



434 Fayetteville Street
Suite 2800
Raleigh, NC 27601
☎ 919.755.8700 📠 919.755.8800
www.foxrothschild.com

DAVID T. DROOZ
Direct No: 919.719.1258
Email: DDrooz@FoxRothschild.com

February 26, 2024

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Room 5063
Raleigh, NC 27603

Re: In the Matter of
JPC Utilities, LLC's General Rate Increase Application
Docket No. W-1263, Sub 4
Pre-Filed Rebuttal Testimony of Darlene Peedin

Dear Ms. Dunston:

Attached for filing in the above referenced docket on behalf of JPC Utilities, LLC is the Pre-Filed Rebuttal Testimony and Exhibits of Darlene Peedin.

Twelve hard copies of same will be delivered to the NCUC and Exhibit I in native format will be filed with NCUCExhibits@ncuc.net.

Thank you for your assistance with this filing. Please let me know if you should have any questions or need anything further at this time.

Sincerely,

/s/ David T. Drooz

David T. Drooz
Attorney for JPC Utilities, LLC

pbb
Attachment



Copy to: Christopher Ayers, Director, NC Public Staff
James Bernier, NC Public Staff - Legal
Lucy Edmonson, NC Public Staff – Legal
Jessica Heironimus, NC Public Staff – Legal
Davia Newell, NC Public Staff - Legal

NORTH CAROLINA UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-1263, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

IN THE MATTER OF:
APPLICATION BY JPC UTILITIES, LLC
FOR AUTHORITY TO ADJUST AND INCREASE RATES
FOR PROVIDING WATER & SEWER UTILITY SERVICE IN ITS
SERVICE AREAS IN NORTH CAROLINA

PRE-FILED REBUTTAL TESTIMONY

OF

DARLENE PEEDIN

ON BEHALF OF

JPC UTILITIES, LLC

February 26, 2024

OFFICIAL COPY

Feb 26 2024

Q. ARE YOU THE SAME DARLENE PEEDIN WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING ON SEPTEMBER 6, 2023?

A. Yes. As a Principal Consultant with Peedin & Perry, LLC, I am continuing to support this rate case request of JPC Utilities.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my testimony is to support the request by JPC Utilities, LLC (JPC or the Company) for an increase in rates. There are some adjustments recommended in the testimony of the Public Staff that JPC agrees with, and other adjustments that JPC accepts because for JPC they are not worth the time and expense to litigate. I am providing rebuttal testimony on the following issues of concern to JPC:

- Allocation of total Maintenance & Repair Expenses to water and sewer operations versus direct assignment of specific water and sewer expense accounts before applying the allocation factors;
- Reconciliation of JPC filed proposed revenue requirements to the revenue requirements shown on Lentz Exhibit I Schedule 3(a) and 3(b) for water and sewer operations;
- Rate Case expense level, update period, and amortization period; and
- Rate of return.

MAINTENANCE & REPAIR EXPENSES

Q. PLEASE EXPLAIN THE ADJUSTMENT MADE BY THE PUBLIC STAFF.

A. The Public Staff stated in testimony that it made several adjustments to maintenance and repair expense, including reclassifying per books salaries expenses into the salaries expense line item, the removal of invoices that were dated outside of the test year, the calculation of revised allocation factors that were based on end of period customer counts, and the application of the revised allocation factors to total maintenance and repair expenses for both water and sewer operations versus directly assigning the specific water and sewer expenses to water and sewer operations before applying the allocation factors as done by JPC.

Q. WHAT IS YOUR CONCERN WITH THE PUBLIC STAFF'S ADJUSTMENT?

A. The Company does not oppose the maintenance and repair expense adjustments recommended by the Public Staff related to the reclassification of per books salaries expenses to the salaries expense line item, the removal of expenses outside of the test period, or the relatively minor change to the revised allocation factors for water and sewer operations.

Our concern with the Public Staff's adjustment relates to how the allocation factors were applied to total maintenance and repair expenses for water and sewer operations. The Public Staff calculated maintenance and repair expenses by applying the revised allocation factors to the total maintenance and repair general ledger balances, rather than first directly assigning water and sewer general ledger account balances that were specifically identified as either water or sewer and then applying the revised allocation factors to the remaining balance. The Public Staff stated in a data request response that because JPC provided the supporting invoices by general ledger account which added up to the total maintenance and repair balances for the test period, they used the allocation factors on the total balance since the invoices were not specifically marked as water or sewer. Because the Public Staff did not start with the per books maintenance and repair expenses, and only summed up the invoices without tying them into the per books maintenance and repair accounts for specific water and sewer expense accounts where applicable, the end of period water and sewer maintenance and repair expenses are not accurate for each utility service being provided.

The Company's adjustment set forth on the Excel native file¹ JPC Exhibit I, Schedule 3-4, has a supporting calculation in Footnote [1] with a specific breakdown by maintenance and

¹ This calculation does not appear on the PDF version filed in the Commission's electronic docket system but was provided to the Public Staff when JPC filed its Application and direct testimony.

repair general ledger accounts that shows which accounts should be directly assigned to water and sewer operations and which accounts should be allocated to water and sewer operations based on the general ledger account numbers and account names. Because we used direct assignment for maintenance and repair costs where appropriate, JPC Utilities' approach is more accurate than just applying an overall allocation factor to total maintenance and repair expenses.

The Commission has a long-standing policy of using direct assignment of expenses when available, before applying allocation factors. As a former Public Staff Accountant in the Accounting Division, there is a basic principle that was followed that the fairest and easiest way to allocate costs within a utility should be based on "cost causation" — in other words, the cost driver behind the expense and the utility service that drives that cost. The rules of cost allocations are simple:

- Direct charge all costs that can be specifically identified with a utility service to the area or activity driving the cost;
- Allocate remaining costs across utility services based on an agreed-on methodology;

As stated above, JPC has directly charged all water and sewer general ledger expenses that are specifically identified in the general ledger as either a water or a sewer account while also providing the supporting invoices. Next, the remaining maintenance and repair expenses have been allocated using the water and sewer allocation factors recommend by witness Darden. The Company believes that this is the most equitable way to assign and share costs with the water and sewer customers.

JPC has accepted the Public Staff's reclassification of per books salaries expenses to the salaries expense line item, the removal of expenses outside of the test period, and the relatively minor change to the allocation factors for water and sewer operations, but we do not agree with the allocation methodology used by the Public Staff. By not directly assigning the specific general ledger balances for water and sewer operations before applying the revised allocation factors, the water maintenance and repair expense is over-stated by \$13,583 and the sewer maintenance & repair expense is under-stated by approximately \$11,630.

Q. WHAT IS YOUR RECOMMENDATION ON THE AMOUNT OF MAINTENANCE & REPAIR EXPENSES FOR THE WATER SYSTEM AND FOR THE SEWER SYSTEM?

- A.** The Company accepts the Public Staff's adjustments as stated above but recommends that the allocation factors recommended by witness Darden be applied only after first directly assigning the specific water and sewer general ledger account balances, and then applying the allocation factors to the remaining balance. Therefore, as set forth on JPC Peedin Rebuttal Exhibit I, we recommend that the end of period maintenance and repair expenses for end of period water and sewer operations be \$9,545 and \$31,332, respectively.

RECONCILIATION OF JPC PROPOSED REVENUE REQUIREMENT TO PUBLIC STAFF PRESENTATION OF JPC PROPOSED REVENUE REQUIREMENT

Q. PLEASE DESCRIBE WHERE IN YOUR EXHIBITS THE AMOUNT OF THE JPC PROPOSED REVENUE REQUIREMENT IS SHOWN.

A. The Company proposed a revenue requirement for water operations in the amount of \$173,048, which is shown in JPC Exhibit I, Schedule 3(a), and the Company proposed a revenue requirement for sewer operations in the amount of \$263,340, which is shown in JPC Exhibit I, Schedule 3(b).

Q. PLEASE DESCRIBE WHERE IN THE PUBLIC STAFF EXHIBITS THE AMOUNT OF THE JPC PROPOSED REVENUE REQUIREMENT IS SHOWN.

A. The JPC proposed revenue requirement for water operations as shown by the Public Staff in the amount of \$168,069 is set forth in Public Staff Lentz Exhibit I, Schedule 3(a). The JPC proposed revenue requirement for sewer operations as shown by the Public Staff in the amount of \$257,850 is set forth in Public Staff Lentz Exhibit I, Schedule 3(b).

Q. PLEASE EXPLAIN YOUR CONCERN WITH THE PUBLIC STAFF'S PRESENTATION OF THE COMPANY'S PROPOSED REVENUE REQUIREMENT ?

A. The Company is concerned with the proposed revenue requirement as presented by the Public Staff because with the Public Staff's methodology on allocating maintenance & repair expenses and the Company's updates to rate case expenses, the proposed revenue requirement as set forth by the Public Staff is close to reaching the threshold of what the Company filed as its requested revenue requirement. It is important for the presentation to avoid incorrectly showing a requested revenue requirement greater than in the notice to customers.

Q. WHAT IS THE MISLEADING ASPECT OF THE PUBLIC STAFF'S PRESENTATION OF THE COMPANY'S PROPOSED REVENUE REQUIREMENT?

- A. By labeling Column (e) of Lentz Exhibit 1, Schedules 3(a) and (b) as “Company Proposed Increase – Operations After Rate Increase” the Public Staff has suggested those are the revenue amounts requested by JPC. In actuality they are the revenue amounts after a Public Staff adjustment. The revenue requirements as stated by the Public Staff are understated by \$4,979 and \$5,490 for water and sewer operations, respectively, compared to the amount in JPC’s Application.

RATE CASE EXPENSE

Q. PLEASE DESCRIBE THE PUBLIC STAFF POSITION ON RATE CASE EXPENSE (ALSO CALLED REGULATORY EXPENSE).

- A. Witness Lentz states that “Actual audited regulatory expenses will be updated through the end of the expert witness hearing date.” Under the Public Staff position, JPC would not be allowed to recover rate case expenses incurred for post-hearing work such as proposed orders, late-filed exhibits requested by the Commission, customer notices, rate compliance filings, and response to issues raised by the Public Staff after the hearing.

Q. WHAT IS YOUR CONCERN WITH LIMITING RATE CASE EXPENSE TO THE AMOUNT INCURRED THROUGH THE CLOSE OF THE EVIDENTIARY HEARING?

- A. Post-hearing expenses incurred by JPC are just as necessary as legal, consultant, mailing, and filing expenses prior to the close of hearing. Utilities must engage in rate cases if they are to have enough revenue to provide reliable utility service to customers. Therefore, the costs of conducting rate cases are a reasonable and necessary expense, subject to Public Staff review for any invoices that reflect costs not reasonably related to the rate case or costs exceeding a reasonable price.

The premise behind utility ratemaking in North Carolina is that utilities may recover their reasonable costs. This Commission has repeatedly recognized that rate case expense is appropriate for recovery in rates. The position that a utility may only recover part of its reasonably incurred rate case expense is contrary to the ratemaking premise that all reasonable costs may be recovered.

Q. HOW HAS THE COMMISSION ADDRESSED THIS IN OTHER CASES?

A. I have reviewed several other rate cases to evaluate how rate case expense is typically decided by the Commission. See JPC Peedin Rebuttal Exhibit II. While other types of costs are often subject to a Commission-ordered update deadline before Public Staff testimony is due, this is not how rate case expense is handled. The Commission has recognized the appropriateness of allowing rate recovery for post-hearing rate case expense. For example, in the Aqua North Carolina rate case decided in 2023, the evidentiary hearing was held in January of 2023, proposed orders were filed March 31, 2023, rate case expense was updated through April 20, 2023, and the Public Staff accepted that update. Recovery of rate case expense incurred through the filing of proposed orders is normal. The Public Staff's recommendation in the present case would eliminate recovery of actual rate case expense incurred by JPC after the evidentiary hearing. That would be a departure from past practice and would be unfair to JPC.

Q. WHAT IS YOUR CONCERN WITH THE PUBLIC STAFF POSITION ON AMORTIZATION PERIOD FOR RATE CASE EXPENSE?

A. Witness Lentz testifies that he "amortized the total regulatory expense over 15 years to recognize the time from when the current rates were approved in the Company's first Certificate of Public Convenience and Necessity (CPCN) proceeding in Docket No. W-1263, Sub 0, to the filing of the current proceeding." This is unreasonable because the

amortization period should be based on a normal interval between rate cases. Fifteen years is not normal. It is not indicative of the likely interval between the present case and JPC's next rate case.

Q. WHY DO SOME SMALL UTILITIES HAVE A LONG INTERVAL BETWEEN RATE CASES?

- A.** While not representative of good ratemaking practice, long intervals between rate cases can occur because the effort and up-front expense of conducting a rate case is often overwhelming for small utilities. Companies like JPC do not have the level of regulatory expertise that exists with Duke Energy, Aqua North Carolina, or Carolina Water Service. Management may be overseeing other businesses at the same time as running the utility, so the time they have available to devote to the many hours needed to prepare for a rate case, undergo discovery, and participate in hearings is quite limited. These are certainly concerns for JPC Utilities.

The result is that such utilities may operate for years at a loss. To some extent the losses may be subsidized by the owner or other businesses of the owner. However, any time a utility operates at a loss, there is the risk that investment may not keep pace with needs, and the utility could fall into disrepair or a condition that poses reliability concerns. I do not believe JPC has fallen into poor condition, but they have sustained losses due to insufficient rates. For JPC and all utilities there is a public policy interest in having rate cases frequently enough to fund adequate quality of utility service from utility revenues. A shorter, more normal amortization period is supportive of that public policy interest.

Q. WHAT IS YOUR RECOMMENDATION FOR RATE CASE EXPENSE?

- A. I recommended a three-year amortization in my direct testimony and I continue to believe that is most reasonable. Under either JPC's proposed rates or the Public Staff's proposed rates, the percentage amount of rate increase is exceptionally high because the 15-year interval since current rates were established is far too long. To remedy this, JPC plans to seek future rate increases more frequently to mitigate the one-time impact on customers' rates and to keep up with rising costs, therefore a shorter amortization period is appropriate.

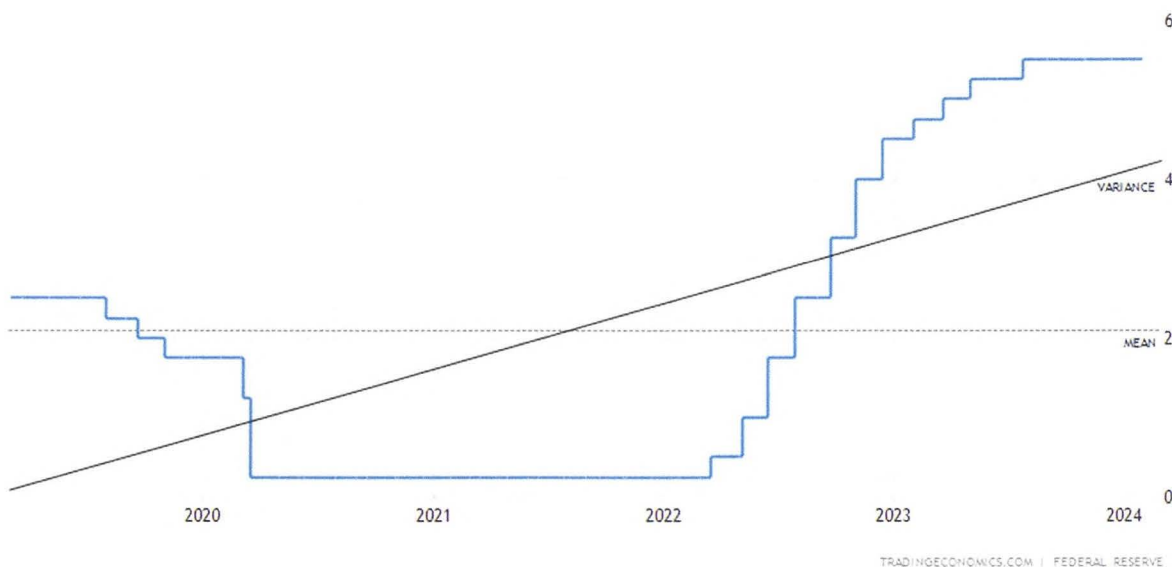
I have reviewed amortization periods for other North Carolina utilities as shown in JPC Peedin Rebuttal Exhibit II, and three years is the common rate case amortization period for small water and sewer utilities. My three-year amortization recommendation is aligned with what the Commission has normally approved for other small water and sewer utilities. It is fair and reasonable for JPC.

Q. WHAT IS YOUR RESPONSE TO THE PUBLIC STAFF POSITION ON THE RETURN FOR OPERATING REVENUE DEDUCTIONS?

- A. The Public Staff recommends a 7.00% margin on expenses. A data response from the Public Staff indicates their recommendation is largely based on returns approved for six other water and sewer utilities in orders issued from April 2021 through June of 2023. While this approach is similar to the approach in my direct testimony filed on September 6, 2023, the data is now stale. The Public Staff should have recognized the increase in interest rates since those other cases were decided.

In particular, the benchmark Federal Funds interest rate in the United States has increased to 5.50%. That is a substantial increase from the rate during the time of the cases cited by

the Public Staff in their data response. The increase is shown by blue line on the following chart:



Source: <https://tradingeconomics.com/united-states/interest-rate>

Mortgage rates have also risen over the period reflected in orders cited by the Public Staff. There is hope that interest rates will fall later this year, but that is an unknown at this point. The present actual known state of interest rates is that the cost of financing is higher than it was during the period of the cases cited by the Public Staff. Accordingly, their 7.00% return recommendation is not reflective of current conditions; it is too low. The Company recommended return of 7.20% on operating revenue deductions is more reasonable.

Q. DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?

A. Yes.

Rate Case Expense Examples

Aqua North Carolina

Docket No. W-218 Sub 573

Final Order June 5, 2023

From page 31 of the Order:

Regulatory Commission Expense – Aqua’s regulatory commission expense, also known as rate case expense, will be updated by Aqua in a filing within ten business days after the settlement proceeding. The Public Staff has the right to investigate the expenses filed by Aqua and to file a response with the Commission within five business days. The current rate case expense for this proceeding will be **amortized over a four-year period without a return or carrying costs**. Aqua agrees to establish a regulatory liability with no carrying costs to record recovery associated with the rate case expense over amortization after year four. The rate case expense from Docket No. W-218 Sub 526 and the unamortized rate case expense from Docket No. W-218 Sub 497 will continue to be amortized over three years per the final order from the Docket No. W-218, Sub 526 rate case. The unamortized depreciation study expense from Docket No. W-218, Sub 497 will continue to be amortized over five years per the final order from the Docket No. W-218, Sub 497 rate case.

The hearing was held Jan 9-13, 2023. **Proposed orders were filed March 31, 2023. Rate case expense was updated through April 20, 2023, and the Public Staff accepted that update.**

The 4-year amortization should be viewed in the light that this was a multi-year rate case. Utilities filing a traditional rate case have the right to file another case without waiting 3 years.

Carolina Water Service

Docket No. W-354 Sub 400

Final Order April 26, 2023

From pages 12-13 of the Order:

40. It is appropriate for CWSNC to recover total rate case expenses of \$735,606 related to the current proceeding and \$955,238 of the unamortized rate case costs related to the prior proceedings (Docket No. W-354, Subs 356, 360, 364, and 384) **amortized over four years.**

41. It is appropriate to **amortize the total rate case costs for the current and prior proceedings over four years** and to include an annual level of costs in the amount of \$145,269 related to miscellaneous regulatory matters, resulting in an annual level of rate case expense of \$567,979 as agreed to by the Stipulating Parties. As further agreed to by the Stipulating Parties, unamortized rate case expense will not be included in rate base and will not earn a return. Further, it is appropriate for CWSNC to establish a regulatory liability account, with no carrying costs, to record recovery associated with rate case expense over amortization after Year 4.

From page 25 of the Order (reciting settlement terms)

Rate Case Expense – CWSNC’s rate case expense **should be updated through the end of this proceeding once supporting documentation is provided by CWSNC**; such expense shall be amortized over a four-year period without a return or carrying costs; further,

CWSNC will establish a regulatory liability account, with no carrying costs, to record recovery associated with rate case expense over the amortization amount after year 4.

From page 69 of the Order:

The Public Staff stated that it has reviewed the invoices and other supporting documents along with the rate case expense spreadsheet provided by CWSNC and concludes that the types of rate case expense in this rate case match the nature of the expense in prior rate cases. Of the total \$735,606 rate case expense provided by the Company, **the Public Staff reviewed and verified that \$661,162 expense in the current proceeding were actual expenses incurred and \$74,444 were estimated. The Public Staff stated that it found both amounts to be appropriate and reasonable to include in this rate case,** with the condition that the Company will refund any over-estimated rate case expenses to rate payers through a regulatory liability account.

Settlement testimony of CWS witness Schellinger, filed November 22, 2022:

Q. WHAT IS THE AGREED UPON BASE CASE REGULATORY COMMISSION EXPENSE BASED UPON?

A. The regulatory commission expense is based upon actual known and measurable expenses incurred through November 19, 2022, unamortized rate case expenses, and a 4-year amortization period for such expenses. **Further adjustments to the known and measurable expenses should be made through the close of proposed orders with reasonable estimates through final noticing of the rate case order.**

The hearing was held November 28, 2022. Proposed orders were filed February 2 and 3, 2023.

Old North State Water Company Docket No. W-1300 Sub 60 Final Order June 13, 2022

From page 21 of the Order:

In her prefiled rebuttal testimony, ONSWC witness Oakman asked that the Company be allowed to update its rate case expense by filing, at the close of the evidentiary hearing, its actual costs to that date and its estimated costs for preparing and filing a proposed order. She also opined that rate case expense should be amortized over two years, rather than the three-year period recommended by Public Staff witness Morgan. Pursuant to the Settlement Agreement, on March 31, 2022 **ONSWC filed a late filed Rate Case Expense Exhibit, which provided an update to the Company's rate case expense.** ONSWC stated that the update was reviewed by the Public Staff and incorporated all adjustments recommended by the Public Staff. The Settlement Agreement provides that rate case expense will not be included in rate base, will not earn a return for the current proceeding, will be **amortized over three years**, and that ONSWC may request any unamortized balance in computing rate case expense in a future rate case proceeding.

From the March 8, 2022, settlement agreement:

The Stipulating Parties have agreed to a methodology for calculating regulatory commission expense, also known as rate case expense, and will update the number in Stipulation Exhibit I, Line 25, for actual and estimated costs through the end of this proceeding in a late-filed exhibit. The Stipulating Parties agree to remove rate case expense from rate base and amortize rate case expenses over a 3-year period without a return or carrying costs. The parties also agree that the Company can request the unamortized balance in computing rate case expense in a future proceeding if ONSWC files a rate case prior to the end of the 3-year amortization period.

The hearing was held March 8, 2022. Updated rate case expense was filed March 31, 2022. A joint proposed order was filed April 28, 2022.

Springdale Water & Sewer Docket No. W-1324, Sub 1

Public Staff witness Feasel testimony:

I calculated rate case expense to include the cost of the filing fee and the cost of mailing notices. I **amortized the total cost for rate case expense over three years.**

It appears the utility was not represented by legal counsel. The utility did not oppose the Public Staff's adjustments, the hearing was cancelled, and the hearing examiner issued a recommended order on February 10, 2023.

Saxapahaw Utility Company W-1250 Sub 8

Public Staff witness Brown testimony:

On its application, the Company did not include an amount for rate case expense. Therefore, I calculated rate case expense to include the application filing fee cost of \$100, postage costs for mailing notices to customers of \$418 and accounting fees of \$1,150 for a total amount of \$1,668, for rate case expense. I **amortized the total cost over three years.**

It appears the utility was not represented by legal counsel. The utility did not oppose the Public Staff's adjustments, the hearing was cancelled, and the hearing examiner issued a recommended order on March 14, 2022.

C & P Enterprises W-1063 Sub 5

Public Staff witness Sun testimony:

The Company did not include an amount for rate case expenses on 20 its application. I combined rate case related expenses, which include cost to mail notices to customers, the NCUC filing fee, and accounting fees, and **amortized the total rate case expenses over 3 three years** as shown on the Sun Exhibit I, Schedule 3-1.

It appears the utility was not represented by legal counsel. The utility did not oppose the Public Staff's adjustments, the hearing was cancelled, and the hearing examiner issued a recommended order on March 10, 2022.

Duke Energy Progress Docket No. E-2 Sub 1300 Final Order August 18, 2023

From the Order at page 203:

The Commission must decide on three issues relating to rate case expense: (1) recovery of rate case expense from DEP's 2019 Rate Case, as well as the recovery of rate case expense from the current proceeding; (2) whether rate case expense should be reflected in the rate base; and (3) the amortization period over which the expense should be recovered. As discussed below the Commission concludes that (1) **DEP's request to recover costs incurred from the 2019 Rate Case which are above and beyond those provided for in the 2019 Settlement Agreements is approved;** (2) the unamortized balance of rate case expense should not be reflected in the rate base; and (3) the **amortization period over which the rate case expense should be recovered is three years.**

And pages 204-05:

The Commission notes that DEP has projected additional rate case expense to be incurred through the date rates will be effective for this proceeding in the amount of \$2.526 million as shown on Public Staff Accounting Second Supplemental Exhibit I, Schedule 3-1(t), Line 6, and has requested that the Commission allow DEP to track these costs for possible recovery in a future general rate case proceeding. Tr. Ex. vol. 24. The Commission determines that, in the ordinary course of ratemaking, the rate case expense amount to be recovered from customers should be established in the current general rate case proceeding and not re-evaluated in a future rate case for recovery from customers. **Generally, it has been past practice for the Public Staff and the utility to work together to estimate an appropriate amount of rate case expense for approval by the Commission to reflect the activities occurring after the agreed-upon update cutoff date to the conclusion of the hearing or through the preparation of proposed orders. The Commission finds that this practice has been an efficient and reasonable process with respect to determining the appropriate amount of rate case expense to recover from customers.** As previously discussed, the Commission's decision in this case to re-evaluate in this proceeding the 2019 Rate Case costs to be recovered in rates is an exception to the Commission's historic practice due to the unusual circumstances occurring during the 2019 Rate Case. Therefore, the Commission denies DEP's request to track and seek future recovery of rate case costs for the present proceeding above the amounts approved herein.

Duke Energy Carolinas Docket No. E-7 Sub 1276 Final Order December 15, 2023

From the Order page 87:

. . . DEC and the Public Staff agreed that the actual rate case expenses for the present case will reflect prudently incurred costs **through the filing of the proposed order** and any remaining costs will not be included for recovery from ratepayers either in a future rate case nor included in the unamortized balance for this case

And from page 273:

46. That DEC is hereby allowed to recover over **a three-year period** rate case costs related to the present proceeding, including actual rate case costs **through the date that the proposed order is filed;**