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February 28, 2017

VIA HAND DELIVERY

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

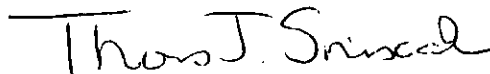
In re: Joint Application of Pike County Light and Power Company, Corning Natural Gas Holding Corporation and Orange and Rockland Utilities, Inc. for: a Certificate or Certificates of Public Convenience Evidencing the Pennsylvania Public Utility Commission's Approval of: the Transfer by Sale of 100% of the Issued and Outstanding Stock of Pike County Light & Power Company; Docket No. A-2015-2517111; A-2015-2517036; G-2015-2517113; G-2015-2517114; S-2015-2517115 and S-2015-2517116; **PIKE COUNTY LIGHT & POWER QUARTERLY STATUS REPORT PURSUANT TO AUGUST 11, 2016 ORDER (PUBLIC VERSION).**

Dear Secretary Chiavetta:

Enclosed you will find Pike County Light & Power Company's Quarterly Status Report pursuant to the directives in the August 11, 2016 Order (Public Version) in the above-captioned docket. Copies have been served in accordance with the attached Certificate of Service.

Should you have any questions or comments, please feel free to contact me directly.

Very truly yours,



Thomas J. Sniscak
Whitney E. Snyder

TJS/das
Enclosure
cc: Per Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Pike County Light	:	
And Power Company, Buyer Corning Natural	:	
Gas Holding Corporation and Seller Orange	:	A-2015-2517036
And Rockland Utilities, Inc. for a Certificate	:	A-2015-2517111
Of Public Convenience Approving the Transfer	:	G-2015-2517113
By Sale of 100% of the Stock of Pike County	:	G-2015-2517114
Light And Power Company from Seller Orange	:	S-2015-2517115
And Rockland Utilities, Inc. to Buyer Corning	:	S-2015-2517116
Natural Gas Holding Corporation	:	

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**PIKE COUNTY LIGHT & POWER COMPANY
QUARTERLY STATUS REPORT PURSUANT TO AUGUST 11, 2016 ORDER
(PUBLIC VERSION)**

NOW COMES Pike County Light & Power Company (“PCL&P”), by its attorneys, and submits the following verified information in compliance with and pursuant to Paragraph 36(i) and Ordering Paragraph 19 of Administrative Law Judge Susan Colwell’s Recommended Decision¹ that the Commission by Order adopted on August 11, 2016 (“Order”),² PCL&P hereby provides its quarterly status report for December 2016 - February 2016.

1. **Permanent Staff Retained.** PCL&P previously provided notice that it hired a General Manager and Customer Service Manager. PCL&P has hired a billing clerk to perform general responsibilities related to collection of meter readings, programming route devices, perform meter reading adjustments, coordination and

¹ Joint Application of Pike County Light and Power Company, Recommended Decision, Docket Nos. A-2015-2517036 *et al.* (Jun. 30, 2016)

² Joint Application of Pike County Light and Power Company, Docket Nos. A-2015-2517036 *et al.* (Order entered Aug. 11, 2016).

the creation and mailing of all customer bills and provide overall meter operation function support. PCL&P has hired an Administrative Assistant through an employment agency whom it plans to hire as a full PCL&P employee upon completion of a successful 60-day probationary employment period. Accordingly, PCL&P has retained three permanent staff members as of today, and within the next two months plans to have retained four permanent staff members. Consistent with the “deliberative approach” approved by the Order, PCL&P is continuing to explore its permanent staffing needs during this transitional period. PCL&P is currently conducting interviews for two Customer Service Representatives positions with the goal to commence employment by April 2017 via a temp agency. After a successful probationary period, PCL&P will seek to employ the individuals chosen as full PCL&P employees. Thus, PCL&P hereby gives notice that it will require additional time to complete the process of hiring permanent staff pursuant to Paragraph 36(h) of the Recommended Decision as adopted by the Order. PCL&P will provide periodic updates on retaining permanent staff to the Office of Consumer Advocate, Office of Small Business Advocate, and the Emergency Preparedness and Reliability Section of the Commission’s Bureau of Technical Utility Services at the quarterly meetings held pursuant to Paragraph 36(e) of the Recommended Decision as adopted by the Order.

2. **Contractors in use.** By Compliance Letter filed with the Commission on Thursday, February 23, PCL&P requested the approval of engaging (a) three transitional contract employees for administrative assistant and customer service representative positions, who after a probationary period during which they will be

evaluated and supervised, may become permanent employees, and (b) a technical field design services contractor on a one-year, renewable contract. PCL&P continues to explore the use of contractors in part or whole for the remaining positions. PCL&P is currently considering engaging Gas, Electric and Vegetation Management contractors or other Utility Companies for gas and electric construction, metering reading, electric and gas inspection programs and vegetation management services.³

3. **Transition Services Agreement.** During this quarter, PCL&P has, pursuant to the Transition Services Agreement (“TSA”) approved by the Commission in its Order, Orange and Rockland continues to provide Electric and Gas operation functions, for all new business construction, electric restoration and gas odor call responses and locate for damage prevention. In addition, Orange and Rockland also continues to perform Customer Service operations functions, including meter reading and installation, taking of gas and electric odor and outage calls, billing and customer account management. As part of PCL&P’s current planning for providing for the functions or services under the TSA after the TSA expires, it continues to evaluate the use of contractors in part, including potentially surrounding area utility companies and employment of permanent staff for these functions or services.

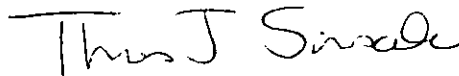
4. **Interest Rate Swap.** Pursuant to Paragraph 36(o), PCL&P has studied “the feasibility and cost implication of an interest rate swap, or similar switch to fixed

³ If PLC&P hires outside contractors for the positions addressed in Paragraph 36(i) and Ordering Paragraph 19 of the ALJ’s Decision and the Commission’s Order adopting the same, that would occur per the procedures in said paragraphs.

rate debt, to hedge variable rate debt” and has attached its findings to this quarterly report as Exhibit A.

5. **Cast Iron and Bare Steel Gas Main Study:** Pursuant to Paragraph 36(a) PCL&P commenced its study.
6. **Alternative Supply Options for Gas and Electric Supply:** Pursuant to Paragraph 36(b) PCL&P commenced its study and also to date has received and is in the process of reviewing and evaluating input from OCA.

Respectfully submitted,



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Attorneys for Pike County Light & Power Co.

Date: February 28, 2017

VERIFICATION

I, Steven L. Grandinali, General Manager of Pike County Light and Power Company, hereby state that the facts above set forth 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 unsworn falsification to authorities).

Steven L. Grandinali

Steven L. Grandinali
General Manager
Pike County Light and Power Company

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EXHIBIT A

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Exhibit A

Findings on Interest Rate Swap

Paragraph 36(o) of the Settlement provides:

PCL&P/CNGHC shall study the feasibility and cost implications of an interest rate swap, or similar switch to fixed rate debt, to hedge variable rate debt and shall provide its findings in one of its quarterly status reports filed within six months after closing of the transaction.

PCL&P/CNGHC has contacted three (3) financial institutions to inquire as to the feasibility and cost implications of an interest rate swap, or similar switch to fixed rate debt, with respect to PCL&P's existing \$12,000,000, 5-year, variable rate term loan from M&T Bank. One of the three institutions indicated that it is not interested in such a transaction. **[Begin Proprietary]**

[End Proprietary]

We are continuing to work with the two institutions interested in considering an interest rate swap or refinancing the term loan at a fixed rate to obtain the best possible alternative rate and term, and we will provide the results of these continuing efforts in our next quarterly report.

CERTIFICATE OF SERVICE

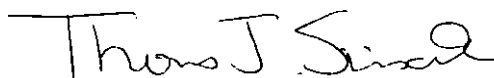
I hereby certify that I have this day served a true and correct copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

BY ELECTRONIC AND FIRST CLASS MAIL

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Thomas J. Sniscak
Whitney E. Snyder

DATED: February 28, 2017

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