

HOW RATES ARE SET IN

Pennsylvania

FOR REGULATED WATER UTILITIES

The Filing

When a regulated utility seeks a rate increase, it must file a request with the PUC and prove that the increase is needed.

PUC Review

The PUC evaluates each utility's request for a rate increase to ensure the **lowest reasonable rate** for consumers and a proper amount of investment to maintain safe and reliable service.

ALJ Hearings

During the investigation, hearings are held before an Administrative Law Judge (ALJ) at which the evidence in support of and opposition to the rate increase is examined and expert witnesses testify.

The ALJ presides at formal hearings, which are open to the public and conducted like a formal court proceeding.

Consumers Engagement

Consumers have a right to participate in the ratemaking process and can do so by submitting written comments or testifying before the ALJ. The PA Office of Consumer Advocate also participates in the formal rate proceeding and is statutorily charged with being the voice of consumers. The Office of Small Business Advocate, commercial and industrial customers, and other consumer advocate organizations also regularly participate in the process.

Timeline

The rate increase process takes about nine months.

Final Decision

The Commissioners make the final decision, authorizing rates that: (1) permit revenues that allow the company to meet its reasonable expenses, pay interest on its debt and provide a fair return to stockholders so it will continue to attract investment; and (2) assign the proper rate for residential, commercial and industrial customers that reflects the cost of service



**TRUTH FROM
THE TAP**