

PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105

Fixed Service Utilities
Distribution Rates Policy
Statement

Public Meeting: July 11, 2019
2518883-LAW
Docket No. M-2015-2518883

MOTION OF CHAIRMAN GLADYS BROWN DUTRIEUILLE

Before the Commission today is the Final Policy Statement Order identifying factors to consider in determining just and reasonable rates. There are considerable shifts in the rate-setting environments for electric, natural gas, and water utilities. Look no further than the increased adoption of rooftop solar, increased investment in natural gas fueled microturbine combined heat and power units, and the significant movement toward consolidation in the water and wastewater industries. Recognizing these trends, amongst others, the Commission set out with the instant proceeding.

During the pendency of this proceeding Governor Wolf signed Act 58 of 2018 into law. This bill also recognized shifts in the utility landscape similar to those recognized by the Commission when commencing this proceeding. Act 58 permits the Commission to approve alternative rate proposals including, but not limited to, formula rates, multiyear rate plans, and performance-based rates.

This Final Policy Statement provides guidance on inputs that may be considered in future rate proceedings. In a manner, these considerations augment, but do not substitute in any way, the rate case filing input requirements enumerated in the Commission's regulations at 52 Pa. Code §§ 53.1 – 53.84. This additional guidance for utilities is timely given the passage of Act 58.

Nonetheless, I believe the effectiveness of this Final Policy Statement would be improved with the inclusion of utility reliability considerations. As submitted by Advanced Energy Economy Institute (AEE Institute) in the context of performance incentive mechanisms, the Commission can consider the performance of reliability indices when designing rates.¹ As such, I believe it would be prudent to include the following provision under § 69.3302 (a) of this Final Policy Statement: *How the ratemaking mechanism and rate design will support improvements in utility reliability.*

Such consideration is further highlighted by Act 58, which states that “utility ratemaking should encourage and sustain investment through appropriate cost-recovery mechanisms to enhance safety, security, **reliability** or availability of utility infrastructure...”

I wish to thank all of the commenters for their helpful and thorough input. I look forward to utilizing this Final Policy Statement as the Commission reviews rate cases in the future.

¹ Page 13 AEE Institute comments submitted October 22, 2018.

THEREFORE, I MOVE THAT:

1. The Final Policy Statement on Fixed Utility Distribution Rates be modified consistent with this Motion.
2. The Law Bureau prepare a Final Policy Statement consistent with this Motion.

DATE: July 11, 2019



Gladys Brown Dutrieuille, Chairman