



100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Adeolu A. Bakare
Direct Dial: 717.237.5290
Direct Fax: 717.260.1744
abakare@mcneeslaw.com

February 10, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: Pennsylvania Public Utility Commission v. Wellsboro Electric Company;
Docket No. R-2016-2531551**

Dear Secretary Chiavetta:

Please find attached for filing with the Pennsylvania Public Utility Commission the Joint Petition for Settlement in the above-referenced proceedings. As shown by the attached Certificate of Service, the statutory parties are being duly served with a copy of this filing. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By

A handwritten signature in black ink, appearing to read 'A. Bakare', written over a horizontal line.

Adeolu A. Bakare

Counsel to Wellsboro Electric Company

c: Administrative Law Judge Joel H. Cheskis (via E-Mail and First-Class Mail)
Administrative Law Judge Andrew M. Calvelli (via E-Mail and First-Class Mail)
Certificate of Service

www.mwn.com

HARRISBURG, PA • LANCASTER, PA • SCRANTON, PA • STATE COLLEGE, PA • COLUMBUS, OH • WASHINGTON, DC

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

Sharon Webb, Esq.
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101
swebb@pa.gov

Brian Kalcic
Excel Consulting
225 South Meramec Avenue, Suite 720
St. Louis, MO 63105
Excel.consulting@sbcglobal.net
OSBA Consultant

Scott B. Granger, Esq.
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
sgranger@pa.gov

Aron J. Beatty, Esq.
Reilly S. Noetzel, Esq.
Candis A. Tunilo, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place - 5th Floor
Harrisburg, PA 17101-1921
abeatty@paoca.org
rnoetzel@paoca.org
ctunilo@paoca.org

Jerome D. Mierzwa
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Columbia, MD 21044
jmierzwa@exeterassociates.com
OCA Consultant



Adeolu A. Bakare

Counsel to Wellsboro Electric Company

Dated this 10th day of February, 2017, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

WELLSBORO ELECTRIC COMPANY

:
:
:
:
:
:
:

Docket No. R-2016-2531551

JOINT PETITION FOR SETTLEMENT

I. INTRODUCTION

Wellsboro Electric Company of Lewisburg, PA ("Wellsboro" or "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("PUC" or "Commission"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA") (individually, "Party," and collectively, "Parties"), submit this Joint Petition for Settlement ("Joint Petition" or "Settlement") of the above-captioned proceeding and respectfully request that Administrative Law Judges ("ALJ") Joel H. Cheskis and Andrew M. Calvelli and the Commission approve all of the terms and conditions set forth in this Settlement.¹

II. BACKGROUND

1. On February 29, 2016, Wellsboro, along with Citizens' Electric Company of Lewisburg, PA ("Citizens"), jointly requested a waiver of 52 Pa. Code § 53.52(b)(2) in order to submit supporting data from a year ending more than 120 days prior to the date of the tariff filing. By Secretarial Letter dated March 10, 2016, the Commission authorized the use of

¹ Per request of the ALJs, the Joint Petition includes Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs as Appendix A.

audited financial data for the year ending December 31, 2015 if Wellsboro and Citizens' filed by September 1, 2016.

2. On August 31, 2016, Wellsboro filed with the Commission proposed Supplement No. 102 to Tariff Electric - Pa. PUC No. 14 ("Supplement No. 102"), which requested an overall base rate increase of \$1,000,000 per year. In support of this filing, Wellsboro submitted a Statement of Reasons, the supporting information required by 52 Pa. Code § 53.52(a), (b), and (c), and various other information.

3. OCA filed a Formal Complaint in this proceeding on September 14, 2016.

4. I&E filed a Notice of Appearance in this proceeding on September 16, 2016.

5. OSBA filed a Formal Complaint in this proceeding on September 19, 2016.

6. By Order entered October 6, 2016, the Commission allowed Supplement No. 102 to be suspended by operation of law until May 30, 2017 and ordered that the Company's rate increase filing be investigated. The Commission also ordered that this matter be assigned to the Office of Administrative Law Judge for scheduling of hearings. As a result, the Commission assigned this proceeding to ALJs Cheskis and Calvelli for evidentiary hearings.

7. On October 20, 2016, Wellsboro submitted to the Commission a tariff suspension supplement to suspend the effectiveness of the proposed changes until May 30, 2017.

8. On October 28, 2016, Wellsboro submitted to the Parties its prepared Direct Testimony, consisting of the following statements:

- Direct Testimony of Howard S. Gorman (Wellsboro Statement No. 1)
- Direct Testimony of John A. Neri (Wellsboro Statement No. 2)
- Direct Testimony of Charles Barnes (Wellsboro Statement No. 3)
- Direct Testimony of Craig Eccher (Wellsboro Statement No. 4)
- Direct Testimony of Scot F. Boyce Sr. (Wellsboro Statement No. 5)

9. A Prehearing Conference was held on October 31, 2016, at which time the Parties developed a litigation schedule. During that Prehearing Conference, the ALJs consolidated the Wellsboro and Citizens' rate cases.

10. On December 1, 2016, OCA and I&E submitted Direct Testimony. OCA submitted the following:

- Direct Testimony of Ashley E. Everette (OCA Statement No. 1)
- Direct Testimony of Aaron L. Rothschild (OCA Statement No. 2)
- Direct Testimony of Jerome D. Mierzwa (OCA Statement No. 3)

I&E submitted the following:

- Direct Testimony of Anthony Spadaccio (I&E Statement No. 1)
- Direct Testimony of Christopher Keller (I&E Statement No. 2)
- Direct Testimony of Lisa A. Gumby (I&E Statement No. 3)
- Direct Testimony of Jeremy Hubert (I&E Statement No. 4)

11. On December 2, 2016, OSBA submitted the following Direct Testimony:

- Direct Testimony of Brian Kalcic (OSBA Statement No. 1)

12. On December 22, 2016, Wellsboro and OSBA forwarded their prepared Rebuttal Testimony. Wellsboro submitted the following statements:

- Rebuttal Testimony of Howard S. Gorman (Wellsboro Statement No. 1-R)
- Rebuttal Testimony of John A. Neri (Wellsboro Statement No. 2-R)
- Rebuttal Testimony of Craig Eccher (Wellsboro Statement No. 4-R)

OSBA submitted the following statement:

- Rebuttal Testimony of Brian Kalcic (OSBA Statement No. 1-R)

OCA and I&E did not file Rebuttal Testimony.

13. On January 10, 2017, Surrebuttal Testimony was presented by OCA, OSBA, and I&E. OCA presented the following Surrebuttal Testimony:

- Surrebuttal Testimony of Ashley E. Everette (OCA Statement No. 1-S)
- Surrebuttal Testimony of Aaron L. Rothschild (OCA Statement No. 2-S)
- Surrebuttal Testimony of Jerome D. Mierzwa (OCA Statement No. 3-S)

OSBA presented the following Surrebuttal Testimony:

- Surrebuttal Testimony of Brian Kalcic (OSBA Statement No. 1-S)

I&E presented the following Surrebuttal Testimony:

- Surrebuttal Testimony of Anthony Spadaccio (I&E Statement No. 1-SR)
- Surrebuttal Testimony of Christopher Keller (I&E Statement No. 2-SR)
- Surrebuttal Testimony of Lisa A. Gumby (I&E Statement No. 3-SR)
- Surrebuttal Testimony of Jeremy Hubert (I&E Statement No. 4-SR)

14. On January 13, 2017, Wellsboro presented written Rejoinder Testimony by Dr. Neri.

15. During this proceeding, numerous settlement discussions were held among the Parties. As a result of those discussions, a settlement in principle was reached among the Parties. Evidentiary hearings were held on January 18, 2017, to establish the record and to offer oral rejoinder on the issue of revenue allocation. At the hearing on January 18, 2017, Mr. Gorman provided a brief oral rejoinder testimony which applied to both Wellsboro and Citizens'. Prepared Statements and Exhibits were entered into the record by stipulation or by appearance of the witnesses.² The agreement of the parties is embodied in this Settlement.

III. TERM OF SETTLEMENT

The terms of the Settlement are as follows:

16. The Parties agree to a stipulated increase in Wellsboro's annual distribution base rate revenues of \$775,000, without specific identification of adjustments to the Company's original base rate increase request for \$1,000,000.

17. The Parties agree that Wellsboro revenue requirement increase will be allocated among the Company's rate classes in accordance with the allocation methodology set forth in

² All prepared statements were entered into the record except for Mr. Neri's Rejoinder Testimony.

Attachment A to this Settlement. The distribution rates for each class are set forth in Attachment B.

18. The Parties agree the following customer charges will apply to each of the Company's rate classes:

Wellsboro	Rate RS	\$10.95
	Rate RSAE	\$10.95
	Rate NRS	\$12.40
	Rate NRH	\$12.40
	Rate CS	\$32.50
	Rate CSH	\$46.50
	Rate IS	\$69.00
	Rate EU	-0-

19. Attached to this Settlement as Attachment C are the proposed tariff sheets implementing the Settlement.

20. The Parties agree that Wellsboro proposed modifications to its tariff rules and revised rate designs for Rates RS, RSAE, NRS, NRH, CS, CSH, IS, and EU are accepted and shall be implemented by the Company.

21. The Parties respectfully request that the Commission approve the Settlement to enable the new rates set forth in Attachment B to take effect upon one day's notice.

22. The Company agrees to a two-year "stay out." The Company will not file a distribution base rate case within two years from the effective date of new rates established in this proceeding.

23. As of the effective date of rates in this proceeding, the Company will be eligible to include plant additions in a Distribution System Improvement Charge ("DSIC"), if approved and implemented, once eligible account balances exceed the levels projected by Wellsboro at December 31, 2017. This provision is included solely for purposes of calculating a DSIC, and is

not determinative for future ratemaking purposes of the projected additions to be included in rate base in a Fully Projected Future Test Year filing.

24. Notwithstanding the language in Paragraph 22, *supra*, the Company will not file for approval of a DSIC within two years from the effective date of new rates established in this proceeding.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

25. This Settlement was achieved by the Parties after an extensive investigation of the Company's base rate filing, including formal and informal discovery and the filing of Direct Testimony, Rebuttal Testimony and Surrebuttal Testimony by certain of the Parties. The Settlement is lawful and supported by the record of this proceeding.

26. With the approval of the Settlement, the Parties and the Commission avoid the time, expense and uncertainty that would occur if the Parties were required to fully litigate the issues in this proceeding.

27. The Parties are providing support of the Settlement via Statements in Support, which are attached to the Settlement as Attachments D through G. These Statements will set forth additional arguments and reasons supporting approval of this Settlement without modification as appropriate and in the public interest.

V. CONDITIONS OF SETTLEMENT

28. This Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Settlement, any Party may elect to withdraw from this Settlement and may proceed with litigation, and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon the other Parties within five (5) business days after the entry of an order modifying the Settlement.

29. The Settlement is proposed by the Parties to settle all issues in the instant proceeding and is made without any admission against, or prejudice to, any position that any Party may adopt during any subsequent litigation of this proceeding or any other proceeding.

30. If the ALJs adopt the Settlement without modification, the Parties waive their rights to file Exceptions and Reply Exceptions.

31. If the Commission does not approve the Settlement, and the proceeding continues to further hearing, the Parties reserve their respective rights to present testimony and to conduct full cross-examination, briefing and argument.

32. The Commission's approval of this Settlement shall not be construed to represent approval of any Party's position on any issue.

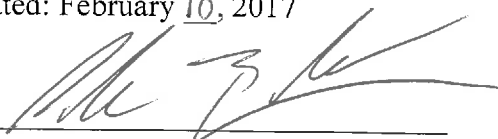
33. It is understood and agreed among the Parties that this Settlement is the result of compromises and does not necessarily represent the position(s) that would be advanced by any Party if this proceeding were fully litigated.

VI. CONCLUSION

WHEREFORE, the Parties respectfully request as follows:

1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. Wellsboro's proposed base rate increase and tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania' Public Utility Code.
 - b. Approval of this Settlement is in the public interest.
 - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective upon one day's notice.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.
3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.

Dated: February 10, 2017



Pamela C. Polacek
Adeolu A. Bakare
Matthew L. Garber
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel to Wellsboro Electric

Respectfully submitted,

Aron J. Beatty
Candis A. Tunilo
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101-1921

Scott B. Granger
Bureau of Investigation & Enforcement
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120

Sharon E. Webb
Office of Small Business Advocate
Suite 202
300 North Second Street
Harrisburg, PA 17101

VI. CONCLUSION

WHEREFORE, the Parties respectfully request as follows:


1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. Wellsboro's proposed base rate increase and tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania' Public Utility Code.
 - b. Approval of this Settlement is in the public interest.
 - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective upon one day's notice.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.
3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.

Dated: February __, 2017

Respectfully submitted,

Pamela C. Polacek
Adeolu A. Bakare
Matthew L. Garber
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel to Wellsboro Electric

Aron J. Beatty
Candis A. Tunilo
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101-1921



Scott B. Granger
Bureau of Investigation & Enforcement
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120

Sharon E. Webb
Office of Small Business Advocate
Suite 202
300 North Second Street
Harrisburg, PA 17101

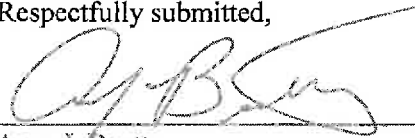
VI. CONCLUSION

WHEREFORE, the Parties respectfully request as follows:

1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. Wellsboro's proposed base rate increase and tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania Public Utility Code.
 - b. Approval of this Settlement is in the public interest.
 - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective upon one day's notice.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.
3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.

Dated: February 10, 2017

Respectfully submitted,



Pamela C. Polacek
Adeolu A. Bakare
Matthew L. Garber
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel to Wellsboro Electric

Aron J. Beatty
Candis A. Tunio
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101-1921

Scott B. Granger
Bureau of Investigation & Enforcement
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120

Sharon E. Webb
Office of Small Business Advocate
Suite 202
300 North Second Street
Harrisburg, PA 17101

VI. CONCLUSION

WHEREFORE, the Parties respectfully request as follows:

1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. Wellsboro's proposed base rate increase and tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania' Public Utility Code.
 - b. Approval of this Settlement is in the public interest.
 - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective upon one day's notice.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.
3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.


Dated: February __, 2017

Respectfully submitted,

Pamela C. Polacek
Adeolu A. Bakare
Matthew L. Garber
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Counsel to Wellsboro Electric

Aron J. Beatty
Candis A. Tunilo
Office of Consumer Advocate
555 Walnut Street
Forum Place – 5th Floor
Harrisburg, PA 17101-1921

Scott B. Granger
Bureau of Investigation & Enforcement
PA Public Utility Commission
400 North Street
Harrisburg, PA 17120


Sharon E. Webb
Office of Small Business Advocate
Suite 202
300 North Second Street
Harrisburg, PA 17101

Attachment A

Attachment B

Summary Of Present And Proposed Rates
Fully Projected Future Test Year 2017

	Present Rates (excl GSSR)	2016 GSSR-1	Present Rates (incl GSSR)	Proposed Rates (excl GSSR)	42,705	Proposed Rates (incl GSSR)	Proposed Increase (excl GSSR)	Proposed Increase (incl GSSR)	Class Revenue Increase (excl GSSR)	
Schedule RS- Residential Service										
1										
2	Customer Charge per Bill	\$9.75	\$9.75	\$10.95	\$10.95	\$10.95	12.3%	12.3%	21.8%	
3										
4	Energy Charge, per kWh- All	\$0.037351	\$0.070040	\$0.10739	\$0.046760	\$0.070040	25.2%	8.8%	8.8%	
5	Schedule RSAE- Residential Service All Electric									
6	Customer Charge per Bill	\$9.75	\$9.75	\$10.95	\$10.95	\$10.95	12.3%	12.3%	26.0%	
7										
8	Energy Charge, per kWh- All	\$0.030824	\$0.070040	\$0.10086	\$0.039950	\$0.070040	29.6%	9.0%	9.0%	
9	Schedule NRS- Non-Residential Service									
10	Customer Charge per Bill	\$10.00	\$10.00	\$12.40	\$12.40	\$12.40	24.0%	24.0%	10.5%	
11										
12	Energy Charge, per kWh- All	\$0.058937	\$0.070040	\$0.12898	\$0.062440	\$0.070040	5.9%	2.7%	2.7%	
13	Schedule NRH- Non-Residential Service Space Heating									
14	Customer Charge per Bill	\$10.00	\$10.00	\$12.40	\$12.40	\$12.40	24.0%	24.0%	31.0%	
15										
16	Energy Charge, per kWh- All	\$0.047761	\$0.070040	\$0.11780	\$0.063010	\$0.070040	31.9%	12.9%	12.9%	
17	Schedule CS- Commercial Service (Minimum 7 kW)									
18	Customer Charge per Bill	\$28.00	\$28.00	\$32.50	\$32.50	\$32.50	16.1%	16.1%	9.9%	
19										
20	Energy Charge, per kWh- All	\$0.019111	\$0.070040	\$0.08915	\$0.020750	\$0.070040	8.6%	1.8%	1.8%	
21										
22	Demand Charge, per kW-Mth- All	\$5.00	\$5.00	\$6.00	\$6.00	\$6.00	20.0%	20.0%	24.2%	
23	Schedule CSH- Commercial Service Space Heaters (Minimum 7 kW)									
24	Customer Charge per Bill	\$28.00	\$28.00	\$46.50	\$46.50	\$46.50	66.1%	66.1%	24.2%	
25										
26	Energy Charge, per kWh- All	\$0.039005	\$0.070040	\$0.10905	\$0.043730	\$0.070040	12.1%	4.3%	4.3%	
27	Schedule IS- General Service (Minimum 2300 volts, 50 kW)									
28	Customer Charge per Bill	\$42.90	\$42.90	\$69.00	\$69.00	\$69.00	60.8%	60.8%	23.7%	
29										
30	Energy Charge, per kWh									
31	First 130 kWh X Billed Demand kW	\$0.013536	\$0.070040	\$0.0836	\$0.015320	\$0.070040	13.2%	2.1%	2.1%	
32	Additional kWh	\$0.000800	\$0.070040	\$0.0708	\$0.001050	\$0.070040	31.3%	0.4%	0.4%	
33										
34	Demand Charge, per kW-Mth- All	\$6.54	\$6.54	\$8.50	\$8.50	\$8.50	30.0%	30.0%	30.0%	
35	Schedule EU- Exchange of Service									
36	Customer Charge per Bill	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	25.6%	25.6%	25.6%	
37	Energy Charge, per kWh- All	\$0.05666	\$0.07004	\$0.12670	\$0.071150	\$0.07004	25.6%	11.4%	11.4%	

Attachment C

WELLSBORO ELECTRIC COMPANY

General Tariff of
Rates, Rules and Regulations Governing
the Provision of Electric Service
in
The Borough of Wellsboro
and the Townships of Charleston,
Delmar and Middlebury, Tioga County, Commonwealth of Pennsylvania

Issued XX

Effective XX

Issued by: Craig Eccher, President and Chief Executive Officer
Wellsboro Electric Company
33 Austin Street
Wellsboro, PA 16901

NOTICE

**THIS TARIFF MAKES $\{\{$ CHANGES $\}\}$ TO EXISTING
RATES, RULES AND REGULATIONS**

See Page 2

LIST OF CHANGES

Supplement No. XX implements a distribution rate increase and certain other changes to Wellsboro's Rules and Regulations in its tariff. Specifically, Supplement No. XX:

- Page 5: Updates the definition of "Connected Load" to add examples of the types of equipment that are included in the calculation.
- Pages 35 and 36: Increases the "Fixed Distribution Service Charge" and the variable distribution charges for all energy consumption; changes the "Application of Schedule" section to clarify facilities that are not eligible for Residential service; and updates language regarding billing for situations where multiple dwelling units in a single structure are supplied through a single meter.
- Pages 37 and 37A: Increases the "Fixed Distribution Service Charge," the variable distribution charge and the Monthly Minimum Charge.
- Pages 38, 39 and 39A: Increases the "Fixed Distribution Service Charge," the variable distribution charge and the Monthly Minimum Charge for both NRS and NRH accounts.
- Pages 40 and 41: Increases the "Fixed Distribution Service Charge," the monthly demand charge, the variable distribution charge, and the Monthly Minimum Charge for CS accounts; clarifies the explanation of when a customer will be moved to or from Service Schedule No. 4; changes the monthly Billing kW calculation to reflect a 50% demand ratchet; and increases the "Fixed Distribution Service Charge," the variable distribution charge and the Monthly Minimum Charge for CSH accounts;
- Pages 42 and 42A: Increases the "Fixed Distribution Service Charge," the monthly demand charge, the first block and tail block of the variable distribution charge, and the Monthly Minimum Charge; and changes the monthly Billing kW calculation to reflect a 50% demand ratchet.
- Pages 43 and 44: Increases the distribution charges and adds new language regarding the assumed monthly kWh consumption for each type of light.
- Page 45: Increases the distribution charge for the delivery of energy on an emergency basis to customers of other utilities.
- Page 46: Sets the "State Tax Adjustment Surcharge" to 0.00% as of XX.

TABLE OF CONTENTS

	<u>PAGE</u>	
Title Page	Supplement No. XX	(C)
List of Changes.....	2 XX Revised	(C)
Table of Contents	3 XX Revised	(C)
.....	4 XX Revised	(C)
Definitions	5 XX Revised	(C)
.....	6 Second Revised	
.....	7 Second Revised	
.....	8 Original	
Rules and Regulations		
1. Filing and inspection	9 Original	
2. Supply of service.....	9 Original	
3. Responsibility	10 First Revised	
4. Contract and service charge.....	10 First Revised	
5. Selection of schedules.....	11 Second Revised	
6. Deposits	11 Second Revised	
7. Requirements for service.....	12 Second Revised	
.....	13 Original	
8. Access.....	14 Original	
9. Service limitations	14 Original	
10. Company's Service equipment	15 Second Revised	
11. Consumer's installation.....	16 Original	
12. Equipment tampering.....	17 Original	
13. Meter testing	17 Original	
14. Continuity of service.....	17,18 Original	
15. Billing and bills payable.....	19 Fourth Revised	
16. Returned check charge.....	19 Fourth Revised	
17. Termination of service for non-payment.....	20 First Revised	
18. Temporary discontinuance of service.....	21 Fifth Revised	
19. Metering Adjustment.....	21 Fifth Revised	
20. Line extension	21 Fifth Revised	
.....	22 Original	
.....	23 Second Revised	
21. Increased capacity or extension of facilities	24 Original	
22. Pole removal or relocation charges	25 Original	
23. Underground electric service in new residential developments.....	26,27,28,29 Original	
24. Underground electric service to individual residential customers	30 Original	

(C) Indicates Change

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>	
Rules and Regulations (continued)		
25. Taxes on contributions in aid of construction & customer advances.....	31	Original
26. Emergency energy conservation.....	31	Original
27. Emergency load control.....	32	Original
28. Advanced metering or meter related devices.....	33	Fourth Revised
29. [Reserved].....	33	Fourth Revised
30. Electric generation supplier switching and service address changes.....	33	Fourth Revised
.....	34	Second Revised
.....	34A	Original
31. Load data exchange.....	34A	Original
SERVICE SCHEDULES		
No. 1 Residential.....	35	XX Revised (C)
.....	36	XX Revised (C)
No. 2 Residential-all electric.....	37	XX Revised (C)
.....	37A	XX Revised (C)
No. 3 General-Non-residential.....	38	XX Revised (C)
.....	39	XX Revised (C)
.....	39A	XX Revised (C)
No. 4 General-commercial.....	40	XX Revised (C)
.....	41	XX Revised (C)
No. 5 General-industrial.....	42	XX Revised (C)
.....	42A	XX Revised (C)
No. 6 Municipal street lighting.....	43	XX Revised (C)
No. 7 Private outdoor lighting.....	44	XX Revised (C)
.....	44A	Second Revised
No. 8 Exchange of service.....	45	XX Revised (C)
RIDERS		
A. State tax adjustment surcharge.....	46	XX Revised (C)
B. Qualified advanced meters and meter-related devices.....	47, 48	First Revised
C. Generation Supply Service Rate – 1 Rider.....	49	Sixth Revised
C. Generation Supply Service Rate – 1 Rider.....	49A	First Revised
C. Generation Supply Service Rate – 2 Rider.....	50	Third Revised
C. Generation Supply Service Rate – 2 Rider.....	50A	Original
D. Net-metering.....	51, 52, 53,	First Revised
D. Net-metering.....	54	Original
E. Reserved for future use.....	55	Third Revised
F. Customer Choice Support Charge.....	56, 57	First Revised
F. Customer Choice Support Charge.....	58	Third Revised
F. Customer Choice Support Charge.....	59	First Revised

(C) Indicates Change

DEFINITIONS

These definitions apply to the rates, rules and regulations contained in this tariff:

ANNUAL BILL: Sum of bills of regulated, competitive and Default Service charges rendered over a twelve-month period. The Annual Bill shall be calculated on the basis of the annual bill to the dwelling at which service is being requested over the prior twelve-month period, or, if unavailable, a similar dwelling in close proximity.

APPLICANT: A natural person not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which residential service is requested.

AUXILIARY SERVICE: The service supplied to connected loads, the wiring for which is entirely separate and apart from the wiring for connected loads supplied from Customers private generating equipment or other sources.

BILLING MONTH: 1/12 of a year, or the period of approximately thirty days between two regular consecutive readings of Company's meter or meters installed on Customer's premises, but no less than 26 days and not more than 35 days.

COMPANY: Wellsboro Electric Company

CONNECTED LOAD: The sum of the KW input ratings of all devices, such as lights, motors or other electric-consuming equipment, located on customer's premises which are connected to Company's service, or which can be connected simultaneously by the insertion of fuses or by the closing of a switch. The manufacturer's nameplate rating may be used to determine the input rating of a particular device. In the absence of such manufacturer's rating, or whenever a test by Company shall indicate improper rating of a device, the rating will be determined on the basis of the kilovolt-amperes required for its operation. (C)
(C)

CUSTOMER'S INSTALLATION: All wires, cut-outs, switches, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing electric energy for any purpose, located on the Customer's side of point of delivery and including the service leads, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

CONTRACT DEMAND: The capacity required for operation of customer's equipment, as stated in the application for service.

CUSTOMER: Rate payer or occupant who is a person, partnership, association, corporation, or other entity in whose name a service account is listed, and who is primarily responsible for payment of bills. For residential accounts, Customer includes a natural person in whose name the account is listed and who is primarily responsible for payment of bills rendered for the service and any adult occupant whose name appears on the mortgage, deed or lease of the property.

DEFAULT SERVICE: The provision of energy, capacity and transmission service as the default service provider to customers that: (1) are not eligible to obtain service from an EGS, (2) choose not to obtain service from an EGS, (3) return to default service after having obtained service from an EGS or (4) who contract with an EGS and that EGS fails to deliver such energy.

DEMAND: The rate of use of energy during a specified time interval, expressed in kilowatts.

DISTRIBUTION CHARGE: Basic service charge for delivering electricity over a distribution system to the home or business from the transmission system.

(C) Indicates Change

SERVICE SCHEDULE NO. 1

RESIDENTIAL SERVICE (RS)

Application of Schedule

Service under Rate RS is available to: (1) An individual dwelling unit, either a house, a mobile home or an individually metered apartment, where there is no more than 2,000 watts connected load associated with any commercial enterprise served as part of the dwelling unit; (2) A residential farm where the metered service includes service to an occupied dwelling unit; and (3) A camp or cottage served in the name of an individual and intended for part-time occupancy as a dwelling by a family or an individual.

Specifically excluded is service to: (1) Any facility not including an occupied dwelling unit, such as a separately metered garage, barn, water pump, etc., and (2) Any camp, cottage or other facility served in the name of, or for the use of, a corporation, partnership, association, society, club, etc. (C)
(C)

Motors whose individual rating is in excess of 5 H.P. will not be served under this rate.

Character of Service

Continuous alternating current, approximately 60 cycles; 120 or 120/240 volts, single phase.

Net Monthly Rate

Fixed Distribution Service Charge: \$10.95 (I)

Variable Distribution Service Charge:

All kWh 4.6760 cents per kWh (I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

Net Monthly Minimum Charge

\$10.95 per month unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations. (I)

(C) Indicates Change

(I) Indicates Increase

SERVICE SCHEDULE NO. 1 (continued)

RESIDENTIAL SERVICE (RS) (continued)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 20 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 20 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Budget Billing

At the option of the Customer, Company will make an estimate subject to revisions when conditions warrant, of the total charge for electric service to be billed hereunder for a twelve-month period. A budget bill for approximately one-twelfth of such estimate will be (C) rendered monthly. Any adjustment necessary in applying for the full period the actual charges herein established will be made on the final bill for the period. If a budget bill is unpaid when the next monthly bill is rendered, the budget arrangements for billing may be terminated by the Company.

Two or More Separate Dwelling Units

Service to a maximum of five dwelling units in a single structure may be supplied through a single meter under this rate, in which case the Fixed Distribution Service Charge each month is multiplied by the number of dwelling units served.

(C)
(C)

(C) Indicates Change

SERVICE SCHEDULE NO. 2

RESIDENTIAL SERVICE - ALL ELECTRIC (RSAE)

Restrictions:

This rate is in the process of elimination and is restricted solely to existing loads of customers at present locations who were receiving service hereunder on May 31, 1980.

Application of Schedule

Available to residential customers using the company's standard single phase service at secondary voltage through one meter for general lighting, appliance operation, and as the sole primary method of space heating and water heating.

Character of Service

Continuous alternating current, approximately 60 cycles: 120 or 120/240 volts, single phase.

Net Monthly Rate

Fixed Distribution Service Charge	\$10.95	(I)
Variable Distribution Service Charge		

All kWh	3.9950 cents per kWh	(I)
---------	----------------------	-----

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

(I) Indicates Increase

SERVICE SCHEDULE NO. 2 (continued)

RESIDENTIAL SERVICE - ALL ELECTRIC (RSAE) (continued)

Net Monthly Minimum Charge

The minimum charge shall be \$10.95 per month.

(I)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 20 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 20 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Budget Billing

At the option of the Customer, Company will make an estimate subject to revisions when conditions warrant, of the total charge for electric service to be billed hereunder for a twelve-month period. A budget bill for approximately one-twelfth of such estimate will be rendered monthly. Any adjustment necessary in applying for the full period the actual charges herein established will be made on the final bill for the period. If a budget bill is unpaid when the next monthly bill is rendered, the budget arrangements for billing may be terminated by the Company.

(I) Indicates Increase

SERVICE SCHEDULE NO. 3

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

Application of Schedule

Applies to the supply from available facilities of single or three phase general light, heat or power service at secondary voltage for usages that do not qualify under Rate RS and only when all such service is supplied through one meter and the demand is 7 kilowatts or less.

Character of Service

Continuous, alternating current, approximately 60 cycles; 120 or 120/240 volts.

Net Monthly Rate

Fixed Distribution Service Charge \$12.40 (I)
Variable Distribution Service Charge

All kWh 6.2440 cents per kWh (I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

(I) Indicates Increase

SERVICE SCHEDULE NO. 3 (continued)

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

Net Monthly Minimum Charge

\$12.40 per month, unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations. (I)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Contract Period

Not less than one year.

SPECIAL PROVISION

Upon application, pursuant to Act 103 of 1985 and Act No. 203 of 2002, Volunteer Fire Companies, Non-Profit Ambulance Services, Non-Profit Rescue Squads and Non-Profit Senior Citizens Centers may elect to have electric service rendered under the Residential Service (RS) rate schedule upon execution of a contract for a minimum term of one year.

SPACE HEATING SERVICE

Restrictions:

This rate is in the process of elimination and is restricted solely to existing loads of Customers at present locations who were receiving service hereunder on May 31, 1980.

Upon request, space heating service may be supplied through a separate metered circuit for customers utilizing electricity as the primary method of space heating. Air conditioning and cooking equipment may also be connected to the heating circuit.

(I) Indicates Increase

SERVICE SCHEDULE NO. 3 (continued)

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

SPACE HEATING SERVICE (continued)

Net Monthly Rate

Fixed Distribution Service Charge \$12.40 (I)
Variable Distribution Service Charge

All kWh 6.3010 cents per kWh (I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

**GENERAL SERVICE - (NRS) – Non-residential Service
(NRH) – Non-residential Service Space Heating**

Net Monthly Minimum Charge

\$12.40 per month, unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations. (I)

(I) Indicates Increase

SERVICE SCHEDULE NO. 4

GENERAL SERVICE - 7 Kilowatts Minimum

- (CS) – Commercial Service
- (CSH) - Commercial Service - Space Heaters

Application of Schedule

Applies to the supply from available facilities of single or three phase general light, heat or power service for a demand of not less than 7 kilowatts, at secondary voltage, only when all such service is supplied through one meter.

For existing customers that are served on other Service Schedules, this rate shall apply when the customer's monthly metered demand is 7 kW or greater for two (2) consecutive months. This Schedule shall apply beginning in the second consecutive month that the 7 kW metered demand is established, and all subsequent months. If the customer's kW remains below 7 kW for twelve (12) consecutive months, the Company, upon request, will evaluate the account and determine the rate schedule most advantageous to the customer.

(C)
|
(C)

Net Monthly Rate

Fixed Distribution Service Charge	\$32.50	
Variable Distribution Service Charge		
All Billing KW	\$6.00 per KW	
All kWh	2.0750 cents per kWh	

(I)
(I)
(I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is 7.004 cents per kWh

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is 1.006 cents per kWh.

Net Monthly Minimum Charge

\$32.50 plus \$6.00 per Kilowatt of the Billing KW

(I)

Determination of Billing KW

The Billing KW shall be the average kilowatts supplied during the 15 minute period of maximum use during the current month but not less than 50% of the highest during any of the preceding 11 months, nor less than 7 kilowatts. For billing purposes the Billing KW shall be rounded to the nearest kilowatt.

(C)
(C)

The Billing KW may be determined by measurement by means of a demand meter installed by the Company whenever it deems it necessary.

(C) Indicates Change (I) Indicates Increase

SERVICE SCHEDULE NO. 4 (continued)

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Contract Period

Not less than one year.

SPACE HEATING SERVICE

Restrictions:

This rate is in the process of elimination and is restricted solely to existing loads of Customers at present locations who were receiving service hereunder on May 31, 1980.

Upon request, space heating service may be supplied through a separate metered circuit for customers utilizing electricity as the primary method of space heating. Air conditioning and cooking equipment may also be connected to the heating circuit.

Net Monthly Rate

Fixed Distribution Service Charge \$46.50

(I)

Variable Distribution Service Charge

All kWh 4.3730 cents per kWh

(I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is 7.004 cents per kWh

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is 1.006 cents per kWh.

Net Monthly Minimum Charge

\$46.50 per month, unless a higher minimum charge applies in accordance with the line extension rule of the Rules and Regulations.

(I)

(I) Indicates Increase

SERVICE SCHEDULE NO. 5

**GENERAL SERVICE - 2300 Volts or Higher - 50 Kilowatt Minimum
 - (IS) -- Industrial Services**

Application of Schedule

Applies to the supply from available facilities of three phase general light and power service at primary voltage, for not less than 50 kilowatts at primary voltage when Customer furnishes and maintains all equipment necessary to transform the energy from line voltage.

Net Monthly Rate

Fixed Distribution Service Charge	\$69.00	(I)
Variable Distribution Service Charge		
All KW	\$8.50 per KW	(I)
First 130 kWh times Billed Demand kW	1.5320 cents per kWh	(I)
Additional kWh	0.1050 cents per kWh	(I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is 7.004 cents per kWh

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is 1.006 cents per kWh.

(I) Indicates Increase

SERVICE SCHEDULE NO. 5 (continued)

**GENERAL SERVICE - 2300 Volts or Higher - 50 Kilowatt Minimum
- (IS) -- Industrial Services**

Net Monthly Minimum Charge

The minimum charge shall be \$69.00 plus \$8.50 per kW of the Billing kW. (I)

Billing KW

The Billing KW shall be the average kilowatts supplied during the 15 minute period of maximum use during the current month but not less than 50% of the highest during any of the preceding 11 months. For billing purposes the billing KW shall be taken to the nearest kilowatt. (C)

Power Factor

Power factor will be computed each month from the registration of a watt-hour meter, to record kilowatt-hours (kWh) and a reactive component watt-hour meter, ratcheted to prevent reverse rotation, to record reactive kilovolt amperehours (RKVAH), in accordance with Company's standard practice. Should the power factor be less than 90% (lagging), the demand for billing purposes shall be multiplied by a factor determined by dividing 0.90 by the computed power factor expressed as a decimal.

Term of Payments

Bill will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Contract Period

Not less than one year.

(I) Indicates Increase

(C) Indicates Change

**SERVICE SCHEDULE NO. 6
 MUNICIPAL STREET LIGHTING**

Application of Schedule

Applicable to Municipal Street Lighting.

Rate per lamp for a period of one year.

7,000 Lumens Lamp (mercury)	\$ 6.11 per year	(I)
20,000 Lumens Lamp (mercury)	\$ 10.80 per year	
9,500 Lumens Lamp (Sodium)	\$ 7.47 per year	
16,000 Lumens Lamp (Sodium)	\$ 7.60 per year	(I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services, congestion and administrative charges.

Municipal Street Lights are not metered. In calculating Default Service Charges and EGS delivery obligations, the following monthly usage will be used for each light:

7,000 Lumens Lamp (mercury)	70 kWh	(C)
20,000 Lumens Lamp (mercury)	155 kWh	
9,500 Lumens Lamp (Sodium)	70 kWh	
16,000 Lumens Lamp (Sodium)	68 kWh	(C)

Term of Contract:

Not less than two (2) years.

Terms of Payment

Payment of 1/12 the annual rate shall be made on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

Special Provisions

All the lights shall be kept burning from one-half hour after sunset to one-half hour before sunrise, Eastern Standard Time, during every night in the year.

All lamps to be replaced when necessary by the Wellsboro Electric Company.

Replacement Clause

When the Company is requested to convert presently installed Mercury Vapor lights to High Pressure Sodium Vapor Lights, and if the present installation is less than twenty years old, the Customer is required to pay the removal cost plus the remaining value of the present installation. If the Customer requests High Pressure Sodium service within 12 months after terminating an existing installation, the above condition of service will apply.

(I) Indicates Increase

(C) Indicates Change

**SERVICE SCHEDULE NO. 7
 PRIVATE OUTDOOR LIGHTING SERVICE**

Availability

Available in the entire territory of the Company for dusk to dawn lighting of private areas and roadways.

Net Rate (Per Month)

7,000 Lumens Lamp (mercury)	\$ 6.41
20,000 Lumens Lamp (mercury)	\$ 11.16
9,500 Lumens Lamp (Sodium)	\$ 7.47
16,000 Lumens Lamp (Sodium)	\$ 7.60

(D)
 |
 (D)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company's Default Service, the generation charge is the GSSR-1 determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers. The current GSSR-1 is 7.004 cents per kWh. The GSSR-1 includes energy, capacity, transmission, ancillary services and congestion.

Private Outdoor Lights are not metered. In calculating Default Service Charges and EGS delivery obligations, the following monthly usage will be used for each light:

7,000 Lumens Lamp (mercury)	70 kWh
20,000 Lumens Lamp (mercury)	155 kWh
9,500 Lumens Lamp (Sodium)	70 kWh
16,000 Lumens Lamp (Sodium)	68 kWh

(C)
 |
 (C)

(D) Indicates Decrease (C) Indicates Change

**SERVICE SCHEDULE NO. 8
EXCHANGE OF SERVICE**

Application of Schedule

Application to an exchange of energy with other utilities.

Net Rate (per month)

For all energy delivered over the Company's switchboard to other utilities for emergency service
7.1150 cents per kWh. (I)

For all energy delivered to other utilities at the Company's franchise limits, under "Borderline Agreements," 7.1150 cents per kWh, with guaranteed monthly return equal to 1 1/2% of "Construction Costs" for all new pole lines necessary to effect the delivery. (I)

Generation and Transmission Charge

For customers purchasing generation supply service from Wellsboro Electric Company, the generation charge is the GSSR-1 or the GSSR-2, determined under Rider C of this Tariff and will not apply to customers purchasing generation supply service from other PUC approved Electric Generation Suppliers.

Customers with monthly billing demands under 400 kW for each of the prior 12 months will pay the GSSR-1. As set forth in Rider C-GSSR-1, the GSSR-1 rate includes projected energy, capacity, transmission, ancillary services, congestion and administrative charges. The current GSSR-1 is 7.004 cents per kWh

Customers with a monthly billing demand of 400 kW or more during any month in the last 12 months will pay the GSSR-2. The GSSR-2 includes the Administrative Charges defined in Rider C – GSSR-2 (including administrative, ancillary, and congestion charges from the wholesale supplier and administrative charges from the Company). Costs for energy, capacity and transmission (including RTEP) will be added to the Administrative Charge as set forth in Rider C – GSSR-2. The current GSSR-2 Administrative Charge is 1.006 cents per kWh.

Terms of Payment

Bills will be calculated on the rates stated herein and this is the net amount due and payable on or before 15 days from the postmarked date of mailing of the bill to Customer. On amounts not paid within the 15 day period an interest charge shall be added of 1.5% of the unpaid balance. In subsequent months, balances in arrears will be subject to the monthly interest charge of 1.5%.

(I) Indicates Increase

RIDER A – STATE TAX ADJUSTMENT SURCHARGE

(Applicable to all rates except Service Schedule No. 8)

In addition to the charges provided in this tariff, a surcharge of 0.00% will apply to all bills for service rendered on or after XX.

(I)
(C)

The above surcharge will be recomputed, using the elements prescribed by the Pennsylvania Public Utility Commission.

- (a) Whenever any of the tax rates used in the calculations of the surcharge are changed.
- (b) Whenever the Company makes effective increased or decreased rates.

The above recalculations will be submitted to the Commission within 10 days after the occurrence of the event or date which occasion such re-computation. If the recomputed surcharge is less than the one in effect the Company will, and if the recomputed surcharge is more than the one then in effect the company may submit with such re-computation a Tariff or supplement to reflect such recomputed surcharge; the effective date of which shall be ten days after filing.

(I) Indicates Increase

(C) Indicates Change

Attachment D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION** :

v. :

WELLSBORO ELECTRIC COMPANY :

DOCKET NO. R-2016-2531551

**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
WELLSBORO ELECTRIC COMPANY**

On February 10, 2017, Wellsboro Electric Company ("Wellsboro" or "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("PUC" or "Commission"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA") (collectively, "Parties"), submitted to the Commission a Joint Petition for Settlement ("Joint Petition" or "Settlement") proposing a negotiated resolution of all outstanding issues in the above-captioned proceeding. Wellsboro hereby provides a Statement in Support, which explains the background and provisions of the Settlement and establishes that approval of the Settlement without modification is appropriate and in the public interest.

I. BACKGROUND

1. On August 31, 2016, Wellsboro submitted a request to the Commission to increase its base rates by \$1,000,000 per year. See Statement of Reasons, p. 3, at Docket No. R-2016-2531551 (filed August 31, 2016). Wellsboro submitted a detailed Statement of Reasons explaining the basis for the request, as well as the required supporting information under the Commission's Regulations at 52 Pa. Code § 53.52. During the hearing, prepared Statements and Exhibits were entered into the record, as described in Section II of the Joint Petition.

2. The OCA and OSBA filed Complaints with the Commission challenging Wellsboro's request. In addition, I&E submitted a Notice of Appearance. As a result of the Complaints and other pleadings, the Commission assigned the filing to the Office of Administrative Law Judge ("ALJ") for settlement discussions, evidentiary hearings, and a Recommended Decision to adjudicate the request.

3. A Prehearing Conference was held in this proceeding, at which time the ALJ approved a litigation schedule. Following the Prehearing Conference, the Company also responded to multiple sets of written interrogatories providing detailed explanations of various issues related to its request. Pursuant to that schedule, the Parties submitted testimony and an evidentiary hearing was held.

4. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Parties engaged in multiple settlement meetings and exchanged settlement proposals to amicably resolve this matter. As a result of those efforts, the Parties reached an agreement in principle, which has subsequently been memorialized in the Joint Petition.

II. STATEMENT IN SUPPORT

5. The Joint Petition reflects a reasonable balance and appropriate compromise of the Parties' positions regarding the Company's clearly documented need for additional revenue. The annual revenue requirement increase of \$775,000 in the Joint Petition will be sufficient for Wellsboro to continue furnishing safe and reliable service. Since Wellsboro's last base rate filing in 2010, Wellsboro has not only incurred increased costs for materials, health care and labor, the Company has also continued to upgrade and modernize its distribution system in an effort to

maintain service and reliability. See Wellsboro Statement No. 4, p. 4. Since 1995, Wellsboro has invested over \$17 million in system improvements and repairs, including circuit upgrades, capacitor bank installation, distribution transformer upgrades, and conductor replacements. See id. at 8.

6. In addition, Wellsboro recently installed Electronic Data Interchange ("EDI") software, resulting in current unrecovered costs of approximately \$285,000. See Wellsboro Statement No. 4, p. 6. EDI is enabling increased shopping activity in Wellsboro territory by facilitating real time data connections many EGSs require. Wellsboro anticipates that the revenue increase under the Settlement will facilitate recovery of investments necessary to maintain safe and reliable delivery service and encourage customer choice.

7. In addition, this amount will permit the Company, in the short term, to cope with the enhanced business and financial risks discussed by Mr. Neri that exist due to the Company's size, operational characteristics, and credit obligations. See Wellsboro Statement No. 2, pp. 8-14. Although Wellsboro believes that, if this proceeding were fully litigated, the Commission would find that the Company is entitled to all or a substantial portion of the \$978,780 rate increase calculated by Mr. Gorman in his Rebuttal Testimony,¹ in the interest of avoiding the expense and uncertainty of continued litigation in this matter, Wellsboro has agreed to accept an increase in the amount of \$775,000. The compromise also will result in a less significant impact upon the rates charged to Wellsboro's customers.

8. In addition, the Settlement permits Wellsboro to enhance its distribution rate design to more appropriately reflect the costs to provide electric distribution service. Specifically, the Company will set the customer charges for each Rate Schedule as follows:

¹ See Wellsboro Statement No. 1R, p. 3.

Wellsboro	Rate RS	\$10.95
	Rate RSAE	\$10.95
	Rate NRS	\$12.40
	Rate NRH	\$12.40
	Rate CS	\$32.50
	Rate CSH	\$46.50
	Rate IS	\$69.00
	Rate EU	-0-

This will have the dual impact of providing the Company with a more steady revenue stream while also appropriately reflecting the fixed nature of the costs to provide electric distribution service.

9. The tariff supplement appended as Attachment C to the Joint Petition and approved as part of the Settlement includes modifications in addition to rates reflecting the above-referenced revenue increase. Specifically, the tariff supplement updates the definition of "Connected Load" to include examples of the types of equipment that are included in the calculation. The tariff supplement also modifies the billing kW calculation for Rate CS, CSH, and IS accounts to reflect a 50% demand ratchet. The tariff supplement also includes new language regarding the assumed monthly kWh consumption for each type of light for Municipal Street Lighting accounts.

10. Finally, the Joint Petition provides that the Company's permitted revenue increase of \$775,000 is without specific identification of adjustments to the Company's original base rate increase request for \$1,000,000.

IV. CONCLUSION

11. Based on all of the testimony and exhibits submitted by Wellsboro and the other Parties, the Company respectfully submits that approval of the Joint Petition without modification is appropriate and in the public interest. The Joint Petition results in a base rate increase that will allow the Company to continue to provide safe and reliable electric service to its customers. In addition, the Joint Petition represents a compromise solution that adequately addresses the needs of all parties to this proceeding.

12. Further, the Joint Petition results in base rates that are just, reasonable, and non-discriminatory, while also implementing provisions that result in fair and appropriate treatment of the Company and its customers. Finally, the Joint Petition avoids the expense and uncertainty of fully litigating all of the matters in this proceeding and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement processes.

WHEREFORE, Wellsboro respectfully requests that the Commission adopt the Joint Petition for Settlement without modification.

Respectfully submitted,

MCNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (PA ID 78276)
Adelou A. Bakare (PA ID 208541)
Matthew L. Garber (PA ID 322855)
100 Pine Street
Harrisburg, PA 17101
Phone: 717.232.8000
Fax: 717.237.5300
Counsel to Wellsboro Electric Company of

Dated: February 10, 2017

Attachment E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2016-2531550
Office of Consumer Advocate	:	C-2016-2566526
Office of Small Business Advocate	:	C-2016-2567115
	:	
v.	:	
	:	
Citizens' Electric Company of Lewisburg, PA	:	

Pennsylvania Public Utility Commission	:	R-2016-2531551
Office of Consumer Advocate	:	C-2016-2566522
Office of Small Business Advocate	:	C-2016-2567132
	:	
v.	:	
	:	
Wellsboro Electric Company	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

TO: ADMINISTRATIVE LAW JUDGES JOEL H. CHESKIS AND ANDREW M. CALVELLI:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement in Citizens Electric ("Citizens Joint Petition" or "Settlement") and the foregoing Joint Petition for Settlement in Wellsboro Electric ("Wellsboro Joint Petition" or "Settlement"), (collectively the "Joint Petitions" or "Settlements"), are in the public

interest and represent a fair, just, and reasonable balance of the interests of Citizen's Electric Company of Lewisburg, PA ("Citizens") and its customers; and Wellsboro Electric Company ("Wellsboro") and its customers, (collectively the "Companies").

I. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

2. Based upon I&E's analysis of Citizens' base rate filing and Wellsboro's base rate filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judges and the Commission approve the Settlement in its entirety.

3. On August 31, 2016, Citizens filed its Supplement No. 110 to Tariff Electric – Pa. P.U.C. No. 14, and Wellsboro filed its Supplement No. 102 to Tariff Electric – Pa. P.U.C. No. 8. Both tariffs to become effective October 30, 2016 and containing proposed increases in distribution rates and other tariff changes. Citizens sought an overall revenue increase of \$592,000 per year, or 12.8% over present revenues, producing a 7.54% rate of return. Wellsboro sought an overall revenue increase of \$1,000,000 per year, or 21.3% over present revenues, producing a 7.38% rate of return.

4. Formal complaints were filed on both docket numbers by the Office of Consumer Advocate (“OCA”) on September 14, 2016, and by the Office of Small Business Advocate (“OSBA”) on September 19, 2016.

5. I&E filed its Notice of Appearance in both proceedings on September 16, 2016.

6. On October 6, 2016, the Commission entered an Order, pursuant to 66 Pa. C.S. §1308(d), suspending the filings by operation of law on October 30, 2016, until May 30, 2017 for further investigation, unless permitted by Commission Order to become effective at an earlier date.

7. A Prehearing Conference was held on October 31, 2016 in the Commonwealth Keystone Building before Administrative Law Judges Joel H. Cheskis and Andrew M. Calvelli during which the parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings.

8. No Public Input Hearings were requested or held.

9. All parties undertook comprehensive discovery in this proceeding. I&E commenced discovery within the first two weeks after the filing was made and continued to conduct discovery throughout the litigation process.

10. In accordance with the procedural schedule established at the prehearing conference, I&E served to all active parties the following 12 pieces of testimony and accompanying 10 exhibits from 4 I&E witnesses addressing issues including, but not limited to, overall revenue requirement, rate of return, capital structure, cost of long-term

debt, cost of common equity, operating and maintenance expenses, charitable contributions, employee pensions and benefits, rate case expense, Pennsylvania Public Utility Realty Tax (“PURTA”), PUC assessment expense, cash working capital, rate base, use of the fully projected future test year, accumulated depreciation, annual depreciation expense, present rate revenue, forfeited discounts, cost of service, customer cost analysis, customer charges, rate structure, gradualism, and revenue allocation:

Citizens’ Electric Company

I&E Statement No. 1 and I&E Exhibit No. 1 – the Direct Testimony of I&E witness Anthony Spadaccio (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 1-SR – the Surrebuttal Testimony of I&E witness Anthony Spadaccio (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 2 and I&E Exhibit No. 2 – the Direct Testimony and Exhibit of I&E witness Christopher Keller;

I&E Statement No. 2-SR and I&E Exhibit No. 2-SR – Surrebuttal Testimony and Exhibit of I&E witness Christopher Keller;

I&E Statement No. 3 and I&E Exhibit No. 3 – the Direct Testimony and Exhibit of I&E witness Lisa A Gumby;

I&E Statement No. 3-SR and I&E Exhibit No. 3-SR – the Surrebuttal Testimony and Exhibit of I&E witness Lisa A. Gumby;

I&E Statement No. 4 and I&E Exhibit No. 4 – the Direct Testimony and Exhibit of I&E witness Jeremy Hubert (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 4-SR – the Surrebuttal Testimony of I&E witness Jeremy Hubert (joint testimony for both Citizens and Wellsboro);

Wellsboro Electric Company

I&E Statement No. 1 and I&E Exhibit No. 1 – the Direct Testimony of I&E witness Anthony Spadaccio (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 1-SR – the Surrebuttal Testimony of I&E witness Anthony Spadaccio (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 2 and I&E Exhibit No. 2 – the Direct Testimony and Exhibit of I&E witness Christopher Keller;

I&E Statement No. 2-SR and I&E Exhibit No. 2-SR – Surrebuttal Testimony and Exhibit of I&E witness Christopher Keller;

I&E Statement No. 3 and I&E Exhibit No. 3 – the Direct Testimony and Exhibit of I&E witness Lisa A Gumby;

I&E Statement No. 3-SR and I&E Exhibit No. 3-SR – the Surrebuttal Testimony and Exhibit of I&E witness Lisa A. Gumby;

I&E Statement No. 4 and I&E Exhibit No. 4 – the Direct Testimony and Exhibit of I&E witness Jeremy Hubert (joint testimony for both Citizens and Wellsboro);

I&E Statement No. 4-SR – the Surrebuttal Testimony of I&E witness Jeremy Hubert (joint testimony for both Citizens and Wellsboro);

11. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple in-person and telephonic settlement discussions with the Companies and other parties to the proceeding. Following extensive settlement negotiations, the Companies, I&E, OCA, and OSBA (“Joint Petitioners”) reached a full black box settlement of all issues as set forth in the Joint Petitions.

II. TERMS AND CONDITIONS OF SETTLEMENT

A. General (Citizens Joint Petition ¶¶ 15-32; Wellsboro Joint Petition ¶¶ 16-33):

I&E submits that it fully supports the negotiated black box Settlements. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in

the public interest.”¹ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”² I&E believes the Settlements balance the interests of the Companies, their customers, and the Joint Petitioners in a fair and equitable manner and present resolutions for the Commission’s adoption that best serves the public interest. The Settlements protects the public interest in that a comparison of the original filing submitted by the Companies and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petitions. Accordingly, for the specific reasons articulated below, and in order to achieve the full scope of benefits addressed in the Settlements, I&E requests that the Settlements be recommended by the ALJ’s and approved by the Commission without modification.

B. Revenue Requirement – Citizens Joint Petition ¶ 15; and, Welisboro Joint Petition ¶ 16:

1. Citizens Electric – Revenue Requirement

In the Settlement, the Joint Petitioners agree that Citizens be permitted to submit a revised tariff supplement designed to produce an annual distribution rate revenue increase of \$355,000, to become effective upon one day notice after Commission approval of the Settlement. The Joint Petitioners also agree that the Settlement as to the distribution revenue requirement for Citizens shall be a black box settlement for all issues.

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

² *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

For purposes of review, Citizens, in its as filed Tariff Supplement No. 110, requested a \$592,000 increase in distribution revenue. Citizens averred that its request was due to replacing its aging distribution infrastructure; a \$6 million increase for utility plant in service; expenses related to Electronic Data Interchange (“EDI”) implementation; an increase in vegetation management efforts; and workforce training.

2. Wellsboro Electric – Revenue Requirement

Regarding Wellsboro, the Joint Petitioners agree that Wellsboro be permitted to submit a revised tariff supplement designed to produce an annual distribution rate revenue increase of \$774,947, to become effective upon one day notice after Commission approval of the Settlement. The Joint Petitioners also agree that the Settlement as to the distribution revenue requirement for Wellsboro shall be a black box settlement for all issues.

Again, for purposes of review, Wellsboro, in its as filed Tariff Supplement No. 102, requested a \$1,000,000 increase in distribution revenue. Wellsboro averred that its request was due to replacing its aging distribution infrastructure; an \$8 million increase for utility plant in service; ongoing vegetation management; expenses related to EDI implementation; and large customer facility closures.

3. I&E Revenue Requirement Recommendations

I&E, when investigating rate base filings requesting an increase in rates and revenues, or any other general rate case brought under Section 1308³ of the Public Utility Code, considers and applies certain general principles. One of those general principles is

³ 66 Pa.C.S. § 1308.

that the Companies, as public utilities, are entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service.⁴ Another general principle is the burden of proof to establish the justness and reasonableness of every element of a public utility's proposed rate increase request rests solely upon the public utility in all proceedings filed under Section 1308 of the Public Utility Code.⁵ Additionally, it is well settled that the evidence adduced by a utility to meet this burden must be substantial.⁶ Therefore, in consideration of the general rate case principles cited above, I&E performed a full investigation and review of the Companies filings. I&E's review included extensive discovery as well as full rounds of direct, rebuttal and surrebuttal testimony from the parties.

I&E analyzed both Citizens' and Wellsboro's capital structure; cost of long-term debt; and cost of common equity.⁷ I&E established a proxy group of companies and performed separate Discounted Cash Flow ("DCF") analyses and Capital Asset Pricing Model ("CAPM") analyses for Citizens and Wellsboro.⁸

I&E performed a thorough analysis of both Citizens' and Wellsboro's claimed operating and maintenance expenses. Regarding Citizens, I&E analyzed employee pension and benefits expenses; charitable contributions; rate case expense; PURTA; PUC assessment expense; and cash working capital.⁹ Regarding Wellsboro, I&E analyzed

⁴ *Pa. Pub. Util. Comm'n v. Pennsylvania Gas and Water Co.*, 341 A.2d 239, 251 (Pa. Cmwlth. 1975). See also *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923).

⁵ See 66 Pa.C.S. § 315.

⁶ *Lower Frederick Twp. Water Co. v. Pa. Pub. Util. Comm'n*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).

⁷ See Citizens/Wellsboro I&E Statement No. 1, pp. 12-35; I&E Statement No. 1-SR, pp. 2-12.

⁸ See Citizens/Wellsboro I&E Statement No. 1, pp. 5-35; I&E Statement No. 1-SR, pp. 2-11.

⁹ See Citizens I&E Statement No. 2, pp. 2-19; I&E Statement No. 2-SR, pp. 2-18.

safety and communications expense; office supplies expense; miscellaneous general expense; pension and other post-employment benefits; rate case expense, PURTA; regulatory Commission expense; and cash working capital.¹⁰

I&E also performed a thorough analysis of both Citizens' and Wellsboro's claimed rate base. Regarding Citizens, I&E analyzed its overall rate base claim, including its historic test year rate base; EDI software costs; future test year and fully projected future test year rate base projections; accumulated depreciation; and annual depreciation expense.¹¹ Regarding Wellsboro, I&E analyzed its overall rate base claim, including its historic test year rate base; EDI software costs; future test year and fully projected future test year rate base projections; accumulated depreciation; and annual depreciation expense.¹²

The results of I&E's comprehensive review and analysis for Citizens yielded a total recommended revenue requirement of \$4,885,844 at an overall rate of return of 6.68%. This recommended revenue requirement represents a recommended revenue increase of \$195,810 (as compared to Citizens' requested amount of \$592,000).

And, the results of I&E's comprehensive review and analysis for Wellsboro yielded a total recommended revenue requirement of \$5,160,597 at an overall rate of return of 6.80%. This recommended revenue requirement represents a recommended revenue increase of \$588,146 (as compared to Citizens' requested amount of \$1,000,000).

¹⁰ See Wellsboro I&E Statement No. 2, pp. 1-23; I&E Statement No. 2-SR, pp. 2-22.

¹¹ See Citizens I&E Statement No. 3, pp. 2-18; I&E Statement No. 3-SR, pp. 3-18.

¹² See Wellsboro I&E Statement No. 3, pp. 2-19; I&E Statement No. 3-SR, pp. 3-18.

The settlement negotiations were comprehensive and the overall revenue requirement achieved in the Settlements are “Black Box” compromises.¹³ The agreed to overall revenue levels are well within the levels advanced on the evidentiary record by the parties and reflect a full compromise of all revenue-related issues raised by the parties. I&E believes the overall revenue increase agreed to in the Settlements effectively moderates the increase initially proposed by the Companies. Furthermore, black box settlements, unless specifically addressed, the Settlements do not reflect agreement upon individual issues. Additionally, line-by-line identification and ultimate resolution of each and every revenue-related issue raised in the proceeding beyond those addressed in the Settlements is not necessary as I&E believes that the Settlements maintain the proper balance of the interests of all parties. Ratepayers will continue to receive safe and reliable service at reasonable rates while allowing Citizens and Wellsboro sufficient additional revenues to meet its operating expenses and address its infrastructure needs while providing the opportunity to earn a reasonable rate of return. Finally, after due consideration of I&E’s thorough analysis and the competing interests of all parties, I&E fully supports the negotiated levels of overall revenue requirement. Accordingly, I&E submits that the revenue increases for Citizens and Wellsboro set forth in the Joint Petitions are in the public interest.

¹³ The Commission encourages settlements and has a well-established acceptance of black box settlements. *See Pa. Pub. Util. Comm’n v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958 (Order entered June 7, 2012); *Pa. Pub. Util. Comm’n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Order entered Dec. 19, 2013).

C Revenue Allocation/Customer Charges –Citizens Joint Petition ¶¶ 16-23; and, Wellsboro Joint Petition ¶¶ 17-24:

The Joint Petitions also set forth the distribution revenue allocations and customer charges for Citizens and Wellsboro based on the agreed to distribution revenue increases.

1. Citizens Electric – Revenue Allocation

a. Citizens Proposed Settlement Revenue Allocation

Regarding Citizens, in the Settlement, the Joint Petitioners agreed to an overall distribution revenue increase of \$335,000 which represents a 7.68% increase in distribution revenue. The agreed to revenue allocation for Citizens is set forth in the tables in the Citizens Joint Petition at ¶ 16 and Attachments A and B. Further, the following table presents I&E’s summary of the agreed to revenue allocation increase by class, the percentage increase by class, and customer charges by class.

Citizens Electric – Proposed Settlement					
	Settlement Rates Revenue	Revenue Increase Allocation	Percent Increase	Share of Increase	Customer Charge
Total	\$4,973,822	\$355,000	7.7%	100%	
RS	\$2,747,043	\$341,430	14.2%	96.18%	\$11.50
SH	\$25,510	\$3,525	16.0%	0.99%	\$19.00
GLP-1	\$1,001,736	\$0	0.0%	0.0%	\$14.50
GLP-3	\$1,114,120	\$0	0.0%	0.0%	\$52.00
MBL	\$18,000	\$3,617	25.1%	1.02%	
Public Light	\$67,413	\$6,428	10.5%	1.81%	

b. Citizens as Filed Revenue Allocation

For purposes of review and comparison, Citizens’ as requested distribution revenue increases and as requested customer charges proposed in their initial base rate filing are summarized below.

Citizens Electric – As Filed					
	As Filed Rates Revenue	Revenue Increase Allocation	Percent Increase	Share of Increase	Customer Charge
Total	\$5,153,635	\$542,834	11.8%	100%	
RS	\$2,958,266	\$556,858	23.2%	102.58%	\$13.00
SH	\$28,204	\$5,948	26.7%	1.10%	\$21.50
GLP-1	\$955,312	(\$40,891)	-4.1%	-7.53%	\$15.50
GLP-3	\$1,118,632	\$3,066	0.3%	0.56%	\$55.00
MBL	\$21,838	\$7,455	51.8%	1.37%	
Public Light	\$71,384	\$10,399	17.1%	1.92%	

2. Wellsboro Electric – Revenue Allocation

a. Wellsboro Proposed Settlement

Regarding Wellsboro, the agreed to overall distribution revenue increase of \$775,000 represents a 17.31% increase in distribution revenue. Further, the agreed to revenue allocation for Wellsboro is set forth in the tables in the Joint Petition at ¶ 17 and Attachments A and B. Further, the following table presents I&E’s summary of the agreed to revenue allocation increase by class, the percentage increase by class, and customer charges by class.

Wellsboro Electric – Proposed Settlement					
	Settlement Rates Revenue	Revenue Increase Allocation	Percent Increase	Share of Increase	Customer Charge
Total	\$5,250,783	\$774,947	17.3%	100%	
RS	\$2,710,639	\$484,397	21.8%	62.51%	\$10.95
RSAE	\$31,182	\$6,434	26.0%	0.83%	\$10.95
NRS	\$428,366	\$40,838	10.5%	5.27%	\$12.40
NRH	\$2,818	\$668	31.0%	0.08%	\$12.40
CS	\$1,360,434	\$122,456	9.9%	15.80%	\$32.50
CSH	\$1,870	\$364	24.2%	0.05%	\$46.50
IS	\$615,753	\$118,123	23.7%	15.24%	\$69.00
MSL	\$21,219	\$0	0.0%	0.0%	
POL	\$70,320	\$0	0.0%	0.0%	
EU	\$8,182	\$1,666	25.6%	0.21%	

b. Wellsboro as Filed Revenue Allocation

For purposes of review and comparison, Wellsboro's as requested distribution revenue increases and as requested customer charges proposed in their initial base rate filing are summarized below.

Wellsboro Electric - As Filed					
	Settlement Rates Revenue	Revenue Increase Allocation	Percent Increase	Share of Increase	Customer Charge
Total	\$5,468,460	\$999,770	22.4%	100%	
RS	\$2,854,678	\$630,542	28.3%	62.16%	\$15.00
RSAE	\$36,968	\$12,220	49.4%	1.17%	\$15.00
NRS	\$438,309	\$50,781	13.1%	5.27%	\$15.00
NRH	\$3,166	\$1,016	47.3%	0.08%	\$15.00
CS	\$1,380,629	\$147,690	12.0%	15.80%	\$35.00
CSH	\$2,118	\$612	40.6%	0.05%	\$50.00

IS	\$652,530	\$154,900	31.1%	15.24%	\$78.00
MSL	\$21,320	\$101	0.5%	0.0%	
POL	\$70,070	(\$250)	-0.4%	0.0%	
EU	\$8,673	\$1,158	33.1%	0.21%	\$0.00

3. I&E Revenue Allocation and Customer Charge Recommendations

I&E's investigation and analysis of the revenue allocation and customers charge issues involved in this proceeding and generally in all base rate proceedings, focused on moving toward certain benchmark goals. The goal of I&E's analysis of the revenue allocation generally was/is to move all rate classes closer to the overall system rate of return so that the rates for each class reflect the cost of service for that class to the extent practicable.¹⁴ Further, I&E always desires to limit the distribution revenue increase to any particular rate class to no more than two times the system average increase.¹⁵

With these general benchmark goals in mind, I&E thoroughly reviewed all of the data presented by the Companies in their filings and in their responses to the parties' data requests and interrogatories. I&E analyzed both Citizens' and Wellsboro's present rate revenues; fully projected future test years; forfeited discount revenues; cost of service studies; proposed revenue allocations; potential scale backs; customer cost analyses; and, proposed customer charges.¹⁶ I&E analyzed revenue allocation ramifications throughout the litigation and settlement process and developed recommended proposed customer

¹⁴ See *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010, 1020 (Pa.Cmwlth 2006). See also Citizens/Wellsboro I&E Statement No. 4, pp.24-58.

¹⁵ See Citizens/Wellsboro I&E Statement No. 4, pp. 30-33 and 38-58.

¹⁶ See Citizens/Wellsboro I&E Statement No. 4, pp. 1-57; I&E Statement No. 4-SR, pp. 2-28.

charges that relied on the Companies' cost of service results as a primary guide, while also recognizing gradualism, with an end result designed to be fair to all classes.¹⁷

a. I&E Citizens Customer Charge Recommendations

Ultimately, regarding Citizens, I&E recommended the following:¹⁸

Citizens Electric – I&E Recommended Customer Charges				
Rate Class	RS	SH	GLP-1	GLP-3
Recommended Customer Charge	\$10.20	\$17.17	\$15.39	\$57.91
Recommended Percentage Increase	27.4%	29.6%	16.2%	15.3%

b. I&E Wellsboro Customer Charge Recommendations

And, regarding Wellsboro, I&E recommended the following:¹⁹

Wellsboro Electric – I&E Recommended Customer Charges							
Rate Class	RS	RSAE	NRS	NRH	CS	CSH	IS
Recommended Customer Charge	\$11.25	\$11.25	\$11.25	\$11.25	\$28.00	\$28.00	\$64.51
Recommended Percentage Increase	15.4%	15.4%	12.5%	12.5%	0.0%	0.0%	50.4%

4. Conclusion – Revenue Allocation and Customer Charges

As stated previously, the settlement negotiations were comprehensive. The agreed to revenue allocation levels and customer charges set forth in the Joint Petitions are well within the levels advanced on the evidentiary record by the parties and reflect a full

¹⁷ See Citizens/Wellsboro I&E Statement No. 4, pp. 30-57; I&E Statement No. 4-SR, pp. 16-28.

¹⁸ See Citizens/Wellsboro I&E Statement No. 4-SR, pp. 16-23.

¹⁹ *Id.*

compromise of all revenue allocation related issues raised by the parties. I&E believes the allocation of the revenue increases and customers charges agreed to in the Settlements effectively moderates the increases initially proposed by the Company. I&E believes that the Settlements maintain the proper balance of the interests of all parties. Ratepayers will continue to receive safe and reliable service at reasonable rates while allowing Citizens and Wellsboro sufficient additional revenues to meet its operating expenses and address its infrastructure needs while providing the opportunity to earn a reasonable rate of return. Finally, after due consideration of I&E's thorough analysis and the competing interests of all parties, I&E fully supports the negotiated levels of revenue allocation and customer charges. Accordingly, I&E submits that the revenue allocations and the customer charges for Citizens and Wellsboro set forth in the Joint Petitions and Attachments A and B are in the public interest.

III. THE SETTLEMENTS SATISFY THE PUBLIC INTEREST

12. The additional revenue in these proceedings are base rate revenues and have been agreed to in the context of "Black Box" settlements with limited exceptions. A "Black Box" agreement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A "Black Box" settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. I&E is of the opinion that an agreement as to the resolution of each and every disputed issue in these proceedings would not have been possible without judicial intervention. The involvement of the ALJ would have added time and expense to already

cumbersome proceedings. Avoiding this necessity will benefit ratepayers by keeping the expenses associated with these filings at a reasonable level. The former Chairman of the Commission commented “Black Box” settlements when he stated that the “[d]etermination of a company’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company’s cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.”²⁰

13. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Companies or are incorporated or considered in the resolutions proposed in the Settlements. The very nature of a settlement requires compromise on the part of all parties. These Settlements exemplify the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. Joint Petitioners have carefully discussed and negotiated all issues raised in these proceedings, and specifically those addressed and resolved in these Settlements. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlements is not necessary as I&E represents that the Settlements maintain the proper balance of the

²⁰ See, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662. See also, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens’ Electric Company of Lewisburg, PA*, Docket No. R-2010-2172665.

interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

14. Based upon I&E's analysis of the filing, acceptance of these Settlements is in the public interest. Resolution of these cases by settlement rather than litigation avoids the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense and regulatory uncertainty.

15. I&E further submits that the acceptance of these Settlements negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlements provide regulatory certainty with respect to the disposition of issues and final resolution of these cases which all parties agree benefits their discrete interests.

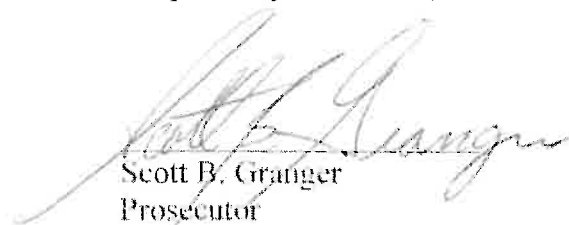
16. The Settlements are conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlements, they may be withdrawn by the Companies, I&E, or any other Joint Petitioner.

17. I&E's agreement to settle these cases is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that these Settlements are rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlements.

18. If the ALJ's recommend that the Commission adopt the Settlements as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlements or any additional matters that may be proposed by the ALJ's in their Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Citizens Joint Petition for Settlement and the Wellsboro Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Joel H. Cheskis and Andrew M. Calvelli recommend, and the Commission approves, the terms and conditions contained in the Joint Petitions.

Respectfully Submitted,



Scott B. Granger
Prosecutor
PA Attorney I.D. # 63641

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: February 10, 2017

Attachment F

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	Docket No.	R-2016-2531550
	:		
v.	:		
	:		
Citizens' Electric Company of Lewisburg, Pa.	:		
	:		
	:		
Pennsylvania Public Utility Commission,	:	Docket No.	R-2016-2531551
	:		
v.	:		
	:		
	:		
Wellsboro Electric Company	:		

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Settlement (Settlement) in the above-captioned proceedings, respectfully requests that the terms and conditions of the Settlement be approved by the Administrative Law Judges (ALJs) and the Pennsylvania Public Utility Commission (Commission). The Settlement resolves all issues raised by the Office of Consumer Advocate regarding the request for increases in distribution revenues by Citizens' Electric Company of Lewisburg, Pa. (Citizens') and Wellsboro Electric Company (Wellsboro), (collectively the Companies). It is the position of the OCA that the proposed Settlement is in the public interest and in the interests of the customers of the Companies.

I. INTRODUCTION

On August 31, 2016, the Citizens' Electric Company of Lewisburg, Pa. filed Supplement No. 110 to Tariff Electric – Pa. P.U.C. No. 14 at Docket No. R-2016-253-1550 (Supplement No. 110), with an effective date of October 30, 2016. Citizens' proposed an overall distribution rate increase of \$592,000 per year, or a distribution base rate increase of 12.8%. Additionally, the Company proposed to increase the residential fixed monthly charge from \$8.00 to \$13.00.

Also on August 31, 2016, the Wellsboro Electric Company filed Supplement No. 102 to Tariff Electric – Pa. P.U.C. No. 8 at Docket No. R-2016-253-1551 (Supplement No. 102), with an effective date of October 30, 2016. The Company proposed an overall distribution rate increase of \$1,000,000 per year, or a distribution base rate increase of 21.3%. Wellsboro also proposed to increase the residential fixed monthly charge from \$9.75 to \$15.00.

On September 14, 2016, the OCA filed a Formal Complaint and Public Statement in both cases. On September 16, 2016, the Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance. On September 19, 2016, the Office of Small Business Advocate (OSBA) filed a Formal Complaint and Public Statement in both cases.

The proceeding was assigned to Administrative Law Judges Joel H. Cheskis and Andrew M. Calvelli. By Order entered October 6, 2016, the Commission suspended the implementation of Supplement Nos. 110 & 102 until May 30, 2017, and instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations proposed in Supplement Nos. 110 & 102. A prehearing conference was convened on October 31, 2016, and a litigation schedule was adopted. The Companies' filings were consolidated for purposes of hearing and decision by Order dated November 3, 2016.

Throughout the course of the proceeding, the OCA engaged in formal and informal discovery designed to thoroughly investigate all aspects of the Companies' proposed rate increases. The OCA submitted the Direct Testimonies of Ashley E. Everette (OCA Statement No. 1), Aaron L. Rothschild (OCA Statement No. 2), and Jerome D. Mierzwa (OCA Statement No. 3). The OCA submitted the Surrebuttal Testimonies of Ms. Everette (OCA Statement No. 1S), Mr. Rothschild (OCA Statement No. 2S), and Mr. Mierzwa (OCA Statement No. 3S).

A hearing was held on January 18, 2017, where parties' testimonies were entered into the record by stipulation. Prior to the hearing, the parties reached a settlement agreement in principle on revenue requirement and rate design. Thereafter, the parties reached a settlement agreement in principle on allocation.

As noted above, and discussed further below, the OCA submits that the proposed Settlement is in the public interest and in the interest of the Companies' customers. The OCA submits that the Settlement should be approved. The OCA will discuss below several of the key provisions of the Settlement that are of particular importance to the OCA.

II. SETTLEMENT

A. Revenue Requirement (Citizens' Settlement at ¶ 15; Wellsboro Settlement at ¶ 16)

The proposed Settlement provides for an overall distribution base rate increase of \$355,000 for Citizens' and \$775,000 for Wellsboro. Citizens' Settlement at ¶ 15; Wellsboro Settlement at ¶ 16. The revenue increases contained in the Settlement are approximately \$237,000 less than the \$592,000 rate increase amount originally requested by Citizens' and approximately \$225,000 less than the \$1,000,000 rate increase amount originally requested by Wellsboro. Regarding Citizens', this rate increase reflects a distribution increase of

approximately 7.57% as compared to the original request of a distribution increase of approximately 12.8%. On a total revenue basis, the Settlement increase is 2.5% as opposed to the original total revenue increase of 4.1%. Regarding Wellsboro, this rate increase reflects a distribution increase of approximately 16.95% as compared to the original request of a distribution increase of approximately 21.3%. On a total revenue basis, the Settlement increase is 5.7% as opposed to the original total revenue increase of 7.4%.

Additionally, pursuant to the Settlement, the Companies agreed to two “stay-out” provisions. First, the Companies agreed that they will not seek approval for the implementation of Distribution System Improvement Charges (DSIC), if at all, for two years from the effective date of new rates in this proceeding. Citizens’ Settlement at ¶ 23; Wellsboro Settlement at ¶ 22. Further, the Companies agreed that they will not file distribution base rate cases for two years from the effective date of new rates in this proceeding. Citizens’ Settlement at ¶ 21; Wellsboro Settlement at ¶ 24.

Based on the OCA’s analysis of the Companies’ filings and the discovery responses received, the rate increases under the proposed Settlement represent a result that would be within the range of likely outcomes in the event of full litigation of the case. In addition, the Settlement helps ensure rate stability through the distribution base rate case and DSIC stay-out provisions. The increases are appropriate and when accompanied by other important provisions contained in the Settlement, yield a result that is just and reasonable.

B. Rate Design (Citizens’ Settlement at ¶ 17; Wellsboro Settlement at ¶ 18)

Under the Settlement, Citizens’ monthly residential customer charge would increase from \$8.00 to \$11.50, rather than to \$13.00, as was originally proposed by the Company. Citizens’ Settlement at ¶ 17. Under the Settlement, Wellsboro’s monthly residential customer charges will

increase from \$9.75 to \$10.92, rather than to \$15.00, as was originally proposed by the Company. Wellsboro Settlement at ¶ 18. The OCA submits that eliminating most of the customer charge increases, which increases were not solely cost-based, and recovering the remaining revenue through volumetric charges will significantly benefit residential customers and send the appropriate signals to customers regarding energy conservation, a benefit that is not realized through fixed customer charges. OCA St. 3 at 26.

The OCA submits that the residential rate designs established through the Settlement are reasonable and consistent with sound ratemaking principles. These rate design changes result in customer charges that are below the customer charges originally proposed, and the charges are within the range of the likely outcomes in the event of full litigation of the case.

C. Allocation (Citizens' Settlement at ¶ 16, Attach. A and B; Wellsboro Settlement at ¶ 17, Attach. A and B)

Under Citizens' filing, residential customers were allocated an increase of \$557,120, or 103%¹ of the total requested revenue increase. In Wellsboro's original filing, residential customers were allocated an increase of \$642,640, or 64% of the total requested revenue increase. OCA witness Mierzwa testified that the Citizens' proposed allocation was unreasonable relative to residential customers for two reasons. First, the cost of service studies used to guide the development of the Companies' allocations were flawed. Second, the allocation produced excessive rate shock. See generally OCA St. 3 at 16-20. OSBA witness Kalcic testified, however, that the OCA's proposed allocation to the residential class in Citizens' should be rejected because it limited class movement toward cost of service. See OSBA St. 1-R at 11-12. Citizen's witness Gorman testified similarly, stating that the Company's allocation better

¹ Under the Company's proposed allocation, the residential class was allocated \$557,120 of a total increase of \$542,940, while rate class GLP-1 was allocated a rate decrease of \$41,030. See OCA St. 3 at 17, Table 3.

balanced the goals of aligning with cost of service and gradualism. See Citizens' Electric St. 1R at 16.

Under the Settlement, Citizens' residential customers will be allocated \$341,430, or 96% of the total increase, and no class will receive a rate decrease. This is a 14% increase in distribution rates for residential customers. Under the Settlement, Wellsboro's residential customers will be allocated \$490,831, or 63% of the total increase. This is a 22% increase in distribution rates for residential customers. The Settlement allocation of the revenue requirement reduces the burden of the increase on residential customers as compared to the originally filed allocation, consistent with the concerns identified by OCA witness Mierzwa.

The revenue allocations contained in the Settlement for the Companies represent compromises among the positions of the parties in this proceeding and is designed to move all classes towards the system average returns. As such, the allocations are appropriate and when accompanied by other important provisions contained in the Settlement, yield a result that is just and reasonable.

III. CONCLUSION

The terms and conditions of the Settlement provide for an overall distribution base rate increase for Citizens' of \$355,000 and \$775,000 for Wellsboro. The OCA submits that the reductions in the proposed revenue increases and proposed customer charges, the stay-out provisions, the revenue allocations, along with all of the other terms and conditions of the Settlement described above, represent a fair and reasonable settlement of this proceeding.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest and in the best interest of Citizens' and Wellsboro's ratepayers.

Respectfully submitted,



Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
ABeatty@paoca.org

Candis A. Tunilo
Assistant Consumer Advocate
Pa. Attorney Id. No. 89891
CTunilo@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Facsimile: (717) 783-7152

DATE: February 10, 2017
229300

Attachment G

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2016-2531551
	:	
WELLSBORO ELECTRIC COMPANY	:	

OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

I. Introduction

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50) to represent the interests of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

II. Filing Background

On August 31, 2016, Wellsboro Electric Company (“Wellsboro”) filed Supplement No. 102 to Tariff-Electric Pa.P.U.C. No. 8 (“Supplement No. 102”), to increase distribution revenues by \$1,000,000 per year. The proposed tariff, if approved by the Commission, would increase the total electric distribution revenues of Wellsboro by \$1,000,000 per year, a 21% increase in annual distribution revenues.

On September 19, 2016, the OSBA filed a Complaint and a Public Statement. On October 6, 2016, the Commission entered an Order at this docket which suspended the proposed rate increase for investigation

The matter was subsequently assigned to the Office of Administrative Law Judge ("OALJ") for hearings and the issuance of a recommended decision. Administrative Law Judges ("ALJs") Joel H. Cheskis and Andrew M. Calvelli were assigned to the proceeding. A pre-hearing conference, at which a procedural schedule was established, was held on October 31, 2016. The Office of Consumer Advocate ("OCA") and the Bureau of Investigation and Enforcement ("I&E") filed direct testimony on December 1, 2016. In accordance with the established litigation schedule, the Office of Small Business Advocate ("OSBA") filed Direct Testimony on December 2, 2016. Rebuttal testimony was filed by the Company, the OCA, and the OSBA on December 22, 2016. On January 10, 2017, Surrebuttal testimony was filed by the OSBA, the OCA, and I&E.

Hearings were held in Harrisburg on January 13, 2017 before ALJs Cheskis and Calvelli. At the hearing on January 13th, the Company presented the rejoinder testimony of one of its witnesses. The testimony of the various parties was entered into the record by stipulation.

Subsequent to hearing the parties have reached a settlement of all of the issues in this case. The OSBA actively participated in the negotiations that led to the Joint Petition for Settlement ("Settlement") and is a signatory to the Settlement. The OSBA submits this statement in support of the Settlement.

III. Settlement

The Settlement sets forth a comprehensive list of issues that were resolved through the negotiation process. This statement outlines the OSBA's specific reasons for concluding that the Settlement is in the best interests of small business customers.

A. Distribution Revenue Requirement

In its initial filing, Wellsboro requested an increase of \$1.0 million per year in distribution rate revenue.¹ In the Settlement, the parties have agreed to a distribution rate revenue increase of \$775,000 per year.² At a time when all types of utility service are becoming more expensive, the significant (22.5%) reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit Wellsboro's small business customers.

B. Class Revenue Allocation

In its filing, Wellsboro identified two specific objectives that guided the development of the Company's proposed revenue allocation: 1) each rate class should be moved closer to full cost of service, as determined by the Company's class cost-of-service study ("COSS"), and 2) no individual rate class should receive an "extreme rate impact."³

OSBA did not oppose the Company's revenue allocation proposal. However, both I&E and OCA sponsored alternative class revenue allocation proposals.

The OSBA opposed the revenue allocation proposal sponsored by I&E in Mr. Kalcic's rebuttal testimony. In order to evaluate I&E's proposal, Mr. Kalcic prepared

¹ Exhibit_(HSG-1) Schedule C1.

² Settlement at ¶16.

³ Wellsboro Statement No. 1 at 32.

Table 3R, which compared the proposed movement toward class cost of service under Wellsboro's and I&E's revenue allocation proposals.⁴ As shown in Table 3R, all rate classes would move away from cost of service under I&E's proposed revenue allocation. Accordingly, Mr. Kalcic recommended that the Commission reject I&E's proposal.⁵

Table A (below) compares the parties' proposed increases for Wellsboro's small business classes, adjusted for the overall level of the Settlement increase, to the small business increases provided by the Settlement.

Table A
Comparison of Parties' Proposed Small Business Class Increases at Settlement Revenue Level to Settlement Increases 1/

<i>Class</i>	<i>Per Settlement</i>	<i>Wellsboro</i>	<i>OCA</i>	<i>I&E</i>
NRS	\$40,838	\$39,378	\$39,374	\$53,751
NRH	\$668	\$788	\$558	\$760
CS	\$122,456	\$114,392	\$114,381	\$210,776
CSH	\$364	\$474	\$391	\$488
IS	<u>\$118,123</u>	<u>\$120,320</u>	<u>\$123,700</u>	<u>\$108,447</u>
TOTAL	\$282,449	\$275,352	\$278,404	\$374,222

Source: Settlement Attachment A, line 36; and Schedule BK-5R.

1/ Parties' positions shown in Sch. BK-5R scaled to reflect the overall settlement increase of \$775,000.

As shown in Table A, the settlement increases for the small business classes reflect a compromise among the parties' positions. Had the Commission given equal weight to those positions, the overall increase to the small business classes (assuming an overall increase of \$775,000) would have been (the sum of \$275,352 plus \$278,404 plus \$374,222, divided by 3 or) \$309,326, which is \$26,877 or 9.5% greater than the

⁴ OSBA Statement No. 1-R at 16.

⁵ OSBA Statement No. 1-R at 17.

combined increase provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides a meaningful benefit to small business customers.

C. Commercial Class Customer Charges

Wellsboro proposed to implement a customer charge of \$15.00 per month for its NRS and NRH classes.⁶ Mr. Kalcic recommended that the NRS and NRH customer charges be set at a cost-based level of \$11.00, with the balance of each class's assigned revenue requirement recovered via the applicable class energy charge.⁷

Wellsboro proposed to implement a Rate CS customer charge of \$35.00 per month.⁸ Mr. Kalcic recommended that the Rate CS customer charge remain unchanged at \$28.00, since the existing charge exceeds cost of service.⁹

Wellsboro proposed to implement a Rate CSH customer charge of \$50.00 per month.¹⁰ Mr. Kalcic recommended that the Rate CSH customer charge remain unchanged at \$28.00, since the existing charge exceeds cost of service.¹¹

Under the Settlement, the NRS and NRH customer charges are set at \$12.40 per month, and the CS and CSH customer charges are set at the levels of \$32.50 and \$46.50 per month, respectively.¹² As such, the OSBA concludes that the commercial class

⁶ OSBA Statement No. 1 at 3.

⁷ OSBA Statement No. 1 at 3-4.

⁸ OSBA Statement No. 1 at 4.

⁹ OSBA Statement No. 1 at 4-5.

¹⁰ OSBA Statement No. 1 at 5.

¹¹ *Id.*


¹² Settlement Attachment B, line 15.

customer charges contained in the Settlement reflect a reasonable compromise between the parties' litigation positions and, therefore, are appropriate for Wellsboro's small business customers.

IV. Conclusion

For the reasons set forth in the Settlement, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the ALJ and the Commission approve the Settlement in its entirety.

Respectfully submitted,



Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995

For:
John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

Appendix A

APPENDIX A

PROPOSED FINDINGS OF FACT WELLSBORO ELECTRIC COMPANY

DOCKET # R-2016-2531551

1. Wellsboro Electric Company ("Wellsboro" or "Company") is a Pennsylvania Electric Distribution Company ("EDC") regulated by the Pennsylvania Public Utility Commission ("PUC" or "Commission").
2. On August 31, 2016, Wellsboro submitted a request to the Commission to increase its base rates by \$1,000,000 per year, effective October 30, 2016. Wellsboro filed Supplement No. 102 to Tariff Electric – Pa. P.U.C. No. 8, and submitted a Statement of Reasons with supporting information as required under the Commission's Regulations at 52 Pa. Code § 53.52.
3. The Office of Consumer Advocate ("OCA") filed a Formal Complaint in this proceeding on September 14, 2016.
4. The Bureau of Investigation & Enforcement ("I&E") of the PUC filed a Notice of Appearance in this proceeding on September 16, 2016.
5. The Office of Small Business Advocate ("OSBA") filed a Formal Complaint in this proceeding on September 19, 2016.
6. By Order entered October 6, 2016, the Commission allowed Supplement No. 102 to be suspended by operation of law until May 30, 2017 and ordered that the Company's rate increase filing be investigated. The Commission also ordered that this matter be assigned to the Office of Administrative Law Judge for scheduling of hearings, and assigned this proceeding to ALJs Cheskis and Calvelli.
7. On October 20, 2016, Wellsboro submitted to the Commission a tariff suspension supplement to suspend the effectiveness of the proposed changes until May 30, 2017.
8. On October 28, 2016, Wellsboro submitted its prepared Direct Testimony in support of a revised base rate increase request of \$999,770.
9. A Prehearing Conference was held on October 31, 2016. During that Prehearing Conference, the ALJs consolidated the Wellsboro rate case and the Citizens' Electric Company of Lewisburg, PA ("Citizens") rate case (Docket No. R-2016-2531550). All parties to both proceedings ("Parties") also jointly developed a litigation schedule at the Prehearing Conference.
10. On December 1, 2016, OCA submitted Direct Testimony, recommending an increase in distribution revenues for Wellsboro of \$603,360.

11. On December 1, 2016, I&E submitted Direct Testimony, recommending an increase in distribution revenues for Wellsboro of \$103,294.
12. On December 2, 2016, OSBA submitted Direct Testimony but did not provide a recommendation on revenue requirement therein.
13. On December 22, 2016, Wellsboro forwarded its prepared Rebuttal Testimony in support of a revised increase request of \$978,780.
14. On December 22, 2016, OSBA forwarded its prepared Rebuttal Testimony.
15. On January 10, 2017, OCA presented Surrebuttal Testimony. OCA revised its recommendation to an increase for Wellsboro of \$522,168.
16. On January 10, 2017, I&E presented Surrebuttal Testimony. I&E revised its recommendation to an increase for Wellsboro of \$588,146.
17. On January 10, 2017, OSBA presented Surrebuttal Testimony but did not provide a recommendation on revenue requirement therein.
18. On January 17, 2017, Wellsboro notified the ALJs that parties had reached a partial settlement-in-principle, resolving all issues except revenue allocation.
19. A hearing was held on January 18, 2017 before ALJs Cheskis and Calvelli to establish the record and to offer oral rejoinder on the issue of revenue allocation. Mr. Howard Gorman took the stand and provided oral rejoinder. All prepared Statements and Exhibits were entered into the record by stipulation or by appearance of the witnesses.
20. On February 10, 2017, Wellsboro, I&E, OCA, and OSBA collectively submitted to the Commission a Joint Petition for Settlement ("Joint Petition" or "Settlement") proposing a negotiated resolution of all outstanding issues in the above-captioned proceeding.
21. The Joint Petition provides that the Company's permitted revenue increase of \$775,000 is without specific identification of adjustments to the Company's original base rate increase request for \$1,000,000.
22. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231.
23. The Settlement permits Wellsboro to enhance its distribution rate designs to more appropriately reflect the costs to provide electric distribution service.

**PROPOSED CONCLUSIONS OF LAW
WELLSBORO ELECTRIC COMPANY**

DOCKET # R-2016-2531551

1. The Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation. 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231.
2. The Joint Petition results in a base rate increase that will allow Wellsboro Electric Company to continue to provide safe and reliable electric service to its customers. *See* 66 Pa. C.S. § 1501.
3. Further, the Joint Petition results in base rates that are just, reasonable, and non-discriminatory. *See* 66 Pa. C.S. §§ 1301, 1304.

**PROPOSED ORDERING PARAGRAPHS
WELLSBORO ELECTRIC COMPANY**

DOCKET # R-2016-2531551

WHEREFORE, the Parties respectfully request as follows:

1. That the ALJs and the Commission make the following findings (and any other findings and conclusions as may be required or appropriate):
 - a. Wellsboro's proposed base rate increase and tariff, as modified by the terms of this Settlement, are compliant with the requirements of the Pennsylvania Public Utility Code.
 - b. Approval of this Settlement is in the public interest.
 - c. The Company shall submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement, to be effective upon one day's notice.
2. That the ALJs recommend and the Commission approve this Settlement including all terms and conditions thereof.
3. That the Commission enter an Order consistent with this Settlement, approving the Company's proposed rate increase and other tariff changes.