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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **HARRISBURG, PA 17120** |  |
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|  | Public Meeting held April 16, 2020 |
| Commissioners Present: |  |

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| |  | | --- | | Gladys Brown Dutrieuille, Chairman | | David W. Sweet, Vice Chairman  Andrew G. Place | | John F. Coleman, Jr.  Ralph V. Yanora | |
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| Petition of Pennsylvania Electric Company to Modify Non-Utility Generation Charge Collection and Reconciliation | Docket Number:  P-2020-3019245 |

# ORDER

**BY THE COMMISSION:**

On March 11, 2020, Pennsylvania Electric Company (Penelec), Utility Code 110400, filed a Petition requesting to extend its non-utility generation (NUG) related Section 1307(e)[[1]](#footnote-2) filing deadline by 45-days to July 15, 2020, and proposing to modify its Default Service Support (DSS) Rider to include remaining NUG contract over/under-collections. For the reasons expressed in this Order, the Pennsylvania Public Utility Commission (Commission) will grant the Petition.

Penelec currently collects and credits all costs associated with NUG contracts through its NUG Charge Rider, approved by the Commission at Docket No. P-2009-2093054 (NUG Order).[[2]](#footnote-3) Penelec states that its last remaining NUG contract is set to expire May 15, 2020, and that upon expiration of the contract, there will be a residual over/under-collection associated with the contract. The company proposes to move the residual over/under-collection to the DSS Rider and amortize the collection over the 12-month period beginning June 1, 2020 and ending May 31, 2021. As a result, the NUG Charge Rider would be set to zero on June 1, 2020. Penelec is seeking to include this residual over/under-collection in the DSS Rider as opposed to the NUG Charge Rider because the DSS Rider allows for a longer amortization period for the over/under-collection of 12 months instead of 3 month, which will minimize the impact on customers’ bills.

In conjunction with the DSS Rider request, Penelec is requesting an extension to its NUG related Section 1307(e) filing from May 30, 2020, until July 15, 2020. In support of this request, Penelec states that since the last NUG contract expires on May 15, 2020, the company will not know the actual NUG Charge Rider under/over-collection balance until June 2020. Thus, extending the NUG Section 1307(e) filing deadline is warranted because Penelec will not know the final revenues and expenses associated with the last remaining NUG contract until early July, after the June payments are received. Penelec submits that the July 15, 2020, filing would include the company’s final NUG Section 1307(e) reconciliation balance for the existing NUG Charge Rider as of May 31, 2020, thereby eliminating the need for an additional audit in 2021, which would include only one month of revenues and expenses.

Penelec’s Petition includes a *Pro Forma* tariff that would be used to implement the proposed movement of the residual under/over-collections from the existing NUG Charge Rider into the DSS Rider as a new component. This new DSS Rider component would be amortized over a twelve-month period beginning June 1, 2020 and ending May 31, 2021.

Penelec serves approximately 586,748 customers and the company submits that the proposed tariff changes will have minimal effect on customer bills and Penelec’s revenues. Penelec also avers that the proposed changes to the NUG Charge Rider and the DSS Rider are consistent with a similar filing made by the Metropolitan Edison Company and approved by a Commission Order entered May 18, 2017, at Docket No. R-2017-2597074.[[3]](#footnote-4)

Penelec served the Petition on the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and all parties in the company’s last default service program proceeding at Docket No. P-2017-2637857. No complaints have been filed and no hearings held.[[4]](#footnote-5)

We must note that a Commission Order at Docket Number R-00974009, entered October 20, 1998, requires Penelec to file quarterly and annual reports addressing the

recovery of NUG costs through their respective Competitive Transition Charge (CTC).

The CTC was replaced with a successor cost recovery mechanism upon the expiration

of the CTC on December 31, 2010. Under the CTC, the annual report was to be

submitted to the Commission by March 31 each year, subject to review and audit with

findings specified in writing to the company and other Joint Petitioners no later than

June 30 each year.

In the NUG Order, the Commission approved a Joint Petition for Settlement

(Settlement) that contained a revised Tariff Supplement for Penelec that included a

NUG Rider. This NUG Rider was adopted as the successor mechanism to the CTC

Rider for the recovery of NUG costs upon the expiration of each company’s respective

CTC.

In an Order entered October 11, 2011, at Docket Number D-2011-2232755,

regarding the NUG audit report of Penelec for the year ended December 31, 2010, the

Commission shifted the timing requirement that had been established for reporting

annual NUG activity to accommodate the provisions of the NUG Rider. The 2011 Order

requires Penelec to submit by May 30 each year their annual reconciliation report of

NUG activity for the period ended April 30. This report is subject to review and

audit with findings specified in writing to the company and other Joint Petitioners no

later than August 31, with the final audit report being issued by October 31 of each year.

In response to the COVID-19 pandemic, the Commission has implemented telework for its staff.  This means that the physical locations of the Commission, including the Keystone Building in Harrisburg, are not in use until further direction from the Commission.  Obviously, this presents many challenges for the Commission, the regulated community, and the public.  Under these circumstances, it has become necessary to take additional measures to ensure continued operations during this period. As a result, we find it appropriate to extend the deadline for the Commission’s Bureau of Audits’ review and approval of the filing by 90 days pursuant to the Commission’s March 20, 2020 Emergency Order.[[5]](#footnote-6) The Bureau of Audits shall complete its review and approval of the filing and provide its audit findings to Penelec and other Joint Petitioners no later than November 30, 2020, with the final audit report being issued by January 30, 2021.

Upon review of Penelec’s Petition, we find that the proposed modifications contained therein do not appear to be unlawful, unjust, unreasonable, or contrary to the public interest. We agree that the requested 45-day extension to the NUG Section 1307(e) filing deadline will provide a complete actual under/over-collection NUG Charge Rider reconciliation statement and that the *Pro Forma* tariff changes that amortize the NUG Charge Rider over a twelve-month period in the DSS Rider are an effective way to handle the residual NUG related under/over-collections. Accordingly, we grant Penelec’s Petition to extend its NUG related Section 1307(e) filing deadline to July 15, 2020. We also approve the proposed modification to the DSS Rider to include the remaining NUG over/under-collections; **THEREFORE,**

**IT IS ORDERED:**

1. That the Pennsylvania Electric Company Petition to extend its Non-Utility Generation related Section 1307(e) filing deadline to July 15, 2020 and reconcile the remaining Non-Utility Generation related over/under-collections through the Default Service Support Rider is hereby approved.

2. That the Pennsylvania Electric Company *Pro Forma* Tariff changes to Tariff Electric Pa. P.U.C. No. 81 are hereby approved as to form and legality.

3. That Pennsylvania Electric Company shall file a Default Service Support Rider tariff supplement on May 1, 2020, to be effective June 1, 2020, reflecting the changes approved in this Order.

4. That the Commission’s Bureau of Audits provide its audit findings to the

Pennsylvania Electric Company and other Joint Petitioners at Docket Number

R-00974009, no later than November 30, 2020, with the final audit report being issued by

January 30, 2021.

5. That a copy of this Order be served on Pennsylvania Electric Company, the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and the parties of record in the company’s last default service program proceeding at Docket No. P-2017-2637857.

6. That the proceeding at Docket No. P-2020-3019245 be closed.

**** **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 16, 2020

ORDER ENTERED: April 16, 2020

1. Section 1307(e) of the Public Utility Code, 66 Pa. C.S.§1307(e), relating to automatic adjustment clause reports and proceedings. [↑](#footnote-ref-2)
2. *Joint Petition of Metropolitan Edison Company and Pennsylvania Electric Company for Approval of Their Default Service Programs* (Order entered November 6, 2009). [↑](#footnote-ref-3)
3. *Metropolitan Edison Company Supplement No. 40 to Tariff Electric Pa. P.U.C. No. 52* (Order entered May 18, 2017). [↑](#footnote-ref-4)
4. Due to Governor Tom Wolf’s recent coronavirus-related Disaster Emergency declaration, Commission staff have been working from home and have not had access to Commission mail since March 13, 2020. Commission staff are not aware of any complaints, comments, or other responsive pleadings having been filed by mail in this proceeding. Per Commission Order, since the Disaster Emergency declaration, all filings to the Commission must be made electronically. See *Emergency Order re:**Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements* at Docket No. M-2020-3019262 (Order entered March 20, 2020). No complaints, comments, or other responsive pleadings related to Penelec’s Petition have been e-filed. [↑](#footnote-ref-5)
5. *See Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements*, Docket No. M-2020-3019262 (Order entered March 20, 2020), *ratified* March 26, 2020. [↑](#footnote-ref-6)