

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
HARRISBURG, PA 17120**

Public Meeting held June 13, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

Application of FirstEnergy Pennsylvania Electric Company for Approval of Certificates of Public Convenience to Acquire Certain Electric Distribution Facilities from Letterkenny Industrial Development Authority and for the Right to Initiate and Provide Electric Distribution Service in portions of Letterkenny, Greene, and Hamilton Townships, Franklin County, Pennsylvania

Docket Number:  
A-2023-3043428

**ORDER**

**BY THE COMMISSION:**

On October 5, 2023, FirstEnergy Pennsylvania Electric Company (FE PA), Utility Code 111250, filed with the Pennsylvania Public Utility Commission (Commission) the above-captioned application pursuant to Sections 507 and 1102(a)(1) & (3) of the Public Utility Code, 66 Pa. C.S. §§ 507, 1102(a)(1) & (3) on behalf of its West Penn Power Company (West Penn) rate district. The application is seeking Certificates of Public

Convenience (CPC) approving FE PA to acquire certain electric distribution facilities and other property relating to Letterkenny Industrial Development Authority (LIDA) and to offer, render, furnish or supply electric distribution service to the public in additional territories which include portions of Letterkenny, Greene, and Hamilton Townships, Franklin County, Pennsylvania, currently served by LIDA. For the reasons expressed in this Order, the Commission approves the application consistent with this Order.

Notice of the filing of this application was published in a newspaper of general circulation in the applicable area, *The Public Opinion*, on October 18, 2023, and proof of publication was provided to the Commission on October 23, 2023. Notice of the filing of this application was also published in the *Pennsylvania Bulletin* on October 21, 2023, with a protest period ending on November 6, 2023.

On November 6, 2023, a protest was filed by the Office of Small Business Advocate (OSBA) and the application was assigned to the Office of Administrative Law Judge (OALJ). On February 16, 2024, the OSBA filed a Notice of Withdrawal. In an Order dated March 7, 2024, the OALJ transferred the application to the Commission's Bureau of Technical Utility Services for further review and investigation. No hearings were held.

FE PA is a certificated electrical transmission and distribution company and provides service to approximately 2,108,000 customers in Pennsylvania, in accordance with CPCs issued by, or registrations filed with, the Commission or its predecessors, or unregistered powers preserved by the provisions of Section 103 of the Public Utility Code, 66 Pa. C.S. § 103 and predecessor statutes. Joint Stipulation of Facts ¶4.

LIDA is a public redevelopment authority organized in 1997, under the Economic Development Financing Law, 73 P.S. §§ 371, *et seq.*, located in Chambersburg,

Pennsylvania. LIDA owns and operates an electric distribution system (EDS) consisting of 12 kV electric distribution circuits, associated transformers, and lower voltage circuits, that serves approximately 130 non-residential, general power service customers in Greene, Hamilton, and Letterkenny Townships. LIDA's service territory includes both the Cumberland Valley Business Park and the Letterkenny Army Depot in Franklin County. Application ¶¶6 and Joint Stipulations of Facts ¶¶6, 7, 9.

FE PA operates and maintains the EDS on behalf of LIDA pursuant to an Operations & Maintenance Agreement, dated January 1, 2011, between FE PA and LIDA. LIDA desires to exit the business of providing utility service to customers to focus on its core economic redevelopment statutory objectives. West Penn and LIDA executed the Asset Purchase Agreement, under which West Penn would purchase equipment, tangible personal property, easements, and other assets relating to LIDA's EDS and facilities. On January 3, 2024, after this application was filed, FE PA filed a letter to the Commission asking that the Commission reference FE PA in this filing instead of West Penn following the merger of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn into FE PA with FE PA as the surviving entity. Application ¶¶44, Joint Stipulation of Facts ¶¶10, 11, 13 and January 3, 2024 letter.

FE PA is seeking approval for CPCs to obtain certain electrical distribution assets and associated easements from LIDA, as well as the territory served by LIDA. FE PA states that the assets to be transferred include eight 12 kV circuits which include approximately 35 miles of aerial distribution and 2 miles of underground distribution. Additionally, FE PA states that the LIDA distribution system assets also include approximately 1,500 poles, 300 transformers, and 350 switches. FE PA states that the LIDA Board approved the transaction based on an approximate purchase price of \$5,600,000, which will be specifically determined based on a 15% discount from the depreciated net capital asset value at the time of closing. FE PA also states that the sale

price was the result of an arm's length negotiation. Finally, FE PA states that pursuant to an Operations & Maintenance Agreement between FE PA and LIDA, FE PA retains a first option to purchase or lease the LIDA system in the event that LIDA decides to sell. Application ¶¶12, 21, Joint Stipulation of Facts ¶12, and FE PA Data Request Response No. 1.

FE PA states that if it is granted authority to serve LIDA's customers, FE PA will apply the terms and conditions of service and rates set forth in its existing Tariff Electric – Pa. P.U.C. No. 1 and any such changes to its tariffs as may be approved from time-to-time by the Commission for service in Greene, Hamilton, and Letterkenny Townships.

FE PA also states that it plans to integrate LIDA's existing customer accounts into three existing rate schedules of the West Penn Rate District: Schedule 20 – General Service; Schedule 30 – General Power Service for loads up to 400 kW; and Schedule 35 – General Power Service for loads over 400 kW. Of the 131 LIDA customer accounts on LIDA Schedule II and Schedule III, 118 customer bills will decrease by 0.3% to 44.6% when they are transitioned to FE PA's West Penn Rate District rates, with an average savings of 13.8%. Joint Stipulation of Facts ¶¶19, 23.

FE PA submits that approval of this application is in the public interest because it will confer substantial public benefits by providing LIDA's customers with reasonable, adequate, safe, and reliable electric distribution service from FE PA. FE PA also submits that it has been serving territory contiguous to LIDA's service territory for many years and LIDA's facilities are already interconnected with FE PA's distribution system. FE PA submits that it has maintained the electric distribution system for approximately 25 years and that the existing interconnection of LIDA's facilities will allow for a near seamless transition between the service provided by LIDA and that provided by FE PA. FE PA states that as an existing and long-standing electric utility, it is technically, financially, and legally fit to provide electric distribution services to all of LIDA's

customers and has access to resources that will benefit LIDA's current customers. FE PA also states that LIDA desires to exit the business of providing utility service to customers to focus on its core economic redevelopment statutory objectives. Finally, FE PA states that the proposed transaction will not result in anticompetitive or discriminatory conduct and that there will be no negative impact on service to its existing customers.

Application ¶44 and Joint Stipulation of Facts ¶34.

FE PA states that it finances its capital expenditures, including necessary improvements to its electric distribution systems, with a mixture of long-term debt and equity consistent with FE PA's allowed capital structure. FE PA Response to Data Request No. 6.

We agree that FE PA's purchase of LIDA's assets and the proposed transaction will provide affirmative benefits in the public interest and will not adversely impact FE PA's operations.

Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation, and convenience of the public. For these reasons, we conclude that approval of the application is in the public interest; **THEREFORE,**

**IT IS ORDERED:**

1. That the application of FirstEnergy Pennsylvania Electric Company, filed October 5, 2023, is hereby approved.

2. That a Certificate of Public Convenience be issued pursuant to 66 Pa. C.S. Section 1102(a)(1)(i) authorizing approval for FirstEnergy Pennsylvania Electric Company to begin to offer, render, furnish, or supply electric distribution service to the

public in the additional territory located in portions of Letterkenny, Greene, and Hamilton Townships, Franklin County, Pennsylvania that are currently served by the Letterkenny Industrial Development Authority.

3. That a Certificate of Public Convenience be issued pursuant to 66 Pa. C.S. Section 1102(a)(3) for the acquisition, by FirstEnergy Pennsylvania Electric Company, of certain electrical distribution assets from Letterkenny Industrial Development Authority.

4. That FirstEnergy Pennsylvania Electric Company be permitted to file a tariff supplement on at least one day's notice to the Commission to apply the terms and conditions of service and rates set forth herein for its existing Tariff Electric – Pa. P.U.C. No. 1 for service in Greene, Hamilton, and Letterkenny Townships.

5. That within 30 days of the consummation of the transaction described in Ordering Paragraph No. 2, above, FirstEnergy Pennsylvania Electric Company shall notify the Commission of the effective date of the purchase. If FirstEnergy Pennsylvania Electric Company determines that the proposed transaction will not take place, it shall promptly notify this Commission.

6. That upon completion of all issuances pursuant to this Order and submission of final filings under Ordering Paragraph No. 5 above, this proceeding at Docket No. A-2023-3043428 be closed.

**BY THE COMMISSION,**

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: June 13, 2024

ORDER ENTERED: June 13, 2024