

July 3, 2007

**VIA HAND DELIVERY**

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

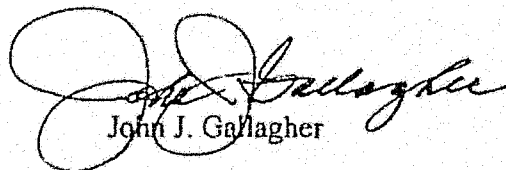
**Re: County of Pike v. Pike County Light & Power Company  
Docket Nos.: C-20065942, et al. (Consolidated)**

Dear Mr. McNulty:

Enclosed for filing please find an original and three (3) copies of the Joint Petition for Settlement along with the Appendices and Statements in Support concerning the above-referenced matter.

Please date-stamp this letter and return with our courier service. Please feel free to call with any questions regarding this filing. Thank you in advance for your cooperation.

Sincerely,

  
John J. Gallagher

/clj

Enclosure

c: As Per Certificate of Service  
James P. Melia, Esq. (w/enc.)  
John L. Carley, Esq. (w/enc.)  
James O'Brien (w/enc.)

BEFORE THE PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

COUNTY OF PIKE, et al.

Complainants

v.

PIKE COUNTY LIGHT & POWER COMPANY,

Respondent

Docket No. C - 20065942, et al.  
(Consolidated)

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CERTIFICATE OF SERVICE

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I hereby certify that I have this day served a true copy of the Petition to Reopen Record upon the participants, listed below, in accordance with the requirements of Section 1.54 of the PUC's Regulations, 52 Pa. Code § 1.54 (relating to service by a participant).

**BY HAND DELIVERY**

The Honorable Ember S. Jandebaur, ALJ  
Pennsylvania Public Utility Commission  
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Scranton, PA 18503

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Respectfully submitted,



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Dated: July 3, 2007

Counsel for PCL&P

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

County of Pike, et al.,

Complainants,

v.

Docket No.: C-20065942, et al.  
(consolidated)

Pike County Light & Power Company,

Respondents.

**JOINT PETITION FOR SETTLEMENT**

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To the Honorable Commissioners of the Public Utility Commission:

Pursuant to Section 5.232 of the Pennsylvania Public Utility Commission's ("Commission") regulations, 52 Pa. Code § 5.232, Pike County Light & Power Company ("PCL&P" or the "Company"), the Formal Complainants: County of Pike, Delaware Valley School District, Richard Snyder, Samall Properties, Inc , Hotel Fauchere, LLC, Three Lane Utilities Corp., Community Building Projects LLC and Altec Lansing Technologies, Inc., (collectively, "Joint Petitioners" or "Settlement Parties" ), hereby submit this Joint Petition for Settlement ("Joint Petition" or "Settlement Petition"), in the above-captioned proceeding. The Joint Petitioners seek Commission approval of the Joint Petition, and in support of same, aver the following:

**A. BACKGROUND.**

1. The above-captioned proceeding was commenced by the filing of a number of Formal Complaints by customers in PCL&P's service territory. The County of Pike filed its initial Complaint on February 24, 2006 (and an Amended Complaint on July 12, 2006). In all, approximately 50 Formal Complaints were filed with the Commission representing both

residential and commercial customers.. Of that number, approximately 40 Formal Complainants remain as active parties in this proceeding.

2. The Formal Complainants alleged, among other things, that the rates charged by PCL&P, effective January 1, 2006, resulting from the October 2005 Commission-approved auction process were not just and reasonable and that the service provided by PCL&P was not safe and adequate.

3. Principal Complainants participating in this proceeding include County of Pike, Delaware Valley School District, Samall Properties Inc., Hotel Fauchere LLC, Three Lane Utilities Corp., Community Building Projects LLC and Altec Lansing Technologies. The remaining active individual Complainants are Peter P. Kenny, John W. Dalton and Joseph Fretta.

4. PCL&P filed Answers to all the Formal Complaints and denied all the Complainants' substantive allegations.

5. In addition to the parties to the Settlement Petition, the Office of Consumer Advocate ("OCA") and the Office of Small Business Advocate ("OSBA") intervened and actively participated in the proceeding (collectively, "Public Advocates").

6. The matter was assigned to the Honorable Ember S. Jandebaur, Administrative Law Judge, for hearing and disposition. Prehearing conferences were held in this matter on August 3 and 22, 2007. At those conferences, ALJ Jandebaur formally dismissed some of the Formal Complaints and consolidated the remainder of the Formal Complaints for the purposes of hearing. By Interim Order dated September 19, 2006, ALJ Jandebaur recognized a number of

Complaints as withdrawn and designated a number of additional Complainants as inactive. On October 23, 2006, Direct Energy was joined as indispensable party.

7. Following the disposition of a motion to dismiss, extensive written discovery and exchange of information between the Company, the Formal Complainants, the Public Advocates and other Complainants, ALJ Jandebour presided over a number of hearings, including two public input sessions on October 4, 2006, evidentiary hearings for Formal Complainants on November 6, 2006 and evidentiary hearings for expert witnesses on January 16, 17 and 19, 2007. Following the close of evidentiary hearings, the Parties filed main and reply briefs on February 12 and 26, 2007 respectively.

8. In accordance with the Commission's Policy Statement encouraging negotiated settlement of contested proceedings, 52 Pa. Code §§ 5.231 and 69.391, the Settlement Parties engaged in negotiations to attempt to settle the instant dispute.

9. The referenced settlement discussions resulted in this Joint Petition for Settlement, which proposes a resolution of all outstanding issues in this proceeding, as set forth below.

**B. SETTLEMENT TERMS.**

The terms and conditions comprising this Joint Petition are as follows:

1. Rates.

a. The Settlement Parties recognize that the generation rates charged to PCL&P customers since the termination of rate caps for PCL&P in December 2005 have been the genesis of this current controversy. PCL&P has proposed in its filing, docketed

at P-00072245, a default service plan to serve its customers whereby PCL&P proposes to use a web-based declining price auction (subject to a Commission-approved ceiling price) to set the prices for its initial POLR needs for three calendar years (2008-2010) ("PCL&P Proposal"). As part of this process, PCL&P intends to combine its load with the electric load of its parent Company, Orange and Rockland Utilities, Inc. for this auction. The Settlement Parties agree that the PCL&P Proposal provides the potential for lower generation rates with greater stability in the future than does the purchase of generation supply in the more volatile spot market. The Settlement Parties request that the Commission adopt the PCL&P Proposal and further request that the Settlement in this proceeding be considered concurrently with the Final Decision in PCL&P's default service plan case at P-00072245.

2. Service.

a. Vegetation Management Activities.

The Company will reduce its tree trimming cycle from four years to three years and will seek to deploy more intense vegetation management, which could include ground to sky trimming and tree removal, in key areas as deemed appropriate by the Company. These key areas will likely focus on the Company's Line 7 mainline facilities. The Company will also endeavor to investigate and determine, to the extent necessary, what additional vegetation management may be required in the Cummins Hill Road section of its service territory. The County will facilitate the Company's tree-trimming activities with the Shade Tree Commission of the Borough of Milford and will provide the necessary assistance in coordinating tree-trimming activities with Westfall Township, Milford Township and the Borough of Matamoras.

b. Infrastructure Improvements.

(i) The Company proposes to undertake a series of infrastructure projects in the PCL&P service territory. The Company intends to seek rate relief for these proposed projects, and would require such relief in order to substantially implement the overall proposed plans. These projects are listed in the attached **Appendix A** as short term and long term projects with their respective estimated costs. Also attached as **Appendix B** is a map detailing the location of these projects. The projects proposed are as follows:

(ii) The Company is presently upgrading the sources serving the Port Jervis Substation from 34.5kV to higher capacity 69kV lines. As part of this project, the Company will rebuild and upgrade its existing Port Jervis Substation. These upgrades will improve the source reliability and load serving capability to the two 34.5kV sources that presently serve the PCL&P load. These Port Jervis area improvements are scheduled to be completed by spring of 2009.

(iii) The Company will acquire property, as soon as deemed reasonable and appropriate by the Company, in or near the Borough of Milford for construction of a future area substation to improve reliability to the Borough of Milford. (See **Appendix B**).

(iv) The Company will complete, by spring of 2008, the installation of a redundant path for the head end of Line 7 past the Matamoras Substation, to improve source reliability for this feeder that serves all of the Milford area customers. (See **Appendix B**).

(v) The Company will complete, by the end of 2008, additional improvements to Line 7 which is the main feed into the Borough of Milford, by installing two new distribution automation devices with communications. These improvements can result in smaller numbers of customers being interrupted and faster service restoration when incidents occur. (See Appendix B).

(vi) The Company will build a Milford Substation in or near the Borough of Milford with dedicated distribution feeders for the Milford area. The Company also will commit to constructing a storage shed and maintaining an inventory of certain equipment and supplies, as deemed appropriate by the Company, at this substation site, which may provide the means to facilitate a more timely response to service outages in the Milford area. The Company estimates that this Project will be completed by the end of 2010 assuming all regulatory approvals are received. (See Appendix B).

(vii) The Company will install new 34.5kV feeder that will terminate at the new Milford Substation to provide an alternate and redundant source to this substation provided that an interconnection with PPL is not constructed. The Company estimates that this Project will be completed by the end of 2012 assuming all regulatory approvals are received. (See Appendix B). The County will help to facilitate any local, state or federal approvals that may be necessary to construct the proposed new 34.5kV feeder.

(viii) The Company will build a connection of the distribution feeders between the new Milford Substation and the Matamoras Substation to provide additional tie capability and contingency support on the distribution feeder level.

The Company estimates that this Project will be completed by the end of 2015, assuming all required regulatory approvals are received. (See Appendix B).

(ix) The Company will commit to fully informing the Community Advisory Council of Company plans, cost estimates and timeliness regarding the major capital projects, and will allow for Council input on the feasibility and affordability of these projects on a continuing basis.

3. Customer Relations.

a. The Company will establish a Community Advisory Council which will be comprised of Company and community representatives. The Council's purpose will be to provide an informational forum for two-way communications between the Company and community representatives on behalf of PCL&P customers. The Council will convene initially on a quarterly basis in the Borough of Milford for the purpose of: (1) discussing issues of rates, service and customer relations (including billing issues) affecting the PCL&P service area; (2) providing updates on PCL&P efforts on completing the short and long term projects cited previously; (3) discussing ways of improving communications between PCL&P and the community and the customers; and (4) any other issues deemed of significance by PCL&P and the community representatives. The initial meeting of the Council will be scheduled for the fourth quarter of 2007 on a date acceptable to all members. The initial meeting will not be scheduled prior to the expiration of thirty (30) days following the Commission's Order adopting the Joint Petition. The Community Advisory Council will review and discuss all operations of the Company in Pike County including but not limited to the Company's proposed default service plan, annual summer preparedness plans, planned outage

notification plans, construction plans for short and long term projects and updates regarding PJM and related industry developments. The Company will also provide its Annual Electric Reliability Report to the Community Advisory Council for review and discussion. The Community Advisory Council will be comprised of two members (PCL&P), one member (County of Pike), one rotating member (Borough of Milford, Milford Township, Matamoras Borough, Westfall Township), one member (Delaware Valley School District), one member (small business customer) one member (residential customer) and one member (industrial/ large commercial customer).

b. The Company will meet with the Pike County E.M.S. (fire and police) prior to flood season to discuss emergency response preparation and related issues.

c. The Company will assign an employee to attend and participate in the Pike County Chamber of Commerce and the Tri County Chamber of Commerce.

d. The Company will establish a site by the end of 2008 for a Customer Service Representative to serve in the community to address billing, customer service and other routine issues.

e. The Company will increase employee United Way contributions to \$4,000.00 on an annual basis and will continue to engage in reasonable efforts to increase its community presence.

f. The Company will conduct energy conservation seminars for senior citizens, church groups, small businesses and other designated interest groups on a semi-

annual basis. The frequency, content and target audience of these seminars can be discussed at the Community Advisory Council meetings.

g. The Company will review its billing program for small businesses to determine whether an alternate billing arrangement can be established to coincide with the peak and off-peak business seasons pursuant to the Commission's regulations. The progress and results of this effort will be presented to and discussed at the Community Advisory Council meetings. The Company and the County will then cooperate to disseminate the results of this review to the small business community.

h. The Company is prepared to meet with any customer in order to enter into payment arrangements for outstanding arrears. This provision does not prohibit the Company from utilizing Commission-approved notice and termination procedures when all other efforts to enter into such payment arrangements with the customer fail.

i. The Company will undertake renewed efforts to publicize the availability of LIHEAP funding and will work with the County, senior citizens groups, church organizations and the Community Advisory Council to make such funding available to eligible customers.

j. The Company will cooperate with the Commission in any independent study investigating the cost/benefits of PJM Interconnection. The progress achieved and results obtained in any PJM interconnection investigation shall be shared with the Community Advisory Council.

k. The Company will continue its discussions with PPL and Met Ed regarding an interconnection with one or the other utility. The results of these discussions, including proposed projects, timelines and costs shall be shared with the Community Advisory Council. The Company agrees to provide for review, upon request, cost estimates related to PPL and MetEd interconnections to an agreed-upon third party independent consultant. Cost estimates provided under this subsection shall contain only non-confidential and non-proprietary information. Joint Petitioners agree that such cost estimates cannot be used by any party in any other Commission proceeding, including rate cases, investigations, complaint matters and any other case before the Commission. The cost of any third party independent review, as described above, will be borne by the party requesting such review.

l. The Company will engage in outreach and education efforts with customers for energy saving opportunities for their homes and businesses. The efforts shall include but not be limited to working with the County, Community Advisory Council or other interest groups to publicize the availability of energy saving opportunities through newspapers, TV or radio.

m. The Company will cooperate with the County, Community Advisory Council or other interest group in examining and implementing technologies that result in more efficient use of or lessened reliance on electricity. The Settlement Parties agree that such technology will not be installed until the Company has determined that such technology is consistent with safe electric utility industry practices and will not result in any condition that adversely affects the provision of safe, adequate and reliable service.

### C. RESOLUTION OF PROCEEDING

1. This Settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admission against or prejudice to any positions which any Joint Petitioner might adopt during subsequent litigation, including further litigation in this case if this Settlement is rejected by the Commission or withdrawn by any of the Joint Petitioners as provided below. Joint Petitioners agree that execution of this Joint Petition does not constitute a waiver by the Company of any right to seek rate relief with regard to the short and long term improvement projects delineated in this Joint Petition.

2. This Settlement is conditioned upon the Commission's approval of all terms and conditions contained herein. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Settlement may be withdrawn by any of the Joint Petitioners upon written notice to the Commission and all parties within five business days, and in such event, this Settlement shall be of no force and effect. In the event that the Commission does not approve the Settlement or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to request that the proceeding be resumed for the preparation of an Initial Decision and the filing of Exceptions and Reply Exceptions.

3. If the Presiding Administrative Law Judge, in her Initial Decision, recommends that the Commission adopt the Joint Petition as herein proposed, the Settlement Parties agree to waive the filing of Exceptions. However, the Settlement Parties do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters, proposed by the Administrative Law Judge in her Initial Decision. The

Joint Petitioners reserve the right to file Reply Exceptions to any Exceptions which may be filed.

4. The Settlement Parties recognize that, upon Commission approval, this Settlement is binding on all Formal Complainants who do not oppose the Joint Petition. A copy of this Joint Petition and the attached Appendices hereto, including Statements in Support by PCL&P and the Joint Petitioners, will be made available to all Formal Complainants in this proceeding with information setting forth their rights to support, oppose and comment on this proposed Joint Petition prior to Commission approval.


5. This Joint Petition shall become effective immediately upon the entry of a Final Order by the Commission ratifying and accepting this Joint Petition in its entirety without modification.

6. The Settlement Parties agree that this Joint Petition shall not constitute or be cited as controlling precedent in this or any other jurisdiction.

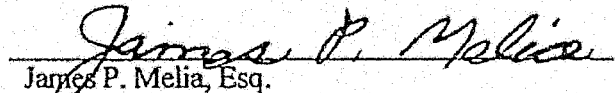
7. The Settlement Parties submit that approval of this Joint Petition is in the public interest. In recognition of the Commission's policy in favor of seeking negotiated settlements to contested proceedings, the Settlement Parties have reached an amicable resolution to this dispute as embodied in this Joint Petition. Approval of this Joint Petition will permit the Commission and the Settlement Parties to avoid incurring the time, expense, and uncertainty of further litigation. *See*, 52 Pa. Code § 69.391.

WHEREFORE, the Settlement Parties respectfully request that the Commission approve the Terms and Conditions in the Joint Petition proposed herein in their entirety and grant any such relief as it deems appropriate.

Respectfully submitted,

  
\_\_\_\_\_  
John J. Gallagher, Esq.  
SAUL EWING LLP  
2 North 2<sup>nd</sup> Street, 7<sup>th</sup> Floor  
Harrisburg, PA 17101

Counsel for Pike County Light & Power  
Company

  
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School District, Richard Snyder, Samall  
Properties, Inc.; Three Lane Utilities Corp.,  
Hotel Fauchere LLC, Community Building  
Projects LLC and Altec Lansing Technologies

Dated: 7/3/07

Dated: 7/3/07

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# Appendix A

## APPENDIX A

### Infrastructure Projects

#### I. Short Term Projects

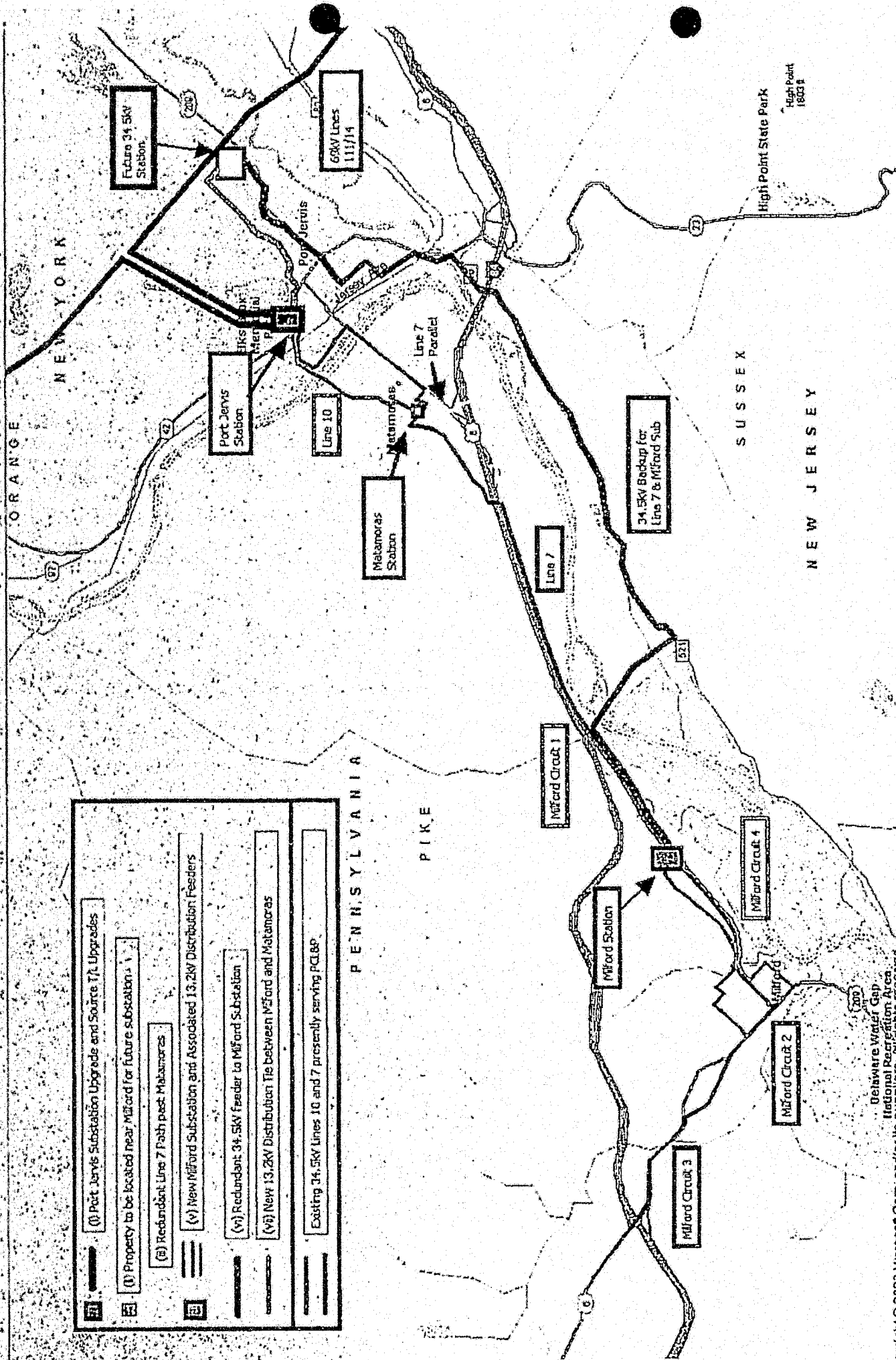
1. Acquisition of property for the future construction of substation in the Borough of Milford.  
Cost: \$700,000 to \$1.5 million  
Timeframe: Late 2007 or early 2008
2. Construction of redundant path for the head of Line 7.  
Cost: \$470,000  
Timeframe: spring 2008
3. Installation of two new distribution automation devices with communications on Line 7.  
Cost: \$100,000  
Timeframe: end of 2008

#### II. Long Term Projects

1. Construction of substation in the Borough of Milford.  
Cost: \$6,000,000  
Timeframe: 2010
2. Construction of new expenses 34.5kV feeder (River Road).  
Cost: \$5,900,000  
Timeframe: 2012
3. Construction of a connection of the distribution feeders between the New Milford Substation and the Matamoras Substation (various projects).  
Cost: \$5,400,000  
Timeframe: end of 2015
4. Upgrading the sources serving the Port Jervis Substation from 34.5 kV to higher capacity 69 kV lines  
Timeframe: spring 2009

## **Appendix B**

|  |   |
|--|---|
|  | (1) Port Jervis Substation Upgrade and Source T/L Upgrades            |
|  | (2) Property to be located near Milford for future substation         |
|  | (3) Redundant Line 7 Path past Matamoras                              |
|  | (4) New Milford Substation and Associated 13.2KV Distribution Feeders |
|  | (5) Redundant 34.5KV Feeder to Milford Substation                     |
|  | (6) New 13.2KV Distribution Tie between Milford and Matamoras         |
|  | Existing 14.5KV Lines 10 and 7 presently serving PCL&P                |



APPENDIX B

# Appendix C

**BEFORE THE PENNSYLVANIA  
PUBLIC UTILITY COMMISSION**

County of Pike, et al.,

Complainants,

v.

Docket No.: C-20065942, et al.  
(consolidated)

Pike County Light & Power Company,

Respondents.

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**STATEMENT ON BEHALF OF  
PIKE COUNTY LIGHT & POWER COMPANY  
IN SUPPORT OF  
THE JOINT PETITION FOR SETTLEMENT**

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**I. INTRODUCTION**

Pike County Light & Power Company ("PCL&P"), respectfully submits this Statement In Support of the Joint Petition for Settlement ("Joint Petition"), together with Formal Complainants, County of Pike, Delaware Valley School District, Richard Snyder, Samall Properties, Inc., Hotel Fauchere, LLC, Three Lane Utilities Corp., Community Building Projects LLC and Altec Lansing Technologies, Inc., (collectively, "Joint Petitioners"). The Joint Petition, if approved without modification, will permit PCL&P to implement a number of significant measures to address many of the issues and concerns raised by the Formal Complainants in this matter.

The Settlement set forth in the Joint Petition was achieved after an extensive process that included months of discovery, public input hearings and evidentiary hearings, the filing of briefs and wide-ranging discussions between the Joint Petitioners and other interested parties in the case. The Joint Petitioners met and engaged in meaningful settlement discussions to seek an amicable resolution of the issues in the case. The parties met in person and communicated by

telephone and electronic mail to discuss their respective positions and to explore ways to reconcile any disagreements. The Petition for Settlement is the result of these discussions

PCL&P respectfully requests that presiding Administrative Law Judge Ember S. Jandebour recommend approval, without modification, of the Joint Petition to the Commission. The basis for recommending Commission approval of the settlement achieved by the Joint Petitioners is fully explained in the Joint Petition and is also supported by the factors set forth below.

## II. SUPPORTING FACTORS

The Settlement is the result of extensive negotiations and reflects compromises by all the Settlement Parties. PCL&P submits that the Settlement is in the public interest for the following reasons:

1. PCL&P retains its obligation to be the Provider of Last Resort ("POLR") for customers in its Pike County territory. The Company's POLR obligation requires it to procure power for its customers on the power market and charge market-based rates for electricity. The rates that PCL&P has charged since January 1, 2006 gave rise to the Formal Complaints in this matter, and the Company has submitted a default service plan to the Commission to procure power to serve customers after January 1, 2008 and beyond. *See*, Docket No. P-00072245. The Joint Petition addresses the rate issues raised in the instant case by acknowledging that the Commission will establish electric generation rates going forward in the PCL&P POLR proceeding (Docket No. P-00072245). The Joint Petitioners request that the Commission approve the combination of PCL&P's load with that of its affiliate Orange and Rockland Utilities, Inc. and the implementation of an auction that is expected to produce lower and more stable generation rates for PCL&P customers. The Joint Petition is in the public interest because

the Settlement Parties have agreed to support the Company's proposal in the PCL&P POLR proceeding as a way to address the rate issues in this matter with the expectation that the customers will benefit from generation rates that are likely to be lower and more stable than present default service rates.

2. The Company has agreed to undertake an improved vegetation management program, including the reduction of its tree-trimming cycle from four years to three years. The vegetation management enhancements will focus on the Company's Line 7 mainline facilities and other areas in the system where the added effort is likely to yield the most improvements in service reliability. These commitments in the Joint Petition address specific service and reliability concerns expressed by Formal Complainants in this matter and approval of Joint Settlement containing these provisions is in the public interest.

3. As part of the Joint Petition, PCL&P is making significant commitments to a number of capital projects that will improve overall service to customers in Pike County. These projects include, but are not limited to: (a) upgrades to sources serving the Company's Port Jervis substation, (b) construction of a future area substation in Milford with a redundant source feeder, (c) installation of a redundant path for the head end of Line 7 past the Matamoras substation, (d) installation of new distribution automation devices on Line 7 in Milford, (e) construction of a storage facility for equipment and supplies to facilitate PCL&P's response to outages, (f) construction of a distribution feeder connection between the Milford and Matamoras substations. These improvements to the distribution system are in the public interest.

4. PCL&P has agreed to establish a Community Advisory Council made up of Company and community representatives to serve as a forum for communication between the Company and its customers. The Council will meet quarterly to discuss rate, reliability and

customer relations issues and to discuss ways to improve overall service in the Pike County territory. The creation of the Community Advisory Council addresses specific concerns presented by the Formal Complaints in this proceeding who felt that the Company was not sufficiently responsive to their inquiries and complaints. Establishment of the Council is in the public interest.

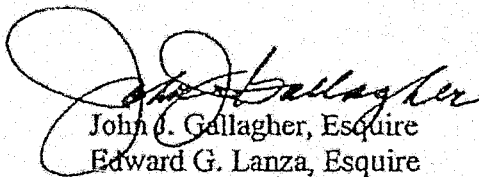
5. The Joint Petition provides other provisions that provide other benefits to PCL&P customers and the Pike County community in general. These commitments include: (a) better communication between the Company and emergency personnel to discuss flood response, (b) greater Company participation with the local chambers of commerce, (c) the establishment of a customer service presence in the community to address billing and customer service issues, (d) increased contributions to local charities, (e) the implementation of energy conservation seminars for key groups in the community and outreach and education for customers regarding energy savings and efficiency, (f) review of alternative billing arrangements for small business customers that may benefit from peak and off-peak season differences in consumption, (g) meeting with customers to establish payment arrangements for outstanding arrears, (h) enhanced publicity for LIHEAP program, (i) cooperation with the Commission in any independent study of the cost/benefits of a PJM interconnection, and (j) continued discussions with PPL and MetEd regarding interconnection. These additional commitments provide significant benefits to PCL&P customers and the community as a whole, and are therefore, in the public interest.

6. Finally, the Joint Petition is consistent with the Commission's policy to encourage settlements, and it obviates the need for further administrative and possible appellate proceedings, thereby resulting in substantial savings to the Joint Petitioners and to PCL&P's customers.

### III. CONCLUSION

For all of the foregoing reasons, and for the reasons set forth in the Petition for Settlement, PCL&P respectfully requests that Administrative Law Judge Amber Jandebour recommend approval of the Joint Petition and that the Commission approve the same.

Respectfully submitted,



John J. Gallagher, Esquire  
Edward G. Lanza, Esquire  
SAUL EWING, LLP  
2 North 2<sup>nd</sup> Street, 7<sup>th</sup> Floor  
Harrisburg, PA 17101

Counsel for PCL&P

Date: July 3, 2007

134238 1

## **Appendix D**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

|                                    |   |                                |
|------------------------------------|---|--------------------------------|
| County of Pike, et al.,            | : |                                |
| Complainants                       | : |                                |
|                                    | : |                                |
| v.                                 | : | Docket No. C-20065942, et seq. |
|                                    | : | (Consolidated)                 |
| Pike County Light & Power Company, | : |                                |
| Respondent                         | : |                                |

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**STATEMENT IN SUPPORT OF  
COUNTY OF PIKE, DELAWARE VALLEY SCHOOL DISTRICT,  
SAMALL PROPERTIES, INC., HOTEL FAUCHERE, LLC,  
THREE LANE UTILITIES CORP., COMMUNITY BUILDING PROJECTS, LLC,  
AND ALTEC LANSING TECHNOLOGIES, INC.**

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AND NOW COMES, County of Pike, Delaware Valley School District, Samall Properties, Inc., Hotel Fauchere, LLC, Three Lane Utilities Corp., Community Building Projects, LLC, and Altec Lansing Technologies, Inc. ("Complainants") and herein file their Statement in Support for the Joint Petition for Settlement filed herein in the above captioned complaint proceeding.

**I. INTRODUCTION**

The above listed Complainants herein file their Statement in Support of the Joint Petition for Settlement filed between the foregoing Complainants and Pike County Light & Power Company ("PCLP"). Complainants actively participated in the foregoing complaint proceedings in all aspects of pleadings, discovery, litigation, briefing and subsequent settlement discussions. The complaints, filed in early 2006, were associated with retail rates effective January 1, 2006 charged by PCLP resulting from

the Commission-approved auction process which occurred in October 2005. The substance of the complaints filed by the above listed Complainants, as well as a large number of individual residential and business customers, were that: (i) the rates were unjust and unreasonable; (ii) service provided by PCLP had been consistently deficient and was not safe and adequate under provisions of the Public Utility Code; and (iii) customer service was not safe, adequate nor consistent with the requirements of the Public Utility Code. At the close of the record, Complainants and PCLP engaged in settlement discussions which have given rise to the instant Joint Petition for Settlement.

The Complainants request the Commission consider and adopt the terms and conditions of the Joint Petition for Settlement as a first step in moving forward toward achieving a more fair and equitable means of setting rates for the PCLP retail service territory as well as moving forward on improvements in both service and customer relations. The Complainants also request that the terms and conditions of this Joint Petition be considered in conjunction with the Commission's disposition of PCLP's Default Service Implementation Plan which is docketed at P-00072245.

## **II. RATE ISSUES**

The parties to this Joint Petition have agreed to a modification in how the generation component of rates charged to PCLP customers will be determined. The Joint Petition recognizes PCLP's proposal to use a web-based declining price auction (subject to a Commission-approved ceiling price) to set prices for its initial POLR needs for three calendar years (2008-2010). The Complainants believe that PCLP's proposal to combine its load with the electric load of its parent company, Orange & Rockland Utilities, Inc., for this auction represents a better procedure for achieving reasonably

priced retail rates for PCLP customers. Complainants further agree that this "roll in" proposal provides the potential for lower generation rates with greater stability in the future than does the purchase of generation supply more volatile spot market. Because the proposed resolution in this Joint Petition is dependent upon, in part, the Commission's resolution of the proceeding at Docket No. P-00072245, the Complainants request that the foregoing Joint Petition be considered in tandem with the Commission's deliberation in the proceeding at Docket No. P-00072245 to ensure that the proposed "roll in" procedure is given complete consideration.

### **III. SERVICE**

The parties to the Joint Petition have agreed to a number of short term and long term infrastructure improvements which the parties believe will lead to an improvement in the quality of service to PCLP service territory. These provisions are detailed in Appendix A and are depicted in Appendix B to this Joint Petition.

The Complainants are committed to work with PCLP in jointly evaluating the feasibility and costs of these proposed improvements in an effort to determine whether PCLP customers desire to bear the additional distribution rate increases which will be associated with these improvements. The Joint Petition provides a vehicle by which parties to the Joint Petition can jointly monitor and provide input on the process of implementing these upgrades from both an engineering and regulatory perspective.

### **IV. CUSTOMER SERVICE**

The parties have also proposed a number of steps which will improve communication between the customer base and PCLP which has been a cause of many of the problems experienced in the past with the utility. The cornerstone of these

customer service improvements is the creation of a Community Advisory Council ("CAC") that will provide an informational forum for two-way communications between PCLP and community representatives on a regular basis. The CAC will provide a forum for addressing a number of issues including: (i) issues of rates, service and customer relations (including billing issues) affecting the PCLP service area; (ii) providing updates on PCLP efforts on completing short and long term projects cited previously; (iii) discussing ways of improving communications between PCLP, the community and customers; and (iv) any other issues deemed of significance by PCLP and community representatives. In addition, the CAC is being structured in a way as to provide maximum representation among various interest groups in the PCLP service territory.

There are a number of other provisions detailed in the Joint Petition that will allow the community and PCLP to disseminate to the customer base various initiatives and funding opportunities for energy conservation as well as dissemination of information regarding budget billing, smart metering and other technology-based mechanisms that enable customers to minimize their energy use.

Additionally, PCLP will continue to examine the potential for interconnection with the PJM through continuation of ongoing discussions with PPL Electric Utilities and Metropolitan Edison Company. Results of these discussions will be made available to members of the CAC to allow them to do the necessary cost benefit analysis to evaluate whether interconnection with PJM makes sense in light of improvements which have been committed to by PCLP to the existing distribution system.

## V. ONGOING PARTICIPATION


Complainants recognize that the foregoing settlement will not be an isolated event as is normally the case in the settlement of regulatory filings. The Joint Petition attempts to establish a mechanism wherein the community, including residential and business customers, can engage in ongoing dialog with PCLP on issues of rates, service and customer relations. Additionally, PCLP is committed to making certain improvements in conjunction with the County and other interested parties. The Complainants further commit to cooperating with PCLP in making the terms and conditions of this Joint Petition a success. Additionally, the Complainants recognize that it will have available to it the ability to seek Commission enforcement in the event PCLP fails to live up to any of the conditions in the Joint Petition.

## VI. CONCLUSION

WHEREFORE, for all of the foregoing reasons, the above listed Complainants respectfully request that the Administrative Law Judge and the Commission approve the terms and conditions of the Joint Petition for Settlement in their entirety with regard to rates, service and customer relations, additionally, the Complainants urge the Commission, in its deliberations on this Joint Petition, to be aware of and coordinate its deliberations with its consideration of the ALJ decision and exceptions/reply exceptions at the PCLP Default Service Implementation Plan at Docket No. P-00072245.

Respectfully submitted,

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Counsel for County of Pike  
Delaware Valley School District,  
Small Properties, Inc., Hotel  
Fauchere, LLC, Three Lane  
Utilities Corp., Community  
Building Projects, LLC, and Altec  
Lansing Technologies, Inc.

Dated: July 2, 2007

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

COUNTY OF PIKE

v.

PIKE COUNTY LIGHT &  
POWER COMPANY

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Docket No. C-20065942

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COMMENTS OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE  
IN RESPONSE TO JOINT PETITION FOR SETTLEMENT

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

For: William R. Lloyd, Jr.  
Small Business Advocate  
Attorney ID No. 16452

Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

Dated: July 12, 2007

## PROCEDURAL HISTORY

On January 1, 2006, the customers of Pike County Light & Power Company ("PCL&P" or "the Company") experienced a significant increase in generation rates based upon the results of the Company's Provider of Last Resort ("POLR") auction, which was held in October of 2005. In response to these rate increases, the County of Pike ("County") filed a Complaint in February 2006 (and an Amended Complaint in July 2006) at this docket. That Complaint opposed Pike's rate increase and alleged, *inter alia*, that the rate increase constituted an unfair burden upon budgets that were already in place prior to the increase's taking effect.

The Office of Small Business Advocate ("OSBA") and the Office of Consumer Advocate ("OCA") intervened in the case. Direct Energy Services, LLC ("Direct") was joined as an indispensable party. Approximately 40 Formal Complaints were also filed by individuals and businesses in the PCL&P service territory.

The case was assigned to Administrative Law Judge ("ALJ") Ember S. Jandebeur, who consolidated the Complaints and interventions at Docket No. C-20065942, *et al.*

After extensive litigation, including multiple days of evidentiary hearings and the filing of Briefs and Reply Briefs, several of the parties have reached a non-unanimous settlement. The two statutory parties to the case, the OSBA and OCA, as well as Direct, are not signatories to the Joint Petition for Settlement ("Petition"). To be certain that its position with respect to the Petition is made part of the record, the OSBA files the following Comments on the Petition in accordance with 52 Pa. Code §5.232.

## COMMENTS

The settling parties have filed their Petition pursuant to 52 Pa. Code §§5.232 and §5.41. As a party to the underlying proceeding, the OSBA is permitted, pursuant to 52 Pa. Code §5.232(c), to comment on the proposed settlement.

### Section B(1)—Rates

As an initial matter, the averments in Section B(1)(a) of the Petition should be ignored. There is no basis for considering the settlement in this case concurrently with the final decision in the provider of last resort ("POLR") proceeding at Docket No. P-00072245.

The POLR proceeding is an entirely different proceeding from this case. Aside from PCL&P, none of the settling parties in this case were parties in the POLR proceeding, although they could have intervened had they chosen to do so. The records in the two cases are entirely different. Furthermore, the Commission has placed the POLR matter on the schedule for decision at the Public Meeting to be held on July 25, 2007.

The OSBA notes that PCL&P's proposed default service plan, espoused by the settling parties in Section B(1)(a), met with opposition from every other party to the POLR proceeding at Docket No. P-00072245. Moreover, the A.I.J. in that proceeding, in his Recommended Decision, soundly rejected both the proposed plan and its rationale. What PCL&P proposed in that case (and is attempting to bring into this case) is a default service plan that contains the very same fundamental flaw as the disastrous 2005 auction that led to the instant litigation. Specifically, the Company proposed to secure all of its default service load for 2008 and part of its default service load for 2009 and 2010 through a single-point-in-time auction during the hurricane season in the fall of this year.

Not only is the Company's POLR proposal an invitation to repeat what happened in 2005, but it is also inconsistent with the Commission's policy. Specifically, in the discussion section of its final form default service regulations, the Commission expressly stated that it "discourages the practice of procuring all needed supply for a period of service at a single point in time."<sup>1</sup>

Ultimately, the decision in the POLR proceeding should not be influenced by the desires of the Company and several non-parties set forth in a settlement document in an entirely different case, particularly when that settlement document does not represent the consensus of all the parties. Therefore, the OSBA opposes Section B(1)(a) of the Petition and hereby reserves its right to address the POLR issue as it may arise in this or any other proceeding.

#### Section B(2)—Service

Section B(2) of the Petition addresses issues relating to PCL&P's service. Furthermore, Appendix A lists various proposed Infrastructure Projects. As listed in Appendix A, these projects will cost at least \$18.5 million and will be carried out over a number of years. While it is not clear exactly how PCL&P plans to pay for all of these projects, indications are that it would require an increase in distribution rates to be borne by PCL&P's ratepayers.

In Appendix D to the Petition (the Complainants' Statement in Support for the Petition), the Complainants state that they "are committed to work with PCLP in jointly evaluating the feasibility and costs of these proposed improvements in an effort to determine whether PCLP customers desire to bear the additional distribution rate increases which will be associated with

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<sup>1</sup> *Rulemaking Re Electric Distribution Companies' Obligation to Serve Retail Customers at the Conclusion of the Transition Period Pursuant to 65 Pa. C.S. §2807(e)(2)*, Docket No. L-00040169 (Final Rulemaking Order entered May 10, 2007) at 5.

these improvements.”<sup>2</sup> Based on this statement, it does not appear that the settling parties have committed to anything more than the joint exploration of various infrastructure improvements and their costs, and an effort to determine if the ratepayers are willing to bear the costs involved. In short, the Complainants’ Statement in Support is quite different from the terms of the Petition, which states that the Company “proposes to undertake a series of infrastructure projects” and “intends to seek rate relief for these proposed projects.”<sup>3</sup>

Regardless of how this seeming inconsistency is resolved, the OSBA reserves its right to challenge any future distribution rate increase and its right to challenge recovery of any costs which may not have been prudent.

Respectfully submitted,

---

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

For:  
William R. Lloyd, Jr.  
Small Business Advocate  
Attorney ID No. 16452

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Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)

Dated: July 12, 2007

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<sup>2</sup> Petition, Appendix D at 3.

<sup>3</sup> Petition at 5, Section B(2)(b)(i).

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

COUNTY OF PIKE

v.

PIKE COUNTY LIGHT &  
POWER COMPANY

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Docket No. C-20065942

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COMMENTS OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE  
IN RESPONSE TO JOINT PETITION FOR SETTLEMENT

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

For: William R. Lloyd, Jr.  
Small Business Advocate  
Attorney ID No. 16452

Office of Small Business Advocate  
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The Office of Small Business Advocate ("OSBA") and the Office of Consumer Advocate ("OCA") intervened in the case. Direct Energy Services, LLC ("Direct") was joined as an indispensable party. Approximately 40 Formal Complaints were also filed by individuals and businesses in the PCL&P service territory.

The case was assigned to Administrative Law Judge ("ALJ") Ember S. Jandebour, who consolidated the Complaints and interventions at Docket No. C-20065942, *et al.*

After extensive litigation, including multiple days of evidentiary hearings and the filing of Briefs and Reply Briefs, several of the parties have reached a non-unanimous settlement. The two statutory parties to the case, the OSBA and OCA, as well as Direct, are not signatories to the Joint Petition for Settlement ("Petition"). To be certain that its position with respect to the Petition is made part of the record, the OSBA files the following Comments on the Petition in accordance with 52 Pa. Code §5 232.

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Ultimately, the decision in the POLR proceeding should not be influenced by the desires of the Company and several non-parties set forth in a settlement document in an entirely different case, particularly when that settlement document does not represent the consensus of all the parties. Therefore, the OSBA opposes Section B(1)(a) of the Petition and hereby reserves its right to address the POLR issue as it may arise in this or any other proceeding.

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these improvements.”<sup>2</sup> Based on this statement, it does not appear that the settling parties have committed to anything more than the joint exploration of various infrastructure improvements and their costs, and an effort to determine if the ratepayers are willing to bear the costs involved. In short, the Complainants’ Statement in Support is quite different from the terms of the Petition, which states that the Company “proposes to undertake a series of infrastructure projects” and “intends to seek rate relief for these proposed projects.”<sup>3</sup>

Regardless of how this seeming inconsistency is resolved, the OSBA reserves its right to challenge any future distribution rate increase and its right to challenge recovery of any costs which may not have been prudent.

Respectfully submitted,

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Daniel G. Asmus, Esquire  
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Dated: July 12, 2007

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<sup>2</sup> Petition, Appendix D at 3.

<sup>3</sup> Petition at 5, Section B(2)(b)(i).



## OFFICE OF CONSUMER ADVOCATE

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IRWINA POPOWSKY  
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July 20, 2007

James J. McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

RE: County of Pike  
v.  
Pike County Light & Power Company  
Docket No. C-20065942, et al.

Dear Secretary McNulty:

Enclosed for filing are an original and fifteen (15) copies of the Comments of the Office of Consumer Advocate, in the above-referenced proceeding.

Copies have been served on the parties of record as indicated on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Aron J. Beatty".

Aron J. Beatty  
Assistant Consumer Advocate  
PA Attorney I.D. # 86625

Enclosures

cc: Honorable Ember S. Jandebaur  
All parties of record

00094893 DOC

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

County of Pike :  
 :  
 v. : Docket No. C-20065942  
 :  
 Pike County Light & Power Company :

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COMMENTS ON JOINT PETITION FOR SETTLEMENT  
OF THE OFFICE OF CONSUMER ADVOCATE

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I. INTRODUCTION

On July 3, 2007, the County of Pike (County) and Pike County Light & Power (PCL&P or Company) filed a Joint Petition For Settlement, resolving all issues pertaining to the County's Formal Complaint at Docket Number C-20065942. Through its Complaint, the County sought relief to rate, reliability and customer service issues pertaining to service provided by the Company. Numerous other Pike County customers also filed formal complaints against the Company on these issues. The Office of Consumer Advocate (OCA) intervened in the County's Complaint proceeding.<sup>1</sup>

The OCA supports the County's position with regard to the proposed settlement and will work with the County to help ensure that the Company fulfills its

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<sup>1</sup> In the course of the proceeding, Administrative Law Judge Ember S. Jandebaur consolidated the Formal Complaint of the County with the various other Complaints filed against the Company in early 2006. In the prehearing conference held on August 3, ALJ Jandebaur stated "I did not handle the 50 Complainants as a Joinder under Section 5.23. I very carefully, in the order that allows this to be consolidated, consolidated it for purposes of hearing." August 3 Tr. at 99. The Office of Consumer Advocate files these Comments with regard to the County's Complaint, which is the Formal Complaint docket in which the OCA filed its Notice of Intervention.

commitments under the settlement. The proposed settlement directly addresses two out of the three concerns raised by the County in its Complaint – poor reliability and inadequate customer service. The prospective default service rate issues are to be addressed through the pending Default Service Plan proceeding, in which the OCA is an active participant. The settlement, however, does contain commitments by the Company to continue to examine an interconnection with the PJM Regional Transmission Organization. The OCA has advocated the interconnection of PCL&P with PJM as a potential means to stabilize rates at levels consistent with other Pennsylvania utilities.

As the Commission is aware from the record in this proceedings and other Commission proceedings, at the time of the County's Complaint, the relationship between PCL&P, the County, and customers had reached an extraordinarily low point. In addition to the rate shock that customers experienced on January 1, 2006, customers repeatedly expressed outrage over the Company's poor reliability and customer service. See, OCA Main Brief, at 41-51. The OCA submits that the settlement's proposed resolution of the significant reliability and customer service concerns in an amicable manner will go a long way toward repairing the broken relationship that now exists. The Company has committed to refocus its efforts on its Pennsylvania operation in a manner that should benefit the entire Pike County community. Additionally, the Company's continued efforts to seek solutions to its rate issues will help ensure that customers are not forgotten in future default generation service proceedings. Accordingly, the OCA supports the resolution of the County's Formal Complaint through the Joint Petition.

## II. SETTLEMENT BENEFITS

The OCA submits that the proposed settlement will benefit PCL&P customers with regard to reliability and customer service issues. A common complaint lodged by numerous parties and customers who testified at the Public Input hearings in the consolidated Complaint proceeding is that PCL&P, being a wholly owned subsidiary of Orange and Rockland Utilities, Inc., and ultimately a subsidiary of Con Ed, was an afterthought in its parent companies' operations. The Company's lack of any physical presence, such as a customer service office or the stationing of service crews, in Pennsylvania, the length of outage restoration times as crews moved from New York into the service territory, the abysmal notice process used with regard to the January 1, 2006 rate increase, and the lack of adequate notice with regard to planned outages, resulted in poor customer relations and, in the view of many customers, poor or inadequate customer service.

Through the amicable resolution of this proceeding under the proposed settlement, the parties can begin to resolve the problems that led to the current strained relationship. Under the settlement, PCL&P has committed to rectify this situation and repair its relations with the community it serves through an increase in its community presence, the pursuit of reliability enhancements, and a greater corporate focus on the needs of Pike County residents. In addition, the settlement will require PCL&P to review additional default service rate options, such as the interconnection with PJM, when establishing rates. Each of these commitments will help restore the lost confidence in the Company that so many customers have expressed to the Commission.

While the OCA proposed a forced sale of PCL&P to a neighboring New Jersey rural co-op as a means of resolving the many valid concerns raised by the County and other customers, the OCA acknowledges that such an extraordinary remedy might not be necessary if the Company in fact follows through on the good faith commitments it has made to the County in this proposed settlement. The OCA applauds the actions of the Pike County Commissioners both in bringing these important matters to the PUC's attention and for their willingness to give the Company an opportunity to try to resolve some of these concerns at this time. The OCA will monitor the progress of the settlement commitments on behalf of all PCL&P customers to ensure that those commitments are implemented.

#### **Customer Service**

Under the settlement, the Company will commit much needed resources to customer service initiatives in the Pike County service territory. First, the Company has agreed to establish a customer service site in Pike County that is readily accessible to customers. Currently, PCL&P does not operate any customer service centers in Pennsylvania. If the settlement is approved, the Company has agreed to establish a location in its service territory where customers can have billing and other issues addressed in person.

In addition, under the settlement the Company will establish a "Community Advisory Council" to improve communications between the Company and its customers. The Council will meet quarterly, providing customers an opportunity to express its concerns, through community representatives, with rates and service on a continuing basis. Under the settlement, community representatives will have a venue to

express concerns directly to PCL&P management and employees on the broad array of issues that have been addressed by both Formal Complainants and Public Input witnesses throughout this consolidated proceeding.

The proposed settlement includes other customer service and community relations initiatives that should help repair the Company's relations with its customers and restore confidence in the Company. For example, the Company has committed to meet with emergency personnel to discuss emergency response preparedness, with a particular emphasis on flood issues that impact the region. Also, the Company has committed to become more active in the Pike County Chamber of Commerce. PCL&P has also committed to increase charitable giving in the community.

The ability to amicably resolve customer service issues is a major step toward restoring a working relationship between the Company and its customers. Under the settlement, PCL&P should no longer be an afterthought in the operations of its larger affiliates. The OCA encourages all parties to continue in good faith the progress that the proposed settlement represents for the customers of PCL&P. The OCA is committed to working with the parties in these continuing efforts.

#### Reliability Issues

Another key concern of customers was the frequency and duration of service outages. Under the terms of the settlement, the Company will take several actions to improve service reliability. The settlement envisions immediate efforts to improve reliability through an enhanced tree trimming program, and short-term infrastructure improvements. In addition, the settlement outlines long-term projects that would

improve the sourcing of power in the service territory and bring long-term reliability benefits to customers.

The Company has committed to significantly increase tree trimming activity by reducing the intervals between trimming work from four years to three years. The Company also commits to deploy more intense tree trimming, including "ground to sky" clearances where appropriate. Tree contact with distribution facilities is a key contributor to poor reliability in the PCL&P service territory and the settlement takes a major step toward addressing this concern. Importantly, the Company has agreed to work with local community organizations to help ensure that increases in tree trimming are done in a way that protects local aesthetic interests.

The settlement also commits the Company to make specific efforts to determine whether additional measures must be undertaken to ensure reliability in the Cummins Hill Road section of its service territory. As the record in this proceeding demonstrated, this area has seen an extraordinary number of power outages. PCL&P St 2 at 27. The OCA submits that efforts by the Company to focus on the reliability problems on Cummins Hill Road are needed, and strongly supports this provision in the settlement. The OCA intends to monitor these and other commitments by the Company to ensure that actual improvements result from these commitments.

The settlement also recognizes that long-term reliability issues need to be addressed. Through the settlement, the Company has committed to a series of short-term and longer-term infrastructure improvements. See, Joint Petition, Appendix A. Of particular importance, PCL&P has committed to make improvements to the main distribution line that feeds the service territory as early as spring of 2008.

The settlement also envisions major infrastructure improvements, including the construction of a Milford substation and the maintenance of a storage facility for equipment and supplies in the Milford community for the purpose of reducing outage durations. Pike County has the fastest growth rate of any county in Pennsylvania, growth that could further strain existing infrastructure and hinder reliability. PCL&P, through the settlement, has recognized the need for long-term infrastructure improvements which will, in part, support the further development of the County. The OCA supports the County's efforts to identify the needed improvements and to work with the Company to ensure the appropriate development of the infrastructure. The OCA would note, of course, that issues regarding appropriate rate recovery for the projects will be addressed through future base rate proceedings and the ratemaking process.

The OCA submits that the reliability provisions of the settlement are an important step in rectifying the reliability problems identified on the record of this proceeding. The measures should result in service to all customers that is more reliable than in the recent past, and that will continue to improve as the infrastructure projects are completed.

#### Rate Issues

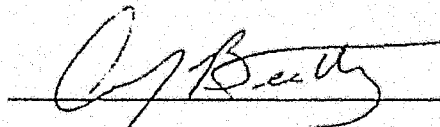
The proposed settlement recognizes that immediate future default generation rates will be determined in the separate ongoing proceeding before the Commission. The Company has agreed, however, to further investigate the possible interconnection of its service territory with the PJM Regional Transmission Organization. Currently, PCL&P is part of the New York Independent System Operator's wholesale markets. As detailed in the testimony of OCA witness Kahal on this issue, the New York

ISO market, particularly the zone in which PCL&P takes service, has been priced higher than PJM. Under the settlement, PCL&P will continue discussions with PPL and Met-Ed, both PJM utilities, regarding possible interconnection of the utilities. In addition, PCL&P will make the results of these discussions, including the proposed projects, timelines and costs, known to the Community Advisory Council.

### III. CONCLUSION

For the reasons detailed above, the Office of Consumer Advocate supports the resolution of the County of Pike's Formal Complaint through the proposed settlement.

Respectfully Submitted,



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July 20, 2007  
00094847

CERTIFICATE OF SERVICE

County of Pike :  
 :  
 v. : Docket No. C-20065942, *et al.*  
 :  
 Pike County Light & Power Company :

I hereby certify that I have this day served a true copy of the foregoing document, the Comments of the Office of Consumer Advocate, 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 20<sup>th</sup> day of July 2007.

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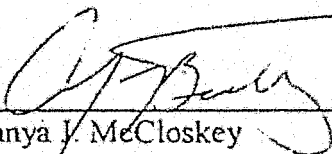
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207 Pond Drive  
Matamoras, PA 18336  
July 23, 2007

Ember S. Jandebaur, ALJ  
Public Utility Commission, Room 317  
100 Lackawanna Avenue  
Scranton, PA 18503

Dear ALJ Jandebaur:

Here it is July 2007 and we are still at the issue of Settlement by Counsels for Large Users Group and Pike County Light and Power (PCL&P) Electric Company.

I dread the final outcome if settlement is approved or allowed. Despite the fact that settlement is encouraged in this environment, I also fear the consequences of seeing much, much higher rates for PCL&P electric customers in the eastern Pike County area to pay for investments that were NOT made in past years. I, for one should not need to be "punished" along with other PCL&P electric customers simply because our electric supplier (PCL&P/O&R/Con-Ed) made no concerted effort to maintain or invest monies that they now are offering to invest according to the current Settlement Proposals. These are great ideas but will cost us electric customers more than our fare share simply because investments were not begun sooner. This is wrong. While I seem to be opposed, I am in part simply because I do not wish to see that one hundred percent (100%) of the funds required be placed as one hundred percent (100%) upon us rate payers.

If investments had begun some years in our past, then the consortium of PCL&P, O&R (Orange & Rockland) and Con-Ed (Con Edison) should eat the initial cost, and then be allowed to charge the usual rate(s) had the aforementioned, or initial investment been implemented.

Furthermore, I disagree with a section in the Joint Petition for Settlement at A. Background, paragraph 4 in which it states: "PCL&P filed Answers to all (of) the Formal Complaints and denied all (of) the Complainants' substantive allegations." I find this absurd. The record speaks for itself with those testimonies given on various dates.

I testified in another rate case matter on March 29, 2007 and offered testimony expressing concern about the time frame; the three year length of the rate period;

and offered suggestions. I believe that changing from the calendar year to a different rate period of July 1, 20(x) to June 30, 20(x+1), and July 1, 20(x+1) to June 30, 20(x+2) is the best for any rate payer and allows us rate payers to escape from the grasp of the hurricane season(s) in order for us to have best electric rate choice(s)/option(s).

Returning to the Joint Petition for Settlement, Mr. Peter Kenny said it correctly in his July 13, 2007 letter where he sees more litigation in the future. So do I.

Respectfully,

John W. Dalton, Jr.  
Complainant  
Complaint Docket No. C-20066481

July 13, 2007

The Honorable Ember S. Jandebour, ALJ  
Pennsylvania Public Utility Commission  
317 State Office Building  
100 Lakawanna Avenue  
Scranton, PA 18503

Re: County of Pike, et al v. Pike County Light & Power Company  
Docket Nos. C-20065942, et al. (Consolidated)

Your Honor:

I am an individual consumer of electricity, a customer of Pike County Light & Power Company ("PCLP") and an active Complainant in the captioned consolidated proceedings pending before Your Honor.

I regret I am unable to participate in the telephone conference scheduled for Monday, July 16, 2007 at 8:30am, regarding the "Joint Petition For Settlement", dated July 3, 2007 ( the "Proposed Settlement), executed by John J. Gallagher, Esq. of Saul Ewing LLP, counsel for PCLP, and James P. Melia, Esq. of Kirkpatrick & Lockhart Preston Gates Ellis, LLP, counsel for County of Pike, Delaware Valley School District, Samall Properties, Inc., Hotel Fauchere, LLC, Three Lane Utilities Corp., Community Building Projects, LLC and Altec Lansing Technologies, Inc. (collectively "Large Consumers").

I respectfully take this opportunity to apprise Your Honor and, hopefully, the Pennsylvania Public Utility Commission ("PUC"), of the background and effect of the Proposed Settlement.

Unfortunately, the parties executing the Proposed Settlement failed to allow for any meaningful participation in the preparation thereof by or on behalf of any of the more than 4,000 individual consumers who currently must rely upon PCLP for electricity. Indeed, the Proposed Settlement document itself has no provision for execution by such individual consumers, even those who, like myself, are active Complainants in the captioned proceedings. Yet, the Proposed Settlement would "settle the instant case" assuming concurrence therein by the PUC and Your Honor. ( See Proposed Settlement "C. RESOLUTION OF PROCEEDING.").

While the Proposed Settlement purports to meet some of the Large Consumers' objections to the long history of PCLP's maladroit electric supply to the subject area - in an effort to relieve the Large Consumers' fears of service interruption and resulting expensive damage to machinery - (see Settlement Agreement "2. Service ... b. Infrastructure Improvements"), it pays nothing more than lip service in addressing the objections of the more than individual consumers to PCLP's continued bad performance. (See Proposed Settlement "2. Service. a. Vegetation Management Activities." ) Indeed,

even the limited undertakings of PCLP in the Proposed Settlement are couched in such ill defined performance terms as to be of little or no worth. (If I may observe, these performance terms and \$2.00 would get an electric consumer on any subway in New York City.)

Further, the claim that PCLP's "intent to combine its load with the electric load of [O & R]" as part of PCLP's "proposal" to use a web-based declining price auction to set prices for its initial POLR needs for (2008-2010) is similarly ill defined and, as such, of little or no worth. (See Settlement Proposal "B. SETTLEMENT TERMS 1. Rates.")

More important, such a proposal - even if ever augmented - only serves to continue the true genesis of this current controversy and the essential problem that every consumer in PCLP's area faces, namely,

PCLP's customers will be condemned to use electric power acquired from O&R's suppliers when other vendors are known to be available, able and willing to obtain a supply of electric power for PCLP's customers at significantly lower costs than PCLP - bundled with O&R - will be able to obtain.

I respectfully request Your Honor and the PUC to be mindful of this essential problem and to craft a remedy which will relieve every consumer in the subject area of continued dependence upon PCLP, a mere jot in Consolidated Edison's scheme of things. Consumers deserve much better than PCLP has consistently given.

The Proposed Settlement, at best, merely addresses relatively minor (albeit worthy of remedy) irritants, if PCLP's settlement proposals are ever augmented. Bearing in mind the extensive history of PCLP's extraordinary lack of concern for its customers and its past broken promises to the PUC, I believe PCLP's settlement proposals will be the subject of more litigation in the not distant future.

Respectfully,

Peter P. Kenny  
Complainant in No. C-20066546  
(570) 409-8206