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December 19, 2019

Ms. Melissa Sullivan

Chief Financial Officer

C&T Enterprises, Inc.

33 Austin Street

Wellsboro, PA 16901

RE: Management and Operations Audit of Citizens’ Electric Company of Lewisburg, Wellsboro Electric Company, and Valley Energy, Inc.; D‑2019‑3007883, D‑2019‑3007884, and D‑2019‑3007885

Dear Ms. Sullivan :

The Commission appreciates the cooperation extended by the officers and employees of Citizens’ Electric Company of Lewisburg, Wellsboro Electric Company, and Valley Energy, Inc. (collectively referred to as the C&T companies) to our Bureau of Audits’ staff during the recent Management and Operations Audit. We seek the C&T companies’ further cooperation in implementing the recommendations cited in the audit report.

As you know, the staff analyzed and evaluated management performance in nine functional areas or issues at each of the C&T companies during the course of the audit. While none of the functional areas examined in-depth during the audit require major or significant improvement, one area (see Chapter X – Emergency Preparedness) for all three companies was identified as needing moderate improvement. Staff identified three areas at Wellsboro and one area at Valley as needing minor improvement (see Chapter III – Executive Management and Organizational Structure, Chapter VII – Electric Operations, and Chapter XI – Human Resources). The moderate improvement area and the minor improvement areas offer the potential for increased effectiveness and/or reduced costs. Consequently, the Commission believes they should be the focus of the C&T companies’ implementation efforts.

At its Public Meeting of December 19, 2019, the Commission acknowledged receipt of the C&T companies’ December 2019 Implementation Plan and released it, along with the audit report, to the public. The Commission notes that the C&T companies’ Implementation Plan indicates acceptance of all five recommendations. Receipt of this Implementation Plan does not constitute acceptance by the Commission of the actions already taken, those actions to be taken, or any explanations and cost/benefit analyses provided. The C&T companies’ implementation actions, together with the explanations and analyses, will be reviewed by the Commission at a later date.

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Accordingly, the Commission directs the C&T companies to:

* Proceed with the December 2019 Implementation Plan, and
* Submit implementation progress reports annually, by January 1st, for the next three years.

The Commission’s direction to proceed with the Implementation Plan should not be construed as approval of the plan.

**** Sincerely,

Rosemary Chiavetta

Secretary

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