

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

March 23, 2015

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

Re: Petition of Pike County Light & Power
Company for Authority to Defer for
Regulatory Accounting and Financial
Reporting Purposes Certain Losses From
Extraordinary Storm Damage and to
Amortize Such Losses
Docket No.: P-2015-2470549

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Lauren M. Burge".

Lauren M. Burge
Assistant Consumer Advocate
PA. Attorney ID #311570

Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

203629

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Pike County Light & Power Company :
For Authority to Defer for Regulatory Accounting : Docket No. P-2015-2470549
And Financial Reporting Purposes Certain Losses :
From Extraordinary Storm Damage and to :
Amortize Such Losses :

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE
TO THE PETITION OF PIKE COUNTY LIGHT & POWER COMPANY
FOR AUTHORITY TO DEFER FOR REGULATORY ACCOUNTING
AND FINANCIAL REPORTING PURPOSES CERTAIN LOSSES FROM
EXTRAORDINARY STORM DAMAGE AND TO AMORTIZE SUCH LOSSES

On March 2, 2015, Pike County Light & Power Company (Pike or the Company) filed a Petition for Authority to Defer for Accounting and Financial Reporting Purposes Certain Losses from Extraordinary Storm Damage and to Amortize Such Losses (Petition). In its Petition, Pike requests authorization to defer, for regulatory accounting and reporting purposes, certain costs incurred due to a winter storm event that occurred on November 26 – 27, 2014. Petition at 5. The Petition provides that storm damage costs as of the Company’s filing have totaled approximately \$190,000, excluding straight time wages and benefits and capital expenses. Petition at 7.

The Company is requesting authority from the Commission to defer, for accounting purposes only, the expenses associated with its repair of the storm-related damages. The Company is not requesting that the Commission make a final determination at this time as to the recovery of said losses. Rather, Pike is requesting that the Commission address the issue of recovery for this storm damage expense, and address the issue of a proper amortization period for this expense in its next general rate increase proceeding pursuant to Section 1308(d) of the Public Utility Code. Petition at 7-8. Pike is also requesting the ability to make a claim in its next

base rate case for the entire amount of its storm costs, in the event that the Commission does set an amortization schedule in this proceeding. Petition at 7.

The Office of Consumer Advocate (OCA) submits that if the Commission decides to grant this Petition, the following conditions, at a minimum, should apply:

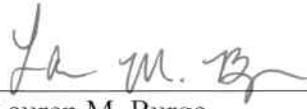
1. That the authorization granted to Pike here for deferred accounting treatment carries no assurance of future rate recovery;
2. That Pike be directed to claim its deferred losses at the first available opportunity;
3. That any authorization for deferred accounting treatment be limited to actual operations and maintenance costs, net of any insurance recovery, and not extend to straight time and capitalized costs; and,
4. That any opinion and order in this matter will in no way limit the ability of any party to a future rate case to oppose rate recovery of any of the costs deferred pursuant to the limited authorization granted herein.

The OCA submits that if Pike's Petition is to be granted, these conditions are essential.

Additionally, if the Commission decides to grant this Petition, it should require that Pike begin amortizing these amounts immediately. In Pike's Petition, the Company states that it wishes to "amortize such losses commencing on the date when rates are changed pursuant to the Commission's final order in PCL&P's next general rate increase proceeding . . ." Petition at 2. The OCA submits that Pike should instead begin amortizing any deferred amounts beginning immediately, and then may seek to recover such amounts in its next general rate increase proceeding.

WHEREFORE, the Office of Consumer Advocate respectfully requests that the Commission consider its comments herein should the Commission decide to grant Pike's Petition.

Respectfully Submitted,



Lauren M. Burge
Assistant Consumer Advocate
PA Attorney I.D. #311570
E-Mail: LBurge@paoca.org

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

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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

Dated: March 23, 2014

203045

CERTIFICATE OF SERVICE

Petition of Pike County Light & Power :
Company for Authority to Defer for :
Regulatory Accounting and Financial : Docket No. P-2015-2470549
Reporting Purposes Certain Losses From :
Extraordinary Storm Damage and to :
Amortize Such Losses :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of March 2015.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Johnnie Simms, Esq.
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

John J. Gallagher, Esq.
711 Forrest Road
Harrisburg, PA 17112

John R. Evans
Small Business Advocate
Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101



Lauren M. Burge
Assistant Consumer Advocate
PA Attorney I.D. # 311570
E-Mail: LBurge@paoca.org

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

Counsel for
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
*203631