



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

March 23, 2020

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Citizens' Electric Company of Lewisburg, PA –
Supplement No. 132 to Tariff Electric – Pa. PUC No. 14
Docket No. R-2019-3008212
I&E Reply Exceptions

Dear Secretary Chiavetta,

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Reply Exceptions** in the above-captioned proceeding.

Copies are being served on parties of record as identified in the attached Certificate of Service. *Due to the temporary closing of the PUC's offices, I&E is only providing electronic service. I&E has informed all parties it will only provide electronic service, and has received no objections.*

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

John M. Coogan
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JMC/jfm
Enclosure

cc: Honorable Steven K. Haas (*ALJ, PUC Harrisburg – via E-Mail Only*)
Honorable Benjamin J. Myers (*ALJ, PUC Harrisburg – via E-Mail Only*)
Office of Special Assistants (*via E-Mail only RA-OSA@pa.gov*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2019-3008212
	:	
Citizens' Electric Company of Lewisburg	:	

**REPLY EXCEPTIONS
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

John M. Coogan
Prosecutor
PA Attorney I.D. No. 313920

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

Dated: March 23, 2020

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I. INTRODUCTION

On February 28, 2020, Administrative Law Judges Steven K. Haas and Benjamin J. Myers (“ALJs”) issued a Recommended Decision in the above-captioned proceeding. On March 13, 2020, the Bureau of Investigation and Enforcement (“I&E”), Citizens’ Electric Company of Lewisburg, PA (“Citizens” or “Company”), and the Office of Consumer Advocate (“OCA”) filed Exceptions to the ALJs’ Recommended Decision. In response to Citizens’ and OCA’s Exceptions, I&E files these Reply Exceptions, addressing Citizens’ Exceptions Nos. 2, 4, 5, 9, 10, 11, and 12, and OCA Exception No. 11. For the reasons fully explained below, I&E respectfully requests the Commission deny these Exceptions.

II. I&E REPLY EXCEPTIONS

A. I&E Reply to Citizens’ Exception No. 2: The ALJs correctly granted I&E’s proposed adjustment to the Company’s projected customer count for the FPFTY

The ALJs appropriately accepted I&E’s recommended \$28,032 adjustment to Citizens’ FPFTY revenues based on I&E’s adjustment to the Company’s projected FPFTY customer count. Citizens’ claims the ALJs erred by relying on I&E’s historical analysis because FTY data indicates it will lose customers in 2019.¹ Specifically, Citizens’ states it gained seven customers between December 2018 and July 2019, and this amount does not account for the loss of 32 customers in East Lewisburg to PPL Electric Utilities Corporation (“PPL”). I&E avers Citizens’ exceptions are unfounded. First, Citizens’ provides no basis why an eight-month period suffices to demonstrate its experience for the entire FTY. A partial-year experience should be rejected as an incomplete data point. To the contrary, I&E

¹ Citizens’ Exceptions, p. 7.

presents complete year data for December 2015 through December 2018 to support its analysis.² Second, Citizens’ incorrectly claims the Recommended Decision fails to recognize that I&E’s historical data reflects the same declining growth as noted by Citizens’, i.e., the loss of 32 customers to PPL.³ The Recommended Decision clearly notes I&E’s recommendation accounts for the 32 customer loss to PPL.⁴

Although the ALJs rejected both I&E’s and Citizens’ reliance on studies for projections,⁵ Citizens’ again cites to a Union County Planning Commission Annual Report (“Union County Annual Report”) to support its position.⁶ As I&E explained in Main Brief, this report should not be relied on because it reflects Union County as a whole, not Citizens’ specific service territory.⁷ Citizens’ witness John Kelchner admitted this report does not specifically show a decrease in permitted home construction for Citizens’ actual service territory.⁸ Additionally, the Union County Annual Report does not actually include any projected data.⁹ By comparison, Citizens’ claims a Union County Housing Study cited by I&E “simply does not support the inferences drawn by I&E’s witness”. Specifically, Citizens’ attempts to discredit I&E’s reliance by stating the Union County Housing Study’s projection of new housing units does not equate to new construction. As explained in I&E’s

² I&E Exhibit No. 3-SR, Schedule 2.

³ Citizens’ Exceptions, p. 7.

⁴ Recommended Decision, p. 19. *See* I&E Statement No. 3, pp. 19-20.

⁵ Recommended Decision, p. 21. The ALJs found both studies arguably support each party’s position, but found in favor of I&E’s historical analysis using actual figures. *Id.*

⁶ Citizens’ Exceptions, p. 6.

⁷ As Citizens’ witness John Kelchner confirmed, Union County is bigger than Citizens’ Electric’s service territory. *Tr.*, p. 161. Citizens’ primary service areas are Buffalo Township, East Buffalo Township, and Lewisburg Borough. *Tr.*, p. 165.

⁸ *Tr.*, pp. 165-166.

⁹ *See Tr.*, p. 166 (testimony of Citizens’ witness John Kelchner).

Reply Brief, whether the units are new construction or occupancy of existing vacant housing, I&E avers additional occupancy translates into additional customers for Citizens'.¹⁰ Citizens' also claims the ALJs failed to credit proper weight to the testimony of its witness John Kelchner.¹¹ However, Citizens' correctly notes that the ALJs have the discretion to weigh witness testimony, and clearly they did not find Mr. Kelchner's testimony dispositive. In summary, the ALJs have weighed the issues raised by Citizens' Exception with no error, and therefore the Exception should be denied.

B. I&E Reply to Citizens' Exception No. 4: The ALJs correctly denied Citizens' proposal to increase its FPFTY O&M expense based on annualization of 9-month FTY expense data

Citizens' continues to claim its FPFTY expense claim should simply constitute annualized 9-month FTY actual expenses, increased by a 3% inflation adjustment. I&E avers the ALJs correctly rejected this proposition that individual expense claims not be examined. The ALJs correctly stated Citizens' has the burden of proof to establish the justness and reasonableness of each claim.¹² Citizens' Exception asserts its burden of proof is satisfied here where it projects most recent available costs for each individual account.¹³ As explained in I&E's Main Brief, Citizens' proposal presents several serious problems. First, Citizens' position renders non-company parties' review of O&M expenses in a rate case essentially meaningless. Citizens' provided updates to essentially all of its O&M expenses in rebuttal testimony.¹⁴ Citizens' then points to the updates as a basis to invalidate

¹⁰ See I&E Reply Brief, p. 4.

¹¹ Citizens' Exceptions, p. 7.

¹² Recommended Decision, p. 27 (citing 66 Pa. C.S. §§ 315(a), 1308(d)).

¹³ Citizens' Exceptions, p. 15.

¹⁴ Citizens' Statement No. 1-R, p. 4.

non-company parties' O&M recommendations.¹⁵ Following Citizens' practice to its logical conclusion, the Company would simply be allowed to update all of its O&M expenses at hearings and any non-company position to the contrary would be summarily rejected.

Second, introducing new claims after non-company parties have addressed the companies' direct position is a violation of due process principles.¹⁶ The concern is simple: parties have not and will not have the opportunity to evaluate late-brought claims. To be clear, I&E's position did take into account Citizens' rebuttal testimony as it relates to specific claims I&E evaluated in direct testimony.¹⁷ But to voluminously and constantly change the Company's entire O&M position leaves non-company parties in a hopeless position as to issues not addressed in non-company direct testimony. Relatedly, there are clear Commission regulations that a party cannot introduce evidence in rebuttal phase that should have been included in the party's case-in-chief or substantially varies from the party's case-in-chief.¹⁸ Citizens' attempt to wholesale revise its O&M position in rebuttal testimony, rather than specifically respond to non-company parties' O&M adjustment recommendations, is a prohibited attempt to introduce evidence that should have been introduced in direct testimony.

In addition to being procedurally improper, Citizens' position creates factual inaccuracies. In rejoinder testimony, Citizens' witness Howard S. Gorman confirms

¹⁵ Citizens' witnesses Howard S. Gorman, John Kelchner, and Gene E. Cree objected to I&E's recommended O&M adjustments generally. I&E Statement No. 1-SR, p. 10 (citing Citizens' Statement No. 1-SR, pp. 2-5; Citizens' Statement No. 4-R, pp. 3-4; and Citizens' Statement No. 5-R, p. 2).

¹⁶ *See, e.g., Pa. P.U.C. v. City of Lancaster Sewer Fund*, 2007 WL 517134 (Pa. P.U.C. 2007) (Commission agreed with ALJ "new claims brought in on rebuttal are improper, unfair and a violation of due process").

¹⁷ *See* I&E Main Brief, pp. 18-25.

¹⁸ 52 Pa. Code §§ 5.243(c)(2)-(3).

presentation of FPFTY O&M costs is based on an escalation of FTY expenses, and does not remove non-recurring costs and plant activities.¹⁹ But, as Citizens’ witness Gorman also correctly states, “the Company must support each claim made in its rate application.”²⁰ In direct testimony, I&E made recommendations regarding expenses not properly supported by the Company or properly calculated based on information provided by the Company and based on I&E witness D.C. Patel’s analysis as an expert witness. It is incorrect to evaluate and compare the *total* O&M costs instead of analyzing the merits, rationale, and the basis of the claim for each line item of expense and its breakdown, which I&E witness Patel addressed in direct testimony.²¹

It is also important to realize Citizens’ argument would not be limited to this proceeding only. To the contrary, O&M expenses are a common point of dispute in rate cases. If the Commission allowed this practice here, it will set a very dangerous precedent that would likely be cited by any other utility company where O&M expenses are scrutinized. This will fatally handicap non-company parties’ ability to evaluate individual expense accounts. Therefore, the Commission should accept the ALJs’ recommendation and reject Citizens’ attempt to wholesale revise its O&M expenses in rebuttal testimony, and should instead evaluate the merits of the non-company parties’ O&M positions.

¹⁹ Tr., pp. 104-106.

²⁰ Citizens’ Statement No. 1-R, p. 3.

²¹ See I&E Statement No. 1-SR, p. 11.

C. I&E Reply to Citizens' Exception No. 5: The ALJs correctly adjusted Citizens' Operations Supervision and Maintenance Expense claim (Account 580)

The ALJs correctly rejected Citizens' claim, finding costs for employee overlap based off anticipated employee retirements is speculative in nature.²² Citizens' Exception claims it should not need to guarantee retirements will occur, rather, the Company has met its burden of proof for this expense, projecting more than half of Citizens' staff is expected to retire in the next 5-10 years. As explained in I&E's Reply Brief, Citizens' rationale for this claim is insufficient to meet its burden of proof for several reasons. First, it was only for the first time in Main Brief that Citizens' asserted its claim is reasonable because the Company will have retirements in the coming years.²³ It is inappropriate for Citizens' to ignore I&E's direct testimony recommendation regarding this expense, only to address it for the first time in Main Brief. I&E and the parties have been deprived of their ability to present expert witness testimony on the Company's new rationale for this claim. Second, the witness testimony Citizens' cites to in Main Brief to justify this claim does not expressly relate to this expense claim. Therefore, there is no justification to rely on this testimony. To the contrary, the ALJs were correct to agree with I&E because I&E witness D.C. Patel specifically justified his recommendation because neither the historical nor annualized FTY experience for this expense supported this claim.²⁴ If there was any justification relating Citizens' testimony to I&E's direct testimony analysis, the Company should have presented that

²² Recommended Decision, p. 31.

²³ Citizens' Main Brief, p. 51.

²⁴ I&E Statement No. 1, pp. 9-11. I&E witness Patel's recommendation reflects annualized FTY expense plus a 3% inflation adder. Id., p. 11.

analysis in rebuttal testimony. Because it did not, the Commission should find the ALJs did not err and reject Citizens' Exception.

D. I&E Reply to Citizens' Exception No. 9: The ALJs correctly declined to accept Citizens' market-to-book ratio analysis to establish the ROE

The ALJs correctly declined to consider Citizens' market-to-book ratio analysis to determine return on equity ("ROE"), and did not err by relying primarily on a discount cash-flow ("DCF") analysis, checked by the Capital Asset Pricing Method ("CAPM"). Citizens' does not dispute the ALJs' finding the Commission has historically relied on the DCF as the preferred method for determining an appropriate ROE, with the CAPM serving as a check.²⁵ However, Citizens' Exception states the ALJs erred because they did not appropriately consider where, in *Pa. P.U.C. v. UGI Utilities, Inc. – Electric Division*, the Commission stated it will consider other methods when the DCF analysis appears understated.²⁶ Citizens' then claims the record in this proceeding demonstrates DCF results will understate the appropriate rate of return for the Company, and the Commission must consider other methods, specifically, Citizens' market-to-book ratio analysis.²⁷

I&E asserts Citizens' Exception does not demonstrate DCF results are understated. As the ALJs note, Citizens' standalone CAPM ROE analysis of 8.27% validates its DCF ROE analysis, also 8.27%.²⁸ Likewise, I&E calculated a CAPM ROE of 7.59%, confirming the reasonableness of I&E's 8.10% DCF calculation.²⁹ To support its Exception, Citizens'

²⁵ Citizens' Exceptions, p. 19.

²⁶ Citizens' Exceptions, p. 19 (citing *Pa. P.U.C. v. UGI Utilities, Inc. – Electric Division*, Docket No. R-2017-2640058 (Order entered October 25, 2018) ("*UGI Utilities, Inc. – Electric Division*").

²⁷ Citizens' Exceptions, pp. 19-22.

²⁸ Recommended Decision, p. 65.

²⁹ See I&E Reply Brief, p. 15.

wholly depends on its market-to-book ratio analysis.³⁰ I&E avers this analysis is insufficient to show the DCF is understated or the ALJs erred. As explained in I&E’s Main Brief, Citizens’ market-to-book ratio analysis is flawed because it has not demonstrated investors expect utility returns to be set on a different basis than book value.³¹ Further, the Commission has consistently validated the use of the CAPM method as a check on DCF analysis, including in *UGI Utilities, Inc. – Electric Division*, unlike the market-to-book ratio analysis.³² The ALJs should not be expected to use or equally weight any method offered to check the results of the DCF analysis. Because the ALJs did not err and appropriately considered CAPM analysis as a comparison to DCF results, Citizens’ Exception should be rejected.

E. I&E Reply to Citizens’ Exception No. 10: The Commission should reject Citizens’ Exception to adjust its ROE to 10.30%

At the outset, as explained in I&E’s Exceptions, the ALJs did not conclude a size risk exists for utilities, and therefore, because the Company has the burden of proof, any size adjustment should be rejected.³³ However, Citizens’ Exceptions asks that the Commission apply a further size adjustment to the ALJs’ initial size adjustment, specifically, the Commission should “apply a size adjustment to the [ROE] result of the standard deviation method approved by the [Recommended Decision]”, subject to a 10.30% cap, i.e., Citizens’ proposed ROE.³⁴ I&E initially notes the ALJs’ size adjustment already effectively awards a

³⁰ Citizens’ Exceptions, pp. 19-22.

³¹ I&E Main Brief, pp. 46-47.

³² See Recommended Decision, pp. 51-52. In *UGI Utilities, Inc. – Electric Division*, the Commission found cost of equity should “primarily be based upon the use of the DCF methodology and that the results of the CAPM analysis should be used as a comparison to the DCF results”. *UGI Utilities, Inc. – Electric Division*, p. 104.

³³ I&E Exceptions, pp. 8-9.

³⁴ Citizens’ Exceptions, p. 23.

122 basis points size adjustment to Citizens'.³⁵ Citizens' claim was only for a 100 basis points upward adjustment. However, Citizens' Exceptions now claim the ALJs' recommendation to award an ROE at the upper end of a standard deviation of DCF results is not truly a size adjustment. Instead, this only reflects the Commission's practice regarding calculating electric utility Distribution System Improvement Charge ("DSIC") ROEs for larger companies, and therefore does not truly reflect an adjustment for size.³⁶

Citizens' Exception essentially asks the Commission to completely abandon any methodological analysis, whether it be DCF, CAPM, market-to-book ratios, etc., and simply conclude that the ALJs' recommended ROE is similar to DSIC ROEs from which a further adjustment is needed. However, Citizens' provides no specific reason why it should be awarded at the upper end of one standard deviation of its DCF analysis other than simply stating that's how the Commission sets its DSIC ROE. By comparison, although the average of Citizens' DCF analyses only supports an 8.27% ROE, the ALJs at least specifically stated they relied on a size adjustment as the reason to award an ROE at the upper end of one standard deviation. As explained in I&E's Reply Brief, Citizens' reliance on the standard DSIC ROE for electric utilities is misplaced because it does not account for any of the specific facts or analyses in this case.³⁷ Although I&E disagrees with the ALJs regarding a size adjustment,³⁸ by comparison no evidence in the record exists to demonstrate why Citizens' should simply be awarded at the upper end of one standard deviation of its DCF

³⁵ See Recommended Decision, p. 74. The average of Citizens' DCF results is 8.27%, and the upper end of one standard deviation is 9.49%.

³⁶ Citizens' Exceptions, pp. 22-24.

³⁷ I&E Reply Brief, pp. 17-19.

³⁸ Specifically, the ALJs erred by finding evidence for a generic size effect merits a size adjustment when they did not conclude utility size effect exists. See I&E Exceptions, pp. 8-9.

analysis other than the conclusory finding the Commission does the same for DSIC ROEs. Therefore, Citizens' has not demonstrated the ALJs erred by not further adjusting its size adjustment, and its Exception should be rejected.³⁹

F. I&E Reply to Citizens' Exception No. 11 and OCA Exception No. 11: The ALJs correctly adopted I&E's proposed revenue allocation

Both Citizens' and OCA except to the ALJs adoption of I&E's proposed revenue allocation, asserting their proposed revenue allocations are preferable.⁴⁰ I&E avers the ALJs did not err and correctly adopted I&E's revenue allocation. Citizens' claims the ALJs erred by denying a rate decrease to class GLP-3 and thereby insufficiently moving rate class GLP-3 towards cost-of-service.⁴¹ Although OCA agreed with I&E that rate class GLP-3 should not receive a rate decrease, OCA disagreed with I&E's proposed redistribution of GLP-3's decrease to different rate classes. The difference between OCA and I&E's proposed redistribution is that OCA proposed to proportionately distribute relief to classes proposed to receive greater than or equal to 1.5 times the system average increase,⁴² while I&E proposes that relief only be assigned to classes with a relative rate of return greater than 1.0, i.e., classes that are generating revenue greater than its cost to serve.⁴³

The OCA claims its proposal should be adopted because it more appropriately reflects principles of gradualism.⁴⁴ While gradualism may be taken into account, the OCA provides no basis that the ALJs did not take this into account or otherwise err by not solely relying on

³⁹ However, as mentioned above, I&E opposes any size adjustment.

⁴⁰ Citizens' Exceptions, pp. 24-25; OCA Exceptions, pp. 25-28.

⁴¹ Citizens' Exceptions, p. 25.

⁴² See Recommended Decision, p. 95.

⁴³ See Recommended Decision, pp. 102-104.

⁴⁴ OCA Exceptions, pp. 26-28.

the OCA's analysis. The ALJs weighed all the parties' positions, including OCA's, and decided "I&E's revenue allocation...most appropriately balances the many factors which must be considered."⁴⁵ Importantly, among the various factors, I&E avers its proposal most appropriately moves classes towards their cost of service. As the OCA acknowledges, the Commonwealth Court has stated the "primary goal in revenue allocation is to have rates reflect the actual cost of service."⁴⁶ Although the OCA claims its proposal "will move classes towards the cost of service",⁴⁷ I&E avers adopting the OCA's proposal will accomplish the opposite. Specifically, OCA's proposal will already reduce the relative rate of return of classes that are already generating less revenue than their cost to serve.⁴⁸ By comparison, I&E's proposal will only further adjust rates for those classes that generate more revenue than their cost to serve, i.e., classes with a relative rate of return above 1.0. Additionally, although Citizens' claims greater relief should be provided to class GLP-3, the ALJs correctly found the movement for this class from 4.81 to 2.28 under I&E's proposal still represents a significant movement towards cost of service.⁴⁹ As I&E's proposal most fairly allocates revenue to classes, the ALJs did not err and Citizens' and OCA's Exceptions should be rejected.

⁴⁵ Recommended Decision, p. 105.

⁴⁶ OCA Exceptions, p. 26 (citing *Lloyd v. Pa. P.U.C.*, 904 A.2d 1010 (Pa. Cmwlth. 2006)).

⁴⁷ OCA Exceptions, p. 28.

⁴⁸ See Recommended Decision, p. 101 (reproduction of I&E table showing relative rate of return of Citizens' rate classes. OCA's proposal will reduce rates for all non-GLP-3 classes, including those with relative rates of return below 1.0, i.e., those generating less revenue than their cost to serve).

⁴⁹ Recommended Decision, p. 106. The Company's proposed further adjustment to class GLP-3 would produce a relative rate of return of 2.12. See *Id.*, p. 102.

G. I&E Reply to Citizens' Exception No. 12: The ALJs correctly denied the Company's proposal to recover minimum demand costs through the fixed monthly charge

Although Citizens' recognizes the Commission only allows recovery of direct customer costs through fixed monthly charges, the Company claims the ALJs err by misstating the Commission's ability to "approve exceptions to traditional ratemaking policies and the flexibility afforded by the Final Policy Statement."⁵⁰ Accordingly, Citizens' believes its proposal to assign volumetric costs to the customer charge is appropriate under two rationales: its proposal reflects costs that can be assigned to the customer charge, and Act 58 supports the Company's proposal.

Citizens' cites *Pa. P.U.C. v. Aqua Pennsylvania*⁵¹ to support its proposal.⁵² However, this limited example, as the citation references, only applies to "general and administrative costs", which volumetric charges are not. Therefore, Citizens' does not properly reconcile how this citation supports its position when volumetric charges vary with each individual account. Customers can clearly avoid volumetric charges by reducing their consumption. The ALJs also note how customer charges have historically been limited to the direct costs associated with billing an individual customer because those costs are typically unavoidable on an individual basis.⁵³ Although Citizens' characterizes its proposal as only shifting a minimum of costs,⁵⁴ Citizens' also views its proposal as just the first step to shifting more of the volumetric charge to the customer charge.⁵⁵ Citizens' has therefore clearly not justified

⁵⁰ Citizens' Exceptions, p. 26.

⁵¹ 2004 Pa. PUC LEXIS 39 (Order entered August 5, 2004).

⁵² Citizens' Exceptions, p. 27.

⁵³ Recommended Decision, p. 119.

⁵⁴ Citizens' Exceptions, p. 27.

⁵⁵ Citizens' Statement No. 1, p. 44.

why the ALJs erred in not allowing the Company to deviate from the historic practice of limiting the customer charge to recovery of unavoidable costs.

Citizens' further claims that its proposal should be accepted as an alternative ratemaking proposal consistent with Act 58. Citizens' claims the ALJs misperceive alternative ratemaking mechanism as intended to unilaterally promote energy efficiency.⁵⁶ Although energy efficiency is a consideration, the ALJs clearly considered other factors in their analysis. The ALJs stated:

Commission regulations promulgated by the Policy Order state that the Commission's policy regarding alternative ratemaking is to promote efficient use of energy sources; avoid unnecessary future capital investments; reflect the sound application of cost of service principles, establish a rate structure that is just and reasonable, and consider customer impact.⁵⁷

The ALJs found, in addition to discouraging energy efficiency, Citizens' proposal does not reflect cost causation principles and does not properly consider customer impacts.⁵⁸ By contrast, I&E avers Citizens' primary concern is revenue stability. I&E acknowledges revenue stability is a consideration. However, as the ALJs acknowledge, it is only one of many considerations.⁵⁹ Therefore, the ALJs clearly did not err by weighing the various considerations presented by the parties and Citizens' Exception should be rejected.

⁵⁶ Citizens' Exceptions, p. 29.

⁵⁷ Recommended Decision, p. 121 (citing 52 Pa. Code § 69.3301).

⁵⁸ Recommended Decision, pp. 119-122.

⁵⁹ Although Citizens' claims its proposal does not violate cost of service principles, charging a customer for a cost it may not create clearly does not comply with cost of service principles.

III. CONCLUSION

I&E respectfully requests the Commission reject the Exceptions of Citizens' Electric Company of Lewisburg and the Office of Consumer Advocate discussed above, and approve the ALJs' Recommended Decision as modified consistent with I&E's Exceptions.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

John M. Coogan
Prosecutor
PA Attorney ID No. 313920

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Harrisburg, PA 17120

Dated: March 23, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Citizens' Electric Company of Lewisburg, PA	:	
Supplement No. 132 to Tariff Electric –	:	
Pa. PUC No. 14	:	

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Reply Exceptions** dated March 23, 2020, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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