



Thomas J. Sniscak  
(717) 236-1300 x224  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

Whitney E. Snyder  
(717) 236-1300 x260  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)

---

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 [www.hmslegal.com](http://www.hmslegal.com)

November 23, 2020

***VIA ELECTRONIC FILING***

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

Re: Pike County Light and Power Company; Docket No. P-2020-\_\_\_\_\_;  
**PETITION OF PIKE COUNTY LIGHT & POWER COMPANY FOR  
APPROVAL DEFAULT SERVICE PLAN AND WAIVER OF  
COMMISSION REGULATIONS AND NUNC PRO TUNC  
TREATMENT (PUBLIC VERSION)**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Petition of Pike County Light & Power Company for Approval of Default Service Plan and Waiver of Commission Regulations and Nunc Pro Tunc Treatment (Public Version). Copies have been served in accordance with the attached Certificate of Service. All Appendices to the Petition are Confidential and will be emailed to the Secretary.

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

Very truly yours,

*/s/Whitney E. Snyder*

Thomas J. Sniscak  
Whitney E. Snyder

TJS/WES/das

Enclosure

cc: Steven L. Grandinali, General Manager  
Russel Miller, Vice President-Energy Supply & Business Development  
Dan Mumford, Deputy Director, BTUS ([dmumford@pa.gov](mailto:dmumford@pa.gov)) (public portion only)  
Debra Backer, Energy Division Supervisor, BTUS ([dbacker@pa.gov](mailto:dbacker@pa.gov)) (public portion only)  
Per Certificate of Service

**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) and the Commission's March 26, 2020 COVID-19 Suspension Emergency Order.

**VIA ELECTRONIC MAIL ONLY**

Tanya J. McCloskey, Esq.  
Christine Maloni Hoover, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[choover@paoca.org](mailto:choover@paoca.org)

John R. Evans, Esq.  
Office of Small Business Advocate  
555 Walnut Street  
1st Floor Forum Place  
Harrisburg, PA 17101  
[jorevan@pa.gov](mailto:jorevan@pa.gov)

Richard Kanaskie, Esq.  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)

Michelle Mann,  
Senior Compliance Paralegal  
Energy Services Providers Inc.  
dba PA Gas & Electric  
3700 Lakeside Drive, 6<sup>th</sup> Floor  
Miramar, FL 33027  
[mmann@criusenergy.com](mailto:mmann@criusenergy.com)

ConEdison Solutions, Inc.  
100 Summit Lake Dr, Suite 410  
Valhalla, NY 10595  
[corpcom@conEd.com](mailto:corpcom@conEd.com)

Direct Energy Services, LLC  
1001 Liberty Ave, Suite 1200  
Pittsburgh, PA 15222  
[Businessinfo@directenergy.com](mailto:Businessinfo@directenergy.com)

/s/ Whitney E. Snyder

Thomas J. Sniscak  
Whitney E. Snyder

DATED: November 23, 2020

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pike County Light & Power :  
Company for Approval of Extension of :  
Default Service Plan and Waiver of : Docket No. P-2020-\_\_\_\_\_  
Commission Regulations :

---

**PETITION OF PIKE COUNTY LIGHT & POWER COMPANY  
FOR APPROVAL OF DEFAULT SERVICE PLAN  
AND WAIVER OF COMMISSION REGULATIONS AND NUNC PRO TUNC  
TREATMENT**

---

Pursuant to 66 Pa. C.S. § 2807(e) and 52 Pa. Code 54.181-54.190, Pike County Light & Power Company, Electric Division (Pike or the Company), requests that the Pennsylvania Public Utility Commission (Commission) approve its proposed default service plan (DSP) and certain waivers for default service beginning June 1, 2021. Pike is essentially proposing the same DSP it currently has in place, which was the result of an all-party settlement that the Commission approved in Pike’s last DSP proceeding.<sup>1</sup>

Pike is also requesting nunc pro tunc treatment of this filing and an expedited proceeding. Pike should have filed this Petition by June 1, 2020. The nine-month time frame for Commission decision in this proceeding would run after the date of expiration of Pike’s current DSP Plan. However, Pike believes this matter can be timely resolved and will work cooperatively with the Commission and all parties to do so. Pike requests that this matter be immediately assigned to an Administrative Law Judge and that a prehearing conference be held as soon as possible. Pike will

---

<sup>1</sup> *Petition of Pike County Light & Power Company for Approval of its Default Service Implementation Plan*, Docket No. P-2018-3002709 (Order entered Jan. 17, 2019) (2019 Order).

propose a litigation schedule that will allow for the Commission to decide this matter at its May 20, 2021 public meeting, which will allow Pike to timely implement its DSP for June 1, 2021 – May 31, 2024.

### **A. Introduction and Summary**

The Commission approved Pike’s current DSP on January 17, 2019.<sup>2</sup> Pike is proposing to implement effectively the same plan for the next three years, which incorporates a financial hedge in addition to spot market energy purchases. As the Commission<sup>3</sup> and the Commonwealth Court<sup>4</sup> have recognized, Pike has unique circumstances concerning its default supply: modest customer and load size; significant number of customers receiving generation supply from electric generation suppliers; and, connection to the New York Independent System Operator (NYISO) instead of PJM Interconnection LLC (PJM). Also, as the Commission has found and the Commonwealth Court has affirmed, these unique circumstances “warrant the continuation of its dependence on spot market purchases to serve its default service customers.”<sup>5</sup> Nonetheless, in its last DSP Petition, Pike proposed to implement a financial hedging strategy. The parties to that proceeding settled on a DSP that implemented financial hedging that was agreeable to all parties. Pike chose to propose a financial hedging strategy because it had taken advantage of the opportunity to work cooperatively with the OCA, OSBA and Pike’s consultant EnerNOC (now

---

<sup>2</sup> *Petition of Pike County Light & Power Company for Approval of its Default Service Implementation Plan*, Docket No. P-2015-2490141 (Order entered Mar. 10, 2016) (2016 Order).

<sup>3</sup> *Petition of Pike County Light & Power Company for Approval of its Default Service Implementation Plan*, Docket No. P-2015-2490141, Order at 17 (Order entered Mar. 10, 2016) (2016 Order) (“we are persuaded by the arguments proffered by the Company that its unique characteristics warrant the continuation of its dependence on spot market purchases to serve its default service customers”).

<sup>4</sup> *See Popowsky v. Pa. PUC*, 71 A.3d 1112, 1115-16 (Pa. Cmwlth 2013) (discussing evidence of costs of hedging), *appeal den.*, 623 Pa. 765, 83 A.3d 416 (Pa. 2013).

<sup>5</sup> *See id.*; 2016 Order at 17.

known as Enel X) to conduct the Study of potential alternative supply options, including financial hedges. The Study was done as part of the Commission approved Settlement Agreement of Pike by Corning Natural Gas Holding Company,<sup>6</sup> was filed with the Commission and provided to the OCA and OSBA, and is attached as **Appendix A (Confidential)**. Based on the study and after further study and consultation with EnerNOC, Pike decided in 2018, based on a deliberative approach that for default service beginning May 31, 2019, it would propose to implement financial hedging for a portion of its acquisition of supply from O&R. The hedging strategy the parties agreed to and the Commission approved is set forth in the Recommended Decision issued November 30, 2019 at Docket No. P-2018-3002709.

Pike's proposed hedging strategy for which it seeks approval here is attached as **Appendix B (Confidential)**. It differs from the current hedging strategy in three ways:

- The plan is proposed for three years instead of two, resulting in lower legal and regulatory costs and efficiency;
- The plan modifies dates of hedging for Plan Year (PY) 2022 and 2023 to ensure Commission approval prior to hedge date execution; and
- The plan removes optional hedging of additional quantities that is dependent upon more granular usage and load shape data that Pike is unable to obtain.

---

<sup>6</sup> *Joint Application of Pike County Light And Power Company, Buyer Corning Natural Gas Holding Corporation and Seller Orange And Rockland Utilities, Inc. for a Certificate Of Public Convenience Approving the Transfer By Sale of 100% of the Stock of Pike County Light and Power Company from Seller Orange And Rockland Utilities, Inc. to Buyer Corning Natural Gas Holding Corporation, Docket No. A-2015-2517036 et al. (Order entered Aug. 11, 2016) (Acquisition Order).*

The financial hedging that Pike proposes to continue implementing increases price stability to customers, is reasonable and in the public interest, and should be approved. Most, if not all, other utilities implement some form of hedging in their default supply plans.

## **B. Background**

Pike is a jurisdictional electric distribution company (EDC) serving approximately 4,851 residential and commercial customers in Pike County, Pennsylvania. For calendar year 2019, the electric requirements of customers in the Company's service territory were 77,072 MWh, with a peak demand of approximately 17.5 MW. Pike provides transmission and distribution services, and electric generation suppliers (EGS) provide generation services to approximately 27 percent of Pike's customers. Pike is a wholly-owned subsidiary of Corning Natural Gas Holding Company (CNGHC) and receives all of its electricity through two 34.5 kV radial circuits that cross the Delaware River from Port Jervis, New York. Pike is unique among Pennsylvania EDCs as it is part of the New York Independent System Operator (NYISO) control area, not the PJM Interconnection, LLC (PJM).

### 1. Pike's current DSP plan

The Commission approved Pike's current DSP on January 17, 2019.<sup>7</sup> The plan was approved as effective June 1, 2019 through May 31, 2021. The current plan was a departure from Pike's prior DSP plans because it implemented a financial hedging strategy. Prior to this, Pike provided default service solely at spot market prices and procured supply through the spot market.<sup>8</sup>

---

<sup>7</sup> *Petition of Pike County Light & Power Company for Approval of its Default Service Implementation Plan*, Docket No. P-2015-2490141 (Order entered Mar. 10, 2016) (2016 Order).

<sup>8</sup> *Id.* at 6.

Spot market only procurement was a contested issue in past proceedings, as further discussed in Section B.2 *infra*.

Pike was able to implement one hedge with one counterparty during the 2019-2021 plan years. The financial hedge is an energy swap, whereby Pike pays its counterparty a set price based on forward market pricing (within the limits set forth in the confidential portions of the Settlement) for a set quantity of energy. In return, the counterparty pays Pike the spot price of the energy. Thus, if the spot market price of energy is lower than forward market prices, Pike pays more for its energy than spot market prices. If spot market prices are greater than the contract price, Pike still pays the contract price instead of the higher spot market prices it would otherwise receive. Thus, as spot market prices fluctuate, Pike's price for a subset of its default energy supply is constant, resulting in price stability. Attached as **Appendix C (Confidential)** is data showing for this hedge the differential Pike paid from spot market prices to the contract pricing.

The plan also implemented provisions, including the default service rate mechanism, Alternative Energy Portfolio Standards (AEPS) requirements and rate recovery, and waivers of various regulations. As described below, Pike seeks the same treatment of these issues<sup>9</sup> as in its prior Commission-approved plan.

a. Default Service Rate

Pike's also proposes to continue use of its default service rate mechanism that is a fixed quarterly rate per kilowatt hour for each of its default service classes comprised of two components: the Market Price of Electric Supply and the Electric Supply Adjustment Charge.

---

<sup>9</sup> In prior DSP cases, Pike sought waiver of certain customer switching provisions, which it does not seek here because the Commission granted Pike a waiver of these provisions outside of its DSP proceedings. *Petition of Pike County Light & Power Company for Waiver of Regulations Regarding Electronic Data Interchange*, Docket No. P-2018-3005165 (Order entered Feb. 19, 2019).

Pike requests that it be allowed to continue to use this default service rate mechanism for its DSP. The details of the Market Price of Electric Supply and the Electric Supply Adjustment Charge are described further below. Pike is also proposing to implement terms from its prior plan settlement for this DSP including:

- Pike is permitted to recover up to \$48,000 per plan year for outside consulting costs related to the hedging program in its default service tariff charges;
- Rate design including incorporating monthly settlement on hedge transactions into quarterly default service rates by replacing the forecasted spot market rates for the hedge quantities within the fixed rate hedge price and allocating hedge quantities to rate classes based on each rate class' pro-rata load.

The Market Price of Electric Supply is determined quarterly based on the Company's forecast of the wholesale supply costs for the quarter and reflects the Company's expected procurement costs from the NYISO. Annually, service classification-specific factors are developed to reflect each service classification's load characteristics, capacity obligation, forecast sales and applicable losses. These factors are applied to the quarterly forecast of the Company's default service cost per kWh to determine class-specific Market Prices of Electric Supply. Each Market Price of Electric Supply is then increased to permit the recovery of the Pennsylvania Gross Receipts Tax.

The Electric Supply Adjustment Charge is calculated quarterly to reconcile the monthly over-collections or under-collections of the preceding three months. After each month, the Company compares its actual default service costs for the month with default service revenues. Default service costs include all actual costs related to the procurement of: energy, capacity, and ancillary services, including any prior period reconciliation costs. Default service revenues

include: recoveries of the Market Price of Electric Supply and the prior period Electric Supply Adjustment Charge. For each month, actual default service costs are divided by the total actual default service sales for the month being reconciled to determine the overall average rate that would have made the Company whole for the month, on an aggregate basis. The resulting average rate is then utilized to estimate the over- or under-collection applicable to each service classification. The resulting service classification-specific over- or under-collections are added together for the three months being reconciled and are divided by estimated service classification-specific default service sales for the quarter in which the Electric Supply Adjustment Charges will be billed. The resulting service classification-specific Electric Supply Adjustment Charges are then increased to permit recovery of Pennsylvania Gross Receipts Tax.

For any given quarter, the Electric Supply Adjustment Charges, including Gross Receipts Tax, shall not exceed a charge or a credit of 2.0 cents per kWh. In the event the 2.0 cents per kWh limit is imposed, any remaining over- or under-collection balance is included in the subsequent quarter's Electric Supply Adjustment Charges to the extent possible within the 2.0 cents per kWh limitation. Interest on under-collections is determined at the legal rate of interest pursuant to 41 P.S. § 202. Interest on over-collections is determined at the legal rate of interest plus two percent.

b. Alternative Energy Portfolio Standards (AEPS)<sup>10</sup>

The 2019 plan also allows Pike to meet its AEPS requirements via a competitive solicitation process either directly or with the help of a consulting firm, the timing of which is dictated by market conditions. Pike recovers costs related to AEPS compliance from its default service customers through its default service recovery mechanism. Pike requests that it be allowed to continue to use this process and recovery mechanism for its proposed plan.

---

<sup>10</sup> 73 P.S. §§ 1648.1-1648.8.

c. Waivers

In the 2019 Order, the Commission also granted waiver of the following Code sections:<sup>11</sup>

- 52 Pa. Code § 54.185(e)(2) (plan identifying the schedules and technical requirements of competitive bid solicitations and spot market energy purchases);
- 52 Pa. Code §54.185(e)(6) (copies of agreements or forms to be used in the procurement of electric generation supply for default service customers);
- 52 Pa. Code §69.1805 (policy statement on inclusion of short term and long term contracts in procurement mix and tailoring procurement to customer classes);
- 52 Pa. Code §69.1805(1) (same);
- 52 Pa. Code §69.1805(2) (same);
- 52 Pa. Code §69.1805(3) (same); and
- 52 Pa. Code §69.1807(3) (competitive bid solicitation process guidelines).<sup>12</sup>

Pike requests that the Commission also grant these waivers for Pike's proposed Plan.

2. Prior Pike DSP Proceedings

The 2019 was the first proceeding where Pike proposed to implement a strategy beyond solely spot market pricing. That proceeding resulted in an all-party settlement that Administrative Law Judge Cheskis and the Commission approved without modification. The Commission adopted in full the Recommended Decision. ALJ Cheskis explained the Settlement was in the public interest because it:

- complies with the relevant sections of the Public Utility Code regarding default service plans; and

---

<sup>11</sup> The Commission also granted waiver of Code sections regarding customer switching, which Pike is not requesting here because the Commission has already granted a waiver of these provisions outside of Pike's DSP proceedings. *Petition of Pike County Light & Power Company for Waiver of Regulations Regarding Electronic Data Interchange*, Docket No. P-2018-3005165 (Order entered Feb. 19, 2019).

<sup>12</sup> 2019 RD at 20-21.

- it helps achieve the goals of Act 129 of 2008.<sup>13</sup>

Specifically, ALJ Cheskis held:

To advance the goals of price stability and prudent mix, the settlement includes a hedging procurement strategy as part of Pike's default service plan for the period of June 2019 to May 2021. Pike's prior default service plans allowed the company's acquisition of default supply to be solely from the NYISO spot market. Reliance solely on the spot market has raised issues of price volatility in past proceedings. Although much of the details regarding the hedging procurement strategy is proprietary, in general, the settlement hedges the variable spot market rate with an additional procurement strategy. As Pike noted in its statement in support of the settlement, allowing the company to engage in a financial hedge allows Pike to engage in longer term contracts for portions of its default supply. Doing so will enable Pike to meet the goals contained in Act 129 and will provide more stability and certainty in the rates charged to consumers because the variable spot market rate can be volatile. More stability and certainty is in the public interest. As the OCA noted in its statement in support of the settlement, volatile rates for customers is at odds with the obligations of electric distribution companies, such as Pike, set forth in the Public Utility Code and the Commission's regulations. Although Pike does not firmly commit in the settlement to implement all these provisions - i.e., many provisions of the settlement are couched as "Pike will attempt to" - inclusion of the financial hedge will bring Pike closer to the spirit of Act 129 and the objectives of competitive procurement plans.<sup>14</sup>

In the 2016 proceeding, the Commission approved Pike's procurement plan, recognizing that Pike's "unique characteristics warrant the continuation of its dependence on spot market purchases to serve its default service customers."<sup>15</sup> These "unique characteristics" are Pike's modest size, significant EGS penetration rate, as well as the fact that Pike is affiliated with NYISO and not PJM.<sup>16</sup> Pike serves approximately 4,726 residential and commercial customers. At that

---

<sup>13</sup> 2019 RD at 17.

<sup>14</sup> *Id.* at 17-18.

<sup>15</sup> 2016 Order at 17.

<sup>16</sup> *Id.* at 6-7.

time, EGSs served approximately 60% of the Company's peak load. Currently, EGSs serve approximately 27% of Pike's load.

The Commission agreed with Administrative Law Judge (ALJ) Cheskis that these unique circumstances "make it difficult for the Company to negotiate favorable, long-term contracts in a manner that would allow the Company to satisfy its default service obligations of providing service to customers at 'least cost to consumers over time,' as is required by Act 129."<sup>17</sup> The Commission and the ALJ recognized that "Act 129 requires both that price instability is reduced and that rates remain affordable," and that "while hedging a portion of the default service supply would likely reduce price instability, there was no record evidence demonstrating that it would satisfy the least cost of supply requirement as well."<sup>18</sup>

The OCA contested Pike's use of spot market procurement in Pike's last two DSP proceedings. The OCA argued that Pike should implement a financial hedge or seek long-term contracts to promote price stability and that procurement solely through the spot market does not fulfill the "prudent mix" requirement in 66 Pa. C.S. §§ 2807(e)(3.1) and 2807(e)(3.4). The Commission rejected these arguments in 2016 because (1) the OCA had not presented evidence of a substantial benefit of hedging or long term contracts, or that these proposals would outweigh the costs of to ratepayers of implementing them; and (2) the Commission had previously considered and rejected the OCA's arguments in Pike's 2012 DSP proceeding, which the Commonwealth Court affirmed.<sup>19</sup> There, the court affirmed the Commission's finding that a long-term hedge's costs would outweigh the benefit of rate stability to consumers.<sup>20</sup> The court also affirmed the

---

<sup>17</sup> *Id.* at 11, 17.

<sup>18</sup> *Id.*

<sup>19</sup> *Popowsky*, 71 A.3d 1112.

<sup>20</sup> *Id.* at 1115-16.

Commission's interpretation of the prudent mix standard in 66 Pa. C.S. § 2807(e)(3.2), that a prudent mix can be solely spot market purchases, depending on the circumstances of the utility.<sup>21</sup>

### **C. The Proposed Plan is Reasonable and is in the Public Interest**

The proposed plan will run from June 1, 2021 through May 30, 2024. While the Commission has a policy statement at 52 Pa. Code §69.1804 that expresses a preference for two-year plans, Pike is here proposing a three year plan to cut down on legal and consulting fees associated with developing the plan and obtaining approval. This results in lower costs to customers and efficiency for all parties involved and the Commission. The plan will remain substantially the same in all aspects except:

- The plan is proposed for three years instead of two, resulting in lower legal and regulatory costs and efficiency;
- The plan modifies dates of hedging for PY 2022 and 2023 to ensure Commission approval prior to hedge date execution; and
- The plan removes optional hedging of additional quantities that is dependent upon more granular usage and load shape data that Pike is unable to obtain.

Pike will establish counterparty agreements directly with wholesale energy providers for financial products, namely fixed rate energy swaps which convert hourly priced energy to fixed priced energy. Pursuant to the Commission's policy statement at 52 Pa. Code § 69.1808, all costs associated with default supply will be charged to default supply customers.

(a) The PTC should be designed to recover all generation, transmission and other related costs of default service. These cost elements include:

- (1) Wholesale energy, capacity, ancillary, applicable RTO or ISO administrative and transmission costs.

---

<sup>21</sup> *Id.* at 1116-17.

(2) Congestion costs will ultimately be recovered from ratepayers. Congestion costs should be reflected in the fixed price bids submitted by wholesale energy suppliers.

(3) Supply management costs, including supply bidding, contracting, hedging, risk management costs, any scheduling and forecasting services provided exclusively for default service by the EDC, and applicable administrative and general expenses related to these activities.

(4) Administrative costs, including billing, collection, education, regulatory, litigation, tariff filings, working capital, information system and associated administrative and general expenses related to default service.

(5) Applicable taxes, excluding Sales Tax.

(6) Costs for alternative energy portfolio standard compliance.

*Id.* Pike will continue its current rate design using the Market Price of Electric Supply and the Electric Supply Adjustment Charge described above. The costs associated with the financial hedge will be implemented into this formula.

Pike currently obtains its default supply from Orange and Rockland Utilities pursuant to the Commission approved Energy Supply Agreement (ESA) between the parties. The ESA is attached as **Appendix D (Confidential)**. The ESA's initial term ended on August 31, 2019, with an option for three (3) one (1) year extensions upon 30 days written notice to O&R. Pike renewed the ESA through 2022. Pike is currently negotiating with O&R for another ESA which will contain substantially the same terms. Pike will provide the new ESA when available. The electric supply service charges under the agreement are determined based on the following:

(i) Supply cost - based on Pike's load-based allocated portion of O&R's monthly NYISO charges for energy, capacity and any all

other NYISO charges for the applicable month subject to subsequent NYISO true-ups.

(ii) Carrying cost - to reflect O&R's cost of maintaining and operating the physical infrastructure of O&R required to deliver electric supply to Pike. The monthly charge is \$48,973 for the first year and then escalates annually thereafter at 5%.

(iii) Service Fee – monthly service fee of \$2,250 for the first year and then escalates annually thereafter at 5%.

Under the ESA, energy prices are passed through based on hourly rates which are subject to volatility driven by market conditions. While hourly rates have, for the most part, been lower than forward market rates (fixed rates for future delivery periods) over the last three years, January 2018 hourly rates were very high which resulted in a spike in rates for Pike's default service customers. The bulk of Pike's default service customers are residential, where stable electric prices are better suited for household budgets. Hourly prices over time do not provide the level of price stability preferred by household budgets.

As discussed above, in the past the OCA has consistently advocated for a change to Pike's procurement strategy to increase price stability. When Corning Natural Gas Holding Company acquired Pike, it agreed to consider this issue in the Commission-approved settlement of that proceeding.<sup>22</sup> After review of its Supply Study and further consultation with EnerNOC, in an

---

<sup>22</sup> *Joint Application of Pike County Light And Power Company, Buyer Corning Natural Gas Holding Corporation and Seller Orange And Rockland Utilities, Inc. for a Certificate Of Public Convenience Approving the Transfer By Sale of 100% of the Stock of Pike County Light and Power Company from Seller Orange And Rockland Utilities, Inc. to Buyer Corning Natural Gas Holding Corporation*, Docket No. A-2015-2517036 *et al.* (Order entered Aug. 11, 2016) (Acquisition Order).

effort to increase price stability for its customers and avoid the time and costs of additional litigation with the OCA, Pike proposed in 2019 to implement a financial hedge for a portion of its supply. The parties to the 2019 proceeding settled on a hedging strategy. As discussed above, the Commission found this hedging strategy consistent with law and regulation and in the public interest. Pike proposes now to continue that strategy.

Pike recognizes that prices in the NYISO spot market are volatile and that its default supply customers, especially residential customers, may benefit from implementing strategies to limit the volatility of pricing passed on to customers. Thus, with its proposed plan to implement a hedge of a portion of its supply acquisition, Pike will limit some of the volatility that rate payers experience. While it is impossible to predict future prices, based on the historical volatility of NYISO spot market pricing, it is reasonable to expect some amount of volatility to continue. Pike notes that given evolving market conditions including the ample availability of low-cost natural gas brought about by fracking technology, spot market rate volatility has decreased significantly since the spring of 2016. Pike also notes that most, if not all, other utilities implement some form of hedging in their default supply plans.

Accordingly, Pike's proposed default supply plan is both reasonable and in the public interest. Pike expects to provide additional detail concerning its proposed financial hedge and any modifications that may be required to its rate design within approximately four weeks of this filing.

**D. Requested Waivers Will Significantly Reduce the Regulatory, Financial and Technical Burden on Pike.**

Pike seeks waivers of certain of the Commission's default service regulations as described below:

- (a) Sections 54.185(e)(2) and 54.185(e)(6) relating to schedules and technical requirements of competitive bid solicitations and spot market energy purchases and relating to copies of

agreements or forms used in the procurement of electric generation supply - Pursuant to Section 54.185(g), the Company notes that it has less than 50,000 retail customers and requests a waiver of these provisions as they would result in an undue regulatory, financial and/or technical burden on the Company.

- (b) Sections 69.1805. 69.1805(1), 69.1805(2) and 69.1805(3), relating to procurement plans developed for particular rate classes and Section 69.1807(3), relating to bid solicitations along customer class lines - Due to Pike's small load, it is impractical to conduct separate procurement plans and bid solicitations by customer class.

In granting similar waiver requests in the past, the Commission has recognized that Pike is unique among Pennsylvania EDCs given its size, location, and participation in the NYISO. None of these circumstances have changed. Accordingly, the Commission should continue these waivers during the term of Pike's default service plan.

#### **E. Nunc Pro Tunc and Expedited Treatment**

Pike should have filed this Petition by June 1, 2020. The nine-month time frame for Commission decision in this proceeding would run after the date of expiration of Pike's current DSP Plan. Pike will work cooperatively with the Commission and its staff and any parties to this proceeding to work as expeditiously as possible towards resolution of this proceeding. First, Pike will file its Direct Testimony as expeditiously as possible. Second, Pike requests that this matter be immediately assigned to an Administrative Law Judge and that a prehearing conference be held as soon as possible. Pike will propose a litigation schedule that will allow for the Commission to decide this matter at its May 20, 2021 public meeting, which will allow Pike to timely implement its DSP for June 1, 2021 – May 31, 2024.

**F. Conclusion**

WHEREFORE, Pike respectfully requests the Commission approve its proposed default supply plan.

Respectfully submitted,

/s/Whitney E. Snyder

Thomas J. Sniscak, Esquire

Whitney E. Snyder, Esquire

Hawke McKeon & Sniscak LLP

100 North Tenth Street

Harrisburg, PA 17101

Phone: 717-236-1300

[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)

Date: November 23, 2020

*Attorneys for Pike County Light & Power Co.*

## VERIFICATION

I, Russel Miller, certify that I am Vice President-Energy Supply & Business Development for Pike County Light and Power, and that in this capacity I am authorized to, and do make this Verification on their behalf, that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and Pike County Light and Power, expects to be able to prove the same at any hearing that may be held in this matter. I understand that false statements made therein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsifications to authorities.



---

Russel Miller  
Vice-President Energy Supply & Business  
Development, Pike County Light and Power  
Company

Dated: 11/23/2020