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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

June 7, 2018

Docket Nos. R-2018-3000942

M-2018-2641242

Whitney E. Snyder

Hawk McKeon & Sniscak, LLP

100 North Tenth Street

Harrisburg, PA 17101

RE: Petition of Pike County Light & Power Company (Electric) for Reconsideration of the Commission’s May 17, 2018 Orders

Dear Ms. Snyder:

The above-captioned petition was filed with the Commission on June 1, 2018. To assist the Commission in conducting its review of the proposed petition for reconsideration, please respond with the information requested in Attachment 1. In addition to the hard-copy filing directions below, please also email the information to [rlayton@pa.gov](mailto:rlayton@pa.gov).

Please forward the information to the Secretary of the Commission at the address listed below **within ten (10) days of the date of this letter.** Make sure to reference Docket No. R-2018-3000942 when filing your response. Please note that some responses may be e-filed to your case at: <http://www.puc.pa.gov/efiling/default.aspx>. A list of document types allowed to be e-filed may be found at: <http://www.puc.pa.gov/efiling/DocTypes.aspx>.

Rosemary Chiavetta, Secretary

Pennsylvania Public Utility Commission

400 North Street, 2nd Floor

Harrisburg, PA 17120

**Your answers should be verified per 52 Pa Code § 1.36.** Accordingly, you must provide the following statement with your responses:

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter.  I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

The blank should be filled in with the name of the appropriate company representative, and the signature of that representative should follow the statement.

If you have any questions on this matter, please contact Rich Layton, Bureau of Technical Utility Services, at [rlayton@pa.gov](mailto:rlayton@pa.gov) (717) 214-9117.

**** Sincerely,

Rosemary Chiavetta

Secretary

Enclosure – Attachment 1

**Attachment 1: Data Request**

**Pike County Light & Power Company**

The data requests herein reference the following three filings of Pike County Light & Power Company – Electric Division (Pike):

* Pike’s 2017 Electric Annual Report (Annual Report) submitted on April 27, 2018.
* Pike’s Public Utility Earnings Report (Quarterly Report) of electric department earnings for the twelve months ended December 31, 2017, filed on May 21, 2018.
* Pike’s Petition for Reconsideration (Petition), filed on June 1, 2018, of the Commission’s May 17, 2018 Orders – specifically as it relates to Attachment 1 of the Petition regarding Pike’s Electric Division Income Statement for the 12 months ended April 30, 2018.

1. With regards to the Balance Sheet contained in the Annual Report, please explain the following discrepancies:

1. Why are total assets and liabilities not equal?
2. Why has Schedule 208 “Construction Work in Progress” been left blank when account 107 displays a CWIP of $319,233?
3. Pike shows a gain of nearly $7.5 million in Plant in Service, almost a 40% increase over the beginning year plant balance. Is this an accurate representation of the actual infrastructure investment that was observed in 2017?
4. With regards to plant related items, why must Pike file a combined balance sheet on its Annual Report when it seems able to split out certain figures for the purposes of its gas and electric Quarterly Reports?

2. Why, when ($1,704,727) is listed for deferred income tax in the Petition, are deferred income taxes not included as part of the calculation for rate of return (ROR) on the Quarterly Report?

3. Why in its Quarterly Report and Annual Report did Pike report ($203,000) in accumulated depreciation as of December 31, 2017; however, that same figured ballooned to ($769,862) just four months later as reported in Pike’s Petition?

4. Pike only uses operating revenues of $2,161,000 on its Quarterly Report, which is roughly one fourth of its annual revenues of ~$8.5-9 million. The Quarterly Report should display financials representing 12 months of data, on a rolling quarterly basis. The same issue arises on the expense side, and altogether leads to a much lower net income being shown than what was actually realized for the entire year, which in turn, when combined with the fully-accounted-for rate base, leads to a much lower overall ROR being calculated than what should have been observed in reality. Why was this done?

5. For the year-end 2014 and 2015 Quarterly Reports filed by Pike, the actual overall RORs were calculated to be 5.05% and 7.07%, respectively. Staff cannot find evidence of Pike having filed a Quarterly Report for 2016; however, using data from the company’s 2016 Annual Report, Staff estimates an overall ROR greater than 5%. For 2017, if we adjust the results of what is believed to be an incorrectly-filed Quarterly Report, Staff estimates an actual overall ROR of somewhere right around or just below 5%. In its Petition, Pike calculated an actual overall ROR as of April 30, 2018 of 3.93%. What do you believe has led to Pike’s ROR having fallen off in recent calculations and is this an accurate depiction of where Pike’s returns are likely to be in the coming fiscal year?

6. Pike also filed a 2017 Quarterly Report for its gas division, in which it calculated an actual overall ROR of 1.21%, to say nothing of the same ¼ revenue/expense issue that plagued the electric Quarterly Report. However, according to its 2017 Gas Annual Report, Pike seems to be operating at a loss. Can you explain this disparity? Furthermore, how did Pike calculate the exact same overall ROR, that being 1.21%, for both its gas and electric operations on the Quarterly Reports, which seems beyond coincidental?

7. Does Pike have independently audited financial statements? If so, please provide them for the past three years. Additionally, please provide a Cash Flow Statement for the period ending April 30, 2018.