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FROM 10776

(CONTINUING C-20065942)

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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

Pages 1 - 153 Day Two

DOCUMENT
FOLDER

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Hearing Room 318
100 Lackawanna Avenue
Scranton, PA 18503

Tuesday, January 17, 2007
Commencing at 10:00 a.m.

BEFORE:

EMBER S. JANDEBEUR, Administrative Law Judge

APPEARANCES:

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PA PUBLIC UTILITY COMMISSION
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DANIEL G. ASMUS, Esquire
300 North Third Street
Suite 1102
Commerce Building
Harrisburg, PA 17101
For Office of Small Business Advocate

JIM MELIA, Esquire
17 North Second Street
Harrisburg, PA 17101
For Pike County

REPORTER: KENNETH D. O'HEARN

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APPEARANCES:

ARON J. BEATTY, ESQUIRE
IRWIN A. POPOWSKY, ESQUIRE
JAMES A. MULLINS, ESQUIRE
Pennsylvania Office of Consumer Advocate
Forum Place
555 Walnut Street
Fifth Floor
Harrisburg, PA 17101
For the Pennsylvania Office of Consumer Advocate

JOHN GALLAGHER, Esquire
EDWARD G. LANZA, Esquire
Saul Ewing, LLP
2 North Second Street
7th Floor
Harrisburg, PA 17101
For the Respondent, Pike County Light & Power Company

DEANNE M. O'DELL, ESQUIRE
Wolf, Block, Schorr & Solis-Cohen, L.L.P.
213 Market Street
Ninth Floor
Harrisburg, PA 17108
For Direct Energy

SHELLI L. WHITMER, ESQUIRE
Beecher, Rose & Klemyer
402 Broad Street
Milford, PA 18337
For Pike County

PETER P. KENNY, Pro Se
120 Elena Lane
Milford, PA 18337

JOHN W. DALTON, JR., Pro Se
209 Pond Drive
Matamoras, PA 18336

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P R O C E E D I N G S

JUDGE EMBER S. JANDEBEUR:

This is the second day in the matter of Pike County Light & Power. There are a number of formal Complainants. The Docket as we're referring to it now is C-20065942. And I think we're ready to start with you, Mr. Mullins. Are you handling today for ---?

ATTORNEY MULLINS:

Yes, Your Honor.

JUDGE JANDEBEUR:

Barring anything else, I think we're ready.

ATTORNEY MULLINS:

Thank you. Your Honor, the OCA calls Nancy Brockway to the stand.

JUDGE JANDEBEUR:

Ms. Brockway, would you raise your right hand for me?

NANCY BROCKWAY, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS FOLLOWS:

JUDGE JANDEBEUR:

Thank you. Once again, Mr. Mullins, you weren't here yesterday for realtime court reporting. Would you please have your witnesses each time state their name, spell it, business address so that we get it on the record?

ATTORNEY MULLINS:

Yes, Your Honor.

JUDGE JANDEBEUR:

Thank you.

ATTORNEY MULLINS:

Thank you. Your Honor, I would like to have marked for identification OCA Statement Number Three.

JUDGE JANDEBEUR:

It is pre-marked.

DIRECT EXAMINATION

BY ATTORNEY MULLINS:

Q. Good morning, Ms. Brockway.

A. Good morning.

Q. Ms. Brockway, please state your name and business address for the record.

A. Nancy Brockway, 10 Allen Street, Boston, Massachusetts.

Q. Ms. Brockway, what you have before you is a copy of your prepared, pre-filed Direct testimony in this

case consisting of 36 pages of questions and answers and seven exhibits.

A. Yes, I do.

Q. Was this testimony and were these exhibits prepared by you or under your direct supervision?

A. Yes, they were.

Q. Do you have any additions, corrections or modifications to make to your testimony or exhibits at this time?

A. No.

Q. Are the testimony and exhibits correct to the best of your knowledge, information and belief?

A. Yes.

Q. If I were to ask you these questions today under oath, would your answers be the same?

A. Yes.

ATTORNEY MULLINS:

Your Honor, we ask that Ms. Brockway's testimony, including the attached exhibits, marked for identification as OCA Statement Three be admitted into evidence subject to any timely motions by opposing Counsel.

JUDGE JANDEBEUR:

Any objections?

ATTORNEY GALLAGHER:

No objection.

JUDGE JANDEBEUR:

So admitted.

ATTORNEY MULLINS:

Your Honor, all parties and Your Honor were previously served with copies of Ms. Brockway's testimony and I have provided two copies to the court reporter. At this time, Your Honor, the OCA would like to provide brief oral surrebuttal by Ms. Brockway.

JUDGE JANDEBEUR:

Go ahead.

BY ATTORNEY MULLINS:

Q. Ms. Brockway, are there any points made by the company witnesses in rebuttal to which you would like to respond?

A. Yes. I'd like to respond to some points made by Mr. O'Brien and by Mr. Holtman.

Q. With respect to Mr. O'Brien's evidence about customer complaints, was it the intent of your Direct testimony to criticize the company's customer surveys?

A. No. The intention wasn't to criticize the survey, as Mr. O'Brien characterized it, but rather to point out the limitations of that particular survey, a transactional survey, in telling us, what are the

attitudes of the entire customer base.
Q. Thank you. Ms. Brockway, what is your comment on Mr. O'Brien's argument that it is not credible to say that before the recent price increase, customers tolerated poor service?
A. Mr. O'Brien contradicts himself. On page five of his testimony, he says, as you posed him a question that it's not credible that before the 73-percent price increase, customers were willing to tolerate poor service. On page six, he points himself to the 11-percent drop in Pike customer satisfaction between 2005 and late 2006. And he, himself, says that's a function of the price increase. And I agree with him that a price increase will affect customer satisfaction, and certainly a price increase of this magnitude. So the company had good marks on its transactional survey until the rate hike made the tradeoff intolerable. And the rate hike was the kicker, to use Mr. Forbes' expression.
Q. Ms. Brockway, does the company's proposal to institute Power Switch, as described by Mr. O'Brien, represent a possible solution to the concerns of Pike's customers?
A. No. Power Switch is really a gimmick and not a solution. Pike County Light & Power misses the point,

really, here. We need to keep the focus on the fact that there's a crisis facing the customers of Pike County Light & Power. Their rates are intolerably high. Power Switch is a seven-percent discount off the commodity portion of the current default rate, but only for the first two months when a customer is on Power Switch. And after that, there's no limit on what the alternative supplier can charge. Customers may end up, through inertia, not getting off the rate in time when and if the alternative supplier raises the rates.

It might be argued that competition would keep these rates down, but they're only --- as I understand it, there are only two alternative suppliers that are interested in Power Switch, wanting to be affiliated with Pike. And you still have this underlying structural problem because these suppliers are going to have to take their --- they're going to have to get their supply out of the New York ISO, which, as we've heard, is pretty consistently running 10, 15 percent above the costs of PJM. So you start right out with their costs having to be higher than PJM costs. But here, you have an alternative that would lower rates even further. And Sussex is charging for the commodity portion something under --- something around

six cents, I would say, as opposed to 14 cents on the default supply now. And Mr. Kolling will speak to what little rates we might have to charge. But he would have to add a whole lot of charges into that six cents in order to bring it anywhere near 14 cents or even a little bit off, if you consider PJM.

So putting all these things together, at best, Power Switch doesn't provide any benefit to customers, but certainly not a significant benefit when you compare it to the real alternative that we have here, which is the sale to Sussex.

Q. Thank you. Turning briefly to Mr. Holtman, with respect to the Pennsylvania Alternative Energy Portfolio Standards Act, Mr. Holtman may disagree with your position that PCL&P will be disadvantaged because it's part of the New York ISO PJM. Was Mr. Holtman correct?

A. No, not as I understand this Commission's rulings on Act 213. The Commission has ruled and has confirmed, as I understand it from what I've heard, anyway, and from talking to Counsel, that the New York ISO doesn't constitute an RTO within the meaning of the statute. And the result of that is that Pike can't use credits from any part of its ISO other than Pike County.

ATTORNEY GALLAGHER:

Your Honor, I'm going to have to object. This is legal opinion.

JUDGE JANDEBEUR:

Ms. Brockway, is this your legal opinion?

ATTORNEY GALLAGHER:

I have a problem with Ms. Brockway opining on, number one, Commission actions, Commission rulings and Commission regulations. That's a legal opinion.

JUDGE JANDEBEUR:

No, it's a legal history. She can opine on what she thinks of that history. But a citation is legal history.

ATTORNEY GALLAGHER:

She's opining on the --- any opinion by Counsel is based on history. It's based on precedent. She's not giving facts here. She's giving her opinion as to what the Commission has or has not done. That's a legal opinion.

JUDGE JANDEBEUR:

Okay. And she is an attorney. Why is that a problem for you? Why can't she do both?

ATTORNEY GALLAGHER:

Your Honor, the whole point of testimony

such as this is not to hear legal opinions. That's part of the brief. Witnesses are here to present facts, not legal opinion. It's evidentiary rules.

JUDGE JANDEBEUR:

Okay. I may disagree with you on that. Did I hear something over here, Mr. Mullins?

ATTORNEY MULLINS:

Your Honor, yes. Ms. Brockway's merely providing her interpretation of the operations of the New York ISO versus PJM and what she believes Pike's obligations to be with respect to be with respect to the Alternative Energy Portfolio Standards Act. This is not legal opinion. This is her expert opinion based on her recollection, her information and her research.

JUDGE JANDEBEUR:

John?

ATTORNEY GALLAGHER:

It's still based on legal analysis. And there's a difference.

JUDGE JANDEBEUR:

And I understand the difference. I disagree with you on whether or not Ms. Brockway can testify as to both. She has both legal experience, education, et cetera. She also has hands-on

experience both through Maine, Massachusetts and obviously some Pennsylvania as well. So frankly, you know, Mr. Gallagher, we simply disagree. I'm going to overrule you.

ATTORNEY GALLAGHER:

But Your Honor .

JUDGE JANDEBEUR:

You've preserved it.

ATTORNEY GALLAGHER:

The lawyers here can testify right now. That's not what these hearings are about.

JUDGE JANDEBEUR:

And I understand what you're saying and I disagree with you and I am going to allow Ms. Brockway to --- I don't find it as bright a line as you appear to, but I also fundamentally disagree with your position that she cannot do both. In my opinion, she can do both, and I am going to allow her. You can challenge me on that later with people more important and special than I am. But at this point, I disagree with your take on it.

ATTORNEY GALLAGHER:

That's fine, Your Honor.

JUDGE JANDEBEUR:

If you remember where you were, you can

continue.

A. Thank you, Your Honor. Yes. I was going to say --- I'll leave out as much as possible the question with interpretation of the statute and just say that I believe that Mr. Holtman has it wrong and I believe that he fundamentally doesn't understand the restrictions in Pennsylvania that will apply to him. They are, indeed, more restrictive and that will limit the market to which Pike or any of the suppliers to Pike customers, not just Pike, but any suppliers to its customers, would have to conform to.

ATTORNEY MULLINS:

Thank you, Ms. Brockway. Your Honor, that concludes Ms. Brockway's oral surrebuttal, but she's now available for Cross Examination.

ATTORNEY GALLAGHER:

Thank you.

JUDGE JANDEBEUR:

Mr. Gallagher?

ATTORNEY GALLAGHER:

Your Honor, if we could take two minutes, please?

JUDGE JANDEBEUR:

Off the record for two minutes.

OFF RECORD DISCUSSION

JUDGE JANDEBEUR:

Back on the record. Mr. Gallagher?

ATTORNEY GALLAGHER:

Thank you, Your Honor. Your Honor, based upon our objections to Ms. Brockway's testimony, the matters we've discussed before, we have no questions of Ms. Brockway.

JUDGE JANDEBEUR:

Any additional questions from other Counsel?

ATTORNEY MELIA:

No questions.

JUDGE JANDEBEUR:

And Mr. Dalton? Okay.

MR. DALTON:

No, Your Honor.

JUDGE JANDEBEUR:

Ms. Brockway, I have just one for you. You used the phrase intolerably high. And while I understand just a generic understanding that paying way more than your neighbor is intolerably high, I'm wondering what the basis of that phrase is other than that.

A. I would say that there are two bases in addition to that. For many customers, they can't afford this,

you know. And Your Honor heard the testimony of the individuals with sensitivity to the question that's been raised about --- how much I can rely on these testimonies, I'll just point to the testimony of these individuals who talked about inability to pay their bills. Small businesses talked about inability to keep their business open. So there's an affordability problem. And it's broader than the general --- there's always an affordability problem for low-income customers, but this appears to extend considerably beyond the level of customers who are in poverty to a more general sense of the customers.

The other additional thing I would point to is that we have here an alternative. It would be one thing if there was no reasonable way for any institution, the Commission, any company, any cooperative, any institution to solve the problem for these customers, and it just was stuck in a geographical place that had limitations that could not be overcome. But that's not the case here. So to leave the customers with this high a level of rates when there are alternatives is, to my mind, intolerable.

JUDGE JANDEBEUR:

Okay. Assuming that OCA or the formal

Complainants will not meet the burden of showing that relations with the company and its customers are so abysmal that it must be sold. Assume that they cannot prove that. Then how can you put a company out of business, force them to sell to Sussex?

A. I would distinguish between putting them out of business and forcing them to sell.

JUDGE JANDEBEUR:

Point taken. That's a good one.

A. And I presume that my testimony --- and I don't think anyone has questioned this, that the price to be paid to Con-Edison, the ultimate parent, would be fair. So they wouldn't be --- it wouldn't be a fire sale. They wouldn't be forced to take a loss, obviously. It's simply that the structure of having a New York company owning Pike County with its particular limitations of power supply isn't working for these customers. And there is an alternative that would work for customers. So my argument is to keep the interests of the customers in the forefront. And if it's no harm to Con-Edison, then there should be no reason that Con-Edison could block its ability for customers to get the rate that they can.

JUDGE JANDEBEUR:

Is it your position that the rate that

they are currently paying has been arrived at improperly in any way?

A. No.

JUDGE JANDEBEUR:

Okay. Did that drum up anything additional, Mr. Mullins?

ATTORNEY MULLINS:

Nothing further, Your Honor. Thank you.

JUDGE JANDEBEUR:

Mr. Melia?

ATTORNEY MELIA:

No.

JUDGE JANDEBEUR:

Mr. Dalton?

MR. DALTON:

No.

JUDGE JANDEBEUR:

Mr. Gallagher?

ATTORNEY GALLAGHER:

No.

JUDGE JANDEBEUR:

Thank you, Ms. Brockway. You may step down. Mr. Mullins?

ATTORNEY MULLINS:

Thank you, Your Honor - .

ATTORNEY POPOWSKY:

Can we shuffle the deck a little bit here?

JUDGE JANDEBEUR:

Absolutely. I assume we're calling Mr. Kolling?

ATTORNEY POPOWSKY:

Yes.

JUDGE JANDEBEUR:

You can come on up.

MR. KOLLING:

Would you like me to state my name, ma'am?

JUDGE JANDEBEUR:

No. I'd like you to raise your right hand for me, please.

MR. KOLLING:

All right.

ROBERT KOLLING, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS FOLLOWS:

JUDGE JANDEBEUR:

Thank you, sir. Your attorney will do the rest.

A. Okay.

ATTORNEY POPOWSKY:

Thank you.

DIRECT EXAMINATION

BY ATTORNEY POPOWSKY:

Q. Mr. Kolling, would you please, again, state your name for the record and spell it for the court reporter?

A. Robert Kolling, K-O-L-L-I-N-G. And my address?

Q. I'm sorry. And your business address?

A. 346 State Route 64, Sussex, New Jersey.

Q. Okay. And what is your position?

A. CEO.

Q. You're the CEO of?

A. Sussex Rural Electric.

Q. Okay. And I take it you're not an attorney?

A. No.

Q. You're an engineer; is that correct?

A. That's correct.

Q. Do you have before you a copy of your prepared, pre-filed Direct testimony in this case, consisting of four pages of questions and answers?

A. Yes, I do.

ATTORNEY POPOWSKY:

Your Honor, I'd like to have marked for

identification OCA Statement Four, the Direct testimony of Robert Kolling, on behalf of the Office of Consumer Advocate.

JUDGE JANDEBEUR:

It is pre-marked.

BY ATTORNEY POPOWSKY:

Q. Was this testimony prepared by you or under your direct supervision?

A. Yes, it was.

Q. Do you have any additions, corrections or modifications to make to your testimony at this time?

A. No, I do not.

Q. Is the testimony contained in this document true and correct to the best of your knowledge, information and belief?

A. Yes.

Q. And if I were to ask you these same questions today under oath, would your answers be the same?

A. Yes, they would.

ATTORNEY POPOWSKY:

Your Honor, all parties and Your Honor were previously served with copies of Mr. Kolling's testimony, and I have provided two copies to the court reporter. I would ask that Mr. Kolling's testimony, Statement Number Four, be admitted into evidence

subject to any timely motions by opposing Counsel.

JUDGE JANDEBEUR:

Any objections?

ATTORNEY GALLAGHER:

No objection.

JUDGE JANDEBEUR:

Admitted.

ATTORNEY POPOWSKY:

Thank you, Your Honor. With the Court's permission, I just have a few surrebuttal questions for Mr. Kolling.

JUDGE JANDEBEUR:

Go ahead.

BY ATTORNEY POPOWSKY:

Q. Mr. Kolling, in the rebuttal testimony and at hearings yesterday, Pike County Light & Power has stated that it has serious concerns regarding the reliability --- regarding the ability of Sussex, I'm sorry, the ability of Sussex to provide reliable service to Pike County customers over a 34.5-kilovolt line that you have proposed to construct across the Delaware River from New Jersey. Do you have any response to those concerns?

A. Yeah. I really don't see it as a reliability problem. And the reason for that is because the

existing line that comes out of Branchville, New Jersey, that feeds the Holiday Lakes' substation at Jersey Central is the same line that leaves Branchville substation at Jersey Central and feeds their Sussex substation, that continues on to feed our Sussex substation, and then continues with our own line, our own 34.5, to feed our Wykertown substation, which is flowing about halfway back towards Branchville. We have never had a reliability problem, at least in recent years. Since I've been there, never had a reliability problem with that line to our members. And so I really don't see it as a reliability problem for that line that feeds Holiday Lakes' sub and continuing that line on to Milford. The exposure in miles is almost identical, so I don't see that as a problem. We don't have the outages or the customer complaints because of power supply issues.

Q. Do you believe that there is adequate capacity along that 34.5-kilovolt Jersey Central Power & Light line to serve the Pike load?

A. Yes. And the reason for that is because Jersey Central, we've always worked with them. The lines that they have installed and that we tap off of, it's a conductor size. And the conductor size that feeds

that Holiday Lakes sub has a 30 MVA capacity. If you look at the existing Holiday Lakes sub transformer that's in there, that's a five MVA. If you just equate that out to, you know, 30 megawatts minus five megawatts, kVAs, megawatts, whatever you want, you come up with 25 in additional capacity in that line. The peak of the Pike County Light system is only 19 megawatts. So there is additional capacity there to tie into that.

Q. And under your proposal, how would you expect to utilize the existing interconnection that Pike currently has with New York?

A. Well, the original proposal we kind of envisioned was just taking the breaker that's at the Port Jervis substation on the New York side and that already has metering there, and then just making that an open line and only utilizing, you know, that feed as more of an emergency backfeed source when needed, not to really parallel the two, but just to use as an emergency backup.

Q. And when you say open, you mean open like a drawbridge?

A. Yeah. There'd be --- yes, it's a visual open point between the two electrical systems.

ATTORNEY POPOWSKY:

That's all I have, Your Honor. And Mr. Kolling is available for Cross Examination.

JUDGE JANDEBEUR:

Mr. Gallagher?

ATTORNEY GALLAGHER:

Thank you, Your Honor.

CROSS EXAMINATION

BY ATTORNEY GALLAGHER:

Q. Good morning, Mr. Kolling.

A. Good morning.

Q. My name is John Gallagher. I'm an attorney representing Pike County Light & Power.

A. I saw you in March.

Q. I'm going to refer you to your exhibit that has been marked OCA Statement Number Four. Is this exhibit marked as OCA Statement Number Four, which consists of 3.5 pages, the extent of your testimony?

A. I'm sorry? Does this here ---?

Q. Yes. Is that the extent of your testimony?

A. Yes.

Q. Okay. Referring to page 2, lines 19 through 24, you discuss PREA; do you see that?

A. Yes.

Q. How many seats are on the PREA?

A. Thirteen (13).

Q. Okay. Referring back to page one, when you talk about, at line six, Sussex is a locally-owned and managed, tax-exempt electric utility, do you see that?
A. Uh-huh (yes).
Q. Will Sussex retain its tax-exempt status in Pennsylvania if Sussex acquires PCL&P?
A. Yes, it will. And the --- do you want to know the reason for that?
Q. That's not what I asked.
A. Okay.
Q. Now, on page 2, at line 69, have you prepared any plans or schematics or drawings of this proposed interconnection?
A. Yes. Yes, we --- I think we submitted some last week.
Q. Have you submitted any plans?
A. Oh, plans?
Q. Yes.
A. No, just a one line --- a one-line diagram showing how ---.
Q. So you traced something on a map?
A. Yes, we did.
Q. So you've done no schematics? You have done no reports?
A. Oh, feasibility studies or anything of that

nature?
Q. Yes.
A. No, not at the present.
Q. Have you reviewed --- have you read Mr. Lanzalotta's testimony?
A. Yes.
Q. I'll refer you to page 6, line 24, if you have Mr. Lanzalotta's testimony.
A. I don't have it here in front of me.

ATTORNEY POPOWSKY:

Can I have a moment, Your Honor?

JUDGE JANDEBEUR:

Yes. I have it.

BY ATTORNEY GALLAGHER:

Q. Okay. You have that?
A. Yeah.
Q. In Mr. Lanzalotta's testimony, he indicates that he based his opinion that the Pike System could be hooked up to Sussex with Sussex's 34.5-kV line based upon conversations with you; do you see that?
A. Uh-huh (yes).
Q. Also on page 6, line 29, and page 7, line 5, Mr. Lanzalotta stated that his estimates for the costs and the length of three miles for 34.5-kV lines and associated costs are based upon his conversations with

you.
A. That's correct.
Q. Have you performed any load studies of the proposed Sussex interconnection?
A. No, we have not completed a load study analysis. We're waiting for the PJM to really move this --- if this moves forward and if the company would be willing to talk to us about that, then we would proceed with the load flow analysis and the other facility plans that would be required.
Q. Have you developed a list of the various environmental zoning regulatory permits and approvals that would be required to construct this interconnection?
A. Not at this time, but we have spoke to the Delaware Water Gap Association about what the requirements are going to be. And we have also reviewed the road permits required in New Jersey and Pennsylvania to construct the line along with a right-of-way.
Q. But you haven't developed any comprehensive list of all the environmental zoning and regulatory permits; correct?
A. No, not yet.
Q. Have you prepared any environmental studies or

analyses relating to the interconnection?
A. No.
Q. Now, referring to page two of your testimony, lines nine and ten, you state that you would tie into an existing 34.5-kV line. I believe you already indicated that that is a line owned by Jersey Central Power & Light; correct?
A. That's correct.
Q. Is this JCP&L line a radial feeder?
A. Yes, it is.

ATTORNEY GALLAGHER:

Your Honor, I'm going to refer to a Cross Examination exhibit that we submitted yesterday.

JUDGE JANDEBEUR:

Which one?

ATTORNEY GALLAGHER:

Fifteen (15). It's a map of the Sussex area station locations. Do you have that, Sonny?

ATTORNEY POPOWSKY:

Do you have one for Mr. Kolling?

ATTORNEY GALLAGHER:

Yes. That's the one I was going to use. Did you want me to give that to you?

ATTORNEY POPOWSKY:

Yes, please.

BY ATTORNEY GALLAGHER:

Q. Mr. Kolling, you have in front of you what has been marked PCL&P Cross Examination Exhibit Number 15. Do you have that in front of you?

A. Yes, I do.

Q. Now, looking at that map, Mr. Kolling, can you tell me what the distance is from Branchville to the proposed tap point to the PCL&P system?

A. Oh, from Branchville to the Holiday Lakes sub? Yes. It's ---.

Q. No, no. From Branchville to the tap to the Pike County Light & Power System.

A. Oh. I'd have to scale it off. I mean, it'd be a guess here if you want a guesstimate. The distance?

Q. Yes.

A. Looks like it's going to be 16 miles.

Q. And you are aware that the JCP&L 34.5-kV line extending from Branchville is constructed along Route 206; correct?

A. Yes, that's correct.

Q. Have you met with the JCP&L personnel at the Branchville sub to discuss the capacities and present load of the Branchville lines?

A. No. That is a requirement through PJM, not through Jersey Central, so that's why we've gone

through PJM. PJM will contact JCP&L. So to answer your question, no, we haven't met with JCP&L because it really wouldn't be prudent.

Q. So you would agree then that you're not aware of the present load capacity of the Branchville/Holiday Lakes 34.5-kV line?

A. Only under the capacity that we've worked in the past with JCP&L and the capacity of the conductor that's up there.

Q. But you have no idea as to what that is today?

A. Well, yeah, I have the idea of looking at their existing ---.

Q. You don't have any exact ---?

A. I don't have JCP&L's numbers.

Q. And if you didn't, Mr. Kolling, you wouldn't have to go to PJM for that; would you?

A. For the capacity?

Q. Capacity and the present load.

A. No. It still is proper protocol. We still have to go through PJM.

Q. But you don't know it for a fact; do you?

A. No, I don't know the capacity.

Q. Have you done any analysis or studies to determine whether any additional protection, automation and scatter requirements will be necessary for the Sussex

interconnection?
A. No, only what we would install.
Q. Assuming that O&R does not maintain the interconnection with Sussex, if you are successful in acquiring Pike, do you know the radial distance from Branchville to Matamoras? You can use this map if you'd like.
A. Well, it's going to be roughly what I said earlier, 16 miles probably, plus an additional two miles.
Q. I believe you said it would be 16 miles to Branchville to Milford?
A. To the Milford, yeah. Oh, excuse me. Probably about four miles from Milford to Matamoras.
Q. So what is that?
A. Twenty (20) miles.
Q. Thank you. Now, referring to page two, lines 11 and 12 where you talk about the interconnection of Sussex is technically feasible and economically viable, do you see that?
A. Uh huh (yes).
Q. Have you performed a formal feasibility study to determine the technical feasibility of the proposed interconnection to PCL&P?
A. We have not performed a feasibility study even up

until we really --- like a point we feel the companies can sit down across the table and talk.

Q. Have you performed any studies to determine whether the interconnection is economically feasible?

A. No, not at this point.

Q. Thank you. Referring back to the map again, Mr. Kolling, if the O&R interconnection is discontinued, and the length of line from Branchville to Matamoras is 20 miles --- strike that.

I'd like to refer now to Cross Examination ---.

ATTORNEY GALLAGHER:

Your Honor, can we go off the record for a second?

JUDGE JANDEBEUR:

Off the record.

OFF RECORD DISCUSSION

CONFIDENTIAL PORTION BEGINS

JUDGE JANDEBEUR:

Let's go ahead and go back on the record. Mr. Gallagher?

BY ATTORNEY GALLAGHER:

Q. Mr. Kolling, you have before you what has been marked as PCL&P Cross Examination Exhibit Number 19. Do you see that?

A. Yes.

Q. Now, the responses that you provided are in response to a question by PCL&P in question 21; do you see that?

A. Yes.

Q. And the attachment that you sent along contained two letters that were sent to Con-Ed. Do you see those?

A. Yes.

Q. Can you tell me when you sent your first correspondence to Con-Ed regarding the possible acquisition of Pike?

A. February 24th.

ATTORNEY GALLAGHER:

Your Honor, I'd like to have marked as Cross Exam --- PCL&P Cross Examination Exhibit Number 20, I believe.

(PCL&P Cross Examination Exhibit 20

marked for identification.)

BY ATTORNEY GALLAGHER:

Q. Mr. Kolling, you have before you what has been marked as PCL&P Cross Examination Exhibit Number 20; do you see that?

A. Yes.

Q. That question asks for a description of any and all discussions relating to the possible acquisition of PCL&P; do you see that?

A. Yes.

Q. Now, in that response, you indicated that you met with PUC Commissioner Shane and the staff in early 2006; do you see that?

A. Yes.

Q. Did you meet with Commissioner Shane before or after you wrote the letter that you just described to Con Ed?

A. After.

Q. Can you tell me why you met with Commissioner Shane?

A. Well, that was really not kind of just my doing on that. That was the --- the night before that meeting, a --- I can't remember the employee, a Mr. Brown --- Shane's staff showed up at a legislative meeting of PREA. And the staff of Allegheny was aware that we

had sent this letter. And so what they --- somehow, Mr. Brown was also aware of the consumer complaints of Con-Ed. So consequently, he asked after the board meeting the following day to see Commissioner Shane. And at that time, that's when we said --- I met with the Commissioner.

Q. So it's your position that Mr. Brown is the one that contacted you and requested that you meet with Commissioner Shane?

A. That's correct.

Q. And what was the purpose of your meeting with Commissioner Shane?

A. I think that Commissioner Shane was unaware that we had been trying, through the letter in February --- that we'd been trying to get a response from Con-Ed of their willingness at that time, if they'd be willing to sit down across from the table with us and review the sale of Pike County Light & Power.

Q. Did you meet with any other commissioners to discuss this acquisition?

A. Oh, no.

Q. So it was just happenstance that Mr. Brown happened to meet you at a meeting the night before and request for you to see Commissioner Shane?

ATTORNEY POPOWSKY:

Your Honor, I object. I'm not sure what Counsel ---.

ATTORNEY GALLAGHER:

I don't ---.

JUDGE JANDEBEUR:

Hold on. We need an objection. Just hold.

ATTORNEY POPOWSKY:

I'm not sure how we're to know that it was --- what was in Mr. Brown's mind, whether it was happenstance or not.

JUDGE JANDEBEUR:

What's your objection?

ATTORNEY POPOWSKY:

My objection is I think the question was improper. He's asking him to speculate on what the reason that Mr. Brown attending that meeting was.

JUDGE JANDEBEUR:

I think his question was it was just happenstance, so it's a yes or no answer. I don't think he can know any more than a yes or no answer.

ATTORNEY POPOWSKY:

Okay.

JUDGE JANDEBEUR:

Overruled.

ATTORNEY POPOWSKY:

I'll withdraw the objection.

JUDGE JANDEBEUR:

Did you answer that question?

A. I was getting ready to ask you. I don't ---.

JUDGE JANDEBEUR:

I don't think that you did.

A. Okay.

JUDGE JANDEBEUR:

Did you get an answer to it, Mr. Gallagher?

A. Happenstance? Yes.

BY ATTORNEY GALLAGHER:

Q. Okay. Now, referring back to Cross Examination Exhibit Number 19, I want you to refer to the July 28th letter that you sent to Mr. Hoglund. Do you have that?

A. Yes.

Q. In the middle of the first paragraph, there's a sentence that reads, while others have sought our active involvement in these matters, we have heretofore not taken on an active role in the various investigations and proceedings; do you see that?

A. Yes.

Q. Who are you referring to with regards to others

that have sought your active involvement?
A. Well, I think prior to --- when this letter was created, when we say while others have sought our active involvement, our PREA organization, you know, and their legislative staff had been in contact many times with Sonny and their department, Office of Consumer Advocacy. And they kept coming back to me saying, you know, you're going to have to make a decision here one way or another one of these days whether you want to get involved in this, you know, with the Office of Consumer Advocacy or whether you want to stay out of it. And that's why this letter was presented.
Q. So is it your testimony that the PREA was advocating that Sussex get involved in this?
A. No. I think the PREA staff doesn't advocate. What they do is they just keep us informed as to what's going on in Harrisburg.
Q. I'd like you to turn to your testimony now, page four.

ATTORNEY GALLAGHER:

Your Honor, I would like to have this marked as PCL&P Cross Examination Exhibit Number 21.

JUDGE JANDEBEUR:

It's pre-marked.

(PCL&P Cross Examination Exhibit 21 marked for identification.)

BY ATTORNEY GALLAGHER:

Q. Mr. Kolling, you have in front of you what has been marked as PCL&P Cross Examination Exhibit Number 21; do you have that?

A. Yes.

Q. There PCL&P had requested any analysis that you've done. Have you performed a formal analysis as to your assertion that there will be a 20-percent reduction in current rates for Pike customers?

A. We have done, I mean, you know, back of the envelope analysis.

Q. How about formal analysis?

A. A formal analysis?

Q. Yes.

A. No. I don't know what the prices are.

Q. So you haven't done any analysis other than the back of an envelope analysis?

A. That's correct.

Q. Thank you. Is it your testimony that Sussex is guaranteeing a 20-percent reduction in the current rate for Pike customers in 2008?

A. Yes. We can meet that reduction.

Q. In other words, you're guaranteeing that you will

deliver a 20-percent price reduction in current rates of customers in 2008?

A. Again, based upon what comes back to a sale price that we have to incur. I can tell you if I buy it at a certain price, yes, I can guarantee you 20. I can guarantee you something larger than 20.

Q. So your 20-percent reduction guarantee is based upon an infinite number of variables; isn't it?

A. No, just really one, the sale price.

Q. But that sale price involves a number of variables; wouldn't it?

A. Really sitting down across the table with Con-Ed. That's the biggest part. But yes, once you sit down and you work out a price ---.

Q. But you would agree that those negotiations would involve a number of variables and a number of points, would you not, that have an impact on the price that someone would agree to sell a company?

A. Yes. I think there are variables, but they're all manageable, so we wouldn't continue ---.

Q. Well, how can you say they're manageable?

ATTORNEY POPOWSKY:

Your Honor, ---.

BY ATTORNEY GALLAGHER:

Q. You haven't even ---.

ATTORNEY POPOWSKY:

Your Honor, could I just ask that the witness be permitted to finish his question (sic)? I think he was in the middle of a sentence.

ATTORNEY GALLAGHER:

And as long as he answers my question specifically with a yes or no, what I asked him, I have no problem with that.

ATTORNEY POPOWSKY:

I think he's permitted to give a full --- I think, Your Honor, he's permitted to give a full answer.

ATTORNEY GALLAGHER:

And I agree.

JUDGE JANDEBEUR:

Hold on. So you stop him, Mr. Gallagher, when you feel you've gotten the answer you've wanted. But if it sounds as if he's giving something other than just verbiage, allow him to finish.

ATTORNEY GALLAGHER:

Thank you.

ATTORNEY POPOWSKY:

Thank you, Your Honor.

BY ATTORNEY GALLAGHER:

Q. Now, I believe you stated, Mr. Kolling --- strike

that.

ATTORNEY GALLAGHER:

Your Honor, I'd like to have this marked as PCL&P Cross Examination Exhibit Number ---

JUDGE JANDEBEUR:

Twenty-two (22).

ATTORNEY GALLAGHER:

--- 22.

(PCL&P Cross Examination Exhibit 22 marked for identification.)

BY ATTORNEY GALLAGHER:

Q. Mr. Kolling, you have what has been marked as --- in front of you what has been marked as PCL&P Cross Examination Exhibit Number 22. Do you have that?

A. Yes, I do.

Q. Now, this response was a response to a question with regards to interconnection costs being passed along to PCL&P customers; correct?

A. Yes.

Q. You would agree, wouldn't you, that --- it's your position that Pike customers will pay rates that will include the costs of interconnection as part of their overall rates?

A. That's correct.

Q. Will their rates also reflect the total costs of

the acquisition?
A. Yes, it will.
Q. In fact, no other Sussex customer will pay for any costs except, I believe you stated shared costs for the acquisition or the interconnection or the costs associated with this acquisition; is that correct?
A. That's correct. We'll keep them separate. And we do that presently by providing service also --- we provide electric service to Picatinny Arsenal, a military base in New Jersey. So this isn't --- the bookkeeping, it's not astronomical for us to do so.
Q. And I believe you did indicate that you were authorized by Sussex to testify on their behalf in this proceeding; correct?
A. Yes.
Q. And you were authorized by Sussex Board to appear and present testimony on Sussex's behalf; correct?
A. Yes.
Q. Are the views and opinions expressed in your testimony today your personal opinions or the views and opinions of Sussex?
A. Well, no. They're going to be a representation of what the board's wishes are in the acquisition.
Q. So you would agree that it's your opinion --- not your personal opinions? You are expressing the

opinions of Sussex?
A. I can say when it comes to the acquisition, I'm expressing the board. If you ask me something of an engineering matter, you know, like the capacity of the line that we have out there, you know, or the miles from that, that is going to be my opinion, yes.
Q. So you're not representing the interests of Pennsylvania rate bearers; are you?
A. Well, yes, I am. I'm trying to do what's best for them.
Q. Were you retained by Pennsylvania rate bearers or Pike County rate bearers to represent them?
A. No, I wasn't. But you know, I feel that this acquisition is in Pike County's --- the consumers' best interests.
Q. But essentially, this is in Sussex's best interests; isn't it?
A. It's also in Sussex's best interests, yes.

ATTORNEY GALLAGHER:

Your Honor, if you could give me one minute, I'd like to talk about --- Mr. Kolling's submitted some surrebuttal that I'd like to discuss with my colleagues.

JUDGE JANDEBEUR:

That's fine. We'll take two minutes.

SHORT BREAK TAKEN

JUDGE JANDEBEUR:

Mr. Gallagher?

ATTORNEY GALLAGHER:

Thank you, Your Honor. I have no further questions of Mr. Kolling.

JUDGE JANDEBEUR:

Okay. Anything additional?

ATTORNEY MELIA:

I have some questions for Mr. Kolling.

JUDGE JANDEBEUR:

Go ahead, Mr. Melia.

CROSS EXAMINATION

BY ATTORNEY MELIA:

Q. Good morning, Mr. Kolling. My name is Jim Melia. I'm representing Pike County and some of the other larger customers. My questions are largely looking at the issue of whether or not this acquisition makes any sense versus the other alternatives.

At page four of your testimony, you state that you anticipate a savings in the range of a 20-percent reduction in current rates from the current rates being paid to PCL&P. And you were asked by Mr. Gallagher previously whether you had done any formal studies, and I understand you have not; correct?

A. That's correct.
Q. Do you feel that based on whatever analysis you did perform, that that 20-percent reduction is defensible?
A. Oh, yes, I do.
Q. And would it likely exist into the future?
A. Oh, there's no question that it will continue on. We don't see that as a one-year option or something. It would --- again, you know, that analysis was looking at what, really, our current rate payers are paying at 11 cents and what we feel we have to make in an investment, both interconnection and purchasing a new asset in Pennsylvania and where we can actually come up with easily a 20-percent rate reduction to the customers and then continue it on. I think I also stated in there that we really see, you know, again, over time, the wholesale power costs, you know, between Allegheny and Sussex and Sussex members of a wholesale power council, will come into parity within, you know, at least a five-year period. So all I'm saying there is that to start out with, that membership and the accounting would be totally separate. Then over a period of time, we would treat that membership under the same rate class as we would people in New Jersey with the exception of the taxes

that are going to be paid in New Jersey.
Q. So that analysis, I guess, just so I'm clear, did factor in what you anticipate would be a reasonable price to pay for the PCPL system as well as the cost to interconnect ---
A. That's correct.
Q. --- with the PCPL system? Now, you state at page two of your testimony that the length of the line you envision to interconnect, at least on the New Jersey side, is about 1.1 miles; correct?
A. That's correct.
Q. And then there's, of course, the distance across the river; correct?
A. Uh-huh (yes).
Q. And then there's an additional distance on the Pennsylvania side to interconnect with the PCPL system?
A. Yes. That total distance to tie it to the existing 34.5 in Milford is 2.4 miles. And that 2.4 miles, again, in looking at the requirements to put in that, you know, we stated in the past that it would be $115,000. That's our historical cost for our own line to New Jersey to build 34.5. We have an estimate as high as $150,000 with any additional permits or anything else that's needed. But not seeing any other

regulatory requirements, and other than the Delaware Water Gap and the road permits for that line, we'd be able to --- we can build that 2.4-mile line somewhere in $115,000, $150,000 per mile. So that's added into that overall cost.

Q. And what is the overall cost that you are working from?

A. Well, we feel that the overall wouldn't really exceed $400,000.

Q. And does that take into account current costs for labor and materials?

A. Yes, it does.

Q. Now, you've not done any design or engineering work yet for this interconnection; have you?

A. No, other than --- really no design or engineering of this other than, you know, looking at the existing terrain and talking to, you know, the appropriate agencies about the building of that line and what would be required.

Q. How long would that design and engineering work take?

A. Well, I mean, the design and the engineering and the construction of that line, we would not --- we do not see taking us over six months, and then also looking at the permitting process for the road, for

even across the Delaware Water Gap. There may be an additional length of time that we'll have to work in conjunction with PJM to start that process and talking to them and talking to JCP&L.

Q. So in terms of the permitting, you mentioned road permits. What are those?

A. It's just required to, you know, file where your structure's going to be along the road right-of-way, you know, along a state route.

Q. Now, with regard to the river crossing issue, there are three ways of crossing the river, over the river, under the river, or connecting to the bridge. What option did you think is the most reasonable?

A. Well, the option that we originally took was the aerial option. And again, in talking to people with the Delaware Water Gap, they don't see a problem with that option, even environmental or aesthetic problems. We would probably continue with that option.

Q. Are there any other permitting agencies, state or federal, that you have to go through?

A. No, not that we know of at the present time.

Q. Now, I believe you have stated previously that you pretty much lined up the funding necessary for the acquisition of the system and the interconnection. Who is that through?

A. That's through the National Rural Cooperative Finance Corporation, CFC. It's really our banker, our lender.
Q. And they provide funds to rural electrics across the country?
A. Yeah. I think in my previous letter, we had stated there's a little over $200-some billion in assets. So this company definitely has the clout to help us in this.
Q. And this would be ---?
A. And has funded other projects like this across the country.
Q. And this would be a loan, I take it?
A. Oh, yes.
Q. Are there any other federal, state or local sources of money that you are looking to?
A. No.
Q. Now, this proposed route that you're anticipating the interconnection would be located on, are there any particular topographical or woodland obstacles, vegetative obstacles that you envision?
A. Again, not that we see at the present time, no.
Q. Now, Mr. Regan, who testified here yesterday, he had a different take on the cost estimates for each component of this project. And I wondered if --- have

you had a chance to review that testimony?

A. No, I have not.

ATTORNEY MELIA:

Maybe Counsel could provide him with their copy of it.

BY ATTORNEY MELIA:

Q. You also have a copy of this in PCPL Exhibit Number ---.

ATTORNEY GALLAGHER:

No. Your Honor, we're going past -- way past the surrebuttal here. And you know, I don't see the relevance to this document.

ATTORNEY MELIA:

Well, I'll tell you.

ATTORNEY GALLAGHER:

And it's extremely ---.

JUDGE JANDEBEUR:

You done with your objection?

ATTORNEY GALLAGHER:

Yes.

JUDGE JANDEBEJR:

Mr. Melia?

ATTORNEY MELIA:

Your Honor, what we're trying to do --- obviously, Pike is a major Complainant in this case.

The options that are going to be, you know, examined in this proceeding have a big impact on the future of Milford and the future of the county and many of the customers who are affected. What I would like to explore is, since Mr. Kolling has done a fair amount of work in examining this option, is get his viewpoints on, you know, whether he views the cost estimates provided by the company as reasonable. And I think he's entitled to respond to that.

ATTORNEY GALLAGHER:

And he had every opportunity to do that in surrebuttal, Your Honor, and he did not.

JUDGE JANDEBEUR:

Except that it wasn't Mr. Melia that asked him. That's a slight problem. He could have done it in surrebuttal, but ---.

ATTORNEY GALLAGHER:

It was his Counsel that did it.

JUDGE JANDEBEUR:

I understand that.

ATTORNEY GALLAGHER:

His Counsel limited his surrebuttal to those issues in this case. Mr. Melia has reopened that door and I object to that.

ATTORNEY MELIA:

Well, I'm a separate representative for a separate party.

JUDGE JANDEBEUR:

Well, that's how I see it. I understand what you're saying, Mr. Gallagher, but the problem and the reason that I'm going to overrule your objection is because I, frankly, want to hear it. I have a problem --- I'll leave that. You're overruled. Go ahead, Mr. Melia.

ATTORNEY MELIA:

Mr. Popowsky's going to provide him a copy of Mr. Regan's testimony.

JUDGE JANDEBEUR:

And Mr. Kolling, you haven't reviewed this at all; have you?

A. No.

JUDGE JANDEBEUR:

That's a slight problem.

ATTORNEY MELIA:

I'm only going to have him look at a few specific areas.

JUDGE JANDEBEUR:

Okay.

BY ATTORNEY MELIA:

Q. Mr. Kolling, turn to page nine, beginning at line

23. And if you would review the testimony over to line ten --- or excuse me, page ten, line six.

WITNESS COMPLIES

ATTORNEY GALLAGHER:

Mr. Melia, give me a second.

ATTORNEY MELIA:

Sure.

ATTORNEY GALLAGHER:

What are you referring to? What page?

ATTORNEY MELIA:

Page nine, line 23, over to page ten, line six.

BY ATTORNEY MELIA:

Q. And can you take a look at PCPL Exhibit 15, which is the map that I believe you've had as well?

A. Uh-huh (yes).

Q. Now, in that testimony, is not Mr. Regan opining on what he thinks the route will be that you would be taking to interconnect with PCPL?

A. That's correct. I think when this was created and comments were made, that 17 miles was attaching to our existing line, you know. And I don't know how to --- if you use this map here, the best way is where it says High Point State Park, we have a line that feeds up to that High Point State Park, and we have a 34

line that's down along State Route 23. This was probably --- I know it was based upon us having to build that line all the way through the state park and over across. It wasn't assuming that we were going to tap onto the existing JCP&L lines. So when you see this, you know - and the amounts of line follows pretty much what we have as a historical cross, but you know, when you take 17 miles from that mile line and come up with $2.2 million in incurred costs, we're not going to incur that kind of costs because we're not having to build things in with the line.

Q. Okay. I'd like to direct you to page 11 of Mr. Regan's testimony. Lines 11 --- basically 11 through 13.

JUDGE JANDEBEUR:

I'm sorry. What page, Mr. Melia?

ATTORNEY MELIA:

Page 11, line 11 through 13.

BY ATTORNEY MELIA:

Q. Mr. Regan there is testifying as to the costs of crossing over. You agree with that cost; is that right?

A. No. I mean, that --- that span across that river, you know, may be longer than a normal span length, but it is still just a two-pole structure on one side and

on the other to build that line. I guess if you really wanted to boilerplate it, ---. I mean, I don't know what went into those estimates, you know, but I can tell you that's not our costs.

Q. And finally, this is the last reference --- well, next to last reference. Page 12, lines one through nine of Regan's testimony. I'm just going to ask you to comment on the three costs that are stated there on the ---.

A. To upgrade the existing PCL 34.5 systems to interconnect with the new line is estimated at $350,000. The existing line that's out there today from the Port Jervis substation of Orange & Rockland is beating that existing system, so we're just going to tie into it. And all we're looking at is an open point at that substation. So I don't know where the --- what 34.5 system has to be upgraded from this interconnection when the existing line is feeding into that.

Voltage support costs are estimated at $450,000. If there is a voltage problem that's out there, I can tell you we just purchased three regulators for Picatinny Arsenal at 34.5 and that load is similar to this. That load was a 14 megawatt load, so it's comparable, and we have less than $20,000 in

installation of those regulators.

And automation, monitoring and control estimates of $200,000. Again, I'm assuming that the automation --- and this is just an assumption, because he doesn't tell me what he's automating here. But I'm assuming it would be, a lot of it, for the control of that line based upon an interconnection. And we --- again, we are not asking for that. We're asking for just an open point to close on emergency situations.

So I'm not sure --- you know, they may want to have some monitoring or whatever else, but I don't even know if they have an existing --- well, I'm sure they do --- in the Port Jervis sub. You know, voltage regulators are a little high. The interconnection, I'm not sure what has to be done to the existing 34.5 because it's already serving the load. And the automation, monitoring and control estimates of $200,000, I don't know what made that up. I would throw that in the soup, I guess, and see how that fleshes out.

Q. That's all I have for Mr. Regan's testimony. Thank you. Now, Mr. Kolling, there's been some concerns raised in this proceeding regarding the risks of the PCPL system remaining interconnected to O&R if Sussex acquires the system. In other words, there

would be connection at either end of the system. One of the issues that was raised was --- has been termed free-rider. In other words, the risk that O&R providing power might be uncompensated for to the PCPL system. Is that an issue for you?

A. No. Again, I'm trying to determine why they would see it. We don't see it as a paralleling scheme, but only as an open point at one end, you know, and then closing that point in emergency situations. So, you know, the flow of electrons, you know, that would come from New York ISO and Con Ed, all the way back to Jersey Central, you know, I don't see happening because it would never be operated that way.

Q. Are there accounting mechanisms in place that make sure that O&R is fully compensated for any power that would be delivered into the system?

A. Well, yeah. You have meter reading at that point that would have to be monitored. There would be a delivery point. At that delivery point, there will be existing metering.

Q. Okay. Now, one area that the County has some concern about is obviously as a new provider, you know, what's your reliability track record. How is that measured? You're not subject to any Commission overview.

A. Well, we track all of our outages. I mean, you know, I presented all of the outage information for the last five years to Mr. Gallagher and Counsel on their other questions, but there's no distinction between major outages or major storm events or whatever else that gets cataloged. So we record every outage for our consumer. And I guess with that, I guess I go back and you say, well, okay, what's your outage history, and I think if you look at this, it's around three --- two and a half to three consumer hours per year, which is --- we don't have the complaints. But again, they asked for that information. I just don't have that.

Q. Well, there is no regulatory mechanism that you're subject to?

A. Well, the regulatory mechanism is the membership. Let's face it, if the membership isn't happy with the current outage situation I guarantee you, they'll just vote a new board in to make sure that is corrected.

Q. Another concern the County has and some of the constituents in my group is with when power outages --- the kind that involve getting crews into the service area to address the outages, how is Sussex planning on dealing with that?

A. Well, in prior --- I've said we will have ---

first of all, just so you're aware, we have two people, to linemen --- well, two chief linemen now. Actually, one just came on that was first class, that live in the Pike County territory, one in Matamoras and one in Milford. And you know, we've already said that we will maintain a service crew, you know, on that premises.

Q. In the Milford community?

A. In the Milford community.

Q. What sort of customer service mechanism does Sussex have? Do you have a 24-hour telephone ---?

A. Yeah. We have a 24-hour call center that we subscribe to, that our members call. Then that emails --- I mean, our --- the call center talks directly to our linemen. We don't go through a dispatch center, so the call center is receiving the information from the customer, from the member and then relaying that directly on to the linemen to correct the problems. So you're getting really, most cases, firsthand ---.

Q. Can I direct you back to PCPL Exhibit 15? Now, you weren't here yesterday. Mr. Lanza asked whether there had been any detailed studies performed regarding the adequacy of the PCPL line that you would be utilizing for delivering power. And I heard you today in response to the question Mr. Gallagher asked.

You haven't done anything either in that regard; right?

A. That's correct.

Q. Do you utilize any other JCPL lines currently for the service in the Sussex territory?

A. Yes. I mean, you know, the line that feeds from Branchville to the Holiday Lakes is the same line as a tap point that feeds to Sussex. the community of Sussex, the Borough of Sussex and there's a JCPL substation in Sussex that's a JCPL sub. That line then feeds out of there and feeds our Sussex substation. That's the metering point. That's the delivery point where we take ownership, you know. That 34.5 line that's out of our Sussex sub feeds back to ---.

ATTORNEY GALLAGHER:

Your Honor, if I may interrupt. This appears to be friendly Cross. Mr. Kolling has already discussed this interconnection and the use of JCPL lines in our previous conversation.

JUDGE JANDEBEUR:

So is your objection is, it's redundant?

ATTORNEY GALLAGHER:

It's redundant and repetitive.

ATTORNEY MELIA:

Well, Your Honor, it --- his question --- Mr. Gallagher's questions with regard to the line running from Branchville to Holiday Lakes, ---

ATTORNEY GALLAGHER:

That's correct.

ATTORNEY MELIA:

--- what Mr. Kolling has indicated is that there are other 34.5-kV lines that they routinely utilize for provision of service. Same capacity, which could be fairly predictive of whether or not this branch line to Holiday Lakes could handle the load. I think their past experience in dealing with JCPL 34.5-kV lines, even though we're not talking about the line that'll be servicing JCPL, is predictive and relevant.

JUDGE JANDEBEUR:

Overruled. Continue.

BY ATTORNEY MELIA:

Q. Again, that line feeds back to what you had showed here, the sub from Sussex.

A. Now, to get to your point, I guess. And I'll just say, yes, you are correct. I mean, we have two delivery points. The one showing here that shows in this exhibit is the Cemetery Road sub, which is our Sussex sub and there is another one up around Highland

Lakes, which is our Vernon substation. Both of those are metering points that tie into the existing JCP&L, you know, 34.5 grid. And so we're treating this half point up here at Holiday Lakes as a similar arrangement that we already have with JCPL today.

Q. And you've not had any capacity problems ---

A. No.

Q. --- utilizing that line?

A. No.

Q. Okay. Mr. Kolling, you were asked earlier today whether you performed any formal studies, feasibility studies, load flow studies, you know, a detailed list of environmental zoning permits, et cetera; correct? You haven't done any of that; right?

A. That's correct.

Q. Those studies cost money and involve your time, consultant's time; correct?

A. That's correct.

Q. Does it make any sense to engage in those studies before you're in a position to know whether you're going to be able to acquire PCPL?

A. No, it does not.

Q. And finally you were asked about conversations that you had with Commissioner Shane and Commissioner's Assistant Brown and some other parties,

including PREA. Did you also have any discussions with Commissioner Hortz (phonetic) about the situation? You did not?

A. No. No, I never have.

ATTORNEY MELIA:

Okay. That's all the Cross I have for Mr. Kolling. Thank you.

JUDGE JANDEBEUR:

Mr. Dalton?

MR. DALTON:

No questions, Your Honor.

JUDGE JANDEBEUR:

Okay. Mr. Asmus?

ATTORNEY ASMUS:

Your Honor, OSBA does have a few questions.

JUDGE JANDEBEUR:

Go ahead, Mr. Asmus.

CROSS EXAMINATION

BY ATTORNEY ASMUS:

Q. Good morning, Mr. Kolling. I'm Dan Asmus from the Office of Small Business Advocate. I've got three or four sets of questions here.

With respect to this funding for the acquisition of Pike and your --- you had said that you're going to

be funding this through the National Rural Utilities Cooperative Finance Corporation; is that correct?
A. That's correct.
Q. And that's going to be 100 percent of the purchase price?
A. That's correct.
Q. Do you have any idea what rate of interest you would be charged for that?
A. Well, our current rate of interest on our existing loans and --- you know, we have some loans that are 30 years, and short term and whatever else, and this is with that blended ---.
Q. This is 30 years, isn't it?
A. Yes. But that --- you know, that blended rate that we currently are paying that you see here is like 7.05 percent.
Q. Okay. That's presumably significantly below Pike's costs in capital, is it not?
A. Yes, it is.
Q. And with the Pike --- I'm not sure. Would you add a premium to that at all?
A. To that interest?
Q. Yes. To recover it from Pike's customers?
A. Well, no. You have to --- when you say add a premium, I mean I'm not going to add a premium to an

interest rate or --- no. That's --- I mean, because the margins that are required at the end of the year are paid back, you know, as capital to the members or the consumers, you know. That's how a cooperative works, you know, in Pennsylvania. So I'd --- no, I don't. They're paying themselves to get their money back.

Q. In purchasing the assets, you're going to be then supplying Pike's customers with power from the Allegheny Electric Co-op at below market prices; correct?

A. Yes.

Q. And the supply of that power is going to be subject to the Board approval from Allegheny?

A. That's correct.

Q. Is that going to require any kind of a physical interconnection with Sussex or any other part of the PJM system that's not there currently?

A. Yes. It's going to require this interconnection to the JCP&L line that feeds the Holiday Lakes sub.

Q. Do you have any information as to whether the Allegheny Board would look with favor upon this request?

A. I can tell you that this topic --- not Pike, but in general, this topic has been discussed at the Board

level.
Q. And are they generally in favor of it?
A. Yes, they --- yes, they're not opposing this transaction.
Q. Okay. And this would be an additional purchase of power from Allegheny ---
A. What the actual ---.
Q. --- by Pike?
A. What actually will --- you have to go back and kind of look at the Allegheny purchase power contract they have even though Allegheny owns, and I think I stated in this, 70 percent of Susquehanna and Raystown. They provide 70 percent. They do it in the open market for 30 when there is a large load like this that is --- that would tap onto it. The Williams contract, that would just be 30 percent, does have a stipulation of five megawatts. So that's why we come back and you say, okay, we know that for most of the time the five megawatts of this capacity for the load at Pike will be under the Allegheny rate. The additional requirements will be at the market price that we have with the Williams contract, which is going to be up in 2008. At that time there will be a rolling in of the Pike load into the Allegheny base. Did I explain that? Sometimes that's ---.

Q. You have, yes.
A. Okay.
Q. So it's going to be phased in over time ---
A. Yes. That's correct.
Q. --- to get the Allegheny rates?
A. That's correct.
Q. Are your current rates within the Sussex co-op, are they bundled or unbundled?
A. They are. In New Jersey we don't have to unbundle.
Q. Okay.
A. So they are bundled.
Q. And you're aware ---?
A. But if you really think about it, I mean, the cooperatives have always been unbundled because we purchase our power from a G&P, so it's easy to unbundle those rates.
Q. So you charge the same rates to your small commercial customers as you do to your residential customers?
A. No, we have different rate classes.
Q. You do?
A. Yes, we do.
Q. Do you charge for, say, large commercial rates over, say, 1000 kV? Do you charge a lower rate for

them than you would to a small commercial customer?
A. Yes. You do have --- you know, like all rates are going to be --- you're going to look at the --- here again, we do a cost of service study across our rate board to make sure that the margins acquired from each rate class is of the same percentage. So even though someone has --- may be paying a lower rate, their overall margins, you know, to the company are equitably the same.
Q. And you are aware that Pike is fully unbundled with their rates, are you not?
A. Yes.
Q. And there are very different rate structures for residential and commercial customers?
A. That's fine. I currently have a number of rates on Sussex.
Q. Now, the last question goes to your testimony on page four and it involves --- if you acquire Pike, are you proposing to acquire the gas utility as well? I think this is your last question and answer.
A. Yeah. And what I've said here, and I've said this before, we don't want to make that --- I mean, Con-Ed would sit across the table from us and discuss this. We don't want to make that a deal breaker. If they want to eliminate, you know, the gas entity in

Pennsylvania, I could understand and we'll work with them on that.

Q. Okay. I guess the thrust of my question is, if you do acquire it and if you do acquire the gas utility as well, do you have any experience in running a gas utility?

A. No. But CFC, our banker, has worked with, again, evaluating and doing the due diligence to loan money for that banking, for other entities across the country. And we do have other co-ops here in Pennsylvania and across the United States that are in the gas business, along with the propane business. So it's --- we'd use those resources.

ATTORNEY DALTON:

Thank you. That's all I have, Your Honor.

JUDGE JANDEBEUR:

Any additional friendly Cross of any sort? Okay. Mr. Gallagher, do you have anything additional?

ATTORNEY GALLAGHER:

Yes, Your Honor. Mr. Melia in one of his questions asked Mr. Kolling a question about financing and a financing letter. That's --- currently that's not part of the record. I think we have got to have

it into the record if he's going to refer to it. So we should enter it into the record.

ATTORNEY POPOWSKY:

I have no objection. Actually, I think we have copies of that letter. That was provided as a supplementary interrogatory response.

ATTORNEY GALLAGHER:

What I'm getting at is, if he's going to testify about a letter that's in the record, then I'm going to --- not in the record, I'm going to object to it. If you want to put the letter in, I won't have any problem with that.

JUDGE JANDEBEUR:

Do we have the letter? Does someone have the letter?

ATTORNEY POPOWSKY:

Yes.

JUDGE JANDEBEUR:

And do you want it in the record?

A. Sure. I don't care.

JUDGE JANDEBEUR:

Not you. I'll let your attorneys --- do you want it in the record?

ATTORNEY POPOWSKY:

I have no --- yes. Yes.

JUDGE JANDEBEUR:

Okay. Well, then somebody put it in the record.

ATTORNEY POPOWSKY:

Okay. I have to track it down. Could I have a minute, Your Honor?

JUDGE JANDEBEUR:

Sure. Let's go off the record for two minutes.

OFF RECORD DISCUSSION

JUDGE JANDEBEUR:

Mr. Popowsky?

ATTORNEY POPOWSKY:

We have additional copies of it, but could I show this to Mr. Kolling?

JUDGE JANDEBEUR:

Yes.

ATTORNEY POPOWSKY:

Mr. Kolling, I'd like to show you an Interrogatory response that was provided --- a Supplemental Interrogatory response on January --- dated January 9th, 2007. It's OCA response number 22, Pike County Light & Power Company Interrogatory Set One. And I've just handwritten to make this Exhibit - should we make this RK One or should --- it's not

a Cross Examination Exhibit for us. Would you like to make it a Pike Exhibit?

ATTORNEY GALLAGHER:

It's ---.

JUDGE JANDEBEUR:

RK One works.

(RK Exhibit Number One marked for identification.)

ATTORNEY POPOWSKY:

RK One. Could you just describe what that letter is?

A. Sure. What this --- and I can say when we started --- when I started reading some of the comments back from Mr. Gallagher and Con-Ed I realized that, you know, maybe we need to get our ducks in a row here. One of them was to make sure that we had a banker that was willing to provide the necessary funds for this acquisition. So I asked CFC to put together a letter that they've done in the past that states that they're willing to help us and provide the necessary funds after we've done the necessary studies and everything else. That's really all this letter is. If you read this, you can see where Elaine MacDonald, who's the associate vice president of CFC, and myself signed this letter on January 8.

JUDGE JANDEBEUR:

What does CFC stand for?

A. CFC is the Cooperative Finance Corporation. Actually, their full name is the National Rural Utilities Cooperative Finance Corporation. So CFC was established as a lending institution for the Cooperatives, but it is a cooperative-based finance corporation.

ATTORNEY POPOWSKY:

Thank you, Your Honor.

JUDGE JANDEBEUR:

I need one.

ATTORNEY POPOWSKY:

I know. I need to make several copies.

JUDGE JANDEBEUR:

I'll do that at lunch for you.

ATTORNEY POPOWSKY:

Okay. Would you like us to wait to move the admission of that?

JUDGE JANDEBEUR:

Mr. Gallagher, would you like to see this before it's admitted or are you confident you want it admitted? Did he show it to you?

ATTORNEY GALLAGHER:

He didn't have it. I have it, Your

Honor.

JUDGE JANDEBEUR:

You have it? Okay.

ATTORNEY POPOWSKY:

This was an Interrogatory response and the parties should all have it, but it's not marked as an exhibit yet.

JUDGE JANDEBEUR:

Okay.

ATTORNEY POPOWSKY:

We will mark it as --- if you can get us copies, we will ---

JUDGE JANDEBEUR:

I will do that.

ATTORNEY POPOWSKY:

--- mark it as an exhibit and move it into the record.

JUDGE JANDEBEUR:

Okay. Mr. Gallagher, anything additional for this witness?

ATTORNEY GALLAGHER:

No, Your Honor. And with that we move, I believe it's Exhibits ---.

JUDGE JANDEBEUR:

Can you hold up for one second?

ATTORNEY GALLAGHER:

Sure.

JUDGE JANDEBEUR:

Mr. Kolling, this is going to be an educational question for me. Is simply financing --- let me rephrase that. Is there anything standing in the way of a Pike County customer choosing to be a member of your co-op? Is that --- is the bar to that simply a financial, an infrastructure one, in that you need all of their equipment?

A. Yes. Are you asking --- I guess are you asking, would we be an energy provider without being the distribution provider? Is that ---?

JUDGE JANDEBEUR:

Is that possible? Is the only reason that ---?

A. No. Because --- let me kind of explain here. And the reason for that is because Allegheny and the way we're structured would not allow me just to sell energy to those members without then providing, you know, all the services associated.

JUDGE JANDEBEUR:

That answered my question.

A. Okay.

JUDGE JANDEBEUR:

Okay. So you absolutely must purchase Pike County Light & Power in order to provide --- in order for a Pike County customer to become a Sussex member?

A. That's correct.

JUDGE JANDEBEUR:

And if I understood your testimony correctly, you are not guaranteed this 20-percent reduction. You are hedging it on whatever the sale price is?

A. Yes. Yes.

JUDGE JANDEBEUR:

But it is Sussex's opinion at this point that you can provide at least a 20-percent reduction?

A. Yes. That's correct.

JUDGE JANDEBEUR:

Anything else?

ATTORNEY POPOWSKY:

Could we just have a minute with the witness, Your Honor?

JUDGE JANDEBEUR:

Sure.

ATTORNEY POPOWSKY:

Thank you.

JUDGE JANDEBEUR:

We'll break for two minutes.

SHORT BREAK TAKEN

JUDGE JANDEBEUR:

Okay. We're back on the record, Mr. Popowsky.

ATTORNEY POPOWSKY:

Thank you, Your Honor. I see that we have copies of RK One. Thank you very much.

JUDGE JANDEBEUR:

You're welcome.

ATTORNEY POPOWSKY:

I will distribute those to the court reporter and to the parties. Just a few clarifying questions for Mr. Kolling on Redirect.

REDIRECT EXAMINATION

BY ATTORNEY POPOWSKY:

Q. Mr. Kolling, you talked about a --- you responded to one question regarding your retail rates and you referred to, I believe, an 11-cent rate; do you recall that?

A. Yes.

Q. Am I correct that that is the total bundled rate, that that would be generation, transmission and distribution?

A. That's correct. That's the residential rate for

our customers in Jersey. Yes, and it isn't --- we don't have to unbundle, so it's all the costs, including the sales tax that New Jersey tacks on.
Q. And the generation portion of that rate is approximately how much?
A. Well, in last year --- if you go back to my question, I think I stated that in 2006, we currently --- our generation component for 2006, the average price has been .5759 cents. So it's roughly --- some people have said, you know, six cents roughly. So that's the allegation portion of our rate. Now, let's also keep in mind that that allegation, that is the G&T rate, so Allegheny does not charge me on top of that rate, you know, additional transmission for congestion costs or anything else. That is the rate.
Q. I believe you may have --- maybe I misheard you, but I think you said .57 and you meant 5.7 cents?
A. Oh, yeah.
Q. Yeah.
A. Yes. Fifty-seven (57) --- yes. I don't think we charge them 57 cents.
Q. Yeah. So they're actually ---?
A. We have some decimal points out of place.

ATTORNEY POPOWSKY:

So I apologize, Your Honor, but now I do

see there is a typographical error there.
A. Yeah.
JUDGE JANDEBEUR:
What page is it on?
A. Page three.
JUDGE JANDEBEUR:
You want to make that correction in the record?
ATTORNEY POPOWSKY:
Yes. I do apologize, Your Honor, but could you make --- could you please provide the correct number on page three ---
JUDGE JANDEBEUR:
Three at line eight?
BY ATTORNEY POPOWSKY:
Q. --- line eight.
A. Yes. That correct number is .05759 or 57 mills.
Q. So it's $.0579 or 5.7 cents per kilowatt hour?
A. Per kilowatt hour.
Q. I apologize. Thank you for making that correction. You were asked by Mr. Melia whether you had spoken to Commissioner Forbes and you said, no, you hadn't. Could you recall whether you'd spoken to the ---
Q. Yes. You know what ---

A. --- Chairman of the Pike Commission?
Q. --- and here's my, you know --- here is my question that --- when I really heard that I thought, Commissioner Forbes, I thought you were talking about --- because the question before that was Brown or Shane. I thought we were talking about a PUC Commissioner. And I have not. But I realized that Commissioner Forbes is the Pike County Commissioner. And I have spoken to Pike County Commissioner Forbes probably about three times or at least at many, many public hearings or things of that nature.
A. And also, at one point you were talking about the line that was --- or the aerial line across the Delaware River and the estimate that had been divided by the company. You said, I believe, that you thought that that figure had been boiler-planted. Can you state what you meant by that?
Q. Well, boiler-planted is kind of an old engineering, you know, term, but it really should probably say gold-plated for you people to understand. It's just that we've stiffened up, added as much as we can to the price of something.

ATTORNEY POPOWSKY:

That's all we have, Your Honor.

JUDGE JANDEBEUR:

Mr. Gallagher?

ATTORNEY GALLAGHER:

I have no questions, Your Honor.

JUDGE JANDEBEUR:

Okay. Mr. Popowsky, do you want to put in your exhibits?

ATTORNEY POPOWSKY:

Yes. Just to clarify, we would like to move OCA Statement Number Four and Exhibit RK One into the record.

JUDGE JANDEBEUR:

Okay. Statement Four has been admitted. And RK One, any objections?

ATTORNEY GALLAGHER:

No, Your Honor.

JUDGE JANDEBEUR:

That is admitted. And Mr. Gallagher?

ATTORNEY GALLAGHER:

Yes, Your Honor. I'd like to move PCL&P Cross Examination Exhibit 19 through 22 into the record.

ATTORNEY POPOWSKY:

Does that include 18?

JUDGE JANDEBEUR:

I want to say 18.

ATTORNEY POPOWSKY:

I do, too.

ATTORNEY GALLAGHER:

Eighteen (18), I'm sorry.

JUDGE JANDEBEUR:

That's all right. I just want to make sure. That's what I had. Any objections to 18 through 22 coming in?

ATTORNEY POPOWSKY:

No. No, objections, Your Honor. Just to clarify that I think Exhibit 18, I believe, is the confidential document and it should be treated ---

JUDGE JANDEBEUR:

I will make those notes in the record.

ATTORNEY POPOWSKY:

--- as part of the confidential record in this case.

JUDGE JANDEBEUR:

Yes. Those are so admitted. Anything before we break for lunch?

ATTORNEY GALLAGHER:

Your Honor, depending on --- we need to go off the record and talk about how much people have of Mr. O'Brien.

JUDGE JANDEBEUR:

Okay. Mr. Kolling, please step down. Thank you very much.

A. Thank you.

JUDGE JANDEBEUR:

And I need Lanzalotta before you leave. Okay. Let's go ahead and go off the record.

BRIEF RECESS TAKEN

JUDGE JANDEBEUR:

Mr. O'Brien, could you raise your right hand for me?

JAMES O'BRIEN, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS FOLLOWS:

JUDGE JANDEBEUR:

Thank you, sir. Go ahead and be seated.

DIRECT EXAMINATION

BY ATTORNEY GALLAGHER:

Q. Would you please state your full name and business address for the record, spelling your last?

A. My name is James O'Brien. I'm the vice president of customer service. I work at 390 West Route 90, Route 59 in Spring Valley.

Q. Who is your employer and in what capacity are you employed?

A. I worked for Orange & Rockland, which is --- encompasses Rockland Electric and also Pike County, Pike County Power and Light Company. And I'm responsible for customer service for all three counties.

ATTORNEY GALLAGHER:

Thank you. Your Honor, I have distributed two copies to the court reporter today and copies have been distributed to all the parties of PCL&P Statement Number One, which is the Rebuttal testimony of James J. O'Brien. I'd like to have that marked for the record, please.

JUDGE JANDEBEUR:

It is pre-marked.

(PCL&P Statement Number One marked for identification.)

BY ATTORNEY GALLAGHER:

Q. Mr. O'Brien, you have before what has been marked as PCL&P Statement Number One; is that correct?

A. Correct.

Q. Was this testimony prepared by you or under your direction?

A. Yes.

Q. Mr. O'Brien, this statement is a statement composed of nine pages of question and answer form.

If I were to ask you questions contained in this statement, would your answers be the same as earlier?
A. Yes.

ATTORNEY GALLAGHER:

Your Honor, at this point, I would move PCL&P Statement Number One --- or before I do that, Your Honor ---.

BY ATTORNEY GALLAGHER:

Q. Mr. O'Brien, do you have any additions, corrections or deletions to your testimony?
A. No.

ATTORNEY GALLAGHER:

Then, Your Honor, I would like to move PCL&P Statement Number One into the record, subject to any motions --- or any motions by the parties.

JUDGE JANDEBEUR:

Any objections to this coming in?

ATTORNEY MELIA:

No objections, Your Honor.

JUDGE JANDEBEUR:

So admitted.

ATTORNEY GALLAGHER:

Mr. O'Brien is available for Cross Examination.

ATTORNEY MELIA:

Your Honor, I'm going to go first.

JUDGE JANDEBEUR:

Go ahead, Mr. Melia.

CROSS EXAMINATION

BY ATTORNEY MELIA:

Q. Good afternoon, Mr. O'Brien. I'd like to refer you to page three of your Direct testimony and over to page four where you talk about your relations with the Borough of Milford and some of the other communities or organizations. Do you have that testimony?

A. Yes, I do.

Q. It sounds like Pike County Light & Power has really tried to be a good corporate citizen and cooperative with the community in areas where there's mutual resources and interest. And then some areas where the resources aren't there on a local level you stepped in and kind of helped, like with tree trimming; is that correct?

A. That's correct.

Q. And despite the current case that we have before us, is Pike County Light & Power, in your view, continue or hope to continue to maintain that relationship?

A. Absolutely.

Q. Now, as vice president of customer relations, I

take it that one of your duties is to be responsible for customer service issues?
A. That's correct.
Q. And quality service issues?
A. That's correct.
Q. Is it safe to assume, based on your exposure to this proceeding thus far, that there is a fair amount of customer concern about the cost increase that was implemented January of '06?
A. Absolutely.
Q. And there has also been concern about quality of service issues?
A. We've --- you know, we always have quality of service issues. We've seen, you know, customers increase their concern about quality of service, but we've always had, you know --- you have outages as long as you have the trees.
Q. And it's the nature of the territory, to a degree?
A. Absolutely.
Q. What has been your personal involvement in addressing these issues of --- I guess --- let me restate that. Did the company consider --- prior to the rate increase that was implemented in January of '06, did they consider coming in and meeting with governmental officials, large customers, commercial

customers?
A. Well, you know, it was I guess pretty well known that the caps were coming off. Did we sit down and have meetings with them, I don't believe we did. But I guess, you know, again, public information that the caps were coming off were effective in January and at that time we had no idea what the prices were. So other than the caps coming off, we would have been able to just confirm that they were coming off.
Q. Did you -- I don't know if you were present during the testimony of Commissioner Forbes or if you read his transcript of his testimony. He stated that he did have one meeting from a PCPL customer relations representative in December of '05. Do you --- are you aware of that?
A. I believe I am, yes.
Q. When specifically did the --- did you --- when the caps came off prior to January of '06, when did your department or you personally become aware of the magnitude of the increase?
A. We had some idea in the bidding --- in the final bidding that it was going to be --- of what the prices were going to be.
Q. What date was that approximately?
A. I guess it took place in October, I believe. But

again, there was a three-day period of time where the PUC did improve it. So the end of October, beginning of November I guess in terms of that ---.

Q. Well, was there any concern --- I don't know if it was expressed to you and your subordinates or the rate department regarding what the impact of this increase might be on the customer base once you became aware of the magnitude of the increase.

A. I mean, there was concern in terms of the level of it, yes. In terms of what we could do about it were outside of our control in that procedures and the process that was established was according to the regulatory requirements at the time. So no one likes to see the kind of increase that we're talking about here, but in terms of what action we could take, you know, we kind of felt our hands were tied in terms of doing anything specific about it, other than getting the final approvals, following the rate tariffs, and then begin to communicate with the public in terms of what the specific rate increase would be.

Q. Do you think in retrospect that maybe having some more dialog with the commissioners, with the Chamber of Commerce, small business community, or the customers might have had some beneficial impact in blunting some of the concerns raised?

A. I have to be perfectly honest and say, no, I do not. I mean, it's hard to justify from a political perspective, you know, that kind of increase other than, you know, informing them. I'm not sure how it would've been.
Q. Were you present at the meeting that was convened by the Commission in February of '06, February 27th, at Delaware Valley School?
A. Yes, I was.
Q. And you would agree there was a fair amount of customer concern about the increase?
A. Absolutely.
Q. And concern by businesses about the increase?
A. Yes.
Q. Did you attend --- and I think you did because I do recognize you in the October 4th public input section at Best Western, Hunts Valley Hotel. That was part of the proceeding. Judge Jandebeur was there.
A. No, I don't.
Q. You did not?
A. No, I did not attend.
Q. Did you review the transcript of that hearing?
A. No.
Q. Did you get any report from anyone who attended?
A. I probably had dialog with the folks that were

there, yes.
Q. Have you looked at the testimony that --- well, Mr. Forbes presented some oral Direct testimony earlier in this proceeding, wherein he talked about the impact of the rate increase on the economic health of Milford, the community and the residents and businesses. Did you review that transcript at all?
A. I didn't review that transcript, but I recall Mr. Forbes making that ---.
Q. Were you there at that particular hearing?
A. No.
Q. How did you become aware of it?
A. They did it at the high school, if you recall.
Q. Right. Back in February.
A. Back in February.
Q. But that wasn't part of the record in this case?
A. No.
Q. Have you reviewed any of the testimony of Mr. Snyder, who has not testified yet? He'll be here Friday. He has talked about the impact of the rate increase on his small business interests.
A. Yes, I have.
Q. Oh, you've reviewed that testimony?
A. Yes, I have.
Q. Do you know how many customers --- and we'll just

talk about residential customers --- are in arrears in their bills since the increase in January of '06?
A. I don't have the number of customers. I don't know how many. You know, I can say that when we have an increase, we look at it in terms of the amount of money over 90 days. We have seen an increase in that.
Q. Significant?
A. $50,000, yes. Almost double. Yes.
Q. Okay. Is that total?
A. Just 90 days.
Q. Ninety (90) days.
A. And that would be residential and commercial.
Q. When you say $50,000, are you talking per customer or ---?
A. Total.
Q. Total. Were you here during the testimony of Mr. Fretta? He's a small business person.
A. No.
Q. He testified he's got an arrearage of about $15,000 and he's trying to make payments as he can --- you know, as he can afford it. Are you aware of other small businesses that are in similar situations?
A. Well, again, I wasn't here for Mr. Fretta's testimony, but I'm familiar with conversations that have taken place between our company and Mr. Fretta.

And that information that I have from our offices is that his intention is to pay what he thinks the past bill was. So to say that he's making an attempt to pay off the balance, I think, is not 100 percent accurate. His feeling is that he's going to pay what he thinks the bill would've been, so therefore, the balance is increasing.

Q. Are you --- for those customers, either residential or business, who are experiencing payment problems, are you working with them or working toward getting payment arrangements?

A. Yes. I mean, when this first happened we did a number of things. We increased the amount of our Neighbor Fund, if you're familiar with it. We went from $500 up to $800 in terms of a grant that we would give the customers and for other selected customers it went up to $700. We've also sent out letters to all of our customers offering them the option to enter into payment agreements. We kind of spread out the payments going forward in terms of that.

Q. Those grant programs, are they income based?

A. Yes. That's what the Neighbor Fund is. And then we also have an arrears forgiveness program also that was instituted, you know, recently.

Q. How does that work?

A. If a --- again, this is income based. We estimate there's about 90 customers who would be eligible to enter into the process. And as long as the customer makes --- they would enter into a payment agreement. As long as the customer makes three payments in a row we would reduce their arrears up to $250. So if they did it for, you know, four quarters we would waive $250.

Q. Have you --- I mean, do the customers have to know about this or do you try to identify those customers based on their arrearage problem?

A. We send out letters and notices to all of them. Again, we don't have financial information about what the income of customers are. So you do the best you can. A lot of them are associated with LIHEAP, who we also made a list for, so those customers would be automatically sent notice that this is available to them.

Q. Have you instituted any shutoffs of either residential or commercial customers because of not paying their arrearages or not making good effort to pay?

A. I mean, we do have a turnoff policy and we do take action, you know, appropriately within the guidelines that we have.

Q. But you don't recall any that you've done recently as a result of this increase?
A. We have probably turned off customers for nonpayment, yes. And again, this is after offering them a payment agreement, offering, you know, all the things that we would offer anyone.
Q. It's a last resort?
A. Absolutely.
Q. Okay. Going to page six in your testimony, lines 19 and 20, you referenced Pike's eight primary service customers who were excluded from the aggregation program. Why were they excluded?
A. They were excluded at the request of Direct as being -- the rate that they were charging was a flat rate, did not account for demand, billing, and you know. And the other sense was, too, I believe, from the PUC was that these customers are large enough that they can go out on their own and solicit prices and bids, and they can compete, if you will, in the marketplace.
Q. So they weren't subject to this generation rate increase that went into effect in January of '06?
A. They would've been, yes.
Q. Oh, they would've been?
A. Pike's default rate?

Q. Yes.
A. Yes.
Q. What if they had an option to --- I guess what I'm getting at, if they had alternate service arrangements, could they have avoided that?
A. Yes.
Q. Okay.
A. Absolutely. And in fact, two of them have gone to Direct, one of them has gone to another third party, and I believe there's two remaining because the number keeps changing. So there's pretty much six now. So two are Direct, one is with a third party, and I believe three are with Pike. Although they have an option.
Q. Sure. Page seven you talk about your ESCO referral program. That's been fairly successful in New York's territory; correct?
A. Yes.
Q. You have about 35 percent of your customers?
A. That's correct.
Q. Do you -- and that's --- it sounds like you're considering offering that here in the Pike County territory. Is there any obstacle to going and doing that? Do you have to make a filing to the Commission?
A. Yes, we do. You know, the situation has changed

since we've --- you know, we talked about the Power Switch program. Power Switch competes against O&R's price. We have 90 percent of our customers who are purchasing electricity from Direct, so for me to put together a program, I can't --- I'm not going to compete against Direct's price. So you know, we're talking about a handful, ten percent of the customers who will come under the Power Switch program.

Q. So for that to make any sense, you probably would have to wait until the arrangement with Direct comes to an end and then see where you're at?

A. Exactly. Exactly.

Q. Would it be your intention under that scenario --- if Power Switch was available to 100 percent of the customer, would there be an aggregation of the Pike County load into remaining O&R load, such that they would benefit from the enhanced supplier?

A. I'm sorry, I don't follow.

Q. Okay. We talked earlier --- Mr. Holtman talked about a hedging program wherein Pike County's load would be incorporated within the O&R electric load electively for purposes of financial hedges.

A. Yes.

Q. In the event of an offer of a Power Switch program for the Pike County customer base, would there be

similar aggregation of those customers in with the rest of the O&R customer base to assume that they benefit from the larger load?

A. Well, whatever price came out of the hedging with the O&R load, whatever that price was, that would be the target price, if you will, for the seven percent discount. That way the customers could get for the two months in terms of presenting an improvement. So does that answer your question?

Q. Well, yeah. This could --- yeah, it does partly. I guess my question is, and this goes back to the seven-percent discount, that discount only exists for the first two months?

A. That's correct.

Q. And then what are you looking at after that?

A. Again, this is a discount that is provided by market.

Q. Right.

A. Again, in New York and the same would be in Pike. Marketers would guarantee customers that they would discount their price for two months by seven percent. After the two months --- and again, it's, you know, a characterization of the Power Switch program is really to --- for customers to get a sense, a feeling for competition, getting them to know the marketers. And

in New York, we've had multiple marketers, six marketers. Say there were three or four in Pike, it would be a way for customers to become familiar with these new names on the block, if you will.

Q. Right.

A. You know, and again, give those marketers an opportunity to directly deal with these customers either by mail or by phone, or however they so desire. And after the two months --- or during actually the second month those marketers would make a proposal to the customer saying, going forward, this is the price and structure, these are the guarantees, these are things that I would offer you if you stayed with me. And at that point in time it would be the customer's choice to either elect to continue to go with that marketer. And I would assume that they may have gotten literature from other marketers during that same two-month period of time. So they can go with the existing marketer, go to a different marketer, or revert back to the default rates from Pike.

Q. With that background, and that's helpful, if Power Switch is implemented in Pike County Light & Power territory, the customer would get this two-month, seven-percent discount and then after that, they would then have the option of electing the same marketers as

the O&R customers are able to choose from or a subset of that?

A. It would probably be a subset because not all of the O&R marketers are licensed or qualified to do business in Pennsylvania.

Q. I see.

A. Okay. And I believe right now we have --- I believe there's three who are licensed to do business in Pennsylvania.

Q. And that would be the only barrier? If they're licensed, then they could take on the PCPL customers?

A. Yes. And others have indicated that they would be willing to consider entering into the market in Pennsylvania. So all three have and are licensed. There are others who have told us, because we contacted the New York --- the O&R marketers and asked them of their interest.

ATTORNEY MELIA:

Your Honor, that's all the Cross I have. Thank you.

JUDGE JANDEBEUR:

Mr. Popowsky, Mr. Mullins?

ATTORNEY MULLINS:

Thank you, Your Honor. Actually, if we can take a one or two-minute break, I may be able to

eliminate some of the proposed Cross I have for Mr. C'Brien.

JUDGE JANDEBEUR:

Okay. We'll go off the record.

SHORT BREAK TAKEN

JUDGE JANDEBEUR:

Let's go back on the record. Mr. Mullins?

ATTORNEY MULLINS:

Thank you, Your Honor.

CROSS EXAMINATION

BY ATTORNEY MULLINS:

Q. Good afternoon, Mr. O'Brien.

A. Good afternoon.

Q. My name is James A. Mullins and I'm one of the attorneys representing the Office of Consumer Advocate in this proceeding this afternoon. Do you have a copy of your rebuttal testimony before you?

A. I do.

Q. I'd like you to begin by turning to page five of that testimony. At the top of the page, there's a chart. Do you see that chart?

A. Yes, I do.

Q. The complaints reflected in that chart are those that were filed with the PUC and do not include

complaints lodged with PCL&P directly; is that correct?
A. That's correct.
Q. I would like you now to turn to page eight of your testimony. And there you discuss the ESCO referral program. Do you see that portion?
A. Yes, I do.
Q. On line eight you state that the company has two electric generation suppliers' interests in a participating ESCO referral program. Do you see that line?
A. Yes.
Q. Is either of those suppliers an affiliate of Con-Edison?
A. One of them, yes.
Q. And do you know the identity of the other supplier?
A. We have Direct and another one who is interested that has not confirmed yes. I believe it's MX Energy.
Q. Line nine, you state that the company will file this proposal with the PA PUC prior to year end, and by year end, you meant 2006; correct?
A. Well, I guess part of it was, you know, the year end in terms of ending with Direct's program. So you know, we had intended to do this very early, but as we

got into it, we learned a lot more in terms of Direct now having 90 percent of the customers. Another issue too that we need to probably resolve is that marketers, as you consider Direct, they give a single price per kilowatt hour. Pike's rate structure has two tiers. So probably the other thing that we're going to wind up doing is resubmitting and redeveloping a single rate, so it would be easier for the marketers to compete against that price. And so we could easily calculate the seven-percent discount against that. So those were two things that we learned during the process. Number one, the customers, 90 percent of them, are with Pike and the second thing is that we have to do some rate structure, all possible and doable. But those turned out to be new stumbling blocks.

Q. So just to be clear, there has been no filing?

A. We have not made a filing, no. That's correct.

ATTORNEY MULLINS:

Your Honor, at this point I've concluded my Cross Examination of Mr. O'Brien. I do have several exhibits that we'd like to move into the record while he's on the stand, if Your Honor permits?

JUDGE JANDEBEUR:

What are they, Mr. Mullins?

ATTORNEY MULLINS:

We would begin with what I'd like marked as OCA Cross Examination Exhibit Number Five and it consists of responses to OCA Interrogatory Set Seven, Questions Two, Three, Four, Five, Six, Seven, Eight and Nine.

JUDGE JANDEBEUR:

So you're going to put a document in the record, but ask no questions about it?

ATTORNEY MULLINS:

Yes. And that'll remain true and correct with respect to the remaining exhibits, as well. So we have, perhaps, ---.

JUDGE JANDEBEUR:

So why is it going into the record if you're not going to ---?

ATTORNEY MULLINS:

Your Honor, we would like to have the information in the record for purposes of our --- and he needs to adopt in particular the responses sponsored by Mr. Tarpey. So this is information that we would like to see in the record for purposes of Cross Examination. There's no need for me to walk Mr. O'Brien through the questions.

JUDGE JANDEBEUR:

And you're going to bring those exhibits in through a witness that didn't sponsor them in the Interrogatories?

ATTORNEY MULLINS:

Just one set, Your Honor. Just this initial set that I mentioned.

JUDGE JANDEBEUR:

Have you shown them to Mr. Gallagher?

ATTORNEY MULLINS:

Yes. I've actually spoken to Mr. Gallagher ---

ATTORNEY GALLAGHER:

He did.

ATTORNEY MULLINS:

--- prior to my Cross Examination. He has no issue with Mr. O'Brien adopting the responses sponsored by Mr. Tarpey.

ATTORNEY GALLAGHER:

As long as he --- as long as they're brought in through specific OCA Cross Examination questions that he asked of Mr. O'Brien.

JUDGE JANDEBEUR:

I just have never heard of somebody putting in an exhibit for some purpose that I'm not aware of.

ATTORNEY GALLAGHER:

Right. And as long as we go --- if OCA would like to use them as a Cross for Mr. O'Brien, I have no objection to that obviously, but I think if the OCA wants to ask him questions about Two through Nine, that's fine.

ATTORNEY MULLINS:

We can do that that way, Your Honor.

JUDGE JANDEBEUR:

I just don't understand putting something in the record that ---.

ATTORNEY GALLAGHER:

Your Honor ---.

JUDGE JANDEBEUR:

I haven't seen them, so maybe there's a reason if I look at them, but it's certainly odd.

ATTORNEY GALLAGHER:

My understanding is --- I mean, as is always the case, you want to cross examine the witness, maybe he wants to use these Exhibits as Cross Examination exhibits in questioning the witness.

JUDGE JANDEBEUR:

Yeah. There's a question there, though.

ATTORNEY GALLAGHER:

Exactly. That's exactly right.

JUDGE JANDEBEUR:

That's just the part I'm --- I just am clueless on this one.

ATTORNEY MULLINS:

Your Honor, for each question and response, I'll provide a question to Mr. O'Brien ---

JUDGE JANDEBEUR:

Okay. So why don't ---?

ATTORNEY MULLINS:

with respect to the substance of each response so that he has a chance to look at that and adopt a response.

JUDGE JANDEBEUR:

Why don't you do it the way that I can understand it? And you give him the exhibit and you pass it around to everybody, and then you ask him a question and then we put it in. I can handle that, Mr. Mullins.

ATTORNEY MULLINS:

That was my intent, Your Honor. I apologize.

JUDGE JANDEBEUR:

You just skipped so many steps there.

MR. DALTON:

Thank you.

JUDGE JANDEBEUR:

Mr. Mullins, I have no problem if you zip through these. I just have a problem going A to Z without something in between.

ATTORNEY MULLINS:

Yes, I understand, Your Honor. I'm ready, Your Honor.

JUDGE JANDEBEUR:

Go ahead.

(OCA Cross Examination Exhibit Number Five marked for identification.)

BY ATTORNEY MULLINS:

Q. Mr. O'Brien, do you have before you a document marked OCA Cross Examination Exhibit Number Five?

A. It's not written in the --- oh, date entered?

JUDGE JANDEBEUR:

It should be on the cover sheet. Yes, top right.

A. You put it in the wrong spot. That's all. You put it in the wrong spot. You put it under the date entered not the Exhibit, so forgive me.

BY ATTORNEY MULLINS:

Q. And that document consists of responses sponsored by Mr. James W. Tarpey with respect to OCA Interrogatories Set Seven, Questions Two, Three, Four,

Five, Six, Seven, Eight and Nine?

A. Yes.

Q. Have you had a chance to review the question and answers?

A. Yes.

ATTORNEY MULLINS:

Your Honor, would you like me to go through each?

JUDGE JANDEBEUR:

No, that's not necessary.

ATTORNEY MULLINS:

All right.

BY ATTORNEY MULLINS:

Q. Mr. O'Brien, can you adopt the responses sponsored by Mr. Tarpey?

A. Yes, I can.

Q. With respect to OCA Set Seven, Questions Two through Nine?

A. Yes.

ATTORNEY MULLINS:

Your Honor, at this time, I'd like to move the admission of OCA Cross Examination Exhibit Number Five.

JUDGE JANDEBEUR:

Any objections?

ATTORNEY GALLAGHER:

No objections.

ATTORNEY MELIA:

No.

JUDGE JANDEBEUR:

So admitted.

ATTORNEY MULLINS:

Your Honor, next I'd like to mark OCA Cross Examination Exhibit Number Six. This document is the company's response to OCA Interrogatory Set Eight, Question One.

(OCA Cross Examination Exhibit Number Six marked for identification.)

BY ATTORNEY MULLINS:

Q. Do you have that document before you, Mr. O'Brien?

A. Yes, I do.

Q. Have you reviewed that document?

A. I don't know.

ATTORNEY GALLAGHER:

If he can just have a minute.

OFF RECORD DISCUSSION

A. Yes, I read it.

BY ATTORNEY MULLINS:

Q. This is also a document --- a response sponsored by Mr. James W. Tarpey. Mr. O'Brien, can you adopt

the response to OCA Set Number Eight, Question Number One?

A. Yes, I can. The only thing I'd qualify is F. As you know, we sent out letters to 500 customers informing them that as of January 1 the rate --- the default rate will be lower than Pike's. And you know, I don't know if any of these that showed up other than the ones here may have opted to come back to Pike's rates. As it stood at this time, yes.

Q. Anything further with respect to this?

A. No.

ATTORNEY MULLINS:

Your Honor, at this time, I'd move for admission of OCA Cross Examination Exhibit Number Six.

JUDGE JANDEBEUR:

Objections?

ATTORNEY GALLAGHER:

No objections.

JUDGE JANDEBEUR:

So admitted.

ATTORNEY MULLINS:

Your Honor, the current document I'd like to have marked as OCA Cross Examination Exhibit Number Seven.

JUDGE JANDEBEUR:

It has been marked.

(OCA Cross Examination Exhibit Number Seven marked for identification.)

BY ATTORNEY MULLINS:

Q. And you have that document before you, Mr. O'Brien?

A. Yes, I do.

Q. And you've reviewed that?

A. Yes.

Q. You are the sponsoring witness?

A. I guess I am.

ATTORNEY MULLINS:

At this time, Your Honor, the OCA moves the admission of OCA Cross Examination Exhibit Number Seven.

JUDGE JANDEBEUR:

Objections?

ATTORNEY GALLAGHER:

No objections.

JUDGE JANDEBEUR:

Admitted.

ATTORNEY MULLINS:

Your Honor, I would like the current document marked as OCA Cross Examination Exhibit Number Eight.

JUDGE JANDEBEUR:

It is marked.

(OCA Cross Examination Exhibit Number Eight marked for identification.)

BY ATTORNEY MULLINS:

Q. Do you have that document before you, Mr. O'Brien?

A. I do.

Q. And you are the sponsoring witness?

A. I am.

ATTORNEY MULLINS:

Your Honor, at this time, the OCA moves for the admission of OCA Cross Examination Exhibit Number Eight.

JUDGE JANDEBEUR:

Objections?

ATTORNEY GALLAGHER:

No objections.

JUDGE JANDEBEUR:

Admitted.

ATTORNEY MULLINS:

Your Honor, the next document I'd ask be marked as OCA Cross Examination Exhibit Number Nine.

BY ATTORNEY MULLINS:

Q. Do have that document before you, Mr. O'Brien?

A. Yes, I do.

Q. You are the sponsoring witness?
A. Yes, I am.

ATTORNEY MULLINS:

At this time, Your Honor, the OCA moves for the admission of OCA Cross Examination Exhibit Number Nine.

JUDGE JANDEBEUR:

Any objections?

ATTORNEY GALLAGHER:

One, Your Honor. What set is this, Mr. Mullins?

ATTORNEY MULLINS:

I apologize, this is in response to OSBA Set One, Question Five.

ATTORNEY GALLAGHER:

OSBA set ---?

ATTORNEY MULLINS:

Set One, Question Five.

ATTORNEY GALLAGHER:

And what was the prior one? Number Eight, that was ---?

ATTORNEY MULLINS:

That was OSBA Set One, Question Six.

JUDGE JANDEBEUR:

Any objections to Cross Examination Nine?

ATTORNEY GALLAGHER:

No, Your Honor.

JUDGE JANDEBEUR:

Admitted.

(OCA Cross Examination Exhibit Number Nine marked for identification.)

ATTORNEY MULLINS:

Finally, Your Honor, I'd like the current document to be marked as OCA Cross Examination Exhibit Number Ten.

BY ATTORNEY MULLINS:

Q. Do you have that document before you, Mr. O'Brien?

A. Yes, I do.

Q. And that's a response to OCA Set Nine, Question One?

A. Yes.

Q. And you are the sponsored witness?

A. Yes, I am.

ATTORNEY MULLINS:

At this time, Your Honor, the OCA moves for the admission of OCA Cross Examination Exhibit Number Ten.

JUDGE JANDEBEUR:

Any objections?

ATTORNEY GALLAGHER:

No, Your Honor.

JUDGE JANDEBEUR:

Admitted.

(OCA Cross Examination Exhibit Number Ten marked for identification.)

ATTORNEY MULLINS:

With that, Your Honor, the OCA has concluded the entry of its Cross Examination Exhibits Five through Ten adopted by Mr. O'Brien.

JUDGE JANDEBEUR:

Okay. Anything additional, Mr. Melia?

ATTORNEY MELIA:

Nothing for today.

JUDGE JANDEBEUR:

Mr. Dalton? Mr. Asmus? Ms. O'Dell? Mr. Gallagher?

ATTORNEY GALLAGHER:

No, Your Honor.

JUDGE JANDEBEUR:

Any Redirect?

ATTORNEY GALLAGHER:

No redirect. I move Mr. O'Brien's statement --- PCL&P Statement Number One into the record, please.

JUDGE JANDEBEUR:

That has been admitted. Yeah. That's in already. Okay. Are we finished with Mr. O'Brien? Thank you, sir. You can step down.

MR. DALTON:

Your Honor?

JUDGE JANDEBEUR:

Hold on. Hold on. Mr. Dalton, I'm sorry. Yes?

MR. DALTON:

I would like to hear on my motion to compel, plus I have some written Cross Examination for Mr. O'Brien.

JUDGE JANDEBEUR:

Why are they written? Do you not want to go over ---?

MR. DALTON:

Mr. O'Brien has responded to my Interrogatories.

JUDGE JANDEBEUR:

Okay. And you have written Cross Examination for him?

MR. DALTON:

I do, Your Honor.

JUDGE JANDEBEUR:

Do you wish to do that orally or ---

because if you don't wish to do it orally, you need to give the attorneys time to review it.

MR. DALTON:

Yes, I do.

JUDGE JANDEBEUR:

Because they need to have the opportunity to object to it. And if you do it orally, they can object orally. If you want to submit your Cross --- I would suggest that you do it orally. Do you have it in front of you?

MR. DALTON:

I have everything in front of me, Your Honor. I can also withdraw my motion to compel and proceed without the motion to compel.

JUDGE JANDEBEUR:

I think that that is a good idea, Mr. Dalton, because I didn't see anything that you could compel. I can put my hands on your letter.

MR. DALTON:

I don't think it's necessary to address the issue of the motion to compel, so I'm offering to withdraw it ---

JUDGE JANDEBEUR:

Okay.

MR. DALTON:

--- to simplify matters and to proceed.

JUDGE JANDEBEUR:

That's fine with me. Does anyone have any objection to allowing Mr. Dalton to proceed now as opposed to later? I would rather --- I think we're very close to the end. I would rather we just continue unless anyone feels they must take a break.

ATTORNEY GALLAGHER:

I have no objection, Your Honor.

MR. DALTON:

Would you have any objection to taking a break?

JUDGE JANDEBEUR:

No.

MR. DALTON:

A lunch break or is he pressed for time?

ATTORNEY GALLAGHER:

No, we're ready to go.

JUDGE JANDEBEUR:

Mr. Dalton, go ahead.

MR. DALTON:

Proceed now?

JUDGE JANDEBEUR:

Proceed.

MR. DALTON:

Okay. Thank you. I apologize.

ATTORNEY GALLAGHER:

What are you going to do now?

MR. DALTON:

Show this to the witness.

CROSS EXAMINATION

BY MR. DALTON:

Q. These are basically everything which you responded to me on.

A. Okay.

Q. There's nothing else.

A. Okay.

JUDGE JANDEBEUR:

Okay. I'm going to pre-mark what you handed to me as Dalton One.

(Dalton Exhibit Number One marked for identification.)

MR. DALTON:

Excuse me, Your Honor?

JUDGE JANDEBEUR:

I pre-marked what you handed to me as Dalton One.

MR. DALTON:

That's correct, Your Honor.

BY MR. DALTON:

Q. Mr. O'Brien, do you need some more time to review the Interrogatories that you have been handed and your responses?

ATTORNEY GALLAGHER:

Your Honor?

JUDGE JANDEBEUR:

Mr. Dalton, go ahead.

ATTORNEY GALLAGHER:

I just want to know, is this going to be a Cross Examination Exhibit for Mr. Dalton?

JUDGE JANDEBEUR:

Yes.

MR. DALTON:

Yes, it is.

JUDGE JANDEBEUR:

And I have pre-marked it Dalton One. Okay.

ATTORNEY ASMUS:

Can we have copies, Your Honor.

ATTORNEY POPOWSKY:

I brought a couple extras. These are your Interrogatory responses?

MR. DALTON:

Yeah.

ATTORNEY POPOWSKY:

We have two copies we can share.

JUDGE JANDEBEUR:

Thank you. Go ahead.

BY MR. DALTON:

Q These responses that you have here today, you propounded --- your responses last week. Would your answers be the same today?

A. Yes.

Q. Do you have any modifications or changes to make to the responses?

A. I mean, I haven't sat here and reread all of them, but the best of my recollection would be no.

Q. That would be of any particular Interrogatory; there are 33 of them?

A. Yeah. No, I don't believe so, not having read them.

Q. Okay. Skip to Interrogatory three, please. We also had a handout earlier today concerning the closure of the office in Milford, Pennsylvania in October of 2004.

A. That's correct.

Q. Now, on this you're listing Milford, Pennsylvania. Why?

ATTORNEY GALLAGHER:

I'm sorry, I didn't hear the question,

Your Honor.

ATTORNEY MILLER:

On the tariff.

ATTORNEY GALLAGHER:

Oh, okay.

ATTORNEY MILLER:

Why is it listing Milford, Pennsylvania?

A. Why? I don't know. I don't have a response to that.

BY MR. DALTON:

Q. All right. Why does Con-Ed, PCL&P engage in such deceptive practice ---

ATTORNEY GALLAGHER:

Objection.

BY MR. DALTON:

Q. --- of listing Milford, Pennsylvania, treating 337 as no mailing address or an office there?

JUDGE JANDEBEUR:

Hold, Mr. Dalton. Hold one second. Your objection?

ATTORNEY GALLAGHER:

Objection to the characterization as a deceptive practice. We have not identified the practice at all. I object to the characterization as a deceptive practice.

JUDGE JANDEBEJR:

And I agree with that. Mr. Dalton, call it practice, not deceptive practice.

BY MR. DALTON:

Q. Skip to Interrogatory 11.

ATTORNEY GALLAGHER:

Are you withdrawing the question?

BY MR. DALTON:

Q. Where in Milford, Pennsylvania was the location of the tariff information?

A. You know, I don't have the specific address. I know when we closed the office, one of the requirements were that we have the tariffs within the service territory. We have them in the presence of, I believe, an attorney, a law office in Milford. I don't have the specific address, but I can get you that.

Q. Thank you. Interrogatory 15, please. I got caught up in some reading and I realized there was a filing on November 1st, 2005 and November 16th, 2005. And November 16th collected what happened November the 1st. However, November 1st there was a number of 118 percent, which was corrected to 129 percent. And the statement within that Interrogatory response reported to an adjustment to the sales tax; is that correct?

A. That's correct.
Q. All right. If I were crunching my numbers, I wouldn't see a sales tax in that number. The sales tax would be in the other number representing 71 percent, 73 percent or 80 percent. So I think your response in that Interrogatory is a bit misleading. Do you agree with that?
A. I don't follow what you're asking.

JUDGE JANDEBEUR:

The last part was where the question was. Mr. Dalton said he believes your answer was misleading. Then he asked, would you agree with that.
A. No, I don't agree with that.

BY MR. DALTON:

Q. I have a lot of questions here, but I'm going to skip through them. Please bear with me. Last night I dialed a phone number, 570-491-4212, and the information listed in Interrogatory ten also referred to an Interrogatory 19, I believe.
A. Are you saying pages?

JUDGE JANDEBEUR:

Interrogatory ten.

BY MR. DALTON:

Q. Ten and 19. You were correct in stating where I obtained the telephone number, but I asked, why is

Pike continuing to support the listing of this unmanned telephone number and your answer is unchanged. As you sit there, you tell me what is your answer?

JUDGE JANDEBEUR:

The question, Mr. O'Brien, is if you were to answer --- I believe. Correct me if I'm wrong. If you were to answer Interrogatory 10 and 19 right now, would your answers change at all? And feel free to take the time to read 10 and 19.

A. You're talking about question 19?

JUDGE JANDEBEUR:

Question ten ---.

A. Question 10 and 19?

JUDGE JANDEBEUR:

Correct. Do your answers remain the same?

A. Yes. Yes.

BY MR. DALTON:

Q. Interrogatory 26, in this Interrogatory I asked, the information given there as the source's step-by-step process, would this be an unreasonable assumption? So is the assumption that I posed correct or not?

A. I think my response to your question would be the

same as it is right here.

Q. No one has been asked to perform calculations. The table and results speak for themselves. I simply asked whether the step-by-step process would be an unreasonable assumption. Is it an unreasonable assumption, yes or no?

ATTORNEY GALLAGHER:

Your Honor, he has asked the question and it has been answered. His answer would be the same as his answer here. He did not prepare the attachments.

JUDGE JANDEBEUR:

Mr. Dalton, is your question, is your process okay? Or is your question, are my numbers okay?

MR. DALTON:

As you phrased it, it's correct. Is my process okay?

A. I don't recall the process sitting here today, you know.

MR. DALTON:

You're off the hook. That's all I have.

JUDGE JANDEBEUR:

Thank you very much. Anything additional for Mr. O'Brien or are we done? I'm aware of that one. Anything additional? Okay. Any objection to

Mr. Dalton's Exhibit One coming into the record?

ATTORNEY GALLAGHER:

No, Your Honor.

JUDGE JANDEBEUR:

Admitted. I believe, Mr. O'Brien, you may step down.

A. Thank you.

JUDGE JANDEBEUR:

Mr. Dalton, I am withdrawing your request that you submitted yesterday. Thank you. Okay. We are not here tomorrow; correct?

ATTORNEY GALLAGHER:

Correct.

JUDGE JANDEBEUR:

And we have OSBA and Mr. Knecht for OSBA and Mr. Lacey for Direct Energy. Now, OSBA, do you want to make a motion to stipulate this into the record?

ATTORNEY ASMUS:

We can do that on Friday, Your Honor. That's fine.

JUDGE JANDEBEUR:

Or do it today and we're all done for today and we've got a clear slate. We start with Snyder on Friday morning.

ATTORNEY ASMUS:

Great.

JUDGE JANDEBEUR:

So why don't we go ahead and put that into the record?

ATTORNEY O'DELL:

Yes. We --.

JUDGE JANDEBEUR:

You did some joint language?

ATTORNEY O'DELL:

Yes. We spoke yesterday and all the parties have agreed to admit into the record Frank Lacey's testimony and Mr. Knecht's testimony, which is OSBA Statement Number One.

JUDGE JANDEBEUR:

Okay. So these are authenticated. There are no corrections, no changes, they are going in as written?

ATTORNEY O'DELL:

Correct.

JUDGE JANDEBEUR:

Mr. Gallagher, Mr. Melia, Mr. Popowsky, Mr. Dalton, no objections?

MR. DALTON:

No objections.

ATTORNEY GALLAGHER:

No objections.

ATTORNEY POPOWSKY:

No objections.

ATTORNEY MELIA:

No objections.

JUDGE JANDEBEUR:

Very good. So admitted. I will see you all on Friday.

ATTORNEY GALLAGHER:

Thank you, Your Honor.

JUDGE JANDEBEUR:

Is there something else?

ATTORNEY POPOWSKY:

We just want to know what time?

JUDGE JANDEBEUR:

We're going to start at 10:00. If we need more time, tell me now because we'll start at 9:00.

ATTORNEY POPOWSKY:

I thought less time would be required.

ATTORNEY MELIA:

We have Mr. Snyder and Mr. Herview (phonetic), and Mr. Forbes wanted to offer some brief surrebuttal. Is there anybody else on the list?

JUDGE JANDEBEUR:

There's nobody else on the list. Mr. Kenny has waived his ---.

ATTORNEY MELIA:

That'll be it.

MR. DALTON:

That's right.

JUDGE JANDEBEUR:

Okay. So we'll start at 10:00.

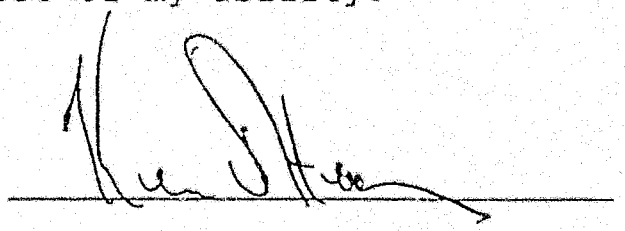
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HEARING CONCLUDED AT 1:20 P.M.

* * * * * * * * *

C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.



Court Reporter

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JAN 2 8 2007

PA PUBLIC UTILITY COMMISSION
SEGRETARY'S BUREAU

OCA STATEMENT NO 3

01-17-07
HRG

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCUMENT
FOLDER

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

DIRECT TESTIMONY
OF

NANCY BROCKWAY

ON BEHALF OF THE

OFFICE OF CONSUMER ADVOCATE

NBrockway & Associates
10 Allen Street
Boston, MA 02131
www.nbrockway.com

NOVEMBER 17, 2006

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Q. Please state your name, your title, and your place of business.

A. My name is Nancy Brockway. I am the proprietor and principal consultant of NBrockway and Associates, 10 Allen Street, Boston, MA 02131.

Q. On whose behalf are your testifying in this proceeding, and on what topics?

A. I am testifying on behalf of the Office of the Consumer Advocate, on the impact of the January 2006 increase in the rates for Provider of Last Resort (POLR) service to customers of Pike County Light and Power (Pike), and on the options for resolution of the concerns of Pike customers.

Q. Please describe your experience in utility matters.

A. I have been working in the field of utility rates, service and regulation since the mid-1970's. Between 1983 and 1991, I served successively on the staff of two public utility commissioners, Maine and Massachusetts. I was General Counsel of the Massachusetts Department of Public Utilities from 1989 to 1991. I was appointed to the New Hampshire Public Utilities Commission in 1998, and served five years as a Commissioner, during the introduction of retail and wholesale competition in the area. I had significant responsibilities within the National Association of Regulatory Utility Commissioners (NARUC), the New England Conference of Public Utility Commissioners, and regional and national organizations concerned with the development of retail and wholesale electricity markets.

I have also spent over ten years as a consultant on energy and utility matters, representing consumers, low-income customers, utility commissions, consumer advocates, a union and a utility, on a wide variety of matters concerned with rates,

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restructuring, customer service, merger policy, and reliability. I have presented testimony in 15 jurisdictions, on 39 occasions.

Before becoming a regulator and then consultant, I represented low-income, student and elderly consumers for nine years in a variety of legal services settings.

In my 30 plus years of experience, I have attended countless public hearings, and participated in hundreds of utility regulatory proceedings.

A copy of my resume is attached as Exhibit NB-1.

Q. What is the purpose of your testimony?

A. I have been asked to give my opinion regarding the following questions:

1. What are the impacts on the community of the high electric rates and the perceived poor service provided by Pike County Light & Power (Pike or PCL&P) to its customers?

2. What is the relationship between Pike customers and their current utility?

3. What is the best option for addressing the Pike customers' complaints of high rates and poor service?

Q. Please summarize your testimony in this docket.

A. The rate shock suffered this year by the customers of Pike was intolerable. The Pike rates are totally out of line with other Pennsylvania utilities, thus putting this tiny portion of the Commonwealth at an extreme economic disadvantage. Given the size of the utility and the fact that it is only linked to the NYISO wholesale markets, the chances of solving this problem are low if Pike remains a subsidiary of Orange and Rockland. This reality is evidenced by the modest level of the relief Direct Energy was able to provide this spring. And, as Mr. Kahal testifies, the small size of the company and the limited inter-ties, plus the absence of any industrial load, make it unlikely that retail competition will ramp up to provide sufficient alternatives for Pike customers to high-priced POLR service.

It is not just the extraordinary rate increase that has affected Pike's customers. Since Consolidated Edison (Con Edison) took over Orange and Rockland, and thus Pike, the service quality has deteriorated, as shown in the testimony of Mr. Lanzalotta. The public input testimony and complainant testimony demonstrate that customers' perceptions agree with the data. In addition, the company's community presence in Pike County has evaporated. When combined with the horrendous rate increase, these factors have resulted in customers who are extraordinarily dissatisfied with their utility and its service, and who have no confidence that the utility is concerned with their circumstance or intends to take any steps to address the problems. The relationship between Pike and its customers and the level of outrage expressed by the customers are among the worst I have seen in my experience as a public utility commissioner and my career in utility regulation. Given these circumstances, I believe it is in everyone's best interest to look for an alternative owner and operator of the Pike system who can address the multitude of underlying issues, which Con Ed seems to have been unwilling or unable to address in a meaningful way.

While two neighboring Pennsylvania utilities could in theory be potential buyers of the Pike system, they have not shown interest. Also, it would be expensive to interconnect with them, as shown by the testimony of Mr. Lanzalotta. However, there is a suitor who appears ready, willing and able to provide relief to Pike customers.

The Sussex Rural Electric Cooperative (Sussex), just over the Delaware River from the Pike service area, has expressed an interest in buying Pike's system. Sussex would be able to supply Pike customers at rates that would be considerably lower than rates Pike or any alternative POLR supplier will be able to offer, as attested by

Mr. Kahal's evidence, as long as Pike remains a part of the Con Ed system and is served through the New York ISO. Sussex is interconnected with the PJM Interconnection, and has access to reasonably-priced power from the Allegheny Electric Cooperative, Inc. (Allegheny), a PJM member. The sale to Sussex would provide positive benefits for all customers of Pike through lower rates, a more stable generation supply situation, and potentially improved quality of service.

Such a sale would not be unprecedented. Other utilities have been required or encouraged to sell all or part of their system in situations similar to the Pike situation. Other utilities have made strategic decisions to divest parts of their system with very small numbers of customers, as in the Pike case. Pike customers have expressed a desire to be set free from Pike's corporate parents, and for the Pike system to be merged into that of another utility, including a rural cooperative like Sussex. In my opinion, a sale of the Pike system to Sussex would be the best outcome for all concerned.

Q. On what have you based your analysis and your conclusions?

A. In making my analysis, I reviewed, and have relied on, the testimonies of OCA witnesses Kahal and Lanzalotta. I also attended the public hearings in Milford, Pennsylvania on October 4, 2006. I spoke with County Commissioners Forbes and Wagner, with counsel for certain individual business complainants, and with some of the individual customers who had given testimony. I reviewed the transcript of the fact-finding hearing on February 27, 2006, and read the original and amended Complaint of the County Commissioners, as well as the various pleadings filed by the utility and other parties.

I spoke with Mr. Robert M. Kolling, President of Sussex, concerning his interest in the Pike system, his efforts to interest Pike's ultimate parent, Consolidated Edison, Inc.

(ConEd or Con Edison) in selling it, and his plans for the Pike system and its customers in the event Sussex were able to purchase it. I toured the service area, and traveled across the river along the line where I understand an interconnection could be made with Sussex. I reviewed Mr. Kolling's letter to Con Edison's Chief Executive Officer proposing a purchase of the Pike utility. I researched demographic and economic information concerning Pike County.

I reviewed the history of Pike itself, including its purchases of power from Orange and Rockland, and the purchase of Orange and Rockland by Con Edison. I reviewed the annual report of Pike to the Pennsylvania PUC, and the annual financial report of ConEdison. I reviewed reports filed by Pike with the PA PUC concerning customer service and reliability, and reviewed other data responses filed by Pike. I reviewed examples of cases in which utilities have been required to transfer their operations to other owners, including cooperatives, in order that customers may receive safe and adequate service at just and reasonable rates. Finally, I relied on my utility regulatory experience of over 20 years – including five years as a public utility commissioner, in assessing customer attitudes towards Pike, and the viability of potential solutions to the problems facing the Pike system.

Q. How is your testimony organized?

A. After providing a brief background description of the corporate structure of Pike and its parent companies, I turn first to the complaint of rate shock, the primary concern of the complainants and the customers in this proceeding. I provide evidence of the negative consequences the rate increases have had on individual customers and on the community. Next I address Pike customers' concerns about service quality, in particular reliability. I

note the deterioration in customers' opinions of their service quality, particularly in recent years. I then provide my opinion as to the negative adversarial relationship that has developed between Pike and its customers. I tie the customers' attitudes to the problem of Pike as a small utility controlled by a large out-of-state holding company. I next summarize the expectations that Pike consumers have of the Commission, and their plea for help in extricating them from what they see as an intolerable situation. I list the options for resolution of these issues that were identified in the Staff Report[1], and provide my assessment of the viability of the options in light of what has emerged through this hearing process. I then turn to the option of the purchase of Pike by Sussex. I analyze the pros and cons of this option, and provide my opinion that this is the best option to address the problems facing Pike and its customers.

Q. Before discussing the particular issues in this docket, please describe the corporate structure of Pike County Light & Power and its parent companies.

A. Pike is a wholly-owned subsidiary of Orange and Rockland Utilities, Inc. (Orange and Rockland). Orange and Rockland provides electric service to approximately 290,000 customers in counties in the States of New York and New Jersey (as well as a portion of Pike County Pennsylvania) Orange and Rockland is in turn a subsidiary of Consolidated Edison, Inc. (Con Edison), a holding company with principal offices in New York City. Con Edison owns Consolidated Edison of New York, Inc. (Con Edison of NY) as well as Orange and Rockland Exhibit NB-2 shows the size of Pike relative to Orange and Rockland and Con Edison of New York, by relative operating revenues, and along a number of other measures. In addition, Con Edison has three unregulated business

[1] Report on Competitive Market Conditions Regarding the Pike County Light & Power Company, PUC Law Bureau, June 1, 2006.

segments: (a) Consolidated Edison Solutions, Inc., a retail energy supply and services company that sells energy to delivery customers of Con Edison utilities, including Con Edison of NY and Orange and Rockland; (b) Consolidated Edison Energy, Inc. (Con Edison Energy), a wholesale energy supply company; and (c) Consolidated Edison Development, Inc. (Con Edison Development), a company that owns and operates generating plants and energy and other infrastructure projects. Con Edison Energy was a winner in the initial auction leading to the 129% increase in POLR rates as of January, 2006.

RATE SHOCK

Q. What is the main concern of Pike County and the Pike customers?

A. Pike County and Pike customers are extremely upset about the shocking increase in their electricity rates beginning in January 2006. They filed numerous formal and informal complaints with the Commission to register their concern and to describe the severe hardship this has brought to them and their community In addition, a Petition has been filed with the Commission signed by 427 residential and 116 business customers of Pike stating that rates in the Pike service territory are "way out of line"; that service and infrastructure provided by the Company is "inadequate", that Pike has no employees or offices in Pennsylvania; and calling on the PUC to "revoke PCL&P's license" and asking that PCL&P "be sold to another utility that is not related to PCL&P or its present owners."

This formal proceeding was begun when the County of Pike and several other parties filed formal complaints alleging that the Pike County Light & Power Company

has instituted rates that constitute an unfair burden on the customers of the Company. Subsequently, the County filed an amended Complaint in which the County alleged that the rates charged were not just and reasonable; that the service was not safe and adequate; and that the Company had no employees or facilities in Pennsylvania. The County requested that the Commission order the sale of PCL&P to another utility or rural electric cooperative and to take such other actions, including those set forth in the Law Bureau's June 1, 2006, Report that the Commission determined to be just and reasonable and in the public interest.

Q. Please describe the recent history of Pike rates, from the introduction of the retail choice transition period forward.

A. In 1998, in Docket No. R-00974150, the Commission approved a Restructuring Settlement Agreement under which the Commission determined that Pike would be the provider of last resort (POLR) for Pike customers.

Under the Restructuring Settlement, the rates would be set in two phases. Historically, Pike has received 100% of its generation requirements from its parent, Orange and Rockland. At the time of restructuring in Pennsylvania, Orange and Rockland was in the process of opening its New York state system to retail competition, and had agreed to sell its generation. The Pike Restructuring Settlement provided that before the sale, during Phase I, the POLR generation rate would be set at 3.4 cents per kwh , to which was added a Competitive Transition Charge (CTC) of 1.734 cents per kwh, for a total generation charge of 5.134 cents per kWh. Then, when Orange and Rockland divested itself of its generation, Phase II would commence, and Pike's POLR rates would increase based on the treatment of the Competitive Transition Charge as a

result of the proceeds from the sale of generation. Pike's total generation charge, i.e. the POLR rate and the CTC, was not to exceed the 5.134 cents per kwh.

On June 25, 1999, the Commission entered its order approving the sale by Orange and Rockland of its generation to Southern Company. After application of the proceeds of the sale, Pike's CTC was decreased to 0.070 cents/ kWh, and its POLR rates correspondingly increased from 3.4 cents to 5.064 cents/kWh.

In February, 2001, Pike filed a petition for an exception to the rate cap limitations that it had agreed to in its Restructuring Settlement. After lengthy litigation, in 2002, Pike entered into a POLR Settlement with interested parties regarding its post-transition POLR rates. Under the settlement, approved in August of 2002, the CTC charge was eliminated in its entirety and the average generation rates increased about 9.7% to 5.65 cents per kilowatt hour. The POLR Settlement allowed the Company to increase the POLR rate again as of January 1, 2005, by as much as 5%, or up to 5.93 cents/kWh. These generation rates were to remain in effect through the end of 2005. In the event Commission regulations requiring a particular POLR plan were not in effect by June 1, 2005, PCL&P was also required to file a plan for procuring future POLR supply. The POLR Settlement also required Pike to maintain its delivery rates at then-current rates through December 31, 2004, subject to certain exceptions. As of January 1, 2005, Pike invoked the provision of the POLR Settlement allowing it to increase POLR rates by 5%, to 5.93 cents/kilowatt hour.

At the end of the time for filing of a plan for post-2005 POLR service, May 31, 2005, Pike filed a proposed financial swap auction process. The Commission approved the plan with modifications on August 25, 2005, reducing the length of the contract to be

bid from three years to two years. On October 25, 2005, Pike conducted its auction for POLR service for the period commencing January 1, 2006. The auction produced a POLR rate of 14.4 cents per kwh for the first 1,000 kwh of monthly usage for a residential customer and a rate of 12.4 cents for usage above that level. This represented a generation price increase of 129%.

Exhibit NB-3 provides a chart showing the recent rates of Pike residential customers for the period 2001 to the present. There have been no changes in Pike's distribution rates during this period.

Q. Under the POLR service priced by the 2005 auction, what was the average residential bill as of January, 2006?

A. For a residential customer using 700 kWh per month, the 2005 auction translated to a total average bill (including both distribution and generation) of $132 per month, roughly a 73% increase from 2005 bills. This is an increase from about $75 for the same amount of usage.

Q. What was the reaction of Pike County customers to the auction results and the new POLR bills?

A. Based on the public testimony, it is clear that Pike County customers were shocked and many were outraged by the generation price increase. They vigorously complained to the Commission about the POLR prices.

Q. How did the Commission respond?

A. In light of the numerous complaints from residents of Pike County, the Commission opened a fact-finding investigation. While the investigation was proceeding, and as part of the efforts of the Commission and others to find relief from the high POLR rates

facing Pike customers, consideration was given to seeking an alternative POLR supplier. These discussions bore fruit with a proposal from Direct Energy Services, LLC (Direct).

Q. Please briefly describe the Direct proceeding.

A. On March 10, 2006, Direct filed a Petition for an Emergency Order Approving a Retail Aggregation Bidding Program for Customers of Pike County Light and Power Company (Petition). The Petition set forth a mechanism by which potential aggregators could take over all or part of the POLR obligation, hopefully at rates lower than those set based on the 2005 Auction. On April 20, 2006, the Commission issued a Final Order which stated that given the unique situation presented, an Opt-Out Retail Aggregation Bidding Program should be instituted to serve Pike's customers. The program went forward, and on April 28, 2006, the Commission issued a Secretarial Letter which indicated the consideration of all bid proposals, and the approval of Direct as the winning bidder in the Retail Opt-Out Aggregation Program.

Unfortunately, the Direct bid ultimately came in close to the rates that applied under the results of the 2005 auction.

Q. What was the impact of the Direct opt-out aggregation program?

A. The average monthly bill for a residential customer taking POLR service through Direct and using 700 kWh per month came down slightly, from $132/month under the 2005 auction results, to $121/month for Direct customers.

Q. What is the average monthly bill for energy alone, paid today by Pike residential customers?

A. For a residential customer using 700 kWh per month, the average monthly bill just for generation service from Direct is just under $90 per month on average over the year.

Q. What has been the impact on commercial customers?

A. While the exact percentage increase will vary depending on the load characteristics of the commercial customer, rates have skyrocketed for small business customers, as well as residential customers.

Q. Please give some examples of the scale of bill increases experienced by Pike small business customers.

A. Small business owners at the public hearings described increases of 25%, 42%, 72%, 85%, and, for more than one customer, over 100%.

Q. Would you characterize these increases as rate shock?

A. Yes. This sudden and sharp rise in rates meets the definition of rate shock as used in regulatory settings.

Q. What does the term "rate shock" mean?

A. Rate shock is a term coined in the early 1980's to refer to the large rate increases then forecast to be imposed when new nuclear power plants came on line.

Q. How big does an increase have to be to constitute rate shock?

A. Rate shock is not a precisely defined term. But the rate increases forecast in the early 1980's, to which the term "rate shock" was applied, were in the range of 15% to 50%. By contrast, Pike County customers have just experienced a rate increase at 5 times the minimum definition of "rate shock" from putting over-budget nuclear plants into rate base. To put this in perspective, it should be remembered that these more modest rate increases of the 1980's were so disturbing that they ultimately helped lead to the abandonment of traditional cost-based regulation of generation in many states, including Pennsylvania.

Q. What impact has the rate increase had on Pike County?

A. The rate increase is having a devastating impact on Pike County. According to the testimony presented at the public hearing, businesses are closing, those that remain open are cutting back on staff and local expenditures, consumers are finding it hard to continue to pay their bills, and with the adverse impact of the increase on the housing market, businesses and homeowners are likely to see a reduction in the value of their properties. Public entities such as school districts and municipalities are finding it difficult to cover the sudden increased expenses, and will have to pass on their increased electricity bills through higher taxes. Residential customers provided compelling testimony of the sacrifices they have had to make, from limiting their living space to foregoing health care due to the inability to pay their bills.

Q. What are some of the particular problems small businesses face in the Pike service area as a result of the rate increase?

A. The public input and complainant hearings provide the Commission with many examples of the significant economic disruption and hardships experienced by small businesses. The information provided, by way of example, ranged from laying off employees and reducing operations to closing businesses. Testimony was also provided that the small business customers have taken steps to try to limit usage, such as by eliminating summer air conditioning, and cutting back on holiday decorative lighting. But despite these efforts, many testified that they are struggling to stay afloat. Several explained that they cannot raise their prices because tourists and local consumers will go elsewhere to shop if they do, but that they cannot meet their expenses with the high electricity prices. As one witness put it, they face a "Catch 22" an impossible dilemma caused by conditions out

of their control, where no option is viable. A number expressed the concern that if they could not see significant rate relief soon, they would go out of business within the year.

Q. Please describe the Pike County Light & Power service area.

A. Pike County Light & Power ("Pike") serves about 4,400 residential and commercial customers in Pike County, Pennsylvania. Pike County is in the far northeast corner of Pennsylvania.

Tourism is a mainstay of the local economy. In the last 15 years, small businesses have opened to cater to the influx of population and the tourists who come to enjoy the dramatic landscape along the Delaware River, the well-preserved small-town feeling of centers like Milford, and the bucolic feeling of the rural countryside. Services are the core of the Pike County economy, according to the Rural Policy Research Institute. Self-employment is over 20% of the non-farm private employment in the County, one of the highest county percentages in Pennsylvania. There is no industry in the County. The number of residents 60 and older grew by 15% or more in Pike County between 1990 and 2000, one of only 5 counties in Pennsylvania to become a retirement destination county.

Q. Can you see these demographic effects in the customer classes of Pike County Light & Power?

A. Yes. Residential customers are almost 80% of the customer accounts, and commercial customers are 20%, with street lighting making up the difference. Residentials represent 41% of the customer base by usage, with commercial accounts using 59%. Pike has no industrial accounts. By comparison, as of 2003, residential usage for the major electric distribution companies in Pennsylvania was 34% of total usage, and industrial was 33%, with commercial making up the difference. Pike's customer base and distribution usage base is thus heavily skewed towards residential and commercial accounts.

Q. How do Pike's rates compare to those of other Pennsylvania utilities?

A. No other Pennsylvania utility has faced so severe a rate shock as a result of restructuring. Rates for other Pennsylvania utilities, even very small ones, have remained lower, even after their generation rate caps have expired. Pennsylvania utilities have developed post-rate cap POLR rates both before and since the January 1, 2006 Pike rate increase, but no utility has seen results that were as drastic or as high as the Pike auction results.

Q. How do Pike's POLR rates compare to those of other Pennsylvania utilities?

A. Pike has by far the highest POLR charges of any Pennsylvania utility. Exhibit NB-4 shows average monthly 2006 POLR bills for residential consumers for 9 Pennsylvania electric utilities (Penelec, MetEd, Citizens, Wellsboro, PPL, UGI, Duquesne, PECO and Pike). As can be seen, Pike has by far the highest POLR bills for residential customers using an average of 700 kWh per month. Customers of Citizens and Wellsboro, the two other tiny Pennsylvania electric utilities, were only 42% and 45%, respectively, of Pike's POLR charges – Note that Citizen and Wellsboro are tied into PJM.

Q. Please provide examples of average total residential bills for other Pennsylvania utilities, including distribution charges.

A. Today, overall bills for residential customers in the neighboring Metropolitan Edison Company (Met-Ed) and PPL Electric Utilities (PPL) service territories average $67 and $71 respectively for a customer using 700 kWh per month. Thus, customers just over the line separating Pike and either Met-Ed or PPL currently pay only a little over half as much as Pike customers. Similar customers of the second highest priced utility in the state, PECO, pay about $102 per month on average during their summer months (less in non-summer months), about $19 per month less than Pike customers under the Direct aggregation and $30 less than the Pike rates. Customers of the two other very small

investor-owned utilities, Citizens and Wellsboro, pay about $52 and $62 per month on average, respectively. Exhibit NB-5 shows these comparisons in tabular and graphic form.

Q. Rate caps are coming off for other Pennsylvania utilities. Won't other Pennsylvania customers see their bills go up too?

A. Other Pennsylvania customers will see some increases, but likely not as high as the increase experienced by Pike customers. For example, Penn Power recently conducted a solicitation to obtain generation supply to meet its POLR needs. The solicitation, for residential customers, produced an average retail rate for that class of 8.25 ¢/kwh. UGI-Electric also recently established POLR prices for 2007 to 2009. Those prices, on average, for residential customers range from 8.933 ¢/kwh to 9.796 ¢/kwh. The UGI-Electric increases are reflected in Exhibit NB-6. Pike POLR rates will remain by far the highest in the state.

As explained by Mr. Kahal, the problems in the Pike generation rates are not simply a matter of bad luck in the timing of the auction (although that was a contributing factor in October 2005). Because of its small size and unique situation as a Pennsylvania utility connected to the New York ISO, Pike is not in a good position to prevent a recurrence of the 2006 price spike unless some structural change is made.

Q. Please summarize the attitude Pike customers have about the recent rate increase and the prospects for future electricity bills.

A. Based on my attendance at the October 4 public input hearing, my review of the transcript of the February 27, 2006 PUC fact-finding hearing, and my discussions with Pike customers, I believe that Pike customers are angry, frustrated, and indeed fearful of the impact that the electric rate situation in Pike County will have on their lives and

livelihoods. I have been to innumerable public hearings in which customers express their opposition to a rate hike. It would be surprising if customers welcomed rate increases, of course. And over the years I have seen many customers express frustration or anger over utility rate increases. But I have almost never experienced the level of concern and deep apprehension that I saw from the customers who came to testify before the Commission, and the people I spoke to outside the hearing. People in Pike County are gamely trying to hold on until some relief may come, but they are deeply fearful regarding their future and the future of their community.

RELIABILITY AND SERVICE QUALITY

Q. Mr. Lanzalotta has filed testimony describing the deterioration in reliability in recent years. What is the attitude of Pike consumers towards the reliability of their service?

A. Most Pike customers who discussed service quality at the hearings described the poor service quality as an injury to which the rate hike has added an insult. Witnesses complained about frequent blackouts and brownouts, lack of advance notice of planned outages, and difficulty getting accurate information about outages. Numerous witnesses described Pike as unresponsive to these concerns. A number of witnesses described electronic equipment they said was ruined by low voltage or by power surges while Pike was working on the system. Some witnesses asserted that Pike did not use safe procedures in performing maintenance. Many witnesses said they felt that they got worse service than customers of Orange and Rockland, Pike's parent company across the river. Attorney Chant summed up the prevailing attitude of customers testifying at the public hearings:

> . . if I look back on the service we've been getting in Milford and the Pike County Light and Power service area, I would say it's just a stepchild type service.

Q. Does Pike maintain outside plant staff and facilities in Pike County?

A. No. All the work on Pike's lines is done by crews from Orange and Rockland in New York State. Pike used to maintain a staffed equipment depot in Pike County, but has discontinued it.

Q. What has been the impact of the rate increase on customer perceptions of reliability?

A. In addition to deterioration in reliability since the take-over of Pike's parent company by Con Edison, it appears that customers have become more concerned about reliability since the rate increase. From the statements of witnesses at the various hearings, it would appear that customers are no longer willing to tolerate service that has been poor, but reasonably priced, now that prices have increased sharply.

Q. Please turn to the question of customer service. What are the impressions Pike customers have of Pike's customer service?

A. If one were to look only at the reports of Pike's customer surveys, it would appear that Pike customers have few complaints about Pike's customer service. See responses of Pike to OCA Interrogatories, Set I, questions 18 and 19. However, these surveys do not tell the whole picture. The number of Pike customers surveyed ranged from about 20 to about 55, depending on the survey. These are small sample sizes. Most importantly, these surveys are "transaction based" --- they ask customers who have called the utility about a specific call the customer initiated, rather than asking randomly selected customers about issues regarding their utility service generally. OCA Interrogatory Set I,

question 17. The evidence from the fact-finding hearing and the public hearings suggests that many Pike customers are in fact dissatisfied with Pike's customer relations.

Q. What are some of the concerns that Pike customers have expressed regarding their customer service from the utility?

A. Customers were very angry that the utility had given very little advance notice of the huge rate increase they experienced in January of 2006. As I've noted above, customers also complained that the utility did not provide advance notice of planned shut-offs (and some even alleged that the utility misrepresented whether a given outage was planned or forced). Customers complained that Pike no longer maintains a customer service office in the Pike service area, and has withdrawn all personnel to New York.

RELATIONSHIP BETWEEN PIKE AND ITS CUSTOMERS

Q. How would you describe the relationship between Pike County Light and Power and its customers?

A. The relationship between Pike County Light and Power and its customers can be described as being similar to the description used by ALJ Klovekorn in his 1982 Recommended Decision in the Big Run Telephone Company case – that is: "poisoned." Many customers have no confidence in the utility's ability or willingness to address their concerns in any meaningful way. They have given up on the hope of getting decent service at reasonable rates from Pike County Light & Power.

Q. Why do you say the relationship between Pike and its customers can be described as "poisoned"?

A. Customers testified at both the February 27, 2006 fact-finding hearing and the October 4 public input hearing that they do not believe that Pike is acting in the interests of its customers. Rather, they believe that Pike's parent company, Orange and Rockland, runs

Pike for its own benefit, ignoring the needs of Pike County customers. This mistrust extends to all aspects of the relationship between customer and utility, from rate levels to customer service. Customers testified that they believe that their utility misrepresents the facts in communications with the customers. Many customers at the fact finding hearing and the public hearings in this docket expressed skepticism about the objectivity of Pike's auction process leading to the POLR contract with a Pike affiliate. They are deeply frustrated with their situation, and describe themselves as victimized by their utility. They believe that the utility treats them dismissively. They characterize their request to be served by another utility as a request to be freed, to be let go.

The frustration of the public is palpable in reading the transcript of the February 27, 2006 hearing. One witness spoke for many when he characterized the rate shock as "just one small example of a long history of a utility that has just treated this small little area of Pennsylvania as a whipping boy[2] to take high rates." Another expressed what I would say was a feeling of a great many of the witnesses:

> I know that many of us here tonight feel that we are kind of a forgotten child in a little corner of Northeastern Pennsylvania. Although we are Pennsylvanians, we're being held hostage by a New York company that has no regard for our situation and whose sole interest in reaping outrageous profits off the backs of our hardworking citizens.

Tr. February 27, 2006, p. 54, lines 11-25.

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[2] "ripping board" in transcript.

Q. Do Pike customers tend to make numerous complaints with the utility or with the Public Utilities Commission?

A. No. The surge of complaints after the price increase is extraordinary. For example, customers had not previously complained about service quality in proportion to their own experiences. Based on the testimony at the hearings, it seems that at least some customers had grown accustomed to substandard service, or felt that complaining was useless. But the rate increase has been so high that customers are not willing to tolerate such problems with their service.

Q. Customers often come out to voice their complaints about rate increases at Commission public hearings, and while stating their objections to the rate increase mention other issues they have had as individual customers. Why do you put so much weight on the public witness testimonies in this docket and the fact-finding proceeding?

A. The number of witnesses is extraordinary, particularly for a small utility. A total of forty-two (42) customers spoke at the February 27, 2006 fact finding proceeding, and an additional seventeen (17) were on the list but had to leave before their names were called. Thirty-five (35) customers spoke at the hearings on October 4, 2006. Of these, thirty-two (32) had not spoken at the February 27, 2006 fact-finding. Additional testimony was given at the hearings in early November. All-in-all, then, over sixty-five (65) separate customers have taken the time to address the Commission at one or more of the public hearings. This is out of a customer base of only about 4500 customers. It is unusual in my experience, to see over sixty customers speak at utility commission hearings in the rate case of a major utility with hundreds of thousands of customers. It is all the more noteworthy in the case of such a small utility. To put this in context, if the same percentage (1.4%) of PPL customers came out to speak at a public hearing, that would be over 17,000 customers. I would add that over 500 individuals and business

owners signed a Petition filed with the PUC that calls for the sale of the Company to another entity.

Q. According to Pike customers, who is to blame for the poor state of relations between customers and the utility?

A. Many customers indicated in one way or another that relations are poor between the customers and the utility because Pike is controlled by its out-of-state owners, Orange and Rockland, and in turn Con Edison. Pike customers do not trust Orange and Rockland or its corporate parent to make decisions in the interests of Pike customers. As one witness at the February 27, 2006, fact finding put this distrust: "...the reason that Orange and Rockland got away with this [the rate hike] is because they could do it." Tr. p. 60, lines 20-25.

Q. Do Pike customers see the possibility of improvement in their relationship with Pike?

A. Those who discussed the topic did not express hope for an improvement in the situation. Some customers remember the rate hikes of the 1980s which led to the implementation of the famous Pike County Doctrine, barring a utility subsidiary from limiting its wholesale purchases to the higher-priced offerings of its corporate parent, even if the parent's wholesale price had been approved by the Federal Energy Regulatory Commission. The sense of being a captive of the out-of-state parent utility remains. They would like to be free from this state of captivity. Others who are new to the area shared this feeling of helplessness. One witness who just moved to the Pike service area put it this way. "We would like to be let go by Orange and Rockland, because we are held hostage by them."

Q. Is there objective support for such skeptical opinions?

A. I have not tried to look behind the structure of the fall 2005 auction process, and do not assert any imprudence in that process, nor favoritism between Pike and its corporate

affiliates. However, what can be observed is that Pike is a tiny utility with very limited inter-ties, all into the NY wholesale market, all presently through its corporate parent, and with no independent staffing to explore alternative sources of power. These factors keep Pike a de facto captive of the NY market and the NY utility regulatory system, and limit the number of potential sellers of power for POLR use by Pike customers.

Pike is still an appendage of a New York regulatory system that is not compatible with the Pennsylvania system – particularly for such a small entity. Rather than opening up alternatives for Pike, the situation actually got worse with restructuring, because Pike just followed the New York model. Worst of all was the financial swap auction in late 2005, which produced results that are qualitatively worse than any other Pennsylvania utility. The high prices from that auction were partly the result of unfortunate timing, but not even the subsequent Direct Energy bid was very helpful given the situation.

CUSTOMER EXPECTATIONS OF THE COMMISSION; OPTIONS TO MITIGATE RATE SHOCK AND SERVICE QUALITY ISSUES

Q. What do Pike customers expect the Commission to do concerning the price spike and the reliability problems they face?

A. Pike customers expect the Commission to fix the problems. Petitions seeking relief by the Commission were signed by 427 residential customers and 116 business owners. At the public hearings, some expressed great faith in the Commission's power and authority. Others blamed the Commission for letting the situation develop. But all called upon the Commission to remedy the situation. For example, many customers made statements like the following, given at the Milford hearing in October:

- I implore you...please do something about this....

- ....like I say, you guys are my partner now. And maybe you guys can work together and see if we can work it out.

- I'd like to challenge each and every one of you to dig out your mother's creative gene and do something creative to fix this problem.

- I feel that this should be corrected. And that if we can't be given a choice, as we can choose to go to Fretta's [Italian grocery in Milford] or not. But we can't be given a choice here, then it's your responsibility to do something about this and correct this.

- ... I would like to know that since we don't have choice in this area, and according to the PUC documents, the PUC will continue to regulate.

- ... we have full faith and confidence in you and we are going to be expecting it.

- ... we're looking for the PUC to give us some kind of relief, because this is outrageous.

- We desperately need your help at this critical time.

- As a resident of the state of PA, we rely on you to protect us from the kind of blatant and exorbitant increases that we are now facing.

Q. What solutions do the customers propose?

A. Customers offered a variety of solutions, ranging from interconnection with Met Ed to sale of the utility to a neighboring utility or to the rural electric cooperative across the river

Q. Is there a list of the most likely responses the Commission could make to ameliorate the Pike situation?

A. Yes. On June 1, 2006, the Staff of the Commission issued its Report on Competitive Market Conditions Regarding the Pike County Light & Power Company. In this report, directed by the Commission, the Staff examined what options might exist to deliver the promise of restructuring and competition to the customers of Pike.

Q. Please summarize these recommendations, and assess them in light of the information you have reviewed in this docket.

A. Staff made eight (8) recommendations. In light of the evidence I have seen, including the analyses by Messrs. Lanzalotta and Kahal on behalf of the Office of the Consumer Advocate, some of the recommendations will not be viable, and some will provide some relief but not complete relief. At least three of the recommendations should be seriously considered, as they hold the best promise of mitigating the longstanding problems that have plagued Pike's customers.

Q. Please identify the recommendations that do not appear to be able to bring relief to Pike customers.

A. Recommendation 5, the formal consideration of Pike's proposal to introduce "PowerSwitch" to Pennsylvania, and Recommendation 6, the indefinite waiver of Electronic Data Interchange rules, will likely not avail to bring retail choice to Pike. As Mr. Kahal explains, Pike's service area is too small, the wholesale power options for resale to Pike retail customers are too few, the customer base is too heavily weighted to small customers with relatively high retail transaction costs compared to potential margins on sales. All these factors mean that it is exceedingly unlikely that any combination of "forcing" retail competition in the service area will succeed.

Q. Please analyze the viability of the proposals in Recommendation 1.

A. In Recommendation 1, the Staff proposes that the Commission explore the integration of energy procurement with Orange and Rockland or with Rockland Electric Company, two retail distribution affiliates of Pike in New York and New Jersey. If this could be accomplished via inter-affiliate transactions, it might provide a larger base to attract prospective wholesale bids. However, as the Staff points out, unless the collaboration

were with RECO, which is interconnected with PJM, it would be unlikely to produce appreciable price breaks for Pike. And since not all of RECO is interconnected with PJM, it would likely require some agreement not only of RECO (and the parent companies Orange and Rockland and Con Edison) but also of the New Jersey Board of Public Utilities to accomplish a blending of Pike costs with those of the Eastern Division of RECO, the part of RECO that is in PJM. It is by this blending, an administrative determination by the New Jersey Board of Public Utilities, that the Middle and Western Divisions of RECO enjoy the lower POLR rates made possible by reflection of PJM purchases in the RECO mix. Joint procurement strategies with other utilities in Pennsylvania would not be viable without enjoying an interconnection with PJM, as other Pennsylvania utilities have. Mr. Lanzalotta describes the relative costs of various approaches to interconnecting with PJM. Mr. Kahal and I conclude that there are better alternatives than Pike making its own direct connection to participate in its own purchases from PJM.

Q. **Please analyze the viability of the proposals in Recommendation 4, a 12-month advance time for considering the utility's next default service plan.**

A. If responsibility for default service stays with Pike, a longer time to consider options would be useful and would be highly preferable to the abbreviated process that led to the 2005 auction. However, by itself this recommendation would not provide relief.

Q. **Please analyze the viability of Staff Recommendation 7, a survey to determine the potential for alternative and renewable power in the Pike service area.**

A. It is unlikely that sufficient alternative and renewable power exists in the area to reduce the high bills facing Pike customers, and providing alternative wholesale supplies will not resolve the relations between the customers and Pike, and the reliability concerns

expressed by customers. It is possible to pursue alternatives and renewables as part of the implementation of other recommendations, but it would not work to rely solely on this particular option.

Q. Please discuss the options that have the most promise for relieving the concerns of Pike customers.

A Staff recommendations 2 (interconnection with PJM) and 3 (sale to another Pennsylvania EDC or to a rural cooperative) hold out the greatest promise for mitigating the Pike problem. In particular, a sale of Pike to the Sussex Rural Electric Cooperative will both accomplish the interconnection with PJM (Recommendation 2) and the sale to another utility (Recommendation 3), and in so doing, lower rates, improve service quality, and restore Pike consumer confidence.

Q. Please explain your reasoning in support of the concept of a sale to Sussex.

A. All the OCA witnesses (and a good many of the consumer witnesses) agree that the only systematic way to reduce the current high prices and to keep prices from staying at exorbitant rates in the future is for Pike to be interconnected with PJM. As Mr. Lanzalotta explains, it is much more costly for Pike to interconnect with PJM through Met Ed or PPL than through Sussex. In addition, as Mr. Kahal explains, Sussex has access to lower cost power through its contract with Allegheny Electric Cooperative. Sussex has expressed its willingness to buy Pike at a reasonable cost, and has approached Con Edison to discuss such a transaction. A copy of a letter from Sussex CEO Robert Kolling to Consolidated Edison regarding this issue is attached to this testimony as Exhibit NB-7. Pike customers who have discussed the Sussex option have spoken positively about it. Mr. Forbes, Chair of the Pike County Commissioners, has testified

that he expects Pike customers to welcome participation in the cooperative in lieu of continued ownership of Pike by Orange and Rockland.

Q. But wouldn't a sale to this New Jersey-based cooperative deprive the Commission of jurisdiction necessary to protect Pennsylvania customers?

A. Not in this instance. The key factor in this case is that the Sussex option is far and away the best way to solve consumers' problems of high rates and indifferent service. In addition, the Commission can be reassured by the fact that Sussex has a history of good service, as described by Mr. Lanzalotta. Also, Sussex has initiatives like its load management program that follow along with public policy priorities identified by Pennsylvania law and regulation. Because it is part of the New York ISO, rather than PJM, Pike is at a disadvantage when it comes to meeting the requirements of the Pennsylvania Alternative Energy Portfolio Standards Act. This disadvantage would not affect Sussex.

In addition, Pike's 4500 customers will have a voice in the control of Sussex, a voice they lack today. Cooperative utilities are run by professional managers, but they are hired, and policy is set, by the membership through democratic voting procedures. Finally, according to the testimony of Mr. Lanzalotta and Mr. Kahal, lower prices and transfer to an entity with a chance of establishing a positive relationship with its customers could occur fairly quickly for Pike customers if the sale were to proceed now. Customers of Pike were anxious about their problems dragging on with no relief in sight. A sale of the Pike system to Sussex could produce a smooth transfer from Pike to Sussex as early as the end of current Pike POLR rate period and Direct aggregation contract in December 2007.

Q. What would be the effect on Direct?

A. Direct's current aggregation contract should not be affected by the Sussex option. It will likely take through the end of 2007 to complete a sale and interconnection, and Direct will have the benefit of its full aggregation term. Direct will then have the right to make POLR sales to Pike customers after its aggregation contract expires, if it is able to match or beat the new rates charged by Sussex.

Q. Are there precedents for the resolution of similar situations by a sale of the utility?

A. Yes. There are many instances where a problem utility's customers have gotten relief from an intractable situation by means of a sale of the utility to different ownership.

Q. Please describe some situations in which customers' issues have been resolved through the sale of the utility.

A Intractable problems with rates and service tend in my experience to happen most often in the case of very small utilities. One example is Big Run Telephone Company (Big Run or BRTC), here in Pennsylvania. Between 1979 and 1981, Big Run was the subject of continued litigation before the Commission over rates and service. In 1981, the Commission opened a formal investigation into the operations of Big Run. The Consumer Advocate sought an order to show cause why the Commission should not rescind Big Run's certificate of public convenience and necessity. The Consumer Advocate cited the "wide-spread disconnections, the oppressive rates, the unconscionable service and the community of dissatisfaction in Big Run." Petition at 2. Outages, oppressive rates, unacceptable service and a community of dissatisfaction all exist in the areas of Pike County served by Pike County Light and Power. The Administrative Law Judge, Joseph J. Klovekorn, issued his recommended decision on September 8, 1982. In his decision, Judge Klovekorn found that "an alternative source of service for the Big

Run service area would be preferable to continued service by BRTC." Recommended Decision at 11. Judge Klovekorn made this recommendation:

> ...on the basis that there is no other way to bring rates down to reasonable levels and on the basis that there is general dissatisfaction with the operations and management of the Big Run Telephone Company, so widespread that relations between the company and the ratepayers could well be termed "poisoned."

Id. The Judge also noted that the residents of Big Run had "expressed a distinct preference" for Bell of Pennsylvania to take over the telephone company from BRTC. The Judge concluded that a sale facilitated by the Commission was the best solution, even in the absence of a finding that the existing utility was not providing legally inadequate service:

> ...[E]ven assuming the existence now of legally adequate service, the level of service and rates would definitely improve if the assets of BRTC were sold to another ... company --- on that can provide service more in line with the wishes of the Big Run residents. To this end, this Commission should use its good offices to solicit bids from other telephone companies and act as a broker for the sale of BRTC's assets.

As the Staff summarized the Big Run decision in its Report, there was "no real way to address unreasonable rates and poor service in this company's service territory other than a sale of the company's assets." Staff Report at 19. Those findings have direct parallels to the situation in Pike County. If Pike were sold to Sussex, the testimony in this case suggests that the level of service would improve, and the level of rates would almost certainly come down Sussex can provide service more in line with the wishes of Pike's customers. The good offices of the Commission can help facilitate such a resolution.

Q. How was the Big Run situation resolved?

A. The Commission adopted Judge Klovekorn's decision with some amendments on October 15, 1982, and directed that a notice of solicitation of bids for the assets of Big Run would be published, and that Bell of Pennsylvania would be specifically invited to bid. In the event a sale were not effectuated within 60 days, the Commission ruled, an Order to Show Cause would issue, demanding BRTC justify the continuation of its certificate of public convenience. After the decision, Big Run entered into negotiations with Bell of Pennsylvania. Ultimately Bell of Pennsylvania bought BRTC, and was able to lower rates and improve service for customers in the Borough.

Q. Are there other precedents for a Commission promoting the sale of a utility's assets to another entity?

A. Yes. The Pennsylvania Commission, like all regulatory Commissions with which I am familiar, has to deal from time to time with small water companies which are struggling to remain viable. For a variety of reasons, the rates of these troubled companies are high but their service quality is low, and there is no realistic way they can remedy the situation as presently structured, even if management were so motivated. The solution in many cases has been to sell the company to a larger firm with the will and the assets to make necessary investments and put the firm on a better footing. The reasons why such small water utilities struggle to provide safe and adequate service at reasonable rates are different from the challenges facing Pike. But they share the characteristic that the problems cannot be solved in the context of the current structure of the utility. In the case of Pike, the ineluctable problem is that the utility is a tiny portion of an immense out-of-state holding company structure, operates primarily under a different regulatory scheme,

and under current management has few resource options. A sale of the utility can enable the solution to these problems.

Q. Can you point to other instances where a Commission has facilitated the sale of a utility?

A. Yes. On June 14, 2005, the Ohio Commission ordered Monongahela Power Company (Monongahela or Mon Power) to negotiate with Columbus Southern Power Company (CSP) towards a sale by Monongahela of its Ohio distribution utility to CSP. While this was an unusual order, the two utilities entered into negotiations, and by August 2, 2005 they had entered into a purchase agreement for CSP, a subsidiary of American Electric Power, to buy the Ohio assets of Monongahela.

Q. Why did the Ohio Commission want Monongahela to sell to another utility?

A. Monongahela, like other Ohio utilities, was facing difficulties in the transition to market-based rates. Its charges as provider of last resort were set to go up sharply at the end of the transition period, and unlike other Ohio utilities, Monongahela was unwilling to propose a rate stabilization plan. The Chairman of the Ohio Commission put the problem this way, in a statement issued at the time of the June Order: "We believe that Mon Power's customers may be facing rate shock and rate instability under the company's current proposal."

Q. Do you see parallels between the Mon Power situation and the Pike situation?

A. Yes. In both cases, the problem occurs because of price spikes anticipated, or experienced, at the end of the transition period to competition. In the Mon Power situation, the utility was unwilling to make rate adjustments to smooth the path to market rates. In the Pike situation, the utility has not offered to make similar adjustments. But

even if the utility were willing to make such adjustments, there are superior alternatives, notably the sale of Pike to Sussex Electric Cooperative.

Q. Is the Ohio statutory scheme different?

A. The Ohio Commission has the authority to authorize a new electric supplier to take over where an existing supplier is not rendering "physically adequate service." The Ohio Commission has held that "only the physical adequacy of the service is relevant, under the terms of Section 4933.83(B), Revised Code."[3] Importantly, the Ohio Commission did not claim that Mon Power was unable to provide "physically adequate service," and ultimately approved the transfer of Mon Power because it was in the public interest. In any case, the main point remains the same: the Ohio Commission took an admittedly unusual step to facilitate the solution to a problem that affected a minority of Ohio consumers, who otherwise were faced with rate shock on account of the actions of their distribution utility.

Q. Please give another example of a difficult situation resolved when a utility agreed to sell its subsidiary to another firm.

A. In New Hampshire, Connecticut Valley Electric Company (CVEC) was a small utility on the border between New Hampshire and Vermont, owned by an out-of-state holding company. It had for a long time charged very high rates to its customers. It resisted New Hampshire's policy initiatives vigorously. In the late 1990's, it took the New Hampshire Commission to federal court and prevented the implementation of the Commission's rulings on restructuring. It also sought and obtained a federal court order preventing us from implementing traditional prudence regulation, pending the outcome of the court

[3] Yeran v. Buckeye Rural Electric Cooperative, Case No. 02-2548-EL-CSS, Opinion and Order (October 15, 2003)

proceedings on the restructuring case. The local utility had no autonomy from its out-of-state parent, and was among the more difficult utilities to deal with. State policy makers began to seek an alternative to continued ownership by the parent company. We informally raised the issue with Public Service Company of New Hampshire (PSNH), and learned that they would be willing to buy CVEC on appropriate terms. The Governor publicly promoted the idea that CVEC should be bought by a more suitable utility, and its rates brought down. Eventually, CVEC and Commission Staff and PSNH negotiated a comprehensive settlement of a variety of pending CVEC issues and merger terms, and CVEC was sold to PSNH.

Q. What was the impact on CVEC customers of the sale of CVEC to PSNH?

A. Upon closure of the sale, CVEC customers began paying the same rate as all other PSNH customers. This lowered CVEC customers' rates by about 20%. As a result of the sale, CVEC customers also began receiving better service, since PSNH's crews were closer by Regulatory relations improved immediately upon CVEC's merger into PSNH

Q. What was the impact on PSNH customers of PSNH's purchase of CVEC?

A. PSNH customers did not see an increase. Rather, the cost of the purchase was folded into PSNH's stranded costs restructuring settlement, extending the recovery period by about 2-3 months. This difference in the recovery period under the PSNH restructuring agreement was not noticeable to customers. The transaction was possible because CVEC was small in relation to the PSNH load. CVEC has about 10,000 customers to PSNH's 475,000; PSNH is almost 50 times bigger than CVEC.

Q. But here the proposal is a sale to cooperative. Have cooperative utilities ever bought an investor-owned utility?

A. Yes. In Pennsylvania, Wellsboro and Citizens are both investor-owned utilities owned by a cooperative utility. They are still regulated as investor-owned utilities. The Pennsylvania PUC just recently approved the sale of a small gas company, Gasco Distribution Systems, Inc.'s Claysville Division, to Knox Energy Cooperative Association, Inc. (A-120002F2001, Order Entered September 29, 2006). In Hawaii and Vermont, Citizens Communications sold its local electric subsidiaries to Kauai Electric Cooperative and Vermont Electric Cooperative respectively, which operate the former investor-owned utilities as cooperatives.

Q. A number of these other cases you mention took a long time to move from identification of the problem to consummation of a sale and resolution of the problem. Would such a timeline be quick enough, given the emergent nature of the economic problems being caused by the Pike POLR rates?

A. If completion of a sale to Sussex takes until close to the end of the Direct aggregation contract, it is true that some businesses in Pike County may not survive until rate relief can be afforded by Sussex. However, it is unlikely that any other alternative could be put in place any sooner. Also, the Sussex alternative promises the sharpest decrease in ultimate rates, and the largest improvement in quality of service over the long term. In addition, for many businesses and families it may be enough to have certainty that significant rate relief is on the way, and that it will come at a particular time. If they have a reason to hope that the exorbitant electric bills will eventually return to more normal levels, they will be better able to plan to ride out the current situation and hang in until rates become more manageable. The key however, is getting the solution in place sooner, rather than later. The customers of Pike are getting litigation fatigue - they will lose hope and many will give up and close their businesses or leave the area if they cannot have a solution announced soon.

Q. What then is your recommendation regarding the resolution of the rates and service problems facing Pike County Light and Power customers?

A. I recommend that Pike County Light and Power should be required to enter into good faith negotiations with Sussex, offer its electric utility for sale to Sussex at a reasonable price based on its net book value or another mutually agreeable price, with the closing to happen soon enough to permit rates to be reduced in the service area concurrently with the end of the Direct Energy contract.

Q. Pike operates a gas utility as well as an electric utility. What should be done with Pike's gas operations?

A. I recommend that it be left up to Con Edison whether it wishes to sell its gas operations. The gas utility could be included in a sale to Sussex, it could be sold to another utility, or it could be retained.

Q. Do you have any further recommendations?

A. Yes. Consistent with Staff Recommendation No. 8, whatever else is done, the problems facing the border customers should be fixed. A small number of Pike customers are now being served in fact by Met Ed pursuant to borderline agreements. It would be a simple transaction for Met Ed to absorb these customers into its service area, and for Pike to relinquish the territory. It is merely an accident of history that they are nominally in the Pike service area – they have always been served off of Met Ed lines, and Met Ed provides reliability service for them. Pike has very little to do with these customers, and should not begrudge them the opportunity to join with Met Ed, where they can enjoy lower rates, as a number of them requested at the public forums in this docket.

Q. Does that complete your testimony?

A. Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

EXHIBITS TO THE DIRECT TESTIMONY OF

NANCY BROCKWAY

ON BEHALF OF THE

OFFICE OF CONSUMER ADVOCATE

NBrockway & Associates
10 Allen Street
Boston, MA 02131
www.nbrockway.com

NOVEMBER 17, 2006

Nancy Brockway
10 Allen Street, Boston, MA 02131
nbrockway@aol.com
617-645-4018

Expert consulting on utility matters, including electric industry structure, rates and planning. Clients include state commissions, public advocates, unions, and others.

Education

B.A. with honors, 1970, Smith College, Northampton, MA
J.D., 1973, Yale Law School, New Haven, CT
Coursework in statistics, Northeastern University, Boston, MA

Employment

Principal, NBrockway & Associates, energy and utility consulting, 2003 to present
Commissioner, New Hampshire Public Utilities Commission (1998-2003)
Member, New Hampshire Site Evaluation Committee (1998-2003)
Utilities consultant and attorney, National Consumer Law Center (1991-1998)
General Counsel, Massachusetts Public Utilities Commission (1989-1991)
Staff Attorney, Assistant General Counsel, Massachusetts Commission (1986-1989)
Hearings Officer, Senior Staff Attorney, Maine Public Utilities Commission (1983-1986)
Executive Director, Maine Legal Services for the Elderly, Inc. (1981-1983)
Staff Attorney, Directing Attorney, Pine Tree Legal Assistance, Inc. (1979-1981)
Staff Attorney, various legal aid offices (1974 – 1979)

NARUC and related Committee Memberships and Public Service (1998-2003)

NARUC Ad Hoc Committee on Competition in the Electric Industry
Steering Committee, National Council on Competition in the Electric Industry
ISO-NE Advisory Committee
NEPOOL Review Board Advisory Committee
NARUC Consumer Affairs Committee (Vice-Chair)
Consumer Affairs Committee, NECPUC (Chair)
NARUC Ad Hoc Committee on Committee Structure, NARUC
NARUC Committee on Communications
FCC Joint Conference on Accounting
North American Numbering Council
NBANC Board of Directors

Other Activities:

Chair, Board of Directors, PAYS America, Inc. (promotes Pay As You Save® approach to utility energy efficiency), www.paysamerica.org

Other Appointments and Professional Activities (1991-1998)

Independent Conservation & Load Management Expert, Commonwealth Electric Co.
President's Council on Sustainable Development, Energy & Transportation Task Force staff
California Low Income Governing Board (Advisory Bd. to CPUC on low-income issues)
Massachusetts Energy Facilities Siting Board
Massachusetts Board of Registration of Allied Mental Health Professionals

Bar Admission

New York, Massachusetts, Maine (inactive)

Exhibit NB-1

NANCY BROCKWAY: TESTIMONIES

Case name	Client Name	Topic	Juris. & Docket No.	Date
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Extra Large Industrial Interruptible Rates	Nova Scotia Utility and Review Board, P-883	8/06
UGI/Southern Union, Proposed Merger	Pennsylvania Office of the Consumer Advocate	Impacts of the Proposed Merger on Ratepayers and Rates, Risks and Benefits of Proposed Merger, Synergies, Reliability	Pennsylvania Public Utilities Commission, Docket Nos. A-120011F2000, etc.	5/06
SEMCO Energy Services Gas Cost Recovery Plan	PAYS America, Inc.	Relationship Between DSM and Gas Costs	Michigan Public Service Commission, Docket No. U-14718	5/06 (not admitted)
Re: Electric Service Reliability and Quality Standards	Delaware Public Service Commission	Application of Proposed Rules to Competitive Suppliers and Cooperatives	Delaware Public Service Board, Docket No. 50	1/06
Exelon/Public Service Electric & Gas, Joint Petitioners	New Jersey Division of the Ratepayer Advocate	Impacts of Proposed Merger on Service Quality, Reliability, and Gas Safety, and Options to Maintain Historic Standards.	New Jersey Board of Public Utilities, BPU Docket No. EM05020106 OAL Docket No. PUC-1874-05	11/05-12/05
Exelon/Public Service Electric & Gas, Joint Petitioners	New Jersey Division of the Ratepayer Advocate	Risks and Benefits of Proposed Merger of Exelon and PSE&G, Options for Assuring Benefits and Mitigating Risk	New Jersey Board of Public Utilities, BPU Docket No. EM05020106 OAL Docket No. PUC-1874-05	11/05-12/05
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Economic Development Rates	Nova Scotia Utility and Review Board, P-882	10/05
Nova Scotia Power, Inc	NS UARB Consumer Advocate	Revenue Requirements, Cost Allocation, Rate Design, Demand Side Management, Economic Development Rates	Nova Scotia Utility and Review Board, P-882	10/05 – 11/05

Exhibit NB-1

NANCY BROCKWAY: TESTIMONIES

Bay State Gas Company	Local 273	Customer Service, Reliability, Low-Income Protections, Revenue Requirements	Massachusetts DTE, Docket No. 05-27	7/05
Nova Scotia Power, Inc.	Nova Scotia Utility and Review Board	Domestic Consumer Perspective on Proposed Rate Case Settlement Agreement	Nova Scotia Utility and Review Board, P-881	1/05
Cincinnati Bell Alt Reg	Communities United for Action	Universal Service and alternative regulation of telephone service	PUCO, Case No. 96-899-TP-ALT	12/97
UGI-Electric Utilities, Inc.	Pennsylvania OCC	Universal Service issues in electric industry restructuring plans	PA PUC, No. R-00973975	1997
West Penn Power Co.	"	"	PA PUC, No. R-00973981	1997
Duquesne Light Co.	"	"	PA PUC, No. R-00974101	1997
PECO, Inc.,	"		PA PUC, No. R-00973953	1997
PP&L	"	"	PA PUC, No. R-00973954	1997
Met Ed.	"	"	PA PUC, No. R-00974008	9/97
Penelec	"	"	PA PUC, No. R-00974009	9/97
Boston Edison Company	Mass. Senior Action, others	Electric industry restructuring	Massachusetts Department of Public Utilities	to 10/98
Eastern Edison Company	Mass. Senior Action, others	Electric industry restructuring	Massachusetts Department of Public Utilities, D.P.U. 96-24	To 10/98
Massachusetts Electric Company Restructuring Company Settlement	Individual low-income customers	Electric industry restructuring	Massachusetts Department of Public Utilities, D.P.U. 96-25	To 10/98
In the Matter of the Electric Industry Restructuring Plan	New Hampshire Legal Services	Low-income rates and DSM, impacts of restructuring on low-income consumers	New Hampshire Public Utilities Commission, D.R. 96-150	Nov., Dec. 1996

Exhibit NB-1

NANCY BROCKWAY: TESTIMONIES

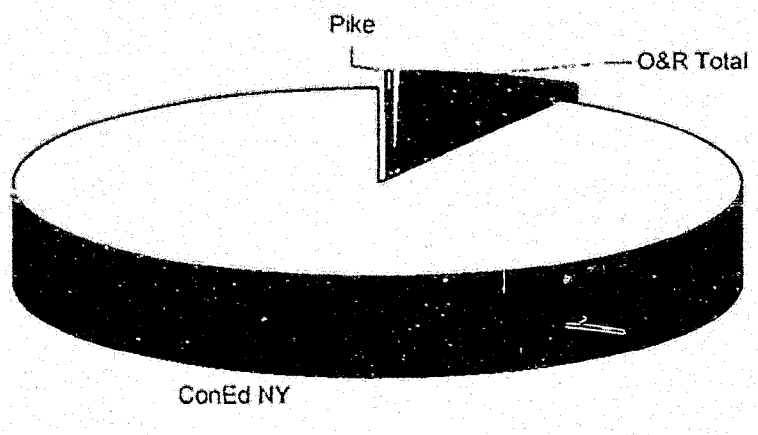
Boston Gas Company Unbundling and Rate Case	named Low-Income Intervenors	Gas industry unbundling, gas DSM for low-income customers, low-income rates	Massachusetts Department of Public Utilities, D.P.U. 96-50	Order 12/96
Notice of Inquiry/ Rulemaking. establishing the procedures to be followed in electric industry restructuring.	Mass. CAP Directors Association, Mass. Energy Directors Association, named Low-Income Intervenors	Electric industry restructuring	Massachusetts Department of Public Utilities, D.P.U. 96-100.	to 10/98
Universal Service Docket	Pennsylvania Office of Consumer Advocate	Rate rebalancing, universal service, telephone penetration.	Pennsylvania Public Utilities Commission Docket No. I-00940035	1996
Massachusetts Electric Company Proposed Increase in Rates and Incentive Ratemaking Plan	Named Low-Income Intervenors	Incentive ratemaking plan, low-income discount rates and fees, low income DSM.	Massachusetts Department of Public Utilities, No. 95-40	1995
In Re: Electric Industry Restructuring	Named Low-Income Consumers	Electric industry restructuring	Massachusetts D.P.U. Docket No. 95-30	to 10/98
In Re: Complaint of Kenneth D. Williams v. Houston Lighting and Power Co.	Named Low-Income Consumers	Customer service, rate design, demand-side management, revenue requirements	Texas Public Utilities Docket No. 12065	1994-5
Open Access Non-Discriminatory Transmission Services ... and Recovery of Stranded Costs	Direct Action for Rates and Equality, Providence, Rhode Island	Open transmission access in interstate commerce, and stranded costs recovery.	FERC, Nos. RM95-8-000, RM94-7-000.	1994-5
Bath Water District, Proposed Increase in Rates	Maine Office of Public Advocate	Water district cost allocation, rate design, low-income water affordability	Maine Public Utilities Commission, Docket. No. 94-034	12/94, 3/95

Exhibit NB-1

NANCY BROCKWAY: TESTIMONIES

Application of Ohio Bell Telephone Co. for Approval of Alternative Form of Regulation	Legal Aid Society of Cleveland and Dayton	Definition of universal telecommunications service, proposal for Universal Service Access program (USA).	Public Utilities Commission of Ohio, Case No. 93-487-TP-ALT	5/4/94
Pennsylvania PUC vs. Bell Telephone of Pennsylvania	Pennsylvania Public Utility Law Project	Definition of "universal telecommunications service"	Pennsylvania PUC No. P-930715	filed 12/93
Joint Application for Approval of Demand Side Management Programs, etc.	LG&E; Legal Aid Society of Louisville, other Joint Applicants	Cost-effective DSM programs for low-income customers; collaborative process to design DSM programs; cost allocation and cost recovery.	Kentucky PSC No. 93-150	11/8/93
Texas Utilities Electric Company	Texas Legal Services Center	Costs and benefits of DSM targeted to low-income customers	Texas PUC No. 11735	1993
Texas Utilities Electric Company	Texas Legal Services Center	Proposed Maintenance of Effort Rate for low-income customers	Texas PUC No. 11735	1993
Philadelphia Water Department	Philadelphia Public Advocate	Costs of Unrepaired System Leaks	Philadelphia Water Comm'r.	1992
New England Telephone	Rhode Island Legal Services	DNP for non-basic service	Rhode Island PUC, No. 1997	1991
Kentucky Power Co	Kentucky Legal Services	Low Income Rate	Kentucky PSC No. 91-066	1991
Investigation into Modernization	Invited by Commission	Impact of modernization costs on low income telephone users	New York PSC	1991

Pike v. O&R and ConEd: Total Operating Revenues



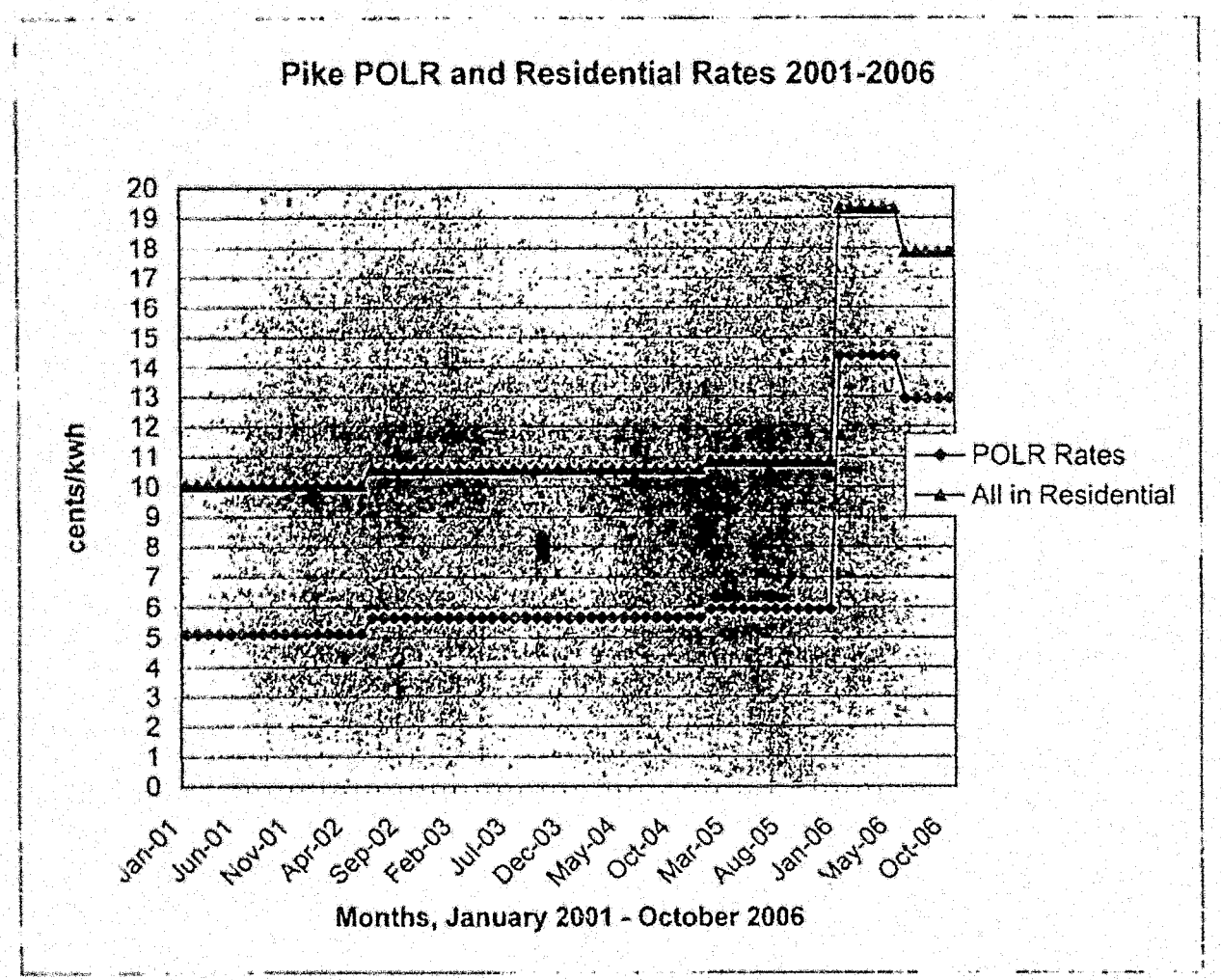
Comparison of Pike County to Orange and Rockland and ConEd NY

	Pike	O&R Total	ConEd NY		Con Ed Utilities	Pike as % ConEd Utils	Pike @ % O&R	Con Ed NY @ % Total
No. Electric Customers	4,471	293,245	3,200,000		3,493,245	0.1%	1.5%	92%
kWh delivered (millions)	67.9	6,100	57,300		63,400	0.1%	1.1%	90%
Electric Revenues	$6.67	$596	$6,993	$	7,589	0.1%	1.1%	92%
Total Operating Revenues	$14.83	$824	$9,272	$	10,096	0.1%	1.8%	92%
Total Assets	$6.9	$1,588	$21,146	$	22,734	0.0%	0.4%	93%
Peak load (mW)*	16	1539	13059		14598	0.1%	1.0%	89%

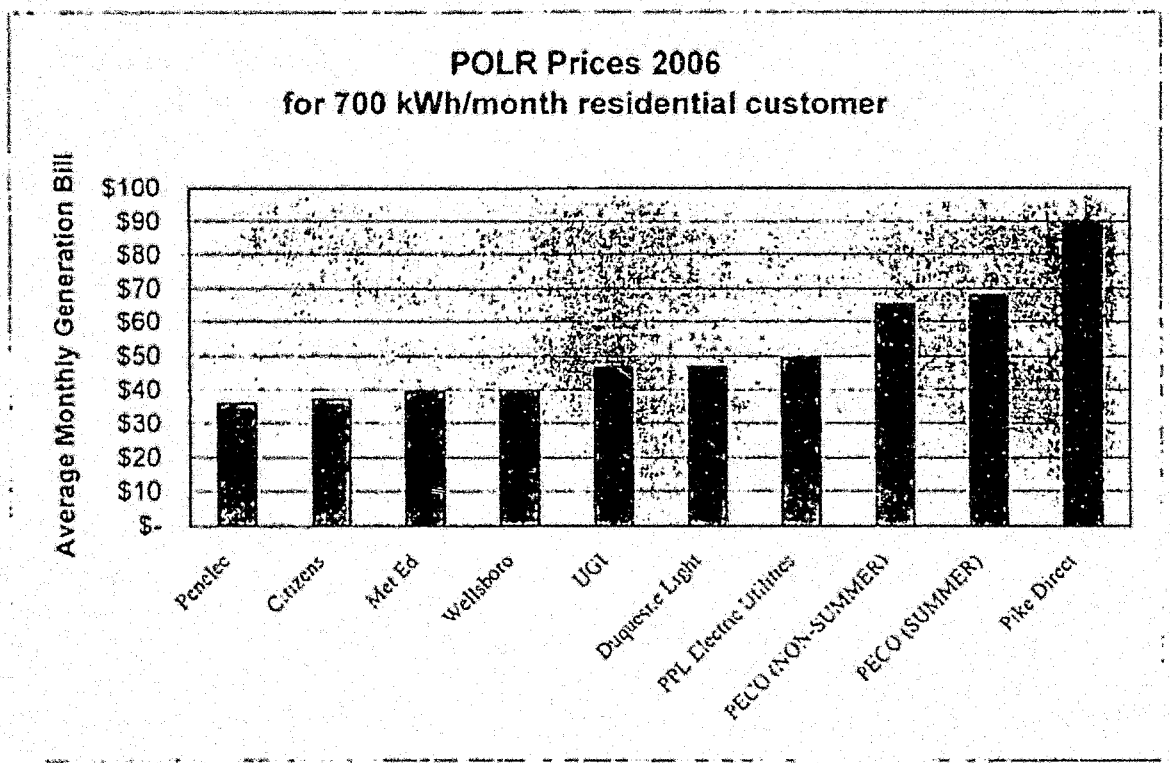
* Pike amount is approximate. Source: filings of OCA.
All $ in millions

Pike County Commissioners v. Pike County Light and Power
Docket No C-20065942

Exhibit NB-3



Service Area	*POLR/mo*	*@ % Pike*
Penelec	$ 36	40%
Citizens	$ 37	42%
Met Ed	$ 39	44%
Wellsboro	$ 40	45%
UGI	$ 47	52%
Duquesne Light	$ 47	53%
PPL Electric Utilities	$ 49	55%
PECO (NON-SUMMER)	$ 66	74%
PECO (SUMMER)	$ 68	77%
Pike Direct	$ 89	...

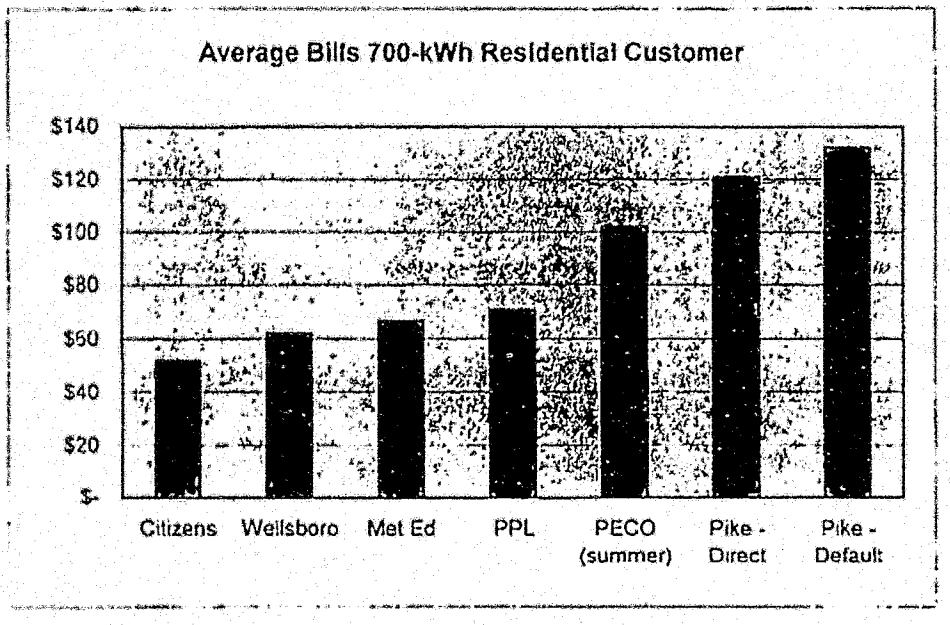


Docket No. C-20065942 Exhibit NB-5
Complaint of Pike County Commissioners

Comparison of Total Average Residential Rates
2006

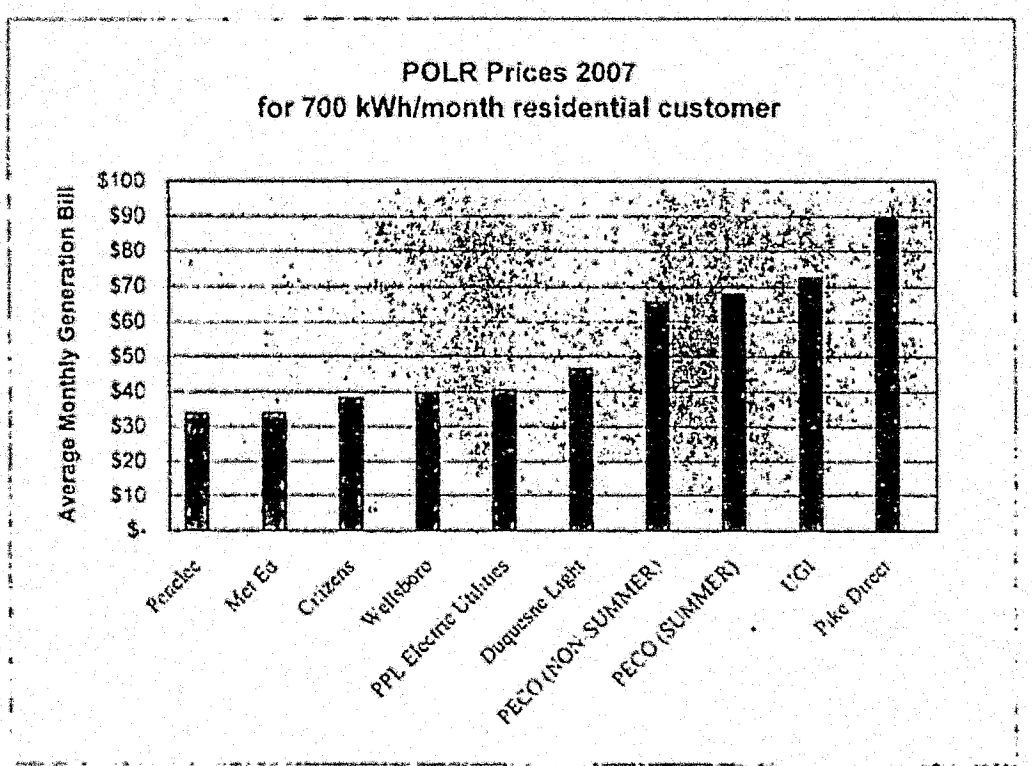
Average Monthly Bill
Residential Customer using 700 kWh

Citizens	$	52
Wellsboro	$	62
Met Ed	$	67
PPL	$	71
PECO (summer)	$	102
Pike - Direct	$	121
Pike - Default	$	132



POLR Rates - 2007 Estimates - Residential Customer Using 700 kWh

Service Area	POLR/mo @	% Pike
Penelec	$ 34	38%
Met Ed	$ 34	38%
Citizens	$ 38	43%
Wellsboro	$ 40	45%
PPL Electric Utilities	$ 40	45%
Duquesne Light	$ 47	52%
PECO (NON-SUMMER)	$ 66	74%
PECO (SUMMER)	$ 68	76%
UGI	$ 73	82%
Pike Direct	$ 89	...



TELEPHONE (973) 875-5101
FAX: (973) 875-4114
www.SussexREC.com

SUSSEX RURAL ELECTRIC COOPERATIVE

64 COUNTY ROUTE 639 • P.O. BOX 346 • SUSSEX, NEW JERSEY 07461

A Touchstone Energy® Partner

February 24, 2006

Sussex Rural Electric Cooperative

A Touchstone Energy Cooperative

Mr. Hyman Schoenblum
Vice President, Corporate Planning
Consolidated Edison Inc
4 Irving Place
New York, NY 10003

Robert M. Kolling
President & CEO

64 County Route 639
PO Box 346
Sussex, New Jersey 07461

Phone: 973.875.5101 Cell: 973-261-3444
Fax: 973.875.9650
e-mail: rkolling@SussexREC.com

Dear Mr. Schoenblum:

By way of introduction, Sussex Rural Electric Cooperative is a member-owned electric cooperative serving over 11,000 members in Sussex County, New Jersey and a few members in Orange County, New York, adjacent to the Pennsylvania state line. Our system was energized in 1936, and we have been neighbors to your electric and gas customers in Pennsylvania, New York and New Jersey for decades. We take considerable pride in our close relationships with our members and our employees, and are very active in local community projects and service area development.

We have followed with interest the growing number of transactions nationwide where rural territory in an adjacent state of a utility with too few customers to justify maintaining a separate regulatory presence and political and public relations costs resulted in cooperatives purchasing that territory. We would be very interested in talking with you about purchasing Pike County Light and Power Company, if there is any chance that it fits with ConEd's strategy.

I can assure you that given this opportunity to ConEd, Sussex Electric would approach this endeavor with the utmost professionalism and the strictest confidentiality. We would engage an experienced team of advisors to make the transaction as seamless for ConEd as possible. We have already mentioned our interest to the National Rural Utilities Cooperative Finance Corporation, who is our banker and has financed similar transactions for other co-ops across the country, and they are quite supportive of providing the financing if a transaction were possible.

To date, we have conducted some preliminary analysis based on Pike County Light and Powers' publicly available information and believe we can offer an attractive price. In addition, we believe our projected long-term power cost could also benefit your customers. If ConEd is interested in considering this type of transaction, we would need to review the additional information outlined on the attached data request list to refine our analysis and submit an offer.

In closing, our Board of Directors enthusiastically supports the proposed transaction. I would appreciate the opportunity to personally meet with you to discuss this opportunity and plan to contact your office to determine a convenient time.

Sincerely,

Robert M. Kelly

Robert M. Kolling
President / CEO

Enclosures:

cc: Mr. Robert N. Hoglund, CFO Consolidated Edison Inc.
Mr. William H. Conway, III, Christenberry Collet

OCA STATEMENT NO. 4

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY
OF

ROBERT KOLLING

ON BEHALF OF THE

OFFICE OF CONSUMER ADVOCATE

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

NOVEMBER 17, 2006

Q. Please state your name, business address, and your job responsibilities at Sussex Coop.

A. Robert Kolling, 346 Route 64, Sussex, NJ, title: President/CEO.

Q. Please describe the Sussex Coop.

A. Sussex Rural Electric Cooperative is a locally owned and managed, tax exempt electric utility which was incorporated in the State of New Jersey in 1937. Under those Articles of Incorporation, Sussex Rural Electric is owned by the members it serves. Each member is granted a membership certificate for a fee of $5.00. It is the only member-owned electric cooperative in the State of New Jersey.

The primary objective of the Cooperative is to provide reliable electrical service to our members at the lowest possible cost. Our service territory represents the northwestern portion of Sussex County with 11,806 consumers, and a small portion of Orange County in New York State, serving 158 consumers.

In accordance with the Cooperative's bylaws, an Annual meeting is held each year, where the members elect three of the nine members of its Board of Directors for a three-year term

Sussex Rural Electric's tax exempt status was granted by the IRS and requires that 85 percent of our revenue must come from the sale of electricity and that any margin generated from this activity be refunded to the members in the form of Capital Credits, the retirement of which is determined by the Board of Directors.

Q. Is Sussex interested in acquiring Pike County Light & Service Company?

A. Yes.

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SECRETARY'S BUREAU

Q. Please describe the location of Sussex in relation to Pike County Light & Power Company's service territory.

A. The Sussex office is 15 miles from downtown Milford which is equal to the same distance we travel to provide service to our Black Creek Area in Vernon, NJ.

Q. Please describe the physical interconnections and other additions that would be necessary for Sussex to take over the PCL&P service territory.

A. We would tie into an existing 34.5 KV line in New Jersey 1.1 miles from the Milford Bridge on State Route 206. This interconnection would tie Pike County to the PJM Grid.

Q. Do you believe that the interconnection of Sussex with PCL&P is technically feasible and economically viable?

A. Yes, this tie is needed to give the consumers of Pike County a main feed that would help reliability and tie them to the PJM grid.

Q. Please describe the relationship of Sussex to the PREA and to Allegheny Electric Cooperative, Inc.

A. PREA is our statewide association that provides its members with a number of services; from a safety department, legislative and public affairs, education for our members and staff, to a monthly newsletter. Allegheny is our G&T (Generation & Transmission) provider. They work with Sussex to provide cost based power to its members and secure the wheeling of that power to all its members Sussex is a member of both cooperatives and has a seat on each board. We are the owners of PREA and Allegheny Electric.

Q. Is Allegheny Electric Cooperative, Inc. a member of PJM?

A. Yes.

Q. Does Sussex receive generation through the PJM Interconnection?

A. Yes

Q. Please describe how Sussex acquires generation for its members and identify the current components of the Sussex generation portfolio.

A. Sussex acquires our generation from Allegheny Electric. Allegheny's current portfolio is 70% ownership in a nuclear power plant and a hydro-electric generation plant (Susquehanna & Raystown Lake) and 30% market price.

Q. Please set forth the current wholesale cost that Sussex pays for generation.

A. Average Price for Sussex in 2006 has been $0.5759 per KWH from Allegheny Electric.

Q. Please set forth the current distribution, transmission, generation and total retail price that Sussex charges to its members.

A. Our current cost to our residential members, which is 92% of our total connected meters, is a monthly facility charge of $8.96 and a cost of $0.1046 per KWH to our members. In New Jersey these rates are subject to sales tax and brings the total cost to $9.59 for the facility charge and $0.1117 per KWH.

Q. What benefits do you believe Sussex's acquisition of Pike brings to Pike's ratepayers?

A. Rate stability, Reliable service, involvement in the community, and the flexibility to provide choices to the different revenue and rate classes.

Q. Please describe Sussex's advanced metering and load management programs.

A. Sussex is 100% AMR (automatic meter reading) to its members and will integrate the same system in Pike County over the first three years. AMR gives our members a way to track their daily usage and helps us locate and determine outages. We also have a load management system in which we can send a signal to a device that turns the member's electric hot water tank off. This helps us control our peak electric demand. We also have an ETS (Electric Thermal Storage) rate to our members that choose to install this type of equipment for heating their homes. We have the member install a second meter on the house and all KWH usage for this

service is sold to our members at a cost of $0.58757 per KWH. This is off peak and our cost per KWH reflects them not contributing to our system peak.

Q. Assuming that Sussex can commence service in PCL&P on January 1, 2008, can you estimate what rates you would charge to PCL&P customers for the year 2008 and what rates you would charge after 2008?

A. Many factors will decide what rates the consumers of Pike County may have to pay, but I do see a 20% reduction in their current rates with rate parity to the Sussex membership in five years.

Q. Is Pike's ownership of a small gas distribution operation in Matamoras, Pennsylvania an impediment to Sussex's acquisition of the Company?

A. No.

KK-1

RK ONE

Responsible Witness: Robert Kolling

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

Office of Consumer Advocate SUPPLEMENTAL Responses (January 9, 2007)
to Pike County Light & Power Company
Interrogatories Set I

22. Please provide copies of any and all documents in the possession of Sussex relating to the possible acquisition of PCL&P.

SUPPLEMENTAL RESPONSE (January 9, 2007)

Attached is a letter from the National Rural Utilities Cooperative Finance Corporation to Sussex regarding finance information concerning the potential Sussex acquisition of PCL&P.

Sponsoring Witness: Robert Kolling

00092082.DOC

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

National Rural Utilities
Cooperative Finance Corporation

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

January 8, 2007

Mr. Robert M. Kolling
President & CEO
Sussex Rural Electric Cooperative
P. O. Box 346
Sussex, NJ 07461-0346

Dear Mr. Kolling:

National Rural Utilities Cooperative Finance Corporation ("CFC") hereby expresses its interest in providing financing to Sussex Rural Electric Cooperative ("SREC") in an amount to be mutually agreed upon between CFC and SREC for the acquisition of the Pike County Light and Power electric facilities currently owned by Consolidated Edison ("Con Ed"), subject to satisfaction by SREC of CFC's underwriting criteria and loan processing requirements, as well as such other requirements and conditions as CFC shall determine, some of which are more specifically set forth below.

I have included a copy of CFC's most recent annual report that reflects CFC's financial strength and history of financing electric cooperatives throughout America. As you know, CFC is a $20 billion not-for-profit cooperative association owned by its 1,045 members. CFC's long-term debt is rated "A+" by Standard & Poor's, "A+" by Fitch and "A1" by Moody's, thereby allowing CFC to raise funds at very competitive interest rates.

This conditional commitment will remain outstanding for twelve months from the date of this letter. In its sole discretion, CFC may transfer this conditional commitment to its affiliate, National Cooperative Services Corporation ("NCSC"). All references to CFC in this letter shall be deemed to include NCSC.

The conditional commitment is expressly contingent upon and subject to the satisfaction, in CFC's sole discretion, of the following conditions:

- the loan facility shall be secured by a first priority mortgage lien in favor of CFC on all of the Distribution System's assets and revenues;
- SREC's receipt of all permits, consents, waivers, and approvals required by any federal, state, or local governmental boards, commissions, authorities or other regulatory bodies in connection with this transaction.

- due diligence review and approval by CFC of all contracts material to the transaction including, but not limited to, any energy purchase contracts, employment and labor contracts, management agreements, participation agreements and partnership agreements.
- a determination by CFC in its sole discretion that collateral value and equity participation in the transaction are sufficient to support the amount of financing requested;
- all necessary internal approval by CFC, including the CFC Board of Directors (which approvals have not been obtained as of the date of this letter) which may include additional terms and conditions and requests for additional information to complete due diligence;
- further negotiation and completion of mutually agreeable financing terms (including additional collateral security) and documentation which will include terms, provisions, representations, warranties, covenants, conditions precedent, defaults, indemnities and remedies that are typical to acquisition financing, although not expressly described in this letter.
- SREC's execution and delivery of promissory notes, loan agreements, security agreements, assignments, mortgages, pledge agreements and such other documents as required by CFC, each of which shall be in form and substance satisfactory to CFC and its counsel;
- SREC's completion of all filings and notices required by law and necessary to perfect CFC's security interest in the collateral,
- delivery of opinions of counsel covering such matters as CFC or its counsel may require in connection with the acquisition and financing contemplated by this conditional commitment, and

If the terms of this conditional commitment are acceptable to you, please sign where indicated below and return the executed copy to CFC. This conditional commitment is not assignable by you and shall become effective upon your signature below and receipt by CFC

CFC appreciates your business and looks forward to working with you on this project. If you have any questions, please feel free to call me at 1-800-424-2954, ext. 6801.

Sincerely,

Elaine M. MacDonald

Elaine M. MacDonald
Associate Vice President

Accepted by:

Sussex Rural Electric Cooperative

By:

Robert M. Kolling

Date: 1/8/07

Mr. Robert M. Kolling
President & CEO

CFC LETTER
NJ006-X 0074 (MACDONE)
107072-1

OCA D-ONE

INTERROGATORIES

1. Press reports and mail inserts announced that the increases for PCL&P households would be 73%. What was not first admitted was that within the 73% increase a larger more ominous increase which many individuals and businesses hollered about. the 129% increase in the delivery charges which replaced the POLR charges. Why are there differences in your PCL&P numbers and those of your complaining customers? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

There are no differences. The two increase numbers are consistent. The 73% increase refers to the increase in the total bill from PCL&P. The 129% increase refers only to the increase in the commodity portion of the bill.

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JAN 23 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

2. Please see Complainant Dalton's Attachment A: Table 1. The results of the supply costs for the Dalton household are 131%, 130%, 131%, 132% and 131% for February through June, respectively. The results of Complainant Dalton's overall cost-per-kWh usage are 83%, 81%, 82%, 82% and 81% for the same corresponding months. (a) How can this be compared to the PCL&P announced 73%? Please explain fully. (b) Why didn't PCL&P expect percentages experienced by PCL&P customers like the Daltons? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

(a) The 73% increase number represents the increase for a typical customer. Increases for individual customers will vary.

(b) Please see the response to (a) above.

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JAN 23 2007

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SECRETARY'S BUREAU

3. www.oru.com/documents/tariffsandregulatorydocuments/pa/pendingelectric/DefaultServiceCharges.pdf where on the second page of this document is the signature of William A. Atzl, Jr. as Director – O&R Rates. The remaining submission of the entire 39 pages of this document shows: "Pike County Light & Power Company"; "John D. McMahon, President"; and "Milford, Pennsylvania". Of these remaining 39 pages, beginning with page 3 and ending with page 25, the full name of Pike County Light & Power, Mr. McMahon's name, his title, and "Milford, Pennsylvania". (a) Why are Pike County Light & Power/Orange & Rockland, Mr. John McMahon, and Mr. Atzl intentionally act in such deceptive manner by continuing to have "Pike County Light & Power Company" and "Milford, Pennsylvania 18337" on the cover bottom, and "Milford, Pennsylvania" under John D. McMahon's name in the tariff application? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P does not understand this question. PCL&P denies that it has engaged in any deceptive practices.

4. Sussex Rural Electric COOP President & CEO Robert M. Kolling spoke to attendees at the Milford, PA firehouse (during 2006) giving the COOP philosophy and a talk on their interest in purchasing PCL&P from Orange & Rockland (O&R). Mr. Kolling also informed the attendees that O&R refused to respond to his telephone calls. (a) Why did PCL &P refuse to return Mr. Kolling's telephone calls? Please explain fully. (b) Why did O&R representing PCL&P refuse to return Mr. Kolling's telephone calls? Please explain fully.

Response. Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P has responded to Mr. Kolling. Please see PCL&P's response to OSBA Set 1, Question 2.

5. Where can any PCL&P electric customers find the original filing of the Pike County Light & Power (PCL&P) application to seek rate changes which evolved into the rates that these same electric customers began paying January 1, 2006? Please explain how, or where on the internet.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

The Pennsylvania Public Utility Commission

6. Why has PCL&P chosen not to use the electric rates that Con Ed Trading purchased on behalf of Orange & Rockland Utilities which are lower than the 14+ cents and the 12+ cents charged to PCL&P electric customers beginning January 1, 2006? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

In compliance with its PAPUC-approved Default Service Implementation Plan, PCL&P used rates proposed by Con Edison Energy, the winning bidder in PCL&P's default service auction, to set its default service rates.

7. Why has Orange & Rockland Utilities (O&R) chosen not to use electric rates that Con Ed Trading purchased on behalf of O&R which are lower than the 14+ cents and the 12+ cents currently charged to PCI &P electric customers? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

Con Edison Energy did not enter into any transactions with O&R for the benefit of O&R's customers.

8. Why is it that PCL&P electric customers in eastern Pike County are not being charged the rate(s) for electricity passing through from Port Jervis, NY and at the same time benefiting from Con Ed Trading department purchases? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P entered into a financial transaction with Con Edison Energy that fixed the prices for PCL&P's default service customers for January 1, 2006 through December 31, 2007.

9. Why is it that PCL&P electric customers are not charged rates similar to those other Orange & Rockland Utilities electric customers not in the State of Pennsylvania? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

O&R's customers are charged different rates from PCL&P's customers since O&R and PCL&P operate under different regulatory and legislative arrangements. For example, O&R's customers, unlike PCL&P's customers, did not benefit from the capped, below market, electric commodity rates that existed in Pennsylvania from 1999 through 2005.

10. Why is PCL&P continuing to support the listing of an unmanned telephone which is assigned to the "228 Tenth Street, Matamoras, Pennsylvania 18336" and is a "Pike County Light & Power Co., Matamoras Substation No. 104"? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

In his complaint, the Complainant states that he obtained the telephone number referred to above from the Pike County Chamber of Commerce website, rather than from PCL&P. As PCL&P noted in its answer to Complainant's complaint, PCL&P lists a toll free number on each customer bill (i.e., 877-434-4100) that customers can call if they wish to contact a Pike customer service representative.

11. Please see Complainant Dalton's Attachment C. The cover page in the upper right corner has "4 Irving Place" "New York, NY 10003-0987". Skip to page 3 of this filing and note "Milford, Pennsylvania" under "John D. McMahon, President". Why are there two different locations of the filing office? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

Mr. Atzl, who submitted the tariff filing in question, has an office at 4 Irving Place. PCI.&P maintains a copy of its tariff in Milford, Pennsylvania.

12. Please see Complainant Dalton's Attachment C. Skip to the Default Service Rate Design Workpapers at the end. There are a total of eight (8) worksheets devoted to Calendar 2006, and another eight (8) worksheets for Calendar 2007. Focus on Calendar 2006, and one number: $9,988,810 on Exhibit B Page 1 of 5, just below the "***Revenue Allocation***" line, "Required Default Service Revenue". (a) Why is this $9,988,810 a required number? (b) Why such a large amount? (c) Why $9,988 million for such a small number of households and small businesses? (d) Why such a large sum? Please explain each subpart fully.

Response: Sponsoring Witness: James O'Brien, Vice President - Customer Service

(a) The $9,988,810 is the total 2006 amount required to pay for energy, capacity and ancillary services to be procured by PCL&P on behalf of its default service customers.
(b) See response to (a) above.
(c) See response to (a) above.
(d) See response to (a) above.

13. Please see interrogatory 12. Continuing. Page 1 of 3. which represents a "*Summary of Proposed Increases*". At the bottom of this same sheet is a summary of "Percentage Increases" with 118.8% in the "Default Svc" column. The Total column showed 69.3%. 72.0%. 31.6% and 44.4% for Service Classifications 1 through 4. respectively. The overall average results in a 70.5% increase in the Default Service Charge. Why didn't the Pennsylvania Public Utility Commission (PUC) and the Pennsylvania Office of the Consumer Advocate (OCA) query PCL&P (or is it O&R?) on the size of this increase? Please explain your response fully.

Response: Sponsoring Witness. James O'Brien. Vice President – Customer Service

PCL&P does not know why the PUC and OCA may have acted the way that they did.

14. Please see interrogatory 12 in this set. In Exhibit B, Page 2 of 5, at the bottom half of the page: Default Svc unit prices (or rates) are 0.137806 and .118816. These prices (or rates) when compared to .062982 and .054303, respectively, each represent 118.8%. Why didn't PUC and OCA query PCL&P of this 118.8% increase? Please explain your answer fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P does not know why the PUC and OCA may have acted the way that they did.

15. Please look in Complainant Dalton's Attachment B workpapers and compare with Exhibit B, Page 2 of 5 in interrogatory 14, do you see 118.8%? Why is there such a difference? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

Exhibit B referred to above by the Complainant is an updated version of Exhibit B to the Company's May 31, 2005 filing that was submitted in a November 1, 2005 filing submitted by PCL&P to the PAPUC to set rates resulting from PCL&P's default service auction.

This Exhibit B was later revised and resubmitted by PCL&P to the PAPUC in a November 16, 2005 filing. This filing was made to add the effect of gross receipts tax to the default service rates. The November 16, 2005 version of PCL&P's Exhibit B shows 2006 default service revenue increases of approximately 129% where the November 1, 2005 version showed the 118.8% the Complainant refers to above.

The 129% shown on PCL&P's November 16, 2005 Exhibit B is consistent with the default service increase percentages shown on Complainant Dalton's Attachment B workpapers

16. Please look in Complainant Dalton's Attachment A: Table 1. (a) Do you see 131%, 130%, 131%, 132%, and 131% on line 28? (b) Do you see the same line in Attachment A Table 2? Are these percentages found anywhere in the PCL&P workpapers filed during calendar year 2005?

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

See response to interrogatory 15. The percentages stated above are consistent with those shown on PCL&P's November 16, 2005 Exhibit B (approximately 129%).

17 The PCL&P and O&R insert with our December 2005 bills announcing total electric cost increases are expected to be around 73%. Please look in Dalton's Attachment B workpapers. (a) Do you see a figure of 73%? (b) What do you see? Please cite your observations.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

The Complainant's Attachment B workpapers show increases ranging from 74% to 79%. Differences between these figures and the 73% stated above are attributable to differences between the Complainants usage and the 500 kWh monthly usage used in the calculation of the 73% increase.

18. Please look in Complainant Dalton's Attachment A Table 1, do you see a number resembling 73%? What do you see? Please cite your observations.

Response. Sponsoring Witness: James O'Brien, Vice President – Customer Service

See response to question 17.

19 Please DIAL 570-491-4212 and listen until you receive a message. (a) Record the elapsed time and the number of rings when the recording activates. Please quote the message. (b) Should PCL&P/O&R terminate usage and maintenance of this telephone number (570-491-4212) and give FULL support to a manned local telephone number specifically for PCL&P customer use? Please explain your answer.

Response Sponsoring Witness: James O'Brien, Vice President – Customer Service

Please see the response to Question 10 above.

20. Should the PUC publicly admonish Pike County Light & Power (PCL&P)/Orange & Rockland Utilities (O&R) for its audacity of using an unmanned Pennsylvania telephone number for deception for PCL&P electric customers and publicly apologize in mailings and press announcements for such practice. Do you agree that admonishment would be appropriate? Please explain your response

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

No. Please see the response to Question 10 above.

21 Please see Complainant Dalton's Attachment D, Forecast 1 and Forecast 2 tables. Does PCL&P intend to improve its methods of requesting rate increases by utilizing the methodology proposed and illustrated there? If not, why not? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P will continue to use its current methodology which has been accepted by the PUC.

22. Please see Complainant Dalton's Attachment C. Look at the "Sales" column in the table for Current Rates, Page 2 of 3. Compare with the "Sales" column for Proposed Rates, Page 3 of 3. (a) Why are these "Sales" numbers the same for before and after rates? Please explain your response fully. (b) Does it make sense that "Sales" would drop, or decline, after a rate impact? Please explain your response fully. (c) Does it make sense that "Sales" would likely drop after a rate increase? Please explain your response fully. (d) Does it make sense that "Sales" would definitely drop as a result of rate shock? Please explain your response fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

(a) The use of equivalent sales levels before and after a rate change is typical in utility rate design.

(b) Sales could decline after a rate impact, however, sales could also increase due to other factors such as customer growth or weather.

(c) See response to (b) above.

(d) See response to (b) above.

23. Please see Complainant Dalton's Attachment C, page 2 which is the second page of the cover letter from William A. Atzl, Jr. with his signature on PCL&P letterhead. Mr. Atzl's position noted there is "Director-O&R Rates". (a) Who is Mr. Atzl's real employer? (b) Why doesn't Mr. Atzl sign off that he is Director of PCL&P Rates? (c) Why does Mr. Atzl present a misrepresentation in the PCL&P application to the PaPUC as Director of O&R Rates and not PCL&P Rates? Please explain responses in each sub-part fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

a. Mr. Atzl is employed by Consolidated Edison Company of New York, Inc. In his position as Director – O&R Rates, Mr. Atzl performs services for Orange and Rockland Utilities, Inc., and its affiliates, PCL&P and Rockland Electric Company.

b. That is not his position.

c. See the response to a.

24. With regard to Complainant Dalton's Attachment D, Forecast 1 and Forecast 2: (a) Will PCL&P seek to change its method of forecasting rates? (b) Will O&R seek to change its method of forecasting rates? (c) Will Con Edison seek to change its method of forecasting rates? Please fully explain fully each sub-part.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

a. PCL&P will continue to perform its forecasting in a manner acceptable to the PUC.
b. O&R's method of forecasting rates has no effect on PCL&P's customers.
c. Con Edison's method of forecasting rates has no effect on PCL&P's customers.

25. Please see Complainant Dalton's Attachment D, Annual Report Data table. The footnote states: "No Annual Report found for 2004 and 2002 years." (a) Why? (b) What is the source for 2004 and 2002 numbers?

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

(a) PCL&P is unable to explain why Complainant Dalton was unable to locate PCL&P's 2002 and 2004 annual reports on the PAPUC's website. PCL&P's Annual Reports for the years 2002 through 2005 are available on the PAPUC's website.
(b) See response to (a) above.

26. Please see Complainant Dalton's Attachment H. These data have been taken from Dalton Attachment C workpapers filed by PCL&P. Please see Complainant Dalton's Complaint at page 8 line 39 through page 9 line 7. Using Attachment H, Exhibit T-1, and recalculating by beginning with the $9,988,810 at line (1) in column (2) [same as C2L1], and following the information given there in the "Sources" step-by-step process, would this be an unreasonable assumption? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P did not prepare these Attachments and declines to perform the calculation. These Attachments speak for themselves. However, PCL&P would note that in Attachment H, Exhibit T-1, Column 2, the Complainant appears to misinterpret the $9,988,810 as pertaining to PCL&P's total revenue rather than just the default service revenue requirement.

27. Please refer to Complainant Dalton Interrogatory 26, and Complainant Dalton's Attachment C. Is it true that PCL&P may have made a mistake in its design of the workpapers filed once it learned that $13,113,511 would be the total revenues gained from the new rates effective January 1, 2006? Please explain your response fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

No. As stated in PCL&P's response to Interrogatory 26, in his Attachment H, Exhibit T-1, Column 2, the Complainant appears to misinterpret the $9,988,810 as pertaining to PCL&P's total revenue rather than just the default service revenue requirement.

28. Please refer to Complainant Dalton Interrogatory 26, and Complainant Dalton's Attachment C. Is it true that PCL &P may have made a mistake in its design of the workpapers filed and failed to re-file once it learned that $13,113,511 would be the total revenues gained from the new rates effective January 1, 2006? Please explain.

Response Sponsoring Witness: James O'Brien, Vice President – Customer Service

No. However, as noted in PCL&P's response to Interrogatory 15, PCL&P revised its Exhibit B (which is included in Complainant's Attachment C) and resubmitted it to the PAPUC in a November 16, 2005 filing. This filing was made to add the effect of gross receipts tax to the default service rates. In PCL&P's revised Exhibit B, total revenues effective January 1, 2006 are $13,572,907.

29. PCL&P filed its papers for rate changes on Tuesday, May 31st, 2005. (a) Is this date correct? (b) Did PCL&P file workpapers then like those, or similar to those shown in Complainant Dalton's Attachment 3? (c) Which is it? Explain.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

(a) PCL&P filed its Default Service Implementation Plan on May 31, 2005.
(b) PCL&P is unaware of an Attachment 3 to the Complainant's complaint. However, the May 31, 2005 Default Service Implementation Plan did include illustrative workpapers.
(c) See response to (b) above.

30. On the lack of footnotes in the PCL&P workpapers shown in Complainant Dalton's Attachment C. Why does PCL&P fail to use footnotes and other helpful pointers as an aid in understanding how the numbers were derived? Please explain fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P follows a format that has been traditionally accepted by the PUC.

31. On the lack of footnotes in the PCL&P workpapers shown in Complainant Dalton's Attachment C. (a) Will PCL&P use footnotes and other helpful pointers in understanding how the numbers were derived? (b) If "yes", how soon? (c) If "no", why not? Please explain fully each of your responses.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

PCL&P will continue to use a format acceptable to the PUC.

32. Many of the PCL&P electric customers opted to accept Direct Energy as their electric supplier beginning on or after June 1st, 2006. In Complainant Dalton's Attachment C and in interrogatories 11-14 propounded in this set, PCL&P sought a need for $9,988,810 in Default Revenues. Since PCL&P may not have been able to attain or earn this total of $9,988,810 in Default Services Revenues, how did PCL&P account for the "shortfall" since many of the PCL&P electric customers elected to opt out from PCL&P to Direct Energy as their supplier mid-year 2006? Please explain your answer fully.

Response: Sponsoring Witness: James O'Brien, Vice President – Customer Service

To the extent that PCL&P's customers are provided with their electric supply by Direct, PCL&P's default service costs and need for default service revenues are correspondingly reduced. In this case, it will not be necessary for PCL&P to recover the full $9,988,810 (note, this amount was revised to $10,448,546 in the Company's November 16, 2005 filing).

33. Many of the PCL&P electric customers opted to accept Direct Energy as their electric supplier beginning on or after June 1st, 2006. In Complainant Dalton's Attachment C, and in interrogatories 11-14 propounded in this set, PCL&P sought a need for $9,988,810 in Default Revenues over 12 months. Since PCL&P may not have been able to attain or earn this total of $9,988,810 in Default Services Revenues, how did PCL&P account for the "shortfall" since many of the PCL&P electric customers elected to opt out from PCL&P to Direct Energy as their supplier mid-year 2006? Please explain your answer fully.

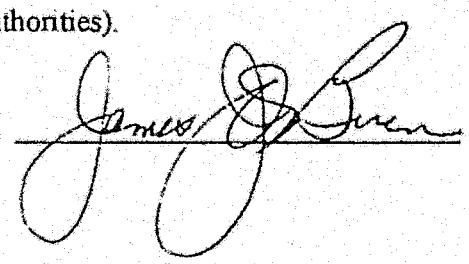
Response. Sponsoring Witness: James O'Brien, Vice President – Customer Service

Please see the response to Question 32 above.

VERIFICATION

I, James J. O'Brien, Vice President – Customer Service of Pike County Light & Power Company, hereby state that the facts set forth in the foregoing Responses to Interrogatories, for which I am the sponsoring witness, are true and correct to the best of my knowledge, information and belief.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to sworn falsification to authorities).



OCA Cross Examination Exhibit 5

Date Entered: _____

County of Pike	:	
	:	
v.	:	Docket No. C-20065942, *et al.*
	:	
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Office of Consumer Advocate
Interrogatories Set VII

2. In response to OCA Interrogatories Set I, question 4, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's electric operation and maintenance activities [Messrs McMahon, O'Brien, Sniffen, Regan, Tarpey and Olsen] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the each such employee's ability whether:

a. any of such employees spends more than 50% of his time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive issues and rates in Pike County in early 2005.

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Office of Consumer Advocate
Interrogatories Set VII

3. In response to OCA Interrogatories Set I, question 5, PCP&L stated that the key employees who have responsibility for overseeing PCL&P's long range electric planning [Messrs. Tarpey, Olsen, Sniffen and Regan] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive issues and rates in Pike County in early 2005.

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

4. In response to OCA Interrogatories Set 1, question 6, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's financing activities [Messrs. Hoglund, Perkins, Kosior] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive issues and rates in Pike County in early 2005.

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

5. In response to OCA Interrogatories Set I, question 7, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's electricity POLR procurement [Agriss, Holtman, Dunbar, Rozmus] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his or her time on such functions for PCL&P annually.

b any of such employees spends more than 25% of his or her time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his or her time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive and rate issues in Pike County in early 2005

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

6. In response to OCA Interrogatories Set I, question 8, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's regulatory relations [Messrs McMahon, Freedman, Kane, Atzl, O'Brien, Kosior] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive and rate issues in Pike County in early 2005.

Response Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

7. In response to OCA Interrogatories Set I, question 9, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's compliance with electricity restructuring obligations in Pennsylvania [Mr. O'Brien, Ms. Quin and Ms. Cigliano] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether.

a. any of such employees spends more than 50% of his or her time on such functions for PCL&P annually.
b. any of such employees spends more than 25% of his or her time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his or her time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's reviews of competitive and rate issues in Pike County in early 2005.

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

8 In response to OCA Interrogatories Set I, question 11, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's customer service [Mr. O'Brien, Ms. Scerbo, Ms. Sullivan and Mr. Braunfotel] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his or her time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his or her time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his or her time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's review of competitive and rates issues in Pike County in early 2005.

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc. and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

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Interrogatories Set VII

9. In response to OCA Interrogatories Set I, question 12, PCP&L stated that the key employees who have day-to-day responsibility for overseeing PCP&L's electricity capital investment planning and decision making [Messrs McMahon, Tarpey and Regan] "do not maintain records of the time that they spend on PCLP matters." With respect to such employees and functions, please state to the best of the Company's ability whether:

a. any of such employees spends more than 50% of his time on such functions for PCL&P annually.

b. any of such employees spends more than 25% of his time on such functions for PCL&P annually.

c. any of such employees spends more than 10% of his time on such functions for PCL&P annually.

When replying to this question, please distinguish between typical percentages of time and time that has been spent since the opening of the Commission's review of competitive and rates issues in Pike County in early 2005.

Response. Sponsoring Witness: James W. Tarpey, Vice President – Operations

As noted previously, these employees do not maintain records of time spent on PCL&P matters. Since these employees engage in activities that mutually benefit PCL&P, and its affiliates Orange and Rockland Utilities, Inc and Rockland Electric Company, and often involve a variety of activities, PCL&P is unable to respond to this interrogatory.

OCA Cross Examination Exhibit 6

Date Entered: _____

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Office of Consumer Advocate
Interrogatories Set VIII

I. Regarding electric service customers located in the Company's service area that are served from the distribution facilities of other utilities:

a. Describe the utility, or utilities, whose distribution facilities these customers are served from.
b. Describe the location of and the numbers of these customers.
c. Provide a map showing the location of such customers, the distribution facilities serving them, and the closest distribution facilities owned by the Company.
d. Describe the annual peak load and the annual energy consumption reflected by these customers.
e. Describe and provide a copy of all agreements, arrangements, contracts, or the like between utilities under which electricity is sold to and/or is delivered to these customers.
f. Describe and provide a copy of all rates, tariffs, etc. that are involved in the delivery of and/or the sale of electricity to these customers

Response: Sponsoring Witness: James W. Tarpey, Vice President – Operations

a. Metropolitan Edison Company

b. There are 44 customers located in Pike County.

c. The Company does not have such a map.

d. 549,029 KWH

e. Please see the attached documents.

f. All 44 of these customers are billed under the current SC 1 Residential Service tariff (a copy of which is available on the Company's website). Of the 44 customer's only one remained full service. The remaining 43 customers now receive their service from Direct Energy.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Agreement Terminating Prior Borderline Sales Agreement

This Agreement made and entered into this 17th day of December, 1993 between Metropolitan Edison Company (Met-Ed) and Pike County Light & Power Company (Pike).

WHEREAS, Met-Ed and Pike entered into a Borderline Agreement, dated as of July 22, 1980;

WHEREAS, said Borderline Agreement has heretofore been submitted to the Federal Energy Regulatory Commission (FERC) for acceptance for filing under the Federal Power Act (FPA) and has been accepted by the FERC for filing; and

WHEREAS, by the Appendix to a Final Order issued July 30, 1993, by the FERC in Docket No. PL93-2-002, the FERC held that borderline sales fall within Section 205 of the FPA and that, in recognition of the character of the borderline service provided, the FERC had adopted as the wholesale rate the neighboring utility's retail rate, provided that the utility documents the state commission's approval of the retail rate;

WHEREAS, in that light, Met-Ed and Pike have agreed to terminate their Borderline Agreement, dated as of July 22, 1980, and to provide borderline service to one another in accordance with their respective retail rates approved by their respective state commissions, as so documented; and

WHEREAS, Met-Ed and Pike have agreed to request that the FERC waive the 60 days' prior notice of filing of this Agreement and permit it to become effective as of December 31, 1993;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, Met-Ed and Pike hereby agree that:

1. The Borderline Agreement, dated as of July 22, 1980, between Met-Ed and Pike shall be terminated effective as of such date as shall be determined by the Federal Energy Regulatory Commission in response to the filing with that Commission of this Agreement.

2. Met-Ed and Pike shall thereafter provide borderline service to one another at their respective retail rates approved by their respective state commissions.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the day and year first above written.

ATTEST

Secretary (Seal)

METROPOLITAN EDISON COMPANY

By: H. L. Albright
Vice President

ATTEST.

Secretary (Seal)

PIKE COUNTY LIGHT & POWER COMPANY

By: M. R. Van
Vice President

jk-0059.jk

OCA Cross Examination Exhibit 17

Date Entered: _____

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Office of Consumer Advocate
Interrogatories Set I

14. Please state the total number of PCLP employees whose primary office or place of business has been in Pike County for each of the last 10 years. For any year in which the number is equal to or less than 10, please identify each such employee by job title and responsibilities. If applicable, please break out your answer by gas or electric, respectively.

Response: Sponsoring Witness: James J. O'Brien, Vice President – Customer Services

Until October 31, 2004, Pike maintained an office at 219 Broad Street in Milford, PA. This office was usually staffed by one person, a customer service representative, who handled bill paying and customer inquiries.

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SECRETARY'S BUREAU

OCA Cross Examination Exhibit 8

Date Entered _____

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

6. The Law Bureau Report recommends that PCL&P's service territory be surveyed for alternative energy/renewable energy potential, with the intent of obtaining government incentives and providing "more competitive" prices to PCL&P customers (recommendation number 7). Please provide PCL&P's comment on the feasibility of this recommendation, including a discussion of whether such a hypothetical generator would be able to sell its output to customers outside of PCL&P's territory, in either NYISO or PJM.

Response Sponsoring Witness: James O'Brien, Vice President – Customer Service

The Company has not performed any alternative energy/renewable energy generation type studies or surveys. The Company therefore declines to comment on this recommendation.

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OCA Cross Examination Exhibit 9

Date Entered: _____

County of Pike :

v : Docket No. C-20065942, *et al.*

Pike County Light & Power Company :

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

5. Please detail the status of implementing a PowerSwitch program at PCL&P

Response: Sponsoring Witness: James O'Brien, Vice President - Customer Service

PCL&P has delayed filing an ESCO referral program for its service territory because it has received virtually no interest from eligible EGSs in participating in such a program. To date, only a single EGS, the Company's affiliate Con Edison Solutions, has expressed an interest. Given the limited number of EGS participants for the program, PCL&P does not believe it is in its customers' best interests to initiate a program at this time. Nonetheless, PCL&P will file a proposal before year end. This way, assuming the program is approved, at such time as EGSs decide that they want to participate, PCL&P will be in a position to implement the program without any regulatory delays.

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SECRETARY'S BUREAU

OCA Cross Examination Exhibit 10

Date Entered: _____

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Office of Consumer Advocate
Interrogatories Set IX

1. For each year from 1998 to the present, kindly provide (a) typical average residential non-heat customer bill and (b) typical average small commercial customer bill, broken out by delivery and generation services where applicable. Kindly show the kilowatthour assumptions made for a typical residential non-heat customer, and the kilowatthour and kilowatt assumptions made for a typical small commercial customer. When a rate changed in mid-year, kindly show the typical bills for that year before the rate change and after the rate change, and indicate what the rate change was and when it took effect.

Response Sponsoring Witness: James O'Brien, Vice President – Customer Service

Please see attached bill calculations from May 1999 through January 2007. Prior to May 1999, Pike's bills were bundled and it was not possible to separately identify the delivery and generation service components.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Office of Consumer Advocate
Interrogatories Set IX

VERIFICATION

I, James J. O'Brien, Vice President – Customer Service of Pike County Light & Power Company, hereby state that the facts set forth in the foregoing Responses to Interrogatories, for which I am the sponsoring witness, are true and correct to the best of my knowledge, information and belief.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to sworn falsification to authorities).

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pike County Light and Power Company
Electric Bill Calculations for a Typical Residential Customer
May 1999 through January 2007

SC-1 General Residential

	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
Monthly Usage (kWh)	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Usage by Block																	
First 1000 kWh	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rates																	
Customer Charge	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Delivery Charge																	
First 1000 kWh	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610
Over 1000 kWh	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507
SBC	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327
Default Service																	
First 1000 kWh	0.035176	0.035176	0.035176	0.035176	0.035176	0.035176	0.035176	0.035176	0.050172	0.050172	0.050172	0.050172	0.050172	0.053847	0.053847	0.053847	0.053847
Over 1000 kWh	0.030373	0.030373	0.030373	0.030373	0.030373	0.030373	0.030373	0.030373	0.043267	0.043267	0.043267	0.043267	0.043267	0.046427	0.046427	0.046427	0.046427
CTC																	
First 1000 kWh	0.019409	0.019409	0.019409	0.019409	0.019409	0.019409	0.019409	0.019409	0.004413	0.004413	0.004413	0.004413	0.004413	0.000738	0.000738	0.000738	0.000738
Over 1000 kWh	0.016689	0.016689	0.016689	0.016689	0.016689	0.016689	0.016689	0.016689	0.003795	0.003795	0.003795	0.003795	0.003795	0.000635	0.000635	0.000635	0.000635
Delivery STAS	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	0.56%	0.56%	0.56%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Default Service STAS	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	0.56%	0.56%	0.56%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Bill Calculations																	
Delivery																	
Customer Charge	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21
First 1000 kWh	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SBC	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
CTC																	
First 1000 kWh	11.45	11.45	11.45	11.45	11.45	11.45	11.45	11.45	2.60	2.60	2.60	2.60	2.60	0.44	0.44	0.44	0.44
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 1000 kWh	20.75	20.75	20.75	20.75	20.75	20.75	20.75	20.75	29.60	29.60	29.60	29.60	29.60	31.77	31.77	31.77	31.77
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delivery STAS	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	0.17	0.17	0.17	0.13	0.13	0.12	0.12	0.12	0.12
Default Service STAS	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	0.17	0.17	0.17	0.13	0.13	0.14	0.14	0.14	0.14
Total Bill	$59.76	$59.76	$59.76	$59.76	$59.76	$59.76	$59.76	$59.76	$60.13	$60.13	$60.13	$60.05	$60.05	$60.06	$60.06	$60.06	$60.06
Average Rates																	
Delivery	4.673	4.673	4.673	4.673	4.673	4.673	4.673	4.673	4.702	4.702	4.702	4.697	4.697	4.697	4.697	4.697	4.697
Supply	5.454	5.454	5.454	5.454	5.454	5.454	5.454	5.454	5.488	5.488	5.488	5.482	5.482	5.483	5.483	5.483	5.483
Total	10.127	10.127	10.127	10.127	10.127	10.127	10.127	10.127	10.190	10.190	10.190	10.179	10.179	10.180	10.180	10.180	10.180

Pike County Light and Power Company
Electric Bill Calculations for a Typical Residential Customer
May 1999 through January 2007

SC 1 General Residential

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02
Monthly Usage (kWh)	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Usage by Block																	
First 1000 kWh	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rates																	
Customer Charge	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21	$ 5 21
Delivery Charge																	
First 1000 kWh	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610	0 037610
Over 1000 kWh	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507	0 032507
SBC	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327	0 000327
Default Service																	
First 1000 kWh	0 053847	0 053847	0 053847	0 053847	0 053847	0 053847	0 053847	0 053847	0 054043	0 054043	0 054043	0 054043	0 054043	0 054043	0 054043	0 054043	0 054043
Over 1000 kWh	0 046427	0 046427	0 046427	0 046427	0 046427	0 046427	0 046427	0 046427	0 046596	0 046596	0 046596	0 046596	0 046596	0 046596	0 046596	0 046596	0 046596
CTC																	
First 1000 kWh	0 000738	0 000738	0 000738	0 000738	0 000738	0 000738	0 000738	0 000738	0 000542	0 000542	0 000542	0 000542	0 000542	0 000542	0 000542	0 000542	0 000542
Over 1000 kWh	0 000635	0 000635	0 000635	0 000635	0 000635	0 000635	0 000635	0 000635	0 000466	0 000466	0 000466	0 000466	0 000466	0 000466	0 000466	0 000466	0 000466
Delivery STAS	0 44%	0 44%	0 44%	0 44%	0 44%	0 44%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	1 23%	1 23%
Default Service STAS	0 44%	0 44%	0 44%	0 44%	0 44%	0 44%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	0 37%	1 23%	1 23%
Bill Calculations																	
Delivery																	
Customer Charge	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21	$5 21
First 1000 kWh	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19	22 19
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
SBC	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19	0 19
CTC																	
First 1000 kWh	0 44	0 44	0 44	0 44	0 44	0 44	0 44	0 44	0 32	0 32	0 32	0 32	0 32	0 32	0 32	0 32	0 32
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Default Service																	
First 1000 kWh	31 77	31 77	31 77	31 77	31 77	31 77	31 77	31 77	31 89	31 89	31 89	31 89	31 89	31 89	31 89	31 89	31 89
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Delivery STAS	0 12	0 12	0 12	0 12	0 12	0 12	0 10	0 10	0 10	0 10	0 10	0 10	0 10	0 10	0 10	0 34	0 34
Default Service STAS	0 14	0 14	0 14	0 14	0 14	0 14	0 12	0 12	0 12	0 12	0 12	0 12	0 12	0 12	0 12	0 39	0 39
Total Bill	$60 06	$60 06	$60 06	$60 06	$60 06	$60 06	$60 02	$60 02	$60 02	$60 02	$60 02	$60 02	$60 02	$60 02	$60 02	$60 53	$60 53
Average Rates																	
Delivery	4 697	4 697	4 697	4 697	4 697	4 697	4 694	4 694	4 694	4 694	4 694	4 694	4 694	4 694	4 694	4 734	4 734
Supply	5 483	5 483	5 483	5 483	5 483	5 483	5 480	5 480	5 480	5 480	5 480	5 480	5 480	5 480	5 480	5 526	5 526
Total	10 180	10 180	10 180	10 180	10 180	10 180	10 174	10 174	10 174	10 174	10 174	10 174	10 174	10 174	10 174	10 260	10 260

Pike County Light and Power Company
Electric Ex Calculations for a Typical Residential Customer
May 1999 through January 2007

SC 1 General Residential

	May-02	Apr-02	Mar-02	Jan-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03
Monthly Usage (kWh)	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Usage by Block																	
First 1000 kWh	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rates																	
Customer Charge	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Delivery Charge																	
First 1000 kWh	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610
Over 1000 kWh	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507
SBC	0.000327	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000259	0.000259	0.000259	0.000259
Default Service																	
First 1000 kWh	0.054043	0.054043	0.054043	0.053904	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980
Over 1000 kWh	0.046596	0.046596	0.046596	0.046478	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730
CTC																	
First 1000 kWh	0.000542	0.000542	0.000542	0.000681	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000466	0.000466	0.000466	0.000586	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.23%	1.23%	1.23%	0.98%	0.98%	0.98%	1.01%	1.01%	1.01%	1.01%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Default Service STAS	1.23%	1.23%	1.23%	0.98%	0.98%	0.98%	1.01%	1.01%	1.01%	1.01%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Bill Calculations																	
Delivery																	
Customer Charge	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21
First 1000 kWh	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.18	22.19	22.19	22.19	22.19	22.18
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SBC	0.19	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.15	0.15	0.15	0.15
CTC																	
First 1000 kWh	0.32	0.32	0.32	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 1000 kWh	31.89	31.89	31.89	31.80	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delivery STAS	0.34	0.34	0.34	0.27	0.27	0.27	0.28	0.28	0.28	0.28	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Default Service STAS	0.39	0.39	0.39	0.31	0.35	0.35	0.36	0.36	0.36	0.36	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Total Bill	$60.53	$60.52	$60.52	$60.36	$63.59	$63.59	$63.61	$63.61	$63.61	$63.61	$63.79	$63.79	$63.79	$63.76	$63.76	$63.76	$63.76
Average Rates																	
Delivery	4.734	4.732	4.732	4.720	4.723	4.720	4.722	4.722	4.722	4.722	4.735	4.735	4.735	4.730	4.730	4.730	4.730
Supply	5.526	5.526	5.526	5.511	6.057	6.057	6.059	6.059	6.059	6.059	6.076	6.076	6.076	6.076	6.076	6.076	6.076
Total	10.260	10.258	10.258	10.231	10.777	10.777	10.781	10.781	10.781	10.781	10.811	10.811	10.811	10.806	10.806	10.806	10.806

Pike County Light and Power Company
Electric Bill Calculations for a Typical Residential Customer
May 1999 through January 2007

SC-1 General Residential

	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Monthly Usage (kWh)	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Usage by Block																	
First 1000 kWh	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rates																	
Customer Charge	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Delivery Charge																	
First 1000 kWh	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610
Over 1000 kWh	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507
SBC	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)
Default Service																	
First 1000 kWh	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980	0.059980
Over 1000 kWh	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730	0.051730
CTC																	
First 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.30%	1.30%	1.30%	1.30%	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
Default Service STAS	1.30%	1.30%	1.30%	1.30%	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
Bill Calculations																	
Delivery																	
Customer Charge	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21
First 1000 kWh	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SBC	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
CTC																	
First 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 1000 kWh	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39	35.39
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delivery STAS	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Default Service STAS	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Total Bill	$63.76	$63.76	$63.76	$63.76	$63.76	$63.76	$63.76	$63.76	$63.55	$63.55	$63.55	$63.55	$63.55	$63.55	$63.55	$63.55	$63.55
Average Rates																	
Delivery	4.730	4.730	4.730	4.730	4.730	4.731	4.731	4.731	4.695	4.695	4.695	4.695	4.695	4.695	4.695	4.695	4.695
Supply	6.076	6.076	6.076	6.076	6.076	6.077	6.077	6.077	6.077	6.077	6.077	6.077	6.077	6.077	6.077	6.077	6.077
Total	10.806	10.806	10.806	10.806	10.806	10.808	10.808	10.808	10.772	10.772	10.772	10.772	10.772	10.772	10.772	10.772	10.772

Pike County Light and Power Company
Electric Bill Calculations for a Typical Residential Customer
May 1999 through January 2007

SC 1 General Residential

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Monthly Usage (kWh)	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Usage by Block																	
First 1000 kWh	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rates																	
Customer Charge	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Delivery Charge																	
First 1000 kWh	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610	0.037610
Over 1000 kWh	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507	0.032507
SBC	(0.000100)	(0.000100)	(0.000100)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	0.000118	0.000118
Default Service																	
First 1000 kWh	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.062982	0.144148	0.144148	0.144148	0.144148	0.144148
Over 1000 kWh	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.054303	0.124285	0.124285	0.124285	0.124285	0.124285
CTC																	
First 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.68%	1.68%	1.68%	1.68%	1.68%
Default Service STAS	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.68%	1.68%	1.68%	1.68%	1.68%
Bill Calculations																	
Delivery																	
Customer Charge	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21	$5.21
First 1000 kWh	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19	22.19
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SBC	(0.06)	(0.06)	(0.06)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	0.07	0.07
CTC																	
First 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 1000 kWh	37.16	37.16	37.16	37.16	37.16	37.16	37.16	37.16	37.16	37.16	37.16	37.16	85.05	85.05	85.05	85.05	85.05
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delivery STAS	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.48	0.48	0.48	0.48	0.48
Default Service STAS	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	1.43	1.43	1.43	1.43	1.43
Total Bill	$65.35	$65.35	$65.35	$65.30	$65.30	$65.30	$65.30	$65.30	$65.30	$65.30	$65.30	$65.30	$114.23	$114.23	$114.23	$114.41	$114.41
Average Rates																	
Delivery	4.695	4.695	4.695	4.686	4.686	4.686	4.686	4.686	4.686	4.686	4.686	4.686	4.703	4.703	4.703	4.734	4.734
Supply	6.381	6.381	6.381	6.381	6.381	6.381	6.381	6.381	6.381	6.381	6.381	6.381	14.657	14.657	14.657	14.657	14.657
Total	11.076	11.076	11.076	11.067	11.067	11.067	11.067	11.067	11.067	11.067	11.067	11.067	19.360	19.360	19.360	19.391	19.391

Pike County Light and Power Company
Electric Bill Calculations for a Typical Residential Customer
May 1999 through January 2007

SC 1 General Residential

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
Monthly Usage (kWh)	590	590	590	590	590	590	590	590
Usage by Block								
First 1000 kWh	590	590	590	590	590	590	590	590
Over 1000 kWh	0	0	0	0	0	0	0	0
Rates								
Customer Charge	5 29	5 29	5 29	5 29	5 29	5 29	5 29	5 29
Delivery Charge								
First 1000 kWh	0 037610	0 038143	0 038143	0 038143	0 038143	0 038143	0 038143	0 038143
Over 1000 kWh	0 032507	0 032960	0 032960	0 032960	0 032960	0 032960	0 032960	0 032960
SBC	0 000118	0 000120	0 000120	0 000120	0 000120	0 000120	0 000120	0 000120
Default Service								
First 1000 kWh	0 144148	0 146445	0 146445	0 146445	0 146445	0 146445	0 146445	0 132864
Over 1000 kWh	0 124285	0 126266	0 126266	0 126266	0 126266	0 126266	0 126266	0 114557
CTC								
First 1000 kWh	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000
Over 1000 kWh	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000	0 000000
Delivery STAS	1 68%	0 53%	0 53%	0 53%	0 53%	0 53%	0 53%	-0 02%
Default Service STAS	1 68%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 10%
Bill Calculations								
Delivery								
Customer Charge	$5 29	$5 29	$5 29	$5 29	$5 29	$5 29	$5 29	$5 29
First 1000 kWh	22 19	22 50	22 50	22 50	22 50	22 50	22 50	22 50
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
SBC	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07
CTC								
First 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Default Service								
First 1000 kWh	85 05	86 40	86 40	86 40	86 40	86 40	86 40	78 39
Over 1000 kWh	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Delivery STAS	0 46	0 15	0 15	0 15	0 15	0 15	0 15	(0 01)
Default Service STAS	1 43	0 00	0 00	0 00	0 00	0 00	0 00	0 10
Total Bill	$114 41	$114 41	$114 41	$114 41	$114 41	$114 41	$114 41	$106 34
Average Rates								
Delivery	4 734	4 747	4 747	4 747	4 747	4 747	4 747	4 721
Supply	14 657	14 722	14 722	14 722	14 722	14 722	14 722	13 284
Total	19 391	19 469	19 469	19 469	19 469	19 469	19 469	18 005

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

GC-2 Non Residential
Secondary Service

	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh)	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block																	
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
kWh Usage by Block																	
First 100 Hours Use																	
First 300 kWh	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Over 1000 kWh	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977
Rates																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
Delivery Charge																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
First 100 Hours Use																	
First 300 kWh	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765
Next 700 kWh	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066
Over 1000 kWh	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190
Next 100 Hours Use	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890
Over 200 Hours Use	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032
SBC	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	1.21	1.21	1.21	1.21	1.21	1.30	1.30	1.30	1.30
First 100 Hours Use																	
First 300 kWh	0.048116	0.048116	0.048116	0.048116	0.048116	0.048116	0.048116	0.048116	0.065788	0.065788	0.065788	0.065788	0.065788	0.070614	0.070614	0.070614	0.070614
Next 700 kWh	0.044372	0.044372	0.044372	0.044372	0.044372	0.044372	0.044372	0.044372	0.060820	0.060820	0.060820	0.060820	0.060820	0.065081	0.065081	0.065081	0.065081
Over 1000 kWh	0.034376	0.034376	0.034376	0.034376	0.034376	0.034376	0.034376	0.034376	0.046873	0.046873	0.046873	0.046873	0.046873	0.050304	0.050304	0.050304	0.050304
Next 100 Hours Use	0.030022	0.030022	0.030022	0.030022	0.030022	0.030022	0.030022	0.030022	0.040887	0.040887	0.040887	0.040887	0.040887	0.043871	0.043871	0.043871	0.043871
Over 200 Hours Use	0.029154	0.029154	0.029154	0.029154	0.029154	0.029154	0.029154	0.029154	0.039693	0.039693	0.039693	0.039693	0.039693	0.042587	0.042587	0.042587	0.042587
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.11	0.11	0.11	0.11	0.11	0.02	0.02	0.02	0.02
First 100 Hours Use																	
First 300 kWh	0.023472	0.023472	0.023472	0.023472	0.023472	0.023472	0.023472	0.023472	0.005820	0.005820	0.005820	0.005820	0.005820	0.000974	0.000974	0.000974	0.000974
Next 700 kWh	0.021605	0.021605	0.021605	0.021605	0.021605	0.021605	0.021605	0.021605	0.005357	0.005357	0.005357	0.005357	0.005357	0.000896	0.000896	0.000896	0.000896
Over 1000 kWh	0.016618	0.016618	0.016618	0.016618	0.016618	0.016618	0.016618	0.016618	0.004121	0.004121	0.004121	0.004121	0.004121	0.000690	0.000690	0.000690	0.000690
Next 100 Hours Use	0.014448	0.014448	0.014448	0.014448	0.014448	0.014448	0.014448	0.014448	0.003583	0.003583	0.003583	0.003583	0.003583	0.000599	0.000599	0.000599	0.000599
Over 200 Hours Use	0.014014	0.014014	0.014014	0.014014	0.014014	0.014014	0.014014	0.014014	0.003475	0.003475	0.003475	0.003475	0.003475	0.000581	0.000581	0.000581	0.000581
Delivery STAS	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	0.56%	0.56%	0.56%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Default Svc STAS	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	-0.06%	0.56%	0.56%	0.56%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

Bill Calculations	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
Delivery																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
First 5 kW	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Next 700 kWh	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Over 1000 kWh	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Next 100 Hours Use	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76
Over 200 Hours Use	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36
SBC	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	0.80	0.80	0.80	0.80	0.80	0.15	0.15	0.15	0.15
First 100 Hours Use																	
First 300 kWh	7.04	7.04	7.04	7.04	7.04	7.04	7.04	7.04	1.75	1.75	1.75	1.75	1.75	0.29	0.29	0.29	0.29
Next 700 kWh	15.12	15.12	15.12	15.12	15.12	15.12	15.12	15.12	3.75	3.75	3.75	3.75	3.75	0.63	0.63	0.63	0.63
Over 1000 kWh	3.82	3.82	3.82	3.82	3.82	3.82	3.82	3.82	0.95	0.95	0.95	0.95	0.95	0.16	0.16	0.16	0.16
Next 100 Hours Use	17.77	17.77	17.77	17.77	17.77	17.77	17.77	17.77	4.41	4.41	4.41	4.41	4.41	0.74	0.74	0.74	0.74
Over 200 Hours Use	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69	3.40	3.40	3.40	3.40	3.40	0.57	0.57	0.57	0.57
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	6.42	6.42	6.42	6.42	6.42	6.42	6.42	6.42	8.83	8.83	8.83	8.83	8.83	9.49	9.49	9.49	9.49
First 100 Hours Use																	
First 300 kWh	14.43	14.43	14.43	14.43	14.43	14.43	14.43	14.43	19.73	19.73	19.73	19.73	19.73	21.18	21.18	21.18	21.18
Next 700 kWh	31.06	31.06	31.06	31.06	31.06	31.06	31.06	31.06	42.43	42.43	42.43	42.43	42.43	45.56	45.56	45.56	45.56
Over 1000 kWh	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91	10.78	10.78	10.78	10.78	10.78	11.57	11.57	11.57	11.57
Next 100 Hours Use	36.93	36.93	36.93	36.93	36.93	36.93	36.93	36.93	50.29	50.29	50.29	50.29	50.29	53.96	53.96	53.96	53.96
Over 200 Hours Use	28.48	28.48	28.48	28.48	28.48	28.48	28.48	28.48	38.78	38.78	38.78	38.78	38.78	41.61	41.61	41.61	41.61
Delivery STAS	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	0.66	0.66	0.66	0.67	0.67	0.62	0.62	0.62	0.62
Default Service STAS	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	0.96	0.96	0.96	0.75	0.75	0.81	0.81	0.81	0.81
Total Bill	$323.33	$323.33	$323.33	$323.33	$323.33	$323.33	$323.33	$323.33	$325.37	$325.37	$325.37	$324.97	$324.97	$324.99	$324.99	$324.99	$324.99
Average Rates (¢/kWh)																	
Delivery	5.766	5.766	5.766	5.766	5.766	5.766	5.766	5.766	4.468	4.468	4.468	4.463	4.463	4.097	4.097	4.097	4.097
Supply	3.641	3.641	3.641	3.641	3.641	3.641	3.641	3.641	4.999	4.999	4.999	4.992	4.992	5.359	5.359	5.359	5.359
Total	9.407	9.407	9.407	9.407	9.407	9.407	9.407	9.407	9.467	9.467	9.467	9.455	9.455	9.456	9.456	9.456	9.456

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

SC 2 Non-Residential
Secondary Service

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh)	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block																	
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73
kWh Usage by Block																	
First 100 Hours Use																	
First 300 kWh	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Over 1000 kWh	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977
Rates																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
Delivery Charge																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
First 100 Hours Use																	
First 300 kWh	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765
Next 700 kWh	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066
Over 1000 kWh	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190
Next 100 Hours Use	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890
Over 200 Hours Use	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032
SBC	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327	0.000327
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
First 100 Hours Use																	
First 300 kWh	0.070614	0.070614	0.070614	0.070614	0.070614	0.070614	0.070614	0.070614	0.070870	0.070870	0.070870	0.070870	0.070870	0.070870	0.070870	0.070870	0.070870
Next 700 kWh	0.065081	0.065081	0.065081	0.065081	0.065081	0.065081	0.065081	0.065081	0.065317	0.065317	0.065317	0.065317	0.065317	0.065317	0.065317	0.065317	0.065317
Over 1000 kWh	0.050304	0.050304	0.050304	0.050304	0.050304	0.050304	0.050304	0.050304	0.050487	0.050487	0.050487	0.050487	0.050487	0.050487	0.050487	0.050487	0.050487
Next 100 Hours Use	0.043871	0.043871	0.043871	0.043871	0.043871	0.043871	0.043871	0.043871	0.044030	0.044030	0.044030	0.044030	0.044030	0.044030	0.044030	0.044030	0.044030
Over 200 Hours Use	0.042587	0.042587	0.042587	0.042587	0.042587	0.042587	0.042587	0.042587	0.042742	0.042742	0.042742	0.042742	0.042742	0.042742	0.042742	0.042742	0.042742
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
First 100 Hours Use																	
First 300 kWh	0.000974	0.000974	0.000974	0.000974	0.000974	0.000974	0.000974	0.000974	0.000718	0.000718	0.000718	0.000718	0.000718	0.000718	0.000718	0.000718	0.000718
Next 700 kWh	0.000896	0.000896	0.000896	0.000896	0.000896	0.000896	0.000896	0.000896	0.000660	0.000660	0.000660	0.000660	0.000660	0.000660	0.000660	0.000660	0.000660
Over 1000 kWh	0.000690	0.000690	0.000690	0.000690	0.000690	0.000690	0.000690	0.000690	0.000507	0.000507	0.000507	0.000507	0.000507	0.000507	0.000507	0.000507	0.000507
Next 100 Hours Use	0.000599	0.000599	0.000599	0.000599	0.000599	0.000599	0.000599	0.000599	0.000440	0.000440	0.000440	0.000440	0.000440	0.000440	0.000440	0.000440	0.000440
Over 200 Hours Use	0.000581	0.000581	0.000581	0.000581	0.000581	0.000581	0.000581	0.000581	0.000426	0.000426	0.000426	0.000426	0.000426	0.000426	0.000426	0.000426	0.000426
Delivery STAS	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	1.23%	1.23%
Default Svc STAS	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	1.23%	1.23%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2001

Bill Calculations	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02
Delivery																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
First 5 kW	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Next 700 kWh	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Over 1000 kWh	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Next 100 Hours Use	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76
Over 200 Hours Use	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36
SBC	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
First 100 Hours Use																	
First 300 kWh	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Next 700 kWh	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Over 1000 kWh	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Next 100 Hours Use	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
Over 200 Hours Use	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49	9.49
First 100 Hours Use																	
First 300 kWh	21.18	21.18	21.18	21.18	21.18	21.18	21.18	21.18	21.26	21.26	21.26	21.26	21.26	21.26	21.26	21.26	21.26
Next 700 kWh	45.56	45.56	45.56	45.56	45.56	45.56	45.56	45.56	45.72	45.72	45.72	45.72	45.72	45.72	45.72	45.72	45.72
Over 1000 kWh	11.57	11.57	11.57	11.57	11.57	11.57	11.57	11.57	11.61	11.61	11.61	11.61	11.61	11.61	11.61	11.61	11.61
Next 100 Hours Use	53.96	53.96	53.96	53.96	53.96	53.96	53.96	53.96	54.16	54.16	54.16	54.16	54.16	54.16	54.16	54.16	54.16
Over 200 Hours Use	41.61	41.61	41.61	41.61	41.61	41.61	41.61	41.61	41.76	41.76	41.76	41.76	41.76	41.76	41.76	41.76	41.76
Delivery STAS	0.62	0.62	0.62	0.62	0.62	0.62	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	1.72	1.72
Default Service STAS	0.81	0.81	0.81	0.81	0.81	0.81	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	2.26	2.26
Total Bill	$324.99	$324.99	$324.99	$324.99	$324.99	$324.99	$324.76	$324.76	$324.76	$324.76	$324.76	$324.76	$324.76	$324.76	$324.76	$327.54	$327.54
Average Rates (¢/kWh)																	
Delivery	4.097	4.097	4.097	4.097	4.097	4.097	4.094	4.094	4.076	4.076	4.076	4.076	4.076	4.076	4.076	4.111	4.111
Supply	5.359	5.359	5.359	5.359	5.359	5.359	5.355	5.355	5.373	5.373	5.373	5.373	5.373	5.373	5.373	5.418	5.418
Total	9.456	9.456	9.456	9.456	9.456	9.456	9.449	9.449	9.449	9.449	9.449	9.449	9.449	9.449	9.449	9.530	9.530

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non Residential Customer
May 1999 through January 2007

SC 2 Non Residential
Secondary Service

	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh)	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block															
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
kWh Usage by Block															
First 100 Hours Use															
First 300 kWh	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Over 1000 kWh	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977
Rates															
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
Delivery Charge															
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
First 100 Hours Use															
First 300 kWh	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765
Next 700 kWh	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066
Over 1000 kWh	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190
Next 100 Hours Use	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890
Over 200 Hours Use	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032
SBC	0.000327	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000304	0.000259	0.000259	0.000259	0.000259
Default Service															
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	1.30	1.30	1.30	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
First 100 Hours Use															
First 300 kWh	0.070870	0.070870	0.070870	0.070687	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786
Next 700 kWh	0.065317	0.065317	0.065317	0.065149	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612
Over 1000 kWh	0.050487	0.050487	0.050487	0.050357	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126
Next 100 Hours Use	0.044030	0.044030	0.044030	0.043917	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947
Over 200 Hours Use	0.042742	0.042742	0.042742	0.042632	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516
CTC															
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.02	0.02	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use															
First 300 kWh	0.000718	0.000718	0.000718	0.000903	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 700 kWh	0.000660	0.000660	0.000660	0.000828	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000507	0.000507	0.000507	0.000637	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 100 Hours Use	0.000440	0.000440	0.000440	0.000553	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 200 Hours Use	0.000426	0.000426	0.000426	0.000536	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.23%	1.23%	1.23%	0.98%	0.98%	0.98%	1.01%	1.01%	1.01%	1.01%	1.30%	1.30%	1.30%	1.30%	1.30%
Default Svc STAS	1.23%	1.23%	1.23%	0.98%	0.98%	0.98%	1.01%	1.01%	1.01%	1.01%	1.30%	1.30%	1.30%	1.30%	1.30%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

Bill Calculations	May-07	Apr-07	Mar-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01
Delivery																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
First 5 kW	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Next 700 kWh	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Over 1000 kWh	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Next 100 Hours Use	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76
Over 200 Hours Use	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36
SBC	1.12	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	0.89	0.89	0.89	0.89
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.15	0.15	0.15	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	0.22	0.22	0.22	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 700 kWh	0.46	0.46	0.46	0.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.12	0.12	0.12	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 100 Hours Use	0.54	0.54	0.54	0.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 200 Hours Use	0.42	0.42	0.42	0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	9.49	9.49	9.49	9.49	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59
First 100 Hours Use																	
First 300 kWh	21.26	21.26	21.26	21.21	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64
Next 700 kWh	45.72	45.72	45.72	45.60	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83
Over 1000 kWh	11.61	11.61	11.61	11.58	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91
Next 100 Hours Use	54.16	54.16	54.16	54.02	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20
Over 200 Hours Use	41.76	41.76	41.76	41.65	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42
Delivery STAS	1.72	1.72	1.72	1.37	1.35	1.35	1.39	1.39	1.39	1.39	1.79	1.79	1.79	1.79	1.79	1.79	1.79
Default Service STAS	2.26	2.26	2.26	1.80	2.00	2.00	2.07	2.07	2.07	2.07	2.66	2.66	2.66	2.66	2.66	2.66	2.66
Total Bill	$327.54	$327.46	$327.46	$328.84	$345.51	$345.51	$345.62	$345.62	$345.62	$345.62	$346.61	$346.61	$346.61	$346.46	$346.46	$345.46	$346.46
Average Rates (¢/kWh)																	
Delivery	4.111	4.108	4.108	4.111	4.042	4.042	4.043	4.043	4.043	4.043	4.055	4.055	4.055	4.050	4.050	4.050	4.050
Supply	5.418	5.418	5.419	5.393	6.011	6.011	6.013	6.013	6.013	6.013	6.030	6.030	6.030	6.030	6.030	6.030	6.030
Total	9.533	9.527	9.527	9.504	10.053	10.053	10.056	10.056	10.056	10.056	10.085	10.085	10.085	10.080	10.080	10.080	10.080

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

EC-2 Non-Residential
Secondary Service

	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh)	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block																	
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
kWh Usage by Block																	
First 100 Hours Use																	
First 300 kWh	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Over 1000 kWh	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977
Rates																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
Delivery Charge																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
First 100 Hours Use																	
First 300 kWh	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765
Next 700 kWh	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066
Over 1000 kWh	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190
Next 100 Hours Use	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890
Over 200 Hours Use	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032
SBC	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	0.000259	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)	(0.000100)
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
First 100 Hours Use																	
First 300 kWh	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786	0.078786
Next 700 kWh	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612	0.072612
Over 1000 kWh	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126	0.056126
Next 100 Hours Use	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947	0.048947
Over 200 Hours Use	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516	0.047516
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 700 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 100 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 200 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.30%	1.30%	1.30%	1.30%	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%
Default Svc STAS	1.30%	1.30%	1.30%	1.30%	1.30%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

Bill Calculations	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Delivery																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
First 5 kW	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Next 700 kWh	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Over 1000 kWh	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Next 100 Hours Use	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76
Over 200 Hours Use	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36
SBC	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)	(0.34)
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 700 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 100 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 200 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59	10.59
First 100 Hours Use																	
First 300 kWh	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64	23.64
Next 700 kWh	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83	50.83
Over 1000 kWh	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91	12.91
Next 100 Hours Use	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20	60.20
Over 200 Hours Use	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42	46.42
Delivery STAS	1.79	1.79	1.79	1.79	1.79	1.80	1.80	1.80	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78
Default Service STAS	2.66	2.66	2.66	2.66	2.66	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68
Total Bill	$346.46	$346.46	$346.46	$346.46	$346.46	$346.49	$346.49	$346.49	$345.24	$345.24	$345.24	$345.24	$345.24	$345.24	$345.24	$345.24	$345.24
Average Rates (¢/kWh)																	
Delivery	4.050	4.050	4.050	4.050	4.050	4.051	4.051	4.051	4.014	4.014	4.014	4.014	4.014	4.014	4.014	4.014	4.014
Supply	6.030	6.030	6.030	6.030	6.030	6.031	6.031	6.031	6.031	6.031	6.031	6.031	6.031	6.031	6.031	6.031	6.031
Total	10.080	10.080	10.080	10.080	10.080	10.082	10.082	10.082	10.045	10.045	10.045	10.045	10.045	10.045	10.045	10.045	10.045

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

SC-2 Non-Residential
Secondary Service

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh)	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh)	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block																	
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
kWh Usage by Block																	
First 100 Hours Use																	
First 300 kWh	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
Over 1000 kWh	237	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977	977
Rates																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
Delivery Charge																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
First 100 Hours Use																	
First 300 kWh	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765	0.047765
Next 700 kWh	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066	0.044066
Over 1000 kWh	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190	0.034190
Next 100 Hours Use	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890	0.029890
Over 200 Hours Use	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032	0.029032
SBC	(0.000100)	(0.000100)	(0.000100)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	(0.000182)	0.000118	0.000118
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	3.48	3.48	3.48	3.48	3.48
First 100 Hours Use																	
First 300 kWh	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.082705	0.189288	0.189288	0.189288	0.189288	0.189288
Next 700 kWh	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.076224	0.174455	0.174455	0.174455	0.174455	0.174455
Over 1000 kWh	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.058918	0.134846	0.134846	0.134846	0.134846	0.134846
Next 100 Hours Use	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.051382	0.117599	0.117599	0.117599	0.117599	0.117599
Over 200 Hours Use	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.049880	0.114161	0.114161	0.114161	0.114161	0.114161
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 700 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 100 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 200 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.68%	1.68%	1.68%	1.68%	1.68%
Default Svc STAS	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.68%	1.68%	1.68%	1.68%	1.68%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

Bill Calculations	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Delivery																	
Customer Charge	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22	$5.22
First 5 kW	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15	13.15
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33
Next 700 kWh	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85	30.85
Over 1000 kWh	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Next 100 Hours Use	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76	36.76
Over 200 Hours Use	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36	28.36
SBC	(0.34)	(0.34)	(0.34)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	(0.63)	0.41	0.41
CTC																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use																	
First 300 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 700 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 100 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 200 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service																	
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	25.40	25.40	25.40	25.40	25.40
First 100 Hours Use																	
First 300 kWh	24.81	24.81	24.81	24.81	24.81	24.81	24.81	24.81	24.81	24.81	24.81	24.81	56.79	56.79	56.79	56.79	56.79
Next 700 kWh	53.36	53.36	53.36	53.36	53.36	53.36	53.36	53.36	53.36	53.36	53.36	53.36	122.12	122.12	122.12	122.12	122.12
Over 1000 kWh	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	13.55	31.01	31.01	31.01	31.01	31.01
Next 100 Hours Use	63.20	63.20	63.20	63.20	63.20	63.20	63.20	63.20	63.20	63.20	63.20	63.20	144.65	144.65	144.65	144.65	144.65
Over 200 Hours Use	48.73	48.73	48.73	48.73	48.73	48.73	48.73	48.73	48.73	48.73	48.73	48.73	111.54	111.54	111.54	111.54	111.54
Delivery STAS	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	2.28	2.28	2.28	2.30	2.30
Default Service STAS	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	6.26	6.26	6.26	6.26	6.26
Total Bill	$355.53	$355.53	$355.53	$355.24	$355.24	$355.24	$355.24	$355.24	$355.24	$355.24	$355.24	$355.24	$637.95	$637.95	$637.95	$639.01	$639.01
Average Rates (¢/kWh)																	
Delivery	4.014	4.014	4.014	4.006	4.006	4.006	4.006	4.006	4.006	4.006	4.006	4.006	4.020	4.020	4.020	4.051	4.051
Supply	6.330	6.330	6.330	6.330	6.330	6.330	6.330	6.330	6.330	6.330	6.330	6.330	14.541	14.541	14.541	14.541	14.541
Total	10.344	10.344	10.344	10.336	10.336	10.336	10.336	10.336	10.336	10.336	10.336	10.336	18.561	18.561	18.561	18.592	18.592

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1998 through January 2007

SC 2 Non-Residential
Secondary Service

	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-07
Monthly Usage (kWh)	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Demand (kW)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Actual Hours Use	279.43	279.43	279.43	279.43	279.43	279.43	279.43	279.43
100 Hours Use (kWh	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
200 Hours Use (kWh	2,460	2,460	2,460	2,460	2,460	2,460	2,460	2,460
Demand by Block								
First 5 kW	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Over 5 kW	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
kWh Usage by Block								
First 100 Hours Use								
First 300 kWh	300	300	300	300	300	300	300	300
Next 700 kWh	700	700	700	700	700	700	700	700
Over 1000 kWh	230	230	230	230	230	230	230	230
Next 100 Hours Use	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Over 200 Hours Use	977	977	977	977	977	977	977	977
Rates								
Customer Charge	$5.22	$5.30	$5.30	$5.30	$5.30	$5.30	$5.30	$5.30
Delivery Charge								
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	2.63	2.67	2.67	2.67	2.67	2.67	2.67	2.67
First 100 Hours Use								
First 300 kWh	0.047765	0.048460	0.048460	0.048460	0.048460	0.048460	0.048460	0.048460
Next 700 kWh	0.044066	0.044702	0.044702	0.044702	0.044702	0.044702	0.044702	0.044702
Over 1000 kWh	0.034180	0.034670	0.034670	0.034670	0.034670	0.034670	0.034670	0.034670
Next 100 Hours Use	0.029890	0.030301	0.030301	0.030301	0.030301	0.030301	0.030301	0.030301
Over 200 Hours Use	0.029032	0.029429	0.029429	0.029429	0.029429	0.029429	0.029429	0.029429
SBC	0.000118	0.000120	0.000120	0.000120	0.000120	0.000120	0.000120	0.000120
Default Service								
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	3.48	3.54	3.54	3.54	3.54	3.54	3.54	3.21
First 100 Hours Use								
First 300 kWh	0.189288	0.192305	0.192305	0.192305	0.192305	0.192305	0.192305	0.174474
Next 700 kWh	0.174455	0.177236	0.177236	0.177236	0.177236	0.177236	0.177236	0.160802
Over 1000 kWh	0.134846	0.136996	0.136996	0.136996	0.136996	0.136996	0.136996	0.124283
Next 100 Hours Use	0.117598	0.119474	0.119474	0.119474	0.119474	0.119474	0.119474	0.108396
Over 200 Hours Use	0.114161	0.115981	0.115981	0.115981	0.115981	0.115981	0.115981	0.105227
CTC								
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use								
First 300 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 700 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 1000 kWh	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Next 100 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Over 200 Hours Use	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Delivery STAS	1.68%	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	-0.02%
Default Svc STAS	1.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.13%

Pike County Light and Power Company
Electric Bill Calculations for a Typical Non-Residential Customer
May 1999 through January 2007

Bill Calculations	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
Delivery								
Customer Charge	$5.22	$5.30	$5.30	$5.30	$5.30	$5.30	$5.30	$5.33
First 5 kW	13.75	13.35	13.35	13.35	13.35	13.35	13.35	13.75
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use								
First 200 kWh	14.33	14.54	14.54	14.54	14.54	14.54	14.54	14.54
Next 700 kWh	30.85	31.29	31.29	31.29	31.29	31.29	31.29	31.29
Over 1000 kWh	7.86	7.97	7.97	7.97	7.97	7.97	7.97	7.97
Next 100 Hours Use	36.76	37.27	37.27	37.27	37.27	37.27	37.27	37.27
Over 200 Hours Use	28.36	28.75	28.75	28.75	28.75	28.75	28.75	28.75
SBC	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
CTC								
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
First 100 Hours Use								
First 200 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 700 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 1000 kWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Next 100 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 200 Hours Use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Default Service								
First 5 kW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Over 5 kW	25.40	25.84	25.84	25.84	25.84	25.84	25.84	23.43
First 100 Hours Use								
First 200 kWh	56.79	57.69	57.69	57.69	57.69	57.69	57.69	52.34
Next 700 kWh	122.12	124.07	124.07	124.07	124.07	124.07	124.07	112.56
Over 1000 kWh	31.01	31.51	31.51	31.51	31.51	31.51	31.51	28.59
Next 100 Hours Use	144.65	146.95	146.95	146.95	146.95	146.95	146.95	133.33
Over 200 Hours Use	111.54	113.31	113.31	113.31	113.31	113.31	113.31	102.81
Delivery STAS	2.30	0.74	0.74	0.74	0.74	0.74	0.74	(0.03)
Default Service STAS	0.28	0.00	0.00	0.00	0.00	0.00	0.00	0.59
Total Bill	$639.01	$638.99	$638.99	$638.99	$638.99	$638.99	$638.99	$592.50
Average Rates (¢/kWh)								
Delivery	4.051	4.062	4.062	4.062	4.062	4.062	4.062	4.040
Supply	14.541	14.529	14.529	14.529	14.529	14.529	14.529	13.199
Total	18.592	18.591	18.591	18.591	18.591	18.591	18.591	17.239

PCL&P

Cross-Examination

Exhibit 19

County of Pike, et al. v. PCL&P

Docket No. C-20065942, et al.

January 17, 2007

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JAN 23 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Responsible Witness: Robert Kolling

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

Office of Consumer Advocate Responses
to Pike County Light & Power Company
Interrogatories Set I

21. Has Sussex studied or otherwise considered the possibility of acquiring PCL&P? If so, what steps has Sussex taken in its study and/or considerations of such an acquisition?

RESPONSE:

Yes, Sussex has begun an evaluation of the acquisition of PCL&P's service territory. Sussex has written two letters requesting information and met with representatives of ConEd and O&R in New York. Sussex made a series of data requests to ConEd and also requested ConEd to enter into a confidentiality agreement. ConEd did not respond to the data requests and did not enter into a confidentiality agreement. Copies of the Sussex letters, and ConEd's response, are attached.

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JAN 23 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

OCA Response to PCL&P Set I-21

conEdison

Hyman Schoenblum
Vice President
Corporate Planning

4 Irving Place
New York NY 10003
212 460 3145

March 23, 2006

Mr Robert Kolling
President/CEO
Sussex Rural Electric Cooperative
64 County Route 639
P.O. Box 346
Sussex, NJ 07461

Dear Mr. Kolling:

This is in response to your letter dated February 24, 2006, concerning Pike County Power and Light, the northeastern Pennsylvania electric and gas utility company owned by Orange and Rockland since the 1920s. We are not at this time considering the sale of Pike.

If you believe there is a basis or reason for a meeting respecting the subject matter of your letter, please let us know.

Very truly yours,

Hyman Schoenblum

TJF:jr

TELEPHONE (973) 875-5101
FAX: (973) 875-4114
www.SussexREC.com

SUSSEX
RURAL ELECTRIC COOPERATIVE

64 COUNTY ROUTE 639 • P.O. BOX 346 • SUSSEX, NEW JERSEY 07461

A Touchstone Energy™ Partner

February 24, 2006

Mr. Hyman Schoenblum
Vice President, Corporate Planning
Consolidated Edison Inc
4 Irving Place
New York, NY 10003

Dear Mr. Schoenblum:

By way of introduction, Sussex Rural Electric Cooperative is a member-owned electric cooperative serving over 11,000 members in Sussex County, New Jersey and a few members in Orange County, New York, adjacent to the Pennsylvania state line. Our system was energized in 1936, and we have been neighbors to your electric and gas customers in Pennsylvania, New York and New Jersey for decades. We take considerable pride in our close relationships with our members and our employees, and are very active in local community projects and service area development.

We have followed with interest the growing number of transactions nationwide where rural territory in an adjacent state of a utility with too few customers to justify maintaining a separate regulatory presence and political and public relations costs resulted in cooperatives purchasing that territory. We would be very interested in talking with you about purchasing Pike County Light and Power Company, if there is any chance that it fits with ConEd's strategy.

I can assure you that given this opportunity to ConEd, Sussex Electric would approach this endeavor with the utmost professionalism and the strictest confidentiality. We would engage an experienced team of advisors to make the transaction as seamless for ConEd as possible. We have already mentioned our interest to the National Rural Utilities Cooperative Finance Corporation, who is our banker and has financed similar transactions for other co-ops across the country, and they are quite supportive of providing the financing if a transaction were possible.

To date, we have conducted some preliminary analysis based on Pike County Light and Powers' publicly available information and believe we can offer an attractive price. In addition, we believe our projected long-term power cost could also benefit your customers. If ConEd is interested in considering this type of transaction, we would need to review the additional information outlined on the attached data request list to refine our analysis and submit an offer.

In closing, our Board of Directors enthusiastically supports the proposed transaction. I would appreciate the opportunity to personally meet with you to discuss this opportunity and plan to contact your office to determine a convenient time.

Sincerely,

Robert M. Kolling
President / CEO

Enclosures:

cc: Mr. Robert N. Hoglund, CFO Consolidated Edison Inc.
Mr. William H. Conway, III, Christenberry Collet

Sussex REC
February 24, 2006

DATA REQUEST

	Pro Forma Financial and Valuation Information Required
1.1	2005 Annual FERC Form 1, when available
1.2	Audited financials for 2002, 2003, and 2005, when available
1.3	Gas Annual Report to the Commonwealth of Pennsylvania Public Utility Commission for 2005, when available
1.4	Electric Annual Report to the Commonwealth of Pennsylvania Public Utility Commission for 2005, when available
1.5	Monthly sales statistics for 2005 for electric and gas, including number of customers, kWh sold, therms sold, and revenue by rate class and the cost of fuel, purchased power, and cost of natural gas passed through to the customers
1.6	Load growth studies or budget for KW, kWh sales, therms sold, and number of customers by rate class for 2006 and beyond
1.7	Projected operating and capital expenditure budget for 2006 and beyond
1.8	Historical cost of natural gas transportation for 2001 – 2005
1.9	Direct and indirect salary (allocated) expense and the number of full time equivalent employees for operations, customer accounts, and administrative & general.
1.10	List of # of employees and function.
1.11	Detail of state and local taxes other than income tax for the electric and gas utility for 2001 – 2005
1.12	Any other information we need to consider in our initial analysis.

TELEPHONE: (973) 875-5101
FAX: (973) 875-4114
www.SussexREC.com

SUSSEX RURAL ELECTRIC COOPERATIVE

64 COUNTY ROUTE 639 • P.O. BOX 346 • SUSSEX, NEW JERSEY 07461

A Touchstone Energy® Cooperative

July 28, 2006

Mr. Robert N. Hoglund
Senior Vice President & CFO
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003

Dear Mr. Hoglund:

Some time ago we inquired if there was any interest in Consolidated Edison selling Pike County Light & Power Company ("PCLP"). Since then a lot has transpired and the PUC has released its June 22, 2006 Report on PCLP, a new retail aggregation program has been approved and various complaints continue before the Pennsylvania Public Utility Commission. While others have sought our active involvement in these matters, we have heretofore not taken an active role in the various investigations and proceedings, instead choosing and hoping to pursue a business relationship with Consolidated Edison in our pursuit of acquiring PCLP.

As noted in the June 22 report and recognized by others involved in matters relating to PCLP, Sussex's location and operations have a natural fit with PCLP and we are very interested in buying the operations and believe it can be a triple play win for Consolidated Edison, PCLP customers and Sussex. In this regard we would request that you identify for us a reasonable price for the sale and purchase of PCLP. We request this response no later than August 1. If we do not hear from you, we believe we have no choice but to participate in the Commission proceedings in August, but believe it is in everyone's interest to address the matter in a business rather than a regulatory setting.

We look forward to your response and hope that the future brings a positive business relationship between Consolidated Edison and Sussex.

Very truly yours,
SUSSEX RURAL ELECTRIC COOPERATIVE, INC.

Robert Kolling
President & CEO

Cc: file

From: "Hoglund, Robert " <HOGLUNDR@coned.com>
To: "Robert Kolling" <rkolling@sussexrec.com>
Date: 8/14/2006 4:51:13 PM
Subject: RE: Test Address

Bob,

We will see you at 1:30 pm on Thursday, August 24th at our Spring Valley Operating Center. Jim Tarpey, who is the VP for Operations at Orange & Rockland, will join us for the meeting.
Below, you'll find a link for directions:
http://oruintranet/intranet/companyinformation/oru/internalinformation/facilitiesandservicearea/springvalley.html
Regards,
Robert

212-460-3440

-----Original Message-----
From: Robert Kolling [mailto:rkolling@sussexrec.com]
Sent: Monday, August 14, 2006 4:39 PM
To: Hoglund, Robert
Subject: Test Address

This is my Address!

Bob Kolling

SUSSEX RURAL ELECTRIC COOPERATIVE, INC.

DATA REQUEST

FINANCIAL HISTORY

Electric utility:

1. Revenues, kwhs, customers, and purchase power by rate schedule

   A. By month for the year ended 12/31/2005
   B. Annual for the years 2000- 2004

2. Detail of state and local taxes applicable to electric utility operations for the calendar years 2000 - 2005

Gas utility:

1. Revenues, therms of natural gas sold, customers, and fuel factors by rate schedule

   A. By month for the year ended 12/31/2005
   B. Annual for the years 2000- 2004

2. Detail of state and local taxes applicable to electric utility operations for the calendar years 2000 - 2005

Annual reports for calendar years 2000 - 2005:

1. Audited annual reports
2. Annual reports to the Pennsylvania Public Utilities Commission for both electric and gas operations
3. Any other reports that may be relevant to assessing value

DATA REQUEST CONTINUED –PAGE 2

FINANCIAL FORECAST INFORMATION:

Electric utility:

1. Revenues, kwhs, customers, and power factors
2. Operational expenses and taxes
3. Capital expenditures with supporting project detail

Gas utility:

1. Revenues, kwhs, customers, and power factors
2. Operational expenses and taxes
3. Capital expenditures with supporting project detail

Common operations:

1. Operational expenses
2. Capital expenditures

CONTRACTS:

1. Copy of power supply contract
2. Copies of gas supply contracts
3. Customer contracts for all customers with demand of 500 kw
4. Copies of contracts for outside services
5. Copies of any other contracts that may affect value

DATA REQUEST CONTINUED – PAGE 3

LIABILITIES:

1. Outstanding litigation
2. Environmental compliance
3. Any other liabilities that may affect value

AFFILIATE BILLINGS AND SERVICES

1. Description of services provided by employees of Orange and Rockland and a detail of annual billings
2. Description of services provided by Consolidated Edison either directly or through Orange and Rockland and a detail of annual billings

ELECTRIC AND GAS DISTRIBUTION PROPERTIES:

1. We would like to have a tour of the facilities
2. Review all maintenance records
3. Provide a list of distribution substations including name, location, primary and secondary voltages, nameplate ratings, one-line diagrams, and the most recent summer and winter peak demand

REGULATORY REVIEW AND APPROVALS:

1. Identify any approvals that you must obtain prior to closing a transaction
2. Supply a copy of your latest rate filing
   A. Summarize the results
   B. Provide a reconciliation between the amounts requested and granted
3. Describe any regulatory filings that you anticipate in the years 2006 and 2007

ANY OTHER FACTS AFFECTING VALUE THAT WE HAVE NOT ASKED FOR:

Confidential Page 3 8/24/2006

TELEPHONE: (973) 875-5101
FAX: (973) 875-4114
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SUSSEX
RURAL ELECTRIC COOPERATIVE
64 COUNTY ROUTE 639 · P.O. BOX 346 · SUSSEX, NEW JERSEY 07461
A Touchstone Energy® Cooperative

August 28, 2006

Mr. Robert N. Hoglund
Senior Vice President & CFO
Consolidated Edison, Inc.
4 Irving Place
New York, NY 10003

Dear Mr. Hoglund:

Thank you for taking time last Thursday to discuss Pike County Power & Light. I enjoyed hearing about Consolidated Edison/Orange & Rockland's history with Pike County and I'm glad to hear that Consolidated Edison is concerned about the energy cost the consumers of Pike County currently pay. From our discussion I'm sure you can realize we have the same concerns about the rate payers of Pike County.

To summarize our meeting and to move this process forward, I would like to send you a confidentially agreement so we may start sharing data and cost. If you have any questions about the information I requested on the data request, please let me know. And as stated in the meeting, we have a banker ready to work with us to move this process.

I look forward to hearing from you.

Sincerely,

Robert Kolling
President/CEO

Cc: file

PCL&P

Cross-Examination

Exhibit 20

County of Pike, et al. v. PCL&P

Docket No. C-20065942, et al.

January 17, 2007

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JAN 23 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Responsible Witness: Robert Kolling

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

Office of Consumer Advocate Responses
to Pike County Light & Power Company
Interrogatories Set I

23. Has Sussex discussed the possibility of acquiring PCL&P with anyone? If so, please provide a description of any and all discussions relating to the possible acquisition of PCL&P detailing the name of the persons involved in the discussion, the date of such discussions and the substance of any and all such discussions.

RESPONSE:

Yes. Sussex has discussed the possibility of acquiring PCL&P briefly with Robert Hoglund of ConEd and Jim Tarpey of O&R on August 24, 2006 at the O&R Spring Valley operating center. Sussex has also met with PaPUC Commissioner Bill Shane and his staff in early 2006. Sussex has also discussed acquisition of PCL&P generally with representatives of Allegheny Electric Cooperative, Pike County officials and the Office of Consumer Advocate at various meetings and public hearings. These discussions all involved the potential general benefits to Pike customers of Sussex acquiring PCL&P.

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PCL&P

Cross-Examination

Exhibit 21

County of Pike, et al. v. PCL&P

Docket No. C-20065942, et al.

January 17, 2007

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Responsible Witness: Robert Kolling

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

Office of Consumer Advocate Responses
to Pike County Light & Power Company
Interrogatories Set III

19. Please provide copies of the analysis that you performed or relied upon to determine that PCL&P customers will see a 20% reduction in their current rates if the proposed interconnection is completed and that Sussex can commence service to PCL&P customers on January 1, 2008.

RESPONSE:

The 20% figure is a rough estimate based on a comparison of the existing rates of PCL&P and Sussex, but assuming that during the interim transition period a portion of the Allegheny purchases will be at current market prices rather than the current contract rate. It also presumes that the distribution portion of Pike's rates may be slightly higher as a result of acquisition and interconnection costs.

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PCL&P

Cross-Examination

Exhibit 22

County of Pike, et al. v. PCL&P

Docket No. C-20065942, et al.

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Responsible Witness: Robert Kolling

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

Office of Consumer Advocate Responses
to Pike County Light & Power Company
Interrogatories Set III

17. How will the costs of the interconnection be passed along to the PCL&P customers? Please provide copies of all documents, analysis, plans, and studies. Will any PCL&P acquisition, interconnection, and operation costs be passed along to the existing Sussex customers? If so, please explain how much of the planned costs will be passed on or absorbed by existing Sussex customers.

RESPONSE:

PCL&P Customers would pay rates that include the costs of the interconnection as part of their overall rates. There are no formal documents, plans or studies regarding this issue. None of the costs will be passed on to existing Sussex customers.

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PCL&P STATEMENT NO. 1

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	:	
RESPONDENT.	:	

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REBUTTAL TESTIMONY

OF

JAMES J. O'BRIEN

ON BEHALF OF

RESPONDENT

PIKE COUNTY LIGHT & POWER COMPANY

DECEMBER 11, 2006

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DEC 11 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pike County Light & Power Company
Testimony of
James J. O'Brien

Q. Please state your name and business address.

A. My name is James J. O'Brien and my business address is 390 West Route 59, Spring Valley, New York 10977.

Q. By whom are you employed and in what capacity?

A. I am employed by Pike County Light & Power Company ("Pike" or the "Company") as Vice President – Customer Services. I also am the Vice President – Customer Services for Pike's parent company, Orange and Rockland Utilities, Inc. ("Orange and Rockland"), and its affiliate, Rockland Electric Company ("RECO").

Q. Please provide your educational background and professional experience.

A. I have an M.S. Degree from the University of Bridgeport in Human Resource Development and a B.B.A. Degree from Baruch College in Business Administration. I've been Vice President of Customer Service with the Company since June of 1999 and prior to that worked at Consolidated Edison Company of New York, Inc. ("Con Edison") since 1963. My experiences with Con Edison included General Manager of Customer Service during various periods for the Manhattan, Queens and Westchester Divisions. I was also Director of Gas Marketing and worked in the Company's Corporate Planning department. I am currently on the Board of Directors for Dominican College and serve as Chairman of the Rockland County Salvation Army Advisory Council.

Q. Have you ever previously sponsored testimony before the Pennsylvania Public Utility Commission ("PAPUC") or any other state utility commission?

A. I have not testified previously before the PAPUC, however, I have previously testified in Con Edison Gas Rate Case proceedings and have participated in the New York State Public Service Commission proceedings concerning retail access and other issues related to the implementation of competition in New York State.

Q. What is the scope of your testimony in this proceeding?

A. I testify as to the various customer services that Pike provides to its customers, as well as the formal customer complaints that Pike has received since 2001. I also will discuss briefly the services provided by Direct Energy Services, LLC ("Direct").

Q. Please discuss the various means by which Pike provides customer services to its customers.

A. Pike customers can pay their bills and speak with customer service representatives at Orange and Rockland's office located in Port Jervis, New York. The office is staffed by two customer service representatives from 8:00 a.m. to 4:30 p.m., Monday through Friday. This office, which is located less than 1 mile from Matamoras and seven miles from Milford, PA, is readily accessible and convenient to Pike's customers. Until October 31, 2004, Pike maintained an office at 219 Broad Street in Milford, PA. This office was usually staffed by one person who handled bill paying and customer inquiries, and was open from 8:00 a.m. to 4:30 p.m., Monday through Friday. Commencing on November 1, 2004, Pike consolidated this office with Orange and Rockland's Port Jervis office. Pike also provides its customers with a toll free telephone number that they can use to contact Pike customer service representatives regarding billing and service issues. Pike, along with Orange and Rockland and RECO, operate a call center that is staffed from 8:00 am to 9:00 pm Monday through Friday, and Saturday from 9:00 am to 5:30 pm. Emergency dispatchers answer after hour emergency calls. All calls are answered by a NEC phone switch and then routed to a Voice Response Unit ("VRU"). Pike, along with Orange and Rockland and RECO, maintain a website that provides customers with much useful information.

The VRU and website are available to customers on a 24 hours a day, seven days a week, basis and include numerous self-help features. For example, customers can pay their bills over the Internet, enroll in budget billing, obtain a payment agreement, and start and stop service.

Q. Please discuss Pike's interaction with the communities it serves.

A. In addition to the services discussed above, Pike has assigned a Community Relations Manager to serve as a liaison with the various municipal officials in Pike's service territory. This Community Relations Manager is available 24 hours a day, seven days a week, to all the Pike County Commissioners, Mayors, Township Supervisors, Emergency Management Officials, Police, Township and Borough Administrative Staff and Council Members. Over the years, the Community Relations Manager has resolved and/or expedited satisfactorily numerous municipal requests including, but not limited to, billing issues, lighting requests, tree trimming, electric service requests, safety concerns, customer inquiries, and storm restoration.

Q. Please continue.

A. Pike has established an excellent working relationship with the Borough of Milford Shade Tree Commissioner. Over the years, Pike has assisted the Borough with its extensive tree management program. Our assistance during the application process has helped the Borough secure federal grant money. Since both the Boroughs of Milford and Matamoras have very limited Department of Public Works resources, Pike assists both Boroughs in removing hazardous trees.

Through the Company's Community Response Team ("CRT"), during severe storms, Pike assists both County and Township Emergency Management Officials at their respective Emergency Management Centers in Milford and Westfall / Matamoras locations. The CRT has been activated numerous times in the past due to severe flooding. The Company also has a very good relationship with Milford Emergency Management personnel and we are in the process of partnering with them on the purchase and installation of an emergency generator to serve the communications facilities located at the Company's Greenville site. The Company has allowed Pike County to attach its communication facilities on our Greenville tower.

Q. Please discuss the Company's procedures for notifying customers regarding developments in the event of an electric service outage.

A. Once an unexpected outage (e.g., storms, floods, car accidents, wind, animal contacts) has commenced, depending on the expected duration of the event, the Company uses various forms of communication to provide customers with information concerning the outage. The Company communicates via 24 hour VRU, radio, newspaper, and by direct contact with local municipalities to provide updated information on the expected duration of the event.

For planned or pre-scheduled outages, in the event more than 25 customers will be affected by the interruption, an outbound VRU call is made to customers, seven days in advance of the interruption. A follow-up or second call is made one day before the scheduled interruption. The VRU call will include the location of the outage, the date, start time and duration, rain date and customer service contact number. Large commercial and municipal customers will be contacted by New Construction Services and/or Community Relations either by telephone or personal visit. The notification of a scheduled interruption affecting less than 25 customers is done by door to door visitation. If a customer is not home, a door hanger is left explaining the process and providing a customer service contact number.

Q. Please discuss the complaints that customers have filed against the Company since 2001.

A. Set forth below is a summary of the complaints that Pike has received since 2001.

Pike County Light and Power Company
Informal/Formal PUC Complaints
January 2001 - July 2006

	2001	2002	2003	2004	2005	2006
Billing	5	0	2	4	6	59
Credit	4	11	4	10	5	9
Service	3	1	3	2	2	1
Total	12	12	9	16	13	69

Q. What conclusions can you draw from this summary?

A. This summary demonstrates that prior to the increase in the Company's default service rates in January 2006, the Company experienced a very modest number of complaints each year. I also would note that no service related complaints were filed by any of the complainants in this proceeding prior to January 2006.

Q. Please comment on the suggestion offered by OCA's witnesses that prior to this increase in default service rates, customers were willing to tolerate poor service.

A. I don't find such testimony credible. My experience, the vast majority of which, as outlined above, has been in the Customer Service area, indicates that if service is poor and unreliable, customers complain about it. Customers' inclination to complain about service outages, regardless of the price of such service, only has increased as households become increasing reliant on technologies (e.g., computers) which require continuous electric service.

Q. Please comment on OCA witness Brockway's criticism (at pages 18 – 19 of her testimony) of the Company's customer surveys.

A. In her testimony, Ms. Brockway criticizes Pike's customer surveys on the grounds that they are "transaction based". This criticism is unwarranted. The transactional survey is a useful tool by which the Company measures the service level that we provide to our

customers. The survey is impartially conducted by an outside vendor who also aggregates the information into reports for the Company. When reviewed, we not only look at scoring but also at customer comments. Customers use the survey as a means to provide feedback on various utility related issues that concern them, not just the particular transaction prompting the survey. For example, a customer that called about a "service connection" will share his experience about the VRU, or a customer that called about a budget billing issue will provide comments about rates (i.e. "lower rates"). Pike customers for the years 2003-2005 have rated overall transactional satisfaction at 86%, 91% and 89% respectively, with few comments on price. For year to date October 2006, we are seeing a decrease in overall satisfaction to 78%. We can attribute this decline in overall satisfaction to the price increase, particularly in light of the increase in price/rate related comments captured on the surveys. We have experienced similar decreases in overall customer satisfaction in Orange and Rockland's New York service territory when natural gas and electric commodity pricing increase significantly.

Q. Please discuss the services provided by Direct in the Company's service territory.

A. Pursuant to the PAPUC's Order dated April 20, 2006 in Docket No. P-00062205, in May 2006, Pike implemented an opt-out retail aggregation program in the Company's service territory. Pursuant to the PAPUC's Order, Pike's eight primary service customers were excluded from the aggregation program. As of November 1, 2006, 4,139 customers, or 91% of all eligible customers, agreed to participate in the aggregation program and thereby purchase their commodity service from Direct. These participating customers commenced taking commodity service from Direct in June 2006. Pike continues to provide delivery service to these participating customers. Moreover, Direct does not bill participating customers directly. Rather, Direct's charges for commodity service are included on Pike's bills to participating customers. I also would note that the vast

majority of customers who filed complaints with the PAPUC, regarding the increase in the Company's default service rates, now take their commodity service from Direct.

Q. Please describe the PowerSwitch program implemented by the Company's corporate parent, Orange and Rockland in its New York service territory.

A. Orange and Rockland's ESCO referral program, PowerSwitch, provides customers with an opportunity to "test the waters" of retail choice for an introductory period with minimum effort and little or no risk. Under the Program, customers sign up with O&R for retail choice and are either assigned to an alternate supplier, or can choose a supplier among those participating in the Program. Customers can sign up for PowerSwitch by speaking with a customer service representative or the Company's VRU, using the Company's website, or mailing in an insert that is sent along with their monthly bill. Under the Program, the customer is guaranteed savings of 7% off the commodity portion of their gas and/or electric bill for two billing periods ("Introductory Period"). The 7% discount has been agreed to by all of the alternate suppliers participating in PowerSwitch and reflects a discount off of Orange and Rockland's Market Supply Charge and/or Gas Supply Charge for the applicable billing periods. Orange and Rockland purchases the receivables of the participating suppliers and provides billing services so that the customers receive a single bill reflecting both delivery and commodity charges. Customers receive a service agreement from the alternate supplier after signing up for PowerSwitch. The service agreement has a month to month term and sets forth the terms and conditions for electric and/or gas supply service after the Introductory Period. If customers find the terms and conditions acceptable, they can continue with the alternate supplier after the Introductory Period, at a price to be determined under the service agreement. If the terms and conditions are not acceptable, they can either rescind the agreement and cancel their enrollment in PowerSwitch, or wait until after the Introductory Period and terminate the service agreement.

The PowerSwitch Program also benefits alternate suppliers by providing them an opportunity to introduce their service to customers without extensive promotional efforts and expenses.

Q. Does the Company plan to implement a similar program in its Pennsylvania service territory?

A. Yes. The Company has delayed filing an ESCO referral program for Pike because until recently, there was a lack of supplier interest in participating in such a program. However, now that the Company has two Electric Generation Suppliers interested in participating in an ESCO referral program, it will file a proposal with the PAPUC prior to year end.

Q. Does this conclude your direct testimony?

A. Yes.

VV
1-17-07

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

OSBA
STMT 1

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

TESTIMONY

OF

FRANK LACEY

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JAN 23 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

On Behalf of

Direct Energy Services, LLC

December 11, 2006

Q. COULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Frank Lacey. I am the Director of Government and Regulatory Affairs for Direct Energy Services, LLC ("Direct Energy"). My business address is 263 Tresser Boulevard, 8th Floor, Stamford, Connecticut 06901. I live in McMurray, Pennsylvania. Within Direct Energy, I am responsible for the development of the competitive retail energy markets in the Commonwealth of Pennsylvania and other areas of the country.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. My Curriculum Vitae is attached as Appendix A.

Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION?

A. Yes, I have testified as an expert in two prior cases before this Commission involving Duquesne Light Company and Pike County Light and Power ("Pike"). I have also testified in two separate roundtable proceedings before the entire Commission. I have presented prepared testimony in the recent Duquesne Light distribution rate case (Docket No. R-00061346) and have written testimony pending in the PPL Competitive Bridge Plan case (Docket No. P-00062227). Additionally, I have testified as an expert in proceedings before the PUC of Ohio, and the California PUC. I have also testified before the Maryland, New York and Michigan state legislatures.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of Direct Energy Services, LLC.

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SECRETARY'S BUREAU

Q. **PLEASE DESCRIBE DIRECT ENERGY SERVICES, LLC?**

A Direct Energy is an EGS licensed to provide electricity and related services to retail customers throughout Pennsylvania, including Pike's service territory. Direct Energy is a subsidiary of Centrica, a leading provider of energy and other energy-related services to over 20 million households worldwide, with annual revenues of $33 billion and $17 billion in market capitalization, and over 30,000 employees. Direct Energy has over 5 million gas and electricity customer relationships in North America. Direct Energy has extensive experience serving customers of all classes, including residential customers.

Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A My testimony is intended to make clear how Direct Energy is participating in Pike's service territory – as an Electric Generation Service provider - why it is not directly affected by the Pike customers' complaint against Pike. I will also explain why, for these reasons, Direct Energy has no position regarding the merits of the complaints before the Commission.

Q. **WHAT IS DIRECT ENERGY'S ROLE REGARDING CUSTOMERS IN THE SERVICE TERRITORY OF PIKE COUNTY AND LIGHT?**

A. Direct Energy supplies energy to customers in the service territory of Pike pursuant to an opt-out generation supply aggregation program that was approved by the Commission in April 2006 Direct Energy is not the Provider of Last Resort (POLR) or default service provider. Pike continues to have that responsibility. Other than the original opt-out aspect of the program, Direct Energy's provision of competitive generation service to customers is no different

than any other EGS. Nor does it serve as supplier of wholesale generation service; an affiliate of Pike has that contract.

Q. HOW DID DIRECT ENERGY BECOME THE OPT-OUT GENERATION SUPPLIER FOR PIKE COUNTY CONSUMERS?

A. On May 31, 2005, Pike filed its plan to establish POLR rates effective January 1, 2006. The Commission adopted Pike's proposal by Order entered September 23, 2005. In accordance with this Order, Pike held a fixed price auction which resulted an overall increase of approximately 70% with a 119% increase in the generation portion of the rates (which had been previously capped).

In an effort to provide timely savings to Pike County's retail customers, Direct Energy filed a Petition for Issuance of an Emergency Order on March 10, 2006 asking the Commission to implement a Retail Aggregation Bidding Program for the customers of Pike. The Commission ultimately approved the Program on April 20, 2006 and Direct Energy was the successful bidder to provide alternate generation supply to those customers desiring to receive it.

Q. WAS DIRECT ENERGY ABLE TO OFFER CUSTOMERS IN PIKE COUNTY A SAVINGS OVER THE POLR RATES?

A. Yes, Direct Energy was able to offer a small amount (around 13%) of savings to customers. This was the most reduction that we could manage because wholesale generation costs in the power pool that serves Pike (NY ISO).

Q. ARE CUSTOMERS IN THE PIKE COUNTY SERVICE TERRITORY REQUIRED TO USE DIRECT ENERGY AS THEIR GENERATION SUPPLIER?

A. No. Customers can opt out of the aggregation program with no penalty. They can receive their generation supply from Pike, which is the default supplier in the service territory, or from any other EGS that is serving in the market. When the

program was first instituted, approximately 19 of the consumers eligible to participate declined to do so. Regarding the complainants in this case, William Hessling, the business administrator for Delaware Valley School District testified at the November 6, 2006 hearing that the Delaware Valley School District receives their generation supply from Pike.

Q. WHEN DID DIRECT ENERGY BEGIN OFFERING SERVICE TO PIKE COUNTY RESIDENTS AND HOW DOES THIS CORRESPOND WITH THE DATES THE COMPLAINTS WERE FILED IN THIS CASE?

A. Direct Energy began offering service on June 1, 2006. The complaints in this case were filed between February 23, 2006 and August 31, 2006 with the majority of the complaints filed in April 2006. All of the complaints and testimony to date make clear that the complainants are challenging the increase in the POLR rates as well as service quality issues related to Pike.

Q. DOES DIRECT ENERGY HAVE ANY ABILITY TO CHANGE THE POLR RATE STRUCTURE?

A. No. Direct Energy is a competitive supplier of generation service to customers in Pike County. As such, Direct Energy's involvement in Pike County is not dependent on what company owns the distribution facilities or provides the POLR/default service. Pike is responsible for providing default service and is required to determine how the POLR rates will be structured and calculated. Once the POLR rates are determined, Direct Energy then uses these rates to determine whether it can offer a competitive rate to Pike customers for their generation supply.

Q. WHAT IS THE TERM OF DIRECT ENERGY'S CONTRACTS PURSUANT TO THE AGGREGATION PROGRAM?

A The initial term of the contract expires on December 31, 2007 and a subsequent opt-out renewal term is available from January 1, 2008 through May 31, 2009. Presuming that Direct Energy's contracts under the aggregation program would remain valid regardless of any change in ownership in the POLR/default service provider or supplier, Direct Energy has no opinion regarding the outcome of this case.

Q. HOW WOULD DIRECT BE AFFECTED IF THE COMMISSION WERE TO ORDER PIKE TO BE SOLD TO SOME OTHER COMPANY?

A. If the existing Pike POLR rates were not changed, such a required sale would have no effect on the competitive generation service rate at which Pike customers are receiving generation service. Operationally, Direct Energy has entered into contracts with Pike County. Any transfer must include the obligations embedded in those contracts, including the Electronic Data Interface (EDI) and billing arrangements. Absent this provision, our ability to provide service in the territory would be severely harmed.

Q. WHAT WOULD HAPPEN IF, AS PART OR AS A RESULT OF, THE SALE OR TRANSFER OF PIKE TO SOME NEW ENTITY THE POLR RATE AVAILABLE TO CUSTOMERS CHANGED?

A. Direct would hope that any such change would occur in accordance with the existing schedule, which provides for a new POLR rate or structure starting in 2008

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

APPENDIX A

Frank Lacey
42 Lintel Drive
McMurray, PA 15317
C: 724-413-0849
W: 724-941-2149
flacey@gmail.com

EMPLOYMENT

President, Starlight Energy / Retail Energy Services Consulting July 2004-Present
Pittsburgh, PA

- Morphed startup entity seeking $20 million in equity capital to Consulting Firm focused on Energy Market Development issues.
- Providing market development strategy planning and guidance to large national retail market participant. Assisting in development of competitive retail markets in mid-Atlantic region (PJM).
- Drafted business plan and developed pro forma financial projections for national retail electricity delivery business.
- Secured $100 million credit relationship and working capital financing from market participants to enable launch of retail electricity company.
- Worked with counsel to develop legal analysis and strategies re: non-solicitation agreements.
- Designed risk management protocols to educate potential investors.
- Developed industry and venture contacts to secure funding for start up of business.
- Developed application and received FERC market-based rate authority.
- Board Member -- Center for Advancement of Energy Markets.

Director, Regulatory Affairs, Strategic Energy November 2001-June 2004
Pittsburgh, PA

- Managed regulatory group of 15 people working in 12 different states and the District of Columbia.
- Corporate responsibility for managing regulatory strategy, regulatory risk and achieving desired regulatory results. Advocated for market design structures in emerging electricity markets. Assisted employees in regional regulatory strategy development and execution.
- Assisted sales group with complex sales and was instrumental in educating key customers on complex regulatory framework, assisting in closing approximately $60 million in annual incremental sales.
- Led company's Standard Market Design ("SMD") efforts at FERC and was the Company's lead FERC representative. Educated FERC staff and Commissioners about unique risks to retail community in SMO efforts.
- Managed $4 million annual budget and managed group to earn returns on regulatory investment in excess of 1,500%.
- Managed and expanded regulatory group in Post-Enron market environment to become the recognized national leader in retail regulatory policy development and expertise.
- Qualified as policy expert to testify on behalf of company and others in regulatory proceedings across the nation.
- Served on ERCOT Board of Directors as REP sector representative
- Served on Board of Directors of Electric Power Supply Association (EPSA).

Served on Board of Directors of Mid-Atlantic Power Supply Association (MAPSA), now called Retail Electric Supply Association (RESA).

Senior Manager October 1998-October 2001
Arthur Andersen
Washington, DC

- Responsibility for developing Andersen's transmission restructuring business in Eastern half of US market.
- Achieved annual consulting sales in transmission restructuring practice in excess of $1 million.
- Managed overall development of the American Transmission Company business structure. Andersen project team included members from audit, consulting, IT and tax functional areas.
- Project manager for Alliance RTO development project that resulted in the first Transco filing at FERC. Developed pre-filing strategies and materials to educate FERC staff on Transco issues.
- Managed the review and analysis of FERC NOPR on RTO development for a large Southeastern Utility. Analysis included recommendations for regulatory response, financial options for developing RTO, and analysis of the impact of moving to RTO model.
- Managed the development of corporate-wide analysis of operational impacts of moving to RTO structure for a southeastern utility. Analysis included process redesign within a currently integrated utility operating in the future without transmission asset control. Overall regulatory strategy was developed and tradeoffs between FERC incentives on transmission restructuring and local ratemaking allowances were analyzed. The overall financial and regulatory impact of moving transmission out of integrated business unit was presented to company board of directors.
- Managed the facilitation process of 6 northeastern utility management teams attempting to develop sound business model for restructured transmission grid operations. Facilitation effort included development of financial model of ISO NE transmission tariff, development of agreeable terms to put into partnership documents and development of transmission planning processes.

Associate Consultant January 1995-September 1998
Putnam, Hayes and Bartlett, Inc.
Washington, DC

- Associate consultant in firm's generation restructuring practice.
- Developed pro forma financial statements to value several generation plant transactions.
- Generated carve-out analyses valuing SO_2 allowances, NOx credits and other possible environmental assets to evaluate sensitivities on environmental policy risks.
- Developed SO_2 emission management strategy tool for large mid-atlantic utility. Analysis included evaluating options including construction of scrubbing technology on large coal fired plant, purchasing SO_2 allowances for fleet, and selling certain generation assets.
- Prepared direct and rebuttal testimony for expert witnesses in several different matters in front of FERC, State Commissions and other tribunals. Assisted in the preparation of witnesses for hearings.
- Participated in the evaluation of estimating cost of environmental remediation at several different RCRA and CERCLA sites around the country.

EDUCATION

MBA with concentrations in finance, entrepreneurship and environmental management
Class of 1993

Tepper School of Business, Carnegie Mellon University, Pittsburgh, PA
(supplemental coursework taken at Heinz School of Public Policy and Engineering Department)

B.S. in Transportation and Logistics
Class of 1988
University of Maryland, College Park, MD

TESTIMONY, SPEECHES AND PAPERS

Prepared Direct Testimony of Frank Lacey On Behalf of Strategic Energy, LLC, before the Public Utilities Commission of the State of California in the matter of the *Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060*. Docket No. R. 02-01-011. June 6, 2002.

Prepared Rebuttal Testimony of Frank Lacey On Behalf of Strategic Energy, LLC before the Public Utilities Commission of the State of California in the matter of the *Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060*. Docket No. R. 02-01-011. June 20, 2002

Cross Examination testimony of On Behalf of Strategic Energy, LLC before the Public Utilities Commission of the State of California in the matter of the *Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060*. Docket No. R. 02-01-011. July 2002.

Prepared Testimony of Frank Lacey on the subject of truing up the CERS Fee On Behalf of Strategic Energy, LLC before the Public Utilities Commission Of the State Of California in the matter of the *Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060*. Docket No. R. 02-01-011. March 19, 2003

Prepared Direct Testimony of Frank Lacey on behalf of Strategic Energy L.L.C. before the Pennsylvania Public Utility Commission in the matter *Pennsylvania Public Utility Commission, et al. v.Duquesne Light Company*, Docket Nos. R-00038092, R-00038092C0001 and R-00038092C0002. January 2003.

Prepared Rebuttal Testimony of Frank Lacey on behalf of Strategic Energy L.L. C. Before the Pennsylvania Public Utility Commission in the matter *Pennsylvania Public Utility Commission, et al. v. Duquesne Light Company* Docket Nos. R-00038092, R-00038092C0001 and R-00038092C0002. February 2003.

Prepared Supplemental Testimony of Frank Lacey on behalf of Strategic Energy L.L.C. before the Pennsylvania Public Utility Commission in the matter *Pennsylvania Public Utility Commission, et al. v. Duquesne Light Company* Docket Nos. R-00038092, R-00038092C0001, R-00038092C0002. November 2003

Cross Examination testimony of Frank Lacey on behalf of Strategic Energy L.L.C. before the Pennsylvania Public Utility Commission in the matter *Pennsylvania Public Utility Commission, et al. v. Duquesne Light Company* Docket Nos. R-00038092, R-00038092C0001, R-00038092C0002. July 1, 2003.

Prepared Direct Testimony of Frank Lacey submitted on behalf of Strategic Energy L.L.C. and Dominion Retail, Inc. before the Public Utilities Commission of Ohio in the matters of the *Continuation of the Rate Freeze and Extension of the Market Development Period for The Dayton Power and Light Company* Case No. 02-2779-EL-ATA and the *Application of The Dayton Power and Light Company for Certain Accounting Authority Pursuant to Section 4905.13, Ohio Revised Code* Case No

02-2879-EL-AAM. May 19, 2003.

Prepared Supplemental Testimony of Frank Lacey submitted on behalf of Strategic Energy L.L.C. and Dominion Retail, Inc. before the Public Utilities Commission of Ohio in the matters of the *Continuation of the Rate Freeze and Extension of the Market Development Period for The Dayton Power and Light Company* Case No. 02-2779-EL-ATA and the *Application of The Dayton Power and Light Company for Certain Accounting Authority Pursuant to Section 4905.13, Ohio Revised Code* Case No. 02-2879-EL-AAM. June 12, 2003.

Deposition Testimony of Frank Lacey submitted on behalf of Strategic Energy L.L.C. and Dominion Retail, Inc. before the Public Utilities Commission of Ohio in the matters of the *Continuation of the Rate Freeze and Extension of the Market Development Period for The Dayton Power and Light Company* Case No. 02-2779-EL-ATA and the *Application of The Dayton Power and Light Company for Certain Accounting Authority Pursuant to Section 4905.13, Ohio Revised Code* Case No. 02-2879-EL-AAM. May 2003 and June 2003.

Cross Examination testimony of Frank Lacey on behalf of Strategic Energy L.L.C. and Dominion Retail, Inc. before the Public Utilities Commission of Ohio in the matters of the *Continuation of the Rate Freeze and Extension of the Market Development Period for The Dayton Power and Light Company* Case No. 02-2779-EL-ATA and the *Application of The Dayton Power and Light Company for Certain Accounting Authority Pursuant to Section 4905.13, Ohio Revised Code* Case No. 02-2879-EL-AAM. June 2003.

Oral Testimony of Frank Lacey before the Standing Committee on Energy of the New York State Assembly on the issue of Ensuring a Reliable Supply of Electricity to the People of New York, Chairman Paul D Tonko, presiding March 6, 2003

Prepared Direct Testimony of Frank Lacey on behalf of Strategic Energy, L.L.C. before the Pennsylvania Public Utility Commission in the matter of the *Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service,* Docket No. P-00032071. February 2004

Prepared Rebuttal Testimony of Frank Lacey on behalf of Strategic Energy, L.L.C. before the Pennsylvania Public Utility Commission in the matter of the *Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service,* Docket No. P-00032071. February 2004.

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Oral Testimony of Frank Lacey at the *PQLR Roundtable* before the Pennsylvania Public Utility Commission re: Optimal Future POLR Design models. May 3, 2004.

Prepared Direct Testimony of Frank Lacey on behalf of Strategic Energy, L.L.C. and Mid-American Energy Company before the Public Utilities Commission of Ohio in the matters of *The Application of the Cincinnati Gas & Electric Company to Modify its Non-Residential Generation Rates to Provide for Market-Based Standard Service Offer Pricing and to Establish a Pilot Alternative Competitively-Bid Service Rate Option Subsequent to Market Development Period*, Case No. 03-93-EL-ATA, *The Application of the Cincinnati Gas & Electric Company for Authority to Modify Current Accounting Procedures for Certain Costs Associated with the Midwest ISO*, Case No. 03-2079-EL-AAM, and *The Application of the Cincinnati Gas & Electric Company for Authority to Modify Current Accounting Procedures for Capital Investment in its Electric Transmission and Distribution System and to Establish a Capital Investment Reliability Rider to be Effective After the Market Development*

Period, Case Nos. 03-2080-EL-AAM and 03-2080-EL-ATA. May 6, 2003.

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Oral Testimony of Frank Lacey before the Michigan Senate Committee on Technology and Energy on the subject of revision to Public Act 141, the Michigan Electricity Choice and Restructuring Act, Chairman Bruce Patterson, Presiding. May 19, 2004.

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Oral Testimony of Frank Lacey on behalf of Direct Energy Services, LLC before the Maryland Senate Finance Committee on Senate Bills 814, 1048, 1051 and 1078 on the subject of retail electricity market design, Chairman Thomas Middleton, Presiding. March 14, 2006.

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