



McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Adeolu A. Bakare
Direct Dial: 717.237.5290
Direct Fax: 717.260.1744
abakare@mcneeslaw.com

June 29, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

RE: Citizens' Electric Company of Lewisburg, PA – Supplement No. 152 to Tariff Electric – Pa. P.U.C. No. 14; Docket No. R-2022-3032369

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Prehearing Memorandum of Citizens' Electric Company of Lewisburg, PA's ("Citizens"), in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to Citizens' Electric Company of Lewisburg, PA

c: Administrative Law Judge Eranda Vero (via email)
Administrative Law Judge Charece Z. Collins (via email)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

Sharon E. Webb
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov

Scott B. Granger, Esq.
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
sgranger@pa.gov

Harrison W. Breitman
Aron J. Beatty
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
hbreitman@paoca.org
abeatty@paoca.org



Adeolu A. Bakare

Counsel to Citizens' Electric Company of
Lewisburg, PA

Dated this 29th day of June, 2022, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
v.	:	Docket Nos. R-2022-3032369, <i>et al.</i>
Citizens' Electric Company of Lewisburg, PA	:	

PREHEARING MEMORANDUM OF CITIZENS' ELECTRIC COMPANY

Citizens' Electric Company of Lewisburg, PA ("Citizens" or "Company") hereby submits this Prehearing Memorandum in anticipation of the Prehearing Conference scheduled for July 1, 2022.

I. HISTORY OF THE PROCEEDING

On April 29, 2022, Citizens' filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 152 to Tariff Electric-Pa. P.U.C. No. 14 ("Supplement No. 152"), proposing an annual increase in rates of \$999,270.

The Office of Consumer Advocate ("OCA") and Office of Small Business Advocate ("OSBA") filed Formal Complaints against the Company's proposed rate increase. The Bureau of Investigation and Enforcement ("I&E") filed a Notice of Appearance in the proceeding. Pursuant to 52 Pa. Code § 5.61(d), the Company elected not to file answers to the Complaints.

On June 16, 2022, the Commission entered an Order suspending Citizens' proposed tariff supplements by operation of law until January 28, 2022, and instituted an investigation into the proceedings. This proceeding was referred to the Office of Administrative Law Judge, which shall produce a Recommended Decision, where Administrative Law Judges ("ALJs") Eranda Vero and Charece Z. Collins were assigned to the case and a Prehearing Conference was scheduled for July 1, 2022.

II. SERVICE LIST

For purposes of service in the above-captioned proceedings, please direct all communications to:

Adeolu A. Bakare (PA I.D. No. 208541)
Aspassia V. Staevska (PA I.D. No. 94739)
McNEES WALLACE & NURICK LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 237-5290
Fax: (717) 260-1744
abakare@mcneeslaw.com
astaevska@mcneeslaw.com

Pamela Polacek (PA I.D. No. 78276)
Chief Legal and Regulatory Officer
C&T Enterprises, Inc.
P.O. Box 129
Venetia, PA 15367
Phone: (570) 724-9469
Fax: (570) 724-3996
ppolacek@ctenterprises.org

III. ANTICIPATED ISSUES AND SUB-ISSUES

In general, the Company will address the proposed changes to its base rates as necessary to affirm that the tariff supplements set forth just and reasonable modifications that will provide the Company with an opportunity to earn a fair rate of return on its utility property. Citizens' will present evidence establishing that the Company's respective rate increase request is just and reasonable, and therefore, should be granted.

To support the requested rate increases, Citizens' anticipates addressing the following sub-issues:

1. Revenue Requirement – The Company will demonstrate that the proposed rates appropriately reflect sales and revenues in the Historic, Future, and Fully-Projected Future ("FPF") Test Years.

2. Expenses – The Company will demonstrate that it appropriately reflected and accounted for known and measurable expenses in the Historic, Future, and FPF Test Years.
3. Rate of Return – The Company will show that the proposed rate of return reflects an appropriate capital structure, cost of debt and cost of equity, and will provide the Company with the minimum revenues necessary to allow an opportunity to earn a fair return on utility property.
4. Rate Base – The Company will confirm that its developed rate bases appropriately reflect the original cost of utility plant in the Historic, Future, and FPF Test Years, depreciation reserve, cash working capital, and materials and supplies.
5. Rate Structure – The Company will support its proposed rate allocations.
6. Rate Design – The Company will demonstrate that its proposed design changes are just, reasonable and not unduly discriminatory.

IV. PROPOSED WITNESSES

The Company currently proposes to submit the testimony of the following witnesses, who will testify on the issues as reflected below:

Citizens' Witnesses

Howard S. Gorman, President, HSG Group, Inc.; 45 Hill Park Ave., Great Neck, NY 11021; 516-829-6856 – develops the FPF Test Year revenue requirement and rate base and Future Test Year net income. Presents the allocated class cost of service study. Presents the Company's proposed revenue allocation and proposed rates and charges that produce the overall revenue requirement and the class revenue targets, as well as the proof of revenue and bill comparisons at the proposed rates.

Dylan W. D'Ascendis, Partner, ScottMadden, Inc.; 3000 Atrium Way, Suite 241, Mount Laurel, NJ, 08054; 856-242-2029 – recommends the allowed weighted average costs of capital for the Company's jurisdictional rate base.

Melissa Sullivan, CFO, C&T Enterprises, Inc.; 33 Austin Street, 3rd Floor, Wellsboro, PA 16901; 570-724-9466 – responsible for coordinating internal and external resources for Citizens', including legal, consulting, auditing, and Company support.

John Kelchner, President and CEO, Citizens'; 1775 Industrial Blvd., Lewisburg, PA 17837; 570-522-6141 – provides a general overview of Citizens', its service territory, and its customer base. Addresses portions of the historical data, Future Test Year expenses, and capital improvements information provided to HSG Group, Inc., for compilation and preparation of the filing. Discusses Citizens' future projected expenditures, as well as the unique circumstances faced

by Citizens' as a small electric utility, and the bases for a performance adjustment to Citizens' rate of return. Addresses Citizens' capital improvement activities, as well as proposed tariff changes.

Kathy Stauder, Treasurer, Citizens'; 1775 Industrial Blvd., Lewisburg, PA 17837; 570-522-6142 – responsible for Citizens' historic and test year expenses, taxes, revenues, and rate base.

Nathan Johnson, Vice President of Engineering and Operations; 1775 Industrial Blvd., Lewisburg, PA 16901; 570-662-2175 – provides support for the operations, maintenance, capital improvements information provided to HSG Group, Inc., for compilation and preparation of the filing.

V. PROPOSED SCHEDULE AND DISCOVERY RULES

The Company proposes the below procedural schedule.

Event	Date
Company's Rate Case Filings	April 29, 2022
Company's Direct Testimony	April 2, 2022
Prehearing Conference	July 1, 2022
Other Parties' Direct Testimony	July 25, 2022
Initial Settlement Conference	On or before July 29, 2022
All Parties' Rebuttal Testimony	August 16, 2022
All Parties' Surrebuttal Testimony	September 1, 2022
Company's Oral Rejoinder Outline	September 7, 2022
Hearings (including Oral Rejoinder) in Harrisburg	September 8-9, 2022
Main Briefs	September 29, 2022
Reply Briefs	October 11, 2022
Suspension Period Ends	January 28, 2023

The Company is engaged in discussions with the parties regarding the procedural schedule and has received representations of support or non-opposition to the proposed schedule from I&E, OCA, and OSBA.

Additionally, discovery has commenced for the proceedings, with the Company responding to more than 400 data requests and interrogatories, including subparts, to date. Due to

the relatively small size of the Company's staff, and the Company's efforts to respond to discovery requests from the parties, the Company suggest that, in lieu of any acceleration of the discovery deadlines, all parties commit in good faith to respond to each request as quickly as possible.

The Company proposes that service via electronic mail shall constitute sufficient service to satisfy any "in-hand" dates. In addition, any discovery served after 12:00 p.m. on Friday or holidays should be considered to have been served on the following business day for purposes of calculating any responsive deadlines.

VI. CONSOLIDATION

The Company notes that its affiliate Valley Energy, Inc ("Valley") filed a parallel rate case on April 29, 2022, at Docket No. R-2022-3032300. For purposes of judicial economy, the Company supports consolidation of the Citizens' and Valley rate cases. The Company has discussed consolidation with I&E and OCA and neither party opposes consolidation.

VII. POSSIBILITY OF SETTLEMENT

Citizens' is willing to pursue settlement discussions with the other parties to amicably resolve the issues in these proceedings, subject to the approval of the Commission. In addition, Citizens' is willing to schedule informal settlement conferences as appropriate. The Company anticipate productive discussions with the parties and will undertake reasonable efforts to fully or partially resolve these proceedings.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Adeolu A. Bakare (PA I.D. No. 208541)
Aspassia V. Staevska (PA I.D. No. 94739)
McNEES WALLACE & NURICK LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17101-1166
Phone: (717) 237-5290
Fax: (717) 260-1744
abakare@mcneeslaw.com
astaevska@mcneeslaw.com

Pamela Polacek (PA I.D. No. 78276)
C&T Enterprises, Inc.
P.O. Box 129
Venetia, PA 15367
Phone: (570) 724-9469
Fax: (570) 724-3996
ppolacek@ctenterprises.org

Counsel to Citizens' Electric Company of Lewisburg,
PA

Dated: June 29, 2022