. Approved as a market efficiency project, Transource PA alleges that the IEC Project will alleviate congestion constraints and lower wholesale market prices in Maryland, Virginia, and a portion of Western Pennsylvania.

The OCA filed a Protest on January 10, 2018. The OCA seeks to ensure that Transource PA adheres to all legal requirements of the Public Utility Code, applicable Commission Rules and Regulations, and Pennsylvania Law, as well as to protect the interests of ratepayers.

In May 2018, Public Input Hearings were held in York and Franklin County where over 200 individuals testified as to the impact of the project. Subsequently, the OCA participated in Site Views in York and Franklin County viewing multiple properties affected by the proposed line.

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

At the end of fiscal year 2017-2018, the OCA was preparing direct testimony in support of its recommendations.

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

Docket No. R-2017-2640058. On January 26, 2018, UGI-E filed Tariff Electric – Pa. P.U.C. Nos. 6 and 2S in which it requested to increase its rates by \$9.254 million in annual operating revenues, or 10.4% on an annual revenue basis. UGI-E also proposed to increase its monthly residential customer charge from \$5.50 to \$14.00. Under the UGI-E's proposal, the monthly bill for a residential customer using 1,000 kilowatt-hours (kWh) per month would increase by 11.8%.

On February 6, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. The OCA submitted testimony addressing (1) the overall base rate revenue increase, (2) capital structure, (3) depreciation rates, (4) the proposed \$14.00 Residential customer charge, (3) the impact of the TCJA on rates, (5) the proposed Electric Vehicle (EV) Rider, (4) the proposed Storm Damage Expense Rider (SDER), and (5) Universal Service Programs. The OCA recommendations included an overall base rate revenue increase of \$2.137 million, a customer charge of \$8.00, and the flow back of TCJA savings to customers.

On June 20, 2018, the parties entered into a Partial Stipulation resolving certain issues, including the withdrawal of the EV Rider and SDER and the adoption of Universal Service terms recommended by the OCA in testimony. At the end of the 2017-2018 fiscal year, the OCA was briefing its position on the remaining contested issues.

NATURAL GAS: UTILITY-SPECIFIC PUC PROCEEDINGS

Columbia Gas of Pennsylvania, Inc.

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

gas transmission company that owns Line 1570 is replacing the line and will not permit taps on the new line, requiring Columbia to abandon service to customers on that line.

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

On December 1, 2017, counsel for customer Cecyle Klaphake filed a Motion for Judgement on the Pleadings requesting the proceeding be dismissed until a pending civil action against the gas transmission company is resolved. On March 8, 2017, the Presiding Officer (1) denied the Motion for Judgement on the Pleadings, (2) held the proceeding in abeyance, and (3) directed Columbia to file a status report regarding the civil action by December 28, 2018.

On March 30, 2018, Columbia filed a Motion to bifurcate the proceeding into two separate dockets – one for each customer potentially being abandoned. On April 19, 2018, the OCA filed an Answer providing additional information regarding the gas transmission company that owns Line 1570. Columbia subsequently filed a Petition to withdraw its Motion, which the Presiding Officer granted on May 9, 2018. The proceeding continues to be held in abeyance.

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

As to meter relocations, Columbia provides that it is taking these actions consistent with the requirements of 52 Pa. Code Section 59.18 as revised by the Rulemaking Re Amendment to 52 Pa. Code Section 59.18 Meter Location, Docket No. L-2009-2107155 (Order entered Sept. 13, 2014). In brief, Section 59.18 requires that all meters and regulators must be located outside and utilities have until September 13, 2034 to accomplish the necessary relocations. Section 59.18 and Columbia's tariff both provide that in normal meter relocation activities the Company will pay the cost associated with moving the meter and regulator. As part of this process, Columbia also plans to replace

customer-owned service lines as needed at its own cost. In this regard, Columbia is seeking waivers of its tariff provisions as to customer-owned service lines due to the provisions of Section 1510 of the Public Utility Code, which generally provides that consumers in Western Pennsylvania, and not the utility, are responsible for installation, maintenance and replacement of their service lines.

Columbia is also seeking to capitalize the costs of the aforementioned meter relocations and service line replacements.

On January 29, 2018, the OCA submitted an Answer in this matter. The OCA is challenging the ability of Columbia to capitalize the costs of these measures and receive a return on and of its investment for facilities that it does not own, nor takes any future responsibility for maintenance or repair. The matter was pending at the end of the 2017-2018 fiscal year.

Docket No. R-2017-2591326. On February 28, 2017, Columbia submitted its pre-filing information in support of its annual PGC filing proposing an increase in gas cost rates. On March 8, 2017, the OCA filed a Complaint in order to ensure that the proposed rates were just, reasonable, and otherwise consistent with Commission regulations and sound ratemaking policy. The OCA conducted an extensive review of the Company's purchasing practices. In response to other Intervenor testimony, the OCA filed Rebuttal testimony concerned with modifications to the Company's balancing service provisions and the impact that changes would have on Residential customers. The Company and parties reached a full settlement of all issues in the proceeding. In the Settlement, the parties agreed to maintain the existing balancing service tariff. The Commission approved the Settlement on September 21, 2017.

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

On March 20, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. On June 21, 2018, a public input hearing was held in the Company's service territory in Washington, Pennsylvania. The OCA filed testimony addressing (1) revenue and expense claims, (2) the impact of the Tax Cuts and Jobs Act of 2017 on rates, (3) rate design and cost allocation, (4) the proposed Weather Normalization Adjustment and Revenue Normalization Adjustment, (5) low-income customer issues, including sources of funding for the Hardship Fund, budget billing, and outreach, and (6) the proposal of Shipley Choice, LLC, Dominion Energy Solutions, Inc.,

and Interstate Gas Supply, Inc. (NGS Parties) to allow all natural gas suppliers (NGSs) to bill for non-commodity products on Columbia's utility bills. At the end of the 2017-2018 fiscal year, the OCA was preparing for hearings.

Docket No. R-2018-3000253. On February 28, 2018, Columbia submitted its pre-filing information in support of its annual purchased gas cost (PGC) filing pursuant to Section 1307(f) of the Public Utility Code. On March 16, 2018, the OCA filed its Formal Complaint and Public Statement. On March 31, 2018, the Company made its definitive filing. The OSBA filed testimony regarding whether the Company over-forecasts its design day requirements. The OCA participated in settlement discussions regarding that issue and a comprehensive settlement was filed on June 27, 2018. At the end of the 2017-2018 fiscal year, the ALJ issued a Recommended Decision approving the Settlement and the parties awaited Commission disposition.

National Fuel Gas Distribution Corp.

Docket No. M-2016-2573847. On October 28, 2016, National Fuel Gas filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code § 62.4. On August 3, 2017, the Commission entered a Tentative Order which requested supplemental information from the Company and comments from interested parties. On November 2 and December 8, 2017, the OCA filed Comments regarding: (1) energy affordability burdens; (2) arrearage forgiveness; (3) requirements for re-verification of income; (4) requirement for a Social Security number; (5) the process for reinstatement in CAP; (6) the needs assessment for the CAP and the Low Income Usage Reduction Program; (7) program enrollment levels; (8) the under-spending of the LIURP budget; and (9) the integration of the Low Income Home Energy Assistance Program into the asked-to-pay amount. The Commission Order on March 1, 2018 adopted several of the OCA's recommendations regarding maintenance of the existing energy affordability burdens and elimination of the requirement for a "substantial arrearage" to qualify for LIURP. The Commission also continued to have concerns regarding the application of the LIHEAP grants. The Commission ordered the Company to no longer incorporate the LIHEAP grant into the calculation of the program discount. The Company was required to change its methodology within three months to apply the LIHEAP grant directly to the asked-to-pay amount.

Docket No. R-2018-2641577. On December 29, 2018, National Fuel Gas Distribution Corporation submitted its PGC pre-filing, which projected a decrease to the purchased gas cost rate of \$0.1504/Mcf, to a rate of \$4.5049/Mcf. The OCA filed a Formal Complaint on January 19, 2018. The OCA submitted testimony identifying one issue. The OCA's expert witness recommended that the the Company not allocate certain

losses associated with off-system sales to PGC customers. The Company incurred these losses as a result of a pool transfer charge assessed on the off-system sale by the delivering pipeline.

On March 26, 2018 the OCA reached a settlement with all parties to the proceeding. The Company agreed to utilize its Transportation Aggregation Balancing Service Agreement with Texas Eastern in future off-system sales to avoid pool transfer charges in the future. On June 14, 2018, the Commission affirmed the Recommended Decision and approved the settlement without modification.

PECO Energy Co. – Gas

Docket No. R-2018-3001568. On April 27, 2018, PECO submitted its annual PGC pre-filing and, on May 31, 2018, PECO submitted its definitive filing, including PGC No. 35. The OCA filed a Formal Complaint. After discovery and review of the Company's gas purchasing practices, operations, and PGC No. 35, the OCA and other parties determined to not file testimony. A Joint Petition for Settlement was filed on August 2, 2018, which continued a commitment by PECO from the Settlement of the 2017 PGC proceeding to continue to correct two errors that caused the Balancing Service Costs to be overstated and the Sales Service Charge costs to be understated through the 2018 PGC period. On October 4, 2018, the Commission approved the Settlement, consistent with the ALJ's Recommended Decision.

Peoples Gas Co. LLC

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

On March 15, 2018, the OCA filed a Formal Complaint. The OCA submitted testimony in opposition to the proposed adjustments for storage losses and company-use gas and in support of the 2.9 percent producer retainage charge or, alternatively, a 2.9 percent gathering system retainage charge. A Partial Settlement was reached regarding the method of calculating storage losses and company-use gas. The OCA filed Main and Reply Briefs in support of its position on the producer retainage charge, on June 19, 2018 and June 26, 2018, respectively. A Recommended Decision was issued on July 25, 2018, which accepted the Partial Settlement and approved the proposed producer retainage charge. The matter was pending at the close of the 2017-2018 fiscal year.

Peoples Natural Gas Co. LLC

Docket No. A-2017-2627874. On October 3, 2017, Peoples Natural Gas Co. filed an Application for Approval of Abandonment of Natural Gas Service to three residential customers located in Greene County, Pennsylvania who receive service from Peoples via an unregulated gathering line owned by PNG Gathering LLC. The OCA filed a Notice of Intervention and Public Statement on November 6, 2017. The Application was modified to include four residential customers.

Additional information regarding customers that would be affected by the proposed abandonment came to light after discovery and discussions with the OCA and affected parties. As a result, Peoples filed an unopposed petition seeking to withdraw the Application on January 24, 2018. On March 12, 2018, the ALJ issued an Initial Decision granting Peoples' Petition to Withdraw Application.

Docket No. M-2017-2640306. On December 29, 2017, Peoples Natural Gas filed its Petition for approval of its voluntary Energy Efficiency and Conservation Plan in accordance with the Settlement approved by the Commission regarding Peoples Natural Gas Company's acquisition of Equitable Natural Gas Company at Docket No. A-2013-2353647. The OCA filed an Answer and Notice of Intervention and submitted Direct, Rebuttal and Surrebuttal Testimony in support of its position. The OCA identified four issues with the Company's proposed EE&C Plan: (1) the proposed Combined Heat and Power program is a load-building venture, not an energy efficiency program and the proposed benefits of the program are derived from electric savings, not natural gas savings; (2) the Company should secure an independent evaluation, measurement and verification evaluator for the program; (3) the proposed savings have not been discounted to reflect the customers who would have installed efficient gas appliances with or without the incentives; and (4) the Company's plan did not include the potential effect of the new US Department of Energy efficiency standards. Duquesne Light Company filed a Petition to Intervene on March 23, 2018 that was denied by the ALJ but granted by a Commission Order that limited the scope of issues to be raised by Duquesne. Hearings are scheduled for September 2018.

Docket Nos. R-2018-2645278, R-2018-3000236. On March 2, 2018, Peoples Natural Gas submitted its 30-day pre-filing information and, on April 2, 2018, the Company submitted definitive tariff filings under Section 1307(f) of the Public Utility Code, 66 Pa. C.S. § 1307(f). Peoples Natural Gas proposed (1) a decrease in the residential PGC rate from \$4.70 per Mcf to \$4.5327 per Mcf as of October 1, 2018, (2) changes to the recovery of Allegheny Valley Connector (AVC) capacity costs, and (3) a 2.0 percent retainage charge on producers.

On March 15, 2018, the OCA filed a Formal Complaint. The OCA submitted testimony in opposition to the proposed method of recovering the AVC capacity costs and in support of the 2.0 percent producer retainage charge or, alternatively, a 2.0 percent gathering system retainage charge. A Partial Settlement was reached regarding the recovery of AVC capacity costs. The OCA filed Main and Reply Briefs in support of its position on the producer retainage charge, on June 19, 2018 and June 26, 2018, respectively. A Recommended Decision was issued on July 25, 2018, which accepted the Partial Settlement and approved the proposed producer retainage charge. Exceptions and Reply Exceptions (including by OCA) were filed by parties to the Recommended Decision. The parties await Commission action.

Philadelphia Gas Works

Docket No. M-2016-2542415. On April 28, 2016, PGW filed its Universal Service and Energy Conservation Plan for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. The OCA filed Comments and Reply Comments regarding: (1) percentage of income vs. budget bill; (2) pilot consumption limits; (3) external sources used to verify CRP customers; (4) CRP future intake process; (5) CRP Home Comfort, or LIURP, including eligibility, proposed health and safety pilot program, and budget; (6) Hardship Fund; (7) the needs assessment; (8) the use of community-based organizations to increase CRP applications; (9) potential improvements to the CRP outreach proposal; (10) retroactive arrearage forgiveness and (11) the use of annual tax returns for self-employed individuals. On May 5, 2017, the OCA filed Supplemental Reply Comments in support of CAUSE-PA and TURN *et al.*'s Comments regarding the CARES staffing levels. On August 3, 2017, the Commission issued its Final Order and adopted the following OCA recommendations: (1) CAP customers to enroll at the lower of the budget bill amount or the percentage of income amount; (2) use of external sources to verify CRP customers; (3) retroactive arrearage forgiveness; (4) the use of annual tax returns for self-employed individuals; (5) LIURP eligibility, proposed health and safety pilot program, and budget; and (6) improvements to CRP outreach proposal.

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

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

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

The parties reserved for litigation issues related to the allocation of universal service costs and payment posting. The OCA supported the allocation of universal service costs to all firm service customers (which was challenged by the Office of Small Business Advocate), but contested PGW's partial payment application. The OCA submitted testimony and briefs supporting its positions on these issues.

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

On November 8, 2017, the Commission issued an Order adopting the ALJs' Recommended Decision. The OCA filed a Petition for Reconsideration of the Commission's November 8 Order, requesting that the Commission reconsider and/or clarify the Order insofar as it related to PGW's partial payment allocation method. While that Petition was pending, pursuant to the partial Settlement, PGW filed a Large Customer Transportation Service Tariff at Docket No. R-2018-3000739. The OCA and other parties intervened, and that matter was held in abeyance to allow for settlement discussions, which resulted in PGW filing an unopposed Petition to Withdraw on September 28, 2018. On October 24, 2018, an Initial Decision approved the withdrawal and marked the matter closed.

On May 18, 2018, the Commission issued an Order in the base rate case that adopted OCA's position and required PGW to change its payment posting process within 90 days. PGW filed a Petition for Reconsideration that opposed the merits of the decision

and also requested that if the reconsideration on the merits was denied, the Commission reconsider the 90-day timeframe. The OCA opposed reconsideration on the merits but did not oppose an extension to allow the Company a reasonable period of time to implement the billing system modifications. On June 15, 2018, the Commission granted PGW's Petition, pending review of the merits. At the end of the 2017-2018 fiscal year, the parties awaited Commission action.

Docket No. R-2017-2587526. On February 9, 2017, PGW submitted pre-filing information supporting its annual gas cost reconciliation pursuant to Section 1307(f). The OCA filed a Formal Complaint on February 21, 2017. On March 1, 2017, PGW filed its definitive 1307(f) filing. Relative to the March 1, 2017 rate of \$4.9430/Mcf, the Company's definitive filing anticipated a decrease of \$0.1278/Mcf, to a rate of \$4.8152/Mcf, to be effective September 1, 2017. The OCA submitted Direct Testimony regarding two issues. The OCA recommended that the Company modify its purchasing strategy to purchase its supplies from the Zone M-2 to ensure that the Company adhered to a least cost procurement strategy. The OCA also recommended that the Company correct an issue with the calculation of the Company's retainage rate. The parties agreed to a Settlement that adopted both of the OCA's recommendations. In June 2017, the ALJ approved the settlement. On August 3, 2017, the Commission issued an Order adopting the ALJ's decision and approving the settlement.

Docket No. R-2018-2645938. On February 1, 2018, PGW submitted its pre-filing information in support of its annual PGC filing pursuant to Section 1307(f) of the Public Utility Code. On February 21, 2018, the OCA filed its Formal Complaint and Public Statement. On March 1, 2018, the Company filed its definitive rate filing with the Commission. The OCA filed testimony seeking to ensure that PGW had credited interstate pipeline refunds to reduce purchased gas costs and raising a concern that charges to Choice suppliers were properly compensating the Company for released capacity. The parties reached a comprehensive settlement that confirmed the first question and provided for further analysis and opportunity to challenge the released capacity charges in the next PGC proceeding. On June 26, 2018, a Recommended Decision was issued that recommended approval of the settlement without modification. At the end of the 2017-2018 fiscal year, the parties awaited the Commission's decision.

Pine Roe Natural Gas Company, Inc.

Docket No. R-2017-2618332. On August 7, 2017, Pine Roe filed Supplement No. 40 to Tariff – Gas Pa. P.U.C. No. 1 in which it requested an increase in base rates. Under its proposal, Pine Roe would receive additional annual revenues of \$50,000 through a 381.997% increase in its customer charge.

On October 17, 2017, the OCA filed a Formal Complaint, seeking to ensure that any rate increase was just and reasonable and fully supported.

The parties consented to use the mediation process in lieu of traditional litigation. The parties reached a settlement, which reduced the increase by \$15,000 to mitigate the impact on ratepayers. The settlement established a customer charge of \$10 per month or \$21.86 less than the Company's request and established an appropriate rate structure in which the majority of costs are recovered through variable distribution charges rather than the customer charge. The Company agreed to bring its bill format into compliance with Commission requirements to ensure customers have the information necessary to understand the bill, submit timely payments and contact the Company. The terms of settlement also required Pine Roe to maintain timely call answer times and return customer calls, develop a pipeline replacement plan, and maintain and provide comprehensive financial records, including reports on capital investments.

On March 22, 2018, the ALJ issued a Recommended Decision, which recommended approval of the Joint Petition for Settlement without modification. The OCA awaits Commission action in this matter.

UGI Central Penn Gas, Inc.

Docket No. P-2016-2537609. On March 31, 2016, the three UGI utilities filed Petitions for Waiver of the 5% DSIC cap. The OCA filed Answers opposing the Petitions on April 19 and 20, 2016, based on its preliminary position that there was no evidence that any of the utilities are unable to replace infrastructure at an accelerated pace by filing base rate cases using the Act 11 fully forecasted future test year mechanism and a DSIC within a 5% cap. The OCA submitted testimony recommending that the UGI-CPG and UGI-PNG petitions be denied because the utilities did not meet the statutory burden of showing that waiver of the cap was necessary to maintain safe, adequate and reasonable service. UGI-CPG and UGI-PNG had made substantial progress in replacing infrastructure with a 5% cap and had not filed a base rate case in 6 and 8 years, respectively. Neither utility had utilized a fully-forecasted future test year. The Recommended Decisions were issued on December 1, 2016 and December 5, 2016 for UGI-PNG and UGI-CPG, respectively. The ALJ allowed waiver of the 5% cap and approved a cap of 8.65% for CPG and 6.89% for PNG. All parties excepted to the ALJ's calculated new caps. The OCA also filed Reply Exceptions in January 2017 opposing waiver and an increase to 7.5 or 10% because the specific increases were not supported, the ALJ used an improper standard and the Company does not meet the statutory standard for waiver.

The Commission entered Orders on May 10, 2017 granting a waiver to both utilities. The Commission reduced the cap approved by the ALJ from 8.65% to 7.5% for CPG and increased the ALJ's cap from 6.89% to 7.5% for PNG. The Commission made the waivers temporary, until the Companies' next LTIP filings. Importantly, the Commission rejected the ALJ's implication that 7.5% recovery should be retroactive and stated clearly that the increase above 5% is prospective only. These changes were in response to arguments by the OCA and other statutory advocates and serve to maintain a DSIC that is lower than the permanent waiver of the cap to 10% that was requested in UGI-CPG's and UGI-PNG's filings.

The Office of Small Business Advocate filed a Petition for Reconsideration of the Commission's Order regarding UGI-CPG on the basis that the Commission overlooked or did not address evidence showing there is no need for the waiver and alleging the Commission failed to follow its own standard for granting waiver of the DSIC cap. The Commission entered an Order on September 21, 2017 denying OSBA's Petition.

Docket No. R-2017-2602627. On May 1, 2017, UGI CPG submitted its pre-filing information in support of its annual reconciliation of PGC rate pursuant to Section 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed a Formal Complaint against the filing.

UGI CPG made its definitive filing on June 1, 2017. The Company proposed a PGC rate of \$4.9531 per Mcf for the residential class, which is the same as the current PGC rate.

The OCA filed testimony raising concerns regarding the accuracy of the design day projection for the North Penn operating area and the Company's method of calculating quarterly PGC rate changes. The parties reached a full settlement agreement, which addressed the concerns raised by the OCA in its testimony. The Company also withdrew a proposal to consolidate its PGC rates with those of UGI Penn Natural Gas and UGI Utilities, Inc. – Gas Division. On October 5, 2017, the Commission adopted the ALJ's recommendation and approved the Settlement without modification.

Docket No. R-2018-3001631. On May 1, 2018, UGI CPG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 11, 2018, the OCA filed its Formal Complaint against the Company's filing. UGI CPG made its definitive filing on June 1, 2018. The Company proposed a PGC rate of \$3.8521 per Mcf for the residential class, which is a decrease from the current PGC rate of \$4.3348.

At the end of the 2017-2018 fiscal year, the OCA was preparing testimony raising concerns regarding UGI CPG's RFP process.

UGI Penn Natural Gas

Docket No. R-2017-2602633. On May 1, 2017, UGI PNG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed a Formal Complaint against the filing. In its definitive filing, the Company proposed a PGC rate of \$4.2459 per Mcf for the residential class, which is the same as the current PGC rate.

At the end of the 2017-2018 fiscal year, the OCA was preparing testimony raising concerns regarding the accuracy of PNG's design day projection, the Company's capacity release program, and its method of calculating quarterly PGC rate changes.

Docket No. R-2018-3001632. On May 1, 2018, UGI PNG submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 11, 2018, the OCA filed a Formal Complaint against the filing. UGI PNG made its definitive filing on June 1, 2018. The Company proposed a PGC rate of \$3.7106 per Mcf for the residential class, which is a decrease from the current PGC rate of \$3.9816.

At the end of the 2017-2018 fiscal year, the OCA was preparing testimony raising concerns regarding UGI PNG's capacity release program and its RFP process.

UGI Utilities, Inc. – Gas Division

Docket No. A-2018-3000381, A-2018-3000382, A-2018-3000383. On March 8, 2018, UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc. filed a Joint Application seeking Commission approval of the following: (1) an Agreement and Plan of Merger; (2) the merger of PNG and CPG with and into UGI Utilities; (3) the initiation by UGI Utilities of natural gas service in all territories in this Commonwealth where PNG and CPG do or may provide natural gas service; (4) the abandonment by PNG of all natural gas service in this Commonwealth; (5) the abandonment by CPG of all natural gas service in this Commonwealth; (6) adoption by UGI Utilities of PNG's and CPG's existing tariffs and their application within new service and rate districts of UGI Utilities corresponding to their existing service territories as UGI North and UGI Central, respectively; (7) the adoption by UGI Utilities of its Existing Tariff to be applied to a new UGI South service and rate district; and (8) to the extent necessary, affiliated interest agreements. The Applicants further sought all other approvals or certificates appropriate, customary, or necessary under the Public Utility Code to carry out the merger. The Applicants sought to close the merger and for the merger to become effective as of October 1, 2018.

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

The OCA was preparing its direct testimony in support of its positions, at the end of the 2017-2018 fiscal year.

Docket No. P-2016-2537586. On March 31, 2016, the three UGI utilities filed Petitions for Waiver of the 5% Distribution System Improvement Charge cap. The OCA filed Answers opposing the Petitions on April 19 and 20, 2016, based on its preliminary position that there is no evidence that any of the utilities are unable to replace infrastructure at an accelerated pace by filing base rate cases using the Act 11 fully forecasted future test year mechanism and a DSIC within a 5% cap. On August 31, 2017, the Commission entered an Order denying the Petition of UGI-GD, consistent with the OCA's Answer. The Commission recognized that UGI-GD has never utilized the DSIC. It also recognized that the Company's petition to implement a DSIC was approved in July 2017 and during a pending base rate case. By the terms of the settlement of that rate case and according to the Company's witness, UGI-GD will not have a non-zero DSIC until roughly September 30, 2017 and will not exceed the 5% DSIC cap until the Company's April 1, 2019 quarterly filing. Accordingly, the Commission found no evidence to support the requested waiver.

Docket No. R-2016-2580030. On January 19, 2017, UGI PNG filed a tariff supplement proposing to increase rates by \$21.7 million, or 10.4% on a total annual revenue basis, effective on March 20, 2017. Specifically, PNG proposed to increase the residential monthly customer charge from \$13.17 to \$18.50, an increase of nearly 40%. The monthly bill of a residential customer using 91.2 ccf per month would have increased from \$78.53 to \$86.87 per month, or by 10.6%. If PNG's entire request were approved by the Commission, PNG would be allowed an 11.2% return on common equity. Moreover, PNG proposed a new Energy Efficiency and Conservation Program for residential and commercial customers and a new natural gas Technology and Economic Development Rider for commercial customers. On January 24, 2017, the OCA filed a formal complaint. The OCA recommended adjustments supporting lesser overall rate increases and more gradual movement of the company's primary customer classes toward the average cost of service.

The parties reached a proposed Settlement, which provided for an overall base revenue increase of \$11.25 million, approximately \$10.45 million less than the rate increase amount originally requested by PNG of \$21.7 million. The residential class would receive a 5.7% increase in rates rather than the 10.6% increase proposed by PNG. The Settlement allocation was a compromise that reflected the OCA's recommendations by reducing the burden of the increase on residential customers and moving all classes towards the system average returns.

In its initial filing, PNG did not target any of its proposed EE&C programs specifically to low-income customers. Through expert testimony, the OCA observed that low-income customers pay 19.4% of total residential revenue and that a substantial portion of those customers have usage that is 25% to 30% higher than non-low-income residential customers. Thus, the OCA recommended that PNG add a low-income program component to the EE&C plan. Under the Settlement, PNG agreed to designate \$100,000 per year of its EE&C Plan budget for low income projects that are administered through the Company's Low Income Usage Reduction Program. Additionally, PNG agreed to increase its LIURP budget by \$50,000.

The OCA recommended a base CAP participation of 6,500 participants versus the 7,643 proposed by the Company. The Settlement adopts the OCA's recommendation. Furthermore, the OCA recommended a CAP offset of 14.3% compared to PNG's proposal of 9.1%. Under the Settlement, the CAP offset remains at 14.1%.

Under the provisions of the Settlement, PNG would create a furnace repair and replacement program that will directly benefit ratepayers. This program was proposed by the OCA due to the harms arising from low-income customers relying on inefficient and expensive space heaters, which contribute to unpaid bills, higher working capital, and more bad debt from confirmed low-income customers.

On August 31, 2017, the Commission issued an Order adopting the Recommended Decision and thereby approving the Settlement without modification.

Docket No. R-2017-2602638. On May 1, 2017, UGI Gas submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 10, 2017, the OCA filed a Formal Complaint against the Company's filing. In its definitive filing, the Company proposed a PGC rate of \$6.5015 per Mcf for the residential class, which was the same as the current PGC rate.

The OCA raised concerns regarding the recovery of LNG facility costs, capacity assignment, and the Company's method of calculating quarterly PGC rate changes. The parties reached a full settlement agreement, which addressed the concerns raised in

the OCA's testimony. The Company also withdrew a proposal to consolidate its PGC rates with those of UGI Penn Natural Gas and UGI Central Penn Gas. On October 5, 2017, the Commission adopted the ALJ's recommendation and approved the Settlement without modification.

Docket No. R-2018-3001633. On May 1, 2018, UGI Gas submitted its pre-filing information in support of its annual reconciliation of PGC rates pursuant to Sections 53.64 and 53.65 of the Commission's Rules and Regulations. On May 11, 2018, the OCA filed its Formal Complaint against the Company's filing. UGI Gas made its definitive filing on June 1, 2018. The Company proposed a PGC rate of \$4.8304 per Mcf for the residential class, which was a decrease from the current PGC rate of \$5.8921. At the end of the 2017-2018 fiscal year, the OCA was preparing testimony regarding the allocation of LNG costs and the RFP process.

STEAM UTILITIES

NRG Energy Centers Pittsburgh, LLC

Docket No. P-2018-2642203. On January 11, 2018, NRG submitted a Petition for a Declaratory Order Regarding the Provision of Certain Data to a Customer. NRG's Petition seeks PUC authority to enable NRG to provide real-time operational data directly to a customer, the University of Pittsburgh Medical Center Mercy Hospital (UPMC). NRG's Petition stated that the real-time data it sought to provide was related to the "production, distribution and delivery of NRG steam, chilled water and emergency backup power." The Petition further provided that the provision of such data is "vitaly important to meet the health, safety, patient comfort, and operational requirements of UPMC."

NRG recently sought and was granted an expansion of its service territory to include the Uptown Corridor in the City of Pittsburgh. The Petition provided that the service territory expansion was necessary in order to start providing service to UPMC. At present, UPMC is the only customer connected to and served from the NRG facilities at issue here. The Petition further provided, however, that NRG intended to provide service from these same facilities to additional customers in the future. NRG provided a list of the data to be shared with UPMC in Confidential Appendix A, and also provided that NRG and UPMC will enter into a Non-Disclosure Agreement covering the protection of such data should this Petition be granted.

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

unintended consequences. The matter was pending at the close of the 2017-2018 fiscal year.

WATER & WASTEWATER: UTILITY-SPECIFIC PUC PROCEEDINGS

Aqua Pennsylvania, Inc.

Docket Nos. A-2018-2642837, A-2018-2642839. On January 16, 2018, Aqua and the Borough of Phoenixville filed a Joint Application seeking approval of the transfer of certain water system assets and customers from Phoenixville to Aqua. The OCA filed a Protest on February 16, 2018 to ensure that customers in the additional territory will continue to receive service at just and reasonable rates after the expiration of the 10-year Water Supply Agreement between Aqua and Phoenixville. The OCA also sought additional information in response to questions raised by Pennsylvania-American Water Company as to whether the proposed service territory overlaps with PAWC's existing territory and whether some of the assets proposed to be acquired may be owned by PAWC rather than Phoenixville. The parties to the case agreed to utilize the mediation process. The exchange of information and settlement discussions are ongoing at the end of the Fiscal Year.

Aqua Pennsylvania Wastewater, Inc.

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

Aqua proposed to acquire the sewer assets of the Township and the Authority for \$29.5 million and requested that the same amount be approved for ratemaking purposes as it was lower than the average of the two appraisals provided with its application. In addition, Aqua sought approval of the Asset Purchase Agreement (APA) with the Township and Authority. In the APA, Aqua agreed to keep rates frozen for 730 days for New Garden customers. It also agreed to a 4% Compound Annual Growth Rate ceiling that would keep the rate increases after the first 730 days to no more than 4% compounded annually for New Garden customers. Aqua also agreed to expend approximately \$2.5 million for two projects in the New Garden territory.

Through testimony and briefs, the OCA supported its primary position that the Applicant failed to meet the legal requirements of Section 1102 because the harm to customers

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

The ALJ recommended that the PUC deny the Application because he agreed with the OCA that there were no affirmative public benefits. The ALJ also provided an analysis of the specific OCA adjustments if the Commission did not agree with him. He adopted two of the OCA's adjustments to the appraisals, and rejected Aqua's and amicus PAWC's arguments that the OCA was not permitted under Section 1329 to make any adjustments to any appraisals.

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

On July 14, 2017, I&E filed a Petition requesting the PUC reconsider its Final Order based upon Aqua's failure to seek approval of the transaction's contracts pursuant to Section 507 of the Public Utility Code and the Commission's determination that the proposed transaction did not constitute a rate stabilization plan as defined in Section 1329 of the Public Utility Code. On October 5, 2017, the PUC entered an Order denying I&E's Petition.

On November 3, 2017, the OCA filed a Petition for Review of the Order before the Commonwealth Court, which was docketed at 1624 C.D. 2017. The OCA argued that the PUC erred as a matter of law and substantial evidence by finding that the transaction will provide any substantial, affirmative benefits. The OCA raised additional issues regarding the PUC's application of the two separate statutes applicable to acquisitions filed under Sections 1102 and 1329, including due process concerns. The OCA filed Advance Form Briefs supporting its position on February 2, 2018 and March

29, 2018. At the end of the Fiscal Year, the matter was pending before the Commonwealth Court.

Docket No. A-2017-2605434, 682 C.D. 2018. On May 19, 2017, Aqua Pennsylvania Wastewater filed an Application pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of Limerick Township. On June 9, 2017, the OCA filed a Protest.

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

On September 19, 2017, the Presiding Officer issued a Recommended Decision that adopted many of the OCA's recommended adjustments to the appraisals, which resulted in a recommended rate base amount of \$64.3 million, which is \$10.8 million less than the rate base value sought by Aqua. The ALJ did not recommend rejecting the transaction, however, based on the Commission's previous decision in another Section 1329 proceeding. The OCA filed Exceptions making its case that the harms of the proposed transaction outweigh the substantial adverse impacts for the existing and acquired customers. On November 29, 2017, the Commission entered an Order adopting the Recommended Decision. Vice Chairman Place dissented for reasons consistent with those argued by the OCA, stating that the transaction would provide no net affirmative benefits for the acquired or existing Aqua customers. On December 14, 2017, Aqua filed a Petition seeking reconsideration of the Commission's determination that Section 1329 permits the parties to challenge the FMV appraisals and review the UVE assumptions for reasonableness. Aqua also sought reconsideration of the Commission's adjustments to one of the appraisals. On April 19, 2018, the Commission entered a Reconsideration Order in which it denied Aqua's Petition for Reconsideration and declined to reconsider its November 29, 2017 Order.

On May 21, 2018, the OCA filed a Petition for Review seeking reversal of the Order and denial of Aqua's Application. On June 7, 2018, the OCA, Aqua, and Limerick Township

filed a Joint Petition proposing a final resolution of the remaining issues in the proceeding and requesting the Commission amend its prior Orders. The Petition reflected an agreement reached by the parties to establish a framework for consideration of the costs of the Limerick wastewater system and determination of Limerick system rates in a future Aqua rate proceeding, including a possible separate Limerick rate filing, and presentation of a separate cost of service study for the Limerick system. The settlement terms also provided that Aqua will not support certain identified valuation approaches in future Section 1329 filings that had been challenged by the OCA and with which the Commission agreed with the OCA's position in its November 29 and April 19 Orders. The agreement provided for the OCA to withdraw its appeal if the Petition was granted. The parties awaited Commission action at the end of the 2017-2018 fiscal year.

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

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

Artesian Water Pennsylvania

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

granting Certificates of Public Convenience. New Garden Township and Save Our Water protested the Application, raising concerns that approval of the transaction and, specifically, the resulting ability of Artesian DE to draw from a well would diminish supply to residents of New Garden Township drawing from the same aquifer. On March 14, 2018, the OCA filed a Notice of Intervention and Public Statement and is participating in this case to investigate whether the proposed transfer of real property will impact the rates or service of existing Artesian PA customers. The matter remains pending at the end of the Fiscal Year.

Columbia Water Co.

Docket No. R-2017-2598203. On June 27, 2017, Columbia Water filed a tariff supplement seeking approval to recover an estimated annual increase in base rate revenues of \$923,668 from customers. This represented an approximate 17.8% increase in the Company's annual revenues at present rates. The Company also sought PUC approval to consolidate the rates of all customers in the Columbia Division and the Marietta Division. For the average residential customer in the Columbia and Marietta divisions, the proposed base rates would have increased the monthly bill by 13% and 45%, respectively.

On July 19, 2017, the OCA filed a Formal Complaint. The OCA filed testimony supporting its position that the proposed increase is unreasonable and that consolidation should not proceed without a cost of service study.

The OCA and other parties were able to agree to resolve this proceeding, resulting in a proposed Joint Settlement that was filed on December 12, 2017. The Joint Settlement addresses the OCA's concerns relating to cost of service studies, stay-out (33 months from entry of the final order), inclusion in rate base of Pennvest-funded plant, treatment of acquisition costs as "Franchises," and annual reporting of isolation valve exercising. Moreover, instead of the \$923,668 (17.8%) increase requested in the filing, the Settlement Rates are designed to produce an increase of annual operating revenue of \$635,000 (12.4%). The ALJs issued a Recommended Decision on January 12, 2018. The Company filed Exceptions to the ALJs discussion of the exclusion of Pennvest-funded plant in the Settlement and finding regarding the reasonableness of the rate of return provided by the Settlement. The Commission issued an Order approving the Settlement without modification and granted the Exceptions.

Delaware Sewer Co.

Docket No. I-2016-2526085. As a result of the Petition filed by Delaware Sewer (Docket No. P-2014-2404341), the Commission adopted the ALJ's recommendation that a

Section 529 investigation be started, to determine whether the PUC should order a capable public utility to acquire Delaware Sewer, which serves a portion of the Wild Acres development in Delaware Township. The OCA filed a Notice of Intervention on March 3, 2016 and a Motion to Join PAWC as an Indispensable Party on March 29, 2016. PAWC later received notice that it qualifies as a proximate public utility that may be ordered to acquire DSC and, along with Aqua Pennsylvania, joined the proceeding. The OCA filed direct, rebuttal and surrebuttal testimony setting forth its recommendation that the Commission order a capable public utility to acquire DSC's wastewater system pursuant to Section 529 of the Public Utility Code and that the acquiring utility should also consider the need for service to existing homes in additional portions of the Wild Acres development. The ALJ approved a stay of the litigation schedule to provide the parties time to continue settlement negotiations. Those negotiations were continuing at the close of the 2017-2018 fiscal year.

Docket No. P-2014-2404341. On June 30, 2017, PAWC filed a Petition to Amend the Commission's Order initiating an Investigation under Section 529, seeking to limit the broad scope of investigation and remedies under Section 529 and other provisions of the Public Utility Code addressing the failure by a utility to provide adequate service. On July 20, 2017, the OCA filed an Answer in opposition. The parties await Commission action on the Petition. In the interim, the related proceeding at Docket No. I-2016-2526085 is moving forward.

Elverson Water Co.

Docket No. R-2017-2632063. Elverson filed a tariff proposing a Pennvest surcharge of 21% under Section 1307 of the Public Utility Code. The OCA reviewed the filing and contacted the Company to explain its position that this type of surcharge cannot be filed under Section 1307 and other issues with the tariff supplement and calculations. Elverson agreed to extend the effective date of its tariff to allow discussions to resolve its filing.

On March 14, 2018, the OCA and Elverson reached a settlement which permitted Elverson to collect an initial surcharge amount of 48.75%. Elverson and the OCA agreed that the tariff supplement would not become effective until Elverson provided notice to the Commission and to the OCA that the Pennvest loan is completed, approved by the Department of Environmental Protection, in service, and considered used and useful assets of the Company. Elverson agreed to not claim in any rate filing a return on (profit) or return of (depreciation) the used and useful assets financed through the Pennvest loan. Elverson also agreed that any recalculation of the prospective surcharge must be filed under Section 1308 of the Public Utility Code. On May 3, 2018, the Commission entered an Order approving the settlement.

Hidden Valley Utility Services - Water and Wastewater

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

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

The Commission entered an Order on January 8, 2018 that adopted the majority of the ALJ's recommendations but, in response to the OCA's Exceptions, modified the Initial Decision to (1) add additional specific requirements to ensure that the water being provided to customers is treated as effectively as possible and (2) clarify that the Company's failure to comply with deadlines will result in a Section 529 proceeding to transfer ownership to a capable utility.

On February 12, 2018, the OCA responded to Exceptions filed by HVUS, which would have reduced oversight of the Company during the compliance period. On April 18, 2018, HVUS filed the required engineering reports and recommendations. On May 3, 2018, the Commission entered an Order granting in part and denying in part the HVUS Petition for Reconsideration. The OCA continues to monitor the bi-monthly status reports and utility's compliance with deadlines to ensure that water and wastewater service improve as soon as possible. If TUS reports a problem, hearings will be held no later than March 31, 2019.

Docket Nos. R-2018-3001306, R-2018-3001307. On April 27, 2018, Hidden Valley Utility Services filed tariff supplements seeking to increase water and wastewater rates it charges customers. The rate increases were to become effective July 1, 2018. The OCA filed a Formal Complaint on May 14, 2018.

On May 17, 2018, the Commission entered an Order that began an investigation into the lawfulness and reasonableness of the proposed rates and suspended the effective date until February 1, 2019. HVUS agreed to participate in the Commission's mediation process and will extend the effective date by sixty days or until April 1, 2019.

The proposed water tariff seeks an estimated annual increase in base rate revenues of \$150,629, which is an approximate 107.2% increase in the Company's annual revenues. Under this proposal, the water base rates for an average water customer using 9,000 gallons per quarter would increase from \$74.73 to \$145.80, or by 95.1%.

The proposed wastewater tariff seeks an estimated annual increase in base rate revenues of \$185,432, which is an approximate 63.1% increase in the Company's annual revenues. Under this proposal, the wastewater base rates for an average customer using 9,000 gallons per quarter would increase from \$167.40 to \$270.30, or by 61.5%.

At the close of the 2017-2018 fiscal year, the OCA was conducting discovery and anticipated filing testimony in September 2018.

James Black Water Co.

Docket No. A-2013-2395443. On November 25, 2013, the de facto utility filed an Application for a Certificate of Public Convenience to serve water to 18 customers. On December 30, 2013, the OCA filed a Protest. The OCA pointed out numerous deficiencies in the filing, making it non-compliant with Commission regulations and statutory requirements. The OCA recommended that the PUC direct the filing of a complete application. The OCA investigated the technical, managerial and financial fitness of JBW to serve.

The OCA developed a record showing that the utility does not have the fitness to provide safe and reliable water service at just and reasonable rates, in the long term. The OCA recommended that the application be denied and that JBW seek acquisition by a viable water provider. A Recommended Decision was issued on June 20, 2016, which recommended denial of the application because the Company is not technically or financially fit to provide the proposed service. In conjunction, the ALJs adopted the OCA's recommendation to initiate a Section 529 investigation to determine whether the PUC should order acquisition by a capable utility. The ALJs found that JBW had and continues to recover illegal rates but did not order refunds, pending the outcome of the Section 529 proceeding. The OCA filed limited Exceptions on July 10, 2017 to clarify that refunds will be addressed in the Section 529 proceeding.

On April 5, 2018, the Commission entered an Order reversing the RD and granting a conditional Certificate of Public Convenience. The Commission imposed deadlines for acquiring a spare pump, billing, Security Planning and Readiness, original cost study and depreciation schedule, tank repairs, annual reports, and tariff. TUS was directed to monitor compliance and recommend further action. A section 529 proceeding was subsequently initiated and referred to Law Bureau. The Commission deferred the issue of refunds and directed it be addressed in the Section 529 investigation. The OCA continues to actively monitor compliance and participate in all further proceedings to ensure customers receive safe, adequate and reasonable service from JBW or a viable provider.

Manwalamink Water and Manwalamink Sewer Co.

Docket Nos. R-2017-2603026 and R-2017-2603038. On April 28, 2017, Manwalamink Water filed a request for an estimated annual increase in base rate revenues of \$82,455 from its customers. This represented an approximate 20% increase in the Company's annual revenues at present rates. Under the Company's proposal, the proposed rates would have increased from \$23.53 to \$28.24, or by 20%, for a customer using 3,130 gallons per month with a 5/8 inch meter. The water company serves approximately 1,257 customers (1,210 residential) in The Village of Shawnee-on-Delaware and the Townships of Smithfield and Middle Smithfield in Monroe County, Pennsylvania.

Manwalamink Sewer also filed a request seeking an estimated annual increase in base rate revenues of \$29,007 from its customers. This represented an approximate 5% increase in the Company's annual revenues at present rates. The Company's notice to customers indicated that the average residential bill would increase from \$35.59 to \$37.38, or by 5%, the flat rate residential bill would increase from \$44.80 to \$47.04, or by 5%. The sewer company serves approximately 1,248 customers, of which 1,201 are residential customers.

The OCA filed formal complaints against both rate filings. The OCA and Companies consented to the Commission's mediation process and negotiated a settlement that reduced the proposed revenue requirement from \$82,455 to \$62,000, which would reduce the increase to the average residential bill from 20% to 15%. In addition, the water Company could not file for another general rate increase for 12 months after the entry date of the Commission Order approving the Settlement, which means that new rates will be in effect for approximately 21 months or more and provide some level of rate stability for customers. In addition, the negotiations resulted in the Company's withdrawal of its proposed 5% wastewater rate increase.

On November 8, 2017, the PUC entered an Order approving the Joint Settlement and the Company's Petition to Withdraw, consistent with the ALJ's recommendations.

Newtown Artesian Water Co.

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

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

At the end of the 2017-2018 fiscal year, the parties awaited the Commission's disposition of the case.

North Heidelberg Sewer Co.

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

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

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

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

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

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

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

By Order entered February 9, 2018, at Docket No. M-2018-2645983, the Commission initiated a mandatory takeover investigation pursuant to 66 Pa. C.S. § 529, including the appointment of a receiver for North Heidelberg under Section 529(g).

Pennsylvania-American Water Co.

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

PAWC proposed to acquire the sewer assets of the MACM for \$162 million. It filed under Section 1329 and requested that the purchase price of \$162 million be approved for ratemaking purposes as it was lower than the average of the two fair market value appraisals provided with its application. In addition, PAWC sought approval of the Asset Purchase Agreement with the MACM and the City of McKeesport, wherein it agreed to keep base rates frozen for MACM customers for no less than one year after closing. At the end of the 2017-2018 fiscal year, the OCA was preparing testimony.

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

As explained in the Petition, there are two parts to the service lines: the first part is the service line which runs from the water main to street service connection (Service Line). That portion is owned by PAWC and maintained by PAWC. The other part, called the Service Pipe, is the portion that begins at the Company-owned street service connection and continues into the structure on the premise[s] to be supplied. The Service Pipe portion is owned and maintained by the customer.

PAWC's plan to replace lead Service Pipes had two parts: first, it would remove and replace lead Service Pipes, with the customer's agreement, that it encounters when it is replacing mains and service lines (Replacement Plan – Part 1). Second, PAWC would remove and replace lead Service Pipes if a customer requests replacement and subject to verifying that the customer's Service Pipe is made of lead (Replacement Plan – Part 2). The OCA filed an Answer on June 12, 2017. In October and November 2017, the OCA filed testimony and briefs supporting an effective lead control program and

recommending that PAWC's costs should be deferred and their ratemaking treatment addressed in the Company's next base rate case. The OCA recommended that PAWC should not be permitted to earn a return on the amount deferred, to have the effect of sharing the costs of the program between utility investors and customers.

On May 15, 2018, the ALJ issued a Recommended Decision allowing the Company to replace customer-owned lead service lines, subject to the OCA's recommendations. The OCA filed a Reply to the Company's Exceptions to the Recommended Decision on June 14, 2018. The OCA awaits a decision from the Commission.

Docket No. R-2017-2595853. On April 28, 2017, PAWC filed for a general base rate increase in annual operating revenues of approximately \$107.9 million or 16.4%, for its water and wastewater operations. The case also addressed PAWC's recent acquisition of the assets of the Sewer Authority of the City of Scranton and the provision of combined stormwater and wastewater service to the Sewer Authority's former customers. It raises significant issues regarding rate design, cost allocation and the appropriateness of shifting wastewater costs to PAWC's water customers under 66 Pa. C.S. § 1311(c). The OCA filed a Formal Complaint on May 8, 2017.

The OCA participated in nine public input hearings that were held throughout PAWC's service territory in July and August 2017. The OCA filed Direct, Rebuttal, and Surrebuttal Testimony in this proceeding. In its testimony, the OCA raised a variety of issues related to the Company's proposed rate of return, revenue and expense claims, rate design and cost allocation, claims related to recent acquisitions, and quality of service issues. The OCA recommended that the water revenue increase be reduced to \$6.26 million, the wastewater revenue increase (excluding Scranton) be reduced to \$2.96 million and the wastewater revenue increase for Scranton be reduced to \$3.21 million. The OCA opposed PAWC's proposed increases to fixed rates (monthly customer charges) and specifically recommended adjustments to the requested rates of return and proposed distribution of the revenue increase among customer classes, ratemaking regions, and types of utility service. The OCA also sought to have the Company address customer complaints regarding service, billing, and main extensions that were raised by customer complainants and at the public input hearings.

The parties reached a full settlement agreement in this case and filed a Joint Petition for Settlement on October 16, 2017. Under the Settlement, PAWC will be permitted a total annual revenue increase of \$61.85 million, or 9.41%, including increases for water operations, wastewater operations (excluding Scranton), and Scranton wastewater operations. This overall increase is \$46.05 million less than the amount originally requested by the Company. The increases to fixed customer charges were limited to the amount recommended in the OCA's testimony. The Settlement also prevents customers

from paying for costs related to acquisitions that did not meet the requirements of the Public Utility Code.

As part of the Settlement, PAWC agreed not to file for another general rate increase for its water operations, wastewater operations (excluding Scranton), or Scranton wastewater operations prior to March 31, 2020. Additionally, the Settlement limited the amount of the wastewater revenue requirement that is allocated to water customers and included a rate increase for Scranton customers so they contribute a fair amount toward their cost of service. PAWC agreed to address a variety of quality of service issues raised in customer complaints and at the public input hearings, and committed additional funds toward main extension projects. PAWC also agreed to increase both its contribution to the hardship funds and the discount available to low-income customers.

On December 7, 2017, the Commission approved the Settlement without modification, consistent with the recommendation of the ALJs.

Docket No. R-2018-3002502. On June 5, 2018, PAWC filed Supplement No. 6 to Tariff Water– Pa. P.U.C. No. 5 with an effective date of August 4, 2018. The proposed tariff supplement addressed the treatment and calculation of customer contributions, customer advances and certain customer deposits after the Tax Cuts and Jobs Act. The Company proposed the “no gross up” method which would require customers, rather than the entities contributing the capital, to pay the income taxes associated with the deposit, advance or contribution.

At the end of fiscal year 2017-2018, the OCA was preparing its Notice of Intervention with the intention of intervening to protect the interests of consumers in PAWC’s service territory and to ensure that the resolution of the proposed tariff is just and reasonable.

Pittsburgh Water and Sewer Authority

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

filing, using the NARUC system of accounts consistent with other PUC-regulated utilities. The Commission issued a Final Implementation Order on March 15, 2018, which included a timeline for PWSA filings and direction on a variety of issues required to comply with Act 65 and bring PWSA under PUC jurisdiction.

On March 30, 2018, PWSA filed its Official Prior Tariffs with the Commission and officially came under PUC jurisdiction as of April 2, 2018. The OCA and other parties have held a variety of meetings and a site visit to discuss aspects of PWSA's operations and necessary improvements, including issues related to customer service, billing, and operations. The Authority is scheduled to file its Compliance Plan and an LTIIP by September 28, 2018.

Reynolds Water Co.

Docket No. R-2017-2631441. On October 30, 2017, Reynolds Water filed a tariff supplement seeking approval to recover an estimated annual increase in base rate revenues of \$236,830 from customers. This represents an approximate 45.1% increase in the Company's annual revenues at present rates. For the average residential customer, using 9,000 gallons per quarter, the proposed base rates would increase the quarterly bill by 45.4%. The Company serves approximately 722 customers (551 residential) in the Townships of Pymatuning, Hempfield, and Delaware, Mercer County.

On December 1, 2017, the OCA filed a Formal Complaint. The OCA and other parties, including a number of customer complainants participated in mediation. In April 2018, the statutory parties submitted a proposed Settlement, which provided for a \$160,000 increase in annual revenue along with an offsetting \$1,400 Accumulated Deferred Income Tax normalization credit. The proposed Settlement was designed to produce a net increase in annual revenue of \$158,600, or 30.4%, over two phases.

The Phase I rates produce an annual increase of \$111,198, effective upon the approval of the proposed Settlement. The Phase II rates would produce an additional increase of \$47,402 and would become effective upon written confirmation from Reynolds Water that it has completed three specific projects. Under Phase I, the quarterly cost of water service to an average residential customer would increase by approximately \$19.77, or 21.31%, from \$92.76 to \$112.53. Under Phase II, the quarterly cost of water service to that residential customer would increase by an additional \$8.43, or 7.49%, from \$112.53 to \$120.96. Moreover, as a result of an ADIT adjustment related to the TCJA, a one-time bill credit would be refunded to all Reynolds Water ratepayers in the amount of \$1.00 per customer.

In addition, pursuant to the Settlement, Reynolds Water agreed to 1) prepare an analysis of the potential additional costs and benefits of moving to monthly billing in its

next rate filing, 2) eliminate the minimum water allowance and prepare a billing frequency analysis in its next rate filing, 3) update its bill format no later than the effective date of the Phase I revenue increase to show that the PENNVEST surcharge is for Reynolds Disposal Company, and 4) a two-year base rate case stay-out following the effective date of the Phase II increase.

A Recommended Decision was issued in May 2018, which recommended approval of the Settlement with modifications. At the end of the 2017-2018 fiscal year, the Settlement was pending before the Commission.

SUEZ Water Pennsylvania, Inc.

Docket No. R-2018-3000834. On April 30, 2018, Suez filed a rate case seeking approval to increase annual base rate revenues by \$6.2 million (13.2%). The Company also sought to increase its monthly customer charge for a typical residential customer from \$13.75 to \$15.00 per month. For the average Suez residential customer, the proposed rate changes would increase monthly bills from \$43.94 to \$48.85, or by 11.2%. If the full rate increase is approved, the Company would receive a 10.75% return on common equity. On May 10, 2018, the OCA filed a Formal Complaint. At the end of the 2017-2018 fiscal year, the OCA was preparing testimony in support of its position that all changes, increases and charges that Suez cannot show to be reasonable and justified must be denied. In particular, the OCA was reviewing the Company's equity claim, proposed customer charge, inclusion of costs related to a potential acquisition and the return of tax savings resulting from the Tax Cuts and Jobs Act to customers.

The York Water Co.

Docket No. R-2018-3000019. On May 30, 2018, York filed tariff supplements to become effective on August 1, 2018. York proposed to increase its annual water and wastewater revenues by \$6,398,961 and \$288,623 respectively. York also proposed to increase the 5/8-inch water customer charge (for gravity and repumped customers) from \$16.00 to \$18.50 per month, or by 15.6%. If approved in its entirety, the rate increase would produce an 8.48% overall rate of return and an 11.00% return on common equity.

On June 7, 2018, the OCA filed a Formal Complaint indicating its opposition to the proposed rate increase. At the end of the 2017-2018 fiscal year, the OCA was engaged in discovery regarding York's revenue requirement claims, tax savings resulting from the Tax Cuts and Jobs Act, revenue allocation and rate design.

TELECOM: UTILITY-SPECIFIC PUC PROCEEDINGS

Bentleyville Communications

Docket No. R-2018-3001213. In early May 2018, Bentleyville and its affiliates Consolidated Communications of Pennsylvania and Marianna & Scenery Hill Telephone filed separate Chapter 30 Plan Price Stability Index (PSI) Reports, which calculated allowed annual revenue increases based upon changes in inflation. These companies proposed no change in rates for basic residential and business telephone service. The OCA filed complaints against the current rates and respective PSI Reports of these and other companies (named below; collectively RLECs). The OCA complaints fault the RLECs' PSI Reports for omitting recognition of tax savings arising from the federal Tax Cuts and Jobs Act. The Commission approved the PSI Reports, subject to resolution of the OCA formal complaints. At the end of the 2017-2018 fiscal year, the Commission was receiving comments and information regarding the impact of the TCJA on telecom utilities as part of its generic proceeding.

Consolidated Communications of Pennsylvania

Docket No. R-2018-3001104. See write-up above, under Bentleyville.

Hickory Telephone

Docket No. R-2018-3001217. See write-up above, under Bentleyville.

Lackawaxen Telecommunications

Docket No. R-2018-3001199. See write-up above, under Bentleyville.

Marianna & Scenery Hill Telephone

Docket No. R-2018-3001201. See write-up above, under Bentleyville.

North-Eastern Pennsylvania Telephone

Docket No. R-2018-3001197. See write-up above, under Bentleyville.

Verizon Pennsylvania

Docket No. P-2017-2621343. In late August 2017, Verizon PA and Verizon North filed a joint petition for waiver of regulation which limits the level of residential late payment charges, with a request for expedited resolution. In September 2017, OCA answered

and opposed the request for waiver and approval to impose residential late payment charges higher than any other utility industry. The Commission's vote on a motion was tied 2-2, and no action was taken. Verizon PA and Verizon North subsequently withdrew the petition for waiver as moot.

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

OSBA filed a formal complaint against the Verizon PA filing (C-2017-2633476). The OCA intervened in December 2017. In December 2017, the Commission approved the Verizon PA PCO filing and allowed the proposed rate increases to take effect, subject to refund. The OCA filed rebuttal testimony in May 2018 which noted the differences between residential and business services, as to statutory protections and the influence of competition. At the end of the 2017-2018 fiscal year, the OCA was preparing briefs in support of its position that the statutory rate limitation on residential increases is just, reasonable, and non-discriminatory.

Windstream Buffalo Valley

Docket No. R-2018-3001132. See write-up above, under Bentleyville.

Windstream Conestoga

Docket No. R-2018-3001135. See write-up above, under Bentleyville.

Windstream D&E

Docket No. R-2018-3001133. See write-up above, under Bentleyville.

Windstream Pennsylvania

Docket No. R-2018-3001150. See write-up above, under Bentleyville.

GENERIC PUC PROCEEDINGS: IMPLEMENTATION OF ACT 11 OF 2012

DSIC and LTIIP

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

On November 5, 2015, the Commission issued a Supplemental Tentative Order that invited interested parties to comment on the issues regarding the implementation, operation and computation of the DSIC. The OCA filed Comments on December 14, 2015. The OCA supported the Commission's recommendations that would provide for the most up to date and accurate inputs available to ensure that only the utility's actual costs are recovered and the consumer protection provisions of the statute, such as the earnings cap, function as intended. The OCA also made recommendations for ways to reduce the lag in resetting the DSIC to zero in response to overearnings and to ensure that only the fixed costs of new, additional investment will be eligible for recovery in a positive DSIC rate. The Commission entered a Final Supplemental Implementation Order on September 21, 2016. The Order directs all jurisdictional utilities with a Commission-approved DSIC mechanism to file a tariff in compliance with the Order in 45 days.

In most cases, the OCA files Comments when utilities file an LTIIP in advance of or in conjunction with a filing for an initial DSIC. As well, the OCA continues to review and file Comments, as needed, when utilities file periodic LTIIPs for succeeding periods and seek approval of revisions to existing LTIIPs. The OCA filed Comments on an initial LTIIP filing by City of Lancaster in June 2018. In October 2017, the OCA filed Comments regarding modified LTIIPs filed by Peoples Gas and Peoples Natural Gas. The OCA's Comments are intended to ensure that proposed improvements are prudent and cost-effective, represent an acceleration of improvements, and will maintain safe, reliable and reasonable service.

The OCA also filed Comments, on January 19, 2018, regarding the barometer group selection criteria used to develop the return on equity component of the DSIC calculation for electric distribution companies (Docket No. M-2012-2317272). The OCA did not oppose the proposal of Commission staff to eliminate a geographic restriction so that additional utilities can be included but reiterated that the Commission's other guidelines should remain in place. On March 9, 2018, the Commission issued a Secretarial Letter adopting the expanded selection criteria and making no other changes, consistent with the OCA's position.

Fully Projected Future Test Year (FPFTY)

In addition to the DSIC, Act 11 of 2012 authorized use of a fully projected future test year in utility base rate cases. 66 Pa. C.S. § 315. On December 22, 2017, in Docket No. L-2012-2317273, the Commission entered an Advance Notice of Proposed Rulemaking Order identifying proposed procedures and filing requirements for use of a FPFTY. Any new procedures and filing requirements, if adopted, would be added to Section 53.53 of the Commission's regulations. The Commission suspended written comments while stakeholders met to discuss issues raised by the FPFTY. The OCA participated in a stakeholder meeting on April 3, 2018. Additional meetings are scheduled in 2018. The OCA seeks to address, *inter alia*, the data required to support claims, whether the FPFTY can be less than one year, and how after-the-fact reporting is used to adjust utility rates.

GENERIC PUC PROCEEDINGS: ELECTRIC

Alternative Energy Portfolio Standards Implementation

M-2017-2631527. On December 21, 2017, the Commission issued a Tentative Implementation Order regarding the implementation of Act 40 of 2017, which was signed into law on October 30, 2017. Act 40, in relevant part, established geographical limits on solar photovoltaic (solar PV) systems that qualify for the solar PV share requirement as part of the Alternative Energy Portfolio Standards (AEPS) Act.

The OCA submitted Comments on the Tentative Implementation Order on February 5, 2018. In its Comments, the OCA recognized that language in the Act is unclear as written regarding whether and under what circumstances solar generation from out-of-state facilities may be used to meet AEPS Act requirements. The OCA stressed, however, that any interpretation of the Act should be guided by ensuring that its provisions are carried out in a way that respects the works that has already done by Pennsylvania electric distribution companies and electric generation suppliers to comply with the AEPS Act, while ensuring compliance at reasonable cost over time.

The Commission entered a Final Implementation Order on May 3, 2018 which clarified under what circumstances solar generation from out-of-state facilities may be used to meet AEPS Act requirements. A number of parties filed petitions for reconsideration and/or clarification of the Final Implementation Order. The parties awaited a Commission Order, at the close of the 2017-2018 fiscal year.

Alternative Ratemaking Methods

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

The OCA participated in the hearings and also filed detailed Comments on March 16, 2016. In its Comments, the OCA noted that the PUC was mainly interested in pursuing alternative ratemaking methods, principally decoupling, as a way to offset perceived consumer usage reductions stemming from conservation and energy efficiency measures. The OCA submitted that Act 129 controls in this area, and that overall Act 129 programs were working well across PA with no adverse impacts to utilities or their revenues and there was no need to pursue other ratemaking mechanisms at this time.

On March 2, 2017, the PUC issued an Order seeking additional comments on these matters. The March 2 Order significantly expanded the scope of issues in this matter, including impacts on water and wastewater utilities, and including detailed questions from several of the PUC Commissioners.

The OCA submitted Comments on May 31, 2017. In its Comments, the OCA supported the regulatory framework and alternative ratemaking methodologies currently in effect in Pennsylvania and maintained that further alternative ratemaking is not necessary. The OCA noted that the current alternative ratemaking mechanisms have been targeted to achieve specific purposes and objectives and have successfully balanced utility benefits and consumer protections. The OCA filed Reply Comments on July 31, 2017.

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

applications by utilities for alternative ratemaking mechanisms. At the end of the 2017-2018 fiscal year, the OCA was preparing Comments on the proposed Policy Statement.

Standards and Pricing Practices for Retail Electricity Services

Docket No. L-2017-2628991. On March 24, 2018, a Notice of a Proposed Rulemaking Order was published, which proposed amendments to the Commission's regulations (Chapter 54) regarding standards and pricing practices for retail electricity services. The primary purpose of the proposed rulemaking was to enhance the rules regarding customer protection and to ensure that customers receive the necessary information to make informed decisions when shopping in the retail electricity market, specifically with regard to disclosure statements made by electric generation suppliers to residential and small business customers. The OCA filed Comments on May 22, 2018, supporting the Commission's proposals and recommending additional modifications to strengthen consumer protections and the electric generation marketplace and promote consistency with the protections provided by the Electricity Generation Customer Choice and Competition Act (Chapter 28) and the disclosure rules applicable to natural gas suppliers (Chapter 62). At the end of the Fiscal Year, the Independent Regulatory Review Commission provided Comments on the proposed rulemaking. The OCA will continue its participation in the proceeding.

Supplier Consolidated Billing

Docket Nos. M-2018-2645254, P-2016-2579249. On December 8, 2016, NRG Energy, Inc. submitted a Petition to the PUC seeking an Order that would permit energy generation suppliers like NRG the ability to use supplier consolidated billing (SCB). Under SCB, EGSs would bill electric customers directly for the utilities' distribution charges and also the EGS' commodity charges. Currently, the electric distribution utilities bill for all charges.

On January 23, 2017, the OCA submitted Comments on the Petition. The OCA opposed the use of SCB as harmful to competition, costly to implement, unnecessary under current PUC practices and procedures and providing no discernible benefits to ratepayers. In February 2017, the OCA submitted Reply Comments in which it provided further support for its position.

On January 18, 2018, the Commission issued an Order denying the Petition and opened Docket No. M-2018-2645254 to consider the legality and appropriateness of implementing electric generation SCB in Pennsylvania. The OCA filed Comments and Reply Comments on May 4, 2018 and August 24, 2018, respectively, which supported its position that SCB is inconsistent with the Public Utility Code, raises significant

consumer protection concerns, and is unnecessary to achieve the purposes of increasing competition and lowering the cost of electricity. The Commission also held *en banc* hearings to solicit further input on the topic of SCB. The Acting Consumer Advocate provided oral remarks and responded to questions regarding SCB. The OCA awaits further action by the Commission.

GENERIC PUC PROCEEDINGS: NATURAL GAS

Accelerated Switching

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

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

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

Alternative Ratemaking Methods

Docket No. M-2015-2518883. On December 31, 2015, the PUC issued a Secretarial Letter advising that it would be opening a docket to investigate alternative ratemaking methods for electric and natural gas utilities. See write-up above under "Generic PUC Proceedings: Electric" for further information.

Business Practices

Docket No. L-2017-2619223. On August 31, 2017, the Commission adopted an Advance Notice of Proposed Rulemaking to explore NGDC business practices with the intent to modify Section 62.225 of the Commission's regulations to improve the competitive natural gas market by revising how capacity is assigned, as well as addressing penalties and imbalance trading. On October 31, 2017, the OCA provided Comments, identifying that several of the proposed regulations could lead to increased costs for customers and recommending the NGDCs and NGSs provide further data to show that such revisions are cost-justified. The OCA is currently awaiting additional action by the Commission.

"Gas on Gas" Competition

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

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

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

On August 2, 2017, the OCA filed Comments. The OCA set out its position that further gas-on-gas competition should be limited, consistent with the PUC Order. In particular, new customers should be given one opportunity to pick an NGDC but no further switching after that. In addition, no duplicative facilities should be built in order to

facilitate further gas-on-gas competition unless the potential customer is paying the full cost of same.

After extensive settlement talks, all active Parties reached a consensus and provided uniform Reply Comments on September 21, 2017, to the PUC as to how gas-on-gas should continue. The Parties now await further PUC action.

Retail Competition

Docket No. I-2013-2381742. On September 12, 2013 the Commission announced that it was opening an investigation into the Retail Natural Gas Market in Pennsylvania. The OCA has actively participated in the Commission's Investigation since it was initiated. The OCA has submitted numerous Comments for the Commission's consideration, including: (1) Comments on December 12, 2013 addressing the current state of retail competition within the natural gas supply market in Pennsylvania, how the current market could be improved for the benefit of customers, potential barriers to customer participation in the market; (2) Comments on October 14, 2014 providing additional Comments based on issues that arose from the Commission's August 21, 2014 Tentative Order; (3) Comments on February 2, 2015 regarding natural gas supplier disclosure requirements and natural gas supplier access to customer account numbers; and (4) Informal Comments on August 31, 2015, concerning possible amendments to the regulations that govern the standards for changing a customers natural gas supplier. This docket remains open and the OCA intends to continue its participation in this matter.

GENERIC PUC PROCEEDINGS: RESIDENTIAL SERVICE

Chapter 56

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

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

On July 13, 2017, the Commission issued its Order Seeking Additional Comments in which it requested additional comments on three specific issues raised in the first round of comments, including privacy guidelines, usage of medical certificates, and cost of compliance. The Order also sought input on two new related proposals on third party notification of supplier switching and a customer's ability to retain utility service pending formal appeal. The OCA submitted Additional Comments on September 12, 2017. In its Additional Comments, the OCA urged the Commission to ensure that customer information is adequately protected, and to obtain additional information from utilities regarding compliance costs and the use of medical certificates. The OCA also supported third party notification of supplier switching and a proposed clarification that customers retain utility service while a formal appeal is pending. The OCA awaits further Commission action on this rulemaking.

Universal Service and Energy Conservation

Docket No. M-2017-2596907. On May 10, 2017, the Commission issued an Order for Review of Universal Service and Energy Conservation Programs. In its Order, the Commission identified the following categories for consideration: (1) program design; (2) program implementation; (3) program costs; (4) program cost recovery; (5) program administration; (6) program report; and (7) program evaluation. The Order also directed Law Bureau to prepare a Staff Report. On July 14, 2017, the Commission issued a Secretarial Letter and its Staff Report. The OCA filed Comments on August 8, 2017. The OCA identified in its Comments its support for the low-income assistance programs. The OCA made recommendations regarding: (1) Customer Assistance Programs, including CAP program design, implementation, costs, cost recovery, administration, reporting and evaluation, CAP shopping, CAP recertification policies, declining CAP customer enrollment, LIHEAP auto-enrollment; (2) Hardship Funds, including program design, program implementation, program administration, and program reporting and evaluation; (3) the Customer Assistance and Referral Evaluation Services, including program design and reporting and evaluation; and the Low Income Usage Reduction Program. The OCA also addressed the definition of "confirmed low-income" customers. The OCA participated in a two-day stakeholder meeting in September 2017 and filed Reply Comments on October 16, 2017. Commission Staff

released a report summarizing the parties' comments, feedback, and suggestions and established a Universal Service Workgroup to further discuss and provide recommendations on various policies and practices regarding universal service and energy conservation programs, beginning with the following:

- Standardizing the forms used to certify a household has no income when applying for Customer Assistance Programs (*i.e.*, zero income forms)
- Revising the USECP review and universal service evaluation schedules
- Developing a common application form for all Pennsylvania utility universal service programs.

At the end of the 2017-2018 fiscal year, the OCA continued to participate in Workgroup and subcommittee meetings.

GENERIC PUC PROCEEDINGS: TAXES

The Tax Cuts and Jobs Act

Docket No. M-2018-2641242. On February 12, 2018, the PUC issued the first of three Secretarial Letters, as part of the PUC inquiry as to the effects of the Tax Cuts and Jobs Act on the tax liabilities of Commission-regulated public utilities for 2018 and future years and the feasibility of reflecting such impacts in the rates charged to Pennsylvania utility ratepayers. The first Secretarial Letter was directed at the Commonwealth's larger electric, natural gas, water and wastewater utilities. The first Secretarial Letter directed interested parties to submit comments addressing: 1) whether the Commission should adjust customer rates to recognize tax savings, 2) what process or mechanism to apply, such as a negative surcharge, and 3) whether the change in rates should include refunds to recognize the tax savings that commenced January 1, 2018, the effective date of the TCJA.

The OCA filed its Comments on March 9, 2018. The OCA analyzed the TCJA provisions and concluded the utilities listed by the PUC would experience tax savings. The OCA recommended the implementation of negative surcharges, pursuant to Section 1307 of the Public Utility Code, as appropriate to recognize this extraordinary, non-recurring change in federal tax law and corresponding reduction in utility tax expense. The OCA recommended that the rate adjustment account for the tax savings that commenced January 1, 2018.

The OCA reviewed the filings by the utilities in response to the February Secretarial Letter, including proposed tariffs to reduce rates and utility statements that they have no tax savings to account for.

The OCA filed Comments on March 27, 2018 in reply to a March 2 Secretarial Letter concerning the incumbent local exchange carriers (ILECs or telcos). The OCA recommended that the noncompetitive service rates for these telcos be reduced to reflect any tax savings. These telcos are subject to alternative rate regulation under Chapter 30 of the Public Utility Code and so a negative surcharge mechanism is not available. The OCA Comments explained how the tax savings, as the result of a change in federal law beyond the telco's control, would qualify for an exogenous event rate adjustment, under the telco's alternative rate plan.

On April 6, 2018, the OCA filed Comments regarding the effects of the TCJA on small gas utilities, recommending that their rates reflect the return of the tax expense savings.

On May 17, 2018, the Commission entered an Order finding that the tax expense savings represent an extraordinary, substantial, one-time change in utility rates that should be flowed back to ratepayers, agreeing with the OCA position. It directed certain utilities to file tariff supplements by June 15, 2018, to establish a negative surcharge effective July 1, 2018 to flow the tax savings back. The Commission estimated that flow back would reduce electric rates by \$210 million, natural gas rates by \$66 million and water and wastewater rates by \$48 million, a total of \$324 million, on an annual basis. Additionally, the Commission directed those utilities to establish a deferred regulatory liability to track tax savings prior to July 1, 2018 and to determine the ratemaking treatment in the utilities' next base rate proceeding or three years from the date of the Order, whichever is sooner.

The Commission identified nine utilities with pending or soon to be filed base rate cases. The Commission recommended consideration of tax savings as part of those rate cases, issues which the OCA will address.

On June 1, 2018, Pike County Power & Light and the FirstEnergy Companies each filed a Petition for Reconsideration. The OCA filed answers. The Commission granted Pike a stay, pending review on the merits. The Commission granted the FirstEnergy Companies' petition. See write-ups above for these individual electric utilities.

The OCA has reviewed the compliance tariffs filed by the electric, natural gas, water and wastewater utilities covered by the Commission's May 17, 2018 Order. Some utilities opted to make a permanent reduction to their base rates. Other utilities reported that their tax savings would be greater than initially calculated. The OCA continues to participate in this proceeding to ensure that tax expense savings are flowed through to customers.

GENERIC PUC PROCEEDINGS: TELECOM

Chapter 63 and 64 Rulemaking

Docket No. L-2018-3001391. In July 2018, the Commission opened a rulemaking to review whether and which Chapter 63 and 64 regulations should still apply in competitively classified areas. The Commission does not set the rates charged by an incumbent local exchange company for basic local service in a competitive area. In 2015, the Commission had granted Verizon PA and Verizon North conditional, temporary waiver of some regulations in competitively areas. Parties may request rescission or modification of other regulations which apply to telecom utilities. This matter was ongoing at the end of the Fiscal Year.

FEDERAL COMMUNICATIONS COMMISSION

Universal Service Fund (USF)

The OCA monitors and works to improve at the state and federal level the efficiency and benefits for Pennsylvania consumers provided by the federal Universal Service Programs, with a focus on the High Cost/Connect America Fund support for telecom and broadband networks and the Lifeline program. In 2015, Pennsylvania received roughly \$196 million in federal USF support, including \$79.6 million for high cost and Connect America Fund support for voice and broadband networks. The FCC estimates that in 2015, residential consumers paid roughly \$3.00 per month to support the four federal USF programs: High Cost/Connect America Fund, Lifeline, Schools & Libraries, and Rural Healthcare.

WC Docket No. 17-287. In December 2017, the FCC released its Fourth Report and Order and Notice of Proposed Rulemaking to reform the Lifeline program. The FCC proposed modifications to limit federal support to facilities-based Lifeline providers. The FCC proposal would reduce the number and variety of providers of Lifeline service. The OCA assisted NASUCA in review of the NPRM. The OCA drafted the NASUCA Comments filed in February 2018. NASUCA opposed on both legal and policy grounds the FCC's proposed reforms which would deny Lifeline support to wireless carriers that provide Lifeline services over leased networks, *i.e.* non-facilities-based Eligible Telecommunications Carriers. Approximately 70 percent of Lifeline consumers take service from these ETCs. The OCA drafted the NASUCA Reply Comments filed in March 2018. NASUCA asked the FCC to end the "Lifeline Broadband Provider" concept as legally unsound. Reply Comments emphasized the nearly universal opposition by other commenters to the FCC's proposed drastic reforms. NASUCA asked the FCC to

halt or roll-back certain other changes, which would also diminish the effectiveness of the Lifeline program. The matter is still pending before the FCC.

The efficient operation of the Lifeline universal service program is of vital importance to Pennsylvanians. The federal USF paid out \$1.56 billion in 2016 for Lifeline discounted service nationwide, in non-tribal areas. That amount included \$57.6 million for discounted Lifeline service to eligible Pennsylvanians. Other consumers support the federal Universal Service Fund through surcharges on interstate telephone services.

FEDERAL ENERGY REGULATORY COMMISSION

Exelon Corp

Docket No. ER18-695. On January 22, 2018, Exelon submitted a filing to FERC seeking incentives for two of its operating utilities, PECO and BGE, as to the Transource Project in Maryland and Pennsylvania. If the Transource Project is built it will need to be interconnected to facilities belonging to PECO and BGE. PJM Interconnection (PJM) has already ordered these two utilities to begin doing preparatory work for such connections. In that regard, Exelon is seeking to recover any costs that its utilities may incur if the Transource Project is never completed.

On February 9, 2018, the OCA submitted a Motion to Intervene in this matter in order to protect the interests of all PA ratepayers who may be affected by this matter. On June 12, 2018, FERC issued an Order approving the request for abandonment incentives. The Order is clear, however, that at such time as the Companies actually file to recover any potential costs all intervenors will have a right to challenge the prudence and quantum of such recovery.

Mid-Atlantic Interstate Transmission, LLC (MAIT)

Docket No. ER17-211. On October 28, 2016, PJM Interconnection, LLC on behalf of Mid-Atlantic Interstate Transmission, LLC, a newly formed, stand-alone transmission company that was formed to acquire the transmission assets of Met-Ed and Penelec, filed an Application at FERC requesting approval of a new transmission formula rate and formula rate protocols, to become effective January 1, 2017. In its filing, MAIT sought to increase its revenue requirement to \$131 million and its transmission rates by 47%.

On November 9, 2016, the OCA filed a Motion to Intervene in MAIT's formula rate proceeding. On November 30, 2016, the OCA filed a Protest in opposition to MAIT's proposed formula rate. In particular, the OCA submitted in its Protest that MAIT's proposed formula rate may be neither just nor reasonable, and may result in excessive

residential customer rates. The OCA identified several flaws in MAIT's Application, including: (1) the proposed base Return on Equity (ROE) of 10.5% as well as the total ROE of 11% sought by Applicants is not just and reasonable and may produce rates which are unjust and unreasonable; (2) Applicants have failed to justify the proposed 50 basis point ROE adder; (3) Applicants have failed to provide adequate information necessary to conduct a thorough review and analysis of the Company's filing; (4) Applicants' proposed protocols are not just and reasonable; and (5) the filing raises a number of accounting issues that may produce rates that are unjust and unreasonable. In its Protest, the OCA requested evidentiary hearings on all issues, a maximum rate suspension period of five months, and for FERC to set an effective date for customer refunds (if rates are indeed found to be excessive).

On March 10, 2017, FERC accepted the Company's filing and suspended the rates for the maximum period of 5 months. FERC set all matters raised by the filing for hearings/settlement proceedings. Parties participated in settlement conferences at FERC.

The parties reached a Settlement resolving all issues in this proceeding, which was filed with FERC on October 13, 2017. The Settlement provides recovery using a formula rate with a total return on equity of 10.3%. On November 21, 2017, the presiding Judge certified the Settlement to FERC.

The as-filed formula rate would have produced an annual revenue requirement of \$151 million. The Settlement rates will produce an annual revenue requirement of \$145 million. In addition to the rate reductions, the Company agreed to forego recovery of numerous "regulatory assets" that would have added millions of dollars in additional costs down the road. The Parties also agreed to no new filings to adjust the agreed-to base ROE of 9.8% before January of 2022.

On May 21, 2018, FERC approved the Settlement in its entirety.

PECO Energy Co.

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

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

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

On June 27, 2017, FERC accepted the Company's filing and suspended the rates for the maximum period of 5 months, and set all matters raised by the filing for hearings/settlement proceedings. From June 2017 through late April 2018, the parties participated in numerous settlement meetings both among themselves and with a settlement judge. However, the parties were unable to reach a settlement agreement and as of May 4, 2018, a judge was assigned to the case for litigation. At the end of the 2017-2018 fiscal year, the OCA was preparing testimony in support of its position.

Transource PA and Transource MD

Docket No. ER17-419. On November 28, 2016, Transource PA and Transource MD submitted proposed formula rates to FERC for transmission projects it plans to build in PA and MD. Transource filed for a 10.4% ROE; a 60/40 capital structure until project completion; a 50 basis point ROE adder for risk, a 50 basis point RTO participation adder, CWIP in rate base; abandonment recovery of all prudent costs in case of project cancellation; and the ability to adjust its formula rates going forward by making limited, single-issue filings. On January 31, 2017 FERC issued its initial Order. FERC denied the 50 basis point risk adder; the abandonment recovery was limited to only costs incurred after the Order date; and the single-issue rate filing proposal was denied. All other matters were set for hearing/settlement proceedings. On March 2, 2017, Transource filed a Request for Reconsideration on all 3 of the issues where FERC denied its proposals.

On March 6, 2017, the OCA submitted a late-filed Petition to intervene after the OCA became aware that not all of the project costs would be borne by out-of-state entities, but rather that PA ratepayers were to be assessed approximately 8.74% of the projects' costs. The OCA was granted party status by FERC. Parties participated in settlement conferences at FERC.

The parties reached a Settlement resolving all issues in this proceeding, which was filed with FERC on October 2, 2017. The Settlement provides recovery using a formula rate

with a total return on equity of 10.4%. On November 6, 2017, the presiding Judge certified the Settlement to FERC.

On February 12, 2018 FERC approved the Settlement. As the Company currently has no projects to recover costs for, the impacts of the Settlement in terms of dollars saved cannot be accurately defined until the Company makes its first Annual Transmission Revenue Requirement filing. That filing is expected to take place sometime during late 2018.

REGIONAL

PJM Interconnection LLC

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, the OCA participates in the following PJM Committees and User Groups:

- **Members Committee** – 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 PJM 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.
- Finance Committee (FC) – The FC reviews PJM’s consolidated financial statements, budgeted and actual capital costs, operating budgets and expenses, and cost management initiatives and in an advisory capacity submits to the PJM Board its analysis of and recommendations on PJM’s annual budgets and on other matters pertaining to the appropriate level of PJM’s rates, proposed major new investments and allocation and disposition of funds consistent with PJM’s duties and responsibilities as specified in the PJM Operating Agreement. An OCA staff person was elected to serve a three-year term as an End Use Customer representative on this Committee in 2015.
- 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 stakeholder sectors. The OCA participates periodically as a representative of the End Use Customer Sector.

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:

7-31-17	Senior Expo sponsored by Representative Carl Walker Metzgar	Somerset, PA	Staff an exhibitor’s booth, answer questions and distribute materials
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8-2-17	WSBA Radio Interview	York, PA	Discussion regarding various public utility topics
8-4-17	Senior Expo sponsored by Representative Martin Causer	Bradford, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-4-17	Nifty Sixty Plus Baby Boomer Expo sponsored by Representative Donna Oberlander	Clarion, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-9-17	Senior Expo sponsored by Representative David Millard	Bloomsburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-10-17	Senior Expo sponsored by Senator Jake Corman	Lewistown, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-22-17	Senior Expo sponsored by Representative R. Lee James	Franklin, PA	Staff an exhibitor's booth, answer questions and distribute materials
8-24-17	Informational Meeting Hosted by the York County Farm Bureau	Airville, PA	Presentation regarding the Background and Project Update on the Transource Power Line Project
8-31-17	Senior Expo sponsored by Representative Parke Wentling	Girard, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-6-17	Senior Expo sponsored by Senator Don White, Representative Jeff Pyle and Representative Donna Oberlander	Kittanning, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-7-17	Senior Citizen Expo sponsored by Senator John Yudichak and Representative Doyle Heffley	Jim Thorpe, PA	Staff an exhibitor's booth, answer questions and distribute materials

9-8-17	Senior Expo sponsored by Representative Rob Kauffman	Fayetteville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-8-17	Senior Expo sponsored by Representative Michael Tobash	Pine Grove, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-12-17	Senior Expo sponsored by Senator Gene Yaw and Representative Garth Everett	Pennsdale, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-13-17	Be Utility Wise	Erie, PA	Presentation on Electric and Gas Shopping Consumer Protections
9-14-17	Senior Expo sponsored by Representative Tarah Toohil	Hazleton, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-14-17	Senior Expo sponsored by Representative Susan Helm	Grantville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-15-17	Senior Expo sponsored by Representative Zach Mako	Cherryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-15-17	Senior Expo sponsored by Representative Martin Causer	Kane, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-19-17	Informational Meeting Hosted by the South Mountain Partnership	Waynesboro, PA	Presentation regarding the Background and Project Update on the Transource Power Line Project
9-20-17	Where to Turn Resource Fair sponsored by American-HealthCare.net	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials

9-21-17	Senior Expo sponsored by the Southwestern Pennsylvania Area Agency on Aging and co-hosted by Senator Camera Bartolotta, Representative Brandon Neuman, and the Washington County Commissioners	Washington, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-21-17	Senior Living Expo sponsored by Representative Warren Kampf	Oaks, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-21-17	Senior Expo sponsored by Representative Leanne Kruger-Braneky	Brookhaven, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-25-17	Senior Expo sponsored by Senator Mike Regan	Camp Hill, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-28-17	Flu/Pneumonia Shot & Senior Clinic sponsored by Senator Wayne Fontana	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-28-17	Senior Expo sponsored by Senator Tom Killion	Media, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-29-17	Senior Health Expo sponsored by Representative Dan Deasy	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-29-17	Senior Expo sponsored by Senator Randy Vulakovich and Representative Hal English	Allison Park, PA	Staff an exhibitor's booth, answer questions and distribute materials
9-29-17	Senior Expo sponsored by Representative Mark Keller	Newport, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-5-17	Senior Expo sponsored by Representative Susan Helm	Halifax, PA	Staff an exhibitor's booth, answer questions and distribute materials

10-5-17	Senior Expo sponsored by Senator Christine Tartaglione	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-17	Senior Fair sponsored by Representative Patty Kim	Steelton, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-17	Senior Expo sponsored by Representative Eli Evankovich	Lower Burrell, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-17	Senior Expo sponsored by Senator John Sabatina, Jr.	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-6-17	Senior Expo sponsored by Senator Elder Vogel, Jr.	Monaca, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-12-17	Senior Expo sponsored by Senator Don White, Representative Dave Reed and Representative Cris Dush	Indiana, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-12-17	Senior Expo sponsored by Representative Bill Kortz	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-12-17	Senior Citizen Expo sponsored by Senator John Yudichak, Senator Lisa Baker, Representative Aaron Kaufer and Representative	Kingston, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-17	Senior Expo sponsored by Representative Martin Causer	Roulette, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-13-17	Senior Fair sponsored by Representative Dom Costa	Pittsburgh, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-18-17	Association of State Drinking Water Administrators' Annual Conference	Norfolk, VA	Panel on recent lead service line replacement

10-19-17	Be Utility Wise	Philadelphia, PA	Consumer Protection Panel Discussing Electric and Natural Gas Shopping
10-19-17	Senior Expo sponsored by Senator Kim Ward	Greensburg, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-20-17	Senior Citizen Wellness Expo 2017 sponsored by Senator Guy Reschenthaler and Representative Mark Mustio	Moon Township, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-26-17	Senior Expo sponsored by Senator Christine Tartaglione	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-26-17	Senior Expo sponsored by Representative Gene DiGirolamo	Bensalem, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-26-17	Energy Market Conference	Hershey, PA	Panelist regarding "A Decade of Disruption: How to Make Retail Markets Better"
10-27-17	Senior Expo sponsored by the Warren-Forest Eldercare Council	Warren, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-27-17	Senior Expo sponsored by Representative Todd Stephens	Montgomeryville, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-28-17	Family Expo sponsored by Representative Matthew Dowling	Uniontown, PA	Staff an exhibitor's booth, answer questions and distribute materials
10-30-17	2017 Berks Be Wise	Reading, PA	Staff an exhibitor's booth, answer questions and distribute materials

11-2-17	Informational Meeting Hosted by Representative Kristin Phillips Hill	Fawn Grove, PA	Presentation regarding Transmission Infrastructure Planning, Processes, and Public Participation in PA
11-3-17	Senior Expo sponsored by Senator Chuck McIlhiney and Representative Katharine Watson	Doylestown, PA	Staff an exhibitor's booth, answer questions and distribute materials
11-9-17	Informational Meeting Hosted by the Franklin County Farm Bureau	Chambersburg, PA	Presentation regarding Transmission Infrastructure Planning, Processes, and Public Participation in PA
11-11-17	Alpha Kappa Alpha Sorority/AABE Energy Forum	Harrisburg, PA	Presentation on the OCA, Customer Assistance Programs and Saving Energy
11-13-17	PA House Transportation Committee	Harrisburg, PA	Testimony regarding HB 1446
11-13-17	NASUCA Annual Meeting	Baltimore, MD	Panel Moderator: "A Conversation with Former FERC Commissioner Tony Clark
11-13-17	Consumer Resources Forum and Weatherization Workshop sponsored by Senator Anthony Williams	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
11-14-17	NARUC Annual Meeting	Baltimore, MD	Panel regarding New Realities in Transmission Siting
11-14-17	NASUCA Annual Meeting	Baltimore, MD	Panel regarding Lifeline Reform

11-15-17	Be Utility Wise	Harrisburg, PA	Presentation on Utility Shopping: Consumer Protection Tips
11-20-17	PA House Consumer Affairs Committee	Harrisburg, PA	Testimony regarding HB 1782
12-18-17	Mary Taylor House at the Hickman	West Chester, PA	Presentation regarding low income electric and telephone programs
1-23-18	NAWC Staff Water Policy Forum-Emerging Issues in the Water Industry	Charleston, SC	Panelist
1-31-18	Supplier Workshop Sponsored by the Office of Competitive Market Oversight	Harrisburg, PA	Presentation on the OCA and Retail Supplier Issues
2-11-18	NARUC Winter Policy Summit-Staff Subcommittee on Water	Washington, DC	Panelist-Federal Tax Reform – What State Commissions Should Know and Consider
2-13-18	NARUC Winter Policy Summit-Committee on Water	Washington, DC	Panelist-The Challenge of Regulating Small Water Utilities
2-22-18	PUC sponsored “Listening” Event regarding Pittsburgh Water and Sewer Authority (PWSA)	Pittsburgh, PA	Informal meeting to hear from customers directly impacted by the transition of PWSA to PUC regulatory oversight
2-23-18	PUC sponsored “Listening” Event regarding Pittsburgh Water and Sewer Authority (PWSA)	Pittsburgh, PA	Informal meeting to hear from customers directly impacted by the transition of PWSA to PUC regulatory oversight

4-13-18	Spring Senior and Disability Resource Expo sponsored by Senator Randy Vulakovich	Springdale, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-26-18	Senior Citizen Expo sponsored by Representative Daryl Metcalfe	Cranberry Township, PA	Staff an exhibitor's booth, answer questions and distribute materials
4-27-18	Spring Senior Fair sponsored by Representative Jeanne McNeill and Senator Lisa Boscola	Whitehall, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-5-18	Victorious Missionaries Spiritual Support Group	Erie, PA	Presentation regarding utility assistance programs, utility scams and electric shopping
5-11-18	Be Wise Consumer Resources & Utility Assistance Workshop	Philadelphia, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-17-18	25 th Annual Health & Safety Awareness Day sponsored by the PA Department of Military and Veterans Affairs	Anncville, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-18-18	Spring Senior Fair sponsored by Representative Peter Schweyer and Representative Mike Schlossberg	Allentown, PA	Staff an exhibitor's booth, answer questions and distribute materials
5-23-18	PA House Consumer Affairs Committee	Harrisburg, PA	Testimony regarding HB 2075 (Customer-Owned Lead Service Lines)
5-24-18	Senior Expo sponsored by Senator Don White and Representative Eric Nelson	Delmont, PA	Staff an exhibitor's booth, answer questions and distribute materials
6-8-18	Francisville East Apartments	Philadelphia, PA	Presentation on Electric Shopping and Utility Scams

6-11-18	Presser Senior Apartments	Philadelphia, PA	Presentation on Electric Shopping and Utility Scams
6-11-18	Nugent Senior Apartments	Philadelphia, PA	Presentation on Electric Shopping and Utility Scams
6-14-18	PUC En Banc Hearing	Harrisburg, PA	Oral Remarks and Responses to Questions regarding Supplier Consolidated Billing
6-18-18	PA House Consumer Affairs Committee	Harrisburg, PA	Testimony regarding Sales and Marketing Practices of Competitive Retail Suppliers
6-25-18	MACRUC Summer Meeting	Hershey, PA	Panel on Tax Cuts and Job Act impact on Water Companies and Customers

Social Media Outreach

In an effort to increase our visibility and enhance our education and outreach efforts, the OCA launched on social media platforms, Twitter and Facebook, in the first quarter of 2017. During the Fiscal Year, we gained 78 Followers on Twitter and posted 314 Tweets. On Facebook, we gained 66 Followers and posted 292 times.

Call Center

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

During Fiscal Year 2017-2018, we had a total of 9,959 consumer contacts in the Call Center, including requests for shopping guides, phone calls, letters and emails.

Summarized here are examples of our assistance to individual consumers:

We assisted a consumer who was facing termination of electric service. He had exhausted all payment options available to him and needed to pay the entire balance or he would be terminated. A charitable organization offered to pay approximately half of the balance if the Company would set up a payment agreement with the consumer. We contacted the Company on the consumer's behalf. The Company agreed to the terms set forth by the charitable organization. The charitable organization paid half the balance, the termination was stopped and the consumer was put on a new payment agreement.

We assisted a consumer who experienced repeated telephone and internet outages. When she contacted us, she had experienced six outages in a three week period. When she reported the outages to the Company, they would repair the service but it would only be a temporary. We contacted the Company on the consumer's behalf. They advised they had plans in the near future to replace the main service wire however they agreed to accelerate the work in order to address the repeated outages this customer was experiencing.

We assisted a consumer who experienced a DSL service outage. He contacted the Company about the outage but felt they were trying to push him into purchasing a more expensive service rather than repairing his existing service. We contacted the Company on the consumer's behalf. They issued a repair ticket and got the service working within a few hours. They also issued a credit to his account for the time he was out of service.

We assisted an older, blind and physically handicapped consumer who was solicited by an electric generation supplier (EGS) during a door to door marketing campaign. The consumer signed up with the EGS and was under the impression he would save money on his monthly bill. After he received several bills, he realized he was paying more than he was with his previous supplier. The consumer tried to cancel his contract but the EGS had a high early cancellation fee. We contacted the EGS on the consumer's behalf and they agreed to cancel the contract and waive the early cancellation fee.

We assisted a consumer who switched from one EGS to another at the end of his contract. However, the enrollment with the new EGS was not processed correctly which caused the existing contract to roll over to a higher variable rate. He contacted the new supplier about this issue and they processed the enrollment that day but would not reimburse him for the difference between their rate and the variable rate he paid to the previous supplier. We contacted the new EGS on the consumer's behalf. They initially

offered a concession check for the inconvenience but their offer did not cover the excess charges the consumer paid to the previous supplier. We were able to negotiate with the new EGS and they agreed to refund the entire difference between the variable rate and their rate.

We assisted a consumer who was trying to cancel the water/sewer protection plan offered through her water company. The consumer had attempted to cancel this plan for almost a year with no success. We contacted the company on the consumer's behalf. We requested the service be cancelled and the consumer refunded the amount of the monthly plan fee paid between her first attempt to cancel and the present. The Company processed the cancellation of the water/sewer protection plan and refund the consumer \$102.36.

We assisted a consumer who contacted our Office after she received a shut off notice from her electric company. We contacted the Company to find out her payment options and asked for a temporary hold on the termination to give the consumer time to make a payment. The Company agreed to a thirty-day hold, which allowed the customer to pay off the account balance and the current month's bill.

We assisted a veteran who was facing termination of his electric service. The consumer exhausted all payment options available to him, including the PUC established payment arrangement. We contacted the Company and a Veteran charitable organization on the consumer's behalf. The charitable organization provided a grant that the Company accepted to keep the service on and they made a new payment arrangement on the account balance.

We assisted a consumer who did not receive an electric bill for over four months. Every month she would call and the company would tell her they were looking into the issue. We contacted the company on the consumer's behalf. The company found that when she canceled her supplier someone had entered an incorrect code and her bill did not process. The company had to enter manually the usage for the four-month period so they could issue a bill. They offered the consumer a payment agreement so she did not have to pay the bill in one lump sum.

We assisted a consumer who left her home unexpectedly due to domestic violence. After leaving the home, the consumer tried to cancel the bundled telephone, internet, and television service that was in her name. She was unable to cancel because she could not provide the account pin. Our office contacted the company on the consumer's behalf. They agreed to cancel the service and waive any early termination fees.

We assisted a consumer who contacted our office due to a switch of suppliers on her electric account that she did not authorize. When she contacted the supplier to switch,

she was informed that she would have to pay a cancellation fee. The customer was not aware of the cancellation fee because she had never received the terms and conditions of the contract. We contacted the supplier on the customer's behalf. We asked them to cancel her contract and waive the cancellation fee. The supplier agreed to waive the cancellation fee but informed us that the customer would have to call directly and cancel. The customer was able to contact the supplier and successfully cancel the contract with no fees or issues.

We assisted a consumer who arrived home from the hospital and had no power. He contacted the electric company but their records indicated the service was on. We contacted the company on the consumer's behalf. The company visited the property and found the power was on but that an automatic fuse was not resetting. The company replaced the fuse to prevent the problem from happening in the future.

We assisted a consumer who was out of work due to a medical condition and received a termination notice from his electric company. He received conflicting information from the company and his doctor regarding the medical certificate process. We contacted the Company and they faxed the necessary forms to the consumer's doctor. Within one week of contacting our office, the customer was on a payment plan and out of termination status and had completed the medical certificate process.

We assisted a customer who was facing termination of her water service. The customer was able to make the payment but not before the termination date. We contacted the company, explained the situation and the company granted an extension to give the customer time to pay the bill and avoid termination.

We assisted a consumer who recertified for her electric company's customer assistance program and had her monthly budget amount increase despite making less money than she did before. We put the consumer in touch with the social service agency that administers the company's customer assistance program. They reviewed her account and adjusted the budget based on her income and usage.

SERVICE TO PENNSYLVANIA AND THE NATION

Participation in NASUCA and in Other Consumer Interest Organizations

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

- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee.

- Senior Assistant Consumer Advocate Christine Maloni Hoover and Senior Assistant Consumer Advocate Erin Gannon participate in the Water Committee.
- Assistant Consumer Advocate Barrett Sheridan is part of a 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.
- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocates David Evrard and Candis Tunilo participate in the Electric Committee.
- Acting Consumer Advocate Tanya McCloskey and Regulatory Analyst Ashley Everette participate in the Tax and Accounting Committee.

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

- Acting Consumer Advocate Tanya McCloskey and Assistant Consumer Advocate David Evrard represent the OCA on the following PJM committees or groups: Members Committee, Markets and Reliability Committee, Market Implementation Committee, Transmission Expansion Advisory Committee, Regional Planning Process Working Group, Public Interest/Environmental Organizations Users Group, Finance Committee, and the Liaison Committee.
- Acting Consumer Advocate Tanya McCloskey participates on the Executive Committee of the National Council on Electricity Policy.
- Assistant Consumer Advocate Barrett Sheridan is the lead 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 fourth term as a small consumer representative on the Planning Committee of the North American Electric Reliability Corporation (NERC).
- Senior Assistant Consumer Advocate Christine Hoover was appointed to the Water Research Foundation's Public Council.

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

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

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

OCA STAFF

Tanya J. McCloskey
Acting Consumer Advocate

Aron J. Beatty
Erin L. Gannon
Christine Maloni Hoover
Darryl A. Lawrence
Senior Assistant Consumer Advocates

Jeremy A. Diehl
Tammy M. Gutshall
Jayne M. Hontz
Kim M. Yetter
Administrative Staff

Christy M. Appleby
Harrison W. Breitman
Lauren M. Burge
Phillip D. Demanchick
Hayley E. Dunn
Dianne E. Dusman
J.D. Moore
David T. Evrard
Kristine E. Marsilio
Barrett C. Sheridan
Assistant Consumer Advocates

Danielle M. Caley
Lauren R. Castor
Cheryl A. Cootes
Paula A. Smith
JoAnn Spiroff
Victoria N. Stone
Clerical Staff

Cammie A. Shoen
Utility Information Officer

Anthony T. Daub
Tyler R. Beaston
Legal Interns

Heather R. Yoder
Consumer Liaison

Ashley E. Everette
Regulatory Analyst

Taylor N. Doyle
Joseph A. Graham
Kevin R. Yiengst
Consumer Service Representatives