

COMMONWEALTH OF PENNSYLVANIA



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June 20, 2024

Via Electronic Filing

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

Re: Joint Petition of Citizens' Electric
Company of Lewisburg, PA and
Wellsboro Electric Company
For Approval of Default Service Plan
For The Period June 1, 2025 Through May 31, 2029
Docket Nos. P-2024-3049357, P-2024-3049359

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Answer to the Joint Petition of Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company, in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Emily A. Farren
Emily A. Farren
Assistant Consumer Advocate
PA Attorney I.D. # 322910
EFarren@paoca.org

Enclosures

cc: The Honorable Conrad Johnson (*via email only*)
Certificate of Service

CERTIFICATE OF SERVICE

Joint Petition of Citizens' Electric :
Company of Lewisburg, PA and :
Wellsboro Electric Company : Docket Nos. P-2024-3049357
For Approval of Default Service Plan : P-2024-3049359
For The Period June 1, 2025 Through May :
31, 2029 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Answer to Joint Petition, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below. This document was filed electronically on the Commission's electronic filing system.

Dated this 20th day of June 2024.

SERVICE BY E-MAIL ONLY

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555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Date: June 20, 2024

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Citizens' Electric	:	
Company of Lewisburg, PA and	:	
Wellsboro Electric Company	:	
For Approval of Default Service Plan	:	Docket Nos. P-2024-3049357
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Through May 31, 2029	:	

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On May 31, 2024, Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company (the Companies) filed their Joint Petition for Approval of Default Service Plan for the Period June 1, 2025 through May 31, 2029 (Joint Petition or Seventh Plan) pursuant to 66 Pa. C.S. § 2807(e) of the Pennsylvania Public Utility Code, the Default Service regulations of the Pennsylvania Public Utility Commission (Commission), and the Commission's Policy Statement on Default Service. Notice of the Plan will be published in the *Pennsylvania Bulletin*.

In its Joint Petition, the Companies propose to continue many elements of its Sixth DSP Plan with one change to the Procurement and Implementation Plan, as well as two waivers: (1) to establish a four-year DSP and (2) to offer Hourly Price Service (HPS) only to certain Large customers. Petition at 1-2, ¶¶ 21-30.

II. ANSWER

The OCA has preliminarily reviewed the Companies' Petition and identified several issues presented by the filing. The OCA anticipates that additional issues will arise as a more

comprehensive review of the filing is undertaken and after discovery is conducted. The preliminary issues identified by the OCA include:

A. Default Service and Implementation Plans

1. Procurement Classes, Program Term, and Supply Portfolio

In its Seventh Plan, the Companies propose to continue the four-year term for its Default Service Program used during its Sixth Joint DSP for residential customers and will extend from June 1, 2025 through May 31, 2029. Petition at 1. The Companies propose that the plan largely will continue the procurement approaches that are in effect under the Sixth Joint DSP with one change: allowance of same day triggers of the wholesale energy component of the fixed default service rate instead of the current day-ahead notice of the trigger dates. Petition at 2, ¶ 29.

The OCA submits that further examination and consideration is necessary to determine whether the proposed purchasing plan will provide the least cost over time for residential customers in accordance with the requirements of Act 129. 66 Pa. C.S. § 2807(e). The OCA intends to examine the type and mix of resources, the procurement methodologies, and recent changes in the wholesale capacity markets, to ensure that the products and the plan are designed to provide reasonable and stable rates while meeting the requirements of the Public Utility Code and regulations.

2. Competitive Bid Solicitation Process

The Companies propose issuing a Request For Proposal (RFP) seeking Load Following Fixed-Price Full Requirements (FPFR) contracts for each utility for a four-year period. Petition, ¶ 22.

The OCA submits that the Commission should review the Companies' proposed RFP and solicitation process to ensure that the contracts are procured in the most effective manner in compliance with the Commission's regulations.

B. Supplier Adder

In addition to the forward energy price at the PJM West Hub, the wholesale supplier collects a per-kWh Supplier Adder that is designed to reflect ancillary services, congestion costs, marginal losses, Alternative Energy Portfolio Standards (AEPS) compliance, transmission losses, load variability risk, customer migration risk, and profit. Petition, ¶ 26. Finally, the supplier would pass through, without mark-up, capacity costs and transmission (Network Integration Transmission Service, or NITS; and Regional Transmission Expansion Plan/Transmission Enhancement, or TEC) costs. Petition, Exhibit NJ-4.

The OCA is concerned that some of the costs included in the Supplier Adder may not be fully hedgeable over four years and will examine whether it would be preferable to consumers for these to be considered for potential treatment as pass-throughs. This should be fully examined by the Commission in the context of this proceeding.

Both Companies will also request a uniform Supplier Adder across all customer classes, including industrial customers who are provided hourly priced service. Petition, ¶¶ 44-45. Because of differences in load characteristics, risk of migration, and other factors, a uniform Supplier Adder may not be appropriate or beneficial to the residential class. This issue will be explored to determine if different Supplier Adders for the various classes are warranted and, if so, how that could be accomplished given the small size of the total load.

C. Alternative Energy Portfolio Standard Act Plan (AEPS) Compliance

The Companies propose to continue to assign all AEPS compliance obligations to wholesale suppliers that will procure the necessary AECs and assign such to the Companies via the Generation Attribute Tracking System. Petition, ¶¶ 33-34. The OCA submits that the Companies' proposal for compliance with AEPS requirements should be examined to determine whether it produces the lowest reasonable cost for alternative energy credits and whether it appropriately supports the development of alternative requirements under the AEPS Act.

D. Contingency Plans

Citizens' and Wellsboro acknowledge that the Companies have the obligation to procure supply for default service if for any reason an auction otherwise fails to attract a sufficient volume of bids or the Commission otherwise does not approve the submitted bids or an accepted supplier defaults. Petition, ¶ 54; *see* 52 Pa. Code § 54.185(d)(5). The Companies state that the contingency plan is as follows:

Companies will contact other entities that submitted bids to the original RFP to assess interest in assuming the non-performing wholesale suppliers' obligations at the price, terms and conditions in place at the time of default. If no wholesale suppliers are willing to assume the contract terms, or in the case of insufficient bidders for the RFP, then the Companies will submit a Contingency Plan to the PUC to replace the interim PJM spot market purchasing plan within 14 days.

Petition, ¶ 54.

The OCA submits that the Commission should carefully review the Companies' contingency plans for effectiveness and efficiency to meet the requirements of Act 129. In addition, the OCA will review the contingency plans to ensure that the risks to winning full requirements bidders are not overly burdensome.

E. EV Charging and Prudent Mix Compliance

In response to the *January 2020 Secretarial Letter*, the Companies posit implementation and reconciliation of an EV charging time of use rate would be “difficult” and states that an HPS is only currently offered to larger customers. Petition, ¶ 49; *Investigation into Default Service and PJM Interconnection, LLC Settlement Reforms*, Docket No. M-2019-30071701, Secretarial Letter (Jan. 23, 2020) (*January 2020 Secretarial Letter*). As for prudent mix compliance, the Companies assert the proposed plan – reliance on a four year Supplier Adder, laddered pricing for one-year forward price strips that are determined every 6 months, a passthrough of certain PJM costs, and hourly-priced energy for the largest customers – constitutes a prudent mix.

The OCA submits that the Companies’ TOU rate option and proposed procurement plan must be examined to ensure compliance with existing law and the Commission’s regulations.

F. Requests for Waivers

The Companies request waivers of the Commission’s regulations including a waiver of the requirement to offer HPS to customers with a peak demand of 100 kW or greater. Petition, ¶ 25. The Company also requests a waiver of the Commission’s Policy Statement, 69.1804 that default service plans should be for two years unless otherwise directed by the Commission. Petition, ¶ 23. These requests for waivers should be examined by the Commission.

G. Procedural Issues

The OCA requests that the Commission rule on the proposed DSP within nine months, or no later than February 28, 2025, and that the Commission consider the Petition at its scheduled, February 6th or February 20th, 2025 Public Meeting. The OCA submits that such a timeline will allow the parties sufficient time to fully investigate and review the proposed DSP Petition. The

OCA is committed to working with all parties to develop a mutually agreeable procedural schedule and requests that a February 2025 Public Meeting be used.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that the Companies' default service filing be thoroughly reviewed to ensure that the default service rates that will be changed starting June 1, 2025 are just and reasonable and otherwise consistent with Pennsylvania law.

Respectfully Submitted,

/s/ Emily A. Farren

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DATE: June 20, 2024

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VERIFICATION

I, Patrick M. Cicero, hereby state that the facts set forth in the Office of Consumer Advocate's Answer to Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company's Joint Petition for Approval of a Default Service Program, are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: June 20, 2024

Signature:



Patrick M. Cicero
Consumer Advocate

Address:

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555 Walnut Street
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