



COMMONWEALTH OF PENNSYLVANIA

December 23, 2015

E-FILED

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

Re: Joint Application of Pike County Light & Power Company, Corning Natural Gas Holding Corporation and Orange and Rockland Utilities, Inc. for a Certificate or Certificates of Public Convenience Evidencing the Pennsylvania Public Utility Commission's Approval of the Transfer by Sale of 100% of the Issued and Outstanding Stock of Pike County Light & Power Company, a Public Utility Providing Natural Gas and Electric Distribution Service in Pennsylvania, from Seller Orange and Rockland Utilities, Inc. to Buyer Corning Natural Gas Holding Corporation, Approval of Certain Affiliated Interest Filings and Securities Certificates, and All Other Approvals of Certificates Appropriate, Customary or Necessary Under the Public Utility Code to Carry Out the Transactions Described in the Application – Docket No. A-2015-2517111

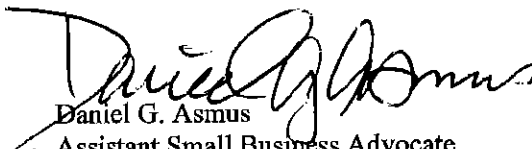
Dear Secretary Chiavetta:

I am delivering for filing today the original of the Notice of Appearance, Notice of Intervention and Protest and Public Statement, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is also enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

Enclosures

cc: The Honorable Charles E. Rainey, Jr.
Mr. Robert Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re: Joint Application of Pike County Light :
And Power Company, Corning Natural Gas :
Holding Corporation and Orange and Rockland :
Utilities , Inc. for a Certificate or Certificates of :
Public Convenience Evidencing the Pennsylvania:
Public Utility Commission’s Approval of the :
Transfer by Sale of 100% of the Issued and :
Outstanding Stock of Pike County Light and :
Power Company, a Public Utility Providing : Docket No. A-2015-2517111
Natural Gas and Electric Distribution Service in :
Pennsylvania, from Seller Orange and Rockland :
Utilities, Inc. to Buyer Corning Natural Gas :
Holding Corporation, Approval of Certain :
Affiliated Interest Filings and Securities :
Certificates, and All Other Approvals or :
Certificates Appropriate, Customary or :
Necessary Under the Public Utility Code to :
Carry Out the Transactions Described in the :
Application.**

**NOTICE OF INTERVENTION AND PROTEST
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Office of Small Business Advocate (“OSBA”) files this Notice of Intervention and Protest with respect to the above-captioned Application pursuant to Sections 5.51(a) and 5.71(a)(1) of the Rules of Practice and Procedure of the Pennsylvania Public Utility Commission (“Commission”), 52 Pa. Code §§ 5.51(a) and 5.71(a)(1). In support of this Notice of Intervention and Protest, the OSBA avers as follows:

1. The 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 interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

Daniel G. Asmus, Esq.
Assistant Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831 (fax)
dasmus@pa.gov

3. On December 4, 2015, a Joint Application (“Application”) was filed by Pike County Light and Power Company (“Pike”), Corning Natural Gas Holding Corporation (“Corning”) and Orange and Rockland Utilities, Inc. (“Orange and Rockland”) seeking certificates of public convenience as well as all approvals which may be required from the Commission with respect to the proposed sale of Pike by Orange and Rockland to Corning. (Application, at ¶ 1)

4. Pike, the Pennsylvania-based public utility to be sold in this transaction, is a wholly-owned subsidiary of seller, Orange and Rockland, a New York-based corporation which also owns Rockland Electric Company, a New Jersey public utility. The buyer, Corning, is a New York-based holding company which owns several natural gas distribution companies in New York and Pennsylvania, including a share of Leatherstocking Gas Company, LLC, which serves customers in Bradford and Susquehanna counties. (Application at ¶¶ 5-7)

5. Pike and Orange and Rockland are members of the New York Independent System Operator (“NYISO”). (Application at ¶ 8) Pike has no employees, but rather obtains the facilities and workforce necessary to operate its distribution systems from Orange and Rockland. (Application at ¶9)

6. The proposed transaction would transfer all of the issued and outstanding shares of Pike's common stock to Corning in exchange for a payment to Orange and Rockland of \$13.117 million. Corning will assume all of Pike's outstanding \$3.2 million in bonds. Upon closing of the transaction, Corning will own 100% of Pike. The Application details the proposed members of the Board of Directors and Officers of Pike. (Application at ¶¶ 10-11)

7. The Application avers that the proposed transaction will not affect the continued regulation and oversight of Pike by the Commission and that the change in control would be seamless with respect to Pike's retail customers. (Application at ¶¶ 12-13)

8. This Protest is filed against the Application of Pike, Orange and Rockland and Corning ("Applicants") for all approvals which may be required from the Commission for the purchase of Pike from Orange and Rockland by Corning. After preliminary review of the materials filed by Applicants in support of the Application, the OSBA believes, and therefore avers, that those materials may be insufficient to justify the proposed transaction; do not demonstrate any affirmative public benefit; and may be unjust, unreasonable, and otherwise contrary to law.

9. Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), allows the Commission to issue a certificate of public convenience for a proposed acquisition or merger only upon a finding or determination that the granting of such certificate is "necessary or proper for the service, accommodation, convenience, or safety of the public." Satisfying this standard requires the Commission to find that the proposed acquisition or merger would "affirmatively promote the 'service, accommodation, convenience, or safety of the public' in some substantial way." City of York v. Pennsylvania Public Utility Commission, 449 Pa. 136, 141, 295 A.2d 825, 828 (Pa.

1972). In addition, Section 1103(a) allows the Commission to impose upon its issuance of a certificate of public convenience "such conditions as it may deem to be just and reasonable."

10. Based upon preliminary review, the Application raises certain issues of concern that may require the Commission to reject the proposed transaction or to approve it only after imposing conditions. These issues include:

- a. Whether transferring ownership of a Pennsylvania electric and gas distribution company to an entity which is solely a natural gas holding company would be consistent with Commission policy and in the public interest; and
- b. Whether ratepayers would benefit from the combination of the companies

The foregoing concerns are discussed in more detail below. However, the OSBA reserves the right to pursue any additional issues which arise throughout the proceeding.

11. The proposed transaction would result in the transfer of the ultimate control of a Pennsylvania public utility which is primarily an electric distribution company (Pike does also provide natural gas distribution services to retail customers, but that portion of its operation is much smaller than its electric distribution operation) to an entity, Corning, which is described in the Application as a holding company which owns companies which are solely involved in the distribution and transmission of natural gas in (primarily) New York and, on a much smaller scale, Pennsylvania. (Application, at ¶ 6)

12. In Paragraphs 18-28 of the Application, the Applicants set forth the qualifications which purportedly make Corning technically, legally and financially “fit” to own and operate Pike under the oversight and regulation of the Pennsylvania Public Utility Commission. While there may be legal and/or financial “fitness” questions that arise in this proceeding, at this time the OSBA is primarily concerned with the “technical fitness” of Corning to own and operate Pike.

13. Paragraph 27 of the Application states, in part, “[Corning] owns regulated utilities in Pennsylvania and New York and has a distinguished history of providing utility service to rural areas.” What this statement and subsequent explanations fail to address is the fact that none of this “distinguished history of providing utility service” involves electric distribution companies. In fact, the Application completely fails to address how and in what ways a natural gas holding company is technically qualified to own and operate an electric distribution company. According to its own Application, Corning has zero experience in running an electric distribution company. Giving control of Pike to a company with no experience in managing electric utilities may ultimately be detrimental to the small business and commercial customers of Pike.

14. Paragraphs 35 and 36 of the Application reference Section 2210(a)(1) of the Public Utility Code, 66 Pa.C.S. § 2210(a)(1), which mandates Commission consideration of the likelihood of discriminatory or anticompetitive conduct resulting from the proposed transaction. While it does not seem likely that this transaction would prevent Pike’s retail customers from obtaining the benefits of competition, this issue will bear further review as this case proceeds.

15. Paragraphs 41-50 reference the Commission’s mandate that there be affirmative public benefits that result from the proposed transaction. Most of the items discussed pertain to gas service only, not electric distribution service. Since Pike has roughly four times as many

electric distribution service customers as it does natural gas distribution customers, the omission of any substantive discussion of the benefits to electric customers is more than a mere oversight – it may indicate that Corning, as a natural gas holding company, really is not in tune with the needs and problems of electric customers. The discussion in Paragraphs 51-52 of lack of adverse effects is simply verbiage – a lack of adverse effects cannot be used as an affirmative benefit in the analysis before the Commission.

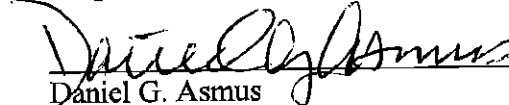
16. The Applicants state, without providing any support, that the small size of Pike and prevailing economic conditions (whatever those two terms mean) warrant an expedited review and decision concerning the proposed transaction. (Application ¶ 56) The OSBA points out that this Application has not yet been formally investigated by the Commission and may not be able to be adequately evaluated in the four months (from publication of the Notice in the Pennsylvania Bulletin) requested. Furthermore, the Applicants have given no reason for the request for expedited consideration and approval other than vague “small size of Pike and prevailing economic conditions.” (Application at ¶ 56) The fact that the entities seeking approval of a sale of a public utility have set an expedited internal schedule does not obligate the Commission to rubber stamp the Application.

WHEREFORE, the Office of Small Business Advocate respectfully requests that the Commission conduct a full investigation, including evidentiary hearings, regarding the Application. Upon completion of that investigation, the OSBA further requests that the Commission:

1. Reject the Application unless the Commission finds that the proposed transaction is in the public interest; provides substantial, affirmative benefits to customers; and complies with the Public Utility Code.

2. In the alternative, impose such terms and conditions upon approval of the Application as are necessary to ensure that the proposed transaction is in the public interest; provides substantial, affirmative benefits to customers; and complies with the Public Utility Code.

Respectfully submitted,



Daniel G. Asmus
Assistant Small Business Advocate
Attorney I.D. No. 83789

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)

Date: December 23, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**In re: Joint Application of Pike County Light :
And Power Company, Corning Natural Gas :
Holding Corporation and Orange and Rockland :
Utilities, Inc. for a Certificate or Certificates of :
Public Convenience Evidencing the Pennsylvania :
Public Utility Commission's Approval of the :
Transfer by Sale of 100% of the Issued and :
Outstanding Stock of Pike County Light and :
Power Company, a Public Utility Providing : **Docket No. A-2015-2517111**
Natural Gas and Electric Distribution Service in :
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Utilities, Inc. to Buyer Corning Natural Gas :
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Certificates, and All Other Approvals or :
Certificates Appropriate, Customary or :
Necessary Under the Public Utility Code to :
Carry Out the Transactions Described in the :
Application.**

**PUBLIC STATEMENT OF SMALL BUSINESS ADVOCATE
CONCERNING THE INTEREST OF SMALL BUSINESS CONSUMERS
TO BE PROTECTED BY THE FILING OF A NOTICE OF INTERVENTION
AT DOCKET NO. A-2015-2517111**

The Small Business Advocate is authorized and directed to represent the interest of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 ("Act"). The Act further provides that the Small Business Advocate is to issue publicly a written statement setting forth the specific interest of small business consumers to be protected by the intervention in any proceeding involving those interests before the Public Utility Commission ("Commission"). This public statement relates to the filing today by the Small Business Advocate of a Notice of Intervention and Protest in the proceeding involving the sale of Pike County Light and Power Company ("Pike") by Orange and Rockland Utilities, Inc. to Corning Natural Gas Holding Corp.

The Office of Small Business Advocate (“OSBA”) is concerned that the sale of Pike to a natural gas holding company with no experience in operating an electrical distribution company may not be in the best interest of the small business customers taking electrical distribution service from Pike.

Therefore, the OSBA has filed a Notice of Intervention and Protest in this proceeding to assure that the interests of the small business customers served by Pike are adequately represented and protected. The OSBA will participate in this proceeding to the extent necessary to identify and advance any issues that are important to small business consumers who would be affected by the proposed acquisition.

Date: December 23, 2015

**BEFORE THE
PUBLIC UTILITY COMMISSION**

**Joint Application of Pike County Light :
and Power Company, buyer Corning :
Natural Gas Holding Corporation and :
Orange and Rockland Utilities, Inc. for : Docket No. A-2015-2517111
Transfer by Sale of 100% of the Issued :
and Outstanding Stock of Pike County :
Light and Power Company :**

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or first-class mail (unless other noted below) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Charles E. Rainey, Jr.
Chief Administrative Law Judge
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
crainey@pa.gov
(E-mail and Hand Delivery)

Tanya J. McCloskey
Acting Consumer Advocate
Office of Consumer Advocate
555 Walnut Street - 5th Floor
Harrisburg, PA 17101-1923
tmccloskey@paoca.org
(E-mail and Hand Delivery)

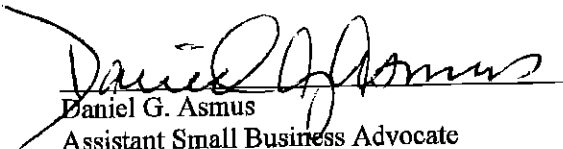
Johnnie Simms, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265
JOSIMMS@pa.gov
(E-mail and Hand Delivery)

John J. Gallagher, Esquire
711 Forrest Road
Harrisburg, PA 17112
jgallagher@jglawpa.com

John L. Carley, Esquire
Consolidated Edison Company, Inc.
4 Irving Place, Room 1815-S
New York, New York 10003
carleyj@coned.com

Thomas J. Sniscak, Esquire
William E. Lehman, Esquire
Whitney E. Snyder, Esquire
Hawke, McKeon & Sniscak, LLP
100 North 10th Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
welchman@hmslegal.com
wesnyder@hmslegal.com

DATE: December 23, 2015


Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789