

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
Harrisburg, Pennsylvania 17105-3265

Joint Petition of Citizens' Electric Company  
of Lewisburg, PA and Wellsboro Electric  
Company for Approval of their Default  
Service Program

Public Meeting held February 12, 2015  
2425024-OSA  
Docket No. P-2014-2425024

STATEMENT OF COMMISSIONER GLADYS M. BROWN

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Joint Petition of Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company (collectively the Companies) for approval of their Default Service Program (DSP).

The Companies' propose a three-year DSP which procures energy via a mix of hourly-priced products for large commercial and industrial customers and six-month priced products for residential and small commercial and industrial customers. Under the proposed DSP the Companies would hold one auction for the entire three-year period. Wholesale suppliers would bid on price adders to be used to translate the respective spot and forward market prices into a retail Price-to-Compare.

I wish to note my concerns with the proposed DSP's lack of long-term contracts. Section 2807(e) of the Public Utility Code, 66 Pa. C.S. § 2807(e), provides that a default service provider must procure electric power via a prudent mix of spot market, short term, and long-term contracts designed to ensure adequate and reliable service at the least cost to customers over time. In the instant DSP proposal the Companies neglected to include any long-term contracts. The inclusion of energy products such as blocks, futures index strips, or alternative energy credits in excess of four-years represent potential options for obtaining compliance with the long-term product mandate under 2807(e).

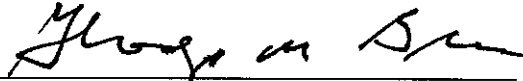
Further, I note that the record in this proceeding provided no legitimate evidence supporting the necessity for deviating from the statute. There is case precedent supporting the lawful deviation from 2807(e). In the Pike County Commonwealth Court decision, the court determined that Pike County could purchase default service solely at hourly-rates since the Commission properly considered the possibility of including short-term contracts, including financial hedges, and determined it was not prudent to do so. *Popowsky v. Pa. PUC*, 71 A.3d 1112 (Pa.

Cmwlth. 2013), *appeal den.*, 2013 Pa. Lexis (2013). In this case, the record does not reflect that the same consideration was given for long-term contracts.

Given the lack of long-term contracts and the lack of any evidence substantiating this omission, I respectfully dissent in approving the Companies' default service plan.

February 12, 2015

Date



Gladys M. Brown, Commissioner