

1. **REPORT DATE:** March 12, 2002

2. **BUREAU AGENDA NO.**

Mar-2002-L-19

3. **BUREAU:** Law

4. **SECTION(S):**

5. **PUBLIC MEETING DATE:**

March 28, 2002

6. **APPROVED BY:**

Director: B. Pankiw, 7-5000 *BP*

Supervisor: K. Moury, 7-4945 *KM*

7. **PERSONS IN CHARGE:** S. Rooney, 7-2871

8. **DOCKET NO.:** C-00967749

9. (a) **CAPTION** (abbreviate if more than 4 lines)

(b) **Short summary of history & facts, documents & briefs**

(c) **Recommendation**

(a) Joint Petition of Duquesne Light Company (DLC) and West Penn Power Company (WPPC) under §1102(a)(2) of the Public Utility Code for Approval to Transfer Electric Utility Customers in Harwick Village, Springdale Township.

(b) Springdale Township filed a formal complaint with the Commission in 1996, requesting that the electric utility customers of Harwick Village be transferred from DLC to WPPC. Harwick Village lies within WPPC's service territory but DLC has been providing electric utility service, with Commission approval, since 1917. The rationale for DLC's utility service to Harwick Village no longer exists. The process of transfer was begun in 1993 but was delayed due to unresolved issues over financial compensation to the utilities. The ALJ sustained the formal complaint and determined the method of calculating the compensation owed to DLC for the facilities to be transferred. No exceptions were filed to the ALJ decision. As ordered by the ALJ, the utilities have petitioned the Commission for approval of the transfer. Attached exhibits identify the customers and facilities so affected. The utilities have set a schedule for the change and agreed on the amount of money to be paid to DLC for the transferred facilities.

(c) The Law Bureau recommends that the Commission approve the Joint Petition and issue a Certificate of Public Convenience evidencing the approval.

10. **MOTION BY:** Commissioner Chm. Thomas

Commissioner Pizzigrilli - Yes

Commissioner Wilson - Yes

SECONDED: Commissioner Bloom

Commissioner Fitzpatrick - Yes

CONTENTS OF MOTION: Staff recommendation adopted.





COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
March 28, 2002

REFER TO OUR FILE

C-00967749

LARRY R CRAYNE ASST GENERAL COUNSEL
RICHARD S HERSKOVITZ ESQUIRE
CHERRINGTON CORP CENTER
MAIL DROP CR-4-3
CORAOPOLIS PA 15108

REP

DOCKETED

APR 04 2002

Joint Petition of Duquesne Light Company and West Penn Power Company under §1102(a)(2) of the Public Utility Code for approval to transfer electric utility customers in Harwick Village, Springdale Township.

DOCUMENT
FOLDED

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on March 28, 2002 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
JEP

JOHN L MUNSCH ESQUIRE
WEST PENN POWER COMPANY
800 CABIN HILL DRIVE
GREENSBURG PA 15601-1689

STEPHEN YAKOPEC JR ESQUIRE
1715 5TH AVENUE
ARNOLD PA 15068

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg PA 17105-3265

Public Meeting held March 28, 2002

Commissioners Present:

Glen R. Thomas, Chairman
Robert K. Bloom, Vice-Chairman
Kim Pizzingrilli
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

DOCKETED

APR 04 2002

Joint Petition of Duquesne Light
Company and West Penn Power
Company under §1102(a)(2)
of the Public Utility Code for
approval to transfer electric utility
customers in Harwick Village,
Springdale Township.

Docket No. C-00967749

**DOCUMENT
FILED**

ORDER

BY THE COMMISSION:

Now before the Commission is a Joint Petition of Duquesne Light Company (DLC) and West Penn Power Company (WPPC) for the approval of the transfer of electric utility customers pursuant to §1102(a)(2) of the Public Utility Code.

A copy of this Joint Petition was served on the Springdale Township Solicitor. No response to the Joint Petition was filed.

BACKGROUND

Both WPPC and DLC provide electric utility service to various areas in southwestern Pennsylvania, including Springdale Township. Harwick Village, in Springdale Township, has been served by DLC since the early part of the twentieth century. The entire area surrounding Harwick is served by WPPC. This situation arose because DLC owned a coal mine in Harwick that was used to supply fuel to a nearby DLC power plant. In 1917 DLC started providing electric utility service, with Commission approval, to the Harwick residents that worked in the mine. The mining properties were eventually sold by DLC in 1958 and 1959. DLC continued to provide electric utility service to Harwick residents despite this. A process was begun in 1993 to finally transfer the customers of Harwick from DLC to WPPC service. This process was apparently delayed due to questions regarding the costs associated with the transfer of the utility customers.

HISTORY OF THE PROCEEDING

Springdale Township filed a formal complaint on February 26, 1996, seeking an order for the transfer of 274 Harwick village electric customers from the service of DLC to WPPC. As noted above, there was an unresolved issue as to the amount of financial compensation that DLC would be entitled to from WPPC for the transfer. DLC wanted to be able to recover for the book value of the facilities and the full stranded costs associated generation and transmission. WPPC was only willing to pay DLC the book value of the facilities minus depreciation, consistent with prior transfers. WPPC also asserted that it was entitled to compensation for taking on new customers, as this would create a new financial burden under its provider of last resort (POLR) obligations.

In an Initial Decision of July 26, 2001, Administrative Law Judge James D. Porterfield sustained the formal complaint of Springdale Township. The transfer of the electric utility customers and the related facilities was found to be necessary for the service, accommodation, convenience or safety of the public. DLC and WPPC were ordered to petition the Commission to approve the transfer of the customers. The utilities were also required to include with the petition a detailed plan of how the transition would be accomplished, along with a list of the customers and facilities involved. DPC and WPPC's requests for additional financial compensation for stranded costs and POLR obligations were rejected. The purchase price of the facilities transferred was determined to be the book investment of DLC in the facilities, exclusive of contributions, determined by using the original cost, the original cost minus depreciation, the present-day cost, and the present-day cost minus depreciation.

No exceptions were filed to this decision. The Commission issued a Final Order on October 9, 2001, confirming the Initial Decision.

DISCUSSION

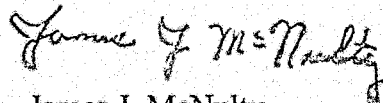
Based on our review of the Joint Petition, we are satisfied that the Final Order of October 9, 2001 has been fully complied with. The Joint Petition includes a detailed plan of the timing and method of the transfer of customers and facilities. Exhibits A through H specifically identify the customers to be transferred according to a certain schedule. Exhibit I lists all the assets that will be transferred from DLC to WPPC. The transfer process will begin on April 1, 2002 and shall conclude by August 30, 2002. WPPC will pay DLC \$149,744 for the facilities to be transferred.

Upon full consideration of all matters of record, we find that the approval of this petition is necessary for the service, accommodation, convenience or safety of the public;
THEREFORE,

IT IS ORDERED:

1. That the Joint Petition of Duquesne Light Company and West Penn Power Company to transfer electric utility customers under §1102(a)(2) of the Public Utility Code is approved.
2. That a Certificate of Public Convenience be issued pursuant to §1102(a)(2) of the Public Utility Code, authorizing approval of the transfer of electric utility customers from Duquesne Light Company to West Penn Power Company.

BY THE COMMISSION



James J. McNulty,
Secretary

(SEAL)

ORDER ADOPTED: March 28, 2002

ORDER ENTERED: MAR 28 2002