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**Authority**

The provisions of this Chapter 53 issued under the Public Utility Code, 66 Pa.C.S. § 501, unless otherwise noted.

**Source**

The provisions of this Chapter 53 adopted February 18, 1946, amended February 5, 1962, unless otherwise noted.

**Cross References**

This chapter cited in 52 Pa. Code § 31.46 (relating to tariff regulations); 52 Pa. Code § 63.104 (relating to disclosure requirements for competitive services); 52 Pa. Code § 63.106 (relating to non-competitive services and tariffs); and 52 Pa. Code § 63.107 (relating to applications for authority).

**FILING REGULATIONS**

**§ 53.1. Paper, alterations and reproductions.**

Tariffs, revisions and supplements, shall be printed or typewritten on hard calendered paper of good quality, 8-1/2 by 11 inches in size, from type of size not less than six point full face. Alterations in writing or erasures may not be permitted. Reproduction processes resulting in a permanent record are acceptable, but tariffs or supplements prepared in hectograph impression, or by other means which do not result in a permanent record, will not be accepted.

**Cross References**

This section cited in 52 Pa. Code § 53.21 (relating to title page); and 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.2. Looseleaf form.**

Tariffs filed after March 1, 1946, and consisting of more than three sheets, shall be prepared in looseleaf form so that changes may be made by inserting a single leaf, to the end that the tariff proper will at all times set forth the effective rules, regulations and rates.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.3. Changes and additions.**

A change in or addition to a looseleaf tariff or schedule shall be made by means of a supplement, or by the issuance of revised or additional original pages, but no tariff shall combine these alternatives. Each supplement shall refer to the page or pages or item or items of the tariff, tariff supplement, or schedule which is amended. Each revised page shall refer to the page or pages cancelled by such revised page.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.4. Bound form.**

A bound tariff of three sheets or less may not be revised but shall be reissued. Any bound tariff filed prior to the date of this order consisting of more than three sheets, may be supplemented to the extent of not more than 50% of the number of pages contained in the original tariff. Looseleaf tariffs may be revised without limitation.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.5. Name changes.**

In case a public utility changes its name, a tariff supplement shall be filed setting forth that fact. Unless otherwise permitted by the Commission, when one public utility is acquired by or absorbed with another public utility, the predecessor shall unite with the survivor in common supplements to existing tariffs, the predecessor withdrawing and the survivor accepting and establishing such existing tariffs. The common supplements shall be executed jointly by the officers of both predecessor and survivor utilities, and numbered as supplements. New tariffs or schedules shall be numbered in series as of the surviving utility. Similar provisions shall apply to receivership of public utilities.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.6. Separate tariffs.**

Separate tariffs shall be filed for each kind of public service furnished by a public utility.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.7. Numbering and designation.**

(a) Tariffs covering each kind of public service shall be numbered consecutively, in the order of their filing dates and the tariff designation shall show the kind of service and serial number as follows: "Electric Pa. P.U.C. No. \_\_\_\_."

(b) Supplements to tariffs shall be numbered in the same manner, as follows: "Supp. No. \_\_\_\_ to Electric Pa. P.U.C. No. \_\_\_\_."

**Cross References**

This section cited in 52 Pa. Code § 53.8 (relating to page identification); 52 Pa. Code § 53.21 (relating to title page); and 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.8. Page identification.**

Each original or revised page, other than the title page, of looseleaf tariffs and tariff supplements shall be identified as follows:

(1) The upper left portion of the page shall contain the name of the filing utility.

(2) The upper right portion of the page shall contain the number of the tariff, and the number of the supplement if appropriate as indicated in § 53.7 (relating to numbering and designation), followed by the page number; immediately thereunder, the page number cancelled by such tariff or supplement. Page numbers shall indicate whether the page is original or revised and the revision number.

(3) The lower left portion of the page shall contain the date of issuance.

(4) The lower right portion of the page shall contain the effective date.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.9. Index of tariffs.**

If a public utility has five or more tariffs on file with the Commission, the utility shall furnish an index of the tariffs in two sections, the first of which shall list the tariffs and supplements numerically, and the second shall list the kinds of service alphabetically and show the numbers of the applicable tariffs and supplements.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.10. Letter of transmittal.**

Each tariff revision or supplement filed with the Commission shall be accompanied by a letter of transmittal, in duplicate if receipt is desired, prepared on paper 8 1/2 by 11 inches in size. Specific reference shall be made to the tariff revision, or supplement being filed, its effective date, and such supporting data as may be required by §§ 53.51—53.53 (relating to information furnished with the filing of rate changes), unless such supporting data have been previously filed. The original will be retained by the Commission. The duplicate, if any, when accompanied by postage sufficient to cover return mailing, will be stamped and returned to the public utility to evidence receipt of the tariff matters filed. When a number of tariffs, revisions or supplements pertaining to one kind of public utility service are filed simultaneously, they may be included in one transmittal letter. Separate letters shall be used for tariffs, revisions or supplements filed for different kinds of public utility service. If the tariff filed is a joint one, the letter of transmittal shall include a statement to the effect that it is concurred in by all participants, under appropriate authorization on file with the Commission or attached to the letter.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**FORM AND CONTENT OF TARIFFS****§ 53.21. Title page.**

All tariffs shall contain a title page with the following information in the sequence specified:

- (1) The number of the tariff, and the number of the supplement, if appropriate, as indicated in § 53.7 (relating to numbering and designation). The number shall be placed in the upper right corner and immediately thereunder shall be placed the number or numbers of tariffs or supplements cancelled by such tariff or supplement.
- (2) The name of the issuing public utility.
- (3) The kind of public utility service to which the tariff applies.
- (4) The territory to which the tariff applies, setting forth, by counties, the cities, boroughs and townships covered by the tariff. If the territory is extensive, it may be described on separate pages in the body of the tariff with appropriate reference to those pages on the title page. Telephone companies may, in lieu of the foregoing, refer to maps filed as parts of rate schedules or tariffs.
- (5) Reference by title and Commission number to any other tariff which may apply in connection with the tariff or schedule.
- (6) The date of issue and the effective date.

(7) On every tariff or supplement which is issued on less than statutory notice by special permission of the Commission, the following notation shall be made:

“Issued under Special Permission of Pennsylvania Public Utility Commission No. \_\_\_\_ of \_\_\_\_ (date) \_\_\_\_.”

However, in looseleaf tariffs or supplements, the notation may be made on each page containing material that is issued, instead of on the title page.

(8) On every tariff, revision or supplement which is issued pursuant to rates prescribed by the Commission, usually as a result of a rate case, the following notation shall be made:

“Filed in compliance with the order of Pennsylvania Public Utility Commission, of \_\_\_\_ (date) \_\_\_\_ at C. \_\_\_\_ (Docket number of order).”

However, in looseleaf tariffs or supplements, the notation may be made on each page containing material that is so issued, instead of on the title page.

(9) The name, title and address of the officer, administrative official or agent by whom the tariff or supplement is issued.

(10) An indication of the modification of existing rules, regulations or rates made by the tariff or supplement, together with reference to the page or pages on which the modifications are listed, shall be shown at the bottom of the page, as follows:

NOTICE

This tariff makes	Increases	In Existing Rates See page ____
	Decreases	
	Changes	

Only the particular modifications involved should be entered within the brackets of such notice. The word “notice” shall be printed in type not less than 1/2 inch in height, and the balance in type not smaller than 12 point.

(11) The material required by this section may be filed on a separate notice instead of on the title page of each tariff or supplement. The notice may be common to all of the tariffs or supplements pertaining to one kind of public utility service being filed simultaneously and shall conform with the specifications set forth in § 53.1 (relating to paper, alterations and reproductions). The notice shall contain the notation required by this section, the list of modifications required by § 53.22 (relating to list of modifications), and all of the following:

- (i) The numbers of tariffs and supplements covered by the notice.
- (ii) The name of the issuing public utility.
- (iii) The territory to which the tariffs apply.
- (iv) The date of issue and the effective date.

(v) The name, title and address of the officer by whom the notice is issued.

**Cross References**

This section cited in 52 Pa. Code § 53.22 (relating to list of modifications); 52 Pa. Code § 53.24 (relating to index of communities served); and 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.22. List of modifications.**

All tariffs shall contain a list of modifications of existing rules, regulations and rates, in the order specified in § 53.21 (relating to title page) and stating the page and rule or rate schedule effected, together with a brief statement of the modification. When a separate notice is filed as provided in § 53.21, the list of modifications, suitably identified by tariff and page number, shall be made a part of the notice instead of a part of the individual tariff or supplement. All modifications shall be identified throughout the tariff by the use of the following symbols following the particular rule or rate, or portion of the rule or rate, affected:

<i>Rule or rate</i>	<i>Symbol</i>
Increase	(I)
Decrease	(D)
Change	(C)

**Cross References**

This section cited in 52 Pa. Code § 53.21 (relating to title page); and 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.23. Table of contents.**

Every tariff shall contain a tabulation, by page sequence or alphabetically by subject, of the contents of the tariff, setting forth the subject matter and the page on which located. This table may be omitted in tariffs consisting of six pages or less.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.24. Index of communities served.**

If the territory covered by the tariff is not fully indicated on the title page, the territorial application shall be set forth in the tariff in the form specified in § 53.21(4) (relating to title page). The territory shall be identified, if applicable, by rate areas.



**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.25. Standard rules and regulations.**

A utility shall set forth all rules and regulations which apply generally to all classes of service covered by the tariff, and definitions of technical terms and abbreviations used in the tariff, the meanings of which are not common knowledge and cannot be gathered exactly from the context in which used. Where practicable, special rules applying to a given class of service shall be included in the rate schedule covering the particular class.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**§ 53.26. Schedule of rates.**

(a) Separate schedules shall be inserted, if applicable, for each class of public utility service covered by the tariff. Each such schedule shall set forth explicitly the particular circumstances and conditions under which the specific service covered by the rates is available, so as to avoid all doubt as to their application. The schedule shall indicate clearly whether the rates quoted are gross or net.

(b) All rates, charges, and the like, shall be stated, if practicable, in dollars and cents per unit; otherwise in a form reducible to dollars and cents.

(c) If appropriate and feasible, the rate schedules shall be arranged in the following order:

- (1) Residential.
- (2) Commercial.
- (3) Industrial.
- (4) Public.
- (5) Sales to other utilities for resale.

(d) Basic rate schedules shall precede special rate charges. For example, in the case of a telephone utility, local exchange rates shall be inserted before service connection charges, and the like. However, charges common to more than one exchange may be included in a separate tariff.

**Cross References**

This section cited in 52 Pa. Code § 63.107 (relating to applications for authority).

**PUBLIC NOTICE OF TARIFF CHANGES****§ 53.31. Requirement of notice.**

Unless the Commission otherwise orders, a public utility to which this subchapter applies may not change an existing and duly established tariff, except after notice of 60 days to the public.

**Cross References**

This section cited in 52 Pa. Code § 53.43 (relating to maintenance and availability of the public file).

**POSTING OF TARIFFS AND NOTICES****§ 53.41. File of tariffs.**

(a) Every public utility shall provide and maintain at its principal office, if the principal office is located in this Commonwealth, a complete file of the tariff publications which it issues or is a party to, which files shall be in charge of an employe of the company who shall give desired information and assistance to those who may wish to consult the file. This file of tariffs shall be open and accessible to the public on the ordinary business days and during the ordinary business hours of such office.

(b) If the principal office of a utility is not located in this Commonwealth, the utility shall designate a place in this Commonwealth, to be approved by the Commission, where the complete file shall be kept.

**Cross References**

This section cited in 52 Pa. Code § 53.68 (relating to notice requirements); 52 Pa. Code § 53.94 (relating to posting of tariffs); and 52 Pa. Code § 54.98 (relating to customer notice requirements).

**§ 53.42. Notice of the public file.**

A notice, not smaller than 8 by 10 inches in size and printed in large type, shall be provided by each public utility and be posted and kept posted in a conspicuous place in the principal office or the designated office of the utility. The notice shall read as follows:

\_\_\_\_\_ COMPANY

A COMPLETE PUBLIC FILE OF THE TARIFFS OF THE ABOVE-NAMED COMPANY IS MAINTAINED IN THIS OFFICE, AND MAY BE INSPECTED BY ANY PERSON UPON REQUEST, AND WITHOUT THE ASSIGNMENT OF ANY REASON FOR SUCH REQUEST. A REPRESENTATIVE OF THE COMPANY WILL LEND ANY ASSISTANCE IN SECURING INFORMATION FROM SUCH TARIFFS.

**Cross References**

This section cited in 52 Pa. Code § 53.45 (relating to notice of new tariffs and tariff changes); 52 Pa. Code § 53.68 (relating to notice requirements); 52 Pa. Code § 53.94 (relating to posting of tariffs); and 52 Pa. Code § 54.98 (relating to customer notice requirements).

**§ 53.43. Maintenance and availability of the public file.**

It is the duty of each public utility, with respect to each office operated by the utility at which the utility accepts payment for service, to do all of the following:

(1) Maintain in each office a file containing a copy of every rule, regulation and rate schedule applicable to the locality; and for that purpose, to provide the office with the proper facilities and instructions so that the file will be in good order at all times. The public utility shall check the conformance of the office file with this section at intervals not greater than 6 months.

(2) Provide each office with changes, cancellations, additions and reissues affecting the files, in ample time to give the public the 60-day notice required by § 53.31 (relating to requirement of notice), or other notice the Commission may require in special cases.

(3) Instruct persons in the office, accepting payments for service, to make the file available to persons so requesting without requiring a reason for the request, and to assist the requestor in obtaining information from the file if asked to do so.

(4) To keep posted in the office, in a conspicuous place, a notice, printed in large type on a sheet not less than 8 by 10 inches in size, which reads as follows:

\_\_\_\_\_ COMPANY

A FILE OF THE RULES, REGULATIONS, AND RATE SCHEDULES APPLICABLE TO SERVICE IN THIS LOCALITY IS MAINTAINED IN THIS OFFICE, AND MAY BE INSPECTED UPON REQUEST, WITHOUT ASSIGNING A REASON THEREFOR. THE REPRESENTATIVE AT THIS OFFICE WILL LEND ANY ASSISTANCE REQUIRED IN SECURING INFORMATION CONCERNING THE RULES, REGULATIONS, OR RATES OF THE COMPANY.

A COMPLETE FILE OF ALL RULES, REGULATIONS, AND RATE SCHEDULES OF THE COMPANY IS MAINTAINED AT \_\_\_\_\_ IN THE CITY OF \_\_\_\_\_ AND MAY BE INSPECTED UPON REQUEST, WITHOUT ASSIGNING A REASON THEREFOR.

#### Cross References

This section cited in 52 Pa. Code § 53.45 (relating to notice of new tariffs and tariff changes); 52 Pa. Code § 53.68 (relating to notice requirements); 52 Pa. Code § 53.94 (relating to posting of tariffs); and 52 Pa. Code § 54.98 (relating to customer notice requirements).

### § 53.44. Notice in an agency not operated by a public utility.

In each agency not operated by a public utility at which payments for service are accepted, such public utility shall keep posted, in a conspicuous place, a notice printed in large type, on a sheet not less than eight by ten inches in size, which reads as follows:

\_\_\_\_\_ COMPANY

A FILE OF THE RULES, REGULATIONS, AND RATE SCHEDULES APPLICABLE TO SERVICE IN THIS LOCALITY IS MAINTAINED AT \_\_\_\_\_ IN THE CITY OF \_\_\_\_\_ AND MAY BE INSPECTED UPON REQUEST WITHOUT ASSIGNING A REASON THEREFOR.

A COMPLETE FILE OF ALL RULES, REGULATIONS, AND RATE SCHEDULES OF THE COMPANY IS MAINTAINED AT \_\_\_\_\_ IN THE CITY OF \_\_\_\_\_ AND MAY BE INSPECTED UPON REQUEST, WITHOUT ASSIGNING A REASON THEREFOR.

**Cross References**

This section cited in 52 Pa. Code § 53.68 (relating to notice requirements); 52 Pa. Code § 53.94 (relating to posting of tariffs); and 52 Pa. Code § 54.98 (relating to customer notice requirements).

**§ 53.45. Notice of new tariffs and tariff changes.**

(a) Thirty days prior to the filing of a new tariff, tariff supplement or tariff revision that constitutes a general rate increase within the meaning of 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates) and that is anticipated to exceed \$1 million, a public utility shall file with the Secretary a written notice informing the Commission of the utility's anticipated filing of a general rate increase and, to the extent available, an estimate of the overall amount of the anticipated general rate increase. This notice shall be deemed proprietary and confidential. Copies of this notice shall be served on the Office of Consumer Advocate and the Office of the Small Business Advocate, so long as these offices observe the proprietary nature of the notice.

(b) Upon the filing of a new tariff, tariff supplement or tariff revision that constitutes a general rate increase within the meaning of 66 Pa.C.S. § 1308(d), notice shall be given to the public by each of the following methods:

(1) *By posting in offices.* A public utility shall post a notice at least 15 by 20 inches in size in a conspicuous place in each company office at which payments are accepted.

(i) The notice shall read as follows, with the blanks appropriately completed:

*NOTICE OF PROPOSED RATE CHANGES*

To Our Customers:

(company) is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your (type of service) rates as of (date). This notice describes the company's rate request, the PUC's role, and what actions you can take.

(company) has requested an overall rate increase of \$ \_\_\_\_ per year. If the company's entire request is approved, the total bill for a residential customer using (state typical usage level) would increase from \$ \_\_\_\_\_ to \$ \_\_\_\_\_ per month or by \_\_\_\_%.

The total bill for a commercial customer using (state typical usage level) would increase from \$ \_\_\_\_\_ to \$ \_\_\_\_ per month or by \_\_\_\_%.

Rates for an industrial customer using (state typical usage level) would increase from \$ \_\_\_\_\_ to \$ \_\_\_\_ per month or by \_\_\_\_%.

To find out your customer class or how the requested increase may affect your (type of service) bill, contact (company) at (toll free phone number). The rates

requested by the company may be found in (tariff number). You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at (company's) office. (For companies with annual revenues of more than \$10 Million, ADD: "Upon request, the company will send you the Statement of Reasons for (tariff number), explaining why the rate increase has been requested.")

The state agency which approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or decrease requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the company and shown above.

There are three ways to challenge a company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before (proposed effective date of the rate increase). If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a judge.

2. You can send us a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes us aware of problems with the company's service or management. This information can be helpful when we investigate the rate request.

Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.

3. You can be a witness at a public input hearing. Public input hearings are held if the Commission opens an investigation of the company's rate increase request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the company.

(When PUC Voice Processing System becomes available, ADD:)

For more information, call the PUC at 1-800-XXX-XXXX. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case.

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Company

(ii) The notice shall be posted for at least 60 days before the proposed general rate increase becomes effective, and is in addition to the notices pre-

scribed in §§ 53.42 and 53.43 (relating to notice of the public file; and maintenance and availability of the public file). For the purposes of posting only, the public utility may shorten the specified customer notice language to fit legibly on the minimum required size of the posters, provided that the shortened customer notice language contains, at a minimum, information describing the amount of the proposed annual increase, the proposed effective date, the percentage of the increase to a typical residential, commercial and industrial customer's total bill and a statement that customers may contact the company at a toll free telephone number to get additional information on the proposed increase or to find out what actions they may take.

(2) *By written or printed notice.* A public utility shall notify its customers by a written or printed notice. The written or printed notice shall be mailed at least 61 days or hand delivered at least 60 days prior to the proposed effective date of the tariff, tariff supplement or tariff revision. The text of the written or printed notice shall be the same as the notice language specified in paragraph (1).

(3) *By news release.* On the date the rate increase is filed, a public utility shall distribute news releases containing a description of the proposed rate changes to the major newspapers, radio and television stations serving the public utility's area. The news release shall contain, at a minimum, information describing the amount of the proposed increase, the proposed effective date, the percentage of the increase to the company's annual revenues, the dollar increase to a typical residential, commercial and industrial customer's total bill and a statement that customers may contact the company at a toll free telephone number to get further information on the proposed increase or to find out what actions they may take.

(4) *Alternative method.* In lieu of the method described in paragraph (2), a public utility on a 1-month billing cycle filing a proposed general rate increase may notify its customers by means of a bill insert.

(i) The text of the bill insert shall be printed on distinctive color paper and shall contain the exact notice language specified in paragraph (1).

(ii) The bill insert shall be included with customer bills beginning no later than the day the tariff, tariff supplement or tariff revision containing the rate increase is filed.

(iii) There may be no sales, marketing or promotional type literature included in a customer bill that contains the customer notice of proposed rate increase.

(iv) The billing envelope's front side, in conspicuous type, shall call attention to the fact that rate increase information is contained in that month's mailing.

(v) The bill insert shall continue each billing day until the 1-month billing cycle is completed and all customers have been notified.

(vi) Due to the longer time frame of this method of notification, a public utility that elects to use bill inserts shall agree to extend from 60 to 90 days the minimum period within which the filing of a complaint places the burden of proof upon the company with respect to proposed rates.

(vii) On the date the rate increase is filed, notice by bill insert shall be supplemented by paid newspaper advertisements published in the major newspapers serving the public utility's service area containing a description of the proposed rate changes.

(viii) A public utility that elects to use this alternative method of customer notification shall advise the Commission of this election in writing at the time the rate increase is filed.

(c) A utility shall provide customer notice consistent with the language in subsection (b)(1)(i) to persons who move into that utility's service territory and become customers during the pendency of a rate increase request. Customer notice shall be provided to new customers at the time they complete an application for service.

(d) A utility shall provide customer notice consistent with the language provided in subsection (b)(1)(i) to customers to be acquired from another entity as a result of a transfer application filed under 66 Pa.C.S. § 1102(3) (relating to enumeration of acts requiring certificate), if new rates resulting from the utility's rate increase request are to apply to the transferred customers. Customer notice shall be provided to transfer customers at the time the transfer application is filed with the Commission.

(e) The customer notice requirements in subsection (b) are not applicable to interexchange carriers.

(f) Upon Commission approval of the final filing of an energy cost rate adjustment (ECR) under 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments), notice shall be given to the public by both of the following methods:

(1) *By bill insert.* A public utility that filed an ECR adjustment in final form shall notify its customers by a bill insert after the adjustment is approved by the Commission. The bill insert shall be sent as soon after the Commission action as practicable. The notice shall contain, at a minimum, information describing the adjustment and time frame for reconciliation hearings, the effect of the approved increase or decrease on a typical residential, commercial and industrial customer's bill and a statement that customers may contact the company at a given telephone number to get further information on the adjustment or to find out what actions they may take.

(2) *By news release.* On the date the ECR adjustment is officially approved by the Commission, a public utility shall distribute news releases containing a description of the ECR adjustment to the major newspapers, radio and television stations serving the public utility's area. The news release shall contain, at a minimum, the information specified in paragraph (1).

(g) For other proposed changes in rates, rules and regulations, including non-general rate increases, proposed changes in regulations—without rate changes—and proposed rate changes under 66 Pa.C.S. § 1307(f), public notice of the proposed changes shall be given in the manner directed by the Commission.

(h) Upon completion of the notice requirements of this section, a public utility shall file an affidavit with the Commission confirming that the notice requirements have been met.

#### Authority

The provisions of this § 53.45 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1307 and 1308.

#### Source

The provisions of this § 53.45 amended through January 14, 1977, effective January 15, 1977, 7 Pa.B. 148; amended November 20, 1987, effective December 21, 1987, 17 Pa.B. 4727; amended June 17, 1994, effective June 18, 1994, 24 Pa.B. 3028. Immediately preceding text appears at serial pages (169467) to (169469).

#### Notes of Decisions

Publication in the *Pennsylvania Bulletin* of a rate change is not adequate to satisfy the requirements of due process; the public utility must post notice in company offices; issue news releases on date the increase is filed; and mail or hand deliver a written or printed notice to each ratepayer. *Barasch v. Pennsylvania Public Utility Commission*, 546 A.2d 1296 (Pa. Cmwlth. 1988); appeal denied 567 A.2d 655 (Pa. 1989).

#### Cross References

This section cited in 52 Pa. Code § 53.54 (relating to small water utilities); 52 Pa. Code § 53.68 (relating to notice requirements); 52 Pa. Code § 53.94 (relating to posting of tariffs); and 52 Pa. Code § 54.98 (relating to customer notice requirements).

### INFORMATION FURNISHED WITH THE FILING OF RATE CHANGES

#### Authority

The provisions of these §§ 53.51—53.55 issued under the Public Utility Code, 66 Pa.C.S. §§ 315, 501, 505, 1301, 1302, 1308, 1311 and 1312, unless otherwise noted.

#### Source

The provisions of these §§ 53.51—53.55 amended September 2, 1977, effective September 3, 1977, 7 Pa.B. 2527, unless otherwise noted.

#### § 53.51. General.

(a) In order that the Commission may be concurrently advised of the net effect of a proposed change in rates upon the customers and the revenues of a public utility, as well as the *prima facie* reasonableness of the proposed rate changes, the data called for in this chapter, as appropriate, shall accompany the filing of the proposed rates.



(b) Utilities shall file with the Commission Secretary an original of the proposed rate changes and of the data required under this chapter. If necessary or appropriate, the Secretary shall request additional copies.

(c) No tariff or tariff supplement will be deemed perfected for filing purposes until all data required by this chapter to accompany the tariff or tariff supplement is filed with the Commission. A tariff or tariff supplement not accompanied by the data and required to be so accompanied is not perfected for filing purposes and will be rejected unless the Commission, by order and for good cause shown, allows the tariff or tariff supplement to be filed; however, the submission of data regarding trended original cost referred to by this chapter shall be at the option of the public utility. In the event that a tariff or tariff supplement filing is deemed not perfected and is rejected for the reason that it is not in compliance with this chapter, the Secretary will notify the sender, within 30 days after the filing, that the filing is not perfected, and will, in the notice, set forth specifically the deficiencies in the filing.

(1) Whenever a tariff or tariff supplement filing is rejected in accordance with this subsection, the sender, in submitting an amended filing, shall submit a new proposed effective date, not earlier than 60 days after the amended filing is perfected, for the tariff or tariff supplement.

(2) Notwithstanding this subsection, if the Secretary fails to notify the sender within 30 days that a tariff or tariff supplement is not perfected because it is not accompanied by the required data, with deficiencies specifically set forth in the notice, the tariff or tariff supplement will be deemed perfected for filing purposes and will be filed as of the date it was first filed with the Commission.

(d) Each utility filing a proposed rate change with the Commission shall serve a copy of the proposed rate change and supporting data required by this chapter upon the Office of Consumer Advocate. Verification of service of this information upon the Office of Consumer Advocate shall be filed with the Commission.

#### **Authority**

The provisions of this § 53.51 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 523, 1301, 1501 and 1504.

#### **Source**

The provisions of this § 53.51 amended through November 27, 1981, effective November 28, 1981, 11 Pa.B. 4157; amended January 10, 2014, effective January 11, 2014, 44 Pa.B. 249. Immediately preceding text appears at serial pages (337334) and (332441).

#### **Cross References**

This section cited in 52 Pa. Code § 53.10 (relating to letter of transmittal); 52 Pa. Code § 53.52 (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies); 52 Pa. Code § 53.62 (relating to additional information to be filed by gas utilities with gross annual intrastate operating revenues in excess of \$40 million seeking a change in base rates); 52 Pa. Code § 53.103 (relating to concurrently furnished information); and 52 Pa. Code § 54.93 (relating to manner of filing).

**§ 53.52. Applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies.**

(a) Whenever a public utility, other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission, with the tariff, revision or supplement, statements showing all of the following:

- (1) The specific reasons for each change.
- (2) The total number of customers served by the utility.
- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.
- (4) The effect of the change on the utility's customers.
- (5) The direct or indirect effect of the proposed change on the utility's revenue and expenses.
- (6) The effect of the change on the service rendered by the utility.
- (7) A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).
- (8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa.C.S. § 1308.
- (9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.
- (10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.
- (11) FCC, FERC or Commission orders or rulings applicable to the filing.

(b) Whenever a public utility other than a canal, turnpike, tunnel, bridge or wharf company files a tariff, revision or supplement which will increase or decrease the bills to its customers, it shall submit in addition to the requirements of subsection (a), to the Commission, with the tariff, revision or supplement, statements showing the following:

- (1) The specific reasons for each increase or decrease.
- (2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

(3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

(4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.

(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

(c) If a public utility files a tariff, revision or supplement which it is calculated will increase the bills of a customer or a group of customers by an amount, when projected to an annual basis, exceeding 3% of the operating revenues of the utility—subsection (b)(4) divided by the operating revenues of the utility for a 12-month period as defined in subsection (b)(2)—or which it is calculated will increase the bills of 5% or more of the number of customers served by the utility—subsection (b)(3) divided by subsection (a)(2)—it shall submit to the Commission with the tariff, revision or supplement, in addition to the statements required by subsections (a) and (b), all of the following information:

(1) A statement showing the utility's calculation of the rate of return or operating ratio (if the utility qualifies to use an operating ratio under § 53.54 (relating to small water and wastewater utilities)) earned in the 12-month period referred to in subsection (b)(2), and the anticipated rate of return or operating ratio to be earned when the tariff, revision or supplement becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation. When an operating ratio is used in this calculation, it shall be supported by studies of margin above operation and maintenance expense plus depreciation as referred to in § 53.54(b)(2)(B).

(2) A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).

(3) A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (2).

(4) A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).

(5) A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the date of the balance sheet required by paragraph (2).

(6) A brief description of a major change in the operating or financial condition of the utility occurring between the date of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1)—(5).

(d) If a utility renders more than one type of public service, such as electric and gas, information required by §§ 53.51—53.53 (relating to information furnished with the filing of rate changes), except subsection (c)(2), relates solely to the kind of service to which the tariff or tariff supplement is applicable. In subsection (c)(2), the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.

#### Authority

The provisions of this § 53.52 issued under the Public Utility Code, 66 Pa.C.S. §§ 501, 1501 and 1504; amended under the Public Utility Code, 66 Pa.C.S. §§ 1301—1304 and 1307—1309.

#### Source

The provisions of this § 53.52 amended through March 21, 1986, effective March 22, 1986, 16 Pa.B. 956; amended January 17, 1997, effective January 18, 1997, 27 Pa.B. 301; amended February 13, 1998, effective February 14, 1998, 28 Pa.B. 801. Immediately preceding text appears at serial pages (224339) to (224342).

#### Cross References

This section cited in 52 Pa. Code § 53.10 (relating to letter of transmittal); and 52 Pa. Code § 53.103 (relating to concurrently furnished information).

### **§ 53.53. Information to be furnished with proposed general rate increase filings in excess of \$1 million.**

(a) When a public utility, other than a canal, turnpike, tunnel, bridge or wharf company, files a tariff or tariff supplement seeking a general rate increase within the meaning of 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates), and the general rate increase exceeds \$1 million in gross annual revenues, in addition to the data required by other provisions of this chapter, the tariff or tariff supplement shall be accompanied by responses to the data requests contained in the following exhibits which apply to the utility types indicated.

- (1) Exhibit A—Utilities except communications, electric, water and wastewater utilities.
- (2) Exhibit B—Communications utilities.
- (3) Exhibit C—Electric utilities.
- (4) Exhibit D—Water and wastewater utilities.

(b) In providing responses to these data requests, if the requested data have been previously filed with the Commission, they may be incorporated by reference. Also, the term “historic test year” as used in these exhibits refers to the test year chosen by the utility to support its filing, that is, presumably future test year data would be supplied in most cases. “Historic test year,” as referred to in Exhibit D, is defined as book figures for the base test year. The term “future test year,” as used in Exhibit D, refers to the adjusted historic test year for known and

measurable changes 12 months beyond the book figures for the base year, or the utility's final claimed supporting data.

(c) Initial utility direct testimony of a witness who shall testify in support of the utility's position shall be provided as part of the filing materials. The testimony of the filing utility shall include a complete explanation and justification of claims which depart from the unadjusted test year results of operations, including the methodology and rationale. The testimony shall be accompanied by supporting worksheets, if necessary, and shall refer to supporting exhibits to which the testimony relates. The explanation and documentation of the proposed adjustments shall enable a reasonably informed party to determine how the amount was calculated and to understand why the amount is being claimed.



**Exhibit A****I. VALUATION****A. ALL UTILITIES**

1. Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total population in the area served.
2. Provide a schedule showing the measures of value and the rates of return at the original cost and trended original cost measures of value at the spot, three-year and five-year average price levels. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the one listed above, reflecting respondent's final claim in its previous rate case.
3. Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of all factors which were considered in arriving at estimates of service life and dispersion by account. Provide dates of all field inspections and facilities visited.
4. Set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis is utilized.
  - a. If any utility plant was excluded from the measures of value because it was deemed not to be "used and useful" in the public service, supply a detailed description of each item of property.
  - b. Provide the surviving original cost at test year end by vintage by account and include applicable depreciation reserves and annuities.
    - (i) These calculations should be provided for plant in service as well as other categories of plant, including, but not limited, to contributions in aid of construction, customers' advances for construction, and anticipated retirements associated with any construction work in progress claims (if applicable).
5. Provide a comparison of respondent's calculated depreciation reserve v. book reserve by account at the end of the test year.
6. Supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:
  - a. For the purposes of this filing.
  - b. For the purposes of the most recent rate increase filing prior to the current proceedings.
    - (i) Supply a comprehensive statement of any changes made in method of depreciation and in the selection of average service lives and dispersion.
7. Provide a table, showing the cumulative depreciated original cost by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:

- a. Year installed.
  - b. Original cost—the total surviving cost associated with each installation year from all plant accounts.
  - c. Calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from all plant accounts.
  - d. Depreciated original cost—(Column B minus Column C).
  - e. Total—cumulation year by year of the figures from Column D.
  - f. Column E divided by the total of the figure in Column D.
8. Provide a description of the trending methodology which was utilized. Identify all indexes which were used (include all backup workpapers) and the reasons particular indexes were chosen. If indexes were spliced, indicate which years were utilized in any splices. If indexes were composited, show all supporting calculations. Include any analysis made to “test” the applicability of any indexes.
- a. Supply a comprehensive statement of any changes made in the selection of trend factors or in the methodology used in the current rate filing compared to the most recent previous rate filing.
9. Provide an exhibit indicating the spot trended original cost at test year end by vintage by account and include applicable depreciation reserves. Include totals by account for all other trended measures of value.
10. Supply an exhibit indicating the percentages of undepreciated original cost which were trended with the following indexes:
- a. Boeckh
  - b. Handy-Whitman
  - c. Indexes developed from suppliers’ prices.
  - d. Indexes developed from company records and company price histories.
  - e. Construction equipment.
  - f. Government statistical releases.
11. Provide a table, showing the cumulative *trended depreciated original cost* (at the spot price level) by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:
- a. Year installed.
  - b. Trended original cost (at the spot price level)—the total surviving cost associated with each installation year from all plant accounts.
  - c. Trended calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from all plant accounts.
  - d. Depreciated trended original cost—(Column B minus Column C).
  - e. Total—cumulation year by year of the figures from Column D.
  - f. Column E divided by the total of the figures in Column D.
12. If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the con-



struction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project.

[These exhibits should be updated at the conclusion of these proceedings.]

13. If a claim is made for non-revenue producing construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project.

[These exhibits should be updated at the conclusion of these proceedings.]

14. If a claim is made for plant held for future use, supply the following:

- a. A brief description of the plant or land site and its cost.
- b. Expected date of use for each item claimed.
- c. Explanation as to why it is necessary to acquire each item in advance of its date of use.
- d. Date when each item was acquired.
- e. Date when each item was placed in plant held for future use.

15. If materials and supplies comprise part of the cash working capital claim, attach an exhibit showing the actual book balances for materials and supplies by month for the thirteen months prior to the end of the test year. Explain any abrupt changes in monthly balances.

[Explain method of determining claim if other than that described above.]

16. If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances (quantity and price) for the fuel inventories by type of fuel for the thirteen months prior to the end of the test year by location, station, etc.

[Explain the method of determining claim if other than that described above.]

17. Regardless of whether a claim for net negative or positive salvage is made, attach an exhibit showing gross salvage, cost of removal, and net salvage for the test year and four previous years by account.

18. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.

**B. [Reserved]****C. GAS UTILITIES ONLY, IN  
ADDITION TO PROVIDING THE  
INFORMATION REQUESTED IN "A."  
HEREINABOVE:**

1. Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system's operation, and all plans for any significant future expansion, modification, or other alteration of facilities.

This description should include, but not be limited to the following:

- a. If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to all customers.
- b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.
- c. Explain how respondent obtains its gas supply, as follows:
  - (i) Explain how respondent stores or manufactures gas; if applicable.
  - (ii) State whether the company has peak shaving facilities.
  - (iii) Provide details of coal-gasification programs, if any.
  - (iv) Describe the potential for emergency purchases of gas.
  - (v) Provide the amount of gas in MCF supplied by various suppliers in the test year (include a copy of all contracts).
  - (vi) Provide the amount of gas in MCF supplied from company-owned wells during the test year.
- d. Provide plans for future gas supply, as follows:
  - (i) Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any.
  - (ii) Provide gas supply agreements and well development ventures and identify the parties thereto.
- e. Indicate any anticipated curtailments and explain the reasons for the curtailments.
- f. Provide current data on any Federal Power Commission action or programs that may affect, or tend to affect, the natural gas supply to the gas utility.

2. Provide an overall system map, including and labeling all measuring and regulating stations, storage facilities, production facilities, transmission and distribution mains, by size, and all interconnections with other utilities and pipelines.

**D. [Reserved]**

**E. [Reserved]**

## **II. RATE OF RETURN**

### **A. ALL UTILITIES**

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.) (Company, Parent and System (consolidated)).
  - a. Provide year-end interest coverages before and after taxes for the last three years and at latest date. (Indenture and SEC Bases.) (Company, Parent and System (consolidated)).
  - b. Provide year-end preferred stock dividend coverages for last three years and at latest date (Charter and SEC bases).
2. Provide latest quarterly financial report (Company and Parent).
3. Provide latest Stockholder's Report (Company and Parent).
4. Provide latest Prospectus (Company and Parent).
5. Supply projected capital requirements and sources of Company, Parent and System (consolidated) for each of future three years.
6. Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):
  - a. Date of issue
  - b. Date of maturity
  - c. Amount issued
  - d. Amount outstanding
  - e. Amount retired
  - f. Amount reacquired
  - g. Gain on reacquisition
  - h. Coupon rate
  - i. Discount or premium at issuance
  - j. Issuance expenses
  - k. Net proceeds
  - l. Sinking Fund requirements
  - m. Effective interest rate
  - n. Dividend rate
  - o. Effective cost rate
  - p. Total average weighted effective Cost Rate
7. Supply financial data of Company and/or Parent for last five years:
  - a. Earnings-price ratio (average)
  - b. Earnings-book value ratio (per share basis) (avg. book value)
  - c. Dividend yield (average)

- d. Earnings per share (dollars)
  - e. Dividends per share (dollars)
  - f. Average book value per share yearly
  - g. Average yearly market price per share (monthly high-low basis)
  - h. Pre-tax funded debt interest coverage
  - i. Post-tax funded debt interest coverage
  - j. Market price-book value ratio
8. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:
- a. Actual test year
  - b. Annualized test year-end
  - c. Proposed test year-end
9. State amount of debt interest utilized for income tax calculations which has been allocated from the debt interest of an affiliate, and details of the allocation, under each of the following rate case bases:
- a. Actual test year
  - b. Annualized test year-end
  - c. Proposed test year-end
10. Under Section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, if applicable, Parent Company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state.)

- a. State what option has been chosen by the group.
  - b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.
  - c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
  - d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.
11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.
12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.
13. Attach copies of the summaries of the projected 2 year's Company's budgets (revenue, expense and capital).
14. Describe long-term debt reacquisitions by Company and Parent as follows:
- a. Reacquisitions by issue by year.
  - b. Total gain on reacquisitions by issue by year.
  - c. Accounting of gain for income tax and book purposes.
15. Set forth amount of compensating bank balances required under each of the following rate base bases:
- a. Annualized test year operations.
  - b. Operations under proposed rates.
16. Provide the following information concerning compensating bank balance requirements for actual test year:
- a. Name of each bank.
  - b. Address of each bank.
  - c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).
  - d. Average Daily Balance in each account.
  - e. Amount and percentage requirements for compensating bank balance at each bank.
  - f. Average daily compensating bank balance at each bank.
  - g. Documents from each bank explaining compensating bank balance requirements.
  - h. Interest earned on each type of account.

17. Provide the following information concerning bank notes payable for actual test year:
  - a. Line of Credit at each bank.
  - b. Average daily balances of notes payable to each bank, by name of bank.
  - c. Interest rate charged on each bank note (Prime rate, formula rate or other).
  - d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).
  - e. Prospective future need for this type of financing.
18. Set forth amount of total cash (all cash accounts) on hand from balance sheets for last 24-calendar months preceding test year-end.
19. Submit details on Company or Parent common stock offerings (past 5 years to present) as follows:
  - a. Date of Prospectus
  - b. Date of offering
  - c. Record date
  - d. Offering period—dates and number of days
  - e. Amount and number of shares of offering
  - f. Offering ratio (if rights offering)
  - g. Per cent subscribed
  - h. Offering price
  - i. Gross proceeds per share
  - j. Expenses per share
  - k. Net proceeds per share (i-j)
  - l. Market price per share
    1. At record date
    2. At offering date
    3. One month after close of offering
  - m. Average market price during offering
    1. Price per share
    2. Rights per share—average value of rights
  - n. Latest reported earnings per share at time of offering
  - o. Latest reported dividends at time of offering
20. Provide latest available balance sheet and income statement for Company, Parent and System (consolidated).
21. Provide Original Cost, Trended Original Cost and Fair Value rate base claims.
22. Provide Operating Income claims under:
  - (i) Present rates
  - (ii) Pro forma present rates (annualized & normalized)
  - (iii) Proposed rates (annualized & normalized)
- b. Provide Rate of Return on Original Cost and Fair Value claims under:
  - (i) Present rates

- (ii) Pro forma present rates
  - (iii) Proposed rates
23. List details and sources of “Other Property and Investment,” “Temporary Cash Investments” and “Working Funds” on test year-end balance sheet.
24. Attach chart explaining Company’s corporate relationship to its affiliates (System Structure).
25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:
- a. Claimed capitalization and capitalization ratios with supporting data.
  - b. Claimed cost of long-term debt with supporting data.
  - c. Claimed cost of short-term debt with supporting data.
  - d. Claimed cost of total debt with supporting data.
  - e. Claimed cost of preferred stock with supporting data.
  - f. Claimed cost of common equity with supporting data.
26. Provide the following income tax data:
- a. Consolidated income tax adjustments, if applicable.
  - b. Interest for tax purposes (basis).
- B. TELEPHONE UTILITIES ONLY, IN ADDITION  
TO PROVIDING THE INFORMATION REQUESTED  
IN “A.” HEREINABOVE, PROVIDE THE  
FOLLOWING ADDITIONAL INFORMATION IF YOU  
PROCURE MATERIALS, SUPPLIES, OR SERVICES  
FROM A MANUFACTURING SUBSIDIARY:
1. Submit schedules on inter-company profits for last 7 years as follows:
- a. Manufacturing subsidiaries’ sales to the company.
    - (i) Manufactured
    - (ii) Purchased
  - b. Manufacturing subsidiaries’ profit, before and after taxes, on such sales:
    - (i) Manufactured
    - (ii) Purchased
  - c. Income tax refunds to the Company due to such sales:
    - (i) Manufactured
    - (ii) Purchased
  - d. Breakdown as to amounts capitalized and expensed by Company with respect to such sales.
    - (i) Manufactured
    - (ii) Purchased
  - e. Detailed explanation of the income tax deferral on such sales, and how it was handled on the books of the Company and on the books of the Manufacturing Subsidiaries.
2. Submit schedules on inter-company profits for the last 7 years as follows:
- a. Manufacturing subsidiaries’ income available for common equity, after debt interest:

- (i) Manufactured
    - (ii) Purchased
  - b. Manufacturing subsidiaries' year-end amounts of common equity:
    - (i) Manufactured
    - (ii) Purchased
  - c. Manufacturing subsidiaries' rate of return on average of beginning and ending common equity amounts:
    - (i) Manufactured
    - (ii) Purchased
3. Provide the following:
- a. Manufacturing subsidiaries' sales to:
    - (i) Other Parent Company operating telephone subsidiaries:
      - (a) Manufactured
      - (b) Purchased
  - b. Income Statement of Manufacturing Subsidiaries:
    - (i) Manufactured
    - (ii) Purchased
  - c. Balance Sheet of the Manufacturing Subsidiaries at year-end:
    - (i) Manufactured
    - (ii) Purchased
  - d. Net investment of Manufacturing Subsidiaries, and details of its computation:
    - (i) Manufactured
    - (ii) Purchased
  - e. Summary of total sales to each of the Operating Telephone Subsidiaries, showing amount of sales and profit ratios thereon by the following categories:
    - (i) Apparatus and Equipment
      - (a) Manufactured
      - (b) Purchased
    - (ii) Cable and Wire
      - (a) Manufactured
      - (b) Purchased
    - (iii) Supplies
      - (a) Manufactured
      - (b) Purchased
4. Submit the following data for affiliated companies which provided a service during the test year (directory, computer, management, or other):
- a. Balance Sheet, detailing individual debt issues outstanding, preferred stock issues outstanding, and common equity for the test year.
  - b. Income statement, detailing debt interest, preferred stock dividends, and net income available for common equity for the test year.
  - c. Dollar total for each of the services provided during the test year.



5. Supply a copy of each of the service contracts, which define the contractual agreements as to revenues, expenses, and profits apportionments.

**C. GAS UTILITIES ONLY, IN  
ADDITION TO PROVIDING THE  
INFORMATION REQUESTED IN "A."  
HEREINABOVE:**

1. Provide test year monthly balances for "Current Gas Storage" and notes financing such storage.

**III. BALANCE SHEET AND OPERATING STATEMENT**

**A. ALL UTILITIES**

*BALANCE SHEET*

1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

2. Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

3. Supply the amounts and purpose of Special Cash Accounts of all types, such as:

- a. Interest and Dividend Special Deposits.
- b. Working Funds other than general operating cash accounts.
- c. Other special cash accounts and amounts (Temporary cash investments).

4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.

5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

6. Provide a list of prepayments and give an explanation of special prepayments.

7. Explain in detail any other significant (in amount) current assets listed on balance sheet.

8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

- a. Origin of these accounts.
- b. Probable changes to this account in the near future.
- c. Amortization of these accounts currently charged to operations or to be charged in the near future.
- d. Method of determining yearly amortization for the following accounts:
  - Temporary Facilities
  - Miscellaneous Deferred Debits

- Research and Development
  - Property Losses
  - Any other deferred accounts that effect operating results.
9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.
  10. Provide details of other deferred credits as to their origin and disposition policy (e.g.—amortization).
  11. Supply basis for Injury and Damages reserve and amortization thereof.
  12. Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on balance sheet.
  13. Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.
  14. Provide schedules and data in support of the following working capital items:
    - a. Prepayments—List and identify all items
    - b. Federal Excise Tax accrued or prepaid
    - c. Federal Income Tax accrued or prepaid
    - d. Pa. State Income Tax accrued or prepaid
    - e. Pa. Gross Receipts Tax accrued or prepaid
    - f. Pa. Capital Stock Tax accrued or prepaid
    - g. Pa. Public Utility Realty Tax accrued or prepaid
    - h. State sales tax accrued or prepaid
    - i. Payroll taxes accrued or prepaid
    - j. Any adjustment related to the above items for ratemaking purposes.

*Cash Working Capital*

15. Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.
  - a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.
  - b. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed (exclude telephone).
16. Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.

***INCOME STATEMENT***

17. Prepare a Statement of Income for the various time frames of the rate proceeding including:
  - Col. 1—Book recorded statement for the test year.
  - 2—Adjustments to book record to annualize and normalize under present rates.
  - 3—Income statement under present rates after adjustment in Col. 2
  - 4—Adjustment to Col. 3 for revenue increase requested.

5—Income statement under requested rates.

a. Expenses may be summarized by the following expense classifications for purposes of this statement:

Operating Expenses (by category)

Depreciation

Amortization

Taxes, Other than Income Taxes

Total Operating Expense

Operating Income Before Taxes

Federal Taxes

State Taxes

Deferred Federal

Deferred State

Income Tax Credits

Other Credits

Other Credits and Charges, etc.

Total Income Taxes

Net Utility Operating Income

Other Income & Deductions

Other Income

Detailed listing of Other Income used in Tax Calculation

Other Income Deduction

Detailed Listing

Taxes Applicable to Other Income and Deductions

Listing

Income Before Interest Charges

Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues

Total Interest

Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

18. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

*Operating Expenses*

19. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

20. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising

the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:

- a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
- b. Date, percentage increase, and annual amount of each general payroll increase during the test year.
- c. Dates and annual amounts of merit increases or management salary adjustments.
- d. Total annual payroll increases in the test year.
- e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
- f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
- g. Support the annualized pension cost figures.
  - (i) State whether these figures include any unfunded pension costs. Explain.
  - (ii) Provide latest actuarial study used for determining pension accrual rates.
- h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

22. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:

- a. Supply a copy of contracts, if applicable.
- b. Explain the nature of the services provided.
- c. Explain basis on which charges are made.
- d. If charges allocated, identify allocation factors used.
- e. Supply the components and amounts comprising the expense in this account.
- f. Provide details of initial source of charge and reason thereof.

23. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

24. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

25. Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:

- a. Public health and safety
- b. Conservation of energy
- c. Explanation of Billing Practices, Rates, etc.
- d. Provision of factual and objective data programs in educational institutions
- e. Other advertising programs
- f. Total advertising expense

26. Provide a list of reports, data, or statements requested by and submitted to the Commission during and subsequent to the test year.

27. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expenses, for the test year and prior two comparable years.

29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

31. Provide a detailed analysis of Special Services—Account 795.

32. Provide a detailed analysis of Miscellaneous General Expense—Account No. 801.

33. Provide a labor productivity schedule.

34. List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.—Non-yearly maintenance programs, etc.)

[Responses shall be submitted and identified as exhibits.]

36. Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

39. Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.

40. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

41. Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.

42. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

43. If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

44. Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.

45. Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

46. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

47. Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.

*Taxes, Other than Income Taxes*

48. Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

49. Submit details of calculations for Taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

50. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. P.U.C. assessment
- f. other property
- g. any other appropriate categories

*Income Taxes*

51. Submit a schedule showing for the last five years the income tax refunds, plus interest (net of taxes), received from the federal government due to prior years' claims.

52. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property increases productive capacity, and ADR rates on property. (Separate between state and federal; also, rate used)

a. State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.

b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

53. Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, pro-forma existing rates, and under proposed rates.

54. Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

55. Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for rate making purposes.

56. Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

57. Submit detailed calculations showing the derivation of deferred income taxes for amortization of repair allowance if such policy is followed.

[Note: Submit additional schedules if the company has more than one accounting area.]

58. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

59. Provide details of the Federal Surtax Credit allocated to the Pennsylvania jurisdictional area, if applicable.

60. Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

61. Submit the corresponding data applicable to Pennsylvania Corporate Income Tax deferment.

- a. Show the amounts of straight line tax depreciation and accelerated tax depreciation, the difference between which gave rise to the normalizing tax charged back to the test year operating statement.
  - b. Show normalization for both Federal and State Income Taxes.
  - c. Show tax rates used to calculate tax deferral amount.
62. Provide the accelerated tax depreciation and the book depreciation used to calculate test year deferrals in amounts segregated as follows:
- For:
- a. Property installed prior to 1970
  - b. Property installed subsequent to 1969 (indicate increasing capacity additions and nonincreasing capacity additions).
63. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain).
64. Show any income tax loss/gain carryovers from previous years that may effect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.
65. State whether the company eliminates any tax savings by the payment of actual interest on construction work in progress not in rate base claim.
- If response is affirmative:
- a. Set forth amount of construction claimed in this tax savings reduction. Explain the basis for this amount.
  - b. Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
  - c. State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
  - d. Provide details of calculation to determine tax saving reduction. State whether state taxes are increased to reflect the construction interest elimination.
66. Provide a detailed analysis of Taxes Accrued per books as of the test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.
67. For the test year as recorded on test year operating statement:
- a. Supply the amount of federal income taxes actually paid.
  - b. Supply the amount of the federal income tax normalizing charge to tax expense due to excess of accelerated tax depreciation over book depreciation.
  - c. Supply the normalizing tax charge to federal income taxes for the 10% Job Development Credit during test year.
  - d. Provide the amount of the credit of federal income taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit.
  - e. Provide the amount of the credit to federal income taxes for the normalizing of any 3% Investment Tax Credit Reserve that may remain on the utility books.



68. Provide the debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for federal income tax, and provide the debit and credit for the Job Development Credits (whatever account) for test year.

69. Reconcile all data given in answers to questions on income taxes charged on the test year operating statement with regard to income taxes paid, income taxes charged because of normalization and credits due to yearly write-offs of past years' income tax deferrals, and from normalization of investment tax and development credits. (Both state and federal income taxes.)

70. With respect to determination of income taxes, federal and state:

- a. Show income tax results of the annualizing and normalizing adjustments to the test year record before any rate increase.
- b. Show income taxes for the annualized and normalized test year.
- c. Show income tax effect of the rate increase requested.
- d. Show income taxes for the normalized and annualized test year after application of the full rate increase.

[It is imperative that continuity exists between the income tax calculations as recorded for the test year and the final income tax calculation under proposed rates. If the company has more than one accounting area, then additional separate worksheets must be provided in addition to those for total company.]

71. In adjusting the test year to an annualized year under present rates, explain any changes that may be due to book or tax depreciation change and to debits and credits to income tax expense due to accelerated depreciation, deferred taxes, job development credits, tax refunds or other items.

(The above refers only the adjustments going from recorded test year to annualized test year.)

**B. [Reserved]**

**C. [Reserved]**

**D. [Reserved]**

**E. GAS UTILITIES, IN ADDITION TO  
PROVIDING THE INFORMATION  
REQUESTED IN "A." HEREINABOVE:**

*Balance Sheet*

1. If Unrecovered Fuel Cost policy is implemented, provide the following:
  - a. State manner in which amount of Unrecovered Fuel Cost on balance sheet at the end of the test year was determined, and the month in test year in which such fuel expense was actually incurred. Provide amount of adjustment made on the rate case operating account for test year-end unrecovered fuel cost. (If different than balance sheet amount, explain.)

- b. Provide amount of Unrecovered Fuel Cost that appeared on the balance sheet at the opening date of the test year, and the manner in which it was determined. State whether this amount is in the test year operating account.
2. Provide details of items and amounts comprising the accounting entries for Deferred Fuel Cost at the beginning and end of the test year.

## REVENUES

### OPERATING REVENUES

3. Submit a schedule showing a reconciliation of test year MCF sales and line losses. List all amounts of gas purchased, manufactured and transported.
4. Provide detailed calculations substantiating the adjustment to revenues for annualization of changes in number of customers and annualization of changes in volume sold for all customers for the test year.
  - a. Break down changes in number of customers by rate schedules.
  - b. If an annualization adjustment for changes in customers and changes in volume sold is not submitted, please explain.
5. Submit a schedule showing the sources of gas supply associated with annualized MCF sales.
6. Supply, by classification, *Operating Revenues—Miscellaneous* for test year.
7. Provide details of respondent's attempts to recover uncollectible and delinquent accounts.
8. Describe how the *net* billing and *gross* billing is determined. For example, if the *net* billing is based on the rate blocks plus FCA and STA, and the *gross* billing is determined by a percentage increase (1, 3 or 5 percent), then state whether the percentage increase is being applied to all three items of revenue—rate blocks plus FCA and STA.
9. Describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.
10. Provide annualization of revenues as a result of rate changes occurring during the test year, at the level of operations as of end of the test year.
11. Provide a detailed billing analysis supporting present and proposed rates by customer classification and/or tariff rate schedule.
12. Provide a schedule showing residential and commercial heating sales by unit (MCF) per month and degree days for the test year and three preceding twelve month periods.

[Next page is 53-47.]

13. Provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block. Also, provide an explanation of any change in block structure and the reasons therefor.

14. Provide the following statements and schedules. The schedules and statements for the test year portion should be reconciled with the summary operating statement.

a. An operating revenues summary for the test year and the year preceding the test year showing the following (Gas MCF):

(i) For each major classification of customers

(a) MCF sales

(b) Dollar Revenues

(c) Forfeited Discounts (Total if not available by classification)

(d) Other and Miscellaneous revenues that are to be taken into the utility operating account along with their related costs and expenses.

(ii) A detailed explanation of all annualizing and normalizing adjustments showing method utilized and amounts and rates used in calculation to arrive at adjustment.

(iii) Segregate, from recorded revenues from the test year, the amount of revenues that are contained therein, by appropriate revenue categories, from:

(a) Fuel Adjustment Surcharge

(b) State Tax Surcharge

(c) Any other surcharge being used to collect revenues.

(d) Provide explanations if any of the surcharges are not applicable to respondent's operations.

[The schedule should also show number of customers and unit of sales (Mcf), and should provide number of customers by service classification at beginning and end of test year.]

b. Provide details of sales for resale, based on periods five years before and projections for five years after the test year, and for the test year. List customers, Mcf sold, revenues received, source of Mcf sold (storage gas, pipeline gas, manufactured gas, natural or synthetic), contracted or spot sales, whether sales are to affiliated companies, and any other pertinent information.

15. State manner in which revenues are being presented for ratemaking purposes:

a. Accrued Revenues

b. Billed Revenues

c. Cash Revenues

Provide details of the method followed.

16. If revenue accruing entries are made on the books at end of each fiscal period, give entries made accordingly at the end of the test year and at the beginning of the year. State whether they are reversed for ratemaking purposes.

17. State whether any adjustments have been made to expenses in order to present such expenses on a basis comparable to the manner in which revenues are presented in this proceeding (i.e.—accrued, billed or cash).

18. If the utility has a Fuel Adjustment Clause:

a. State the base fuel cost per MCF chargeable against basic customers' rates during the test year. If there was any change in this basic fuel charge during the test year, give details and explanation thereof.

b. State the amount in which the fuel adjustment clause cost per MCF exceeds the fuel cost per MCF charged in base rates at the end of the test year.

c. If fuel cost deferment is used at the end of the test year, give

(i) The amount of deferred fuel cost contained in the operating statement that was deferred from the 12-month operating period immediately preceding the test year.

(ii) The amount of deferred fuel cost that was removed from the test period and deferred to the period immediately following the test year.

d. State the amount of Fuel Adjustment Clause revenues credited to the test year operating account.

e. State the amount of fuel cost charged to the operating expense account in the test year which is the basis of Fuel Adjustment Clause billings to customers in that year. Provide summary details of this charge.

f. From the recorded test year operating account, remove the Fuel Adjustment Clause Revenues. Also remove from the test year recorded operating account the excess of fuel cost over base rate fuel charges, which is the basis for the Fuel Adjustment charges. Explain any difference between FAC Revenues and excess fuel costs. [The above is intended to limit the operating account to existing customers' base rate revenues and expense deductions relative thereto].

19. Provide growth patterns of usage and customer numbers per rate class, using historical and projected data.

20. Provide, for test year only, a schedule by tariff rates and by service classifications showing proposed increase and percent of increase.

21. If a gas company is affiliated with another utility segment, such as a water or electric segment, explain the effects, if any, upon allocation factors used in the gas rate filing of current or recent rate increases allowed to the other utility segment (or segments) of the company.

22. Provide supporting data detailing curtailment adjustments, procedures and policies.

#### **OPERATING EXPENSES**

23. Submit a schedule showing fuel cost in excess of base compared to fuel cost recovery for the period two months prior to test year and the test year.

24. Supply a detailed analysis of Purchased Gas for the test year and the twelve month period prior to the test year.

25. Submit calculations supporting energy cost per MCF and operating ratio used to determine increase in costs other than production to serve additional load.

26. Submit detailed calculations for bulk gas transmission service costs under supply and/or interconnection agreements.

27. Submit a schedule for gas producing units retired or scheduled for retirement subsequent to the test year showing station, units, MCF capacity, hours of operation during test year, net output produced and cents/MCF of maintenance and fuel expenses.

28. Provide a statement explaining the details of firm gas purchase (long-term) contracts with affiliated and nonaffiliated utilities, including determination of costs, terms of contract, and other pertinent information.

29. Provide intrastate operations percentages by expense categories for two years prior to the test year.

30. Provide a schedule showing suppliers, MCF purchased, cost (small purchases from independent suppliers may be grouped); emergency purchases, listing same information; curtailments during the year; gas put into and taken out of storage; line loss, and any other gas input or output not in the ordinary course of business.

31. Provide a schedule showing the determination of the fuel costs included in the base cost of fuel.

32. Provide a schedule showing the calculation of any deferred fuel costs shown in Account 174. Also, explain the accounting, with supporting detail, for any associated income taxes.

33. Submit a schedule showing maintenance expenses, gross plant and the relation of maintenance expenses thereto as follows:

(i) Gas Production Maintenance Expenses per MCF production, per \$1,000 MCF production, and per \$1,000 of Gross Production Plant;

(ii) Transmission Maintenance Expenses per MMCF mile and per \$1,000 of Gross Transmission Plant;

(iii) Distribution Maintenance Expenses per customer and per \$1,000 of Gross Distribution Plant;

(iv) Storage Maintenance Expenses per MMCF of Storage Capacity and \$1,000 of Gross Storage Plant. This schedule shall include three years prior to the test year, the test year and one year's projection beyond the test year.

34. Prepare a 3-column schedule of expenses, as described below for the following periods (supply sub-accounts, if significant, to clarify basic accounts):

a. Column 1—Test Year

b. Column 2 and 3—The two previous years

Provide the annual recorded expense by accounts. (Identify all accounts used but not specifically listed below.)

***PRODUCTION EXPENSES******MANUFACTURED GAS PRODUCTION******STEAM PRODUCTION******OPERATION***

700	Operation supervision and engineering
701	Operation labor
702	Boiler fuel
703	Miscellaneous steam expenses
704	Steam transferred—Credit
	Total

***MAINTENANCE***

705	Operation supervision and engineering
706	Maintenance of structures and improvements
707	Maintenance of boiler plant equipment
708	Maintenance of other steam production Plant
	Total
	Total Steam Production

***MANUFACTURED GAS PRODUCTION******OPERATION***

710	Operation supervision and engineering
-----	---------------------------------------

***PRODUCTION LABOR AND EXPENSES***

711	Steam expenses
712	Other power expenses
713	Coke oven expenses
714	Producer gas expenses
715	Water gas generating expenses
716	Oil gas generating expenses
717	Liquefied petroleum gas expenses
718	Other process production expenses
	Total

***GAS FUELS***

719	Fuel under coke ovens
720	Producer gas fuel
721	Water gas generator fuel

722	Fuel for oil gas
723	Fuel for liquefied petroleum gas process
724	Other gas fuels
	Total

***GAS RAW MATERIALS***

725	Coal carbonized in coke ovens
726	Oil for water gas
727	Oil for oil gas
728	Liquefied petroleum gas
729	Raw materials for other gas processes
730	Residuals expenses
731	Residuals produced—Credit
732	Purification expenses
733	Gas mixing expenses
734	Duplicate charges—Credit
735	Miscellaneous production expenses
736	Rents
	Total

***MAINTENANCE***

740	Maintenance supervision and engineering
741	Maintenance of structures and improvements
742	Maintenance of production equipment
	Total
	Total Manufactured Gas Production

***NATURAL GAS PRODUCTION  
EXPENSES  
NATURAL GAS PRODUCTION AND  
GATHERING***

***OPERATION***

750	Operation supervision and engineering
751	Production maps and records
752	Gas wells expenses
753	Field lines expenses
754	Field compressor station expenses
755	Field compressor station fuel and power
756	Field measuring and regulating station expenses

757	Purification expenses
758	Gas well royalties
759	Other expenses
760	Rents
	Total

***MAINTENANCE***

761	Maintenance supervision and engineering
762	Maintenance of structures and improvements
763	Maintenance of producing gas wells
764	Maintenance of field lines
765	Maintenance of field compressor station equipment
766	Maintenance of field measuring and regulating station equipment
767	Maintenance of purification equipment
768	Maintenance of drilling and cleaning equipment
769	Maintenance of other equipment
	Total
	Total Natural Gas Production and Gathering

***PRODUCTS EXTRACTION******OPERATION***

770	Operation supervision and engineering
771	Operation labor
772	Gas shrinkage
773	Fuel
774	Power
775	Materials
776	Operation supplies and expenses
777	Gas processed by others
778	Royalties on products extracted
779	Marketing expenses
780	Products purchased for resale
781	Variation in products inventory
782	Extracted products used by the utility—Credit
783	Rents
	Total

***MAINTENANCE***

784	Maintenance supervision and engineering
785	Maintenance of structures and improvements



786	Maintenance of extraction and refining equipment
787	Maintenance of pipe lines
788	Maintenance of extracted products storage equipment
789	Maintenance of compressor equipment
790	Maintenance of gas measuring and regulating equipment
791	Maintenance of other equipment
	Total
	Total Products Extraction

***EXPLORATION AND  
DEVELOPMENT EXPENSES***

***OPERATION***

795	Delay rentals
796	Nonproductive well drilling
797	Abandoned leases
798	Other exploration
	Total Exploration and Development

***OTHER GAS SUPPLY EXPENSES***

***OPERATION***

800	Natural gas well head purchases
801	Natural gas field line purchases
802	Natural gas gasoline plant outlet purchases
803	Natural gas transmission line purchases
804	Natural gas city gate purchases
805	Other gas purchases
806	Exchange gas
807	Purchased gas expenses
808	Gas withdrawn from storage—Debit
809	Gas delivered to storage—Credit
810	Gas used for compressor station fuel—Credit
811	Gas used for other products extraction—Credit
812	Gas used for other utility operations—Credit
813	Other gas supply expenses
	Total
	Total Other Gas Supply Expenses
	Total Production Expenses

***UNDERGROUND STORAGE EXPENSES******OPERATION***

814	Operation supervision and engineering
815	Maps and records
816	Wells expenses
817	Lines expenses
818	Compressor station expenses
819	Compressor station fuel and power
820	Measuring and regulating station expenses
821	Purification expenses
822	Exploration and development
823	Gas losses
824	Other expenses
825	Storage wells royalties
826	Rents
	Total

***MAINTENANCE***

830	Maintenance supervision and engineering
831	Maintenance of structures and improvements
832	Maintenance of reservoirs and wells
833	Maintenance of lines
834	Maintenance of compressor station equipment
835	Maintenance of measuring and regulating station equipment
836	Maintenance of purification equipment
837	Maintenance of other equipment
	Total
	Total Underground Storage Expenses

***OTHER STORAGE EXPENSES******OPERATION***

840	Operation supervision and engineering
841	Operation labor and expenses
842	Rents
842.1	Fuel
842.2	Power
842.3	Gas Losses
	Total

*MAINTENANCE*

843	Maintenance supervision and engineering
844	Maintenance of structures and improvements
845	Maintenance of gas holders
846	Maintenance of purification equipment
847	Maintenance of liquefaction equipment
848	Maintenance of vaporizing equipment
848.1	Maintenance of compressor equipment
848.2	Maintenance of measuring and regulating equipment
848.3	Maintenance of other equipment
	Total
	Total Other Storage Expenses

*TRANSMISSION EXPENSES**OPERATION*

850	Operation supervision and engineering
851	System control and load dispatching
852	Communications system expenses
853	Compressor station labor and expenses
854	Gas for compressor station fuel
855	Other fuel and power for compressor stations
856	Mains expenses
857	Measuring and regulating station expenses
858	Transmission and compression of gas by others
859	Other expenses
860	Rents
	Total

*MAINTENANCE*

861	Maintenance supervision and engineering
862	Maintenance of structures and improvements
863	Maintenance of mains
864	Maintenance of compressor station equipment
865	Maintenance of measuring and regulating station equipment
866	Maintenance of communication equipment
867	Maintenance of other equipment
	Total
	Total Transmission Expenses

***DISTRIBUTION EXPENSES******OPERATION***

870	Operation supervision and engineering
871	Distribution load dispatching
872	Compressor station labor and expenses
873	Compressor station fuel and power
874	Mains and services expenses
875	Measuring and regulating station expenses—General
876	Measuring and regulating station expenses—Industrial
877	Measuring and regulating station expenses—City gate check stations
878	Meter and house regulator expenses
879	Customer installations expenses
880	Other expenses
881	Rents
	Total

***MAINTENANCE***

885	Maintenance supervision and engineering
886	Maintenance of structures and improvements
887	Maintenance of mains
888	Maintenance of compressor station equipment
889	Maintenance of measuring and regulating station equipment—General
890	Maintenance of measuring and regulating station equipment—Industrial
891	Maintenance of measuring and regulating station equipment—City gate check station
892	Maintenance of services
893	Maintenance of meters and house regulators
894	Maintenance of other equipment
	Total
	Total Distribution Expenses

***CUSTOMER ACCOUNTS EXPENSES******OPERATION***

901	Supervision
902	Meter reading expenses
903	Customer records and collection expenses
904	Uncollectible accounts

905                      Miscellaneous customer accounts expenses  
                                 Total Customer Accounts Expenses

***CUSTOMER SERVICE EXPENSES***

***OPERATION***

909                      Supervision  
910                      Customer assistance expenses  
911                      Informational advertising expenses  
912                      Miscellaneous customer service expenses  
                                 Total Customer Service Expenses

***SALES PROMOTION EXPENSES***

***OPERATION***

915                      Supervision  
916                      Demonstrating and selling expenses  
917                      Promotional advertising expenses  
918                      Miscellaneous sales promotion expenses  
                                 Total Sales Promotion Expenses

***ADMINISTRATIVE AND  
GENERAL EXPENSES***

***OPERATION***

920                      Administrative and general salaries  
921                      Office supplies and expenses  
922                      Administrative expenses transferred—Credit  
923                      Outside service employed  
924                      Property insurance  
925                      Injuries and damages  
926                      Employee pensions and benefits  
927                      Franchise requirements  
928                      Regulatory commission expenses  
929                      Duplicate charges—Credit  
930.1                      Institutional or goodwill advertising expense  
930.2                      Miscellaneous general expense  
931                      Rents  
                                 Total Administrative and General Expenses

***MAINTENANCE***

- 932 Maintenance of general plant  
 Total Administrative and General Expense  
 Total Operation Expenses and Purchased Power  
 Total Maintenance Expense  
 Total Operation and Maintenance Expense

*Taxes, Other Than Income Taxes*

35. Submit a schedule showing the Gross Receipts Tax Base used in computing Pennsylvania Gross Receipts Tax Adjustment.

**REVENUE AND EXPENSE****General Items**

36. State the amount of gas, in mcf, obtained through various suppliers in past years.
37. In determining pro forma expense, exclude cost of gas adjustments applicable to fuel adjustment clause and exclude fuel adjustment clause revenues, so that the operating statement is on the basis of base rates only.
38. Identify company's policy with respect to replacing customers lost through attrition.
39. Identify procedures developed to govern relationship between the respondent and potential customers—*i.e.*, basically expansion, alternate energy requirements, availability of supply, availability of distribution facilities, ownership of metering and related facilities.

***IV. RATE STRUCTURE*****A. [Reserved]****B. GAS UTILITIES**

Each gas utility shall submit the following simultaneously with any rate increase filing:

1. Provide a Cost of Service Study showing the rate of return under the present and proposed tariffs for all customer classifications. The study should include a summary of the allocated measures of value, operating revenues, operating expenses and net return for each of the customer classifications at original cost and at the 5-year trended original cost.
  - a. (Reserved)
2. Provide a statement of testimony describing the complete methodology of the cost of service study.

[Next page is 53-61.]

3. Provide a complete description and back-up calculations for all allocation factors.
4. Provide an exhibit for each customer classification showing the following data for the test year and the four previous years:
  - a. The maximum coincident peak day demand.
  - b. The maximum coincident 3-day peak day demand.
  - c. The average monthly consumption in MCF during the Primary Heating Season (November-March).
  - d. The average monthly consumption in MCF during the Non-heating season (April-October).
  - e. The average daily consumption in MCF for each 12-month period.
5. Submit a Bill Frequency Analysis for each rate. The analysis should include the rate schedule and block interval, the number of bills at each interval, the cumulative number of bills at each interval, the MCF or therms at each interval, the cumulative MCF or therms at each interval, the accumulation of MCF or therms passing through each interval, and the revenue at each interval for both the present rate and the proposed rates. The Analysis should show only those revenues collected from the basic tariff.
6. Supply copies of all present and proposed Gas Tariffs.
7. Supply a graph of present and proposed base rates on hyperbolic cross section paper.
8. Supply a map showing the Gas System Facilities and Gas Service Areas. The map should include transmission lines, distribution lines, other companies' lines interconnecting with the interconnecting points clearly designated, major compressor stations, gas storage areas and gas storage lines. The normal direction of gas flow within the transmission system should be indicated by arrows. Separate service areas within the system should be clearly designated.
9. Supply a cost analysis supporting minimum charges for all rate schedules.
10. Supply a cost analysis supporting demand charges for all tariffs which contain demand charges.
11. Supply the net fuel clause adjustment by month for the test year.
12. Supply a tabulation of base rate bills for each rate schedule comparing the existing rates to proposed rates. The tabulation should show the dollar difference and the per cent increase or decrease.
13. Submit the projected demands for all customer classes for both purchased and produced gas for the three years following the test year filing.
14. Supply an exhibit showing the gas deliveries to each customer class for the most recent 24 month period. The exhibit should identify the source of the gas, such as "purchased" (pipeline), "production" (includes purchases from local producers), "storage withdrawal," "propane/air," and "unaccounted for."

**C. [Reserved].****Exhibit B****I. VALUATION****A. ALL TELEPHONE UTILITIES**

1. Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total customer accounts or access lines in areas served.
2. Provide a schedule showing the measures of value and the rates of return under present rates, pro forma at present rates, and at proposed rates on the original cost rate base. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the one listed above, reflecting respondent's final claim in its previous rate case.
3. Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves together with a discussion of factors which were considered in arriving at estimates of service life and dispersion by account. Provide dates of all field inspections and indicate facilities visited.
4. For each account where the retirement rate method of analysis is utilized, set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart.
  - a. If any utility plant included in the "plant in service" accounts is excluded from the measures of value because it is deemed not to be "used and useful" in the public service, supply a description of each item of property.
5. Provide the surviving original cost at test year end by vintage by account and include applicable depreciation reserves and annuities.
  - a. These calculations should be provided for plant in service as well as other categories of plant, including, but not limited, to contributions in aid of construction, customers' advance for construction, and anticipated retirements associated with any construction work in progress claims (if applicable).
6. Provide a comparison of respondent's calculated depreciation reserve v. book reserve at the measure of value calculation date. Provide this comparison by depreciable group, if available.
7. Supply a schedule by account or by depreciable group showing the survivor curve or interim survivor curve and annual accrual rate estimated to be appropriate:
  - a. For the purposes of this filing.
  - b. For the purposes of the most recent rate increase filing prior to the current proceedings.
    - (i) Supply a comprehensive statement of any changes made in method of depreciation and major changes in the selection of average service lives and dispersion.



8. Provide a table, showing the cumulative depreciated original cost by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:
  - a. Year installed.
  - b. Original cost—the total surviving cost associated with each installation year from all plant accounts.
  - c. Calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from all plant accounts.
  - d. Depreciated original cost—(Column b minus Column c).
  - e. Total—cumulation year by year of the figures from Column d.
  - f. Column e divided by the total of the figure in Column d.
9. If a claim is made for Construction Work-In-Progress (CWIP), supply the following on an historical basis:
  - a. A description of the project, including start and completion dates.
  - b. Amount expended at the end of the historical test year.
  - c. Authorized expenditure.
  - d. In service date (actual or anticipated).
  - e. Associated retirement of existing facilities, if any.
  - f. Updated information before the close of the record.
10. If a claim is made for plant held for future use, supply the following:
  - a. A description of the plant or land site and its cost.
  - b. Expected date of use for each item claimed.
  - c. Explanation as to why it is necessary to acquire each item in advance of its date of use.
  - d. Date when each item was acquired.
  - e. Date when each item was placed in plant held for future use.
11. If a claim is made for materials and supplies, attach an exhibit showing the actual balances for materials and supplies by month for the thirteen months prior to the end of the historical test year. Explain any unusual changes in monthly balances. (Explain method of determining claim if other than already described.)
12. Regardless of whether or not a claim is made for net salvage, provide an exhibit showing gross salvage, cost of removal, and net salvage for the most recent five calendar years. All information should be shown by account whenever possible.
  - a. If a claim for net salvage is made on a basis other than the most recent five calendar years, provide, in addition, representative backup calculations (gross salvage, cost or removal, and net salvage should be shown separately). All information should be shown by account whenever possible.
13. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.

14. Provide, with respect to the scope of operations of the utility, a description of property, including an explanation of the system's operation, and plans for any significant future expansion, modification, or other alteration of facilities.

15. Submit maps of any changes in individual exchange boundary and zone rate areas or mileage rate areas, as the case may be.

B. *FOR THOSE TELEPHONE UTILITIES ELECTING TO FILE TRENDING MEASURES OF VALUE, PROVIDE, IN ADDITION TO THE INFORMATION REQUESTED IN I.A. ABOVE, THE FOLLOWING:*

1. Provide a schedule showing the rates of return under present rates, pro forma at present rates, and at proposed rates on the trended original cost rate base. Trended original cost should be computed at spot or one-year average, three-year average and five-year average price levels. All claims made on this exhibit should be cross-referenced to appropriate exhibits. Provide a schedule similar to the one listed above, reflecting respondent's final claim in its previous rate case.

2. Provide a description of the trending methodology which was utilized. Identify all indexes which were used (include representative backup workpapers) and the reasons particular indexes were chosen.

a. Supply a comprehensive statement of major changes made in the selection of indexes or in the methodology used in the current rate filing as compared to the most recent previous rate filing.

3. Provide an exhibit indicating the spot or one year average trended original cost at the measure of value calculation date by vintage by account or functional property group and include applicable depreciation reserves. Include totals by account or appropriate group for all other trended measures of value. In the case of depreciable accounts for which depreciation is calculated at a more detailed level, it will be sufficient for the company to provide this data at the more detailed level. (To the extent that a future test year is utilized, provide historical data in the manner requested and provide projected data in a manner consistent with the projection.)

4. Supply an exhibit indicating the percentages of undepreciated original cost at historical test year end which were trended with the following indexes:

- a. Boeckh
- b. Handy-Whitman
- c. Indexes developed from suppliers' prices.
- d. Indexes developed from company records and company price histories.
- e. Construction equipment.
- f. Governmental statistical releases.
- g. Other.

5. Provide a table, showing the cumulative trended calculated depreciated original cost (at the spot or one year average price level) by year of installation for total depreciable utility plant in service at the measure of value calculation date, or as of an available date not more than one year prior to the historic test year, in the following form:

- a. Year installed.
- b. Trended original cost (at the spot or one year average price level)—the total surviving cost associated with each installation year from all plant accounts combined.
- c. Trended calculated depreciation reserve—the calculated depreciation reserve associated with the trended original cost for each installation year from all plant accounts combined.
- d. Calculated depreciated trended original cost—(Column b minus Column c).
- e. Cumulative calculated depreciated trended original cost—cumulation year by year of the figures from Column d.
- f. Column e divided by the total of the figures in Column d.

## II. RATE OF RETURN

Provide the following financial data for the five most recent calendar year periods:

- a. Capitalization and capitalization ratios (Company and System consolidated) and projected data through the next two calendar years (Company and System consolidated, if available). (Show data with funded debt and short-term debt separately and excluding short-term debt.)
  - b. Interest coverages before and after taxes (as appropriate) (Indenture and SEC bases) and for the historical test year (Indenture basis), and for latest quarter (SEC basis). (Company and System consolidated.)
  - c. Fixed charge coverages and for the historical test year.
2. Provide latest public quarterly financial report (Company and System consolidated).
  3. Provide latest Stockholder's Annual Report (Company and System consolidated).
  4. Provide latest Prospectus (Company and Parent).
  5. Supply amounts, uses and sources of projected capital requirements for the Company for each of the three future calendar years.
  6. Provide a schedule of debt and preferred stock of Company as of the end of the historical test year and at the latest available date, supporting the cost of debt claimed. (If the claimed cost is on a consolidated basis, provide the same data for the System consolidated.)
    - a. Date of issue
    - b. Date of maturity
    - c. Amount issued
    - d. Amount outstanding
    - e. Amount retired
    - f. Amount reacquired
    - g. Gain on reacquisition
    - h. Coupon rate

- i. Discount or premium at issuance
  - j. Issuance expenses
  - k. Net proceeds
  - l. Sinking Fund requirements
  - m. Effective interest rate
  - n. Dividend rate
  - o. Effective cost rate
  - p. Total average weighted effective Cost Rate.
7. If common stock securities are held by the public, supply the following financial data of Company and/or System consolidated for each of the five most recent calendar years:
- a. Earnings-price ratio (average)
  - b. Earnings-book value ratio (per share basis) (avg. book value)
  - c. Dividend yield (average)
  - d. Earnings per share (dollars)
  - e. Dividends per share (dollars)
  - f. Average book value per share yearly
  - g. Average yearly market price per share (monthly high-low basis)
  - h. Pre-tax funded debt interest coverage
  - i. Post-tax funded debt interest coverage
  - j. Market price-book value ratio.
8. State amount of, and provide details of computation of, interest on debt utilized for income tax calculations, under each of the following rate case bases:
- a. Unadjusted test year under present rates
  - b. Adjusted test year under present rates
  - c. Adjusted test year under proposed rates
9. Under section 1552 of the Internal Revenue Code and Regulations 1.1552-1 thereunder, the common Parent Company, in filing a consolidated income tax return must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's earnings and profits. (If this is not applicable, so state.)
- a. State what option has been chosen by the group
  - b. Provide a schedule which includes the taxable income or loss of each member of the group and the tax liability that has been allocated to each of the participating members in the consolidated income tax return for the latest calendar year for which the consolidated tax return has been filed and the preceding four years.
  - c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return for the latest calendar year for which the consolidated tax return has been filed. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

- d. Provide the summary report (I.R.S. Form 1120) of the most recent annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.
10. Provide AFUDC rate charged by company during the test year and explain method used to determine the rate.
11. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.
12. Provide summaries of the Company's revenue and expense budgets for the two calendar years subsequent to the historical test year.
13. Describe the Company's accounting treatment for gains or losses for income tax and book purposes on reacquisitions of intermediate or long-term debt and preferred stock and provide the additional information requested below:
  - a. Reacquisitions by issue by year.
  - b. Total gain on reacquisitions by issue by year.
14. Provide the following information concerning compensating bank balance requirements for the historical test year:
  - a. Name of each bank
  - b. Address of each bank
  - c. Types of accounts with each bank (checking, savings, escrow, other services, etc.)
  - d. Average daily or monthly, as appropriate, balance in each account
  - e. Amount and percentage requirements for compensating bank balance at each bank
  - f. Average minimum compensating bank balance required at each bank
  - g. Documents from each bank explaining compensating bank balance requirements
  - h. Interest earned on each type of account (where applicable).
15. Provide the following information concerning short-term debt (e.g., bank notes payable) for the historical test year:
  - a. Line of Credit at each bank or other institution
  - b. Average daily or monthly, as appropriate, balances of notes payable to each bank or other institution
  - c. Interest rate charged on each note payable (Prime rate, formula rate, or other)
  - d. Purpose of each note payable (e.g., construction, working capital, debt retirement)
  - e. Prospective future need for this type of financing.
16. Submit details on Company and/or Parent public offerings of common stock (past five years to present) as follows:
  - a. Date of Prospectus
  - b. Date of offering

- c. Record date
- d. Offering period—dates and number of days
- e. Amount and number of shares of offering
- f. Offering ratio (if rights offering)
- g. Per cent subscribed
- h. Offering price
- i. Gross proceeds per share
- j. Expenses per share
- k. Net proceeds per share (i-j)
- l. Market price per share
  - 1. At record date
  - 2. At offering date
  - 3. One month after close of offering
- m. Average market price during offering
  - 1. Price per share
  - 2. Rights per share—average value of rights
- n. Latest reported earnings per share at time of offering
- o. Latest reported dividends at time of offering.
- 17. Provide latest available balance sheet and income statement for Company and System consolidated.
- 18. Provide Rate of Return on Original Cost and Fair Value (if claimed) for:
  - a. Unadjusted test year under present rates
  - b. Adjusted test year under present rates
  - c. Adjusted test year under proposed rates.
- 19. Attach chart explaining Company's corporate relationship to its affiliates (System Structure).
- 20. If the Company plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:
  - a. Claimed capitalization and capitalization ratios
  - b. Claimed cost of long-term debt with supporting data
  - c. Claimed cost of short-term debt with supporting data
  - d. Claimed cost of total debt with supporting data
  - e. Claimed cost of preferred stock with supporting data
  - f. Claimed cost of common equity with supporting data.
- 21. Provide the following income tax data:
  - a. Consolidated income tax adjustments, if applicable
  - b. Interest for tax purposes (basis for the claim.)
- 22. Submit schedules on inter-company profits within the corporate system for the last three calendar years as follows:
  - a. Manufacturing and/or supply affiliates' sales to the company
  - b. Manufacturing and/or supply affiliates' profit before and after taxes, on such sales
  - c. Income tax refunds to the Company due to such sales

- d. Breakdown as to amounts capitalized and expensed by Company with respect to such sales
  - e. Detailed explanation of the income tax deferral on such sales, and how it is handled on the books of the Company, and on the books of the manufacturing and/or supply affiliates.
23. Submit schedules on inter-company profits for the last 3 calendar years as follows, to the extent the data are available:
- a. Manufacturing and/or supply affiliates' income available for common equity, after debt interest, but before income taxes
  - b. Manufacturing and/or supply affiliates' average amount of common equity
  - c. Manufacturing and/or supply affiliates' rate of return on average common equity
  - d. Manufacturing and/or supply affiliates' rate of return on average net investment.
24. Provide the following for the latest available calendar year:
- a. Manufacturing and/or supply affiliates' sales to:
    - (i) Other Parent Company operating telephone subsidiaries
  - b. Income statement of manufacturing and/or supply affiliates.
  - c. Balance Sheet of manufacturing and/or supply affiliates at year end
  - d. Net investment of manufacturing and/or supply affiliates and details of its computation.
  - e. Latest annual and quarterly reports of manufacturing and/or supply affiliates.
  - f. Summary of total sales of manufacturing and/or supply affiliates to each of the operating telephone subsidiaries, showing amount of sales and profit ratios thereon by the following categories:
    - (i) Apparatus and Equipment
    - (ii) Cable and Wire
    - (iii) Supplies
  - g. Price comparison analyses comparing the prices of manufacturing and/or supply affiliates with the prices of other manufacturers and/or suppliers for each of the categories in (f) above.
25. Submit the following data for service affiliates (directory, computer, management, or other) during the test year:
- a. Balance Sheet, detailing individual debt issues outstanding, preferred stock issues outstanding, and common equity for the latest available calendar year.
  - b. Income statement, detailing debt interest expense, preferred stock dividends, and net income available for common equity for the latest available calendar year.
  - c. Dollar total for each of the services provided during the latest available calendar year.

- d. Latest annual and quarterly reports.
26. Supply a copy of each of the service contracts which define the contractual agreements as to revenues, expenses and profits apportionments.

### III. BALANCE SHEET AND OPERATING STATEMENT

The responses to the items contained in Section III shall be provided for the historical test year claimed by the telephone utility. If, however, the telephone utility elects to file on a future test year basis, the additional data relative to that claim must be provided in response to the following requests.

#### *BALANCE SHEET*

1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the date at the test year end.
2. Provide a list of the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.
3. Provide a list of and an explanation of Special Cash Accounts of all types, such as:
  - a. Interest and Dividend Special Deposits.
  - b. Working Funds other than general operating cash accounts.
  - c. Other special cash accounts and amounts (Temporary cash investments).
4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.
5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written-off for the test year and two previous years.
6. Provide a list of and an explanation of prepayments.
7. Provide a list of and an explanation of any other major (in terms of amount of dollars) current assets listed on balance sheet.
8. Provide a list of and an explanation of the deferred asset accounts that currently operate to affect or will at a later date affect the operating account supplying:
  - a. Origin of these accounts
  - b. Balance in account at the end of the test year
  - c. Probably changes to these accounts in the near future
  - d. Amortization of these accounts currently charged to operations or to be charged in the near future
  - e. Method of determining yearly amortization for the following accounts:
    - Temporary Facilities
    - Miscellaneous Deferred Debits
    - Research and Development
    - Property Losses
    - Any other deferred accounts that affect operating results.



9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.
10. Provide details of other deferred credits as to their origin and disposition policy (e.g.—amortization).
11. Supply basis for Injury and Damages reserve and amortization.
12. Provide details of any significant reserves, other than depreciation, bad debt, or injury and damages, appearing on balance sheet.
13. Provide an analysis of retained earnings for the test year and the two preceding years.

*Cash Working Capital*

14. Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.
  - a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead lag days.
  - b. Settlements amounts with other communication companies should be treated as both revenues and expenses when developing lead and lag days.
15. Provide schedules and data in support of the following working capital items:
  - a. Prepayments—List and identify all items
  - b. Federal Excise Tax accrued or prepaid
  - c. Federal Income Tax accrued or prepaid
  - d. Pa. State Income Tax accrued or prepaid
  - e. Pa. Gross Receipts Tax accrued or prepaid
  - f. Pa. Capital Stock Tax accrued or prepaid
  - g. Pa. Public Utility Realty Tax accrued or prepaid
  - h. State sales tax accrued or prepaid
  - i. Payroll taxes accrued or prepaid
  - j. Interest on funded debt and other debt accrued or prepaid
  - k. Average customer deposits and annual interest thereon.
  - l. Any pro forma adjustment related to the above items under proposed rates.
16. Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.

**INCOME STATEMENT**

17. Prepare a Statement of Income and supporting adjustments for the various time frames of the rate proceeding including:
  - Col. 1—Unadjusted income statement for the test year.
  - 2—Adjustments made to annualize and normalize unadjusted revenues, expenses and taxes under proposed rates.
  - 3—Income statement under present rates after adjustment in Col. 2.
  - 4—Adjustment to reflect the revenue increase requested.
  - 5—Income statement under requested rates.

- a. Expenses may be summarized by the following expense classifications for purposes of this statement:
- Operating Expenses (by category)
    - Depreciation
    - Amortization
    - Taxes, Other than Income Taxes
      - Total Operating Expense
      - Operating Income Before Taxes
      - Federal Taxes
      - State Taxes
      - Deferred Federal
      - Deferred State
      - Income Tax Credits
      - Other Credits
      - Other Credits and Charges, etc.
      - Total Income Taxes
    - Net Utility Operating Income
    - Other Income & Deductions
      - Other Income
      - Detailed listing of Other Income used in Tax Calculation
        - Other Income Deduction
          - Detailed Listing
        - Taxes Applicable to Other Income and Deductions Listing
      - Income Before Interest Charges
        - Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues
        - Total Interest
        - Net Income After Interest Charges
- b. Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.
- c. Adjustments which are estimated shall be fully supported by basic information reasonably necessary.
- d. Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.
- e. List all and explain significant non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.
- f. List all and explain major expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.—Non-yearly maintenance programs, etc.)

18. Provide clarifying detail for any expense adjustments listed in Item 17 above that are due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expenses due to such change of account use.

19. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

*Operating Expenses*

20. Prepare a 3-column schedule of operating expenses, as described below, for the following periods:

- a. Columns 1 and 2—list two prior years relative to the test year period.
- b. Column 3—Test Year

(Supply sub-accounts, if significant, to clarify basic accounts.)

***MAINTENANCE EXPENSES***

602.1	Repairs of pole lines
602.2	Repairs of aerial cable
602.3	Repairs of underground cable
602.4	Repairs of buried cable
602.5	Repairs of submarine cable
602.6	Repairs of aerial wire
602.7	Repairs of underground conduit
602.8	Shop repairs and salvage adjustments
602	Subtotal—Repairs of outside plant
603	Test desk work
604	Repairs of central office equipment
605	Repairs of station equipment
606	Repairs of buildings and grounds
610	Maintaining transmission power
611	Employment stabilization
612	Other maintenance expenses
	Total

***TRAFFIC EXPENSES***

621	General traffic supervision
622	Service inspection and customer instruction
624	Operators' wages
626	Rest and lunchrooms

627	Operators' employment and training
629	Central office stationery and printing
630	Central office house service
631	Miscellaneous central office expense
632	Public telephone expenses
633	Other traffic expenses
634	Joint traffic expenses—Dr.
635	Joint traffic expenses—Cr.
	Total

**COMMERCIAL EXPENSES**

640	General commercial administration
642	Advertising
643	Sales expense
644	Connecting company relations
645	Local commercial operations
648	Public telephone commissions
649	Directory expenses
650	Other commercial expenses
	Total

**GENERAL OFFICE SALARIES AND EXPENSES**

661	Executive department
662	Accounting department
663	Treasury department
664	Law department
665	Other general office salaries and expenses
	Total

**OTHER OPERATING EXPENSES**

668	Insurance
669	Accidents and damages
671	Operating rents
672	Relief and pensions
673	Telephone franchise requirements
674	General services and licenses
675	Other expenses
676	Telephone franchise requirements—Cr.
677	Expenses charged construction—Cr.
	Total

21. List extraordinary property losses included in operating expenses or depreciation and amortization as a separate item. Sufficient supporting data must be provided.

22. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim, the items comprising the actual expenses of prior rate cases and any unamortized balances.

23. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (nonmanagement and management) granted or planned to become effective during the test year. Supply data for the historical test year and for the future test year, as available:

a. Total annualized payroll increases included in the test year broken down between amounts capitalized and amounts expensed.

b. Total annualized payroll expense increase claimed in the test year by categories of operating expense, i.e., maintenance, operating transmission, distribution and the like.

c. For each payroll increase included in the test year supply the following:

i. Nature of payroll increase

ii. Effective date of payroll increase

iii. Average percentage increase

iv. Annualized increase in payroll amount

v. Annualized increase in payroll expense

d. For each wage increase provide the increase to wage related cost added to annualized wages. Itemize the amounts between overtime, social security taxes, Pension and death benefits, company contributed savings, group life insurance, and any other. Any benefits included in these amounts paid to officers only should be itemized separately.

e. State whether the pension cost figures include any unfunded pension cost. Explain.

f. If any of the amount claimed in the test year for annualized payroll increase includes deferred income and/or consultant fees to corporate officers or employees, submit a schedule listing the amounts.

24. Supply an exhibit showing an analysis if the charges by service affiliates for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ending prior to the test year:

a. Supply a copy of contracts, if applicable.

b. Explain the nature of the services provided.

c. Explain basis on which charges are made.

d. If charges allocated, identify allocation factors used.

e. Supply the components and amounts comprising the expense in this account.

25. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payment.

26. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

27. Provide a schedule of advertising expense for the classifications and for the media categories as specified in the Uniform System of Accounts for the test year and the two prior comparable years.

28. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

29. Submit a schedule showing the major expenditures associated with Outside Services Employed and Regulatory Commission Expenses, for the test year and prior two comparable years or calendar years.

30. Submit details of information covering research and development expenditures including major projects within the company and forecasted company programs.

31. Provide a schedule listing all charitable and civic contributions by recipient for those amounts claimed in the test year operating expenses.

32. Provide a labor productivity schedule.

33. Indicate the expenses that are included in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

34. Submit a statement of changes in major accounting procedures since the previous rate case and any anticipated changes.

35. Explain the internal auditing program and provide a listing of the audits performed during the year preceding the filing.

*Taxes, Other than Income Taxes*

36. Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

37. Provide a schedule of Federal and Pennsylvania taxes, other than income taxes, calculated for the unadjusted test year under present rates, the adjusted test year under present rates and the adjusted test year under proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. assessments—P.U.C. and Office of the Consumer Advocate
- f. other property
- g. any other appropriate categories

*Income taxes*

38. Submit a schedule showing for the last five calendar years the Federal income tax refunds, or other payments plus interest (net of taxes), paid to the Company as a result of prior years' claims.

39. Provide detailed computations showing the deferred income taxes resulting from the use of: accelerated tax depreciation associated with post-1969 public utility property as provided by Internal Revenue Code Section 167 Asset Depreciation Range (ADR) lives; and, accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS) as provided by Internal Revenue Code Section 168.

a. Separate the state and federal computations and provide the tax rates used in calculating the deferrals.

b. State whether tax depreciation is based on all depreciable telephone plant in service claimed in the measure(s) of value and whether it is the tax depreciation for the test year.

c. Reconcile any difference between the deferred tax balance, shown as a reduction to the measure(s) of value, and the deferred tax balance as shown on the balance sheet.

40. Submit a schedule showing a breakdown of the deferred income taxes by State and Federal for the unadjusted test year under present rates, the adjusted test year under present rates and the adjusted test year under proposed rates.

41. Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), as of the end of the historical test year, together with a description of methods used to write-off the unamortized balances if changed since previous rate proceeding.

42. Submit detailed calculations showing the derivation of deferred income taxes due to amortization of repair allowance if such policy is followed.

(Note: Submit additional schedules if the company has more than one accounting area.)

43. Provide details of the Federal Surtax Exemption allocated to the Pennsylvania jurisdictional area, if applicable.

44. Explain the use of cost of removal of any retired plant figures in the income tax calculations.

45. Provide the method used to calculate test year income tax deferrals associated with tax depreciation in amounts segregated as follows:

a. Property installed prior to 1970

b. Property installed subsequent to 1969

46. State whether all tax effects due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain.)

47. Show any income tax loss/gain carryovers from previous years that may affect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.
48. Provide a detailed analysis of Taxes Accrued on the basis of the unadjusted test year under present rates.
49. For the test year as recorded on test year operating statement:
- a. Supply the amount of current Federal income tax expense.
  - b. Supply the amount of the net deferred Federal income tax expense resulting from the excess of accelerated tax depreciation over book depreciation.
  - c. Supply the amount of investment credit realized during the test year due to the 10% Job Development Credit during test year.
  - d. Provide the amount of the reduction in Federal income taxes due to the amortization of the 10% Job Development Credit.
  - e. Provide the amount of the reduction in Federal income taxes for the amortization of any 3% Investment Tax Credit that may remain on the utility books.
  - f. Provide the Federal income tax actually paid, net of all tax credits, for the latest tax return filed.
50. Provide the debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for Federal income tax, and provide the debit and credit for the Job Development Credits (whatever account) for the test year.
51. Reconcile income taxes on the test year operating statement with regard to current portion of income tax, income taxes deferred currently due to tax timing differences and current taxes due resulting from past years' income tax deferrals, and from adjustment of investment tax and job development credits for both State and Federal income taxes.
52. With respect to determination of Federal and State income taxes, submit the following schedules:
- a. Income tax results of the adjustments to the test year under present rates.
  - b. Income taxes for the adjusted test year under present rates.
  - c. Income tax effect of the rate increase requested.
  - d. Income taxes for the adjusted test year under proposed rates.
  - e. Adjustments for taxable net income for the unadjusted test year under present rates and the adjusted test year under present rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for rate making purposes, if claimed.
53. Each independent telephone company shall provide copies of Bell of Pennsylvania toll settlement sheets for each month of the historical test year as well as each month subsequent to the test year, prior to the effective date of the filing.



#### IV. RATE STRUCTURE

Each telephone utility shall submit the following simultaneously with any rate increase filing:

1. A fully allocated cost-of-service study derived from the apportionment of the total costs of operating a telephone company, by distributing this total cost among all of the various equipment units and classes of service in such a manner that the sum of the costs imputed to each unit or class of service is made to equal the total costs for the most recent year available.
2. Submit a summary of the detailed cost studies upon which respondent supports the proposed rates.
  - a. For every cost study provided, submit a thorough explanation of the cost methodology used in deriving such cost studies.
3. Show a comparison of proposed revenue to a fully allocated cost for any charge change in equipment or service. Indicate the deficiencies or excesses in proposed revenue.
4. Provide a schedule that compares present and proposed tariff charges, along with the percentage increase or decrease for each change, increase, or decrease in the tariff. Also, set forth the revenue anticipated from these changes.
5. Provide a detailed revenue analysis displaying, by category of service, revenues resulting from test year under present rates and test year under proposed rates.
6. Submit a summary of the number and type of customers or billed units affected by each proposed increase, decrease or change in the tariff.
7. Submit a study that states the number of customers or billed units receiving individual, two-party, four-party and multi-party service in each exchange area for the total Company. Classify according to residence and business customers or billed units.
8. Provide a list of the various exchanges and show the number of terminals each exchange can call without incurring a toll charge. Accompany this with the present and proposed basic monthly exchange charges by rate band if applicable and percentage increase. Delineate according to business and residential customers or billed units.

If a change from mileage charges to zones is proposed, explain how zones were chosen and what criteria were used in choosing the geographical locations of these zones.
9. Submit a schedule listing the following information for each central office.
  - a. Number of lines installed at the end of test year.
  - b. Number of lines utilized at end of test year.
10. Provide the rationale, method of determination and cost justification for any change in rate band widths.

11. Provide growth patterns of usage in messages or hundred call seconds per main station and billed units, by business and residence classes of service for each rate class for three preceding years.
12. Provide a schedule showing unfilled requests for upgrades.
13. Provide a schedule showing outstanding service orders for new telephones at the end of the test year.

### **Exhibit C**

#### ***GENERAL FILING INFORMATION—ELECTRIC UTILITIES***

##### **SUMMARY OF FILING**

1. Provide a summary discussion of the rate change request, including specific reasons for each increase or decrease. Also provide a breakdown which identifies the revenue requirement value of the major items generating the requested rate change.
2. Identify the proposed witnesses for all statements and schedules of revenues, expenses, taxes, property, valuation and the like.
3. Provide a single page summary table showing, at present and at proposed rates, together with references to the filing information, the following as claimed for the fully adjusted test year:
  - Revenues
  - Operating Expenses
  - Operating Income
  - Rate Base
  - Rate of Return (produced)
4. Whenever a major generating plant is placed in operating service or removed from operating service the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement as it affects the test year.

#### **B. GENERAL DESCRIPTION OF UTILITY OPERATIONS**

1. Provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions. Indicate all counties, cities and other governmental subdivisions to which service is provided, including service areas outside this Commonwealth, and the total number of customers or billed units in the areas served.

2. Provide a description of the property of the utility and an explanation of the system's operation, and supply the following, using available projections if actual data is unavailable:

a. A schedule of generating capability showing for the test year, and for the two consecutive 12-month periods prior to the test year, net dependable capacity in KW by unit, plant capacity factor by unit, and total fuel consumption by type and cost for each unit, if available, or for each station, and operation and maintenance expenses by station.

b. A schedule showing for the test year and for the 12-month period immediately prior to the test year the scheduled and unscheduled outages—in excess of 48 hours—for each station, the equipment or unit involved, the date the outage occurred, duration of the outage, maintenance expenses incurred for each outage, if available, and amounts reimbursable from suppliers or insurance companies.

c. A schedule for each unit retired during the test year or subsequent to the end of the test year, which shows the unit's KW capacity, hours of operation during the test year, net output generated, cents/KWH of maintenance and fuel expenses, and date of retirement.

d. A schedule showing latest projections of capacity additions and retirements—costs and KW—and reserve capacity at the time of peak for at least 10 years beyond the test year, including the inservice dates—actual or expected—and AFDC cutoff dates—if different from inservice dates—for all new generating units coming on line during or subsequent to the test year, if claimed.

3. Provide an overall system map, including and labeling all generating plants, transmission substations—indicate voltage, transmission system lines—indicate voltage, and all interconnection points with other electric utilities, power pools, and other like systems.

## ***II. PRIMARY STATEMENTS OF RATE BASE AND OPERATING INCOME***

### **A. RATE BASE—UNADJUSTED TO ADJUSTED BASIS**

1. Provide a schedule showing the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross-referenced to appropriate supporting schedules.

2. If the schedule provided in response to item 1, is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.

3. When a utility files a tariff stating a new rate based in whole or in part on the cost of construction, as defined in 66 Pa.C.S. § 1308(f) (relating to voluntary changes in rates), of an electric generating unit, the utility shall identify:

- (a) The total cost of the generating unit.
- (b) The following costs:
  - (1) The cost and quantity of each category of major equipment, such as switchgear, pumps or diesel generators and the like.
  - (2) The cost and quantity of each category of bulk materials, such as concrete, cable and structural steel and the like.
  - (3) Manual labor.
  - (4) Direct and indirect costs of architect/engineering services.
  - (5) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as turbines, generators, nuclear steam supply systems, major structures and the like.
  - (6) Distributed costs.
- (c) A cost increase of \$5 million or more, including AFUDC, over the original utility estimates provided under 66 Pa.C.S. § 515(a) (relating to construction cost of electric generating units) and its causes.

(d) Compliance with subsections (a) and (b) will be identical in format and substance as that provided under 52 Pa. Code § 57.103 (relating to estimate of construction costs) for original cost estimates submitted under 66 Pa.C.S. § 515(a).

## **B. RATE BASE SUPPORTING SCHEDULES**

1. If a claim is made for plant held for future use, supply the following:
  - a. A description of the plant or land site and its cost and any accumulated depreciation.
  - b. The expected date of use for each item claimed.
  - c. An explanation as to why it is necessary to acquire each item in advance of its date of use.
  - d. The data when each item was acquired.
  - e. The date when each item was placed in plant held for future use.

2. If a claim is made for construction work in progress, provide a supporting schedule which sets forth separately, revenue-producing and nonrevenue producing amounts, and include, for each category a summary of all work orders, amounts expended at the end of the test year and anticipated inservice dates. Indicate if the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in

exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project.

3. If a claim is made for materials and supplies or fuel inventory provide a supporting schedule for each claim showing the latest actual 13 monthly balances and showing in the case of fuel inventory claims, the type of fuel, and location, as in station, and the quantity and price claimed.

4. If a claim is made for cash working capital provide a supporting schedule setting forth the method and all detailed data utilized to determine the cash working capital requirement. If not provided in the support data provide a lead-lag study of working capital, completed no more than 6 months prior to the rate increase filing.

5. If a claim is made for compensating bank balances, provide the following information:

- a. Name and address of each bank.
  - b. Types of accounts with each bank—checking, savings, escrow, other services, and the like.
  - c. Average daily balance in each account.
  - d. Amount and percentage requirements for compensating bank balance at each bank.
  - e. Average daily compensating bank balance at each bank.
  - f. Documents from each bank explaining compensating bank balance requirements.
  - g. Interest earned on each type of account.
  - h. A calculation showing the average daily float for each bank.
6. Explain in detail by statement or exhibit the appropriateness of additional claims or the use of a method not previously mentioned, in the claimed rate base.

### C. OPERATING INCOME STATEMENT

1. Prepare a Statement of Income including:
  - a. The book, or budgeted, statement for the test year.
  - b. Adjustments to annualize and normalize under present rates, including an elimination of the effects on income of the energy cost rate and state tax adjustment surcharge.
  - c. The income statement under present rates after adjustment.
  - d. The adjustment for the revenue requested.
  - e. The income statement under requested rates after adjustment.

Each adjustment, including those relating to adjustment clauses, shall contain an explanation in sufficient clarifying detail to allow a reasonably informed person to understand the method and rationale of the adjustment.

2. If the schedule provided in item 1 is based upon budgeted data for a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.

#### **D. INCOME STATEMENT SUPPORTING SCHEDULES**

1. Provide a schedule showing all revenues and expenses for the test year and for the 12-month period immediately prior to the test year, together with an explanation for major variances between test year revenues and expenses and those for the previous 12-month period. Revenues and expenses shall be summarized by the major account categories listed below. If budgeted data for a future test year is not readily available by these categories, an analysis of the data for the 12-month period immediately prior to the future test year or for the most recent available calendar year may serve as the basis for ratably allocating the budgeted data into the account categories as follows:

##### ***OPERATING REVENUES***

400	Electric Revenues:
	Residential Sales
	Commercial Sales
	Industrial Sales
	Public Street & Highway
	Lighting Sales
	Sales for Resale
	Total Other Electric Revenues
	Other Electric Revenues:
	Late Payment Charges
	Miscellaneous Service Revenues
	Rent from Electric Property
	Other Electric Revenues
	Total Other Electric Revenues
	Total Operating Revenues

##### ***OPERATING EXPENSES***

401-2	Operation and Maintenance Expenses
	Power Production Expenses:
	Fuel
	Net Interchange
	Deferred Energy Costs
	Other

	Transmission Expenses
	Distribution Expenses
	Customer Service & Informational Expense
	Sales Expenses
	Administrative and General Expenses
	Total Operation & Maintenance Expenses
403	Depreciation Expenses
	Amortization of Net Salvage
	Nuclear Decommissioning Expense
407	Amortization of Property Losses
408	Taxes Other Than Income Taxes
	Total Operating Expenses Prior To Federal & State Income Taxes
	<b><i>OPERATING EXPENSES</i></b>
	Operating Income Prior To Federal and State Income Taxes
	<b><i>FEDERAL AND STATE INCOME TAXES</i></b>
409	Federal Income Taxes
	State Income Taxes
409	Deferred Federal Income Taxes
	Deferred State Income Taxes
411	Investment Tax Credit Adjustments
	Deferrals
	Amortization—Credit
	Other Income Tax Credits & Charges
	Total Federal and State Income Taxes
	Operating Income After Federal and State Income Taxes
	<b><i>OTHER INCOME AND DEDUCTIONS</i></b>
	<b><i>OTHER INCOME</i></b>
415-18	Non-utility Operating Income
419	Interest and Divided Income
419	Allowance for Other Funds Used During Construction
421	Gain on Disposition of Property
421	Other Miscellaneous Non-operating Income
	Total Other Income

***OTHER INCOME DEDUCTIONS***

421	Loss on Disposition of Property
425	Miscellaneous Amortization
426	Miscellaneous
	Total Other Income Deductions

***TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS***

408	Taxes Other Than Income Taxes
409	Federal Income Tax
409	State Income Tax
	Total Taxes Applicable to Other Income and Deductions
	Income Before Interest Charges

***INTEREST CHARGES***

427	Interest on Long-Term Debt
428	Amortization of Debt Discount and Expense
429	Amortization of Premium on Debt
431	Other Interest Expense
432	Allowance for Borrowed Funds Used During Construction—
	Credit
	Net Interest Charges
	Income Before Extraordinary Items
	Extraordinary Items After Taxes
	Net Income

2. Provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, State income tax, Federal income tax and income available for return. In addition, test year adjustments shall be presented on the basis of the major account categories set out at II-D-1.

3. List and explain all nonrecurring or extraordinary expenses incurred in the test year and all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years, for example, nonyearly maintenance programs, and the like.

4. As a separate item, list extraordinary property losses related to property previously included in cost of service when the gain or loss on this property has occurred or is likely to occur in the future test year. The proposed ratemak-



ing treatment of extraordinary gains and losses must also be disclosed. Sufficient supporting data must be provided.

5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written off in each of the last 3 calendar years.

6. Supply detailed calculations to support the total claim for rate case expense, including supporting data for outside service rendered. Provide the items comprising the estimated rate case expense claim for the current rate case.

7. Submit schedules for the test year and for the 12-month period immediately prior to the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories.

- a. Miscellaneous general expenses, including account 930.
- b. Outside service expenses.
- c. Regulatory commission expenses.
- d. Advertising expenses, including advertising engaged in by trade associations whenever the utility has claimed a contribution to the trade association as a ratemaking claim—provide explanation of types and purposes of such advertising.
- e. Research and development expenses—provide a listing of major projects.
- f. Charitable and civic contributions, by recipient and amount.

Explain major variances between the test year expenses and those expenses for the prior 12-month period.

8. Provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately prior to the test year, for services rendered included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of an applicable contract. Also, explain major variances between the charges for the test year and the corresponding charges for the prior 12-month period.

9. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for, the cost thereof, the accounting treatment and whether included in claimed test year expenses.

10. Provide the following payroll and employe benefit data—regular and overtime—separately for the test year and for the 12-month period immediately prior to the test year:

- a. The average and year-end number of employes and the unadjusted annual payroll expense and employe benefit expense associated with union personnel.

- b. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with non-union personnel.
  - c. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with management employees, if different than b.
  - d. A summary of the wage rate, salary and employee benefit changes granted or to be granted during the year.
  - e. The claimed test year payroll expense and employee benefit expense.
  - f. The percentage of payroll expense and employee benefit expense applicable to operation and maintenance expenses and the basis thereof.
11. Describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State method for calculating monthly or annual payments.
12. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list all internal and independent audit reports for the most recent 2 year period.
13. Regardless of whether a claim for negative or positive net salvage is made, attach an exhibit showing gross salvage, cost of removal, third party reimbursements, if any, and net salvage for the test year and 4 previous years.
14. State the amount of debt interest utilized for test year income tax calculations, including the amount so utilized which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.
15. Provide a schedule for the test year of Federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following tax categories:
- a. Social security.
  - b. Unemployment.
  - c. Capital stock.
  - d. Public utility.
  - e. P.U.C. assessment.
  - f. Other property taxes.
  - g. Any other appropriate categories.
16. Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of all normalizing adjustments. Submit detailed calculations supporting taxable income before State and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

17. Submit a schedule showing for the last 5 years the income tax refunds, plus interest—net of taxes, received from the Federal government due to prior years' claims.

18. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

19. Explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.

20. Explain the treatment given to costs of removal in the income tax calculation and the basis for such treatment.

21. Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.

22. State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in rate base claim.

If response is affirmative:

a. Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount.

b. Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.

c. State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.

d. Provide details of calculation to determine tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.

23. Under section 1552 of the Internal Revenue Code (26 U.S.C.A. § 1552) and 26 CFR 1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government (if this interrogatory is not applicable, so state):

a. State what option has been chosen by the group.

b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.

c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated

group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

d. Provide the most recent annual income tax return for the group.

e. Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

f. Provide details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

24. Provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, ADR rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).

a. Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.

b. State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.

c. Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.

25. Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.

26. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not otherwise specifically explained and supported in the statement of operating income.

27. If the utility's operations include non-jurisdictional activities, provide a schedule which demonstrates the manner in which rate base and operating income date have been adjusted to develop the jurisdictional test year claim.

#### **E. BUDGETED DATA**

1. Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility's budgeting process.

2. Supply summaries of the utility's projected operating and capital budgets for the 2 calendar years following the end of the test year.

### **III. RATE OF RETURN**

#### **A. CLAIMED RATE OF RETURN**

1. Provide a schedule showing the major components of claimed capitalization, and the derivation of the weighted costs of capital for the rate case claim. This schedule shall include a descriptive statement concerning the major elements of changes in claimed capitalization, cost rates and overall return from comparable historical data.
2. Provide a schedule in the same format as Schedule 1, except for the omission of the descriptive statement, for the most immediate comparable annual historical period prior to the test year and the two calendar years most immediately preceding the rate of return claim period. Irrespective of whether the capitalization claimed on Schedule 1 includes short-term debt, Schedule 2 should reflect capital ratios with and without short-term debt.

#### **B. EMBEDDED COST OF LONG-TERM DEBT**

1. Provide a schedule showing the calculation of embedded cost of long-term debt by issue, supporting the related rate case claim. The schedule shall contain the following information:
  - a. Date of issue.
  - b. Date of maturity.
  - c. Amount issued.
  - d. Amount outstanding.
  - e. Amount retired.
  - f. Amount reacquired.
  - g. Gain or loss on reacquisition.
  - h. Coupon rate.
  - i. Discount or premium at issuance.
  - j. Issuance expense.
  - k. Net proceeds.
  - l. Sinking fund requirements.
  - m. Effective cost rate.
  - n. Total average weighted effective cost rate.

Projected new issues, retirements and other major changes from the comparable historic data should be clearly noted.

2. In the event that a claim made for a true or economic cost of debt exceeds that shown in the preceding nominal cost schedule because of convertible features, sale with warrants or for any other reason, a full statement of the basis for such a claim should be provided.

3. Provide the following information concerning bank notes payable for test year and for latest comparable annual historical period prior to the test year:
  - a. Line of credit at each bank.
  - b. Average daily balances of notes to each bank, by name of bank.
  - c. Interest rate charged on each bank note (Prime rate, formula rate, or other).
  - d. Purpose of each bank note (for example, construction, fuel storage, working capital, debt retirement).
  - e. Prospective future need for this type of financing.
4. Provide detailed information concerning all other short-term debt outstanding.
5. Describe long-term debt reacquisition by issue by Company and Parent as follows:
  - a. Reacquisition by issue by year.
  - b. Total gain or loss on reacquisitions by issue by year.
  - c. Accounting for gain or loss for income tax and book purposes.
  - d. Proposed treatment of gain or loss on such reacquisition for ratemaking purposes.

#### **C. EMBEDDED COST OF PREFERRED STOCK**

Provide a schedule showing the calculation of the embedded cost of preferred stock equity by issue, supporting the related rate case claim. The schedule shall contain the following information:

- a. Date of issue.
- b. Date of maturity.
- c. Amount issued.
- d. Amount outstanding.
- e. Amount retired.
- f. Amount reacquired.
- g. Gain or loss on reacquisition.
- h. Dividend rate.
- i. Discount or premium at issuance.
- j. Issuance expenses.
- k. Net proceeds.
- l. Sinking fund requirements.
- m. Effective cost rate.
- n. Total average weighted effective cost rate.

Projected new issues, retirement and other major changes from the comparable historical data should be clearly noted.

#### **D. COST OF COMMON EQUITY**

1. Provide complete support for claimed common equity rate of return.

2. Provide a summary statement of all stock dividends, splits or par value changes during the 2 calendar year period preceding the rate case filing.
3. Provide a schedule of all issuances of common stock, whether or not underwriters are used, for the most immediately available annual historical period and the 2 calendar years most immediately preceding the test year.
4. Submit details on the utility and parent company stock offerings—past 5 years to present—as follows:
  - a. Date of prospectus.
  - b. Date of offering.
  - c. Record date.
  - d. Offering period—dates and numbers of days.
  - e. Amount and number of shares offered.
  - f. Offering ratio, if rights offering.
  - g. Percent subscribed.
  - h. Offering price.
  - i. Gross proceeds per share.
  - j. Expenses per share.
  - k. Net proceeds per share (i—j).
  - l. Market price per share.
    - (1) At record date.
    - (2) At offering date.
    - (3) One month after close of offering.
  - m. Average market price during offering.
    - (1) Price per share.
    - (2) Rights per share—average value of rights.
  - n. Latest reported earnings per share at time of offering.
  - o. Latest reported dividends at time of offering.

#### **E. PARENT—SUBSIDIARY RELATIONSHIP**

1. If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system—consolidated—the reasons for this claim must be fully stated and supported.
2. Regardless of the claim made, provide the capitalization data requested at Item III.A.2. for the parent company and for the system—consolidated.
3. Provide the latest available balance sheet and income statement for the parent company and system—consolidated.
4. Provide an organizational chart explaining the filing utility's corporate relationship to its affiliates—system structure.

#### **F. GENERAL FINANCIAL DATA**

1. The latest available quarterly operating and financial report, annual report to the stockholders and prospectus shall be supplied for the utility and for the utility's parent, if the relationship exists.

2. Supply projected capital requirements and sources of the filing utility, its parent and system—consolidated—for the test year and each of 3 comparable future years.

3. State what coverage requirements or capital structure ratios are required in the most restrictive of applicable indentures/charter tests and how these measures have been computed.

4. A schedule of comparative financial data shall be supplied for the test year, the most immediately available annual historical period, prior to the test year, and the 2 calendar years most immediately preceding the test year. Changes in Moody's/S&P ratings, noted on this schedule, shall be accompanied by the Moody's/S&P writeup of such change, if available. The following financial data and ratios shall be supplied for the utility's parent, where applicable, if not available for the utility.

- a. Times interest earned ratio—pre-tax and post-tax basis.
- b. Preferred stock dividend coverage ratio—post-tax basis.
- c. Times fixed charges earned ratio—pre-tax basis.
- d. Earnings per share.
- e. Dividend per share.
- f. Average dividend yield (52-week high/low common stock price).
- g. Average book value per share.
- h. Average market price per share.
- i. Market price-book value ratio.
- j. Earnings-book value ratio (per share basis, average book value).
- k. Dividend payout ratio.
- l. AFUDC as a % of earnings available for common equity.
- m. Construction work in progress as a % of net utility plant.
- n. Effective income tax rate.
- o. Internal cash generations as a % of total capital requirements.

#### ***IV. RATE STRUCTURE AND COST ALLOCATION***

##### **A. SUMMARY OF INDIVIDUAL RATE EFFECTS**

Provide a summary schedule of the individual rate effects. For each state jurisdictional rate, show the following information for the test period elected:

1. Rate schedule designation.
2. For existing rates:
  - (a) Customers served as of end of period.
  - (b) Annual Kwh sales.
  - (c) Base rate revenues adjusted for any changes in base rate application that may have occurred during the test period.
  - (d) Tax surcharge revenues.
  - (e) Energy Cost adjustment clause revenues.



- (f) Revenues received from other clauses or riders separately accounted for.
  - (g) Total of all revenues.
3. For proposed rates:
- (a) Estimated number of customers whose charges for electric service will be increased or decreased as a result of this filing.
  - (b) Base rate revenues:
    - (1) Annual dollar amount of increase or decrease.
    - (2) Percentage change.
  - (c) Estimated tax surcharge revenues based on the assumption that the base rate changes proposed were in place.
  - (d) Estimated Energy cost adjustment clause revenues.
  - (e) Revenues received from other clauses or riders separately accounted for.
  - (f) Total of all revenues:
    - (1) Amount of total annual dollar change.
    - (2) Percentage change.
4. Supplement the revenue summary to obtain a complete revenue statement of the electric business, that is, show delayed payments, other electric revenues, FERC jurisdictional sales and revenues and all other appropriate revenue items and adjustments.
5. Develop the grand total showing total sales and revenues as adjusted and the various increases and decreases and percent effects as described above.

#### **B. DESCRIPTION OF PROPOSED RATE CHANGES**

Provide a description of changes proposed for the new tariff:

- (1) For each rate schedule proposed to be modified.
- (2) For each rate schedule proposed to be deleted.
- (3) For each new rate schedule proposed to be added.

#### **C. REVENUE EFFECTS AND BILLING ANALYSES FOR CHANGED RATES**

The annual revenue effect of any proposed change to any rate must be supported by a billing analysis. This may consist of the use of bill frequency distributions or individual customer billing records for the most recent annual periods available. All billing determinants should be displayed. The blocking and corresponding prices of the existing rate and the proposed rate should be applied to the determinants to derive the base rate revenues under both present and proposed rates. The derived base rate revenues should form the basis for measuring the annual base rate effect of the rates in question for the test periods.

**D. MONTHLY BILLING EFFECT CHARTS AND DATA**

The effects of the proposed rates on monthly billing conditions should be provided as follows:

*1. Residential Bill Comparisons*

For each rate applicable to residential service provide a chart or tabulation which shows the dollar and percentage effect of the proposed base rate on monthly bills ranging from the use of zero kWh to 5,000 kWh at appropriate intervals.

*2. General Bill Comparisons*

For each rate that requires both a billing demand (kW) and kWh's as the billing determinants, provide a tabulation or graphical comparison showing the percentage effect of the proposed base rate on monthly bills using several representative demand (kW) levels, the monthly kWh for each demand selected to be in load factor increments of 10% starting at 0% and ending at 100% (730H) or by hours' use increments that covers approximately 95% of the bills.

**E. COST OF SERVICE STUDY, ALLOCATIONS TO EACH TARIFF RATE SCHEDULE**

1. Provide a cost study which allocates the total cost of service to each proposed tariff rate schedule. Tariff rates schedules may be combined for this purpose provided that they are of a similar supply or end use nature. A statement describing which rates were combined and the reasons therefor should be submitted.

The rates of return for each tariff rate schedule as defined above should be determined at both the present and proposed rate levels. Base rate revenues should be used for this purpose unless there are good and sufficient reasons to include revenues derived from other sources. Should the latter be the case, an explanation of other revenue sources included and reasons therefor should accompany the cost allocation study.

The methods selected for use in allocating costs to rate classes should include cost analyses based on:

- a. Peak responsibility.
- b. Average and excess, on a non-coincident demand basis.
- c. Company preferred method if different from the above-referenced methods, with rationale behind the selection.

This study should include a statement of the source and age of the load data used in the determination of demand responsibilities, a description of any special studies used to prepare the cost study, and the most recent overall system line loss study.

The cost data used in the allocation study may be based on the test year.

2. Provide comparisons in either graphical or tabular form showing cost, as defined in the cost of service study, and proposed base rate revenues and usage

for all residential and demand/energy rate schedules. Demand shall be for representative loads for each demand/energy rate schedule.

***V. PLANT AND  
DEPRECIATION SUPPORTING  
DATA, INCLUDING  
RELATED DEPRECIATION  
STUDY REPORT***

**A. ADJUSTED ORIGINAL COST PLANT WITH ACCUMULATED BOOK AND CALCULATED DEPRECIATION AT TEST YEAR-END**

1. Provide schedules supporting claimed amounts for Electric Plant in Service by function and by account if available.
2. Provide a comparison of calculated depreciation reserve versus book reserve at the end of the test year. Provide this comparison by functional group and by account if available.
3. Provide supporting schedules which indicate the procedures and calculations employed to develop the original cost plant and applicable reserves to the test year end as submitted in the current proceeding.
4. Provide a schedule showing details of rate case adjustments.

**B. ADJUSTED ORIGINAL COST ANNUAL BOOK AND CALCULATED DEPRECIATION ACCRUALS**

1. Provide a comparison of calculated depreciation accruals versus book accruals by function and by account if available.
2. Supply a schedule by account or by depreciable group showing the survivor curve or interim survivor curve and annual accrual rate estimated to be appropriate:
  - a. For the purpose of this filing.
  - b. For the purpose of the most recent rate filing prior to the current proceeding.
  - c. Supply an explanation for any major change in annual accrual rate by account or by depreciable group.
  - d. Supply a comprehensive statement of major changes made in depreciation methods, procedures and techniques and the effect of the changes upon accumulated and annual depreciation, if any.

**C. USE OF RETIREMENT RATE ACTUARIAL METHOD**

Where the retirement rate actuarial method of mortality analysis is utilized, set forth representative examples including charts depicting the observed and estimated survivor curves and a tabular presentation of the observed and estimated life tables plotted on the chart. Other analysis results shall be subject to request.

**D. EXAMPLE TABULATIONS OF ORIGINAL COST CLAIMED  
ESTIMATES OF ACCRUED DEPRECIATION**

1. Provide the surviving original cost plant at the appropriate test year date or dates by account or functional property group and include claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in service as well as other categories of plant, including but not limited to, contributions in aid of construction, customers' advances for construction, and anticipated retirements associated with construction work in progress claims, if applicable.

2. Provide representative examples of detail calculations by vintage at account or at a more detailed level, as performed for these purposes. Other vintage detail calculations shall be subject to request.

**E. DESCRIPTION OF DEPRECIATION METHODS**

Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of the significant factors which were considered in arriving at estimates of service life and forecast retirements by facilities, accounts or sub-accounts, as applicable.

***VI. UNADJUSTED  
COMPARATIVE  
BALANCE SHEETS AND  
OPERATING INCOME  
STATEMENTS***

Provide the following unadjusted detailed schedules by function and by FERC account for the claimed test year and for each of the 3 preceding comparable years:

- A. Balance sheet, in the form available.
- B. Statement of income.
- C. Plant in service.
- D. Accumulated depreciation.

**Exhibit D**  
**WATER AND WASTEWATER UTILITIES**

***I. STATEMENT OF INCOME***

1. Provide comparative operating statements for the historic test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major (greater than 15%) variances between the historic test year and preceding year by detailed account number. Limit the explanation to differences of \$10,000 or greater.

2. Prepare an income statement for the various time frames of the rate proceeding including:

Col. 1—Book recorded income statement for the test year.

2—Adjustments to book recorded income statement to annualize and normalize under present rates.

3—Income statement under present rates after adjustments in Col. 2.

4—Adjustments to Col. 3 for revenue increase requested.

5—Income statement under proposed rates.

3. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for the company as a whole.

4. Provide operating income claims under:

a. Present rates.

b. Pro forma present rates (annualized & normalized).

c. Proposed rates (annualized & normalized).

5. Provide rate of return on original cost under:

a. Present rates.

b. Pro forma present rates.

c. Proposed rates.

***II. OPERATING REVENUES***

1. Prepare a summary of operating revenues for the historic test year and the year preceding the historic test year, providing the following information:

a. For each classification of customers:

(i) Number of customers as of year-end.

(ii) Gallons sold.

(iii) Revenues.

b. Customers' penalties and miscellaneous water revenues.

2. Prepare a summary of operating revenues for the historic test year, providing the following information:

a. For each classification of customers and for customers' penalties and miscellaneous water or wastewater revenues:

(i) Revenues.

- (ii) Annualizing and normalizing adjustments to arrive at adjusted operating revenues for ratemaking.
  - (iii) Proposed increase in operating revenues.
  - (iv) Percent increase in operating revenues.
  - (v) Operating revenues under proposed rates.
3. Provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block. Provide increases to customers at various monthly uses (each 5,000 gallon consumption increment) showing billings at existing and proposed rates. Provide also an explanation of any change in block structure and the reason therefore. Provide a copy of the proposed tariff or tariff supplement on a red line basis, to easily identify any changes.
  4. Provide for the future test year a detailed customer consumption analysis and the application of rates to support present and proposed revenues by customer classification and tariff rate schedule.
  5. Provide detailed computations of the determination of accrued revenues as of historic test year-end and year-end immediately preceding the historic test year, together with a detailed explanation of the procedures and methods used in developing accrued revenues.
  6. Provide a detailed breakdown of miscellaneous water revenues for the historic test year and the two years immediately preceding the historic test year. For the historic test year, provide a monthly breakdown and an explanation of monthly variances greater than 15%.
  7. Provide a monthly summary of customers added and lost by customer classification for the historic test year and the current year-to-date.
  8. Provide for the historic test year and the current year-to-date, the number of customers and monthly consumption for each classification of customers.
  9. Provide by customer classification for the historic test year and for the 2 prior years the number of customers and consumption, and projected number of customers and consumption for the 2 subsequent years.
  10. Provide a breakdown of the number and size of private fire services according to the general water service class of customers.
    - a. Provide a listing of all public fire protection customers at historic test year-end and the pro forma billing of current rates for each customer.
  11. Provide a detailed schedule of sales for resale revenues for the historic test year and 2 preceding years showing revenues and units sold by customer.
  12. Provide for the historic test year and the 2 prior years consumption and billings for the ten largest customers at current rates. Provide the historic and future test year consumption priced at proposed rates.
  13. Provide for the historic test year and the 2 prior years consumption and billings for the ten largest sales for resale customers if such sales are not included in sales to the ten largest customers requested in Part II.12.

### III. OPERATING EXPENSE

1. Prepare a summary of operating expenses by operating expense account for the historic test year and the 2 years preceding the test year.

2. Prepare a summary of operating expenses for the historic test year providing annualizing and normalizing adjustments to arrive at adjusted future operating expenses for ratemaking, including supporting data.

3. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided, such as explanation and breakdown of costs.

4. Supply detailed calculations of normalization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense) and the items comprising the actual expenses of the prior rate cases.

5. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and nonunion merit, progression, promotion and general) granted during the historic test year and during the 12 months subsequent to the historic test year. Supply data for the historic test year showing:

a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.

b. Date, percentage increase and annual amount of each general payroll increase during the historic test year and future test year.

c. Dates and annual amounts of merit increases or management salary adjustments.

d. Total annual payroll increases in the historic and future test years.

e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data by categories of expenses.

f. Detailed list of employee benefits and cost thereof for union and nonunion personnel. Specific benefits for executives and officers should be included, and costs thereof.

g. Support the annualized pension cost figures by providing the following:

(i) State whether these figures include any unfunded pension costs.

Explain.

(ii) Provide latest actuarial study used for determining pension accrual rates.

h. Submit a schedule showing any deferred income and consultant fee, paid to both, corporate officers and employees in historic and future test years.

6. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (service corporations, etc.) for services rendered included in the operating expenses of the filing company for the historic and future test years and for the 12-month period ended prior to the historic test year:

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- a. Supply a copy of contracts, if applicable.
  - b. Explain the nature of the services provided.
  - c. Explain the basis on which charges are made.
  - d. If charges are allocated, identify allocation factors used.
  - e. Supply the components and amounts comprising the expense in this account.
  - f. Provide details of initial source of charge and reason thereof.
7. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. Explain the method of calculating monthly or annual payments. If allocated from the parent company, provide the method of allocation.
8. Submit detailed calculations (or best estimates) of the cost resulting from storm damage.
9. Submit details of expenditures for advertising (national, institutional and local media). Provide a schedule of advertising expense by media categories for the historic test year and the prior two comparable years with respect to:
- a. Public health and safety.
  - b. Conservation of energy.
  - c. Explanation of billing practices, rates, rules and regulations.
  - d. Provision of factual and objective data programs in educational institutions.
  - e. Other advertising programs.
  - f. Total advertising expense.
10. Prepare a detailed schedule for the historic test year showing types of social and service organization memberships paid for by the company and the cost thereof.
11. Submit a schedule showing a breakdown by the expenditures associated with outside services employed, regulatory commission expenses, showing expenses relating to rate cases separately, and miscellaneous general expenses, for the historic test year and prior 2 comparable years.
12. Submit details of information covering research and development expenditures, by project, within the company and note forecasted company programs.
13. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the historic test year.
14. Provide the two most recent actuarial studies for both pension expense and postretirement benefits other than pensions (OPEBs).
15. Identify the total pension expense under statement of accounting standards (SFAS 87) for the historic test year and the portion charged to operation and maintenance (O & M). Include an analysis showing the contribution to the pension plan and the amount deferred or expensed for each of the past 2 years and the historic test year. Also provide any estimates for the future year.
16. Provide an analysis of OPEBs showing the accrual amount under SFAS 106 and the pay-as-you-go expense.



17. Reconcile the historic and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

18. Identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

19. Explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of costs which are eligible for tax preferred funding.

20. State whether the company is studying or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons. If yes, provide the study and explain the anticipated change.

21. State whether the historic test year expenses reflect any accruals for postemployment benefits under SFAS 112. If yes, provide complete details including supporting documentation, assumptions, and funding mechanisms.

22. Provide a copy of all incentive compensation and bonus plans and provide the level of related bonus payments included in the cost of service. Provide information for the preceding 2 years and any changes since the last rate case.

23. Provide the most recent insurance premiums for each type of insurance coverage, both employee benefit and those purchased for the company, reflected in the company's filing. If available, provide estimated premiums for the subsequent calendar year.

24. Provide the level of payments made to industry organizations included in the cost of service along with a description of each payee organization.

25. If the company has included any costs associated with canceled construction projects or obsolete inventory in requested rates, separately identify the items, provide the related amounts and explain the reason for the cancellation or obsolescence.

26. Explain how the company accounts for vacation pay for book and ratemaking purposes.

27. Indicate whether any employee positions have been eliminated since the commencement of the historic test year or are expected to be eliminated during the future test year.

28. Furnish the name of each supplier, gallonage and expense for water purchased as recorded in Water Purchased for Resale-Account 706 for the historic test year and two preceding years.

#### IV. TAXES

1. Provide a copy of the latest Pennsylvania Corporate Tax report and the latest Pennsylvania Corporate Tax settlement.

2. Submit details of calculations for taxes, other than income, where a company is assessed taxes for doing business in another state, or on its property located in another state.

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3. Submit a schedule showing for the last 3 years the Income Tax refunds, plus interest, net of taxes, received from the Federal government due to prior years' claims.

4. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property that increases productive capacity, and accelerated depreciation rate (ADR) rates on property (separate between State and Federal; also, rate used). If based on the historic test year, justify.

a. State whether tax depreciation is based on all rate base items claimed as of the end of the future test year, and whether it is the annual tax depreciation at the end of the future test year.

b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

5. Submit a schedule showing a breakdown of accumulated investment tax credits, (3%, 4%, 7%, 10% and 11%), together with details of methods used to write-off the unamortized balances.

6. Submit a schedule showing the adjustments for taxable net income per book, including below-the-line items, and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for ratemaking purposes.

7. Submit detailed calculations supporting historic and future taxable income before State and Federal Income Taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or nonutility business, or by operating divisions or areas.

8. Furnish a breakdown of major items comprising prepaid and deferred Income Tax charges and other deferred income tax credits and reserves by accounting areas.

9. Explain the reason for the use of cost of removal of any retired plant figures in the Income Tax calculations.

10. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. If not, explain.

11. Show any income tax loss/gain carryovers from previous years that may affect historic test year income taxes or future test year Income Taxes. Show loss or gain carryovers by years of origin and amounts remaining by years at the end of the historic test year.

12. Provide a detailed analysis of taxes accrued per books as of the historic and future test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.

13. Under Section 1552 of the Internal Revenue Code and Regulations at 1.1552-1 if applicable, a parent company, in filing a consolidated Income Tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine

each member's tax liability to the Federal government. If this request is not applicable, provide an explanation.

a. State what option has been chosen by the group.

b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated Income Tax return.

c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

d. Provide annual Income Tax return for group, and if Income Tax return shows net operating loss, provide details of amount of net operating loss allocated to the Income Tax returns of each of the members of the consolidated group.

14. Provide a copy of the Corporate Federal Tax Returns and supporting schedules for the preceding 3 years and, if applicable, a copy of the calculation worksheets for the company's consolidated tax savings adjustment.

15. Provide a schedule of Federal and Pennsylvania taxes, other than Income Taxes, calculated on the basis of test year per book, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

a. Social Security.

b. Unemployment.

c. Capital Stock.

d. Public Utility Realty.

e. PUC assessment.

f. Other property.

g. Any other appropriate categories.

16. Submit a schedule showing a breakdown of the deferred Income Taxes by State and Federal per book, pro forma, existing rates, and under proposed rates.

17. With respect to determination of income taxes, Federal and State:

a. Show Income Tax results of the annualizing and normalizing adjustments to the historic test year before any rate increase.

b. Show Income Taxes for the annualized and normalized test year.

c. Show Income Tax effect of the rate increase requested.

d. Show Income Taxes for the normalized and annualized test year after application of the full rate increase.

18. State amount of debt interest utilized for Income Tax calculations, and details of debt interest computations, under each of the following rate case bases:

a. Actual per book test year.

b. Annualized historic test year-end.

c. Proposed future test year-end.

**V. RATE BASE**

1. Provide a schedule showing the measures of value and the rates of return at the original cost in the current case. All claims made on this exhibit should be cross-referenced to appropriate exhibits.

2. If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the historic and future test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project. This exhibit should be updated at the conclusion of these proceedings.

3. If a claim is made for nonrevenue producing construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the historic and future test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include a list of items needed to complete each project, such as landscaping and fencing, and estimated total amounts to be spent to complete each project. These exhibits should be updated at the conclusion of these proceedings.

4. If a claim is made for plant held for future use, supply the following:

- a. A brief description of the plant or land site and its original cost.
- b. expected date of use for each item claimed.
- c. Explanation as to why it is necessary to acquire each item in advance of its date of use.
- d. Date when each item was acquired.
- e. Date when each item was placed in the plant held for future use account.

5. If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances, noting quantity and price for the fuel inventories by type of fuel for the 13 months prior to the end of the historic test year by location, station, etc. Explain the method of determining the claim if other than that described above.

6. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.

7. Provide schedules and data in support of the following working capital items:

- a. Prepayments—list and identify all items.
- b. Federal Income Tax accrued or prepaid.
- c. Pennsylvania State Income Tax accrued or prepaid.
- d. Pennsylvania Capital Stock Tax accrued or prepaid.

- e. Pennsylvania Public Utility Realty Tax accrued or prepaid.
  - f. Payroll taxes accrued or prepaid.
  - g. Any adjustments related to the above items for ratemaking purposes.
8. Supply an exhibit supporting the claim for cash working capital requirement based on the lead-lag method.
- a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.
9. Indicate if amortized expenses have been removed from the lead-lag study. If so, please provide documentation showing such removal. If not, provide a list of such amortization expenses included.
10. Identify the funds availability arrangements or terms which the company has with its banks with respect to deposits of customer checks. For example, does the company have same day or next day access to funds deposited?
11. In reference to materials and supplies:
- a. What method of inventory valuation was used to develop the claim for materials and supplies?
  - b. Does the utility use a material and supply model to calculate needed material and supply levels?
  - c. If so, provide the model. Supply an illustrative example of how the monthly balances are derived.
  - d. Provide the actual monthly value for the inventory of materials and supplies for the past 12 months. Supply as of the end of the historic test year, a 13-month average, by month, for the material and supply account.
  - e. Provide the monthly level of materials and supplies for 3 years prior to the conclusion of the historic test year.
12. For each nonblanket or projected plant addition to cost the greater of \$100,000 or 0.5% of current rate base, included in the future test year, please provide:
- a. Description of the project.
  - b. Original budgeted cost broken down by allowance for funds used during construction (AFUDC) and non-AFUDC components.
  - c. Current budgeted cost broken down by AFUDC and non-AFUDC components.
  - d. Reason for change in budgeted cost.
  - e. Original estimated date of completion and in service.
  - f. Current estimated date of completion and in service.
  - g. Reason for change in completion date.
  - h. Anticipated retirement related to the plant addition.
  - i. Starting date of project.
  - j. Amount expended to date.
  - k. Percent of project currently complete.
  - l. The depreciation rate applicable.

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- m. Identify which projects are due to a Pennsylvania Department of Environmental Protection (PA-DEP) or Federal Environmental Protection Agency (EPA) requirement.
13. Explain how the future test year plant balances were projected and provide supporting workpapers and documentation.
14. Are all of the assets used in the plant-in-service claim used exclusively by the water or wastewater utility? If not, provide the estimated percentage that each shared asset is used by other entities.
15. Is all plant included in rate base currently being used in providing water or wastewater service? If not, provide a schedule which presents those plant items which are not, and indicate the corresponding amounts and account numbers. Further, provide a detailed narrative explaining the reason why such plant is not being used and the anticipated future disposition of the plant.
16. Provide all workpapers and supporting documentation showing the derivation of the projected balances of contributions in aid of construction, customer advances for construction and company service line and customer deposits for the future test year.

## VI. DEPRECIATION

If any of the following questions under this section have been previously answered pursuant to 52 Pa. Code Chapter 73, please note in your response. It is not necessary to provide responses to questions previously answered.

1. Provide a description of the depreciation methods used to calculate annual depreciation amounts and depreciation reserves, together with a discussion of the factors which were considered in arriving at estimates of service life and dispersion by account. Supply a comprehensive statement of any changes made in method of depreciation. Provide dates of all field inspections and facilities visited.
2. Set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis is utilized.
3. Provide the surviving original cost at historic test year-end by vintage by account and include applicable depreciation reserves and accruals. These calculations should be provided for plant in service as well as other categories of plant, including contributions in aid of construction and customers' advances for construction.
4. Provide a comparison of the calculated depreciation reserve used for rate-making purposes v. the book reserve by account at the end of the test year, if they differ.
5. Supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:
- For the purposes of this filing.

- b. For the purposes of the most recent rate increase filing prior to the current proceedings.
6. Provide an exhibit showing gross salvage, cost of removal, and net salvage for the 5 most recent calendar or fiscal years by account.

#### VII. RATE OF RETURN

1. Provide capitalization and capitalization ratios for the last 5-year period and projected through the next 2 years (with short-term debt and without short-term debt) for the company, parent and consolidated system.
  - a. Provide year-end interest coverages before and after taxes for the last 3 years and at the latest date, including indenture and Securities and Exchange Commission (SEC) bases, for the company, parent and consolidated system.
  - b. Provide year-end preferred stock dividend coverages for the last 3 years and at latest date, including charter and SEC bases.
2. Provide latest prospectus for the company and the parent.
3. Supply projected capital requirements and the sources of company, parent and consolidated system for the historic test year and each of 3 comparable future years.
4. Provide a schedule of debt and preferred stock of company, parent and consolidated system as of historic test year-end and latest date, detailing for each issue (if applicable):
  - a. Date of issue.
  - b. Date of maturity.
  - c. Amount issued.
  - d. Amount outstanding.
  - e. Amount retired.
  - f. Amount required.
  - g. Gain on reacquisition.
  - h. Coupon rate.
  - i. Discount or premium at issuance.
  - j. Issuance expenses.
  - k. Net proceeds.
  - l. Sinking fund requirements.
  - m. Effective interest rate.
  - n. Dividend rate.
  - o. Effective cost rate.
  - p. Total average weighted effective cost rate.
5. Supply financial data of company and/or parent for last 5 years:
  - a. Earnings-price ratio (average).
  - b. Earnings-book value ratio (per share basis) (average book value).
  - c. Dividend yield (average).
  - d. Earnings per share (dollar).
  - e. Dividends per share (dollars).

- f. Average book value per share yearly.
  - g. Average yearly market price per share (monthly high-low basis).
  - h. Pre-tax funded debt interest coverage.
  - i. Post-tax funded debt interest coverage.
  - j. Market price-book value ratio.
6. Provide AFUDC charged by company at historic test year-end and latest date, explain method by which rate was calculated and provide workpaper showing derivation of the company's current AFUDC rate.
  7. Set forth provisions of company's and parent's charter and indentures, if applicable, which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.
  8. Attach copies of the summaries of the company's projected revenues, expenses and capital budgets for the next 2 years.
  9. Describe long-term debt reacquisitions by company and parent as follows:
    - a. Reacquisitions by issue by year.
    - b. Total gain on reacquisitions by issue by year.
    - c. Accounting of gain for income tax and book purposes.
  10. Provide the following information concerning compensating bank balance requirements for actual per book test year:
    - a. Name of each bank.
    - b. Address of each bank.
    - c. Type of accounts with each bank (checking, savings, escrow, other services, etc.).
    - d. Average daily balance in each account.
    - e. Amount and percentage requirements for compensating bank balances at each bank.
    - f. Average daily compensating bank balance at each bank.
    - g. Documents from each bank explaining compensating bank balance requirements.
    - h. Interest earned on each type of account.
  11. Provide the following information concerning bank notes payable for actual per book test year:
    - a. Line of credit at each bank.
    - b. Average daily balances of notes payable to each bank, by name of bank.
    - c. Interest rate charged on each bank note (prime rate, formula).
    - d. Purpose of each bank note, (for example, construction, fuel storage, working capital, debt retirement).
    - e. Prospective future need for this type of financing.
  12. Submit details on company or parent common stock offerings for the past 5 years to present, as follows:
    - a. Date of prospectus.
    - b. Date of offering.
    - c. Record date.



- d. Offering period including dates and number of days.
  - e. Amount and number of shares of offering.
  - f. Offering ratio, if rights offering.
  - g. Percent subscribed.
  - h. Offering price.
  - i. Gross proceeds per share.
  - j. Expenses per share.
  - k. Net proceeds per share in (12.) i and j.
  - l. Market price per share.
    - (1) At record date.
    - (2) At offering date.
    - (3) One month after close of offering.
  - m. Average market price during offering.
    - (1) Price per share.
    - (2) Rights per share-average value of rights.
  - n. Latest reported earnings per share at time of offering.
  - o. Latest reported dividends at time of offering.
13. Attach a chart explaining company's corporate relationship to its affiliates showing system structure.
14. If the utility plans to make a formal claim for a specified allowable rate of return, provide the following data in statement or exhibit form:
- a. Claimed capitalization and capitalization ratios with supporting data.
  - b. Claimed cost of long-term debt with supporting data.
  - c. Claimed cost of short-term debt with supporting data.
  - d. Claimed cost of total debt with supporting data.
  - e. Claimed cost of preferred stock with supporting data.
  - f. Claimed cost of common equity with supporting data.
15. Supply copies of the following documents for the company and, if applicable, its parent:
- a. Most recent annual report to shareholders including any statistical supplements.
  - b. Most recent SEC form 10K.
  - c. All SEC form 10Q reports issued within the preceding 12 months of the date of submittal of the rate increase request.
16. Supply copies of the company's balance sheets for each month for the last 2 years.
17. Provide the bond rating history for the company and, if applicable, its parent from the major credit rating agencies for the last five years.
18. Provide copies of all bond rating reports relating to the company and, if applicable, its parent for the past 2 years.
19. Supply copies of all presentations by the company's and, if applicable, its parent's management and securities analysts during the past 2 years, including presentations of financial projections.

20. Provide a listing of all securities issuances for the company and, if applicable, its parent projected for the next 2 years. The response shall identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

21. Identify any plan by the company to refinance high cost long-term debt or preferred stock.

22. Provide copies of all securities analysts' reports relating to the company and its parent, or both, issued within the past 2 years.

23. If applicable, supply a listing of all common equity infusions from the parent to the company over the past 5 years. In each case, identify date and dollar amount.

24. If applicable, identify the company's common dividend payments to its parent for each of the last 5 years.

25. Provide the latest year-by-year financial projections for the company for the next 5 years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies. The information will be treated in a confidential manner, if requested by the company in writing, as set forth in 52 Pa. Code § 5.423.

26. Provide the company's 5-year construction budget.

27. Identify the company's and, if applicable, its parent's capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

28. For each month, of the most recent 24 months, supply the company's:

- a. Short-term debt balance.
- b. Short-term debt interest rate.
- c. Balance of construction work in progress.
- d. Balance of construction work in progress which is eligible for AFUDC accrual:

29. Fully identify all debt, other than instruments traded in public markets, owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

30. Provide a summary statement of all stock dividends, splits, or par value changes during the 2-year calendar period preceding the rate case filing.

31. If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and consolidated system, the reasons for this claim must be fully stated and supported.

32. To the extent not provided elsewhere, supply financial data of the company, and its parent, if applicable, for the last 5 years.

- a. Times interest earned ratio—pre- and post tax basis.
- b. Preferred stock dividend coverage ratio—post tax basis.
- c. Times fixed charges earned ratio—pretax basis.
- d. Dividend payout ratio.

- e. AFUDC as a percent of earnings available for common equity.
- f. Construction work in progress as a percent of net utility plant.
- g. Effective income tax rate.
- h. Internal cash generations as a percent of total capital requirements.

### VIII. RATE STRUCTURE AND COST OF SERVICE

1. Provide a complete, fully allocated, cost of service study if an interval of 3 years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water or wastewater rate structure is fair and equitable to all classifications of water or wastewater customers (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:

- a. A description of the allocation methods used. A comparison of the allocated cost of service by class with the present and proposed revenues. A cost of service schedule showing the rate of return produced by present and proposed rates by class of service.
- b. Indicate if the method used for establishing the allocation factors in the cost of service study deviates from the previous study submitted in the last rate case. If yes, indicate which allocation factors were changed and discuss the reason for the changes.
- c. Supply the average day, the maximum day and the maximum hour deliveries to the system adjusted for storage for the historic test year and 2 prior years. Also provide workpapers, analyses, comparative data or other documentation supporting the estimated maximum day and peak hour demands by customer class reflected in the company's cost of service study.
- d. Explain thoroughly the methodology employed if the company distinguishes between transmission and distribution or collection mains in its allocation of costs.
- e. Provide a detailed explanation of how storage is utilized to meet base, maximum day and maximum hour demands.
- f. Provide workpapers, calculations and supporting documentation which develop the equivalent meters and equivalent service line weights reflected in the company's cost of service study.
- g. Provide all workpapers and supporting documentation for the fire flow requirement and duration utilized in the cost of service study.
- h. Provide a breakdown of the number and size of private fire services according to the general water service class of customer.
- i. Provide a calculation of the company's base cost of water or wastewater per unit of consumption or usage.

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- j. Provide a detailed cost analysis that supports the company's customer charges, by meter size, showing all direct and indirect costs included.
2. Provide a listing of negotiated special rate contracts which includes a comparison of revenues under special rate contracts and under tariff rates. Provide the cost of service treatment of any deficiency in revenues resulting from the negotiated special rate contracts. Special rates are defined as rates not contained in the currently effective tariff.

### IX. QUALITY OF SERVICE

1. Indicate whether the company is in violation of any provision of the Pennsylvania Safe Drinking Water Act (SDWA) or any rule, regulation or order, or any condition of any permit, variance or exemption granted by the Pennsylvania Department of Environmental Protection (PA-DEP), or its predecessor.
  - a. Provide information indicating whether the company is in compliance with SDWA provisions at 25 Pa. Code § 109.407 regarding general public notification requirements:
    - (i) Provide a copy of each public notification given in accordance with this section, since the last rate proceeding.
    - (ii) Provide a detailed explanation of all actions taken to remedy an acute violation, and to comply with the requirements prescribed by a variance or exemption.
    - (iii) State whether any fines or penalties were assessed by PA-DEP, and indicate the amounts paid by the company.
  - b. Provide the most recent copies of all annual consumer confidence reports issued pursuant to SDWA Amendments of 1996 since the last rate proceeding.
    - (i) Provide any annual consumer confidence reports which reflect violations of State and Federal safe drinking water requirements.
    - (ii) Explain how these violations were resolved.
2. Indicate whether the company is in compliance with 52 Pa. Code, § 65.6(a) regarding normal operating pressure standards, and with 52 Pa. Code, § 65.6(d) regarding pressure surveys at regular intervals.
  - a. Provide details on any water pressure problems, lasting longer than 5 days, which had occurred since the last rate proceeding in any part of the water transmission and distribution system.
  - b. Describe any action taken on a temporary basis, and the long term solutions developed to address any water pressure problems.
3. Provide support to demonstrate that water or wastewater service is being furnished on a continuous basis by supplying a summary of the company's records of each service interruption greater than 24 hours since the last rate proceeding.
4. Provide a discussion of the company's policy, or provide a copy of the policy if in written form, on tracking and responding to customer complaints.

- a. Provide a summary report demonstrating the company's compliance with 52 Pa. Code, § 65.3 regarding the full and prompt investigation of service or facility complaints and the recordkeeping requirements of such complaints.
5. Indicate whether the company is in compliance with 52 Pa. Code, § 65.4(b) regarding complete and current mapping of the entire distribution or collection system.
6. Provide a summary report demonstrating the company's efforts in water conservation, since the last rate proceeding, pursuant to 52 Pa. Code, § 65.20.
7. Provide a discussion of the company's policy regarding meter requirements, replacements and testing. State if the company's procedures are in compliance with 52 Pa. Code, § 65.8(b).
  - a. Provide meter test records as required in 52 Pa. Code, § 65.8(c) for the 50 meters most recently removed from service.
  - b. Provide a discussion of the company's policy and history of compliance with 52 Pa. Code, § 65.9 regarding adjustment of bills for meter error within the last year.

#### **X. BALANCE SHEET**

1. Provide a comparative balance sheet for the historic test year-end and the preceding year-end.
2. Provide a detail of other physical property, investments in affiliated companies and other investments.
3. Provide the amounts and purpose of special cash accounts as of the historic test year-end.
4. Describe the nature and amounts of notes receivable, accounts receivable from associated companies, and any other receivables, other than customers' accounts, greater than 15% of the total. Limit the explanation to variances greater than \$10,000.
5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written-off in each of the last 3 years.
6. Provide a list of prepayments and give an explanation of special prepayments.
7. Break down and explain in detail any significant items, greater than 15% of the total, in the current assets account listed on the balance sheet. Limit the explanation to variances greater than \$10,000.
8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to affect or will at a later date affect the operating account supplying:
  - a. Origin of these accounts.
  - b. Probable changes to this account in the near future.
  - c. Amortization of these accounts currently charged to operations or to be charged in the near future.

9. Explain the nature of accounts payable to associated companies. Provide a breakdown by category.

10. Provide breakdown and explanation of other deferred credits as to their origin and disposition policy, for example, amortization.

11. Provide an explanation and method of funding of any reserves, other than depreciation and bad debt appearing on historic balance sheet.

12. Provide an analysis of unappropriated retained earnings for the historic test year and 2 preceding years.

13. Describe the purpose of any advances made by the company to its parent corporation and describe all terms and conditions associated with such advances, including an estimate of future advances or repayments that are expected to occur.

#### **XI. OTHER DATA**

1. Provide the company's monthly balance sheets and income statements for each month of the historic and future test year.

2. Supply a copy of internal and independent audit reports of the historic test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

3. Provide all monthly or quarterly, or both, budget variance reports to management, or the board of directors, or both, submitted during the past year. Please provide the most recent detailed budget variance report which the company compiled, and update as additional reports are issued.

4. Provide a copy of the company's most recent operating and capital budgets.

5. Provide a schedule that shows the percentage of unaccounted for water for the test year and 2 prior years. Describe how this amount was determined and explain any steps taken to reduce unaccounted for water. Provide a similar analysis of infiltration for wastewater utilities.

6. Provide a corporate history (include the dates of original incorporation, subsequent mergers, or acquisitions, or both). Indicate all counties and cities and other governmental subdivisions to which service is provided, including service areas outside the state, and the total population in the area served.

#### **Authority**

The provisions of this § 53.53 issued under the Public Utility Code, 66 Pa.C.S. §§ 315, 332, 501, 504—506, 1301, 1302, 1308 and 1311.

#### **Source**

The provisions of this § 53.53 adopted September 2, 1977, 7 Pa.B. 2527; amended through March 29, 1985, effective for rate increase requests filed on and after July 1, 1985. Those utilities in a position to meet the filing requirements in the new regulations may, upon request, file under these new regulations at an earlier date, 15 Pa.B. 1178; amended October 23, 1987, effective November 23, 1987, 17 Pa.B. 4221; corrected May 13, 1994, effective December 3, 1983, 24 Pa.B. 2533; amended May 20, 2005, effective May 21, 2005, 35 Pa.B. 3024. Immediately preceding text appears at serial pages (241276), (213595) to (213672) and (224343).

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**Cross References**

This section cited in 52 Pa. Code § 5.412a (relating to electronic submission of pre-served testimony); 52 Pa. Code § 53.10 (relating to letter of transmittal); 52 Pa. Code § 53.52 (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies); and 52 Pa. Code § 53.103 (relating to concurrently furnished information).

**§ 53.54. Small water and wastewater utilities.****(a) Procedures.**

(1) Whenever a small water or wastewater utility desires to file a change in its tariff which increases annual revenues, it may advise the Commission of its intention in letter form and request the necessary Commission forms. When filing, the utility shall set forth its proposed tariff changes and reasons for the changes, together with the necessary completed Commission forms. If the utility is unable to fully complete the necessary forms, it may request assistance from the Commission staff.

(2) The small water utility or wastewater utility is required to fully cooperate with the Commission staff in providing the necessary information to complete these forms if the utility is unable to do so on its own.

(3) Upon completion of the Commission forms in a manner satisfactory to the Commission staff, the small water or wastewater utility shall file a tariff or tariff supplement, along with the completed forms, incorporating the proposed changes. The effective date of the proposed increase contained in the tariff or tariff supplements may not be less than 61 days after the filing, and customers shall be notified in accordance with § 53.45(a)(2) (relating to notice of new tariffs and tariff changes).

(4) On the basis of the tariff filing, the accompanying data and completed forms, the staff shall determine tentative allowable revenues and submit a report to the Commission.

(5) If the proposed revenues exceed the tentative allowable revenues, the Commission will suspend the supplement but with a “condition subsequent” added, to the effect that if the utility within a specified number of days files a superseding supplement which produces the allowable revenues found by the staff and which has a rate structure satisfactory to the Commission, the suspension and investigation orders of the Commission shall be deemed inoperative and terminated. However, if the utility fails to meet the “condition subsequent,” or if a customer files a formal complaint, the utility may present the supporting data and the additional facts referred to in this section in formal proceedings. Additionally, in these formal proceedings, the utility may agree to accept the most recent rate of return or operating ratio allowed a water or wastewater utility by the Commission in a fully-litigated water or wastewater utility rate case, but the agreement will not be binding on the Commission or any formal complainant.

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(6) A water or wastewater utility with a gross revenue of less than \$250,000 annually shall be considered a small water or wastewater utility for purposes of short-form rate filings.

(b) *Operating ratio methodology.*

(1) This ratemaking method develops a revenue requirement where little or no rate base exists. The operating ratio at present rates shall be calculated as a ratio of operating expenses to operating revenues, where the numerator shall include operations and maintenance expense, annual depreciation on noncontributed facilities, amortization of multiyear expenses and applicable taxes and the denominator shall consist of the utility's operating revenues at present rates.

(2) The appropriate target operating ratio in a particular case shall be determined by considering at least the following factors:

- (i) The operating ratios of comparable water or wastewater utilities.
- (ii) Coverage of actual hypothetical, or both, interest expense.
- (iii) A comparison of the cost of service with the cost of service of similar companies which do not employ an operating ratio rate methodology.
- (iv) Current market conditions, including price inflation.
- (v) The quality of service and efficiency of operations.
- (vi) The rate case history.
- (vii) Whether there is any rate base and, if so, whether any depreciation expense is being claimed in the filing.
- (viii) An acquisition adjustment, if any.
- (ix) Financial resources.
- (x) The fairness of the resulting return.

(3) An increase or decrease in operating revenues shall be determined by dividing the utility's reasonable and legitimate operating expenses by the target operating ratio determined in paragraph (2), and subtracting that amount from the test period operating revenues.

(4) The operating ratio methodology shall be available to water and wastewater utilities with annual gross revenues (excluding current year Contributions In Aid of Construction (CIAC)) of less than \$250,000. If a water or wastewater utility wishes to employ an operating ratio methodology in calculating its rates, it shall make this request in the context of a rate case, and shall bear the burden of proving all necessary elements thereof.

(c) *Purchased water cost adjustment—sliding scale of rates.*

(1) A water utility with annual gross revenues of less than \$250,000, may establish a sliding scale of rates under 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments) upon 60 days' notice to customers, to recover the cost of purchased water obtained from municipal authorities or entities which are not affiliated interests as defined in 66 Pa.C.S. § 2101 (relating to the definition of affiliated interest). The purchased water cost adjustment filing shall be accompanied with a tariff or tariff supplement which establishes the new rates to be placed into effect, a calculation showing the application of the new rate



schedule to the company's average level of customer usage, an income statement demonstrating the effect of the tariff or tariff supplement upon the utility's revenues for the period in which the proposed tariffs would be in effect, a copy of the notice provided to customers and a verification that all customers have received notice of the proposed rate change.

(2) A purchased water cost adjustment shall be revised and refiled within 60 days of a decrease in purchased water costs, and shall be designed to pass through to customers the entire reduction in purchased water costs from the date the reduction becomes effective. A purchased water adjustment may be revised and refiled at any time after an increase in purchased water costs, and shall be designed to recover cost increases prospectively from the date of filing only.

(3) Within 30 days following the end of the calendar year, every public utility utilizing a purchased water cost adjustment shall file the report prescribed by 66 Pa.C.S. § 1307(e) for the preceding 1-year period ending December 31st. These reports shall be reviewed by the Commission's Bureau of Audits, and, if no complaint or objection is raised within 45 days after filing, either by the Commission's Bureau of Audits or another person, the reports shall be deemed approved.

(d) *Emergency Maintenance and Operation Fund (EMOF).*

(1) *EMOF.* An expense claim in lieu of a cash working capital claim which may be allowable in anticipation of emergencies such as extraordinary repairs and maintenance, drought conditions, extraordinary environmental and physical damages to sources of supply, floods, storms, freeze-ups, or other health and welfare-threatening situations. The burden of demonstrating that actual or proposed disbursements from the fund are reasonable and in the public interest shall be borne by the utility.

(2) *Methodology.* The Fund expense may not exceed 45 days of average operating expenses, excluding taxes and depreciation. If a claim for Fund expense is made, no additional claim for cash working capital shall be made or considered.

(3) *Procedures.* The amounts allocated for an EMOF shall be kept in a separate cash account and disbursements shall be restricted to the uses in paragraph (1). The utility shall report all disbursements from the Fund to the Commission within 10 days and shall provide a summary of each year's disbursements on its Annual Report. Disbursements from the Fund which are found by the Commission to have been made improperly, or in violation of a statute, regulation or order of the Commission or other Commonwealth agency shall be returned to the account or be refunded to ratepayers as the Commission may direct. A person or individual who makes, authorizes or directs disbursement from a Fund which is improper or in violation of any statute, regulation or order of the Commission shall be subject to 66 Pa.C.S. § 3301 or § 3301 (relating to civil penalties for violations); and criminal penalties for violations).

(4) *Availability.* The Commission may authorize funding a Fund for water and wastewater utilities with annual gross revenues (excluding current year CIAC) of less than \$250,000.

(e) *Reserve account*

(1) *Reserve account.* A segregated account to be funded by customer contributions collected through base rates for the purpose of making capital improvements to utility plant pursuant to a long-range plan developed in conjunction with the Commission or the Department of Environmental Protection, or as required to assure compliance with State or Federal safe drinking water statutes or regulations. The burden of demonstrating that actual or proposed expenditures are reasonable and in the public interest shall be borne by the utility.

(2) *Procedures.* The amounts to be allocated to the reserve account will be determined by the Commission after review of the utility's proposed capital budget and the justification for that budget. Funds in the reserve account shall be kept in a separate interest bearing cash account. Interest accrued shall be credited to the reserve account and shall become part of the corpus of the reserve account. Funds from the account shall not be employed for a purpose other than those permitted under this section. Disbursements from the fund shall not be made without written authorization by the Commission upon petition, shall be restricted to the uses in subsection (d)(1), and shall be made in accordance with a capital budget submitted with the initial rate filing or as modified with the consent of the Commission. In proposing any modifications of the capital budget, the Commission or a party may solicit the advice or testimony of the Department of Environmental Protection. The utility shall report all disbursements from the reserve account by written notice to the Commission and to other persons as the Commission may direct. Disbursements from the reserve account which are found by the Commission to have been made improperly, or in violation of any statute, regulation or order of the Commission or other Commonwealth agency shall be returned to the account or be refunded to ratepayers as the Commission may direct. A person who makes, authorizes or directs a disbursement from a reserve account without authorization by the Commission in accordance with these rules shall be subject to 66 Pa.C.S. § 3301 or § 3302.

(3) *Accounting.* Plant capitalized by means of the reserve account shall be accounted for as a contribution in aid of construction.

(4) *Availability.* The Commission may authorize funding of a reserve account for water and sewage utilities with annual gross revenues (excluding current year CIAC) of less than \$250,000.

**Authority**

The provisions of this § 53.54 amended under the Public Utility Code, 66 Pa.C.S. §§ 1301—1304 and 1307—1309.

53-100.20

**Source**

The provisions of this § 53.54 amended January 17, 1997, effective January 18, 1997, 27 Pa.B. 301. Immediately preceding text appears at serial pages (213673) to (213674).

**Cross References**

This section cited in 52 Pa. Code § 53.52 (relating to applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies).

**§ 53.55. Applicability; canal, turnpike, tunnel, bridge and wharf companies.**

(a) Whenever a canal, turnpike, tunnel, bridge or wharf company public utility files a tariff or tariff supplement which will increase or decrease the rates to any of its patrons, it shall submit to the Commission, with the tariff or tariff supplement, statements showing all of the following:

- (1) The specific reasons for each such increase or decrease.
- (2) The operating revenues of the utility for the latest 12-month period, the end of which shall not be more than 60 days prior to such filing.
- (3) The estimated effect of each rate increase or decrease on the annual revenues of the utility.

(b) Whenever such a public utility files a tariff or tariff supplement which will increase its operating revenues for the latest 12-month period by more than 3% (subsection (a)(3) divided by subsection (a)(2)), it shall submit to the Commission with the tariff or tariff supplement, in addition to the statements required by subsection (a), all of the following information:

- (1) A detailed balance sheet of the public utility as of the close of the period referred to in subsection (a)(2).
- (2) A summary, by detailed plant accounts, of the book value of the property of the utility devoted to public service, as applicable, at the date of the balance sheet required by paragraph (1).
- (3) A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (1), applicable to the property referred to in paragraph (2).
- (4) A statement of operating income derived from public service, setting forth the operating revenues and expenses by detailed accounts, for the 12-month period covered by subsection (a)(2).

**Cross References**

This section cited in 52 Pa. Code § 63.115 (relating to tariff supplements).

**§ 53.56. Supporting data for future test year.**

(a) In discharging its burden of proof under section 315 of the act (relating to burden of proof), a public utility may submit and use data for a future test year. The submission shall be in addition to, and not in lieu of, other data or material required under this title, including the submission requirements for an experienced 12-month test period. If a future test year is used, it shall be based on esti-



mates for a period of 12 consecutive months, which begins on the day following the end of the required experienced 12-month period. The estimate for a future test year shall be of the same or similar type, quantum and nature as required to be submitted for an experienced test year and include the methodology, data and material used as the basis for the estimates.

(b) If a public utility submits and uses data for a future test year, it shall, during the course of the proceeding, submit for the record the results of its actual experience in the future test year for each quarter starting with the day following the end of the required experienced 12-month period. The results shall be submitted within 30 days of the end of the quarter or as soon thereafter as available.

#### Authority

The provisions of this § 53.56 issued under the Public Utility Code, 66 Pa.C.S. §§ 309—311, 315, 331—335, 501, 701—703 and 1101—1103.

#### Source

The provisions of this § 53.56 adopted December 2, 1988, effective January 3, 1989, 18 Pa.B. 5451.

#### Notes of Decisions

##### *Recovery of Costs*

The utility was not permitted to recover site clean-up costs which were incurred before the future test year as that would constitute retroactive ratemaking. *Columbia Gas of Pennsylvania, Inc. v. Pennsylvania Public Utility Commission*, 613 A.2d 74 (Pa. Cmwlth. 1992); order affirmed 636 A.2d 627 (Pa. 1994).

### TARIFF FILING REQUIREMENTS FOR INCUMBENT LOCAL EXCHANGE CARRIERS AND COMPETITIVE LOCAL EXCHANGE CARRIERS

#### § 53.57. Definitions.

The following words and terms, when used in this section and §§ 53.58—53.60, have the following meanings, unless the context clearly indicates otherwise:

*CLEC—Competitive local exchange carrier*—A telecommunications company that has been certificated by the Commission as a CLEC under the Commission's procedures implementing the Telecommunications Act of 1996, the act of February 8, 1996 (Pub.L. No. 104-104, 110 Stat. 56), or under the relevant provisions of 66 Pa.C.S. § 3009(a) (relating to additional powers and duties).

*Competitive service*—A service or business activity offered by an ILEC or CLEC that has been classified as competitive by the Commission under the relevant provisions of 66 Pa.C.S. § 3005 (relating to competitive services).

*ILEC—Incumbent local exchange carrier*—A telecommunications company deemed to be an ILEC under section 101(a)(h) of the Telecommunications Act of 1996 (47 U.S.C.A. § 251(h)).

*Joint or bundled service packages*—

(i) Service packages composed of one or more distinct categories of noncompetitive and competitive services and service options or features, inclusive of toll services, when the service packages are offered by CLECs and ILECs under a single rate or charge and a unified set of terms and conditions for service as defined in a tariff approved by the Commission.

(ii) The term does not include ILEC or CLEC tariff filings that involve simultaneous changes in rates and charges for noncompetitive services in a revenue neutral manner.

*Lifeline plan*—A tariffed service offering, approved by the Commission, which provides telecommunications services to qualified low-income end-user consumers at reduced rates and charges in accordance with applicable State or Federal law or regulations.

*New service*—A service that is not substantially the same or functionally equivalent with existing competitive or noncompetitive services.

*Noncompetitive service*—A protected telephone service as defined in 66 Pa.C.S. § 3002 (relating to definitions) or a service that has been determined by the Commission as not a competitive service.

*Promotional service offerings*—A service offered by a CLEC or ILEC at rates, terms and conditions that are designed to promote usage and available for a duration of no longer than 6 months in any rolling 12-month period.

#### Authority

The provisions of this § 53.57 issued under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501; and section 612 of The Administrative Code of 1929 (71 P. S. § 232).

#### Source

The provisions of this § 53.57 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6202.

### § 53.58. Offering of competitive services.

(a) ILEC services that have been classified as competitive under the relevant provisions of 66 Pa.C.S. § 3005 (relating to competitive services), may also be offered by CLECs as competitive services without prior competitive determination and classification by the Commission subject to this section.

(b) Under § 53.59 (relating to cost support requirements and effective filing dates for tariff filings of noncompetitive services), a CLEC may offer services

classified as noncompetitive in an ILEC service territory when the CLEC has been certificated to offer service.

(c) When the Commission approves a CLEC petition under the relevant provisions of 66 Pa.C.S. § 3005 for classification of a noncompetitive service to a competitive service, the ILEC serving that petitioning CLEC's service territory and other certificated CLECs within the petitioning CLEC's service territory may offer the service approved by the Commission as a competitive service subject to this section.

(d) CLECs and ILECs offering services classified by the Commission as competitive shall file with the Commission appropriate informational tariffs, price lists, and ministerial administrative tariff changes. These filings will become effective on 1-day's notice.

(e) Under Chapter 5 (relating to formal proceedings), the Commission may initiate a proceeding for the potential reclassification from competitive to noncompetitive a service that is offered by either or both an ILEC and CLECs in a specific service territory under the relevant provisions of 66 Pa.C.S. § 3005(d).

(1) The Commission will decide which competitive service of an ILEC or CLEC warrants reclassification to noncompetitive status under relevant provisions of 66 Pa.C.S. § 3005(d).

(2) The Commission will provide an opportunity to participate in the proceeding to the ILEC and to those CLECs that offer substantially the same or functionally equivalent competitive service within the service territory of the ILEC or specific CLEC for which there is a reclassification proceeding.

(3) The Commission will separately determine whether the substantially same or functionally equivalent service that is offered by the competing ILEC or CLECs in the relevant service territory will continue to be classified as a competitive service.

(4) When reviewing whether a service should be reclassified, the Commission will consider the following factors:

(i) The ease of entry by potential competitors into the market for the specific service at issue.

(ii) The presence of other existing telecommunications carriers in the market for the specific services at issue.

(iii) The ability of other telecommunications carriers to offer the service at competitive prices, terms and conditions.

(iv) The availability of like or substitute service alternatives in the relevant geographic area for the service at issue.

(v) Whether the service is provided under conditions that do not constitute unfair competition.

(vi) Whether the service, including its availability for resale under the relevant provisions of the Telecommunications Act of 1996, the act of February 8, 1996 (Pub.L. No. 104-104, 110 Stat. 56), is provided on a nondiscriminatory basis.

- (vii) Other factors deemed relevant by the Commission.

**Authority**

The provisions of this § 53.58 issued under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501; and section 612 of The Administrative Code of 1929 (71 P. S. § 232).

**Source**

The provisions of this § 53.58 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6202.

**Cross References**

This section cited in 52 Pa. Code § 53.57 (relating to definitions).

**§ 53.59. Cost support requirements and effective filing dates for tariff filings of noncompetitive services.**

(a) *CLEC services priced below ILEC rates.* A CLEC that offers services that are substantially the same or functionally equivalent with noncompetitive services by an ILEC in the service territory of the ILEC, at rates and charges that are at or below the level of the corresponding rates and charges of the ILEC for these services, is not required to provide cost support for tariff filings and rate changes involving these services. These tariff filings will be effective on 1-day's notice if the following apply:

- (1) The CLEC offers these services in the same service territory as the ILEC.
- (2) The CLEC tariff filing does not contain any material changes in the CLEC's tariff rules, terms or conditions.
- (3) The CLEC specifically states in its accompanying cover letter that the filing is being made on 1-day's notice in accordance with this subsection, and that the tariff filing does not contain material changes in the CLEC tariff rules, terms or conditions.
- (4) The CLEC provides copies of the ILEC's effective tariffs designating the corresponding rates and charges of the same or functionally equivalent noncompetitive services.

(b) *CLECs operating in multiple ILEC territories.* When a CLEC offers services in the service territories of more than one ILEC, and the rates and charges for these services satisfy the criteria of subsection (a), the CLEC may file separate tariff schedules when the rates and charges for these services correspond to the rates and charges of the different ILECs in their respective service territories.

(c) *CLEC services priced above ILEC rates and CLEC new services.*

- (1) CLEC tariff filings for services that are substantially the same or functionally equivalent with noncompetitive services offered by an ILEC in the same service territory of the ILEC, at rates and charges that are higher than the corresponding rates and charges of the ILEC, will become effective as filed if



the Commission does not take any action within 30 days from the date when all consumers subject to the rate increase shall have received individual notice.

(2) CLEC tariff filings for new services will become effective as filed if the Commission does not take any action within 30 days from the date the tariff filing is filed with the Commission.

(3) The tariff filings in this subsection shall be received by the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff on the date of filing with the Commission's Secretary's Bureau.

(4) The Commission may extend the review period in this subsection by up to an additional 30 days upon notice to the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Office of Trial Staff and the affected CLEC.

(5) The CLEC shall include the following summary documentation for tariff filings involving the services:

(i) A brief statement indicating whether the CLEC offers these services solely on the basis of resale of an ILEC's retail services, through its own facilities, or a combination of both.

(ii) A brief statement indicating whether the tariff filing represents an increase or decrease in existing rates and charges.

(iii) A summary justification of the tariff filing, including an explanation of whether the proposed changes have been caused by a corresponding change in rates and charges of the resold services of the underlying ILEC.

(d) *CLEC ministerial administrative changes.* CLEC ministerial administrative tariff filings for services that are substantially the same or functionally equivalent with noncompetitive services offered by an ILEC in the same service territory of the ILEC, will be effective on 1-day's notice.

(e) *Cost support for CLEC filings.* When new or revised CLEC rates for service are higher than those of the ILEC in that ILEC's service territory, the Commission may request relevant documentary support, including cost support and a statement of compliance with applicable guidelines. The requests can be made either before or after the rates become effective, and will only occur when it is necessary to protect consumers such as, without limitation, when the service is targeted to the economically disadvantaged or customers with poor credit histories.

(f) *ILEC rate changes.*

(1) *Rate reductions.* ILEC tariff filings for noncompetitive services that represent rate reductions from current rates and charges of that ILEC, will become effective as filed if the Commission does not take any action within a 10-day notice and review period. To obtain the 10-day notice and review period, the ILEC shall provide copies of its current tariff for the noncompetitive service for which it seeks a rate reduction.

(2) *Rate increases.* ILEC tariff filings for noncompetitive services that represent rate increases from current rates and charges of that ILEC will become effective as filed if the Commission does not take any action within 30 days from the date when all consumers subject to the rate increase shall have received individual notice.

(3) *New services.* ILEC tariff filings for new services will become effective as filed if the Commission does not take any action within 30 days from the date the tariff filing is filed with the Commission.

(4) *Ministerial administrative changes.* ILEC ministerial administrative tariff filings for noncompetitive services will be effective on 1-day's notice.

(5) *Notice.* The tariff filings in this subsection shall be received by the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff on the date of filing with the Commission's Secretary's Bureau.

(6) *Extension of review period.* The Commission may extend the review period in this subsection by up to an additional 30 days upon notice to the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Office of Trial Staff and the affected ILEC.

(7) *Documentary support.* Nothing in this subsection affects the type of documentary support, including cost support and a statement of compliance with all applicable regulations, that will be necessary for an ILEC to file with the Commission for approval of tariff filings involving noncompetitive service offerings.

(g) *Executive overview.* ILECs and CLECs that file tariff filings in accordance with subsection (c) or (f) shall file an executive overview summarizing the reason for the filing. The executive overview shall include relevant information regarding the safety, adequacy, reliability and privacy considerations related to the proposed or revised service.

(h) *Lifeline plan statement.* When a CLEC proposes increases in rates and charges for any of its basic local exchange services, the CLEC shall also state whether it has implemented a Lifeline Plan that has been approved by the Commission.

#### **Authority**

The provisions of this § 53.59 issued under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501; and section 612 of The Administrative Code of 1929 (71 P. S. § 232).

#### **Source**

The provisions of this § 53.59 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6202.

#### **Cross References**

This section cited in 52 Pa. Code § 53.57 (relating to definitions); and 52 Pa. Code § 53.58 (relating to offering of competitive services).

53-102.4

**§ 53.60. Supporting documentation for promotional offerings, joint or bundled service packages, and toll services.**

(a) *Promotional offerings.* CLECs and ILECs are not required to provide cost support for tariff filings involving a promotional service offering for noncompetitive services so long as the promotional offering does not result in any type of price increase to customers.

(1) ILEC and CLEC tariff filings involving a promotional service offering for noncompetitive services will become effective on 1-day's notice. ILECs and CLECs shall provide a 10-day advance notice to any resellers that purchase the promotional service offering from the ILEC or CLEC making the tariff filing.

(2) The Commission may request relevant documentary support, including cost support for tariff filings involving promotional service offerings for noncompetitive services.

(3) CLECs and ILECs that file promotional service offerings for noncompetitive services under this subsection shall confirm in their filing that subscribers to the promotional service offerings will be required to respond affirmatively at any time the promotional service is being offered if they wish to continue the service beyond the promotional period.

(4) Promotional service offerings may not have a duration of longer than 6 months in any rolling 12-month period which commences as of the effective date of the filed promotion.

(5) No filing requirements exist for promotional service offerings involving competitive services.

(b) *Joint or bundled service packages.* CLECs and ILECs are relieved from an automatic obligation to provide cost support for tariff filings involving the offering of joint or bundled service packages.

(1) When ILEC joint or bundled service packages include both competitive and noncompetitive services, these service packages shall meet any applicable State law or regulation regarding cost justification, discrimination and unfair pricing in joint or bundled service package offerings, and their component competitive and noncompetitive services.

(2) The Commission may request relevant documentary support, including cost support, for tariff filings involving joint or bundled services.

(3) No filing requirements exist for the offering of joint or bundled service packages composed entirely of competitive services.

(c) *Toll services.* CLECs and ILECs may file tariffs with changes in their rates and charges for existing noncompetitive toll services alone that can become effective on 1-day's notice. A 16-day notice period is required for the filing of a new toll service or the specific noncompetitive services defined in 66 Pa.C.S. § 3008(a) (relating to interexchange telecommunications carrier). For tariff fil-

ings and rate changes involving noncompetitive toll services, the Commission may request relevant documentary support, including cost support.

#### Authority

The provisions of this § 53.60 issued under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501; and section 612 of The Administrative Code of 1929 (71 P. S. § 232).

#### Source

The provisions of this § 53.60 adopted December 1, 2000, effective December 2, 2000, 30 Pa.B. 6202.

#### Cross References

This section cited in 52 Pa. Code § 53.57 (relating to definitions).

### RECOVERY OF FUEL COSTS BY GAS UTILITIES

#### § 53.61. Purpose.

(a) The purpose of this section and §§ 53.62—53.68 (relating to recovery of fuel costs by gas utilities) is to establish procedures under which the Commission will review requests by gas utilities for recovery of purchased gas costs and to specify data which utilities shall file to assist the Commission in determining whether gas utilities are pursuing a least cost fuel procurement policy consistent with the need to provide safe and adequate service. For purposes of this section and §§ 53.62—53.68, natural gas includes: natural gas, propane, liquefied natural gas, synthetic natural gas and natural gas substitutes. (See 66 Pa.C.S. § 1307(g) (relating to sliding scale of rates; adjustments).)

(b) This section and §§ 53.62—53.68 classify gas utilities into two categories and set forth the filing requirements and procedures to be followed in reviewing requests for recovery of purchased gas costs in proceedings under 66 Pa.C.S. § 1307 and § 1308 (relating to voluntary changes in rates). The inclusion of this section and §§ 53.62—53.68 has been necessitated by passage of the act of May 31, 1984 (P. L. 370, No. 74), 66 Pa.C.S. §§ 514, 1307, 1317, 1318 and 2107. These sections provide for a transition from existing procedures to the new procedures.

(c) Questions mandated by the act of May 31, 1984 (P. L. 370, No. 74), 66 Pa.C.S. §§ 1307, 1318 and 2107, are to be examined both in 66 Pa.C.S. § 1307(f) proceedings and in base rate proceedings. In rate proceedings not under 66 Pa.C.S. § 1307(f) when purchased gas costs are at issue, a natural gas utility may incorporate by reference those materials previously filed by the utility in its most recent 66 Pa.C.S. § 1307(f) proceedings if copies are distributed upon request to active parties of record.

**Authority**

The provisions of this § 53.61 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317, 1318 and 1501.

**Source**

The provisions of this § 53.61 amended February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411; amended January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial pages (271610) to (271611).

**Cross References**

This section cited in 52 Pa. Code § 53.62 (relating to additional information to be filed by gas utilities with gross annual intrastate operating revenues in excess of \$40 million seeking a change in base rates); 52 Pa. Code § 53.63 (relating to categories of gas utilities); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

**§ 53.62. Additional information to be filed by gas utilities with gross annual intrastate operating revenues in excess of \$40 million seeking a change in base rates.**

In addition to information otherwise required to be filed by a jurisdictional natural gas distributor with gross intrastate annual operating revenues in excess of \$40 million seeking a change in its base rates, each gas utility shall also file updates to the information required by § 53.64(c) (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million). In the case of a gas utility purchasing gas as defined at § 53.61(a) (relating to purpose) from an affiliated interest, it shall also file updates to the information required at § 53.65 (relating to special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million with affiliated interests). These updates shall be made at the time the base rate case under 66 Pa.C.S. § 1308 (relating to voluntary changes in rates) is originally filed. Deficiencies in filing will be treated as set forth at § 53.51(c) (relating to general).

**Authority**

The provisions of this § 53.62 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317 and 1318.

**Source**

The provisions of this § 53.62 amended February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411. Immediately preceding text appears at serial page (97179).

**Cross References**

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.63 (relating to categories of gas utilities); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

**§ 53.63. Categories of gas utilities.**

The following categories of jurisdictional gas utilities shall be applicable for the purposes of this section and §§ 53.61, 53.62 and 53.64—53.68 (relating to recovery of fuel costs by gas utilities) but shall not modify the categories of gas utilities established for other purposes, such as to prescribe proper accounting methods:

(1) *Section 1307(f) gas utility or large gas utility.* A natural gas distributor with gross intrastate annual operating revenues in excess of \$40 million, in the preceding calendar year, shall be categorized as a Section 1307(f) gas utility.

(2) *Small gas utility.* A natural gas utility with gross intrastate annual operating revenues of \$40 million or less, in the preceding calendar year, shall be categorized as a small gas utility.

(3) *Periodic orders.* The Commission shall periodically enter an order designating the category of each gas utility for the purposes of §§ 53.61, 53.62 and 53.64—53.68.

**Authority**

The provisions of this § 53.63 amended under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501.

**Source**

The provisions of this § 53.63 amended February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial page (213677).

**Cross References**

This section cited in 52 Pa. Code § 53.61 (relating to purpose); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

**§ 53.64. Filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million.**

(a) A Section 1307(f) gas utility may only voluntarily file a tariff reflecting an increase or decrease in natural gas costs once a year in accordance with the schedule established by the Commission, as published in the *Pennsylvania Bulletin* prior to the first day of September of each preceding year. If no new tariff is filed at that time, gas utilities under 66 Pa.C.S. § 1307(f) (relating to sliding scale of rates; adjustments) shall nevertheless file for the reconciliation of amounts collected and expended during prior periods as set forth in subsection (i). The tariff may reflect either an annual levelized rate, or a seasonal levelized rate pursuant to which a levelized 6-month “summer” rate period and a levelized 6-month “winter” rate period would apply. Upon good cause shown, the tariff may reflect other summer/winter rate periods as may be justified by operational considerations.

(b) If there is a known and measurable change in gas costs during the effective period of an annual levelized rate previously approved by the Commission and the change, if reflected in a natural gas utility's tariffs, would result in an increase or decrease in its gas cost rate tariffs of 2% or more, the natural gas utility shall file a proposed tariff incorporating the recalculated rate in accordance with the quarterly filing provisions of subsection (i)(5).

(c) Thirty days prior to the filing of a tariff reflecting an increase or decrease in natural gas costs, each Section 1307(f) gas utility seeking recovery of purchased gas costs under that section shall provide notice to the public, under § 53.68 (relating to notice requirements), and shall file the following supporting information with the Commission, with a copy to the Consumer Advocate, Small Business Advocate and to intervenors upon request:

(1) A complete list in schedule format of each spot and each long term source of gas supply, production, transportation and storage, used in the past 12 months, which 12-month period shall end 2 months prior to the date of the tariff filing, separately setting forth on a monthly basis the quantity and price of gas delivered, produced, transported or stored, maximum daily quantity levels, maximum annual quantity levels, a detailed description of warrantee or penalty provisions, including liquidated damages, take or pay provisions or minimum bill or take provisions of the purchases, balancing provisions and copies of Federal tariffs and contract provisions relating to the purchases—including demand and commodity components. With regard to each contemplated future source of supply, production, transportation or storage, during each of the next 20 months for each source, provide the name of the source, the maximum daily quantity, the maximum annual quantity, the minimum take levels, a detailed description of warrantee or penalty provisions, including liquidated damages, take or pay provisions or minimum bill or take provisions of the purchases, balancing provisions and contractual or tariffed terms of the purchases, copies of applicable Federal tariffs, the expiration date of each contract, the date when each contract was most recently negotiated and the details of the negotiation—such as meeting held, offers made, and changes in contractual obligation—and whether current proceedings, negotiations or renegotiations are pending before the Federal Energy Regulatory Commission, and the like, to modify the price, quantity or another condition of purchase, and if so, the details of the proceedings, negotiations or renegotiations. Gas supply sources which individually represent less than 3% of the total system supply may be shown collectively, such as other local gas purchases.

(2) Notwithstanding paragraph (1), requests for confidential treatment of a submission required to be filed under §§ 53.61—53.63, this section and §§ 53.65—53.68 shall be made at the time the supporting information is submitted to the Commission. The information need not be served on another person until the request for nondisclosure is decided by the administrative law judge assigned to the proceeding and will be served under separate cover. The

Commission will restrict access to this information pending its determination. The administrative law judge will make the determination within 15 days of the date the administrative law judge is assigned to the proceeding.

(3) A complete listing of sources of gas supply transportation or storage and their costs, including shut-in and curtailed sources of supply, both inside and outside this Commonwealth considered by or offered to the utility but not chosen for use during the past 12 months, which 12-month period shall end 2 months prior to the date of the tariff filing, and the reasons why the gas supply, transportation or storage was not selected for use as a part of the utility's supply mix. A similar listing of gas sources, transportation or storage and associated projected costs offered or considered but not chosen to meet supply for the next 20 months, along with reasons for nonselection.

(4) An annotated listing of Federal Energy Regulatory Commission or other relevant non-Commission proceedings, including legal action necessary to relieve the utility from existing contract terms which are or may be adverse to the interest of its ratepayers, which affect the cost of the utility's gas supply, transportation or storage or which might have an impact on the utility's efforts to provide its customers with reasonable gas service at the lowest price possible. This list shall include docket numbers and shall summarize what has transpired in the cases, and the degree of participation, if any, which the utility has had in the cases. The initial list filed under this paragraph shall include cases for the past 3 years. Subsequent lists need only update prior lists and add new cases.

(5) A listing and updating, if necessary, of projections of gas supply and demand provided to the Commission for any purpose—see § 59.67 (relating to formats). In addition, provide an accounting of the difference between reported gas supply available and gas supply deliverable—including storage—from the utility to its customers under various circumstances and time periods.

(6) Each Section 1307(f) utility shall file with the Commission a statement of its current fuel procurement practices, detailed information concerning the staffing and expertise of its fuel procurement personnel, a discussion of its methodology for obtaining a least cost and reliable source of gas supply, including a discussion of any methodologies, assumptions, models or rules of thumb employed in selecting its gas supply, transportation and storage mix, its loss prevention strategy in the event of fraud, nonperformance or interruption of performance, its participation in capacity release and reallocation programs, the impact, if any, upon least cost fuel procurement by constraints imposed by local transportation end users, interruptible service, balancing, storage and dispatching options, and its strategy for improving its fuel procurement practices in the future and timetable for implementing these changes.

(7) A list of off system sales, including transportation, storage or capacity releases by the utility at less than the weighted average price of gas, or at less



than the original contract cost of transportation, storage or capacity supplied to the utility for its own customers.

(8) A list of agreements to transport gas by the utility through its system, for other utilities, pipelines or jurisdictional customers including the quantity and price of the transportation.

(9) A schedule depicting historic monthly end-user transportation throughput by customer. Each customer or account shall be identified solely by a unique alphanumeric code, the key to which may be provided subject to § 5.423 (relating to orders to limit availability of proprietary information).

(10) A schematic system map, locating and identifying by name, the pressure and capacity of all interstate or intrastate transmission pipeline connections, compressor stations, utility transmission or distribution mains 6 inches or larger in size, storage facilities, including maximum daily injection and withdrawal rates, production fields, and each individual supply or transportation customer which represents 5% or more of total system throughput in a month. Each customer or account shall be identified solely by a unique alphanumeric code, the key to which may be provided subject to § 5.423.

(11) If any rate structure or rate allocation changes are to be proposed, a detailed explanation of each proposal, reasons therefore, number of customers affected, net effect on each customer class, and how the change relates to or is justified by changes in gas costs proposed in the Section 1307(f) tariff filing. Explain how gas supply, transportation and storage capacity costs are allocated to customers which are primarily nonheating, interruptible or transportation customers.

(12) A schedule depicting the most recent 5-year consecutive 3-day peak data by customer class (or other historic peak day data used for system planning), daily volumetric throughput by customer class (including end-user transportation throughput), gas interruptions and high, low and average temperature during each day.

(13) Identification and support for any peak day methodology used to project future gas demands and studies supporting the validity of the methodology.

(14) Analysis and data demonstrating, on an historic and projected future basis, the minimum gas entitlements needed to provide reliable and uninterrupted service to priority one customers during peak periods.

(d) Upon review of the supporting data submitted by the utility, the Commission's Office of Special Assistants, or other bureau or individual as the Commission may direct, will, within 30 days of its submission, notify the utility, by Secretarial letter, of a deficiency in the submission. Unless notified, a utility's supporting data will be deemed to be acceptable. Upon notice of a deficiency in the supporting data as filed, the utility shall rectify a deficiency within 30 days. The Commission will notify the utility of remaining problems with its revised submission of supporting data. No tariff under 66 Pa.C.S. § 1307(f) may be filed until deficiencies in supporting data are corrected. The provision of supporting

data required by this section does not thereafter preclude a party from seeking further discovery of information during a proceeding under 66 Pa.C.S. § 1307(f) or discovery of information during a proceeding under 66 Pa.C.S. § 1307(f) or § 1308 (relating to voluntary changes in rates).

(e) For the purposes of §§ 53.61—53.63, this section and §§ 53.65—53.68, the filing of a tariff may refer either to the filing of a tariff supplement or the filing of an addendum to the utility's officially filed tariff. To prevent excessive paperwork, a tariff addendum shall be filed as provided in subsection (a), and a tariff supplement shall only be filed after Commission approval, when the utility files its compliance filing.

(f) During the pendency of a proceeding to investigate the recovery of gas costs under 66 Pa.C.S. § 1307(f), updates of the information provided in the filing and in support of the filing shall be submitted concerning changes in circumstances occurring since the filing of the tariff and supporting information. Updates relating to projected increases in purchased fuel expenses which do not fully materialize shall be submitted as soon as known. Updates relating to changes in purchased fuel expenses, production, transportation or storage costs shall be received at least 30 calendar days prior to the close of the record and with opportunity provided for the parties to review and inquire concerning the information contained in the updates. No upward revision of the amount originally requested, at the commencement of the proceeding, is permitted.

(g) The scheduling of a hearing in the service area of the utility will be determined by the Commission consistent with its policy as set forth at § 3.163 (relating to policy statement concerning public input hearings in rate proceedings). At least one hearing will be held in the service area of the utility if there is an indication of consumer interest.

(h) At the conclusion of the hearing held under 66 Pa.C.S. § 1307(f), the Commission will issue an order which, to the extent possible, makes specific findings as to whether the utility is pursuing a least cost fuel procurement policy consistent with the need to provide safe and adequate services and which establishes the rate to be charged, pending reconciliation and audit proceedings. Issuance by the Commission of its order establishing the rate to be charged is necessarily based on the unaudited projections provided by the gas utility and does not foreclose subsequent reconciliation of costs recovered, including pipeline refunds, and incurred under 66 Pa.C.S. § 1307(f)(2) nor Commission action resulting from Commission audit.

(i) Utilities shall comply with the following:

(1) Thirty days prior to the filing of a tariff reflecting increases or decreases in purchased gas expenses, gas utilities under 66 Pa.C.S. § 1307(f) recovering expenses under that section shall file a statement for the 12-month period ending 2 months prior to the filing date under 66 Pa.C.S. § 1307(f) as published in accordance with subsection (b) which shall specify:

(i) The total revenues received under 66 Pa.C.S. § 1307(a), (b) or (f), including fuel revenues received, whether shown on the bill as 66 Pa.C.S. § 1307(a), (b) or (f) charges or rolled in as base rates.

(ii) The total gas expenses incurred.

(iii) The difference between the amounts in subparagraphs (i) and (ii).

(iv) Evidence explaining how actual costs incurred differ from the costs allowed under subparagraph (ii).

(v) How these costs are consistent with a least cost fuel procurement policy, as required under 66 Pa.C.S. § 1318 (relating to determination of just and reasonable gas cost rates).

(2) During the period of transition from the current gas cost rate mechanism to the procedure under 66 Pa.C.S. § 1307(f) in lieu of the statement in paragraph (1), utilities shall file a reconciliation plan subject to Commission approval for the treatment of over/under collections during the period. The plan shall be filed concurrently with the utility's tariff under 66 Pa.C.S. § 1307(f) and shall include a minimum of 6 months actual over/under collection data.

(3) A hearing will be held on these matters, and after completion of the hearing the Commission will issue an order within 6 months following the filing of the statements directing payment to ratepayers of overcollections received, plus interest calculated in the manner specified under 66 Pa.C.S. § 1308(d), or recovery, when appropriate, of undercollections. Interest will not be permitted on net undercollections caused by the setting of rates under 66 Pa.C.S. § 1307(f).

(4) The proceedings on reconciliation shall be consolidated, for purposes of hearing, with pending hearings on the utility's latest 66 Pa.C.S. § 1307(f) tariff filing, except for good reason shown.

(5) A Section 1307(f) utility which files tariffs reflecting increases and decreases in gas costs in accordance with 66 Pa.C.S. § 1307(f) shall make quarterly filings in accordance with the following provisions:

(i) Quarterly filings shall be made 3 months, 6 months, 9 months and 12 months after the effective date of the Section 1307(f) tariff. Each filing shall be based upon a recalculation and reconciliation of gas costs for a quarterly period commencing 4 months prior to the filing date.

(ii) The utility shall recalculate its rates to reflect actual gas costs. The recalculation shall include a reconciliation of undercollections or overcollections resulting from a change in natural gas costs from original projections for the period and any changes in sales volumes from original projections for the period, but may not include consideration of interest due to over or under collections of gas costs. Interest calculations shall be based upon over and under collections netted through the end of the current annual purchased gas cost rate period, and shall be included only in the annual Section 1307(f) tariff filing.

(iii) If the recalculated rate does not differ by more than 2% from the currently effective rate, the utility shall file a letter with the Commission to that effect, with copies to the Office of Consumer Advocate, the Bureau of Investigation and Enforcement, and the Office of Small Business Advocate. If the recalculated rate differs from the currently effective rate by more than 2%, the utility shall file a tariff incorporating the recalculated rate in accordance with this section. If the recalculated rate results in an increase that is reasonably expected to have an immaterial effect on the utility's annual gas costs, the utility shall file a letter and supporting data to that effect in lieu of a tariff rate change. Notwithstanding the letter and supporting data, the Commission may nevertheless direct the utility to file a tariff rate change. For the final 3-month period (being the 3-month period ending 1 month before the effective date of the utility's next annual Section 1307(f) tariff filing), the utility shall recalculate the rate as described in this paragraph and adjust the rate as part of its tariff filing in compliance with the Commission's final order resolving the utility's next annual Section 1307(f) proceeding.

(iv) Quarterly filings shall be accompanied by supporting information reflecting actual gas costs for the applicable period. The supporting information shall follow the same format used by the utility in support of projected natural gas costs in its annual Section 1307(f) proceeding. Quarterly filings shall become effective on 1 day's notice and, unless otherwise ordered by the Commission, shall be subject to review by the Commission and challenge by interested parties only on the utility's next annual Section 1307(f) proceeding.

(v) A utility making quarterly filings shall give notice of the filing in accordance with § 53.68.

(j) Utilities under 66 Pa.C.S. § 1307(f) shall also file quarterly reports with the Commission, with a copy to the Office of Consumer Advocate, the Bureau of Investigation and Enforcement and the Office of Small Business Advocate concerning monthly gas costs incurred by the utility. The quarterly reports shall include by month change in supply source, supplier refunds received, change in supplier rates and comparison between actual costs and projected gas costs.

#### **Authority**

The provisions of this § 53.64 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317, 1318 and 1501.

#### **Source**

The provisions of this § 53.64 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411; amended January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial pages (213678) to (213682) and (337337) to (337338).

### Notes of Decisions

#### *Reasonableness of Costs*

For the time period prior to enactment of Act 74, PUC had authority to determine retroactively the reasonableness of costs incurred in subsequent proceeding, thus no impermissible retroactive effect occurred. *Equitable Gas Co. v. Pennsylvania Public Utility Commission*, 526 A.2d 823 (Pa. Cmwlth. 1987); appeal denied 533 A.2d 714 (Pa. 1987).

#### *Reasonableness of Rates*

Where PUC had not made final determination of utility's rate previous to rejection of reconciliation plan, authority existed to retroactively determine reasonableness of rates by use of gas cost rates procedure, and where utility failed to exercise prudence, intervention into managerial imprudence is not impermissible intrusion. *Equitable Gas Co. v. Pennsylvania Public Utility Commission*, 526 A.2d 823 (Pa. Cmwlth. 1987); appeal denied 533 A.2d 714 (Pa. 1987).

#### *Rejection of Plan*

The PUC's rejection of gas utility's reconciliation plan was supported by substantial evidence, where evidence was presented by witness who conducted deliverability study of capability of company production, which indicated that gas utility could have obtained less expensive gas from local companies rather than purchasing from utility's more expensive affiliate. *Equitable Gas Co. v. Pennsylvania Public Utility Commission*, 526 A.2d 823 (Pa. Cmwlth. 1987); appeal denied 533 A.2d 714 (Pa. 1987).

#### *Retroactive Application of Statute/Regulations*

Public Utility Commission's retroactive application of its new interpretation of statute and accompanying regulations regarding use of historic data in calculating rate of interest on over/under collection of annual purchase gas costs, resulting in natural gas distribution utility being required to return over collection to ratepayers, was not arbitrary, capricious or an abuse of discretion. *UGI Utilities v. Public Utility Commission*, 863 A.2d 144, 149-150 (Pa. Cmwlth. 2004)

### Cross References

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.62 (relating to additional information to be filed by gas utilities with gross annual intrastate operating revenues in excess of \$40 million seeking a change in base rates); 52 Pa. Code § 53.63 (relating to categories of gas utilities); 52 Pa. Code § 53.65 (relating to special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million with affiliated interests); 52 Pa. Code § 53.68 (relating to notice requirements); and 52 Pa. Code § 53.69 (relating to fixed rate option).

### **§ 53.65. Special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million with affiliated interests.**

Whenever a gas utility under 66 Pa.C.S. § 1307(f) (relating to sliding scale of rates; adjustments) purchases gas, transportation or storage from an affiliated interest, as defined at 66 Pa.C.S. § 2101 (relating to definitions of affiliated interest), it shall, in addition to the normal submission expected of a gas utility under 66 Pa.C.S. § 1307(f) file evidence to meet its burden under 66 Pa.C.S.

§ 1317(b) (relating to regulation of natural gas costs). The evidence, to be filed 60 days prior to the filing of a tariff under 66 Pa.C.S. § 1307(f), shall include statements regarding:

- (1) The costs of the affiliated gas, transportation or storage as compared to the average market price of other gas, transportation or storage and the price of other sources of gas, transportation or storage.
- (2) Estimates of the quantity of gas, transportation or storage available to the utility from all sources.
- (3) Efforts made by the utility to obtain gas, transportation or storage from nonaffiliated interests.
- (4) The specific reasons why the utility has purchased gas, transportation or storage from an affiliated interest and demonstration that the purchases are consistent with a least cost fuel procurement policy.
- (5) The sources and amounts of gas, transportation or storage which have been withheld from the market by the utility or affiliated interest and the reasons why the gas, transportation or storage has been withheld.
- (6) To the extent that the information required in this section has been submitted under § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million), the utility need only designate information which applies to affiliated interests.

#### **Authority**

The provisions of this § 53.65 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317 and 1318.

#### **Source**

The provisions of this § 53.65 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411. Immediately preceding text appears at serial pages (122641) to (122642).

#### **Cross References**

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.62 (relating to additional information to be filed by gas utilities with gross annual intrastate operating revenues in excess of \$40 million seeking a change in base rates); 52 Pa. Code § 53.63 (relating to categories of gas utilities); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

**§ 53.66. Filing requirements for small gas utilities.**

(a) A small gas utility seeking recovery of purchased gas costs under 66 Pa.C.S. § 1307(a) or (b) (relating to sliding scale of rates; adjustments) shall comply with the following procedures:

(1) Gas cost rate (GCR) tariffs filed by small gas utilities for the purpose of recovery of gas costs under 66 Pa.C.S. § 1307 include the following schedules:

- (i) Schedule 1: Calculation of the GCR.
- (ii) Schedule 2: Projected Supply and Sales Volumes.
- (iii) Schedule 3: Projected Supplier Rates.
- (iv) Schedule 4: Calculated Projected Gas Cost.
- (v) Schedule 5: Summary of E-Factor.
- (vi) Schedule 6: 1307(e) Statement of Over/Under Collections.
- (vii) Schedule 7: Actual Supply Volumes.
- (viii) Schedule 8: Actual Supply Rates.
- (ix) Schedule 9: Actual Supply Costs.
- (x) Schedule 10: Reconciliation of E-Factor.
- (xi) Schedule 11: Effect of Rate Changes on Residential Customer.

(2) A small gas utility seeking recovery of its gas costs under 66 Pa.C.S. § 1307(a) or (b) shall annually submit a preliminary and a final GCR filing to the Commission to be effective November 1, with notice to the public at the time of its initial filing as required under § 53.68 (relating to notice requirements). The preliminary filing is to be made by September 2, and shall contain as much actual data as is then available. The final filing shall be made on October 2 and shall contain actual data and any updates or corrections to the data contained in the initial filing. Both the preliminary and the final filings shall be based on forecasted costs for the subsequent 12-month period ending August 31. The GCR computation is to follow a formula designated by the Commission. Upon Commission approval, a tariff shall be filed reflecting rates as approved.

(3) The provision of information required by this section does not preclude use of discovery to obtain additional information.

(4) No GCR rates are to be implemented without express prior Commission approval. The approval shall constitute only tentative approval for collection of the GCR charges from ratepayers and not a final approval of the as yet unaudited projections of the utility, which have not yet been subjected to scrutiny concerning the reasonableness of underlying transactions.

(5) Utilities have the burden of pursuing a least cost purchasing policy consistent with 66 Pa.C.S. §§ 1316 and 1317 (relating to recovery of advertising expenses; and regulation of natural gas costs) and shall be accountable for failure to comply with these standards and those of 66 Pa.C.S. § 1301 (relating to rates to be just and reasonable).

(b) In addition to the statements and supporting data filed as required under 66 Pa.C.S. § 1307(e), small gas utilities shall file the information and data as may be required by the Bureau of Audits or other bureau as the Commission may direct. Both the preliminary and the final filing shall be served upon the Office of Consumer Advocate, the Bureau of Investigation and Enforcement, and the Office of Small Business Advocate and shall be provided to intervenors, upon request. This evidence will be considered by the Commission in formulating its audit review under 66 Pa.C.S. § 1307(d) or in other proceedings as described in subsection (c) and may be supplemented by submissions from interested persons. The audit under 66 Pa.C.S. § 1307(d) and the review of procurement policies will not be the subject of the Commission's statutorily required reconciliation hearings under 66 Pa.C.S. § 1307(e), which are governed by strict time limits.

(c) Small gas utilities shall file a reconciliation statement under 66 Pa.C.S. § 1307(e) for the 12-month period running from September 1 through August 31 by October 1. Questions on the underlying propriety of a utility's procurement policies, and the like, can be raised in a separately docketed complaint proceeding filed by a party, by Commission investigation or in a proceeding arising from audit findings under 66 Pa.C.S. § 1307(d).

(d) Overcollections are subject to refund with interest applied at the prime rate for commercial borrowing. Undercollections may be recovered from ratepayers. When undercollections are recovered, interest shall be applied at the prime rate for commercial borrowing. Adjustments to the E-Factor for correction of prior reported over/under collections or as recommended by the Bureau of Audits may include interest. Unless directed otherwise by the Commission, the adjustment for interest is the difference between the amount of interest originally reported on the applicable over/under collection and the amount of interest applicable to the adjusted over/under collection.

(e) Utilities recovering fuel costs under the GCR shall state the following information about fuel costs on customer's bills:

“This bill includes \_\_\_\_\_ per MCF which is our average cost of gas acquired for your use.”

The cost of gas shall be calculated exclusive of taxes and current base costs-nonfuel costs. The cost of gas must include the direct costs paid by the natural gas distribution company for the purchase and delivery of natural gas to its system to supply its customers. The GCR must include 100% of the gas costs and be shown as a separate line item on the customer bill. Gas costs included in the



GCR are subject to refund and reconciliation under 66 Pa.C.S. § 1307(e). The E-Factor of Gas Adjustment Charge is a mechanism to refund or recoup over/under collected amounts under 66 Pa.C.S. § 1307(e). The E-Factor rate or Gas Adjustment Charge may be combined with the GCR or shown as a separate rate.

(f) Small gas utilities shall pay interest on pipeline refunds from the time received until disbursed at a 6% annual interest rate. The refunds are to be refunded through recomputation of the E-factor of the GCR formula.

(g) Small gas utilities should monitor GCR activity to avoid becoming materially over/under collected. In the event a small gas utility anticipates a material over/under collection that would result in a change in the current GCR greater than 2%, the small gas utility may submit an interim GCR tariff filing to become effective, unless otherwise provided for in its tariff, on 10 days' notice. The interim filing shall be subject to audit in accordance with 66 Pa.C.S. § 1307(d).

#### Authority

The provisions of this § 53.66 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317, 1318 and 1501.

#### Source

The provisions of this § 53.66 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411; amended January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial pages (213686) to (213688).

#### Cross References

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.63 (relating to categories of gas utilities); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

### § 53.67. [Reserved].

#### Authority

The provisions of this § 53.67 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317 and 1318; reserved under the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501.

#### Source

The provisions of this § 53.67 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411; reserved January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial page (213688).

53-116.1

(379893) No. 497 Apr. 16

**Cross References**

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.63 (relating to categories of gas utilities); and 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

**§ 53.68. Notice requirements.**

(a) Within the 30 days prior to the filing of a tariff reflecting an annual increase or decrease in natural gas costs, each 66 Pa.C.S. § 1307(f) (relating to sliding scale of rates; adjustments) gas utility shall provide public notice and posting of tariffs as provided in §§ 53.41—53.45 (relating to posting of tariffs and notices). The notice shall include notice of the quarterly filing procedure required under § 53.64(i)(5) (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million). Simultaneously, notice shall be published in major newspapers serving the utility's service area informing the public of new or revised tariff filings, where the filing can be inspected and how comments or complaints should be filed. Unless the Commission directs otherwise, no separate notice to the public is required for quarterly filings made under § 53.64(i)(5).

(b) Small gas utilities filing a gas cost rate shall provide public notice within 5 days of the preliminary filing by publishing a notice in major newspapers within the utility's service area. The notice shall inform the public of new or revised tariff filings, where the filing can be inspected and how comments or complaints should be filed.

**Authority**

The provisions of this § 53.68 amended under the Public Utility Code, 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1307, 1317, 1318 and 1501.

**Source**

The provisions of this § 53.68 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672; amended April 14, 1995, effective June 14, 1995, 25 Pa.B. 1411; amended January 22, 2016, effective January 23, 2016, 46 Pa.B. 449. Immediately preceding text appears at serial page (330033).

**Cross References**

This section cited in 52 Pa. Code § 53.61 (relating to purpose); 52 Pa. Code § 53.63 (relating to categories of gas utilities); 52 Pa. Code § 53.64 (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million); 52 Pa. Code § 53.66 (relating to filing requirements for small gas utilities); and 52 Pa. Code § 54.188 (relating to commission review of default service programs and rates).

53-116.2

**§ 53.69. Fixed rate option.**

(a) Components of the fixed rate option shall include all gas costs as defined in 66 Pa.C.S. 1307(f) (relating to sliding to scale of rates; adjustments). The natural gas distribution company may offer a fixed rate option to collect these costs over a 12-month period.

(b) Natural gas distribution companies adjusting rates for natural gas sales on a regular, less than quarterly but not more frequent than monthly, basis shall submit a separate reconciliation calculation of the fixed rate option service, consistent with the company's response to § 53.64(i) (relating to filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million).

(1) The reconciliation shall present the fixed rate option sales, revenues and costs, separated from the reconciliation of other retail sales.

(2) The reconciliation period of fixed rate option sales shall be the same period used to reconcile the company's other retail sales as presented in compliance with 66 Pa.C.S. § 1307(f)(3).

(c) Eligible customers may sign up for the fixed rate option during the 3-month period which ends when the annual section 1307(f) rates become effective. Service under the fixed rate option starts on the first day of the customer's billing cycle in which the annual section 1307(f) rates become effective.

(d) Chapter 56 (relating to standards and billing practices for residential utility service) is applicable to all fixed rate option sales to residential customers.

**Authority**

The provisions of this § 53.69 issued under the Public Utility Code, 66 Pa.C.S. §§ 501, 1301, 1307 and 1501.

**Source**

The provisions of this § 53.69 adopted July 7, 2000, effective July 8, 2000, 30 Pa.B. 3441.

**SUSPENSION SUPPLEMENTS****§ 53.71. Previous rates and posting of supplement.**

(a) If the Commission, acting under the provisions of 66 Pa.C.S. § 1308(b) (relating to voluntary changes in rates), suspends any proposed rates, charges, or regulations contained in any tariff, the previous rates, charges, or regulations shall remain in effect during the period of suspension or until lawfully cancelled, reissued, or otherwise ordered by the Commission. Whenever an order of suspension is received by a public utility against whose tariffs the order of suspension is directed, it shall be the duty of such utility to immediately post in its offices and file with the Commission a supplement, which shall bear no effective date, announcing that such schedules are suspended by order of the Commission until

the date stated in the order of suspension. Reference in such supplement shall also be made to the tariffs where schedules remaining in effect during the period of suspension will be found.

(b) The provisions of 66 Pa.C.S. § 1308(e) shall apply to every public utility described in section 66 Pa.C.S. § 102 (relating to definitions).

**Source**

The provisions of this § 53.71 amended November 18, 1977, 7 Pa.B. 3362. Immediately preceding text appears at serial page (20928).

**§ 53.72. Suspension of part of a tariff.**

If the order of suspension directs the suspension of a part of a tariff which, except as to such part, is allowed to become effective, the supplement announcing the suspension shall also contain the rates, charges, and regulations applicable during the period of suspension or shall make specific reference by Commission number or numbers to the tariff or supplement where they will be found.

**§ 53.73. Waiver of number of supplements rule.**

If the Commission suspends schedules in tariffs or supplements, the rule of the Commission relative to the number of supplements allowed will be waived.

**§ 53.74. Vacation of suspension.**

If, upon final determination, the matter suspended is found not unlawful and the Commission directs that the order of suspension be vacated or the case dismissed, the affected public utility shall issue a supplement or revised page announcing the vacation of the order of suspension and provide by proper publication for the application of the lawful schedules, and otherwise comply with such orders of the Commission.

**PAYMENTS, DEPOSITS AND CHARGES**

**§ 53.81. Advance payments.**

Payments of rates may be required in advance of furnishing any of the following services:

- (1) Public utility services furnished by municipalities or their agencies beyond their corporate limits.
- (2) Services rendered by canal, turnpike, tunnel, bridge and wharf utilities.
- (3) Conveyance or transmission of messages or communications by telegraph public utilities.
- (4) Telephone service rendered at a telephone station equipped with a coin-collecting device or at a public telephone station served by an attendant.

- (5) Seasonal service, if elected to be so taken by the patron.
- (6) The construction of facilities and furnishing special equipment.
- (7) The restoration or reconnection of service, if service has been actually discontinued for failure by the patron to comply with tariff provisions.
- (8) Gas service rendered through prepayment meters.

#### Cross References

This section cited in 52 Pa. Code § 56.223 (relating to repealers).

### § 53.82. Deposits.

Public utilities, and municipalities or their agencies furnishing public utility service beyond their corporate limits, may require deposits to secure future payments of rates, subject to the following:

(1) Deposits may be required from customers taking service for a period of less than 30 days, in an amount equal to the estimated gross bill for such temporary period. Deposits may be required from all other customers, except that in no instance may deposits be required in excess of the estimated gross bill for any single billing period plus one month, the maximum period not to exceed four months, with a minimum of \$5.00.

(2) Deposits secured from a domestic customer or residential subscriber shall be returned to the depositor when he pays undisputed bills for service over a period of 12 consecutive months. Any such customer, having secured the return of a deposit, shall not be required to make a new deposit, unless the service has been discontinued, or the credit standing of the customer has been impaired through failure to comply with tariff provisions.

(3) The payment of any undisputed bill, within the meaning of the Public Utility Law (66 P.S. § 1101 et seq.), shall be payment of the bill with or without discount or penalty, within 30 days following the period for which the bill was rendered or payment within 30 days following presentation of the bill, or the payment of any contested bill, payment of which is withheld beyond such period and the dispute is terminated substantially in favor of the customer and payment made by the customer within ten days thereafter.

(4) All tariffs shall provide for interest on deposits at the rate of 6.0% annually without deduction for any taxes on such deposits.

#### Cross References

This section cited in 52 Pa. Code § 56.34 (relating to deposits for temporary service); and 52 Pa. Code § 56.284 (relating to deposits for temporary service).

### § 53.83. [Reserved].

#### Source

The provisions of this § 53.83 reserved July 16, 1982, effective July 17, 1982, 12 Pa.B. 2286. Immediately preceding text appears at serial pages (37315) to (37316).

**§ 53.84. Penalties and discounts.**

Any public utility which imposes penalties upon its customers for failure to pay bills promptly, or allows its customers discounts for prompt payment of bills, shall provide in its posted and filed tariffs a rule clearly setting forth the exact circumstances and conditions in which the penalties are imposed or discounts are allowed. The tariff shall also indicate clearly whether, if bills are paid by mail, the date of the postmark will be considered the date of payment.

**Cross References**

This section cited in 52 Pa. Code § 56.223 (relating to repealers).

**§ 53.85. Paper billing fees.**

A public utility may not impose a supplemental fee, charge or other rate for furnishing a paper bill or invoice for the services provided by the public utility.

**Source**

The provisions of this § 53.85 adopted April 8, 2016, effective April 9, 2016, 46 Pa.B. 1791.

**GRANT OF POWER OF ATTORNEY AND ISSUE OF CONCURRENCE  
IN TARIFFS OF TELEPHONE COMPANIES****§ 53.91. Evidence of concurrence.**

Tariffs or schedules of joint rates need only be filed with the Commission by one of the participant public utilities or its agents. In all such cases, the remaining participant public utilities shall file evidence of concurrence or acceptance of such tariffs or schedules in accordance with the provisions of this Subchapter.

**§ 53.92. Size and number of forms.**

The forms prescribed in this Subchapter shall be on paper eight by ten inches in size, and may be either printed or typewritten. The original and one copy of the form shall be filed with the Commission and a copy furnished to the public utility or agent in whose favor the instrument is issued.

**§ 53.93. Serial designation.**

The following serial designations shall be used:

Power of attorney: "Pa. T 1 No. \_\_\_\_."

Concurrence: "Pa. T 2 No. \_\_\_\_."

**§ 53.94. Posting of tariffs.**

A grant of authority to issue tariffs, under power of attorney or concurrence, does not relieve the public utility conferring the authority from the necessity of posting tariffs in compliance with the provisions of §§ 53.41—53.45 (relating to posting of tariffs and notices).

**§ 53.95. Revocation.**

A concurrence may be revoked by filing with the Commission a notice of revocation, in duplicate, and serving a copy of such notice upon the public utility to which such concurrence was given, at least 60 days in advance of the effective date shown on the notice of revocation.

§ 53.96. Power of attorney form.

(a) A power of attorney form shall be used to give authority to an attorney and agent to file tariffs and supplements, to authorize an agent to receive concurrences for it, and to give authority to another telephone company to give and receive concurrences. Such authorization, other than that given to another telephone company to give and receive concurrences, shall name an alternate agent to act in the event of the death or disability of the principal agent, and shall not contain authority to delegate to another the power conferred by such authorization. The form shall be as follows:

\_\_\_\_\_  
(Name of public utility)  
Date \_\_\_\_\_, 19 \_\_\_\_

KNOW ALL MEN BY THESE PRESENTS:

That the (corporate name of the public utility) has made, constituted, and appointed, and by these presents does make, constitute, and appoint (name of principal agent appointed) its true and lawful attorney and agent for the said company, and in its name, place, and stead, (1) for it alone, and (2) for it jointly with other public utilities to receive concurrences in, and to file, rate schedules and supplements thereto, as required of public utilities by the Public Utility Law and by regulations established by the Pennsylvania Public Utility Commission thereunder, for the period of time, the traffic, and the territory specified below, and to accept service of any notice, order or process for it and on its behalf which may be issued in proceedings before the Commission involving the lawfulness of rates, charges, classifications or practices contained or proposed in tariffs or schedules so filed:

\_\_\_\_\_  
\_\_\_\_\_  
And the said (name of company) does hereby give and grant unto its said attorney and agent full power and authority to do and perform all and every act and thing above specified as fully, to all intents and purposes, as if the same were done and performed by the said company, hereby ratifying and confirming all that its said attorney and agent may lawfully do by virtue hereof, and assuming full responsibility for the acts and neglects of its said attorney and agent hereunder.

And further, That the (name of company) has made, constituted and appointed, and by these presents does make, constitute and appoint as alternate (name of alternate agent appointed) its true and lawful attorney and agent, for said Company and in its name, place and stead, (1) for it alone, and (2) for it jointly with other public utilities, in case and only in case of the death or disability of the said (here insert name of principal agent) to do and perform the same acts and exercise the same authority as hereinabove granted to (here insert name of principal agent.)

In witness whereof the said company has caused these presents to be signed in its name by its president and to be fully attested under its corporate seal by its secretary, at \_\_\_\_\_, in the State of \_\_\_\_\_, on this \_\_\_\_\_ day of \_\_\_\_\_, in the year of our Lord nineteen hundred and \_\_\_\_\_.

\_\_\_\_\_  
(Name of public utility)  
By \_\_\_\_\_  
Its \_\_\_\_\_ President

ATTEST:  
\_\_\_\_\_  
Secretary

(Corporate seal)

(b) The form contained in subsection (a) may be modified by omitting the words “(1) for it alone, and (2)” or “and (2) for it jointly with other public utilities,” or “to receive concurrences in, and” or “and to file,” when such words are inapplicable. When used to give authority to an agent for the publication of a classification, a classification exception tariff or a rules circular, the power of attorney form should be modified by striking out the words “rate schedule” and substituting therefor the word or words “classification” “classification exception tariffs,” or “rules circulars,” as the case may be. When used to give authority to another telephone company to give and receive concurrences, the third paragraph relating to the alternate agent should be omitted, and in the first paragraph the name of the telephone company being appointed as agent should be shown in lieu of the name of the principal agent.

**§ 53.97. Concurrence form.**

The following concurrence form shall be used in concurring in rate schedules published by public utilities or their duly appointed agents published and filed with the Commission:

\_\_\_\_\_  
(Name of public utility)  
Date \_\_\_\_\_, 19 \_\_\_\_\_

PA. T 2 No.  
TO THE PENNSYLVANIA PUBLIC UTILITY  
COMMISSION  
Harrisburg, Pennsylvania 17120

THIS IS TO CERTIFY that (name of public utility) assents to and concurs in the publication and filing of any rate schedule or supplements thereto which (name of public utility) or its agent may make and file, and in which this company is shown as a participating company and hereby makes itself a party to and bound thereby insofar as such schedule or supplements thereto contain rates as described below:

\_\_\_\_\_  
\_\_\_\_\_

until this authority is revoked by formal and official notice of revocation placed in the hands of the Pennsylvania Public Utility Commission and of the company to which this concurrence is given.

\_\_\_\_\_  
(Name of public utility)  
By \_\_\_\_\_  
(Name of officer)  
\_\_\_\_\_  
(Title of officer)

**FILING ON LESS THAN STATUTORY NOTICE**

**§ 53.101. Statutory notice.**

No public utility shall file any tariff, revision, or supplement on less than notice of 60 days, unless it first receives special permission from the Commission to do so.



**Source**

The provisions of this § 53.101 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672.

**Cross References**

This section cited in 52 Pa. Code § 53.102 (relating to exception to requirement for statutory notice).

**§ 53.102. Exception to requirement for statutory notice.**

Applications for permission to file tariffs, revisions or supplements on less than the notice specified in § 53.101 (relating to statutory notice) shall be made by a responsible officer of the applicant, and shall contain all of the following:

- (1) A statement that the petitioner public utility desires permission from the Commission to file the tariff changes outlined in the petition to become effective ( ) days after the tariff, revision, or supplement is filed.
- (2) A detailed statement of the changes desired to be made, identifying the matters in existing tariffs or supplements which will be affected.
- (3) The tariff, supplement, or revised page number under which the changes will be published.
- (4) The number of the tariff or supplement which will be superseded.
- (5) A comprehensive statement of the circumstances and conditions in justification of proposed tariff changes.

**Source**

The provisions of this § 53.102 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672.

**§ 53.103. Concurrently furnished information.**

Unless otherwise directed by the Commission, applications for special permission shall be accompanied by the data, as appropriate, required by the provisions of §§ 53.51—53.53 (relating to information furnished with the filing of rate changes).

**Source**

The provisions of this § 53.103 adopted February 22, 1985, effective February 23, 1985, 15 Pa.B. 672.

**APPENDIX I. [Reserved]****Source**

The provisions of this Appendix I reserved March 29, 1996, effective March 30, 1996, 26 Pa.B. 1377. Immediately preceding text appears at serial page (97195).

**APPENDIX II. [Reserved]****Source**

The provisions of this Appendix II reserved March 29, 1996, effective March 30, 1996, 26 Pa.B. 1377. Immediately preceding text appears at serial pages (97195) to (97196), (70981) to (70984) and (144869) to (144870).

[Next page is 54-1.]

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